

# ABSORPTIVE CAPACITY AND INNOVATION: AN ANALYSIS OF BUSINESS MANAGEMENT OF YOUNG ENTREPRENEURS

## *CAPACIDADE ABSORTIVA E INOVAÇÃO: UMA ANÁLISE DA GESTÃO DOS NEGÓCIOS DE JOVENS EMPREENDEDORES*

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## ABSTRACT

**Purpose** – The current study has the objective to understand how young entrepreneurs develop absorptive capacity and innovation from the processes of acquisition, assimilation, transformation and knowledge application acquired from external sources.

**Design/methodology/approach** – The research is identified as theoretical-empirical, with qualitative basis, descriptive, through a field research operationalized with a multiple case study. The survey sample consists of 07 companies run by young entrepreneurs. Data analysis occurred through content analysis.

**Findings** – As main results, some relevant practices were evidenced for each dimension of absorptive capacity. For acquisition, the exchange and search for information, the importance of networking, and participation in events and fairs stand out. Knowledge assimilation happens from holding meetings, incentives in training and opinion formation. Knowledge transformation is accomplished from the structuring and new sources of knowledge. Lastly, knowledge application occurs through the creation of innovative products and services, technological advantages and strategies.

**Research limitations/implications** - The present study has as a limitation the sample size, which may have a bias in the result from the viewpoint of the participants.

**Originality/value** – As main contributions, the study presents how the absorptive capacity process of young entrepreneurs takes place and the main actions and practices carried out by them in the management of their own businesses.

**Keywords** - Absorptive Capacity. Innovation. Young entrepreneurs.

## RESUMO

**Objetivo** - O presente estudo tem por objetivo compreender como jovens empreendedores desenvolvem a capacidade absorptiva e a inovação, a partir dos processos de aquisição, assimilação, transformação e aplicação do conhecimento adquirido em fontes externas.

**Design/ metodologia/ abordagem** - A pesquisa se identifica como teórico-empírica, com base qualitativa, descritiva, por meio de uma pesquisa a campo operacionalizada com um estudo de casos múltiplos. A amostra da pesquisa consiste em 07 empresas geridas por jovens empreendedores. A análise de dados sucedeu por meio da análise de conteúdo.

**Resultados** - Como principais resultados, evidenciou-se algumas práticas relevantes para cada dimensão da capacidade absorptiva. Para a aquisição, destaca-se a troca e a busca de informações, importância do networking, e a participação em eventos e feiras. Já a assimilação do conhecimento é realizada a partir de reuniões, incentivos em formações e formação de opinião. A transformação do conhecimento é realizada a partir da estruturação e fontes de novos conhecimentos. Por fim, a aplicação do conhecimento ocorre por meio da criação de produtos e serviços inovadores, vantagens tecnológicas e estratégias.

**Limitações da pesquisa** - O presente estudo apresenta como limitação o tamanho da amostra, que pode apresentar um viés no resultado a partir da visão dos participantes.

**Originalidade** – Como principais contribuições, o estudo apresenta como se dá o processo de capacidade absorptiva de jovens empreendedores e as principais ações e práticas realizadas pelos mesmos na gestão dos seus próprios negócios.

**Palavras-chave** - Capacidade Absorptiva. Inovação. Jovens empreendedores.

## 1 INTRODUCTION

The initial concept of absorptive capacity arises with the purpose that all organizations, in order to remain highly competitive, need prior knowledge to assimilate and use new knowledge. Thus, it is possible to state that the accumulated knowledge allows the increase of the capacity to develop new knowledge (Cohen & Levinthal, 1990; Zahra & George, 2002; Lane, Koka, & Pathak, 2006).

The absorptive capacity, in essence, in relation to the companies' innovation process, can be understood by the function of creating and using the knowledge captured in the best way and aims to increase the companies' skill levels, making them highly competitive (Zahra & George, 2002).

Thus, the present work sought to cover companies managed by young entrepreneurs. Taking into account the surveys of the National Confederation of Young Entrepreneurs [CONAJE] (2018), it is possible to state that young people, when entrepreneurs, have a greater capacity to innovate. Likewise, it is relevant that there are already more than 15.7 million young Brazilians who are looking to open new businesses, or are already running their own businesses. The survey also indicates that from 2016 until today, there was a percentage increase of 7 favorable points in relation to entrepreneurship (Sebrae News Agency, 2018).

Because of this, it is important to point out that in a scenario, marked by accelerated changes, innovation has an important role to maintain competitiveness among organizations. Thus, the process of creating new knowledge and innovation refers to the capacity and the search for external knowledge, called absorptive capacity (Engelman, Fracasso, Schmitd & Muller, 2016).

Given the above, this study seeks to answer the following question: How do young entrepreneurs develop absorptive capacity and innovation, from the processes of acquisition, assimilation, transformation and application of knowledge acquired from external sources?

