

DOES CO-LOCATION ACCELERATE KNOWLEDGE OUTFLOWS FROM FDI? THE ROLE OF MMC SUBSIDIARIES' TECHNOLOGY SOURCING STRATEGIES

ABSTRACT

Despite the strategic importance of the knowledge outflows from FDI for local firms' competitiveness, no study has focused on the speed at which this phenomenon takes place. However, this issue is crucial since the speed at which firms absorb external knowledge influences the time they need to carry out subsequent innovations, their ability to adapt to external changes and enter new markets, thus ultimately affecting their chances to achieve a competitive advantage. This paper tries to fill this gap, by investigating the temporal patterns of knowledge outflows between foreign subsidiaries and firms located in host-regions. Combining International Business literature with insights on Innovation Strategy, we provide evidence on the timing of this phenomenon, and discuss the role played by multinational firms' technology sourcing strategies.