The Direct and Indirect Effect of Absorptive Capacity on Organizational Effectiveness: The Relevance of Innovative Work Behavior

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Abstract

This paper explores the relationships of Absorptive Capacity (ACAP), Innovative Work Behavior (IWB), and Organizational Effectiveness (OE). We collected data from 201 employees, alumni or studying their MBA in a Mexican, Private Business School using a survey questionnaire. Our results suggest that ACAP and IWB have a positive relation with OE. Also, ACAP has a positive effect on IWB. The analysis included factor analysis of ACAP and IWB. Pearson correlations and regression analysis were used to test the hypotheses. We concluded that IWB is a key competence to be developed in MBA programs. Further research on this issue is required.

Introduction

The competitive setting locally and globally, the forces of change and the salient importance to have a closer look to attend emerging markets are triggering organizations to sense the environment, the megatrends, and in particular to engage in IWB to transform potential into realized ACAP and to deliver OE. In this same line, Harreld, O'Reilly and Tushman (2007) emphasize the importance for organizations to innovate by continually sense how the marketplace is changing and seize these changes providing the products and services required by the market. Since innovative companies start with understanding challenges and opportunities from their environment and delivering solutions for their customers' unmet needs, organizations demand new skills from their employees to innovate their processes, business practices, methods, operations, products and services, with an IWB. Some authors (eg. Ahmed, Shepherd, Ramos-Garza & Ramos-Garza, 2012; de Jong & den Hartog, 2010) suggest that organizations having organizational cultures oriented toward innovation may have a competitive advantage versus companies that remain static and don't have the capacity to adapt.

The concept of OE has been a great concern for organizations worldwide based on the market dynamics on actual and future customers' demands and competition. The multidimensional nature of the OE concept may be seen from different perspectives and stakeholders (market share, sales growth, profitability, employee satisfaction, etc.). At the same time organizations need to efficiently perform in the present while being effectively identify opportunities for the future (Harreld, et al., 2007). Taking into consideration the difficulties to integrate a common ground to understand OE, the possibility to integrate an OE comprehensive measure will provide a framework for academics and practitioners.

Of particular consideration is to look at MBA programs since they are more than ever emphasizing the importance to develop lifelong competences in their students and alumni to be applied in the workforce, igniting change with a new mindset based on sustainable values, an entrepreneurial and innovative spirit with a humanistic outlook; a new mindset required to lead and transform their organizations successfully and responsibly.

With this MBA's skill profile, an IWB is embedded in the curricula to sense and be able to acquire, assimilate, transform and exploit new ideas (determinants of ACAP) into innovations. But the possibility to perform an assessment on these issues in our MBA, provides special learnings, feedback and contributions to the academic, employers and practitioners' communities.

The paper is structured as follows: (1) a theoretical background on ACAP, IWB and OE research; (2) the research questions are presented; (3) the proposed research model, constructs and hypotheses are developed; (4) the research methodology is explained; (5) the data analysis is provided; (6) the results and findings of the research are discussed, and (7) the conclusions are included.

Theoretical Framework

Absorptive Capacity is an important concept developed in business research over recent years. Introduced by Cohen and Levinthal (1990), ACAP refers to learning processes that are fundamental to the survival of a company in the long term because they complement or readjust company knowledge in order to innovate and to deliver value to customers.

The rapid development of ACAP as a research line is, in part, due to its application in various research fields such as strategy formulation, innovation management, and organizational leadership and learning (Tsai, 2001; Zahra & George, 2002; Camisón & Forés, 2010).

Zahra and George (2002), however, propose a redefinition of ACAP, arguing that the theoretical contributions were somewhat ambiguous in their definition, components, and history. These authors define ACAP as the set of strategic organizational routines and processes that make it possible for companies to acquire, assimilate, transform and exploit knowledge to create dynamic capabilities. The contribution of Zahra and George (2002) allows us to recognize ACAP as a dynamic capability that impacts the sustainability of a company's competitive advantage by making it easier for an organization to adapt administrative action to redefine and develop knowledge-based assets in order to innovate.

