

EXTERNAL KNOWLEDGE SOURCING AND FIRM'S INNOVATION PERFORMANCE: THE ROLE OF ORGANIZATIONAL CAPABILITIES

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Abstract

We investigate the role of technological and organizational capabilities in the transformation of external knowledge into innovations. We argue that previous research has analyzed a partial view of the phenomenon by only taking into consideration the technological dimension and generally neglecting the role of organizational capabilities. In order to contribute to this literature we examine how coordination mechanisms such as decentralization in decision-making and formalization in organizational processes contribute to the learning processes required when exploiting external knowledge. The econometric results on a representative sample of Spanish ceramic firms show that not only R&D-based activities are important moderators between acquiring external knowledge and innovation but also coordination mechanisms play a role in this process. Moreover, results reveal to be positive or negative depending on the nature of coordination mechanisms. In particular, formalization appears to be unbuilding the firm's capacity of coordinating the divergent areas of knowledge within the organization.

Keywords. External knowledge sourcing, formalization, decentralization, R&D, innovation performance.