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# Knowledge context, learning and innovation: an integrating framework

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In this paper we develop a framework to identify those elements of firms' knowledge context which are important for innovation, and the mechanisms through which that knowledge impacts on firms' innovation performance. We make four main contributions to the existing literature. First, our characterisation of knowledge context provides the basis for a more specific identification of which elements of firms' knowledge environment are important for innovation, discriminating between spatial, industrial and network influences. Second, we reflect the role of innovation ambition in shaping firms' knowledge search strategies. Third, we differentiate between firms' interactive and non-interactive knowledge search activities and recognise that these may be complemented by unanticipated and serendipitous knowledge spillovers. Finally, we introduce the notion of encoding capacity to reflect firms' internal ability to assimilate and apply external knowledge. Our framework provides an integrating mechanism for existing empirical studies, suggests a number of new research directions related to the determinants of innovation performance and the heterogeneity of innovation outcomes.