Some authors describe ACAP as an organizational capacity (Cohen & Levinthal, 1990), and others such as Zahra and George (2002) define it as a dynamic capability.

Flatten, Engelen, Zahra, and Brettel (2011[b]) based on Zahra and George (2002) proposed four instead of three basic dimensions of ACAP: acquisition, assimilation, transformation and exploitation.

Moreover, a clear advancement of Flatten et al.'s model is that the issue of ACAP is seen as a two-folded one, in which one finds 'potential' and 'realized' absorptive capacity. Knowledge acquisition and assimilation compose potential absorptive capacity, while knowledge transformation and exploitation form realized absorptive capacity. In line with Zahra and George (2002), Flatten et al.'s (2011[b]) thinking, stressed the complementary roles of the four dimensions and the coexistence of potential and realized absorptive capacities at all times (see Table1).

In this paper we used the ACAP measure, introduced by Flatten et al. (2011[b]), but based on Zahra and George's (2002) four-dimensional reconceptualization of ACAP (see Figure1) as an important factor to foster innovative behavior.

Table1. Four dimensions of Absorptive Capacity (Flatten et al., 2011[b])

Dimensions/ Capabilities	Definition	Literature	Components	Role and Importance
Acquisition (External Resources)	Acquisition capacity is a firm's ability to locate, identify, value and acquire external knowledge that is critical to its operations.	Flatten et al. (2011[b]), Zahra & George (2002)	Prior investments Prior knowledge Intensity Speed Direction	• Scope of search • Perceptual schema • New connections • Speed of learning • Quality of learning
Assimilation (Communication Structures)	Assimilation capacity refers to a firm's capacity to absorb external knowledge. This capacity can also be defined as the processes and routines that allow the new information or knowledge acquired to be analyzed, processed, interpreted, understood, internalized and classified.	Flatten et al. (2011[b]), Zahra & George (2002)	Understanding	• Interpretation • Comprehension • Learning
Transformation (Knowledge Processing)	Transformation capacity is a firm's capacity to develop and refine the internal routines that facilitate the transference and combination of previous knowledge with the newly acquired or assimilated knowledge. Transformation may be achieved by adding or eliminating knowledge, or by interpreting and combining existing knowledge in a different, innovative way.	Flatten et al. (2011[b]), Zahra & George (2002)	Internalization Conversion	• Synergy • Recodification • Bisociation
Exploitation (Commercial Expoitation of New Knowledge)	Application or exploitation capacity refers to the organizational capacity based on routines that enable firms to incorporate acquired, assimilated and transformed knowledge into their operations and routines not only to refine, perfect, expand and leverage existing routines, processes, competences and knowledge, but also to create new operations, competences, routines, goods and organizational forms.	Flatten et al. (2011[b]), Zahra & George (2002)	Use Implementation	• Core competencies • Harvesting resources