In order to answer this question, the main objective of this study is "to understand how

young entrepreneurs develop absorptive capacity and innovation from the processes of acquisition, assimilation, transformation and application of knowledge acquired from external sources”.

The research consists of a qualitative, descriptive approach, instrumentalized by the case study method. For data collection, semi-structured interviews were used, in order to fully understand the point of view of the studied sample, in relation to the theme “absorptive capacity.”

This study is justified based on what was proposed by Moutinho (2016), suggesting that future studies can expand research, seeking to analyze better ways to develop the processes of absorptive capacity, within the most varied organizations. Supporting, Wal, Criscuolo e Salter (2017) suggest the search’s expansion, considering different ways of innovation search, such as time, resources and efforts, so that knowledge is used effectively.

It is expected to contribute to the construction of academic and practical knowledge of how the process of absorptive capacity and innovation takes place among young entrepreneurs, since in recent years, this profile has been identified as more active in the creation of new businesses. Thus, the study seeks to contribute socially and scientifically, through important results, to the expansion of knowledge on the subject.

## 2 THEORETICAL REFERENCE

This chapter will contextualize the approach of significant studies responsible for analyzing the processes of absorptive capacity, based on the innovation of entrepreneurial organizations, being subdivided into two topics. The first topic seeks to present the main concepts of absorptive capacity and its main seminal authors. The second topic, seeks to transpose the idea of absorptive capacity, in relation to innovation.

### 2.1 ABSORTIVE CAPACITY

The process of capturing and managing enabling innovations is known for its capacity to absorb knowledge, thus, Cohen and Levinthal (1990) first approached the term in 1989. This term is integrally related to the entrepreneurial abilities to recognize different external information and, after that, to assimilate and apply it, in organizations, both internally and externally.

The authors also consider the fact that organizations with high absorptive capacity indicators will tend to be more dynamic and efficient, in order to always explore what is most opportune in the environment. Therefore, regarding the concept of absorptive capacity until then, two constructs were considered positive in relation to absorptive capacity: prior knowledge about the enterprise and the process of conducting planning activities and developing actions (Cohen & Levinthal, 1990).

For defending a positive absorptive capacity result, Zahra e George (2002), consider that this is a dynamic that allows organizations to increase their skill levels, as well as maintain competitive advantages, through different dynamic organizational routines. They also believe that absorptive capacity refers to business habits knowledge that capture internal and external knowledge.

In the meantime, Lane *et al.* (2006) conceptualize the absorptive capacity as the process of containing a skill, which aims to identify external knowledge, as well as being able to assimilate and then apply it in order to generate positive values for the benefit of the organization. So, they highlight that such skills can be divided into three processes for seeking information: (1) the understanding of new external knowledge, (2) the assimilation of new knowledge and (3) the transformation of assimilated knowledge into innovations that must be further explored (Lane *et al.*, 2006).

Thus, Cohen e Levinthal (1990), Lane e Lubatkin (1998), Zahra e George (2002), Lane *et al.*

(2006), define absorptive capacity as a tangle of possible knowledge acquired, assimilated, transformed and applied by different knowledge and innovations in certain organizations. Likewise, when it comes to the absorption capacity, the full success of organizations is sought, through competitive advantages and the ability to transform and adapt to the new.

The studies indicate that the absorptive capacity is formed by two main sets, the potential absorptive capacity and the realized absorptive capacity, which reflect strategies of different dimensions of new knowledge to implement in companies (Cohen & Levinthal, 1990; Lane & Lubatkin, 1998; Zahra & George, 2002).

It can be mentioned that the absorptive capacity dimensions were qualified and composed of four stages by the authors Zahra e George (2002). Following the steps of: acquisition, assimilation, transformation and application. Thus, Zahra e George (2002), also highlight that the potential absorptive capacity enables characteristics of acceptance of reception, acquisition and assimilation of external knowledge. The realized absorptive capacity, on the other hand, is defined by the capacity to transform and apply the acquired knowledge to carry out new innovation practices and competitive advantages in organizations.

Through studies carried out by Zahra and George (2002), Eriksson and Chetty (2003), Hurmelinna-Laukkanen; and Puumalainen (2013), Casillas, Barbero and Sapienza (2014), it was understood that the potential absorptive capacity becomes less perceived in relation to the realized absorptive capacity. Both sets are considered extremely important, however, it is possible to explain the fact, considering that the potential absorptive capacity has the function of preparing the organization to acquire and assimilate knowledge through understanding and information. The realized absorptive capacity is responsible for boosting organizations, through the transformation of new knowledge into results.

It is observed that organizations establish different strategies, based on different dimensions of absorptive capacity, considering competitive aspects, whenever necessary, they undertake new knowledge, based on the search for different knowledge and innovations (Fedato, Sznitowski, & Karolczak, 2018).

