

## **Abstract**

The study investigated the determinants of Intellectual property Rights (IPR) and its impact on a firm's innovativeness and financial performance in Kenya. The results revealed that, Intellectual Property Rights notably influence a firm's decision to invest in Research and Development (R&D). Further, the results suggested that IPR generally enhanced a firm's value added. Nonetheless, no significant association between IPR and product innovation was found even though there was a significant weak correlation between patented knowledge and product/service innovation. The positive role of IPR on R&D activities was significantly determined by a firm ownership and was predominant in the manufacturing sector. Relevance to innovation. This paper presents a micro econometric analysis method which is useful in assessing whether innovation eorts by Kenyan firms in the manufacturing and service sectors have led to creation/introduction of new products or services in Kenya. Further, this paper contributes to policy discourse in the context of a developing country by empirically investigating intellectual property rights as an enabling environment for innovation. Additionally, the paper presents policy recommendations which are critical in the transformation of Kenya's economy from a factor-driven economy to an innovation-driven economy.