LONGITUDINAL STUDY OF ENTREPRENEURIAL NETWORKS: CHANGES IN NETWORK TIES AND RESOURCES (SUMMARY)

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SUMMARY

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Principal Topic

Broad agreement in both strategy and entrepreneurship exists about the importance of networks (Hite & Hesterly, 2001). Networks play a central role in successful firm emergence and growth (e.g., Maurer & Ebers, 2006). Network ties offer access to resources, e.g., customer ties provide knowledge resources (Yli-Renko, Autio & Sapienza 2001) and strategic engineering of network ties can help a new venture to secure financial resources (Uzzi & Gillespie 1999). These are only a few examples of researcher who report on the benefits of networks, and the network and social capital metaphor has arisen to one of the prominent metaphors for studying new and entrepreneurial organizations. However there is less research on how entrepreneurial networks change over time. In our paper we report on a longitudinal case study focusing on the changes in ties and resources accessed by the entrepreneurs.

Method

We have been following a team of ten entrepreneurs for two years. We have collected data on their individual-level networks twice: the first time in January 2008 when the firm was 1.5 years of age and in September 2008. We have applied both the name-generator and resource generator approach to measure the composition of entrepreneurs’ networks (Marin & Hampton 2006, Van Der Gaag & Snijders 2005, Marin 2004). In addition to the network data, the entrepreneurs have on regular basis recorded their stories about the firm developments, their own experiences as entrepreneurs and the success of the firm. We use these narratives to identify causes for network development.

Results and Implications

During the first round data collection the ten entrepreneurs named altogether 183 network partners. The average network consisted of 18.3 alters. According to our data, the entrepreneurial networks are mainly identity-based network. We also find that the entrepreneurial network has changed during the study. Both the alters and the accessed resources have changed. In our second round of data collection, the ten entrepreneurs named altogether 161 contacts, of which 36 were not mentioned during the first round of data collection. Our results show that the ties is changing from identity-based to more calculatively based connections as proposed by Hite & Hesterly (2001).

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