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**Absorptive capacity and ambidexterity in R&D: linking technology
alliance diversity and firm innovation**

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The aim of this study is to examine how firms realize the benefits associated with a diverse range of technology alliances. We propose and test the hypothesis that firms' knowledge combination capabilities mediate the relationship between technology alliance diversity innovation. Using panel data for Spanish manufacturing companies during the period 2004-2011, we provide evidence that firms' absorptive capacity and ambidexterity in R&D serve as mediating mechanisms between technology alliance diversity and innovative performance. Our study advances the literature on technology alliances by showing how firms use their portfolios of technology alliances to form their combination capabilities, and subsequently, to enhance innovation outcomes.