

Network capability and innovation in SMEs: does participation in global value chains matter?

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Abstract

This paper aims to analyse the moderation of firm participation in global value chains (GVCs) in the relationship between network capability and innovation in small and medium-sized enterprises (SMEs). A sample of 133 Brazilian SMEs in the cosmetics industry was analysed by means of linear regression and Hayes' moderation analysis procedure. The results showed that network capability influences innovation results, regardless of SME participation in GVCs. We contribute to both SME and innovation literature by discussing the innovation results when network capabilities are developed by SMEs. Results emphasised that the development of network capabilities in SMEs strongly contributes to innovation results, and firm participation in GVCs neither strengthens nor weakens this relationship. Managerial contributions are presented and highlight the importance of managing network relationships to achieve firm goals in order to improve innovation results when considering GVC participation.

Subject Areas: *Business-to-Business Marketing, Channels, Inter-organizational Collaboration, New Product Development and Launch, Organization Relationships*

Track: Business-To-Business Marketing & Supply Chain Management