NETWORK DYNAMICS IN EARLY-STAGE ENTREPRENEURSHIP: A PANEL STUDY OF HOW ENTREPRENEURS' NETWORKS CHANGE DURING EARLY VENTURE DEVELOPMENT (SUMMARY)

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SUMMARY

NETWORK DYNAMICS IN EARLY-STAGE ENTREPRENEURSHIP: A PANEL STUDY OF HOW ENTREPRENEURS’ NETWORKS CHANGE DURING EARLY VENTURE DEVELOPMENT

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Principal Topic

Scholars agree that entrepreneurs’ networks are important during early venturing (Borgatti & Foster, 2003). Research suggests entrepreneurs’ networks are associated with obtaining new information, identifying opportunities (Burt, 2004; Granovetter, 1973), and acquiring resources (Wu, Wang, Chen & Pan, 2008). Interestingly, while research has investigated antecedents to and consequences of engaging in network relationships, most research has focused on consequences (Hoang & Antoncic, 2003). Resultantly, a gap has emerged in our understanding of how entrepreneurs’ networks develop and change over time. This is problematic because some scholars contend that changing resource needs during venture development necessitate a concomitant change in entrepreneurs’ networks to allow access to newly-needed resources (Greve & Salaff, 2003; Hite & Hesterly, 2001). If entrepreneurs’ networks need to evolve over time as resource requirements change, more research is needed studying their dynamics. To address this, we explore two questions—How does the size of an early-stage entrepreneur’s network affect the subsequent structural (e.g., size) and content (e.g., knowledge heterogeneity) character of their network? How does the strength of an early-stage entrepreneur’s network ties affect the subsequent structural (e.g., size and tie strength) and content (e.g., knowledge heterogeneity) character of their network?

Method

The PSED-I (Gartner, Shaver, Carter & Reynolds, 2004) nascent entrepreneur sample was the data source for this study. The average age of participants was 39.8 years old, 70% were males, and 65% were White. Multiple regression was used to analyze the data.

Results and Implications

Results suggest a positive relationship between the size of entrepreneurs’ networks at time one and size at time two. A negative relationship was found between the number of weak ties at time one and strong ties at time two. With regard to content outcomes, a positive relationship was found between network size at time one and knowledge heterogeneity at time two. No relationships were found between weak ties at time one and knowledge heterogeneity or network size at time two. Overall, our findings suggest that during early venture development, changes in the structure and content of entrepreneurs’ networks may systematically relate to prior characteristics of their networks.

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