

**Product Development Success through Cooperation:  
A Study of Entrepreneurial Firms**

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Abstract

The factors influencing the survival, performance, and development of high-technology entrepreneurial firms has been an important research theme in both the United States and Europe over the last twenty years (Bygrave and Hofer, 1991; Gartner, 1985; Shane and Venkataraman, 2000; Venkataraman, 1997). Growth and firm performance from internal resources alone is difficult for most entrepreneurial firms. An important alternative is the use of external networks as an alternative model of organization (Richardson, 1972). In fact, a variety of empirical research has shown that networking can improve growth and success in such firms (Chell and Baines, 2000; Huggins, 2000; Jarillo, 1988, 1989). The research of Lechner and Dowling (2000, 2003) has shown the importance of networking for start-up companies in high-tech industries.

In this paper we examine the moderating affect of age on the relationship between cooperation and new product success for entrepreneurial firms in the high technology region in and round Jena in the former East Germany. Cooperative strategy has

already been shown in a variety of research settings to be an important strategic alternative for entrepreneurial firms to support growth strategies. We develop hypotheses that such cooperative relationships will also lead to higher new product development success; however, the type of successful cooperation will vary with the age of the start-up firm. Younger firms are shown to be more successful when they cooperate with other firms, while older firms will profit more from cooperation with research institutions. This study adds to a growing literature on the importance of cooperative strategy for entrepreneurial firms.

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