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**Organisational capital, exploration and exploitation:
Econometric evidence for UK services firms**

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Across all sectors, firms face pressure to serve their customers better by innovating in the delivery of goods and services. Undertaking innovation involves a range of different activities, however, from exploratory knowledge creation or acquisition to commercial exploitation. This may create tensions due to the very different resource and organisational requirements of effective exploration and exploitation. Here, we draw on new survey data for five UK service sectors which separately identifies firms' exploratory and exploitative activities, to identify those organisational practices which are associated with effective exploration and effective exploitation. Strong contrasts emerge, with more 'organic' practices associated with exploration and more 'mechanistic' practices better supporting exploration. We find no evidence, however, that those organisational practices associated with effective exploration have any detrimental effect on exploitation, and vice versa. Our results suggest very different organisational strategies for services firms adopting business models which emphasise exploration, exploitation or both.