

6-11-2011

CAUSAL AND EFFECTUAL NETWORK STRATEGIES AND NEW VENTURE PERFORMANCE: A STUDY OF GERMAN ENTREPRENEURS (SUMMARY)

Joris Heuven

University of Twente/ Nikos, j.m.j.heuven@utwente.nl

Thorsen Semrau

University of Cologne

Jeroen Kraaijenbrink

University of Twente

Stefan Sigmund

University of Cologne

Recommended Citation

Heuven, Joris; Semrau, Thorsen; Kraaijenbrink, Jeroen; and Sigmund, Stefan (2011) "CAUSAL AND EFFECTUAL NETWORK STRATEGIES AND NEW VENTURE PERFORMANCE: A STUDY OF GERMAN ENTREPRENEURS (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 31: Iss. 7, Article 1.

Available at: <http://digitalknowledge.babson.edu/fer/vol31/iss7/1>

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.

≈ SUMMARY ≈

**CAUSAL AND EFFECTUAL NETWORK STRATEGIES
AND NEW VENTURE PERFORMANCE: A STUDY
OF GERMAN ENTREPRENEURS**

Joris Heuven, University of Twente, The Netherlands

Thorsen Semrau, University of Cologne, Germany

Jeroen Kraaijenbrink, University of Twente, The Netherlands

Stefan Sigmund, University of Cologne, Germany

Principal Topic

Most research on venture networks has taken static network relations and network structures as independent variables to explain success in new venture creation and performance. In this study we go one step back and look at the underlying network strategy of entrepreneurs. To study the network strategy of entrepreneurs we draw on insights from literature on entrepreneurial networks (Batjargal & Liu, 2004) and literature on causation vs. effectuation (Sarasvathy, 2008; Sarasvathy & Dew, 2005). Based on these literatures we distinguish between more causal network strategies, by which entrepreneurs purposefully select network partners for their particular means; and more effectual network strategies, by which entrepreneurs use the available means of their existing network and expand their network incrementally upon that. We hypothesized that entrepreneurial network strategy has an impact on resource acquisition, which in turn influences new venture performance. In line with previous research on entrepreneurial networks and effectuation we furthermore hypothesize that the impact of network strategy is contingent upon the experience of the entrepreneur (e.g., Hite & Hesterly, 2001; Leenders & Gabbay, 1999).

Method

Our data set comprises 197 new ventures that are located in technology parks and incubators in different regions in Germany. When testing our hypotheses by means of path and structural equation modeling, we additionally controlled for the number of founding team members, the number of employees, new venture age and the perceived need for network support.

Results and Implications

Testing our hypotheses yielded two remarkable findings. First, we found an inverted U-shape relation between entrepreneurs' network strategy and resource acquisition as well as a positive linear relationship between network performance and venture performance. This indicates that a proper mix of an effectual and a causal network development strategy leads both to better network results and better firm performance than a network strategy that is more outspokenly effectual or causal. Second, we find support for the hypothesis that the effects of network strategy are dependent on the experience level of the entrepreneur. Our findings contribute to both the entrepreneurial networking literature and the literature on causation vs. effectuation.

CONTACT: Joris Heuven; j.m.j.heuven@utwente.nl; (T): +3153-4895355; (F): +3153-4893919; PO Box 217, 7500 AE, Enschede, The Netherlands.