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## Article

# Introduction to the special issue on innovation, knowledge absorption, judgement and decision-making processes

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## Introduction to the special issue on innovation, knowledge absorption, judgement and decision-making processes

### Introduction

The recent global financial crisis has stressed the importance to rely on long-term sources of economic growth. Prior research on business, economics and management has shown that knowledge-intensive services and innovation contribute not only to social well-being, but also to regional and national long-term economic growth (e.g. Audretsch and Keilbach, 2004; Braunerhjelm, 2011; Parellada *et al.*, 2011; Wu, 2013; Mas-Tur and Soriano, 2014; Mas-Tur and Simón-Moya, 2015; Mas-Tur and Bolufer, 2016).

Innovation may be defined as novel adoption or exploitation of processes, products or services that add economic or social value. But, to translate into economic or social improvements, innovation relies on organisational culture and knowledge absorption (Murovec and Prodan, 2009; Behrens, 2016; Pera and Viglia, 2016; Solis Vázquez *et al.*, 2017). Absorbing external knowledge and creating internal knowledge are key processes for innovation in firms. In fact, internal knowledge creation and absorptive capabilities have been shown to positively affect innovation performance (Camisón and Forés, 2010; Esterhuizen *et al.*, 2012; Forés and Camisón, 2016).

Knowledge absorption relates to the manager's judgement and the firm's decision-making processes. Social judgement theory (Sherif and Hovland, 1961) provides a framework for understanding firms' and managers' innovation-related decision processes. When managers make innovation-related decisions, they focus on four key attributes: profitability (i.e. financial returns and risk), strategic considerations (i.e. competitive advantage), uncertainty (i.e. demand and technological uncertainty) and social dimensions (e.g. management support and reputation). Judgement and decision-making processes regarding project choices are critical for achieving superior innovation performance, thus previous research has overlooked at this issue.

This special issue contributes to the literature on innovating and managing knowledge through judgement and decision making. In doing so, this special issue supports long-term economic growth complementing prior studies on innovation and knowledge management. The findings presented herein are pertinent to private and public decision makers, scholars and professionals. This special issue was initiated through the 7th Global Innovation and Knowledge Academy Conference, which took place in Lisbon, Portugal, in June 2017.

### Contributions

The first contribution presents an analysis of "The effect of strategic flexibility configurations on product innovation". In this study, Behara, Bingol, Ozkan-Canbolat and Szczygiel apply fuzzy-set qualitative comparative analysis to data from semi-structured interviews with workers at electrical household appliance firms. The results reveal departmental contributions to strategic flexibility and the effect on product innovation.



In the following contribution, de Juana-Espinoso and Rakowska analyse “Public sector motivational practices and their effect on job satisfaction: country differences”. By presenting data from a sample of administrative workers at Spanish and Polish universities, the authors confirm that bureaucratic culture overrides country differences. The authors conclude that public sector organisational practices can be applied to different countries to improve performance. Mocciano Li Destri and Lo Nigro investigate “The relationship between institutions and value creation in software development models”. The authors compare different institutional settings and explore how the adoption of a hybrid model involves modification of the firms’ value appropriation strategy.

Oghazi, Rad, Karlsson and Haftor analyse “The effects of RFID and ERP systems on supply chain management”. Their findings indicate that these enterprise systems facilitate supply chain integration by improving information flow. The study has important implications for practitioners and scholars. In the subsequent contribution, Orozco, Vargas and Galindo present “The relationship between board size and financial and reputational corporate performance: the case of Colombia”. The study investigates the relationship between board size and financial and reputational corporate performance using correlations and cluster analysis. According to the analysis, large boards are associated with high performance on corporate reputation and poor financial performance, but there is no relationship that exists between financial and reputational performance.

The last contribution is “R&D and non-R&D in the innovation process among firms in ASEAN countries: based on the firm-level survey data”. In this study, Tsuji, Ueki, Shigeno, Idota and Bunno use survey data and probit analysis to identify different approaches to R&D and non-R&D innovation. The results indicate that leadership by top management drives innovation in local non-R&D firms.

Holistically, the package of articles informs on the role of knowledge management and innovation across different geographical and organisational contexts. In particular, the breadth of topics, spanning from value creation to supply chain and financial performance, offers a comprehensive view of the studied phenomena.

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