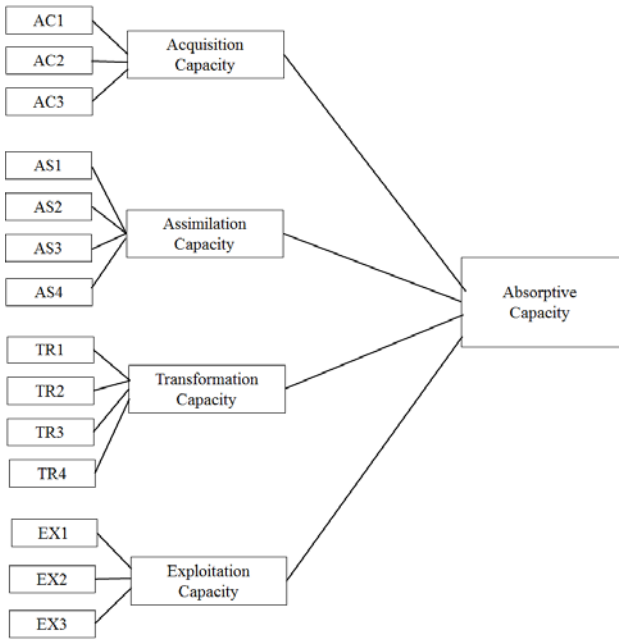

Figure 1. Factors of Absorptive Capacity

Innovative Work Behavior. In 1990, Farr and Ford (1990) defined IWB as an individual's behavior that tries to achieve the initiation and intentional introduction of new and useful ideas, processes, products or procedures. More recently, Janssen (2000) defined IWB as the intentional creation, introduction and application of new ideas within a work role, group or organization, in order to benefit role performance, the group or the organization. In the present age of rapid change, organizations are facing greater demand from their environment to engage in innovative behaviors to create and deliver their products and services to stay competitive (Ramamoorthy, Flood, Slatery & Sardessai, 2005). The authors propose that in order to accomplish this task successfully, organizations rely on their employees to engage in IWB.

The first attempt to measure IWB was developed by Scott and Bruce (1994) as one dimensional six-item scale covering idea generation, coalition building and idea realization (see Table 2). Janssen (2000) redefined the concept of IWB, as the intentional creation, introduction and application of new ideas within a work role, group or organization, in order to benefit role performance, the group or the organization. Janssen extended on this definition to suggest that IWB consists of idea generation, idea promotion and idea realization (see Figure 2).

However, he found strong correlations among the dimensions and concluded that the items could best be combined and used as a single scale. Furthermore, de Jong and den Hartog (2010) proposed idea exploration, generation, championing and implementation contribute to an overall construct of IWB. Their results, also clearly supported a one-dimensional scale for IWB. For this paper we will use a one-dimensional scale, including the concepts of idea generation, promotion and realization proposed by Janssen (2000).

Table2. Three dimensions of Innovative Work Behavior

Dimensions/ Capabilities	Definition	Literature	Components
Idea Generation	Idea Generation being triggered by an opportunity or challenge, and may relate to new products, services or processes to enter new markets or to provide solutions to identified problems. It appears to be the combination and reorganization of information and existing concepts to solve problems or to improve performance	Kanter (1988), Farr & Ford (1990), Basadur, 2004	Idea creation New methods Original solutions
Idea Promotion	Idea Promotion to build legitimacy and reduce resistance by finding support and building coalitions and by being enthusiastic, confident, persistent and connecting the dots with the right people involved in order to realize innovative ideas.	Howell, Shea & Higgings, 2005, Shane, 1994	Mobilizing support Idea approval Enthusiastic members
Idea Realization	Idea Realization with the effort, target-driven attitude to implement and deliver innovations.	Kleysen &Street, 2001,Kanter,1988	Useful transformation Systematic application Idea's value creation

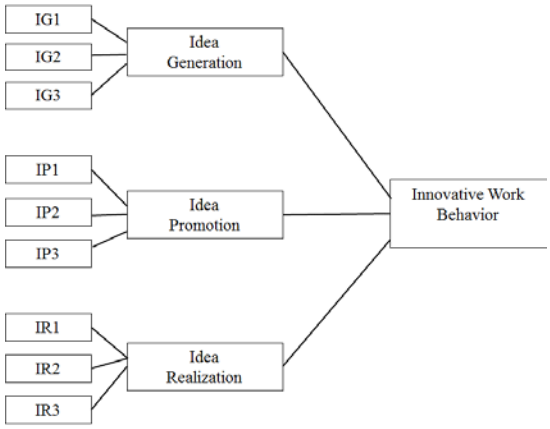

Figure 2. Factors of Innovative Work Behavior

Organizational Effectiveness is conceptualized in this research as the degree to which an organization achieves its strategic and operational goals, on the long run (Kataria, Garg & Rastogi, 2013). OE is considered the ultimate dependent variable in organizational behavior (eg. Hall, 1980).

