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SUMMARY

THE ROLE OF HUMAN AND SOCIAL CAPITAL IN NEW VENTURE CREATION

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Principal Topic

Capital theory (Coleman, 1990) use has expanded in entrepreneurship research in recent years based, at least in part, on the belief that differences in personal background (e.g., Gaglio & Katz, 2001) and social relationships (e.g., Krackhardt, 1995) are associated with the access to resources critical to new venture creation. Despite its contributions, this work has tended to oversimplify the dimensionality (Shane, Locke & Collins, 2003; Liao & Welsch, 2005) of these constructs, as well as overlook the relationship between human and social influences across new venture creation contexts. Therefore, we seek to connect the influences of human and social capital to the creation and development of new ventures by investigating three primary research questions in this study. First, what dimensions of human and social capital are associated with the new venture creation process? Second, does the pattern of dimensional prevalence differ between technology and nontechnology entrepreneurs? Finally, do differences in the human capital dimensions predict differences in the type of social capital technology or non-technology entrepreneurs develop as they assemble start-up teams?

Method

Descriptive statistics and mean comparisons are employed to examine the prevalence and patterns of human and social capital between nascent entrepreneurs and non-nascents, as well as technology and non-technology entrepreneurs. Regression techniques are employed to examine the relationship between human and start-up team social capital assembly. Data from the Panel Study of Entrepreneurial Dynamics are used for this project.

Results and Implications

Preliminary findings suggest first that nascent entrepreneurs possess more formal education and work experience, as well as a greater degree of cognitive capital (i.e., shared interpretations) in their social relationships, than non-nascents. By contrast, while technology and non-technology entrepreneurs did not differ significantly among the aforementioned dimensions, technology entrepreneurs did report possessing a stronger entrepreneurial orientation and more relational capital (i.e., social relationships characterized by trust) than non-technology entrepreneurs. Lastly, possessing an entrepreneurial orientation predicted the development of structural and relational capital among start-up team members for nascents, but did not differentiate non and technology-based nascents. This evidence suggests that the influence and accumulation of capital in the creation of new ventures is more complex than previously considered.

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