

## **Information Sourcing and Innovativity: Empirical Evidence from the UK**

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### **Abstract**

The importance of innovation in driving long-term economic growth has gained much recognition. Extensive research explores the contribution of innovation to firm growth and competitiveness and various studies conclude that the Solow residue is linked to firm innovation output. Research shows that innovation can result from integration of existing ideas, and active combination of people, knowledge and resources. Firms' capability to integrate knowledge from a range of disparate sources is now widely regarded as a crucial competitive advantage. The more diverse information and knowledge firms can gather, absorb and apply, the more likely firms are to have novel innovation output. Firms are inherently information processors. Information that is internalised and can be applied by its possessor turns into knowledge potentially useful for innovation. Such information processing entails two mutually-influencing aspects. First, firms need to gather information from various sources. Second, firms need to have the capacity to absorb and apply information. Ever since Cohen and Levinthal's seminal work, much attention has been paid to absorptive capacity of firms and implications for firms' competence and innovation. However, links between information sourcing and firm innovativity remain a relatively neglected area and

offer futile grounds to explore the implications of information searching behaviour for innovation. Previous research points out that firms need to be proactive in their links with other firms for information exchange, otherwise advantageous position in the environment alone would not create benefits. Active information brokering can not only enhance firm innovativeness, but is also necessary when problems and possible solutions are dispersed and the knowledge base is complex and changing. Using UK CIS4 data, this research seeks to examine the impact of firms' information sourcing behaviour on their innovativity, manifested in innovation output, engagement in innovation activities and innovation collaboration.