NETWORKING STRATEGIES UNDER EXTREME UNCERTAINTY (SUMMARY)

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Recommended Citation
Available at: https://digitalknowledge.babson.edu/fer/vol37/iss6/4

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NETWORKING STRATEGIES UNDER EXTREME UNCERTAINTY

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Principal Topic
Uncertainty constitutes a key concept for most entrepreneurship theories (McMullen & Shepherd, 2006). Entrepreneurs face challenges of not knowing about the right opportunity and resources for them in the future (Grossman et al., 2012), especially in high unstable and complex environments (Du et al., 2016; Peng & Zhou 2005) such as in transition economies, with uncertainty originating from lack of formal institutions (Puffer et al., 2010; Xin & Pearce, 1996), compared to more developed economies (Puffer et al., 2010). Network can help entrepreneurs to obtain information and resources and to identify opportunities (Engel et al., 2017; Stuart & Sorenson, 2007). Most studies assume that network-building activities are rational and strategic so that entrepreneurs build potentially useful contacts (Baker et al., 2003; Hallen & Eisenhardt, 2012; Vissa, 2012). Recently, scholars started to stress that entrepreneurs can engage in irrational networking behavior through effectuation, but we lack empirical evidence to explain the mechanisms through which irrational networking occur.

Method
Using comparative case study method (Eisenhardt, 1989) to understand how entrepreneurs use and develop their personal networks as a response to uncertainty, we conducted in-depth interviews with 11 purposefully selected technology-based ventures in Pakistan in May 2016. All selected ventures were founded between late 2015 and early 2016, operated in incubation centers, and pursued similar digital-oriented opportunities, ranging from developing simple websites to cyber security solutions. The interviews were transcribed and open-coded, with an inter-coder agreeability of over 70 percent. Our analysis focused upon identifying perceptual uncertainty, coping strategies, activities related to goal identification or clarification and resource gathering.

Results and Implications
Our preliminary findings show that most nascent entrepreneurs perceive uncertainties that originate from their rudimentary state of knowledge with regards to the successful business practices. We also found that nascent entrepreneurs’ interaction with their existing network not only allowed them to identify and clarify their goals but also find ways to arrange for required means. Our findings on how entrepreneurs use causation or effectuation behavior to build network to identify new goals and means provides revelatory theoretical insights into mechanisms of irrational network building.

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