

Absorptive capacity is regarded as an important factor in both corporate innovation and general competitive advantage. The concept was initially developed largely from reviews of the literature and has subsequently been extended by empirical studies, although some people suggest that progress since 1990 has been disappointing. This article argues that this limited development results from the dominance of quantitative studies which have failed to develop insights into the processes of absorptive capacity, and builds on recent qualitative studies which have successfully opened up new perspectives. Using case studies drawn from three different sectors, the article argues that a process perspective on absorptive capacity should include the role of power in the way knowledge is absorbed by organizations, and provide better understanding of the nature of boundaries within and around organizations.