

Impact of Corporate Financial Performance on R&D Investment in Innovation

Yu-Chun Ma*

Division of Taiwan Economy

Chung-Hua Institution for Economic Research, Taipei, Taiwan

Zuo-Chen Ye

Department of Statistics

National Chengchi University, Taipei, Taiwan

Abstract: This study examines R&D investment in innovation's patterns across Taiwanese industries, emphasizing cross-industry differences and the impact of firm performance on R&D expenditure. Larger firms spend more in total but show lower innovative R&D intensity, while profitability strongly boosts R&D commitments. The semiconductor and optoelectronics sectors dominate investment, with general electronics next. Industry traits, especially rapid product cycles and rising demand, shape firms' innovation strategies and spending. Results highlight how firm scale, profit, and sector conditions interact to direct Taiwanese corporate R&D investment in innovation.

Keywords: R&D, Innovation, Investment, Semiconductor, Optronics

JEL Classification Number: L25, O32

* Corresponding author. Email: yuchunma@cier.edu.tw