CONTROL OR COMPLY: THE INTERPLAY OF INDIVIDUAL FIRM-LEVEL COOPERATIVE STRATEGIES AND NETWORK OPPORTUNISM WHEN ESTIMATING INNOVATION PERFORMANCE IN STRATEGIC NETWORKS (SUMMARY)

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Recommended Citation
Örtqvist, Daniel; Eriksson, Jessica; and Wincent, Joakim (2010) "CONTROL OR COMPLY: THE INTERPLAY OF INDIVIDUAL FIRM-LEVEL COOPERATIVE STRATEGIES AND NETWORK OPPORTUNISM WHEN ESTIMATING INNOVATION PERFORMANCE IN STRATEGIC NETWORKS (SUMMARY)," Frontiers of Entrepreneurship Research: Vol. 30: Iss. 7, Article 4. Available at: http://digitalknowledge.babson.edu/fer/vol30/iss7/4

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SUMMARY

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Principal Topic

The scholarly interest for inter-firm arrangements that facilitate the potential of individual firms to develop and commercialize innovations has increased dramatically during the last decade. We contribute to this literature by arguing that opportunistic behavior of partners in contexts where cooperative norms are strived for has a u-shaped effect on firm innovation performance. Because of better prerequisites for crafting cooperative strategies, we argue that it is easier for a firm to perform better either in low levels of opportunism or in high levels of opportunism among partners. Further, we argue that action acquiescence moderates the relationship between opportunistic behavior and firms innovation performance, such that the relationship between opportunistic behavior and performance follows an inverted U-shape when action acquiescence is high, and a U-shape when action acquiescence is low. We base this on arguments suggesting that full acquiescence may leave the firm vulnerable for opportunistic threats (i.e., when opportunism is high) and for ineffective cooperation (i.e., when opportunism is low). Similarly, we argue firms to benefit from low acquiescence especially as it can serve to avoid previously mentioned threats.

Method

The hypotheses were tested on 141 firms in 53 Swedish strategic networks. Hypotheses were tested with hierarchical regression methods and by following guidelines for testing non-linear moderation. The first model included control variables (network involvement, number of employees, and sales), the second model added main effects and a non-linear term of opportunism, and the third model added interaction effects.

Results and Implications

The results support a non-linear effect of opportunism on firm innovation performance, such that innovation performance is at its highest when opportunism is low and when opportunism is high. The results also clearly demonstrate that this relationship is moderated by action acquiescence as hypothesized. The difference is at its maximum when opportunism is low and high, which is where low action acquiescence has the most prominent effect on performance. Implications of this study suggest that cooperative strategies should be adjusted to the nature of the cooperative context, and that conflict responses must be designed with respect to the cooperative intentions of the partners.

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