Spru Friday Seminar

Date: 14 March 2014
Speaker: Silvia Massini (University of Manchester)
Title: Is more always better in alliances? The effect of partner similarity in innovation alliances

Abstract
This paper explores the role of intra- and inter-industry alliances on firm innovation. Extant literature provides conflicting findings on innovation returns from alliances. By distinguishing between intra- and inter-industry partnership in innovation alliances, this study sheds new light on the patterns of innovation returns when the focal firm increases the scale of innovation alliances. This paper combines insights from managing alliances and the effect of diversity in the knowledge base and cognitive distance between partners, to put forward a twofold argument. First, it argues that intra-industry alliances enhance firm innovation at a diminishing rate as the combination of knowledge residing within industry boundaries offers increasingly limited opportunities for innovation, and that the relationship between same industry alliances and firm innovation resembles an inverted U. Second, it argues that the effect of inter-industry alliances on firm innovation follows a U-shaped pattern. Initially, firm innovation performance from inter-industry alliances will decline because firms face challenges in managing heterogeneous partners and combining knowledge which is substantially different to their internal knowledge. Subsequently, as an increasing number of inter-industry alliances is formed, firm innovation performance will start growing with increasing inter-industry alliances, to resemble a U-shape. We explore our contentions in the context of the UK bio-pharmaceutical sector between 1991 and 2001, and obtain relatively weak support for the first hypothesis and strong support for the second hypothesis. The paper provides original insights on the management of innovation alliances between direct competitors and partners from adjacent industries, and enhance our understanding of opposing empirical evidence and their reconciliation.

Bio
Silvia Massini is the Head of the Innovate and Sustain Group and Director of the Manchester Institute of Innovation Research. She joined Manchester School of Management at UMIST in January 2000 as a Research Fellow and was appointed as the lecturer in Economics and Technology Management for the UMIST Singapore Programme in July 2000. Before joining UMIST, Silvia was Research Fellow at the Centre for Creativity Strategy and Change (CCSC), Warwick Business School. Prior to that, she has worked as a researcher at the Institute for Scientific Research and Documentation Studies (ISRDS) of the Italian National Research Council (CNR) in Rome, and at the Policy Research in Engineering Science and Technology (PREST) at the University of Manchester. She has been a visiting research fellow at Science and Technology Policy Research (SPRU) at the University of Sussex and at the ESRC Centre for Research on Innovation and Competition (CRIC) at the University of Manchester. Silvia holds Laura (Cum Laude) in Statistics and Economics (La Sapienza University, Rome), MSc in Economics (Warwick University), Doctorate in Economics (La Sapienza University, Rome). She has been Visiting Scholar at Duke University April-September 2007.