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Firms' innovation objectives and knowledge acquisition strategies

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External partnerships play an important role in firms' acquisition of the knowledge inputs to innovation. Such partnerships may be interactive – involving exploration and mutual learning by both parties – or non-interactive – involving exploitative activity and learning by only one party. Examples of non-interactive partnerships are copying or imitation. Here, we consider how firms' innovation objectives influence their choice of interactive and/or non-interactive connections. Four empirical results emerge. First, we find strong and consistent support for complementarity between non-interactive and interactive connections across firms in all sectors and sizebands. Second, we find that innovation objectives related to new products and services are linked only to non-interactive connections. Third, we find tentative evidence that where firms have innovation objectives which relate to product or service improvement they are more likely to establish non-interactive rather than interactive connections. Fourth, the extent of firms' interactive and non-interactive connections are strongly related firms' human capital endowments. These latter results suggest interesting second-order innovation effects from human capital improvements.