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Poster Summary -- Alliances Between Newcomer Firms and Established Firms: A Sense Making Response Mechanism for Entrepreneurial Firms in Uncertain Environments

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POSTER SUMMARY

ALLIANCES BETWEEN NEWCOMER FIRMS AND ESTABLISHED FIRMS: A SENSE MAKING RESPONSE MECHANISM FOR ENTREPRENEURIAL FIRMS IN UNCERTAIN ENVIRONMENTS

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Principal Topic

This paper posits that entrepreneurial firms in uncertain environments form alliances with larger firms in order to make sense of their environment. We suggest that to understand the nature of alliances between entrepreneurial firms and large firms and the impact on the often, smaller firm it is necessary to examine what is transpiring within the entrepreneurial firm. Moreover, we maintain that not only should the successful firms be examined, but those firms that were not successful in their alliance pursuits should be understood.

This study is organized around two basic research questions. First, how do entrepreneurial firms use their alliances with large firms to make sense of their world? Second, how does sensemaking in entrepreneurial firms impact their alliance success and ultimately firm success? In the tradition of a sensemaking perspective this paper seeks to understand how particular cues are singled out from other experiences (Weick, 1979), how the interpretations and meanings of these cues result in certain behaviors leading to new firm success or failure.

Methods

To understand how sensemaking evolves over time in entrepreneurial firms we conducted two qualitative studies through in-depth interviews conducted at two separate points in time, 1996 and 1999, of 17 entrepreneurial firms and 3 large firms. The data collected was from executives of small and large firms who were responsible for providing strategic direction to their organizations.

Results and Implications

Understanding the true goals of entrepreneurial firms in alliances can help researchers and practitioners both to understand when alliances are beneficial to entrepreneurial firms and when the smaller firm might be better served to either license their technology or be acquired.

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