OE is a broad concept represented by multiple perspectives. It has been suggested by some researchers (eg. Hitt 1988; Ostroff & Schmitt, 1993) that organizational performance should include multiple criteria. According to Mott (1972), three major aspects have been identified as relevant to measure the effectiveness of an organization: productivity, adaptability and efficiency. McShane and Von Glinow (2015) include the organization's fit with the external environment, the configuration of internal subsystems for high performance, the emphasis on organizational learning, and the ability of the organization to satisfy the needs of key stakeholder.

All these OE measures involve simultaneously achieving internal integration and external adaptation (Hatch, 1993; Schein, 1990). Researchers use different labels but their purpose is to help organizations become more effective (Noruzi & Rahimi, 2010).

For this paper we will use the effectiveness index proposed by Denison and colleagues (1995, 2003). Their organizational effectiveness index includes market share, sales growth, profitability, employee satisfaction, quality of products and services, new product development, and overall performance (see Figure 3).

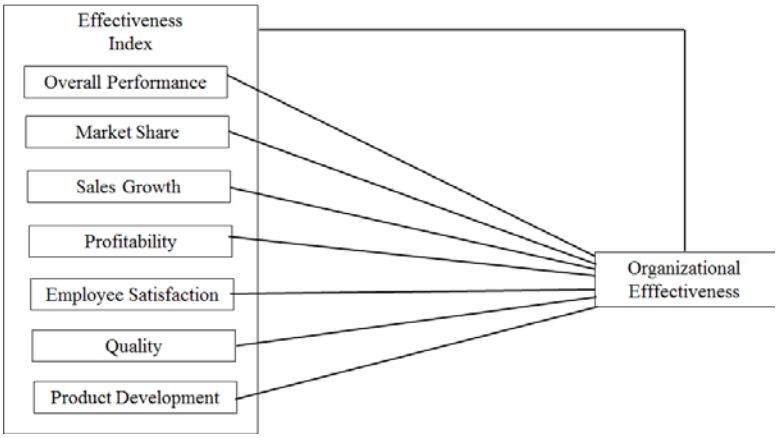

Figure 3. Factors of Organizational Effectiveness

Research Questions

It is important in this paper to understand the relationships between ACAP, IWB and OE. With this objective, we attempt to explore and to answer the following research questions:

(1) How do ACAP, IWB and OE interact with each other?

(2) Is there a direct or/and indirect effects of ACAP on OE?

(3) What is the influence and role of IWB?

Research Model

Our hypotheses are summarized in the model described in Figure 4.

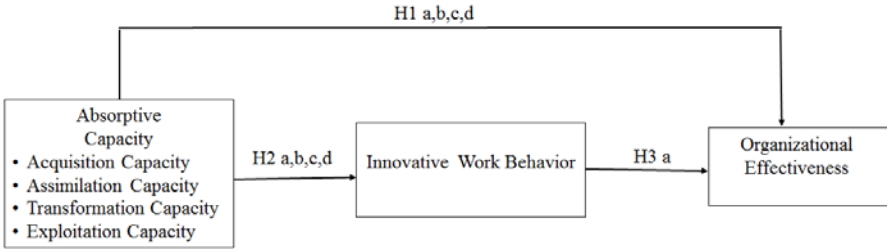

Figure 4. Research Model

According to our model, ACAP may play a critical role in channeling acquisition, assimilation, transformation, and exploitation efforts towards OE in the workplace, translated into positive overall performance, market share, sales growth, profitability, employee satisfaction, quality, product development and the effectiveness index. For example, Flatten, Greve, and Brettel (2011[a]) found a significantly positive relationship between ACAP and firm performance. They measured firm performance as a subjective measure that included sales growth, return of investment, operating. Considering this, we propose the following.

