

6-10-2017

ENTREPRENEURIAL ALERTNESS, NETWORKING CAPABILITY AND NEW VENTURE PERFORMANCE (SUMMARY)

Samuel Adomako

King Fahd University of Petroleum and Minerals, adomako@kfupm.edu.sa

Recommended Citation

Adomako, Samuel (2017) "ENTREPRENEURIAL ALERTNESS, NETWORKING CAPABILITY AND NEW VENTURE PERFORMANCE (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 37 : Iss. 4 , Article 2.

Available at: <https://digitalknowledge.babson.edu/fer/vol37/iss4/2>

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~ SUMMARY ~

ENTREPRENEURIAL ALERTNESS, NETWORKING CAPABILITY AND NEW VENTURE PERFORMANCE

Samuel Adomako, King Fahd University of Petroleum and Minerals, Saudi Arabia

Principal Topics

Empirical work has corroborated the notion of entrepreneurial alertness and its organizational outcomes from multiple disciplinary perspectives (e.g., Baron, 2006; Kirzner, 1999; Kaish and Gilad, 1991; Minniti, 2004; Shane and Venkataraman, 2000; Short et al., 2010; Tang, Kacmar, and Busenitz, 2012). Despite this substantial attention, the performance benefit of this cognitive attribute is under-researched (Baron, 2004; Tang, Kacmar, and Busenitz, 2012). While the mechanism often used to explain a positive association between alertness and performance is intuitively appealing (Tang, Kacmar, and Busenitz, 2012), an understanding of how and when entrepreneurial alertness drives new venture success is lacking. To address this gap, this study examines the relationship between entrepreneurial alertness and new venture performance and the moderating effect of networking capability on this linkage.

Method

A sample of 930 new ventures was randomly selected to elicit participation in the study. Data were collected in two phases with a three year time lag. This study relied on 203 matched questionnaires across Times 1 and Time 2 for our analyses. The fit of the measurement model is assessed using a number of fit statistics. The overall fit of the CFA measurement model (controlling for method bias) is acceptable: $\chi^2/df = 1804.50/1475$; $\Delta\chi^2/\Delta df = 1.22$; RMSEA = .05; NNFI = .93; CFI = .94; and SRMSR = .05. These criteria provide support for the robustness of the measurement items used (Ping, 2004). Moderated hierarchical regression analysis was utilized as the main statistical procedure for examining the relationship between entrepreneurial alertness and new venture performance, as well as the proposed moderating effects of networking capability. This study controlled for firm size, firm age, founder age, education, prior knowledge, and environmental dynamism.

Results and Implications

This study empirically demonstrates that entrepreneurs who are alert to opportunities play a significant role with regard to new venture success and that a high degree of networking capability strengthens this relationship. The study contributes to extant entrepreneurship research (e.g., Tang, Kacmar, and Busenitz, 2012) by enhancing our understanding of the interface between the entrepreneurial alertness and new venture performance. For entrepreneurs who aim to foster higher performance, the cultivation of stronger networking capability is a rather simple but highly effective instrument.

CONTACT: Samuel Adomako; adomako@kfupm.edu.sa; (T): +966-13560-8786; Entrepreneurship Institute, King Fahd University of Petroleum and Minerals, Saudi Arabia.