Market Density and Organizational Imitation: The Moderating Effect of Symbiotic Strategic Partnership

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ABSTRACT

Drawing on organizational theory, particularly that related to organizational imitation, this thesis explores the relationship between such imitation and firm performance in the process of new product introduction (NPI). Firm performance includes such dimensions as increasing market share, customer satisfaction and competition status.

Testing the effects of organizational imitation on the selection of a NPI strategy, this study considers two kinds of imitation: that of similarly sized firms and that of large firms. It is pointed out by the author that these two types of imitation are actually in competition with each other, and it remains unclear which firms an organization is more likely to imitate when faced with similarly sized and large firms at the same time. By conducting regression analyses with both the density of similarly sized firms and that of large-sized firms as independent variables, the study will test the relative importance of each.

 Integrating research on symbiotic strategic partnership (SSP) with that on organizational imitation, this study also predicts that SSP has a moderating effect on the relationship between institutional factors and the likelihood of a focal firm’s adoption of NPI strategies. Specifically, firms with a higher level of SSP are more likely to imitate others.

The study’s hypotheses, which are posited on the basis of the foregoing arguments, are tested using data collected from China’s insurance industry during the 2001-2007 period. Logistic regression is adopted as the main approach to data analysis. The results show the market density of similarly sized strategy adopters to
be positively related to the likelihood of a particular NPI strategy being selected by a focal firm. However, the effect of the market density of large-sized adopters is not positively related to the likelihood of such selection when considered with market density of similarly sized adopters together. In addition, a focal firm’s SSP is found to have a moderating effect on the likelihood of imitation. The thesis concludes with a discussion of the implications of these findings for future research and managerial practice and the study’s limitations.
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