Hypothesis 1: Absorptive Capacity will be positively related to Organizational Effectiveness.

H1a: Acquisition Capacity will be positively related to OE.

H1b: Assimilation Capacity will be positively related to OE.

H1c: Transformation Capacity will be positively related to OE.

H1d: Exploitation Capacity will be positively related to OE.

Our second hypothesis suggest that ACAP may play a critical role in channeling acquisition, assimilation, transformation, and exploitation efforts towards an IWB in the workplace. ACAP will empower individuals in the organization to generate, promote and realize their ideas, enhancing their innovation efforts.

ACAP develops cumulatively and builds on the capacity of each member (Flatten et al., 2011[a]). A basic assumption for the concept of ACAP is that it will depend on the absorptive capacity of its individual members (Cohen & Levinthal, 1990), although, it is not the sum of these individual capabilities.

Some authors (Minhyung & Mi-Jung, 2017) have explored the interrelationship between ACAP and knowledge sharing, which are innovation-specific antecedents of innovative behavior. Their results suggest that both determinants of absorptive capacity (potential and realized) directly influence innovative behavior. Considering this, we propose the following.

Hypothesis 2: Absorptive Capacity will be positively related to Innovative Work Behavior.

H2a: Acquisition Capacity will be positively related to IWB.

H2b: Assimilation Capacity will be positively related to IWB.

H2c: Transformation Capacity will be positively related to IWB.

H2d: Exploitation Capacity will be positively related to IWB.

Our third hypothesis suggest that IWB may influence idea generation, idea promotion and idea realization efforts towards OE in the workplace, translated into positive overall performance, market share, sales growth, profitability, employee satisfaction, quality, product development and the effectiveness index.

People with IWBs are needed in organizations in order to be flexible and continuously renew themselves. Employees engaging in IWB are likely to benefit the organization, the group or even individual employees to perform their job tasks more effectively (Ramamoorthy et al., 2005). In this same line, de Jong and den Hartog (2010) emphasize the importance of IWB of individual employees for organizational success. Considering this, we propose the following.

Hypothesis 3: Innovative Work Behavior will be positively related to Organizational Effectiveness.

H3a: IWB will be positively related to OE.

Research Methodology

The paper was conducted at a Mexican Higher Education Business Community with current MBA part-time students and alumni, the criteria was to include respondents in their last trimester or alumni, all with current jobs. Data collection occurred between April and July 2017. We develop an online questionnaire send to the Business School community and also we personally delivered a questionnaire to the students during class attendance to complete. Whenever possible, the researchers described the paper objective and had the students complete the questionnaire at that time. If online questionnaires were not received within one week, we began a follow-up procedure including email reminders. The questionnaire was translated from English to Spanish by two professors fluent in both languages. The survey was then revised for the final version of the questionnaire.

This procedure yielded 201 usable questionnaires with a 34% response rate. Respondents were either general managers, middle managers, coordinators or people with no-direct reports. Because of the comparative focus of the first part of this paper, we opted for the approach that would result in as large a sample of firms as possible. Single-respondent studies are also frequently used in referent organizational and strategy literature (e.g., Denison & Mishra, 1995).

Measures.

Absorptive Capacity

The paper uses the multidimensional scale developed by Flatten et al. (2011[b]). Following them, ACAP was measured using a 14 seven-point-Likert scale, ranging from 1 = strongly disagree to 7 = strongly agree. These items include four determinants of the construct: acquisition (3 items), assimilation (4 items), transformation (4 items), and exploitation (3 items).

Innovative Work Behavior

Following Janssen (2000), IWB was measured using a 9 seven-point-Likert scale, ranging from 1 = never to 7 = always. These measure idea generation, idea promotion, and idea realization of individuals. As mentioned earlier, we will use a one-dimensional scale due to the results obtained by Janssen (2000) and de Jong and den Hartog (2010).