From the point of view of the authors mentioned in this topic, it appears that the dimensions of the absorptive capacity process are of utmost importance for innovative ideas search. In the following topic, some recent studies are presented, aiming a better understanding of the absorptive capacity in today's entrepreneurship.

## 2.2 ABSORTIVE CAPACITY AND INNOVATION

The absorptive capacity is increasingly related to the area of entrepreneurship, taking into account that, for a company to remain competitive in the labor market, it is believed that it must always be in constant change, regarding the process of innovation. Therefore, it is considered of utmost importance the involvement of the entrepreneur with the current events of the competitor market (Silva, & Hasenclever, 2014).

Due to a scenario composed of numerous changes, combined with the accelerated revolution in technology, Engelman *et tal.* (2016) believe that, in order to maintain competitive advantages among entrepreneurial organizations, innovation is a fundamental part of entrepreneurship. In this way, through research, the authors conducted a survey, with enterprises in the state of Rio Grande do Sul, in order to assess the scale of Flatten, Engelen, Zahra & Brettel (2011) which addresses the need of innovating to secure competitive advantages. Thus, the study's results indicate that innovation is of paramount importance to develop organizational processes, as well as re-

relationships between different sectors of the companies themselves for the absorption of knowledge (Engelman *et al.*, 2016).

Another study applied to incubated companies in Santa Catarina, through a descriptive research, with a quantitative approach, finds that intellectual capital and absorptive capacity are factors that influence innovation in companies, as they are both related. The authors' research goal was about the understanding whether the absorptive capacity has the ability to align a relationship between intellectual capital in relation to incubated companies (Cassol, Zapalai & Cintra, 2017).

As an assumption reached, Cassol *et al.* (2017) claim that enterprises, which are capable of developing absorptive capacity and intellectual capital, manage to create the development of innovations in different enterprises.

In another context, Engelman and Schreiber (2018) analyzed, through the theoretical review method, the relationship between companies and universities and how they influence the absorptive capacity. The authors observed that, from the relationship of both, there is the process of absorbing new knowledge, in addition to the high competitiveness between companies.

Thus, as main results, the research identified that through the help of the relationship with the Educational Institution, a great source of new and varied knowledge is obtained. So, the innovation process is guaranteed, leaving companies ahead of competitors positively (Engelman & Schreiber, 2018).

In relation to the above, it is understood that Engelman *et al.* (2016), Cassol, Cintra, Ruas & Oldoni (2016), Cassol *et al.* (2017) and Engelman and Schreiber (2018) have the same line of thought regarding the relationship between innovation and absorptive capacity. In fact, through the analyzed studies, enterprises tend to show better results, as they enjoy the absorptive capacity to search for innovations, obtaining different positive results and greater advantages over enterprises, which do not seek the process of knowledge absorption.

### 3 METHODOLOGICAL PROCEDURES

The main objective of the study was to understand how young entrepreneurs develop absorptive capacity and innovation from the processes of acquisition, assimilation, transformation and application of knowledge acquired from external sources.

The use of the sample is justified by several relevant factors of youth entrepreneurship. According to data from GEM – Global Entrepreneurial Monitor (2017), it is noted that young people in recent years identify themselves as the most active profile in the creation of new businesses. Every year there is a significant increase in this profile in entrepreneurial activities, considering Brazil as a country with high rates of this population, with 30.5% of young people aged 25 to 34 managing enterprises in the initial phase, 20.3% of young people aged 18 to 24 are already involved in the process of creating new businesses.

The present study is identified as a theoretical-empirical, qualitative research with a descriptive basis, through a field research operationalized with a study of multiple cases. The research starts from a qualitative approach, aimed at taking into account all the important factors captured in the information contained. Qualitative research should be a reference when analyzing and interpreting all the information acquired throughout the study process and, similarly, seeks to understand the behavior of individuals, at high levels of depth (Corrêa & Rampazzo, 2008).

The study, which permeates the descriptive basis, involves the maximum amount of information for a given subject. Descriptive research characterizes the practices adopted by the studied companies, describing detailed facts of the same (Raupp & Beuren, 2006).



Sequentially, Yin (2005) points out that the case study is the process of investigating a phenomenon that is within its real context. In this sense, the choice for the study of multiple cases was due to the fact that it is possible to notice similarities and differences between the various cases studied and not just one, in addition to enriching the studies with a broad research result.

It stands out that the research population embraces companies managed by young entrepreneurs. Thus, the selection of the research sample was intentionally constructed, since 7 companies managed by young entrepreneurs, children of entrepreneurs, located in the western region of Santa Catarina were selected. Therefore, the necessary requirements for participation in the research were: minimum age of 18 years old; managers, children of entrepreneurial parents; acting in the company's management for at least two years; annual participation of at least one event/training to search for new knowledge. Table 1 presents the profile of the interviewees.

