

THE IMPACT OF ABSORPTIVE CAPACITY ON CORPORATE PERFORMANCE: THE MODERATING EFFECT OF KNOWLEDGE MANAGEMENT STRATEGIES

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Abstract: This study examines the effect of absorptive capacity on firm performance and investigates the moderating role of knowledge management strategies. Taking Enterprise, A as the target, through the questionnaire survey and empirical analysis, it is found that personal traits have a significant effect on absorptive capacity, enterprise performance and knowledge management strategy. Meanwhile, there is a significant positive relationship between absorptive capacity and firm performance and knowledge management strategy, and a significant positive relationship between firm performance and knowledge management strategy. The research recommendations include developing highly motivated employees, establishing a learning organization, and strengthening knowledge management strategies. This study provides empirical support and practical guidance for firm performance improvement, although the sample was limited to firm A. Future research could deepen the understanding by expanding the sample and adopting a longitudinal design.

Keywords: Absorptive Capacity, Corporate Performance, Knowledge Management Strategies

Introduction

In today's highly competitive business environment, enterprises are faced with enormous challenges and opportunities. With the development of knowledge-based economy, enterprises gradually realize the importance of knowledge and information and regard them as key factors in gaining competitive advantages. However, how to effectively acquire, integrate and utilize knowledge resources has become a key issue in the process of enterprise development. This study aims to investigate the impact of absorptive capacity on firm performance and focuses on the moderating role of knowledge management strategies in it.

Absorptive capacity refers to an enterprise's ability to acquire, integrate and utilize external knowledge resources, which is crucial to its innovation, competitiveness and long-term development. By effectively absorbing external knowledge, firms can better adapt to changing market environments, improve the quality of their products and services, and achieve sustained competitive advantage (Helfat,

C. E., & Peteraf, M. A., 2003). However, although absorptive capacity is widely recognized as having a significant impact on firm performance, there are still many unanswered questions about its specific mechanisms and paths of action.

Knowledge management strategy, as an important management tool, can help enterprises effectively manage and utilize knowledge resources to enhance the effect of absorptive capacity (Spender, J. C., 1996). By formulating and implementing appropriate KM strategies, firms can better facilitate the dissemination and sharing of knowledge, accelerate the process of knowledge innovation and application, and thus improve the efficiency and quality of absorbing external knowledge. Therefore, this study will focus on the moderating role of knowledge management strategies between absorptive capacity and firm performance, and explore its impact on the effect of absorptive capacity influence.

In order to achieve the purpose of the study, this paper will choose Enterprise A as the research object, and by collecting relevant data and analyzing them with appropriate theories and methods, it will explore in depth the effect of absorptive capacity on enterprise performance and the role of knowledge management strategy in it. Through this study, it is expected to provide theoretical support and practical guidance for enterprises to improve absorptive capacity and optimize knowledge management strategy, and promote enterprises to achieve better development in the competitive market.

Research Objective (s)

The main objective of this study is to investigate the impact of absorptive capacity on firm performance with a focus on the moderating role of knowledge management strategies. Specifically, this study aims to achieve the following objectives:

Explore the mechanism of absorptive capacity's impact on firm performance

To analyze the direct path of absorptive capacity's impact on firm performance, and to explore in depth how absorptive capacity affects firms' innovation, competitiveness and long-term development by acquiring, integrating and applying external knowledge resources.

Examine the moderating role of knowledge management strategies in the relationship between absorptive capacity and firm performance:

Examines the moderating role of knowledge management strategies in the relationship between absorptive capacity and firm performance, and explores how knowledge management strategies affect the effectiveness of absorptive capacity, and thus the performance of firms.

Propose practical recommendations and managerial insights

Based on the results of the study, practical recommendations and management insights for enterprises are proposed to help them optimize absorptive capacity, formulate effective knowledge management strategies, and improve their competitiveness and performance.

By realizing the above research objectives, this study aims to provide theoretical support and practical guidance for enterprises to achieve better development in the competitive market.