Organizational Effectiveness

Following Denison and colleagues (Denison & Mishra, 1995; Fey & Denison, 2003), OE was measured using a seven five-point-Likert scale, ranging from 1 = poor to 5 = excellent. These items include market share, sales growth, profitability, employee satisfaction, quality of products and services, new product development, and overall performance. These seven specific measures yielded a one-factor solution, which was labeled Organizational Effectiveness Index. Others have used subjective measures for firm performance (Flatten et al., 2011[a]). Furthermore, prior studies have found a high correlation between subjective and objective measures of performance (e.g. Bowman & Ambriosini, 1997).

Data Analysis

Based on the descriptive and statistical analysis, the majority of the respondents (see Table 3) work for private companies (70%) either national or foreign firms, with more than 250 employees (73%), and for the manufacturing sector (75%).

Table 3. Companies' Profiles

Type of company	Number of employees	Industry sector
08.5% public	09.5% less than 50	74.6% manufacturing
43.3% private national company	17.4% form 50 up to 249	23.9% service
27.9% private foreign company	73.1% 250 employees or more	01.5% other
20.4% mixt		

Following the descriptive analysis with the respondents' profiles (see Table 4) 69% of the respondents were male and 31 females; 73% were 30 years old or older; 48% had a middle management responsibility and 11% were CEOs or general managers; 81% had less than five years working for their companies and 17.4% had between five and ten years tenure.

Table 4. Respondents' Profiles

Gender	Age	Position	Tenure in Position	Tenure in Company
68.7 % male	26.9 % 29 years or less	10.9% general manager, CEO or equivalent	35.3% less than 5 yrs	80.6% less than 5 yrs
31.3 % female	73.1% 30 years or more	47.8% middle management or equivalent	43.8% 5 to 10 yrs	17.4% 5 to 10 yrs
		26.9% coordinator, supervisor or equivalent	20.9% more than 10 yrs	01.5% more than 10 yrs
		14.4% no direct reports		

When conducted a scale reliability and internal consistency analysis using Cronbach's Alpha, to analyze how closely related a set of items are as a group (see Table 5). The alpha coefficient for all the items was higher than .841, suggesting that the items have relatively high internal consistency.

Table 5. Scale Reliability using Cronbach's Alpha

Construct	Number of items	Likert scale	Cronbach's alpha
Absorptive Capacity (Flatten et al., 2011[b])		1 to 7 (strongly disagree to strongly agree)	
• Acquisition	3		.892
• Assimilation	4		.878
• Transformation	4		.935
• Exploitation	3		.881
Innovative Work Behavior (Janssen, 2000)	9	1 to 7 (never to always)	.926
Organizational Effectiveness (Denison and colleagues, 1995, 2003)	7	1 to 5 (poor to excellent)	.841

Results

Descriptive statistics, inter-correlations among the study variables, and reliabilities of the measures are reported in Table 6, considering the 201 respondents of the study. The results suggest that our measurement model has sufficient discriminant validity. The results also address the issues raised our research questions, and offers support for the Research Model.

Table 6. Means, Standard Deviations, Inter-correlations, and Reliabilities[a] of study variables

Scales	Means	s.d.	1	2	3	4	5	6
1. Acquistion[b]	4.96	1.64	(.892)					
2. Assimilation[b]	4.64	1.45	.605**	(.878)				
3. Transformation[b]	5.01	1.40	.651**	.648**	(.935)			
4. Expolitation[b]	4.97	1.55	.608**	.654**	.681**	(.881)		
5. Innovative Work Behavior[b]	5.54	1.03	.224**	.265**	.215**	.246**	(.926)	
6. Organizational Effectiveness[c]	3.94	0.66	.501**	.368**	.513**	.520**	.159*	(.841)

(N = 201)
[a] Coefficient alpha reliabilities estimates are shown on the diagonal.
[b] Range from 1 to 7.
[c] Range from 1 to 5.
* $p < 0.05$, ** $p < 0.01$

The validity of the ACAP measures are supported by the factor analysis presented in Table 7. The factor analysis falls into four dimensions with all the Cronbach Alphas greater than 0.878. Thus the factor analysis demonstrates acceptable convergent and discriminant validity.

