Exploring the dynamics of the relationship between IT-enabled absorptive capacity, innovation openness and innovation performance: Evidence from SMEs

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Exploring the dynamics of the relationship between IT-enabled absorptive capacity, innovation openness and innovation performance: Evidence from SMEs

TREO Talk Paper

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Abstract

Absorptive capacity, as an influential factor in organizational success, is defined as the firm’s ability to identify, assimilate, and apply new and valuable external knowledge (Cohen and Levinthal, 1990). It is believed that absorptive capacity can fortify and complement firms’ knowledge base (Zahra and George, 2002). Absorptive capacity includes two subsets of potential and realized capacities. The former (potential) is related to the firm’s capabilities of knowledge acquisition and assimilation and the latter (realized) implies capabilities of knowledge transformation and exploitation. Given the rapid diffusion of information and communication technologies in the firms, IS scholars have introduced the concept of IT-enabled absorptive capacity which refers to firms’ ability in utilizing IT-based resources in order to acquire, assimilate, transform and exploit external knowledge (Cui et al., 2018). While numerous empirical studies have been done on IT-enabled absorptive capacity (e.g., Chang et al., 2019), its relationship to the firm’s innovation performance is under-researched. Besides, little is known about how innovation openness can be influential in this relationship. Due to the undeniable role of innovation in improving the survivability of small and medium-sized enterprises, therefore, this study will utilize theories of knowledge-based view, dynamic capabilities, and absorptive capacity to hypothesize these relationships. To this end, a secondary dataset of manufacturing SMEs will be used to test the hypotheses. The results are expected to shed more light on the role of IT-enabled absorptive capacity in triggering innovative activities of manufacturing SMEs.

REFERENCES