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Bridging firm-internal boundaries for innovation: Directed communication orientation and brokering roles



Hendrik Leendert Aalbers a,*, Wilfred Dolfsma b

^a Radboud University, Nijmegen School of Management, Institute for Management Research, The Netherlands ^b University of Groningen, School of Economics and Business, The Netherlands

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ABSTRACT

Knowledge flowing across firm-internal (unit) boundaries is an essential contribution to an organization's innovative performance. Knowledge, unfortunately, does not cross firm-internal boundaries as a matter of course. The different contacts an individual maintains in a firm's instrumental-formal and expressive-informal networks defines their personal communication profile – a profile that may or may not match their formal position within the firm. Through the contacts individuals maintain, they can entertain five different communication roles as they transfer knowledge within their firm; either internal to their own unit or brokering to other units. From among the five different roles, two are (unit) internally oriented and three are oriented toward others outside the unit, crossing firminternal boundaries. We find that individuals who in their formal (but not in their informal) contacts are predominantly externally oriented will particularly contribute to innovative activity within the firm. Detailed case analysis of knowledge flows at a large European electronics and engineering multinational, provides evidence that certain combination of roles are more likely than others to be successful at bridging firm-internal boundaries as basis for innovative knowledge transfer, allowing individuals who combine these roles to play a special role in stimulating innovation. © 2015 Elsevier B.V. All rights reserved.

^{*} Corresponding author at: Radboud University, Institute for Management Research, Centre For Organization Restructuring, PO Box 9108, 6500 HK Nijmegen, The Netherlands. Tel.: +31 24 3611615.

E-mail address: r.aalbers@fm.ru.nl (H. Leendert Aalbers).

Introduction

Innovation results from the combination and recombination of existing and newly developed knowledge (Schumpeter, 1942; Fleming, 2001). Having the knowledge that is available within a firm accessible at a moment's notice to the right people thus ensures that a firm can be innovative, allowing it to respond quickly to the highly dynamic environments it operates in (Volberda, 1996). Even as firms are urged to more readily allow innovative knowledge to cross firm boundaries, innovative knowledge may not easily move to where it can be used in the firm, however (Cross and Cummings, 2004; Aalbers et al., 2013). A firm that can improve the diffusion of knowledge internally will benefit from enhanced innovative activity (cf. Paruchuri, 2010; Whelan et al., 2011). However, at the same time, research has particularly pointed to knowledge as one of the most difficult resource to manage at an organizational level (Szulanski, 1996). Reflecting on the governance of knowledge sharing in organizations, Foss et al. (2010) suggest that knowledge may *come to be* sticky and difficult to transfer because of ingroup–outgroup dynamics. These ingroup–outgroup dynamics can create a reluctance to share knowledge with individuals from other units. While stickiness of knowledge is related to the social embeddedness of those who might partake in knowledge transfer, how knowledge exactly crosses firm-internal boundaries has not been the subject of much scholarly attention.

Exploring knowledge transfer at a major subsidiary of an electrical engineering multinational headquartered in Europe, we study antecedents of individuals' position in the instrumental-formal and expressive-informal networks that determine if and how knowledge flows across unit boundaries. We consider the consequences of these network antecedents in terms of their impact on a firm's internal innovative activity. Studying network antecedents at the individual level, our objective is to answer the question: How does the orientation of individuals with regard to knowledge transfer, through their instrumental-formal and the expressive-informal networks, affect their innovative activity within the firm? Contacts employees maintain in a firm's instrumental-formal network and the expressive-informal network are antecedents, we suggest, for the transfer of innovative knowledge (Aalbers et al., 2014). Responding to recent calls for further research, we argue that close attention must be paid to the exact direction knowledge flows into when understanding innovative activity within a firm (Shi et al., 2009; Boari and Riboldazzi, 2014). We submit that not only if firm-internal unit boundaries are crossed, but particularly how this crossing takes place is of managerial and scholarly importance.

Our findings show that individuals who have a more external orientation, in the sense of initiating communication across firm-internal boundaries with others in other business units, will also be more likely to contribute to innovative activity within the firm. By including the different contacts an individual maintains in both the instrumental-formal and the expressive-informal networks in our analysis we shed light on how these conceptually distinct networks congrue (Aalbers et al., 2014; McEvily et al., 2014; Henttonen, 2010). Our study thereby contributes to an integrated theoretical understanding of organizational functioning, conceiving an organization as a combination of both formal and informal social structures, instead of studying either structure in isolation.

Our paper is organized in a classical manner. We first present and elaborate on relevant literature in the Theory section. The next section provides the details on the methodology, followed by the results. The preultimate section discusses managerial implications, while the last section concludes.

Theory

Transfer of knowledge within the organization to stimulate innovation and gain competitive advantage has attracted a fair share of attention in the literature (Moorman and Miner, 1998; Hansen, 1999). Studies show that effective transfer of knowledge between employees within an organization indeed increases the creativity and innovative activity within the firm (Tushman, 1977; Ghoshal and Bartlett, 1988; Amabile et al., 1996; Moorman and Miner, 1998; Kanter, 1983; Hargadon, 1998; Perry-Smith and Shalley, 2003; Aalbers et al., 2013). Transfer of innovative knowledge is not self-evident, however (Cross et al., 2002; Cohen and Levinthal, 1990; Szulanski, 2003; Ballinger et al., 2011; Aalbers et al., 2014). Knowledge can be organizationally sticky (Von Hippel, 1994; Szulanski, 1996). Simply attempting to stimulate transfer of knowledge, especially that of the innovative kind, is unlikely to be easy, especially across organizational boundaries inside of the firm (Szulanski, 1996). Rather than the

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