ORGANIZATIONAL EMERGENCE AND EXTERNAL ASSISTANCE: A TEST OF THEORY OF GUIDED PREPARATION (INTERACTIVE PAPER)

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SUMMARY

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Principal Topic

In this study, we examine the importance of guided preparation to organizational emergence. The Theory of Guided Preparation (TGP) assumes that while knowledge is the most important advantage an entrepreneur can have, an entrepreneur rarely has perfect knowledge (Chrisman, 1999). Therefore, guided preparation, which occurs when an outside expert assists an entrepreneur’s efforts, is often critical to the success of a new/small organization as it facilitates the development of specialized and complementary knowledge. In support of TGP, recent empirical evidence suggests that guided preparation is important to the growth and survival of new organizations; however, no research to date has explored TGP in the context of emerging organizations. We therefore frame our study by posing the following research question: To what extent does guided preparation contribute to organizational emergence?

Method

We test our model using data from the PSED II, a dataset of 1214 randomly selected adults from the U.S. involved in the process of starting a business. We measured emergence as whether or not the nascent organization had received income from the sale of goods or services. We measured guided preparation as whether or not the entrepreneur had received assistance from outsiders with prior industry and/or start-up experience. Lastly, in order to control for effects that might otherwise influence a nascent entrepreneur’s ability to create a successful firm, we controlled for the age, race, gender, marital status, and educational attainment of the entrepreneur. Due to the nature of the dependent variable, we analyzed the data using binary logistic regression.

Results

Our results suggest that entrepreneurs receiving assistance from individuals with prior industry and start-up experience were more likely to emerge than those who did not. From an academic perspective, we believe our findings may contribute to the collective understanding of the role that external knowledge plays in the process by which new organizations are created. For practitioners, we believe our results may encourage nascent entrepreneurs to restrict the relationships they develop and leverage in order to augment their limited knowledge base to those with expertise in the industrial and/or entrepreneurial context.

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