Table 7. Factor Analysis of Absorptive Capacity Measures

ACAP Measures	Factor 1	Factor 2	Factor 3	Factor 4
Acquisition				
Information Scanning	0.712	-0.104	**0.537**	0.077
Information Use within Industry	0.786	-0.176	**0.418**	0.110
Information Use beyond Industry	0.738	-0.213	**0.474**	0.081
Assimilation				
Idea communication cross-departmental	0.749	**0.456**	0.008	-0.054
Cross-departmental support to solve problems	0.768	**0.390**	0.078	-0.104
Quick information flow	0.695	**0.420**	0.155	-0.319
Cross-departmental meetings to communicate outcomes	0.713	**0.394**	-0.189	-0.155
Transformation				
Use of collected knowledge	**0.825**	-0.260	-0.084	-0.212
Knowledge absorption and for further purposes	**0.836**	-0.271	-0.203	-0.226
Knowledge linking with new insights	**0.820**	-0.310	-0.201	-0.223
Knowledge application in practical work	**0.783**	-0.316	-0.290	-0.206
Exploitation				
Support of prototype development	0.783	0.025	-0.165	**0.353**
Technology adaptation according to new knowledge	0.781	0.083	-0.195	**0.433**
Effective work by adopting new technologies	0.728	0.020	-0.258	**0.475**

Consistent with the results of Janssen (2000) de Jong and den Hartog (2010), Table 8 presents the factor analysis of IWB. The data factor falls perfectly into one dimension and with Cronbach Alpha of 0.926 to demonstrate good convergent and discriminant validity.

Table 8. Factor Analysis of Innovative Work Behavior Measures

IWB Measures	Factor 1
Idea creation to face difficult issues	0.749
New methods in the workplace	0.768
Original solutions for problem solving	0.770
Mobilizing support for innovative ideas	0.839
Acquiring approval for innovative ideas	0.843
TMT enthusiastic contagion for innovative ideas	0.807
Innovative idea transformation into useful applications	0.847
Systematic introduction of innovative ideas in the workplace	0.825
Innovative ideas' value creation assessment	0.721

Test of Hypotheses

The results of testing each of the hypotheses are described in detail in this section. For Hypothesis 1 states that ACAP will be positively related to OE. Specifically, each dimension of ACAP will be positively related to OE. First, H1a predicted that Acquisition Capacity will be positively related to OE. As shown in Table 6, Acquisition Capacity correlates with OE significantly and in the predicted direction ($r = .501$, $p < .01$) supporting H1a. Second, H1b predicted that Assimilation Capacity will be positively related to OE. As shown in Table 6, Assimilation correlates with OE significantly and in the predicted direction ($r = .368$, $p < .01$) supporting H1b. Third, H1c predicted that Transformation Capacity will be positively related to OE. As shown in Table 6, Transformation correlates with OE significantly and in the predicted direction ($r = .513$, $p < .01$) supporting H1c. Finally, H1d predicted that Exploitation Capacity will be positively related to OE. As shown in Table 6, Exploitation correlates with OE significantly and in the predicted direction ($r = .520$, $p < .01$) supporting H1d.

