PRIOR INDUSTRY EXPERIENCE, EXTERNAL SUPPORT AND NEW VENTURE SURVIVAL (SUMMARY)

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Principal Topic

A growing body of research highlights that individuals with a broad set of skills and experiences are more likely to become entrepreneurs than those with a narrow base of knowledge, yet little is known about how breadth of knowledge affects start-up performance. In particular, extant theory generates contrasting accounts of this relationship, and the scant available evidence is inconclusive. Moreover, because this research tends to focus primarily on individual characteristics, it often ignores the social and contextual factors that may interact with founder human capital to influence outcomes in this regard. We seek to fill in this critical gap in knowledge by generating a framework that explores the impact of breadth of knowledge on new firm survival, both individually, and in conjunction with external knowledge and emotional support.

Method

Our empirical analysis is based on a sample of formerly unemployed firm founders that started companies with the support of dedicated government programs in Western Switzerland. Data collection was performed using a survey instrument that was delivered to participants through the government agencies. We calculated the probability of new venture failure using discrete-time event history analysis.

Results

Our findings reveal that the probability of new venture survival significantly decreases with breadth of industry experience. However, as the breadth of founder experience increases, survival chances are increasing in increasing amount of external support. We conclude by discussing implications of our findings for entrepreneurship, organizational theory, and public policy.

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