Table 1: Interviewees' Profile

Identification	Age	Sex	Time of experience as an entrepreneur	Field of activity	Parents' business
A1	36	Female	16 Years	Frames	Frames
B2	28	Male	03 Years	Furniture maker	Frames
C3	24	Male	08 and a half years	Fuel/Pub	Fuel
D4	36	Male	21 Years	Dairy products	Dairy products
E5	35	Female	12 Years	Mechanics	Mechanics
F6	29	Female	03 Years	Food sector	Auto parts
G7	33	Male	06 Years	Photography	Photography

Source: Survey Data (2019).

It takes into account the entrepreneurial reflection of the parents, in which it appears that most of the young people followed their field of activity, continuing in the management. For Kanitz and Kanitz (1978), most enterprising parents want their children to be more successful than they are. Thus, the relationship between father and son is of utmost importance for the organization's health regarding the positive family succession process.

To continue the field research, it was necessary to prepare a project, submitted and approved by the REC (Research Ethics Committee), which covers confidentiality regarding the identity of the interviewees, as well as free adherence to the study.

The study's operationalization for data collection was carried out through in-depth interviews, from a semi-structured script, adapted from Flatten et al. (2011). Thus, the interview script adapted for application resulted in only open questions, as it allowed the interviewed sample to express themselves in the best way possible to express their opinions on the topic in relation to the requested questions.

Regarding the stages of the interview, it was subdivided into two blocks, block A, with information about the interviewee's profile and property, and block B, open questions based on the dimensions of absorptive capacity, being acquisition, assimilation, transformation and application.

To approach the interviewees, initially, small and medium-sized companies were identified in the west of Santa Catarina State. Afterwards, the interviewees were contacted to verify their agreement to participate in the research, as well as the scheduling of interviews. The interviews took place in person from June 2 to July 5, 2019, with a duration of 20 to 50 minutes each, totaling an average of 2 hours and 30 minutes of recordings, authorized by the interviewees.

After each interview, the answers were transcribed into Microsoft Word documents and compiled through content analysis that according to Bardin (2013), is defined as the set of communication analysis methods, aiming an objective explanation based on the described content.



By means of the analysis of the answers obtained, through the reading of the interviews, the process of creating the categories was developed and, from them, in order to clarify, the codification was carried out using the data acquired from the interviews. Thus, the presentation and analysis of the results obtained are dealt within the following chapter.

## 4 PRESENTATION AND ANALYSIS OF RESULTS

Through the data collected on the interviews and from the studies on the concepts of acquisition, assimilation, transformation and application of absorptive capacity, the results emerged from the codification of the interviews and later, the creation of thirteen distinct categories, which will be discussed in this chapter.

### 4.1 KNOWLEDGE ACQUISITION - INFORMATION EXCHANGE

The exchange of information was identified as being extremely relevant when dealing with the knowledge acquisition process. In the young entrepreneurial environment, much is sought for contact with more experienced professionals, as explained by the interviewee D4: *"I think that in my professional career, I took it very seriously, it's having a network of more experienced, older people, with more years in the company like my parents, I consider it very important to have a very nice network."*

Therefore, it was evident that the exchange of information with more experienced professionals has great relevance for the good management of the interviewees. When referring to the exchange of information, Castro, Nascimento and Carvalho (2018), defend that it is a process of sharing ideas between teams or organizations, influenced by the knowledge acquired, through the time of experience.

From the analysis of the interviews, the exchange of ideas with competitors or non-competitors was also identified, as highlighted by the interviewee B2: *"I personally find it very easy to talk to competitors, at the fair in São Paulo, we had a very positive experience with our main competitors, the guy came to our stand, we talked for more than an hour about business, market scenarios, so if the man wants to go there and see our factory, the door is open, because people make the difference."*

In the same way, the respondent G7 affirms: *"the more we communicate with other people, regardless of the areas of expertise, the more we are able to keep the doors open to whatever our market niche or activity is."*

In fact, it is possible to understand that the cooperation process between different companies can often result in a competitive advantage strategy. Thus, Larentis and Slongo (2008) bet that cooperative relationships result in strategies, in which organizations seek to find and establish partnerships with each other.

In this way, the exchange of information carried out by the interviewed entrepreneurs is positively highlighted in favor of the management and organization of the projects, mainly to remain competitive, updated and not stagnant in the market.

