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## STARTUP COMPETITION AS A SOURCE OF ORGANIZATIONAL ENDOWMENTS FOR EARLY-STAGE VENTURES (INTERACTIVE PAPER)

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≈ INTERACTIVE PAPER ≈

**STARTUP COMPETITION AS A SOURCE OF ORGANIZATIONAL  
ENDOWMENTS FOR EARLY-STAGE VENTURES**

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**Principal Topic**

Entrepreneurship studies suggest that the success and growth of startups can be determined by the founding team members' prior experience in functional and market domains and by their social capital (Hsu, 2007; Shane & Stuart, 2002; Zhang, Soh, & Wong, 2010). However, for inexperienced entrepreneurs who have very good technical ideas and skills, can their limited initial organizational endowments be supplemented by the experience and social capital from others such as serial entrepreneurs or venture capital investors? In the market, there are experts experienced in managing or nurturing startups who are willing to play mentor and provide guidance to novice entrepreneurs with novel ideas. We are interested to study whether novice entrepreneurs who benefit from startup mentorship and guidance are more successful in growing their early-stage ventures than those who do not. The research context we choose to address the question is startup competitions in a regional economy. In such competitions, individuals with experience in startups from a local community are often invited to participate as mentors, judges, and sponsors in order to help early-stage ventures or novice entrepreneurs refine and pitch their creative business propositions, which in turn enhance their chances of acquiring further resources.

**Method**

Our research setting is a startup competition that has been held annually since 2001 in British Columbia, Canada. The competition proceeds in four rounds over a period of five months, with each successive round adding more rigorous tasks to the qualifying conditions. The invited judges assess and eliminate the participating ventures until the top 25 and the final 10 ventures emerge in round 3 and round 4 of the competition respectively. About 1400 new ventures had taken part in the competition from 2001 to 2011 and 295 proceeded to round 3. Of these ventures, 56% were still active as of 2012, whereas 44% either had closed or could not be located on the web. A web-based survey was designed, piloted, and sent out to the founders of 295 ventures in 2012. We received responses from 84 ventures, generating a response rate of 29%. We also interviewed five respondents to provide deeper insight.

**Results and Implications**

Startup competitions can simulate a market environment in which entrepreneurs compete for resources for their ventures. Therefore, understanding the conditions under which and for whom the startup competition process is most valuable and impactful will provide important insights into the economics of startup competitions, entrepreneurship education, and the development of regional entrepreneurship.

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