SOCIAL CAPITALISTS: A LONGITUDINAL STUDY OF THE ITERATIVE RELATIONSHIP BETWEEN SOCIAL CAPITAL, RESOURCES AND PERFORMANCE IN VENTURE CAPITAL STARTUPS (SUMMARY)

Joy Godesiabois
University of Colorado at Boulder, joy.godesiabois@colorado.edu

Recommended Citation
Available at: http://digitalknowledge.babson.edu/fer/vol27/iss3/6

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUMMARY

SOCIAL CAPITALISTS:
A LONGITUDINAL STUDY OF THE ITERATIVE RELATIONSHIP BETWEEN SOCIAL CAPITAL, RESOURCES AND PERFORMANCE IN VENTURE CAPITAL STARTUPS

Joy Godesiabois, University of Colorado at Boulder, USA

Principal Topic

Since resource scarcity defines most new firms and resources serve critical roles in firm survival (Stinchcombe, 1965), growth (Davidsson & Honig, 2003), and ultimately success (Barney & Arikan, 2001), the resource acquisition process within startups is a central question in study of entrepreneurship. In this paper, we consider whether a startup’s social capital is one such generative resource that leads to the critical resource of legitimacy, which then subsequently contributes to firm performance and long-term competitive advantage.

We examine the influence of social capital by considering several aspects of a firm’s network that represent the structure of this network and the relationships between the focal firm and its partners. We also model the relationship between social capital and firm performance as being mediated by resources that can be directly tied to firm performance. Lastly, we study the relationship between social capital, legitimacy and performance.

Method

Our sample consists of venture capital (VC) firms from 1980 through 2005, and includes information on investments (including syndicates), performance, the strategic foci of the firms, as well as portfolio company information. Using these longitudinal data, we test a mediating model and develop measures of each dimension of social capital, as well as legitimacy and firm performance. We examine the iterative relationship between these dimensions, the resources they provide and a new VC firm performance (i.e. social capital provides access to resources, which influences performance, which in turn influences social capital, and so on).

Results and Implications

We expect our paper to contribute to entrepreneurship research, as well as to extend social capital research. The more fine-grained definition and measures of social capital will provide opportunities to examine previously unexplored topics in both entrepreneurship and social capital research, including differential benefits/costs associated with each type of social capital and the effects of combinations of different types of social capital. Our use of the VC industry as a research context and the tracking of VC firms after founding will help extend entrepreneurship research on how VC firms develop and what contributes to the performance of VC firms as they grow and mature. Additionally, using longitudinal data, we are able to paint a picture of network evolution and its determinants based on observations of firms from start-up through maturity or demise.

CONTACT: Joy Godesiabois; joy.godesiabois@colorado.edu