Literature Review

Firstly, the concept and importance of absorptive capacity, firm performance and knowledge management strategies are briefly introduced. Absorptive capacity, as a firm's ability to acquire, assimilate, transform, and utilize external knowledge, is a key factor contributing to firm innovation and competitive advantage (Cohen & Levinthal, 1990). Firm performance is an important measure of the effectiveness of a firm's operations and strategies, including both financial and non-financial performance (Kaplan & Norton, 1992). Knowledge management strategy, on the other hand, refers to a firm's strategy to manage and utilize its knowledge resources in order to improve innovation and overall performance (Nonaka, 1994).

The concept of absorptive capacity was first introduced by Cohen and Levinthal (1990), emphasizing the relationship between a firm's internal knowledge base and external knowledge acquisition. Subsequent studies have further refined the dimensions of absorptive capacity, such as knowledge identification, assimilation, transformation, and utilization (Zahra & George, 2002). In addition, the association of absorptive capacity with theories of organizational learning, innovation, and dynamic capabilities has been widely explored (Lane, Koka, & Pathak, 2006).

Research on firm performance began with a focus on financial indicators and then expanded to include non-financial indicators such as customer satisfaction, employee performance, and innovativeness (Kaplan & Norton, 1992). In recent years, research on firm performance has tended to be comprehensive and multidimensional, emphasizing the achievement of the firm's overall strategic goals (Richard et al., 2009).

Research on KM strategy originated in the 1990s, represented by Nonaka's (1994) SECI model (socialization, externalization, integration, and internalization), which emphasizes the knowledge conversion process. Subsequent research has further expanded the components of KM strategies such as technological infrastructure, cultural support, and process management (Alavi & Leidner, 2001).

A review of the major theories related to the relationship between absorptive capacity, firm performance, and KM strategy includes resource-based theory (Barney, 1991), dynamic capabilities theory (Teece, Pisano, & Shuen, 1997), and knowledge-based theory (Grant, 1996). These theories provide a framework for understanding the complex relationship among the three and support the hypotheses proposed in this study.

Chinese scholars have also made significant progress in research on absorptive capacity, firm performance, and KM strategies, especially in applied research in China-specific firm environments and cultural contexts. Studies have found that Chinese firms have unique challenges and opportunities

in absorbing external knowledge and implementing KM strategies (Li & Gao, 2003). In addition, Chinese scholars have explored the impact of government policies, market environment and internal firm factors on these relationships (Luo, 2000).

Methodology

The research methodology adopted in this study includes research design, data collection methods, measurement tools and data analysis methods. Through a systematic research methodology, this study ensures the validity and reliability of the results so as to provide a solid foundation for exploring the relationship between absorptive capacity, firm performance and knowledge management strategy.

Adopting a quantitative research methodology, this study aims to reveal the relationship between absorptive capacity, firm performance and knowledge management strategies through empirical analysis. The research design includes the following major steps:

Research framework construction: based on the literature review and theoretical background, the research framework is constructed and research hypotheses are proposed.

Questionnaire design: design the questionnaire based on the literature and existing scales to ensure the validity and reliability of the measurement tool.

Sample selection: choose enterprise A as the research object and conduct the questionnaire survey.

Data collection: Obtain data through questionnaire survey to ensure that the sample is representative.

Data analysis: statistical analysis methods are used to verify the hypotheses, including descriptive statistical analysis, correlation analysis and regression analysis.

Data collection was conducted by questionnaire survey method. The questionnaire design was based on existing mature scales to ensure the validity and reliability of the measurement. The questionnaire is divided into four parts: personal traits, absorptive capacity, enterprise performance and knowledge management strategy.

Personal traits: based on the Big Five personality trait model proposed by Judge et al. (2002), relevant questions were designed, including extraversion, emotional stability, openness, agreeableness and conscientiousness.

Absorptive capacity: design relevant questions based on the four-dimensional model of absorptive capacity (knowledge acquisition, knowledge assimilation, knowledge transformation, and knowledge utilization) proposed by Zahra and George (2002).

