

RESOURCE PARTITIONING AND STRATEGIES IN THE MARKET FOR TECHNOLOGY

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THIS VERSION: AUGUST 17, 2011

ABSTRACT

Product strategy affects the role a firm plays in the market for technology. According to the resource-partitioning approach, organizations can be classified as specialists or generalists, which differ in the breath of their product strategy, focused on a specific product niche or evenly spread across several product domains. A focused product strategy may favor an active seller role in the technology market but makes technology acquisition less appealing to firms. In contrast, firms that pursue a broad product strategy should be more willing to buy technology in the market but less active as technology sellers. To test these contentions, this study considers a population of 736 firms that entered the security software industry between 1989 and 2002. Furthermore, we also find evidence that the predominance of technology purchase over technology sale increases organizational viability for generalist firms, but impairs live chances of specialists, for which focus on technology sale leads to a higher probability of survival.

KEYWORDS: resource-partitioning, market for technology, security software