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STRONG TIES VERSUS WEAK TIES IN FAMILY BUSINESS BACKGROUND AND SOCIAL NETWORKS IN NASCENT VENTURES (SUMMARY)

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SUMMARY

STRONG TIES VERSUS WEAK TIES IN FAMILY BUSINESS BACKGROUND AND SOCIAL NETWORKS IN NASCENT VENTURES

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Principal Topic

Research suggests the link between social networks and new venture opportunity recognition, conceptualization, implementation, and performance provides a compelling focal point for new venture activity (Aldrich & Zimmer, 1986; Davidsson & Honig, 2003; Dubini & Aldrich, 1991; Larson & Starr, 1993; Liao & Welsch, 2005; Nahapiet & Ghoshal, 1998; Singh, Hybels & Hills, 2001). Studies suggest social networks can be sources of information fostering opportunity recognition (e.g., Singh, Hybels & Hills, 2001) and a foundation for acquiring strategically important resources (e.g., Brush & Greene, 1996; Larson & Starr, 1993), but few focus on family business background as it relates to social capital use in the new venture creation process (Dyer, 2003; Marger, 2001). This study focuses on three questions to extend and amplify this line of inquiry. First, is family business background associated with the strength of social “tie” development in the early stages of new venture creation? Second, do men and women with family business backgrounds differ with respect to the strength of social “tie” development they report in the early stages of new venture creation? Third, to what extent does the combination of family business background, gender, and tie strength influence the new venture growth expectations?

Method

This project utilizes publicly available archival and longitudinal data from the Panel Study of Entrepreneurial Dynamics in order to examine the proposed relationships. We employ descriptive and comparative quantitative data analysis techniques to examine the proposed relationships.

Results and Implications

In general, preliminary results suggest that founders report having strong ties with start-up team members early in the nascent new venture creation process, regardless of family business background. Interestingly, however, results further suggest that possessing a family business background does differentiate reported tie strength when considering founder gender. Specifically, females consistently report having strong ties with start-up team members irrespective of family business background. By contrast, males without a family business background report stronger ties, whereas those with family business backgrounds report a mix between strong and weak ties. Similarly, results suggest that gender and tie strength play a significant role in the development of early revenue growth expectations, but not job growth expectations.

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