

Absorptive Capacity and Innovative Performance: A Human Capital Approach

Anker Lund Vinding

Department of Business Studies – DRUID/IKE Group
Aalborg University, Denmark
alv@business.auc.dk
<http://www.business.auc.dk/~alv/>

First draft, December 2000

Abstract

Knowledge received from external partners is important and widespread among firms in the process of innovation but managing the external acquisitions is a difficult task. One of the most comprehensive contributions to this issue is the concept of absorptive capacity where internal capability and external collaboration is viewed as complementary to one another. Besides a theoretical review of the importance of inter-firm relations this study applies a merged database, a survey on firm's organisational and technological change (1993-95) with an integrated database on labour market research (IDA) from the period 1990-97 covering very specific information on each individual employed in each firm. The estimation of an ordered probit model including 1544 firms from the manufacturing and service industry show that the application of HRM practices within the firm combined with development of a closer relationship with both vertical related actors and knowledge institutions promotes not just the ability to innovate, but decreases also the degree of innovative imitation. Thus, an indication of improved ability to deal with complexity. A policy as well as a managerial implication is therefore 1) to broaden the importance of user-producer interaction to also include knowledge institutions. 2) to support the development of human resources by developing the organisational structure, culture and use of techniques, which motivates a qualified labour force where terms like decentralisation of responsibility and influence to the employees in the organisation are essential. According to the estimations should the use of HRM practices on the employees have higher priority than increasing the share of higher educated people. This is only true when sector are included in the models where the variance explained in the share of higher educated employees disappears. Finally does work experience among managers, head of departments and employees at the managerial level not show any effect on the degree of innovative imitation.