ENTREPRENEUR NETWORK DEVELOPMENT THROUGH VENTURE EMERGENCE PROCESS AND EFFECTS ON OUTCOME (SUMMARY)

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SUMMARY

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Principal Topic

This longitudinal study provides an investigation of the development of size and composition of entrepreneurs’ networks and explores its influence on outcome of the venture emergence process.

Entrepreneurship research has for many years examined the network dimension in the venture emergence process (Larson and Starr 1993), and the effects of networks on entrepreneurial outcome (Elfring and Hulsink 2003). However, the dynamics of the process have largely been ignored (Hoang and Antoncic 2003). This study expands previous entrepreneurship research, by using a longitudinal design and advancement in venture emergence as a process and outcome measure. It attempts to cover dynamics of the process by examining developments in the size of the activated network and the personal and professional network structure changes, through three phases of venture emergence.

Method

From a random screening of 10,000 respondents, 714 met the criteria for further inspection as entrepreneurs. Entrepreneurs were defined as individuals who intend to start a business within the next three years (395), individuals who are active in the process of starting a business (101), and individuals who are running a newly established business (218). The respondent’s process is followed over a one-year period by means of 2 re-interviews, which creates the advancement variable. Respondents report what kind of advice they have received from a list of 18 different actors, which was used to apply the (1) network size, (2) professional network ratio, and (3) personal network ratio variables.

Results and Implications

Size of network significantly increases between the first two phases, but decreases between the two latter phases, which suggests that size of the activated network develops in an inverted U-shape through the venture emergence process. The ratio of professional network significantly increases through the process, while ratio of personal network declines, which supports former non-longitudinal research. Network size and the professional network seem to have a positive influence on outcome, while the personal network does not.

This study underlines the importance for entrepreneurs to grow their network and seek access to professional contacts. Treating the network dimension of venture emergence as a dynamic process might prove fruitful to increase our theoretical understanding of entrepreneurship.

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