6-7-2008

DOES NETWORKING WORK? HOW INDUSTRY EVENTS SHAPE THE SOCIAL NETWORKS AND PERFORMANCE OF NEW VENTURES (SUMMARY)

Wouter Stam

VU University Amsterdam, The Netherlands, wstam@feweb.vu.nl

Recommended Citation

Available at: http://digitalknowledge.babson.edu/fer/vol28/iss7/5

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUMMARY

DOES NETWORKING WORK? HOW INDUSTRY EVENTS SHAPE THE SOCIAL NETWORKS AND PERFORMANCE OF NEW VENTURES

Wouter Stam, VU University Amsterdam, The Netherlands

Principal Topic

Previous research has shown that social networks play a critical role in the entrepreneurial process (Aldrich & Zimmer, 1986; Stam & Elfring, 2008). Entrepreneurs with favorable positions in social structure identify innovative opportunities, secure privileged access to resources, and obtain endorsements that foster the legitimacy of their ventures. Yet while the importance of networks for entrepreneurial ventures is widely acknowledged, still little is known about how entrepreneurs may actually obtain the network positions that confer strategic advantage (Stuart & Sorenson, 2008). The current study addresses this knowledge gap by examining how entrepreneurs’ participation in industry events (e.g., conferences, seminars) influences their social capital and, indirectly, the performance of their ventures. Building on Feld’s (1981) focus theory, I argue that industry events represent an important, but understudied social context in which entrepreneurs may develop networks that either enhance or constrain their performance.

Method

I conducted a field study of event participation and social networks among 90 new ventures that operate in the emerging open source software industry in the Netherlands. Data on 45 industry events that had taken place during 1999-2004 was collected through archival sources. A survey was administered in 2005 to collect data on entrepreneurs’ social networks and the performance of their ventures. I employed a complete network design and mapped the structure of informal ties among the firms by applying the roster method. Mediated regression analyses were performed to test hypotheses linking event participation to social capital and new venture performance.

Results and Implications

Preliminary results suggest that the nature of entrepreneurs’ participation in industry events has important implications for their ability to obtain structurally advantageous network positions. A central finding is that entrepreneurs’ frequency of event participation has a curvilinear relationship with their prominence in informal industry networks and that the latter mediates the event participation—performance link. My study contributes to the entrepreneurship literature by demonstrating how and when event participation is beneficial for new ventures. It also contributes to the network literature by showing that industry events constitute an important antecedent of informal interfirm ties.

CONTACT: Wouter Stam; wstam@feweb.vu.nl; (T): 0031-20 598 6123; VU University Amsterdam, FEWEB-M&O, De Boelelaan 1105, 1081 HV, Amsterdam, The Netherlands.