



Paper to be presented at the DRUID 2012

on

June 19 to June 21

at

CBS, Copenhagen, Denmark,

Departmental Cross-Functional Absorptive Capacity

J. Piet Hausberg

LUISS Guido Carli

Department of Business and Management

jhausberg@luiss.it

Abstract

Although both Absorptive Capacity (AC) and internal or cross-functional integration (II/CFI) are largely seen as critically important for competitive advantage, their interplay seems to be understudied. Moreover, AC has never been taken to the level of functionally specialized departments, while these sub-units might be the key to a better understanding of a successful balance between exploitative and explorative activities. In this paper, a framework for AC on the level of departments is developed that takes into account the importance of cross-functional integration.

It is argued that firms' functional departments do have not only the traditional AC regarding knowledge that they have to absorb from other peer departments within their corporate group, i.e. those that exercise the same function (e.g. knowledge absorption by and from R&D), but also have a Cross-Functional AC regarding the knowledge that they have to absorb from departments of their corporate group that exercise different functions. Therefore, Cross-Functional Absorptive Capacity (CFAC) of functional departments is theoretically conceptualized based on a reconceptualization of prior related knowledge.



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