

Shareholder value creation following terminations of technological alliance by innovative firms

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ABSTRACT

Current understanding of the shareholder value impact of technological alliances highlights the benefits of forming them as well as the potential costs associated with their unexpected termination. However, examples of unplanned technological alliance terminations (TATs) suggest a more heterogeneous picture, including instances when shareholder value may actually be gained by firms that heavily rely on innovation for their business success. Such observations remain underexplored in the existing literature. Employing the knowledge-based view as a theoretical lens, we predict that TATs' impact on shareholder value depends on firms' reliance on innovation. This relationship is further contingent on the novelty of these firms' internal and external knowledge, as well as their potential future access to external knowledge. The conceptual themes are matched to specific indicators in the TAT context and tested using a dataset of 240 TAT observations from 1985 to 2020. The findings reveal that knowledge-related factors significantly influence shareholder value following TATs, identifying both positive and negative effects. Our findings provide valuable insights for researchers, encouraging a broader perspective on TATs' outcomes. Our study can help managers better assess the strategic implications of TATs, enabling more informed decisions about entering, managing, and exiting partnerships.

Keywords: *technological alliances; alliance termination announcements; shareholder value*

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