

6-7-2008

## NETWORK STRUCTURE AND NETWORKING CAPABILITY AMONG NEW VENTURES: TOOLS FOR COMPETITIVE ADVANTAGE OR A WASTE OF RESOURCES? (SUMMARY)

Sari Roininen

*Luleå University of Technology, Sweden, Sari.Roininen@ltu.se*

Mats Westerberg

*Luleå University of Technology, Sweden*

---

### Recommended Citation

Roininen, Sari and Westerberg, Mats (2008) "NETWORK STRUCTURE AND NETWORKING CAPABILITY AMONG NEW VENTURES: TOOLS FOR COMPETITIVE ADVANTAGE OR A WASTE OF RESOURCES? (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 28: Iss. 15, Article 3.

Available at: <http://digitalknowledge.babson.edu/fer/vol28/iss15/3>

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](mailto:digitalknowledge@babson.edu).

## SUMMARY

### NETWORK STRUCTURE AND NETWORKING CAPABILITY AMONG NEW VENTURES: TOOLS FOR COMPETITIVE ADVANTAGE OR A WASTE OF RESOURCES?

*Sari Roininen, Luleå University of Technology, Sweden  
Mats Westerberg, Luleå University of Technology, Sweden*

#### **Principal topic**

Network relationships are significant for new firms' competitive advantages and success since new and entrepreneurial opportunities are favored by diversity (Burt, 2004; Ireland et al., 2002; Cooper, 2002; Granovetter, 1973). However, to gain access to various resources held by other actors the firms would have to have an ability to develop and utilize inter-organizational relationships (Walter et al., 2006), called network capability (NC). Additionally, new ventures would increase their performance by using an entrepreneurial strategy (cf. Wiklund & Shepherd, 2003; Lumpkin & Dess, 2001). Firms using an entrepreneurial orientation (EO) have an ability to find or discover new opportunities creating different and competitive advantages (Wiklund & Shepherd, 2005). This is particularly true among start-ups having external ties providing scarce and valuable resources (Lee et al., 2001). However, we believe these associations are moderated by the venture's complexity. The more complex the venture is internally (i.e. having low level of routines and analyzability) and externally (i.e. having immature markets) the stronger the relationship between NC, networks and EO, and performance will be. This study will hence combine these three dimensions to investigate how start-ups can obtain competitive advantages improving their performance by the use of an entrepreneurial strategy and participation in networks, a combination that has not previously been studied.

#### **Method**

We test the framework on 171 new Swedish ventures. The research instrument consisted of a mailed questionnaire to the owner and/or manager having taking part in the start-up of the company examining firm level factors affecting the start-ups' competitive performance. For the analysis structural equation modeling is used.

#### **Results and implication**

The results show a positive link between a new venture's NC and its EO, as well as between its network structure and EO, and EO in turn is the only dimension linked to increased firm performance. We did not find any moderating effects of venture complexity, but a strong direct effect on EO. Consequently, regardless of complexity, new ventures benefit from their networks and the ability to utilize external contacts in order to act entrepreneurially and in turn create competitive advantages.

**CONTACT:** Sari Roininen; Sari.Roininen@ltu.se; (T): +46-920-492824; Luleå University of Technology, SE-971 87 Luleå, Sweden.