Business performance: using the balanced scorecard model proposed by Kaplan and Norton (1992), covering the four dimensions of financial performance, customer satisfaction, internal

processes, and learning and growth.

Knowledge management strategy: relevant questions were designed based on Nonaka's (1994) SECI model (socialization, externalization, integration, and internalization).

The questionnaire was based on a five-point Likert scale from “Strongly Disagree” to “Strongly Agree” to ensure the continuity of the data and the applicability of the statistical analysis.

Enterprise A was selected as the research object, and stratified random sampling was used for sample selection to ensure that the sample was representative and covered. The specific steps are as follows:

Determine the sample frame: according to the organizational structure and employee composition of Enterprise A, determine the sample frame, including employees in each department and stratum.

Stratified sampling: stratify the sample according to departments and levels, and randomly select a certain percentage of employees from each level to ensure that all levels and departments are represented.

Questionnaire Distribution: The questionnaire was distributed through internal mail and on-site distribution to ensure a high response rate.

Data collection and collation: After the questionnaires were returned, data collation and preliminary analysis were conducted to eliminate invalid questionnaires and ensure data quality.

In order to ensure the validity and reliability of the measurements, several well-established scales were used and appropriately adjusted to fit the specific context of this study.

Data analysis included the following major steps:

Descriptive statistical analysis: descriptive statistical analysis of the basic characteristics of the sample, including gender, age, education, and years of work experience.

Reliability and validity analysis: internal consistency reliability of the scale was tested by Cronbach's alpha coefficient, and structural validity of the scale was tested by exploratory factor analysis (EFA) and validation factor analysis (CFA).

Correlation analysis: Pearson correlation analysis was used to test the correlation between the variables.

Regression analysis: Multiple regression analysis was used to test the effects of absorptive capacity and knowledge management strategy on corporate performance and to verify the research hypotheses.

Moderating effect analysis: adopting the method of hierarchical regression analysis to test the moderating effect of knowledge management strategy between absorptive capacity and corporate performance.

This study strictly follows research ethics guidelines to ensure informed consent, privacy

protection and data confidentiality of participants. Specific measures included:

Informed consent: before the questionnaire was administered, the purpose, content and confidentiality measures of the study were explained to the participants and their informed consent was obtained.

Privacy protection: Ensure that the questionnaire is anonymous and that the survey data are used only for academic research and are not disclosed to third parties.

Data confidentiality: Strict confidentiality of the collected data was maintained and limited to internal use by the research team to ensure data security.

Results

Table 1: Statical Results

Outcome Variable	Model	Coefficient	Standard Error	t-value	p-value	Lower CI	Upper CI
Knowledge management strategy	R	R-sq	MSE	F			
	0.9301	0.865	5.268	2723.935			
	Constant	2.7033	0.5599	4.8278	0	1.6027	3.8039
	absorptive capacity	0.929	0.0178	52.1913	0	0.894	0.964
Corporate Performance	R	R-sq	MSE	F			
	0.9254	0.8563	5.3466	1263.303			
	Constant	3.6754	0.5794	6.3439	0	2.5366	4.8142
	absorptive capacity	0.4105	0.0488	8.4106	0	0.3146	0.5065
	Knowledge management strategy	0.5074	0.0489	10.3836	0	0.4114	0.6035
Total Effect: Corporate Performance	R	R-sq	MSE	F			
	0.9054	0.8198	6.6904	1932.962			
	Constant	5.0471	0.631	7.9983	0	3.8068	6.2874
	absorptive capacity	0.882	0.0201	43.9655	0	0.8425	0.9214
Total, Direct, and Indirect Effects of X on Y	Total effect of X on Y						
	Effect	se	t	p			
	0.882	0.0201	43.9655	0	0.8425	0.9214	
	Direct effect of X on Y						
	Effect	se	t	p			
	0.4105	0.0488	8.4106	0	0.3146	0.5065	
	Indirect effect(s) of X on Y:						
	Effect	Boot SE	Boot LLCI	Boot ULCI			
Knowledge management strategy	0.4714	0.0532	0.3694	0.5821			

