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THE IMPACT OF ECOSYSTEM PARTICIPATION: AN ORGANIZATIONAL INTERDEPENDENCE PERSPECTIVE (SUMMARY)

Matthias Deschryvere
VTT, Finland, matthias.deschryvere@vtt.fi

Mirjam Knockaert
Ghent University, Belgium and University of Oslo, Norway

Laura Lecluyse
Ghent University, Belgium

Karlien Coppens
Ghent University, Belgium

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THE IMPACT OF ECOSYSTEM PARTICIPATION: AN ORGANIZATIONAL INTERDEPENDENCE PERSPECTIVE

Matthias Deschryvere, VTT, Finland
Mirjam Knockaert, Ghent University, Belgium and University of Oslo, Norway
Laura Lecluyse, Ghent University, Belgium
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Principal Topic
To realize company goals firms increasingly depend on each other (e.g. Gnyawali et al., 2009; Chen and Miller, 2012). In order to overcome such organisational dependencies, firms can engage in innovation ecosystems in which actors work cooperatively and competitively to co-create new products and services (Moore, 1993; Nambisan and Baron, 2013). While several contributions suggest that ecosystem residence enhances firm performance (Moore 1993, Cusumano and Gawer, 2002; Iansiti and Levien, 2004; Li, 2009) extensive empirical studies looking into value creation and appropriation are rare (Adner and Kapoor 2010). We aim at filling this gap in the literature by investigating under which circumstances firms derive advantages from belonging to an innovation ecosystem. In doing so, we build upon social exchange theory (Emerson, 1976; Narasimhan et al., 2009).

Method
The empirical analysis is based on a representative sample of 473 Finnish innovative firms for which data on ecosystem residence and firm-level data were obtained through telephone interviews. In order to assess the impact on firm outcomes, we build upon Falk’s additionality framework (2007), hereby specifically focusing on output additionality and behavioural additionality. In order to analyse our data, we use a Heckman two-stage selection model.

Results and Implications
Results are threefold. Firstly, we find firms experiencing higher levels of organizational interdependence to experience more additionalities from participating in an innovation ecosystem. Second, we find the process through which firms with higher levels of organizational interdependence generate output additionality to be mediated by behavioural additionality. Finally, our analysis shows that the extent to which the firm internalizes the ecosystem through board participation reinforces the relationship between behavioural additionality and output additionality but not between firm dependence and behaviour additionality. Although panel data would enable to look deeper into the causality of these relationships these results point to the existence of an entrepreneurial trade-off: in the case of higher dependency on other firms, innovation ecosystem residence can benefit firms significantly more. This finding supports the view of Nambisan and Baron (2013) that entrepreneurs need to find an optimal equilibrium between entrepreneurial freedom and ecosystem residence.

CONTACT: Matthias Deschryvere; matthias.deschryvere@vtt.fi; (T): +358 183-9298; VTT Technical Research Centre of Finland LTD, Vuorimiehentie 3, 02044 Espoo, Finland.