BALANCED SKILLS AMONG NASCENT ENTREPRENEURS (SUMMARY)

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Recommended Citation
Stuetzer, Michael; Obschonka, Martin; and Schmitt-Rodermund, Eva (2012) "BALANCED SKILLS AMONG NASCENT ENTREPRENEURS (SUMMARY)," Frontiers of Entrepreneurship Research: Vol. 32: Iss. 5, Article 21.
Available at: http://digitalknowledge.babson.edu/fer/vol32/iss5/21

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BALANCED SKILLS AMONG NASCENT ENTREPRENEURS

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Principal Topic

What actually makes an entrepreneur and what is the “essence of being entrepreneurial” (Krueger 2007, p. 123)? A great deal of research dealing with this question focuses on the entrepreneurs’ human capital as success factor. However, a recent studies report low correlations between traditional human capital variables and entrepreneurial success in general (Unger et al. 2011). In search of a distinctive set of skills and abilities as the “essence” of entrepreneurial human capital, Lazear (2005) proposed a model highlighting the importance of a balanced skill set for entrepreneurs. This paper examines the effects and origins of balanced skills among nascent entrepreneurs. In a first step we apply Lazear’s theory to investigate performance effects of a balanced skill set. Second, we investigate potential sources of balanced skills, thereby testing the investment hypothesis against the endowment hypothesis.

Method

The data for this analysis stems from the Thuringian Founder Study. One part of this study is a sample of 98 “high-potential” nascent projects. Constructing the dataset for this paper comprised three steps. First, possible sources for identifying high-potential nascent projects were assessed. The second step of the procedure was comprised of a customized screening procedure to separate high-potential from regular projects. In the third step, data collection took place. At a first measurement occasion (July 2008 to May 2009), the research team conducted face-to-face interviews with the entrepreneurs and collected data regarding their skills and other socio-demographics. Twelve months after the first interview a follow-up survey was conducted by phone.

Results and Implications

We find support for the notion that balanced skills are important for making progress in the venture creation process. Regarding the origins of balanced skills, the data support both hypotheses. In line with the investment hypothesis an early interest in an entrepreneurial career, prior managerial and entrepreneurial experience are significantly related with a more balanced skill set. Supporting the endowment hypothesis, an entrepreneurial personality profile indicating entrepreneurial talent is correlated with a balanced skill set. Our results thus hint at the need for theories on the balanced skill origins set that integrate both views.

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