BOUNDARY SPANNING IN THE ENTREPRENEURIAL FIRM: EFFECTS ON INNOVATION AND FIRM PERFORMANCE (INTERACTIVE PAPER)

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Principal Topic

Innovations have been found to frequently, and increasingly, originate from outside of organizations (Cassiman & Veugelers, 2002; Kostopoulos, Papalexandris, Papachroni, & Ioannou, 2011; Morgan & Berthon, 2008) thus, successfully integrating information from sources external to the firm should be a priority. However, entrepreneurial firms tend to suffer from scarcity of resources – not only due to constraints on financial and physical resources (Kirchhoff, 1994), but also due to the entrepreneur’s limited time and attention span (Garud & Ven de Ven, 1992; Ravasi & Turati, 2005). Determining which external information to pursue, and then to integrate into the innovation process, can be especially challenging.

In this empirical study, we examine how the extent to which entrepreneurial firms seek innovations externally (through boundary spanning activities), and the pursuit of different boundary spanning objectives, may affect firm innovativeness and firm performance. The constraint of limited firm resources in entrepreneurial firms may lead to a point of not only diminishing returns for bringing in learnings from boundary spanning activities intended to drive innovative new products or services.

Method

This research was conducted using an online survey with a sample of entrepreneurial firms involved in professional networking organizations. Existing measures were used to operationalize the constructs in the research model. Multiple regression was used to analyze the relationships in the proposed model.

Results and Implications

Three boundary spanning objectives were introduced to examine how the purpose with which boundary spanning is pursued may affect firm innovativeness. This study demonstrates that pursuing boundary spanning with a strategic objective is the most important driver of firm innovativeness and performance in entrepreneurial firms. Absorptive capacity was proposed as a moderating variable between boundary spanning breadth and depth and firm innovativeness, but found not to moderate this relationship. This lack of significance may suggest that, while the firm’s ability to identify and value external knowledge is important for driving firm innovativeness, strategic boundary spanning independently achieves firm innovativeness, rather than complimentarily.

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