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START-UP’S PERFORMANCE: AN EMPIRICAL STUDY ON DYNAMIC CAPABILITIES UNDER THE CONTRIBUTIONS OF BRICOLAGE AND SOCIAL CAPITAL (SUMMARY)

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SUMMARY

START-UP’S PERFORMANCE: AN EMPIRICAL STUDY ON DYNAMIC CAPABILITIES UNDER THE CONTRIBUTIONS OF BRICOLAGE AND SOCIAL CAPITAL

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Principal Topic

Teece et al. (1997, p. 516) defined dynamic capabilities as “the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments”. Many management researchers have argued that dynamic capabilities are particularly associated with large and multinational enterprises (Rosenbloom, 2000; Kale & Singh, 2007; Pablo et al., 2007; Teece, 2007). In contrast, many entrepreneurship scholars have claimed that the management teams of smaller enterprises can build and apply dynamic capabilities to improve new firm's performance (Arend, 2014; Swoboda & Olejnik, 2016). However, extant literature focuses on the roles of firm's resources, organizational routines, absorptive and adaptive capacities, and innovation in developing and applying dynamic capabilities (Wang & Ahmed, 2007; Piening, 2013; Eriksson, 2014). The contributions of social capital and bricolage to the dynamic capabilities of a management team have not been studied to improve our knowledge on dynamic capabilities.

Methods

This study examines these critical views and explores how the rational, structural and cognitive perspectives of social capital and ability to use “what's on hand” through making do and to recombine resources for new or novel purposes (Baker, 2007) influence the capacity of a management team in transforming or reconfiguring the operations of a start-up. To measure those aspects, this research employs the bricolage measurement from the work of Senyard et al. (2014), constructs social capital measurement by adopting measures used in Tsai and Ghoshal (1998) and Liao and Welsch (2005) studies. This study also create and validate a new measurement for transforming or reconfiguring capacity by adapting the theoretical research of Teece et al. (1997) and Teece (2007). This study assembles a database of 221 start-ups that were founded between 2000 and 2015 across the UK drawn from an online survey in December 2015.

Results and Implications

The results of a statistical analysis reveal that, within start-up context, the bricolage, and both rational and cognitive perspectives of social capital significantly positively influence the dynamic capabilities of management teams. The results demonstrate that dynamic capabilities can be developed and applied within a small enterprise. Thus, it is suggested that the management team of a new venture can absorb their social capital to strengthen dynamic capabilities of the firm, which eventually improve the firm's competitive advantage and performance.

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