

The distinctive patterns of capabilities accumulation and interfirm heterogeneity: the case of the Spanish pharmaceutical industry

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Summary:

Interfirm heterogeneity within industries is a research area of major importance both in the strategic management literature and the industrial economics literature. The conception of strategic groups of firms as key factors in analysing industrial structure and industrial dynamics (Miles and Snow, 1978; Caves and Porter, 1977; Porter, 1980), and the concept of causal ambiguity (imitation being uncertain) as the basic factor explaining mobility barriers (Lippman and Rumelt, 1982) have stressed the existence of persistent interfirm differences as common industry features. This research proposes that a deeper understanding of the origins of within industry interfirm differences is achieved by focusing on firms' knowledge base characteristics from the capabilities theory of the firm.

The purpose of this paper is to explore and expand the empirical foundations of the capabilities theory of the firm, by focusing on one main question: can we characterise the firms' knowledge bases in a way that demonstrates systematic differences on firms' performance?

The Spanish pharmaceutical industry provides the setting for the study as an industry behind the technological frontier, where different firm commitments to technological catching-up processes are possible. This being one of the value added aspects of this research as far as most of the huge literature dealing with the pharmaceutical industry is focused at the technological frontier level, obscuring our knowledge of incremental learning processes taking place in technologically backward firms.

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