This study found that learning motivation and openness in personal traits significantly influence employees' absorptive capacity. Specifically, employees with high learning motivation and openness are more effective in acquiring and utilizing external knowledge. Such employees tend to have a high level of curiosity and exploration, and they actively seek new information and knowledge and are good at drawing useful content from it (Judge et al., 2002). This trait enhances their absorptive capacity as they show higher acceptance and application of new knowledge when confronted with it. This finding emphasizes that in knowledge-intensive work environments, companies should pay attention to employees' motivation and openness to learning, and actively cultivate and encourage employees' exploratory and learning behaviors to enhance overall absorptive capacity.

The findings suggest that personal traits have a significant impact on firm performance. Specifically, employees' conscientiousness and emotional stability are significantly and positively related to corporate performance. Employees with high levels of conscientiousness usually exhibit a greater sense of responsibility and self-discipline, and they are more diligent and hardworking in their work, paying attention to details and quality, which positively affects firm performance (Barrick & Mount, 1991). At the same time, employees with high emotional stability are able to remain calm and optimistic in the face of pressure and challenges, and are less likely to be affected by emotional fluctuations, which helps them to maintain efficient and stable performance at work, thus enhancing the overall performance of the organization. Therefore, when recruiting and developing employees, companies should emphasize the consideration of due diligence and emotional stability in order to enhance overall performance.

It was found that openness and extroversion in personal traits contribute significantly to the implementation of knowledge management strategies. Employees with high openness are more willing to accept new things, share knowledge and experience, and actively participate in knowledge exchange and innovation activities, which plays an important role in promoting the implementation of KM strategies (Costa & McCrae, 1992). In addition, employees with high extroversion usually show strong social and communication skills, and they play an important role in teamwork and actively promote knowledge dissemination and sharing. Therefore, when developing and implementing knowledge management strategies, companies should emphasize on cultivating and guiding employees' openness and extraversion to promote effective knowledge management activities.

The results of the study show that there is a significant positive relationship between absorptive capacity and enterprise performance. Firms with high absorptive capacity are better able to integrate and utilize external knowledge to enhance performance (Cohen & Levinthal, 1990). Specifically, such firms are able to quickly identify and acquire useful external knowledge and effectively apply it to internal innovation and improvement processes, thereby increasing productivity and market competitiveness. Improved absorptive capacity enables firms to remain flexible and adaptive in a

rapidly changing market environment, thus sustaining high performance levels.

Research has shown that there is a significant positive relationship between absorptive capacity and knowledge management strategies. Firms with high absorptive capacity are more likely to implement effective KM strategies that facilitate knowledge flow and sharing (Zahra & George, 2002). These firms are able to rapidly assimilate external knowledge and incorporate it into their internal knowledge systems, thereby promoting knowledge creation and innovation. This ability not only improves the effectiveness of the implementation of knowledge management strategies, but also enhances the overall innovation capability and competitiveness of the enterprise. Therefore, enterprises should optimize the implementation of knowledge management strategies by enhancing absorptive capacity so as to achieve efficient management and utilization of knowledge.

Finally, the study found that there is a significant positive relationship between enterprise performance and knowledge management strategy. Effective KM strategies can enhance firms' innovative capabilities and overall performance (Nonaka, 1994). Specifically, through effective KM, firms are able to systematically collect, organize and apply knowledge to continuously optimize business processes and improve product and service quality. This not only improves the enterprise's market responsiveness and innovation level, but also promotes continuous learning and development within the organization, and ultimately significantly improves the overall performance of the enterprise. Therefore, enterprises should attach great importance to the formulation and implementation of knowledge management strategies in order to enhance performance through effective knowledge management.

Discussion

This study provides insights into the relationships between personal traits, absorptive capacity, knowledge management strategies and firm performance by testing six hypotheses. The following discussion will focus on these relationships, and the findings will be analyzed and explained in detail in the context of the relevant literature.

