Knowledge Search, Cluster Connectedness, and Geographical Stretching:
A Literature Review and Synthesis

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Abstract:

Undertaking a systematic literature review and combining findings from different literatures, the paper builds theory of MNE global knowledge search and the resulting global connectedness of geographical locations, such as clusters and cities. The paper first addresses the question of connection destination: Given a MNE's location, which other locations constitute most effective investment targets in order to search for knowledge? Reviewing core findings from management and social network analysis literatures, the paper proposes that for a MNE already present in a specialized cluster it is comparatively efficient to search for new knowledge by locating in other clusters that are technologically and organizationally diverse. Second, the paper addresses the question of connection formation: Given its extant connections, how are MNEs likely to forge new connections? Reviewing findings from management literature, the paper proposes that it is comparatively less costly and risky to design a greenfield investment or acquisition on the foundation of the trust and institutions embodied in individual-based connections. Non-local individual-based connections are more likely to emerge organically than non-local organization-based connections, and have a comparatively higher ability to stretch geographically with relatively low cost and risk. In combination, the paper's propositions help explain why some MNEs are more efficient than others in searching for knowledge in new locations, and explain the rise of particular geographical patterns of global connectedness.