HOW CAN STRONG TIES ENHANCE OPPORTUNITY RECOGNITION? AN EXPLORATORY CASE-STUDY (SUMMARY)

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SUMMARY

HOW CAN STRONG TIES ENHANCE OPPORTUNITY RECOGNITION? AN EXPLORATORY CASE-STUDY

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Principal Topic

The effective use of networks as source of new knowledge is an important antecedent of opportunity recognition. The dominant understanding in literature is that weak and strong ties have different functions: weak ties enhance the search for exclusive and novel knowledge, whereas strong ties facilitate knowledge transfer and implementation. Small firms generally lack resources to maintain a diverse network with weak and strong ties to address this “search-transfer-problem” (Hansen, 1999). As small firms already maintain strong ties with other firms, this study aims to answer the question of how they can use these ties to enhance opportunity recognition.

Method

The study is designed as a multiple case study of four small technology firms in The Netherlands. We conducted semi-structured interviews with the CEO or operations manager as the key informant for firm-level capabilities. At two firms we also interviewed five product and sales engineers who have frequent interaction with external knowledge sources. These respondents were asked to mention the ten most important knowledge sources for innovation projects in the last two years. For each relationship the duration, search and valuation strategy and knowledge type were examined.

Results and Implications

The study shows that small firms use weak ties as suggested in literature. Contrary to the dominant view, the case study firms also use strong ties for opportunity recognition. More specifically, they used “bridging capabilities” - like the use of third parties to get re-acquainted with existing ties and the active exploration of the partner’s knowledge base - to take advantage of the multiplex character of strong ties, thereby circumventing the “search-transfer-problem”. Hence, we find that strong ties can serve as sources of exclusive and novel knowledge. Further, our study shows that managers’ choice for strong ties not only depends on the novelty of the knowledge, but also on the perceived costs of its implementation. This suggests that opportunity recognition in strong ties is considered a development process through which opportunities are created. Therefore, we contribute to the discussion on “opportunity discovery” versus “opportunity creation” by suggesting that weak ties might facilitate opportunity discovery, while strong ties enhance opportunity creation.

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