### 4.2 KNOWLEDGE ACQUISITION - INFORMATION SEARCH

The search for information is, in fact, considered important in the current scenario for interviewees. Leaving the comfort zone and looking for new ideas, new trends in different sectors is





essential. As recognized by respondent F6, *“in relation to new information, regardless of the market, entrepreneurs are always looking for information and always looking to improve their business.”* In addition, respondent G7 highlights: *“the more we look in other areas, these areas amplify all the possibilities for us to act in any other market.”*

Another strong noticeable factor was the importance of seeking information through analyzes of the current scenario, by the means of search for updates and demands, which happen in the globalized world, with the objective of standing out in the midst of competitiveness. Therefore, respondent D4 states: *“the world today is very globalized, right... The scenario proves that the information that came out there in the United States is now in the same minute here, so trends, regulatory part for us, is very important to monitor (...) new markets for example (...)”*. To complement respondent F6 highlights: *“I believe that the search for any information or new information is extremely relevant, even more in the world, or in the scenario we live in today, in relation to competitiveness.”*

From the explanations, it is shown that in an increasingly complex and challenging market scenario, pointed out with major changes in scientific and technological advances, innovation comes to mean a key and fundamental factor to ensure competitiveness among organizations (Engelman & Schreiber, 2018).

The search for different information is directly linked through informal conversations by the means of contact networks. In this sense, interviewee B2 bets: *“Contact is everything. Whenever I can be at an event, I go, I think that these contacts open doors, at some point it may be that a door I need to open has a close contact. That’s what I said before, wherever I can be I’m (...) sometimes in this moment of relaxation, informality is that good ideas and business emerge (...)”*

This way, Zoschke, Rodrigues, Galeano, Vieira and Bonocielle (2009) claim that the more extensive the contact networks are, the greater the possibility of organization, whether in the sense of gaining strategic information or new knowledge in the company.

The search for information is also marked through participation in continuous learning courses. It is known that knowledge is never too much, therefore improvement and the constant search for courses and training are essential. According to the words of the interviewee G7: *“if we stop, the comfort zone is the worst place for anyone, so when we stop looking for something, we feel in the comfort zone.”* In this sense, Velozo and Morozini (2019) highlight the importance of entrepreneurs in seeking information to follow market trends. Such searches are found and obtained through business practice and through professional courses.

Through the category named search for information, important key factors necessary for this search to happen in a positive way were noted. Analysis of the current scenario, importance of being included in a network of contacts and contact with external partners were crucial examples for the interviewees.

#### **4.3 KNOWLEDGE ACQUISITION - IMPORTANCE OF NETWORKING TO EXPAND OPPORTUNITIES**

It is important to understand that no enterprise survives healthily on its own. In this way, networking is considered a fundamental factor among organizations in relation to the expansion of opportunities. Positive and effective contact with suppliers and customers, through networking, is relevant, as perceived in the report of C3, *“you also sometimes end up looking for external sources of salespeople, suppliers, they always bring some information, new knowledge that ends, when this knowledge fits you, you look for its source.”*

It is stated that networking is directly linked to the innovation process. This fact is confirmed because, through networking, different contacts are obtained, which generates an exchange



of information, and a wide range of customers (Sacomano & Locachevic, 2018).

When dealing with the importance of networking, the mission of keeping in touch with other professionals was also highlighted by the interviewees with notoriety. According to F6, *“we follow many entrepreneurs, and we always end up being in contact, knowing what’s going on, right. So, from friends who live abroad and are also entrepreneurs, they end up providing some information, we follow a lot of people, Endeavor, for example.”*

Through the importance of networking, it was noted how relevant the opinion of other entrepreneurs, customers and suppliers is. Sharing information with this audience to expand opportunities is to add mutual benefits in all aspects.

#### **4.4 KNOWLEDGE ACQUISITION - PARTICIPATION IN EVENTS AND FAIRS**

The participation of entrepreneurs in different events and fairs is fundamental. For Ferreira, Marchiori and Cristofoli (2009) the participation of entrepreneurs in these places serves not only to obtain knowledge but also to create opportunities, exchange experiences and disseminate new knowledge.

In this sense, it was clear the importance of entrepreneurs’ participation to make it possible to monitor current market trends for possible openings of new opportunities and partnerships, to B2, *“where we look for, events, fairs, accessories fairs, fairs in our segment, so when we go to fairs, we don’t just go to exhibit, we also look for information and monitor what happen.”*

Participation in events and fairs is very important for the entire management of organizations. The strengthening of the brand and exposure in these environments means that organizations are always remembered, especially in the eyes of consumers.

#### **4.5 KNOWLEDGE ASSIMILATION - KNOWLEDGE ANALYSIS**

The analysis of knowledge is essential at the time of its assimilation. Analyze through relevance filtering, whether it is relevant or not, is necessary to the management of A1, that claims: *“Everything that comes to us from information, the path it would take until it becomes an effective action, has to be filtered out. It’s not because it’s working in a place that we’re going to use it, without having made an assessment of all aspects.”*

Furthermore, Pacheco and Valentim (2010) emphasize the attention of companies in knowing how to identify information and knowledge in relation to the level of importance, and then assimilate them with organizations as strategies.

