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STARTUPS FROM NOKIA BRIDGE PROGRAM: THE ROLE OF ENDOWMENTS IN EXPLAINING THE PERFORMANCE OF STARTUPS RESULTING FROM A CORPORATE LAYOFF (SUMMARY)

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SUMMARY

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Principal Topic

In this empirical study we are interested in investigating the performance differences between those startups that get started with ex-employer endowments and those that are more self-sufficient in their resource needs. In our theorizing efforts we develop two main hypotheses: New ventures that reach out to endowments succeed in creating new firms faster than those new ventures, which are self-sufficient (H1); New ventures that are self-sufficient in their resource needs express higher survival rates than those new ventures, which lean on endowments (H2).

Method

To study the hypotheses we employ regression analyses. As empirical data we utilize a unique data set that was collected on Nokia Corporation's Bridge Program. The data set consists of survey responses from the Bridge program participants and from financial data concerning start-up firms. Survey was sent to 427 individuals of which 413 were reached of which we received 196 answers (response rate 47%). Similarly, 361 newly founded firms were approached, of which 361 were reached from which we received 187 answers (response rate 54%).

Results and Implications

Our empirical analyses give support for the hypotheses. For studying H1 we constructed a regression model in which the dependent variable was the time from founding to first sales (start-up speed) and independent variables were the importance of Bridge program in one's decision to become an entrepreneur and the perceived importance of resources obtained from Nokia for the success of the start-up. According to our analyses, and after controlling for various factors, both of the independent variables were positively related to start-up speed. For studying H2 we constructed a logistic regression model in which the dependent dichotomous variable has value one if a firm has shut down according to firm registry or if a firm has zero total sales during the period. As expected, after controlling for various factors, this dependent variable was positively associated to our key predictor variables which were the level of financial support from Nokia and a dummy variable of whether technology licensing from Nokia had been utilized in a process of founding a new company.

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