VENTURE GESTATION PROCESS AND FIRM EMERGENCE: A CONFIGURATIONAL APPROACH (SUMMARY)

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SUMMARY

VENTURE GESTATION PROCESS AND FIRM EMERGENCE: A CONFIGURATIONAL APPROACH

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Principal Topic

Venture gestation process remains an increasingly important area of inquiry in the field of entrepreneurship research. Using a configurational approach (i.e., Doty & Glick, 1994), this study is aimed to address the research question: what are the various configurations of nascent behaviors during the venture gestation process that lead to firm emergence? Because of its multi-dimensional nature, the configurational approach is particularly relevant to study venture creation process. It suggests that venture creation is best understood as clusters of interconnected behaviors, practices and context, rather than as various components that are loosely coupled. A configurational approach therefore takes a systematic and holistic view of the process, where patterns or profiles rather than individual independent variables are related to a process outcome such as organization emergence and first sales.

Method

This paper will use a set-theoretic method to examine various configurations of venture creation process and their effects on firm emergence (Fiss, 2007; Ragin, 1987, 2000). A set theoretic method conceptualizes cases as combinations of attributes and emphasizes that these very combinations lead to unique outcomes. Compared with the methods used by previous research, it has a number of significant advantages. Firstly, it assumes nonlinear relationships and complex causality which goes beyond traditional bivariate interaction effects. Secondly, it stresses equifinality which assumes that two or more configurations of venture gestation process can be equally effective in firm emergence. At the center of a set-theoretic approach lies Boolean algebra to determine what combination of various variables from venture gestation process result in firm emergence. The data for this study were obtained from the Panel Study of Entrepreneurial Dynamics (PSED).

Implications

From a theoretical standpoint, this study will demonstrate the effectiveness of using a set-theoretic approach to examine various configurations and their impact. In the entrepreneurship research, there is a clear need to move beyond simple contingency approach, as venture creation faces multiple contingencies such as the entrepreneurs, the opportunity, the context, the process and the outcome, with significant inter-dependence among these contingencies. Our paper contributes to theory building in this direction by providing a configurational view and a combinational approach which goes beyond the conventional correlational view. From a practical standpoint, this study will inform would-be entrepreneurs a holistic view of various paths leading to the success of firm emergence.

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