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FAIR GOVERNANCE AND GOOD CITIZENSHIP BEHAVIOR: A RECIPE FOR SUCCEEDING IN STRATEGIC NETWORKS? (SUMMARY)

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Summary

Fair Governance and Good Citizenship Behavior: A Recipe for Succeeding in Strategic Networks?

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Principal Topic

A popular trend among many firms is to subscribe to strategic networks to improve business outcomes. As these networks often provide promises of renewal and innovation they attract both governmental and private resources. To facilitate resource distribution and joint issues, the networks appoint an administrative function responsible for governance but without authority to interfere with members individual business ideas and procedures. In order to access joint resources a firm needs both to engage in social exchanges with other members as well as believe in the fairness of the appointed administrative function. While apparent, these exchanges are likely complex as the actors not only engage in cooperation but at the same time compete for resources. The present study examines how firm engagement in strategic networks pay-off in terms of innovation performance, and how the interactive influence of two variables which have been suggested as important for effective functioning of organizations – displayed civic virtue and justice of the administrative function – influence this relationship. The hypotheses are based on social exchange logics and arguments from citizenship behavior literature. As such, this study proposes that being a good citizen would together with having a fair system for resource distribution lead to positive returns when engaging in network activities.

Method

Hypotheses were tested in a sample of 141 members of strategic networks. This sample was extracted from a population of 53 identified Swedish strategic networks with a total of 1,432 member firms. Hypotheses were tested with a lagged regression model and by following guidelines for testing moderation. Four models were specified. The first including control variables, the second model added main effects, the third model added two-way interaction effects, and the fourth model added a three-way interaction effect.

Results and Implications

Results support a three-way interaction of involvement, civic virtue and justice on firm-level innovation outcomes. Findings illustrate that in networks where justice is low, higher degrees of involvement in activities will only be positively related to innovation when civic virtue is high. When civic virtue is low in networks where also justice is low, higher degrees of involvement will be negatively related to innovation. As such, these results partly support the mechanisms proposed by drawing from social exchange logics. Implications of this study suggest firms to engage in networks where formal systems are fair to members, and where economic and social exchanges and support are governed by a just administrative function.

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