

6-6-2009

COOPERATIVE STRATEGIES OF TECHNOLOGY-BASED FIRMS: THE ROLE OF COMPETITIVE INTERACTIONS DURING NEW TECHNOLOGY COMMERCIALIZATION (SUMMARY)

Mazhar Islam

University of Minnesota, USA, isla0024@umn.edu

Recommended Citation

Islam, Mazhar (2009) "COOPERATIVE STRATEGIES OF TECHNOLOGY-BASED FIRMS: THE ROLE OF COMPETITIVE INTERACTIONS DURING NEW TECHNOLOGY COMMERCIALIZATION (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 29: Iss. 13, Article 10.

Available at: <http://digitalknowledge.babson.edu/fer/vol29/iss13/10>

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.

SUMMARY

COOPERATIVE STRATEGIES OF TECHNOLOGY-BASED FIRMS: THE ROLE OF COMPETITIVE INTERACTIONS DURING NEW TECHNOLOGY COMMERCIALIZATION

Mazhar Islam, University of Minnesota, USA

Principal Topic

Over the past few decades, technology-based firms have emerged as a key source of innovation and entrepreneurship. These firms differ from their established counterparts in that they are often resource constrained. For example, they may lack vital complementary assets such as manufacturing facilities and distribution channels. Moreover, they may also lack the knowledge and experience about the market, customers and other external stakeholders. These limitations seriously impede these firms' ability to commercialize new technologies successfully (Shepherd et al., 2000).

Meanwhile, the extant literature advocates the necessity for these firms to form cooperative relationships especially with their established counterparts to overcome their limitations (Powell et al., 1996; George et al., 2001). One common theme emerges from this literature is that it focuses on the internal determinants of cooperative strategies and mostly ignores the external ones. In this paper, I intend to fill this important gap by examining how competition influences the choice of level of cooperative strategies of technology-based firms. To understand the phenomenon more fully, I ask: (a) *Does increased competition induce technology-based firms to choose collaborative strategies?* (b) *How do entry timing and firm-specific attributes shape this choice?* (c) *Given that a focal technology-based firm chooses collaborative strategies under competitive pressure, what are the performance implications of such strategies?*

Method

I test the theoretical framework on a panel data from the U.S. biopharmaceutical clinical trials between 1996 and 2005, exclusively developed for the study. The level of analysis is a start-up's drug development project. I follow a cohort of drugs from the Phase I clinical trials to their U.S. Food and Drug Administration (FDA) review to examine the effects of competition on collaborative strategies and the performance implication of such strategies.

Results and Implications

The paper contributes to *entrepreneurship research* and to *practitioners* by providing a deeper understanding of the influence of competition on technology-based firms. Specifically, it will demonstrate the mechanisms the technology-based firms may use to overcome this external pressure and remain competitive. Moreover, the paper will provide important insights that would help *policy makers* develop competition policies to foster the growth of technology-based firms without necessarily harming technological innovations.

CONTACT: Mazhar Islam; isla0024@umn.edu; (T): 612-6124-3582; (F): 612-626-1316; 321 19th AVE S. 3-365, Minneapolis, MN 55414.