

Linking knowledge sourcing, transformation and exploitation activities for innovation: Evidence from UK manufacturing firms

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Abstract

The study investigates innovation value chain (IVC) which consists of knowledge sourcing, transformation, and exploitation activities performed by UK manufacturing firms. This study is worthwhile to be conducted for the following reasons. First, this study investigates a broader source of knowledge than majority of innovation studies that is classified into R&D activities, informal knowledge and formal cooperation. Second, this study tested both technological (i.e. product and process) and non-technological (i.e. organizational and marketing) innovation, hence, the impact of knowledge transformation on both innovation as well as the exploitation of both types innovation on firms' performance is tested. While, majority of innovation studies tend to employ technological innovation. In terms of the first link in the IVC, synergistic relationships exist within and between each group source of knowledge (i.e. R&D, informal knowledge and formal cooperation). In the second link in the IVC, both internal and external R&D appear to have a direct impact on innovation. Formal cooperation provides a greater contribution to innovation than informal cooperation. However, such cooperation is more likely to be conducted with market/commercials network. In the last link in the IVC, there is no single positive and significant contribution in terms of the link between product innovation (including new to the market and firm innovations) and firms' performance. Only process innovation that has positive contribution on firm performance.

Keywords

Innovation value chain, manufacturing firms, the UK

Biography

Arif Hartono is a lecturer at Management Department, Faculty of Economics, Islamic University of Indonesia, Yogyakarta, Indonesia. His research interests include open innovation, knowledge sourcing strategy, and innovation barriers. He holds doctoral degree from Warwick Business School, University of Warwick, United Kingdom. Recently he received 2018 Endeavour Postdoc Fellowship from Australian government.