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KNOWLEDGE SPILLOVER (KS) AS A SOURCE OF INNOVATION FOR SMALL COMPANIES (SUMMARY)

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 SUMMARY **KNOWLEDGE SPILLOVER (KS) AS A SOURCE OF INNOVATION FOR SMALL COMPANIES**

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Principal Topic

Knowledge Spillover (KS) contributes to business innovation and qualifies as an important external asset for consideration in business planning, especially for SMEs because their limitations narrow their capacity for realising their own R&D and flexibility to adapt to opportunities (Mazzarol, 2003; MacMillan, 1975). KS is an unintended transmission of knowledge (Fallah and Ibrahim, 2004) that can be converted into innovation for surrounding companies. KS Channels are the means through which KS happens and leads to innovation within SMEs. Therefore it is important to understand the KS process and its role in SME strategies to enhance their innovation capacity. Thus, the main objective of this paper is to explore KS by revealing the critical channels of KS and their patterns.

However, literature to date indicates it is unclear how KS happens (Paci and Usai, 2009; Audretsch and Feldman, 2004; Feldman, 2000). This paper presents a theoretical frame comprising of fifteen channels of KS that are interrelated as regards the innovation process. These channels are the main elements of analysis in a questionnaire administered in four regions worldwide (North East, Brazil; South East, Ireland; Castilla-La Mancha, Spain; and Bucharest-Ilfov, Romania) with diverse innovation processes.

Method

A survey was administered to 493 ICT and manufacturing companies. The results of the survey relied on a quantitative methodology that employed descriptive statistics and exploratory factor analysis in order to meet the proposed objectives.

Results and Implications

The most important channels of KS have followed a similar order of importance at both the regional and technology intensity levels (OECD, 2011). The most important channels of KS are, namely, Specialisation, Networking, Skilled Labour, Competition, and Diversification. Results suggest that there is a tendency in two channels, i.e. Imitation of Managerial Innovation and R&D Subsidies, to be more important in lower technology industries. The exploratory factor analysis revealed four patterns of channels of KS.

The analysis section considers different approaches in strategy formation (Mintzberg, 1999; 2005) in order to identify alternatives for entrepreneurs to benefit from channels of KS. The conclusion proposes that channels of KS can be grouped together according to their correlation and indicates that the order of the most important channels of KS has strong similarities in different regions and different technology intensity of industry sectors.

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