RELATIONSHIPS AND RESOURCES: HOW NASCENT ENTREPRENEURS DEVELOP AND LEVERAGE NETWORKS IN THE INCUBATION PROCESS (INTERACTIVE PAPER)

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INTERACTIVE PAPER

RELATIONSHIPS AND RESOURCES:
HOW NASCENT ENTREPRENEURS DEVELOP AND LEVERAGE NETWORKS IN
THE INCUBATION PROCESS

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Principal Topic

This study utilized the setting of a technology incubator to analyze how nascent entrepreneurs develop and leverage networks to secure resources as part of the venture creation process. The literature supports the importance of social networks in the emergence of entrepreneurial ventures (Aldrich, Rosen & Zimmer, 1987; Hoang & Antoncic, 2003). The size of the network (Aldrich et al.; Larsson & Starr, 1993), strength of ties within a network (Elfring & Hulsnik, 2003; Uzzi, 1999) and the content or resources provided within a social network (Tornikoski, Lyon & Newbert, 2007) have each been found to contribute to the emergence and success of entrepreneurial ventures. Although the literature clearly supports the importance of networks to new ventures it is still unclear how entrepreneurs develop their networks and what factors may influence the dynamics of the network formation. Over the course of one year, we interviewed and observed six nascent entrepreneurs as they accessed the resources and networks associated with this incubator in order to better understand how they develop network relationships and how these relationships change over time.

Method

Ethnographic methods, including semi-structured interviews, participant observation, and document review, were used to develop an in-depth understanding of the experience of entrepreneurs participating in this study. Six cases were selected from a technology incubator located at a major public university in the northeast United States. Two interviews were conducted with each entrepreneur approximately twelve months apart.

Results and Implications

We observed a division in the level of network skill possessed by subjects and confirmed the value of the incubator as a source of resources and a gateway to external networks. Our study reveals a process where entrepreneurs explore networks and access to resources in a parallel way, juggling multiple activities and opportunities. We also found that entrepreneurs “learned” how to leverage the network. Thus, the incubator plays a critical role in assisting these nascent entrepreneurs in shifting their focus from “opportunistic ties” (Larson & Starr, 1993) to relationships that contribute directly to the social and economic growth of the venture.

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