Firms’ innovation objectives and knowledge acquisition strategies: a comparative analysis

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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. We conduct a comparative analysis for the economies of Spain and the UK, which have contrasting innovation eco-systems and regulation burdens. 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 for both economies. Second, we find that innovation objectives related to new products and services are linked to both interactive and non-interactive connections in Spain, with mixed evidence
for the UK. Third, we find that the need to meet regulatory requirements has no effect on firms’ knowledge acquisition strategies in the UK, but a strong impact on non-interactive connections in Spain. Fourth, the extent of firms’ interactive connections is strongly related to firms’ human capital endowments in both economies. This latter result suggests interesting second-order innovation effects from human capital improvements.