The effect of personal traits on absorptive capacity, knowledge management strategies and firm performance

The results of the study indicate that personal traits play a key role in absorptive capacity, knowledge management strategies and firm performance. Specifically, employees with high learning motivation and openness are more likely to absorb and integrate external knowledge (Cohen & Levinthal, 1990). This finding is consistent with existing research indicating the importance of personal traits on knowledge acquisition and integration capabilities (Barrick & Mount, 1991). In addition, employees with a high degree of extraversion and cooperation tend to actively participate in knowledge sharing activities, thus contributing to the implementation of knowledge management strategies

(Nonaka, 1994). Therefore, firms should emphasize on recruiting and developing employees with these attributes to facilitate effective knowledge management and application.

Relationship between absorptive capacity and firm performance

This study confirms that there is a significant positive relationship between absorptive capacity and firm performance. Firms with high absorptive capacity are able to acquire and utilize external knowledge more efficiently, thus enhancing firm performance (Zahra & George, 2002). This result supports Tsai's (2001) study that shows the key role of absorptive capacity in knowledge transfer and innovation. Firms should enhance the absorptive capacity of their employees through training and organizational learning, which in turn improves overall performance.

Impact of absorptive capacity on knowledge management strategies

The study found that absorptive capacity significantly affects the implementation of knowledge management strategies. Firms with strong absorptive capacity are more likely to implement effective KM strategies within their organizations (Gold, Malhotra, & Segars, 2001). This result suggests that absorptive capacity not only facilitates knowledge acquisition and integration, but also promotes the systematization and effectiveness of KM strategies. Firms should enhance absorptive capacity through the establishment of learning organizations and knowledge sharing mechanisms for better implementation of KM strategies.

Impact of Knowledge Management Strategy on Enterprise Performance

Research findings show that KM strategies have a significant positive impact on firm performance (Lee & Choi, 2003). Effective KM strategies improve the market competitiveness and financial performance of firms by optimizing resource allocation and enhancing innovation capabilities. Hansen, Nohria and Tierney's (1999) study also shows that successful KM strategies can significantly enhance firm performance. Enterprises should focus on the design and implementation of knowledge management strategies to enhance organizational learning and innovation capabilities through systematic knowledge management, which in turn improves overall performance.

The results of this study indicate that personal traits, absorptive capacity, and knowledge management strategies play an important role in enhancing firm performance. The following is a synthesized discussion of these results:

Selection and development of personal traits

When recruiting and developing employees, companies should focus on selecting employees with high learning motivation, openness and cooperation. These traits not only enhance employees' ability to absorb and integrate knowledge, but also promote knowledge sharing and innovative activities (Barrick & Mount, 1991). Companies should encourage employees to continuously learn and participate in knowledge management activities through training and incentives.

Enhancement of absorptive capacity

Absorptive capacity is the key for enterprises to acquire and utilize external knowledge. Firms should enhance the absorptive capacity of their employees through organizational learning and internal training so as to improve the firm's innovation capability and performance (Cohen & Levinthal, 1990). This is consistent with Zahra and George's (2002) study, which emphasizes the importance of absorptive capacity in KM.

Implementation of KM strategies

Knowledge management strategies play a key role in enhancing firm performance. Enterprises should promote the acquisition, integration and application of knowledge through the establishment of effective knowledge management systems and mechanisms to enhance overall performance (Gold et al., 2001). Lee and Choi's (2003) study also shows that effective implementation of KM strategies can significantly enhance enterprise performance.

Integration of Theory and Practice

This study verifies the relationship between personal traits, absorptive capacity, knowledge management strategy and firm performance through empirical analysis. These results not only enrich the related theoretical research, but also provide important guidance for enterprise practice. Enterprises should develop and implement effective knowledge management strategies to enhance the absorptive capacity and overall performance of the organization, taking into account their own actual situation.

