

Social Capital and Industry 4.0 Readiness in Developing Countries. Role of Potential and Realized Absorptive Capacity

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Abstract

This study investigates the interwoven relationships of social capital dimensions and social capital's role on Industry 4.0 readiness in developing economies. We explore the mediating role of knowledge-based dynamic capabilities in the relationship of social capital and Industry 4.0 readiness. Furthermore, moderating role of potential absorptive capacity and realized absorptive capacity is also examined. Structural equation modelling is employed on data collected from 320 managers in 81 export manufacturing firms in Pakistan. Results reveal that structural social capital is positively related to relational social capital, and relational capital is positively associated to cognitive social capital. Moreover, there is a positive relationship between social capital and Industry 4.0 readiness, and knowledge-based dynamic capability mediates this relationship. Results support that realized absorptive capacity moderates the relationship between knowledge-based dynamic capability and Industry 4.0 readiness. We contribute by directing developing economies to implement Industry 4.0 technology and strive in this digital transition epoch.

Keywords

Industry 4.0 readiness; knowledge-based dynamic capability; social capital; potential absorptive capacity; realized absorptive capacity

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