During the interviewees’ speeches, it was noted that the analysis of knowledge varies according to the demand for information. According E5, *“There’s nothing very standard, it’s something that happens according to demand”*. Therefore, F6 confirms, *“I think it’s not a fixed thing, it’s something that needs to be always in motion, according to the needs.”*

Regarding the analysis of knowledge, it was noticed how the filtering of information is used in young entrepreneurs, before being added to organizations. Likewise, it was highlighted that the analysis is performed according to the demand for information, which emerge over time.

#### **4.6 KNOWLEDGE ASSIMILATION - MEETINGS BETWEEN PARTNERS / COLLABORATORS**

In view of the company’s full success and even a pleasant atmosphere between partners and employees, it was noted that meetings between partners/employees are extremely necessary.

Angeloni (2010) states that for an organization to present positive results, the internal sharing of communication between people and the team is of great importance to work together towards something in common.

Thus, the diffusion of ideas, based on freedom of opinion, was evidenced through the interviewee's speech D4: *"When we go out to an event, something, in the goal check meetings, we always display it later, look, this happened here at the event, this and that, it ends up spreading the ideas you learned with the teams."*

The company's results and achievements were also identified, as mentioned A1: *"We work with an internal award, if they reach the target or beyond the target, we share the profits with them, because if they work well, it's a motivation."*

Now, regarding the pleasant climate among organizations and the creation of innovative ideas, from the exchange of information with partners and employees, convinced of its assertion F6 highlights: *"We do this very well to make the atmosphere pleasant and we feel that they play in the same team, I think that's why they end up exchanging a lot of ideas with us (...) Oh and they have a lot of freedom to talk to us about these things, they give their opinion on new or different ideas."*

Through the studies of Corrêa (2018), organizations, which are concerned with the daily improvement of the organizational climate, present expressive results in the company, since the organizational climate must be thought and framed according to the point where you want to reach, making it pleasant to achieve the results in a healthy way.

It is concluded how important it is to exchange information between all internal sectors of organizations, whether to motivate the team or to make the atmosphere pleasant. It is taken into account that information is never too much and most of it is comes to add.

#### **4.7 ASSIMILATION OF KNOWLEDGE - TRAINING / TRAINING INCENTIVES**

From the perspective of Castro et al. (2018), there is motivation to receive knowledge from external sources, from the moment the individual is encouraged to participate in training, which will add knowledge. Thus, it is possible to understand how important the encouragement of participation in training and qualifications is, when initially part of the company manager. To the respondent C3, help with training costs is essential: *"We always provide cost support when it comes to adding this knowledge to the company in terms of sales, or service, we always encourage."*

As identified in the interviewees' explanations, the incentive to carry out training and qualifications results in the implementation of improvements in the company. B2 analyze: *"I also believe a lot in the issue that the employee or worker who is willing to study, learn something new, he is nodding his head, and this in our work is good (...) that he starts to see, some of his tasks in a different way, they propose improvements."*

Besides, personal and professional growth is also obtained by encouraging training. For Vellozo and Morozini (2019), the knowledge obtained through training and training courses helps in the full evolution of the participants.

The interviewee A1, reports that: *"Everything that can add knowledge into our lives, any form of knowledge you can add is something you have to do and the earlier we wake up to it, the more you will fly professionally."*

Another important factor perceived, among the interviewees' statements, was the motivation provided to the employee, through incentives to seek training. Most of the young people interviewed declare themselves to be a natural supporter of employees. For D4: *"I'm a guy that I think I really encourage people to study, you know. That talk that you have to have someone better than you is true, no doubt. Hire people better than you;"*

In this sense, it was understood that the incentive, which comes from the manager for the participation in training and qualifications, is crucial from financial assistance to the motivation and growth of employees, and is currently necessary for the smooth running of organizations.

#### **4.8 KNOWLEDGE ASSIMILATION - OPINION FORMATION**

The formation of opinion is fundamental in the process of assimilating knowledge. In this way, the sources of informal knowledge were identified with relevance among the opinions of the interviewees. For C3, a lot of knowledge is absorbed from informal sources: *“In the various trips or sometimes going to other places, we end up seeing and absorbing these things in an informal or formal way, when you look at something that interests you for those who know it will work in the company.”*

Informal communication becomes interesting because it is through friendly relationships that it usually happens and, through the advice and ideas exchanged during informal communication, teams are often able to perform their work better (Carramenha, Cappelano & Mansi, 2013).

It was noted that opinion formation usually takes place through informal communication. It stands out and takes place among a circle of friends, in places outside the comfort zone, such as trips and different places, which add, even though informality, a huge amount of knowledge.

#### **4.9 KNOWLEDGE TRANSFORMATION - NEW KNOWLEDGE STRUCTURING**

Structuring the arrival of new knowledge is essential before putting it into practice. So, as Velozo and Morozini (2019) explain that the knowledge acquired and assimilated, when made viable, must be combined together with existing knowledge, so that it can then be transformed into new knowledge.

