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AN EMPIRICAL INVESTIGATION OF THE EMERGENCE OF NETWORK CAPABILITY IN THE ENTREPRENEURIAL FIRM (INTERACTIVE PAPER)

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≈ INTERACTIVE PAPER ≈

**AN EMPIRICAL INVESTIGATION OF THE EMERGENCE OF
NETWORK CAPABILITY IN THE ENTREPRENEURIAL FIRM**

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Principal Topic

Every entrepreneurial firm is created within a network that can significantly contribute to its success and survival but the capability to manage this network to ensure firm success and survival is heterogeneously distributed across firms. In this study we integrate the resource based view of the firm and the concept of network embeddedness to build a model that maps the emergence of entrepreneurial network capability. To extend our knowledge in this area we test a three-phase process model that measures entrepreneurial network capability emergence; awareness, information acquisition and sharing, and action. The identification of the three phases of the emergence of network capability stemmed from previous longitudinal qualitative research. We use survey data collected from high tech firms in a major city in the Southeastern United States.

Results and Implications

Initial results of regression analysis show the model of the emergence of network capability development represents a good fit for the data. In addition, preliminary analysis of the findings demonstrates a lack of network capability among the nascent entrepreneurs and underscores the complexity of its development. Entrepreneurs' awareness of networks is oriented towards their immediate social network rather than to business networks. Information acquisition and sharing were indicated by the willingness of the entrepreneurial firm to search for and share information in its network. The top sources of information search were family/friends, mentors and customers. The results indicate a reticence to share confidential technical information, proprietary information and overall business turnover. Unsurprisingly, the businesses in the founding phases were active in joint problem solving (indicator of action) with customers but less so with other network actors. The firms included in our study required resources to grow but they were not fully engaged with the opportunities and potential resource access through their network of partners. Using networks as a strategic pathway to grow the high tech entrepreneurial firm appears not to be a dominant mode engaged by the firms which runs contrary to the received wisdom of both prior network literature and of the development models promoted in practice.

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