Hypothesis 2 states that ACAP will be positively related to IWB. Specifically, each dimension of ACAP will be positively related to IWB. H2a predicted that Acquisition Capacity will be positively related to IWB. First, as shown in Table 6, Acquisition correlates with IWB significantly and in the predicted direction ($r = .224$, $p < .01$) supporting H2a. Second, H2b predicted that Assimilation Capacity will be positively related to IWB. As shown in Table 6, Acquisition correlates with IWB significantly and in the predicted direction ($r = .265$, $p < .01$) supporting H2b. Third, H2c predicted that transformation Capacity will be positively related to IWB. As shown in Table 6, Acquisition correlates with IWB significantly and in the predicted direction ($r = .215$, $p < .01$) supporting H2c. Finally, H2d predicted that Exploitation Capacity will be positively related to IWB. As shown in Table 6, Acquisition correlates with IWB significantly and in the predicted direction ($r = .246$, $p < .01$) supporting H2d.

Hypothesis 3a states that Innovative Work Behavior will be positively related to Organizational Effectiveness. As shown in Table 6, IWB correlates with OE significantly and in the predicted direction ($r = .159$, $p < .05$) supporting H3a.

Results of the regression analyses show that ACAP dimensions are able to predict OE ($R = .591$, $p < .01$, $F = 26.355$). Being significant predictors: Acquisition, Transformation, and Exploitation at $p < .01$. In relation to ACAP dimensions and IWB the following was found $R = .159$, $p < .01$, and $F = 3.718$. As shown in Table 9, none of the ACAP dimensions was a significant predictor. Lastly, results of the regression analyses show that IWB are able to predict OE ($R = .266$, $p < .05$, $F = 5.138$). Being IWB a significant predictor at $p < .05$.

Table 9. Regression Analyses: Absorptive Capacity, Innovative Work Behavior and Organizational Effectiveness

Dependent variables	**Independent variables**	**R**	**Standardized Beta coefficients**	**t**	**Sig t**
OE		.591			
	(constant)			16.901	.000
	Acquisition		.245	3.007	**.003**
	Assimilation		-.124	-1.475	.142
	Transformation		.235	2.627	**.009**
	Exploitation		.292	3.366	**.001**
IWB		.159		16.095	.000
	(constant)		.095	.971	.333
	Acquisition		.030	.300	.764
	Assimilation		.036	.337	.737
	Transformation		.144	1.386	.167
	Exploitation				
OE		.266			
	(constant)			13.419	.000
	IWB		.159	2.267	**.024**

Conclusions and Contributions

The academic objective of this research is to explore and to understand the relationship of ACAP and IWB on OE, analyzing their interdependencies. Results suggest a direct and indirect effect of ACAP on OE. Important findings are concluded in terms of the strong influence of ACAP on OE and also of IWB on OE.

This paper also generates awareness for practitioners with regard to the importance of ACAP and IWB on OE. An important implication is that in order for an organization to be effective, they must have ACAP and an IWB among its employees. Individual employees must engage in IWB if organizations are to benefit from such behaviors (Ramamoorthy, et al., 2005).

According to Bartlett and Ghoshal (2002) organizations need to attract and develop individuals with specialized knowledge, create networks that enable the sharing of that knowledge and develop a culture that keeps people engaged. Knowledge sharing within and outside the organization is relevant because ACAP develops cumulatively, is path-dependent, and builds on existing knowledge (Cohen & Levinthal, 1994). This process allows innovators to acquire new information and stimuli for exploring external ideas and exploiting internal knowledge (Radaelli, Lettieri, Mura & Spiller, 2014). This will translate in the ability to innovate by being able to sense and seize opportunities for the organization that will bring superior performance. The results suggest the necessity to foster the development of these capabilities as part of the strategic planning in order to compete and to lead in a dynamic globalized economy, where forces of change such as technology, deregulations and value chain decoupling are triggering new opportunities, to offer innovative solutions to unmet needs, particularly in emerging markets.

As other studies, this paper has some limitations. First, the paper is based on data that included only companies located in Mexico, either local or foreign. Another limitation is that it focuses just on the relationship between ACAP, IWB and OE. Further research should include organizations of other countries; examine the antecedents of ACAP (i.e. leadership style, employee personality or organizational culture, among others) and also to extend the study to include the analysis of moderating and mediating effects of IWB.

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