Therefore, the formal process of structuring for the new knowledge transformation was identified by A1 as important: *“Now we are in the process of implementing a complete system, with all processes under control (...) we are on the way of doing these things in a more formal, more professional way.”*

Another aspect identified through the interviews was the time optimization, which is identified by A1: *“With the contracting of this system, it was a very high investment, but it is precisely to optimize the time of our processes and new knowledge.”*

In this way, the reasons why transformation is essential before putting new knowledge into practice were highlighted. Most interviewees believe that for a better survival in the market it is necessary to optimize time, as well as work with a formal model to transform knowledge, according to what is needed.

#### **4.10 KNOWLEDGE TRANSFORMATION - NEW KNOWLEDGE SOURCE**

The ability to provide knowledge was seen in relation to transformation. Being a source of different information that adds value is extremely important.

Being able to be a reference passing on constructive opinions to other people is considered necessary for B2, even though there is no much experience so far: *“As short as the business experience is so far, we have learned something over the years and just as there are many companies and entrepreneurs ahead of us, there are a lot of people behind us too. So those who are behind, we can certainly influence and touch them so that they also feel this need to do better and different.”*

Likewise, the ability to be a source of new knowledge is related to the issue of serving as

a mirror and inspiration for employees. D4 says that in relation to inspiring employees: *"I hope to be, our company has grown a lot in recent years and employees end up mirroring a lot of what your management does, or speaks or behaves, so I try to talk a lot, dialogue a lot, show the way. So, I believe I create a healthy environment for this."* In relation to serving as a mirror and inspiration to employees, respect and example must start at the highest levels. (SOUZA, 2016).

It was evident from the interviewees that being a source of new knowledge, being attractive to the ability to be a reference passing on constructive opinions, serving as a mirror and inspiration for the company's employees and, mainly, being willing to learn from people and teach the people.

#### 4.11 KNOWLEDGE APPLICATION - INNOVATIVE PRODUCTS AND SERVICES

From the knowledge application, it becomes noticeable the supply and dissemination of innovative products and services, differentiating in the market. Zahra and George (2002) they already stated in their studies that, since the organization has the capacity to absorb knowledge, the innovations obtained result in a competitive differentiation in the market. In this way, the differentiation in the market, through new products and services, is noticed by E5: *"We realize that we prioritize quality, innovation, search for knowledge and this makes the company always ahead of others."*

Determination and self-confidence in making it happen are directly related to the knowledge application of innovative products and services. A1 stands out: *"We are making a building that is ecologically correct, and I said, look, there are these solar absorption plates that the glass itself transforms into energy and the building can become highly sustainable. I don't know the price, nothing, but I showed the video and said, this building in Balneário has it, if it has it, we can do it too."*

Souza, Longo, Souza, Ventura and Franklin (2018), through studies, reach the conclusion that the management of organizations, when taken on by young entrepreneurs, carries out the actions, due to the determined, committed and motivated profile of those at the front.

The application of new knowledge also takes place through innovative products and services, more frequent in companies managed by young entrepreneurs who are determined and motivated to develop more effectively. The application of these new products and services allows for market differentiation and greater brand exposure.

#### 4.12 KNOWLEDGE APPLICATION - STRATEGIES

Using strategies to apply new knowledge is undoubtedly fundamental. For Lacerda and Machado (2019), the strategies are related to paths of innovation, being able to use different types of strategies to apply innovative knowledge.

Thus, analyzing the public and the momentary scenario before exposing the product on the market is a strategic way to avoid possible mistakes. A1 clarifies: *"I think that selling as much as we are selling, in an indecisive, somewhat pessimistic economic scenario, for me is a thermometer that we are on the right path."* Silva (2011) believes that for the survival and development of organizations, through market analysis, safe results for investments and decisions are sought.

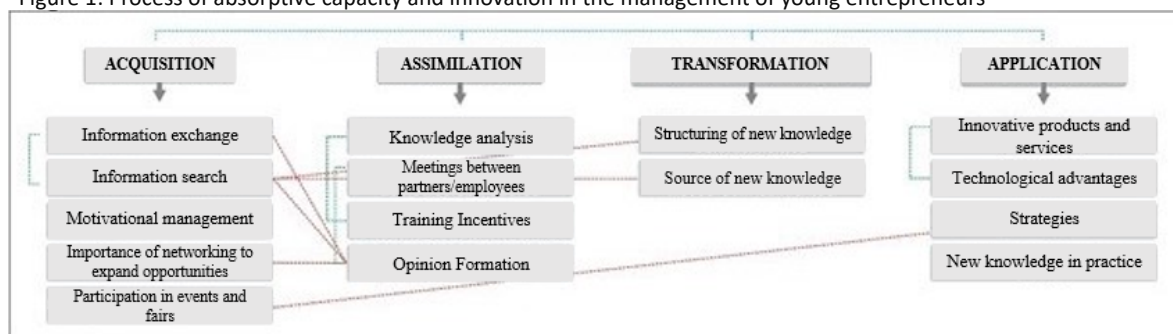
Regarding the ability to meet the needs of the foreign market, they are pointed out by B2 like: *"I believe that a lot in the sense of being able to better meet the needs, the desires (...) And then the whole chain works, when you work a lot in Ford's vision, "I sell any car color, as long as it's black", then you plaster the process a lot and the operation doesn't work."*

