

## The Relationship between Absorptive Capacity and Green Innovation

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**Abstract :** Absorptive capacity generally facilitates the adoption of innovation. How does this relationship change when economic return is not the sole driver of innovation uptake? We investigate whether absorptive capacity facilitates the adoption of green innovation based on a survey of 79 construction companies in Scotland. Based on the results of multiple regression analyses, we confirm that existing knowledge utilisation (EKU), knowledge building (KB) and external knowledge acquisition (EKA) are significant predictors of green process GP), green administrative (GA) and green technical innovation (GT), respectively. We discuss the implications for theories of innovation adoption and knowledge enhancement associated with environmentally-friendly practices.

**Keywords :** absorptive capacity, construction industry, environmental, green innovation

**Conference Title :** ICIE 2015 : International Conference on Innovation and Entrepreneurship

**Conference Location :** Venice, Italy

**Conference Dates :** April 13-14, 2015