Abstract

Start-up businesses tend to have a high need for resources yet face significant risks in the formation of partnerships with established partners to access those resources. We propose that a partnership strategy that is focused on relational pluralism—forming multiplex and multifaceted ties with partners instead of stand-alone alliances—can mitigate these risks by offering the start-up increased legitimacy and a relational safeguard against resource misappropriation by a more powerful partner. However, we propose that there is a limit to the effectiveness of relational pluralism: its effect is weakened when the start-up becomes entirely dependent on a small set of partners, or when an additional tie yields resources that are redundant. That is, our framework proposes that start-ups mainly benefit from relational pluralism in instances where offsetting gains in legitimacy and control outweigh the cost of dependence and redundancy. Empirically observing the co-evolution of start-ups’ interlocking directorate and strategic alliance networks in the Australian mining industry over a 10-year period, we find that start-ups that engage in relational pluralism perform better than start-ups that form no alliances as well as start-ups that form stand-alone alliances. Having a very small portfolio of partners (dependence) or one that skews heavily toward local partners (redundancy), however, indeed limit relational pluralism’s effectiveness. Intriguingly, we also find that the temporal sequencing of relational pluralism matters. One of our central findings is that the best performing start-ups first form board interlocks with promising partners, and add a strategic alliance later. This offers a rare glance at the temporal sequencing in which peripheral start-ups can gain exceptional performance through partnership formation.