

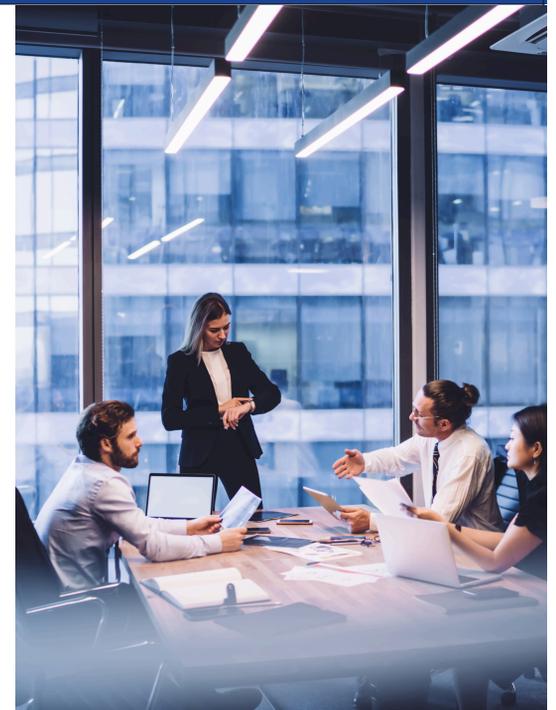
MANAGING RESOURCE CONSTRAINTS THROUGH INTERNATIONAL NETWORKS: CAPABILITY DEVELOPMENT AND INCREMENTAL AND RADICAL INNOVATION IN EMERGING MARKETS

AUTHORS

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EXECUTIVE SUMMARY

Why do some firms outperform others in technological innovation? This study addresses this question by developing a novel theoretical framework that integrates the extended resource-based view (ERBV) with the organizational capability development perspective. Specifically, we examine how two key attributes of international networks, breadth and depth, influence the development of distinct organizational capabilities: ordinary and dynamic. Using survey data from 198 Chinese manufacturing firms, we find that network breadth significantly contributes to both ordinary and dynamic capabilities, supporting incremental and radical innovations. In contrast, network depth primarily strengthens ordinary capabilities, facilitating incremental innovation but offering limited support for radical innovation. These findings suggest that network breadth is crucial for accessing diverse knowledge and resources to develop both capability types, whereas network depth plays a more specialized role in reinforcing existing capabilities. This study advances theoretical understanding and provides practical guidance for managers seeking to leverage international networks to develop both incremental and radical innovation by elucidating the relationships among international network configuration, capability development, and innovation outcomes, particularly within the resource-constrained and institutionally challenging context of an emerging economy.



KEYWORDS

- International network searching
- Ordinary capabilities
- Dynamic capabilities
- Incremental innovation
- Radical innovation
- Emerging market firms

RESEARCH RELEVANCE

- Demonstrates how international network breadth and depth differentially shape ordinary and dynamic capabilities in emerging market firms.
- Shows that broader international networks foster dynamic capabilities and radical innovation, while deeper networks primarily strengthen ordinary capabilities and incremental innovation.
- Integrates the extended resource-based view (ERBV) with the dynamic capabilities perspective to explain how emerging markets' firms leverage external networks for innovation.
- Provides empirical evidence from Chinese manufacturing firms, highlighting how companies in resource-constrained and institutionally challenging environments use international networks to overcome innovation barriers.

BIBLIOGRAPHIC INFORMATION

Xiao, S., Park, B. I., & Khan, Z. (2026). Managing resource constraints through international networks: Capability development and incremental and radical innovation in emerging markets. *International Business Review*, 35(2), Article 102557. Advance online publication. <https://doi.org/10.1016/j.ibusrev.2026.102557>

“International network breadth enables emerging market firms to build dynamic capabilities that drive radical innovation, while network depth reinforces ordinary capabilities that support incremental innovation”