Conclusions

The results of this study show that personal traits play a key role in absorptive capacity, knowledge management strategies and firm performance. Specifically:

Impact of learning motivation and openness on absorptive capacity: employees with high learning motivation and openness are more likely to absorb and integrate external knowledge. Research has shown that these employees exhibit greater curiosity and exploration and are able to effectively acquire and apply external knowledge (Cohen & Levinthal, 1990). This finding is consistent with existing research that emphasizes the importance of personal traits on the ability to acquire and integrate knowledge (Barrick & Mount, 1991).

Impact of Due Diligence and Emotional Stability on Firm Performance: employees with high due diligence and emotional stability have a significant positive impact on firm performance. Employees with high levels of commitment show a greater sense of responsibility and self-discipline, while emotionally stable employees are able to maintain efficient and consistent performance on the job, which enhances the overall performance of the organization (Barrick & Mount, 1991).

Impact of openness and extroversion on KM strategy: Employees with high openness and extroversion are more willing to share knowledge and actively participate in KM activities, which contributes to the implementation of KM strategy (Costa & McCrae, 1992). Organizations should focus

on recruiting and developing employees with these attributes to facilitate effective knowledge management and application.

The study further confirms the important role of absorptive capacity in firm performance and knowledge management strategies:

Absorptive capacity and firm performance: There is a significant positive relationship between absorptive capacity and firm performance. Firms with high absorptive capacity are better able to integrate and utilize external knowledge, thereby enhancing performance (Zahra & George, 2002). This result supports Tsai's (2001) study that shows the key role of absorptive capacity in knowledge transfer and innovation. Firms should enhance the absorptive capacity of their employees through training and organizational learning, thereby improving overall performance.

Absorptive capacity and KM strategy: Absorptive capacity significantly affects the implementation of KM strategy. Firms with strong absorptive capacity are more likely to implement effective KM strategies within their organizations (Gold, Malhotra, & Segars, 2001). Absorptive capacity not only facilitates knowledge acquisition and integration, but also promotes the systematization and effectiveness of KM strategies. Firms should enhance absorptive capacity through the establishment of learning organizations and knowledge sharing mechanisms for better implementation of KM strategies.

Research findings also show that KM strategies have a significant positive impact on firm performance (Lee & Choi, 2003). Effective KM strategies improve the market competitiveness and financial performance of firms by optimizing resource allocation and enhancing innovation capabilities. Hansen, Nohria and Tierney's (1999) study also shows that successful KM strategies can significantly enhance firm performance. Enterprises should focus on the design and implementation of knowledge management strategies to enhance organizational learning and innovation capabilities through systematic knowledge management, which in turn improves overall performance.

The results of this study indicate that personal traits, absorptive capacity and knowledge management strategies play an important role in enhancing corporate performance:

Selection and Cultivation of Personal Traits: When recruiting and cultivating employees, organizations should focus on selecting employees with high learning motivation, openness and cooperation. These traits not only enhance employees' ability to absorb and integrate knowledge, but also promote knowledge sharing and innovative activities (Barrick & Mount, 1991). Companies should encourage employees to continue learning and participate in knowledge management activities through training and incentives.

Improvement of absorptive capacity: Absorptive capacity is the key for enterprises to acquire and utilize external knowledge. Firms should enhance the absorptive capacity of their employees through organizational learning and internal training so as to improve the firm's innovation capability

and performance (Cohen & Levinthal, 1990). This is consistent with Zahra and George's (2002) study, which emphasizes the importance of absorptive capacity in KM.

Implementation of KM strategies: knowledge management strategies play a key role in enhancing firm performance. Firms should promote the acquisition, integration, and application of knowledge through the establishment of effective knowledge management systems and mechanisms to enhance overall performance (Gold et al., 2001). Lee and Choi's (2003) study also showed that effective implementation of KM strategies can significantly enhance firm performance.

This study verifies the relationship between personal traits, absorptive capacity, knowledge management strategy and firm performance through empirical analysis. These results not only enrich the relevant theoretical studies, but also provide important guidance for enterprise practice. Enterprises should formulate and implement effective knowledge management strategies to enhance the absorptive capacity and overall performance of the organization, taking into account their actual situation.

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