Close together or far apart?

The geography of host country knowledge sourcing and subsidiary’s innovation activities

**Date:** Thursday, 22 February – 2 pm

**Venue:** Seminar Room, Department of Economics and Management

**Speaker:** Alessandra Perri, University of Venice

**Abstract**

We investigate the influence of the geography of host country knowledge sources developing different types of knowledge on the competence-sustaining and competence-extending innovative activities by foreign subsidiaries. We suggest that competence-sustaining innovative activities are enhanced when more familiar knowledge is sourced in distant host country locations. We also argue that competence-extending innovative activities benefit more when less familiar knowledge is sourced from not too distant host country locations because the novel combination potential is limited when source and recipient are close together and codification becomes too complex when they are far apart. We test our arguments on a sample of US subsidiaries of the top European and Asian multinationals operating in the global semiconductor industry and find support for our arguments.