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THE IMPACT OF FOUNDER’S PERSONALITY, EXPERIENCE AND EDUCATION ON TIE STRENGTH TO ACQUIRE STARTUP RESOURCES (SUMMARY)

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SUMMARY

THE IMPACT OF FOUNDER’S PERSONALITY,
EXPERIENCE AND EDUCATION ON TIE STRENGTH
TO ACQUIRE STARTUP RESOURCES

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Principal Topic

There is a widespread agreement on the importance of social ties for the resource acquisition process of new ventures (Hoang & Antoncic, 2003). Moreover, extant literature has focused on the advantages strong and weak ties can bring about. Whereas ties may be too weak to confer access to any information, strong ties may lead to networks of high redundancy (Burt, 1992). Therefore, increasingly, research has focused on how combinations of weak and strong ties can lead to effective resource acquisition and exploitation (Baker, 1990). However, literature neglects the importance of individual level attributes which might explain one’s tendency to use strong or weak ties. Therefore, we extend the social capital literature by focusing on how an entrepreneur’s previous start-up experience (Ucbasaran, Alsos, Westhead, & Wright, 2008), proactiveness (Crant, 1996, 2000) and education (Robinson & Sexton, 1994) may influence his/her propensity of using strong rather than weak ties.

Method

Our research builds on a database of 147 ties of 82 entrepreneurs. All companies were high tech start-ups founded between 2006 and 2011. Only financial ties were included. We constructed a questionnaire measuring tie strength based on Zhang, Soh, & Wong (2010) and Perry-Smith (2006). Data was collected through face-to-face interviews, web-based surveys and telephone calls. We used clustered regression analysis to test our hypotheses and control for a number of entrepreneur and company characteristics.

Results and Implications

Our results suggest that proactive personalities look for opportunities beyond their immediate network and thus make use of weaker ties to get access to different forms of finance. An entrepreneur’s level of education and previous start-up experience facilitate the development of a stronger social network and encourage the use of stronger ties when looking for financiers. We contribute to the social network theory by studying the impact of several individual level characteristics and how they impact the entrepreneur’s tendency to use strong rather than weak ties. The characteristics under study are the entrepreneur’s proactiveness, his/her education and his/her previous start-up experience.

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