Regarding the strategies used for the knowledge application, it was necessary to analyze the public and the scenario before exposing the product on the market, as well as understanding and being able to meet the needs of the foreign market, in order to later be successful in the application

of innovative products. The concept of knowledge application is related to the innovation developed by the absorptive capacity process of organizations.

Based on the analyses, it was identified that a large part of the categories and codes are present daily in the interviewees' management and that they must always be willing and attentive to innovation practices. Thus, the categories and codes developed, in addition to being related to the concepts, are also linked to the processes of acquisition, assimilation, transformation and application of knowledge, as shown in Figure 1.

Figure 1: Process of absorptive capacity and innovation in the management of young entrepreneurs



Source: Prepared by the authors (2019).

It is observed in Figure 1 that the concepts of absorptive capacity are even indirectly interconnected with the categories, there is a direct link between some categories, such as the exchange and the search for information, the exchange and the search from networking importance to opinion formation, the search for information through meetings and to structure knowledge, participation in events and fairs with the use of strategies, knowledge analysis through encouraging training and courses, team meetings for training opinion, knowledge analysis to structure them, meetings to serve as a source of knowledge and new products from technological advantages.

## 5 CONCLUSION

The study sought to understand how young entrepreneurs develop absorptive capacity and innovation from the processes of acquisition, assimilation, transformation and application of knowledge acquired from external sources. As analyzed through the results acquired by the developed categories and codes, it was noted that the profile of young people, when entrepreneurs, are more likely to innovate and more adept at absorbing knowledge practices.

As the main results of the study, it was possible to extract, from the concepts of absorptive capacity, thirteen key categories, clarified in codes through interviews. Regarding the concept of knowledge acquisition, it was noted that the exchange and search for information were perceived as extremely relevant, since both categories are crucial for acquiring knowledge. The importance of networking to expand opportunities was identified. The same is considered essential because of the positive and effective contact with suppliers and customers results in the sum of mutual benefits in all aspects. Participation in events and fairs stood out because, in addition to obtaining knowledge, it is also possible to create opportunities, exchange experiences and disseminate knowledge.

From the concept of knowledge assimilation, the analysis of knowledge was highlighted in order to verify whether the knowledge acquired is valid for the organization, holding meetings between partners and employees, aiming at a harmonious climate and the dissemination of ideas among all. Incentives in training and courses were also highlighted and listed as a category, since

motivation exists, from the moment the individual is encouraged to participate in training, which will add knowledge. Thus, opinion formation is also fundamental in the process of knowledge assimilation, normally developing outside the comfort zone, with different opportunities provided by organizations.

The concept of knowledge transformation was identified through the categories of structuring new knowledge, which become indispensable before putting it into practice in organizations and the ability to be a source of new knowledge, through the audacity to pass on different information that add value.

Regarding the concept of knowledge application, the availability of innovative products and services, important to stand out in the market, was noticed with emphasis. Technological advantages offer a fundamental gain for the application of knowledge and strategies are key ways to apply innovative knowledge.

In this way, it is possible to affirm that the results achieved are a reflection of the needs to maintain the absorptive capacity and innovation present in the management of organizations. Also, based on the theme, it is believed that it will become increasingly part of business scenarios, considering the survival in the market.

Given the above, this study has its limitations, including the considerably small sample, resulting only in possible broader studies. For future research, it is suggested to carry out studies with a broader sample, with different types of profiles, seeking to increasingly verify the importance of absorptive capacity and innovation among different organizations, as well as conducting a greater number of researches. on the referred theme with qualitative approaches and therefore compare different internal and external factors considered relevant for the development of absorptive capacity and innovation.

Finally, based on this study, it is noted its contribution to other studies, as well as the explanation of important ideas for the expansion of knowledge on the subject, in addition to the great contribution for companies to observe the progress of absorptive capacity and innovation in the companies involved in this study.

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3. Development of theoretical propositions (theoretical work)		
4. Theoretical foundation / Literature review	√	
5. Definition of methodological procedures	√	√
6. Data collection	√	
7. Statistical analysis		
8. Analysis and interpretation of data	√	√
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