6-11-2011

DYNAMIC CONSTRAINTS: HOW CHANGES IN RESOURCE POSITION INFLUENCE RESOURCEFULNESS
(SUMMARY)

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Recommended Citation
Dolmans, Sharon; Burg, Elco van; Reymen, Isabelle; and Romme, Georges (2011) "DYNAMIC CONSTRAINTS: HOW CHANGES IN RESOURCE POSITION INFLUENCE RESOURCEFULNESS (Summary)," Frontiers of Entrepreneurship Research: Vol. 31 : Iss. 12 , Article 9.
Available at: https://digitalknowledge.babson.edu/fer/vol31/iss12/9

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Dynamic Constraints: How Changes Influence Resourcefulness

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Principal Topic
To explain the mixed effects of resource constraints and resource slack on venture performance, scholars have proposed curvilinear relationships and moderating and mediating effects. However, the way these studies have operationalized resource constraints and slack may have concealed the underlying dynamics that could explain the opposing results. The majority of these studies draws on cross-sectional data, taking the firm level as primary unit of analysis. As a result, most previous research resorts to categorizing the companies under study as experiencing either a resource shortage or abundance (for the entire period of analysis). Moreover, extant literature mainly adheres to objective measures of constraints and slack, ignoring core subjective mechanisms by which perceived, anticipated resource positions (relative to demand) influence decision-making and performance.

Method
We consider constraints or slack as transient resource positions, relative to a venture’s resource demand at a given moment. This leads us to study the influence of constraints and slack at the event level, rather than the firm level, implying a venture experiences different resource positions over time. Our study draws on in-depth case studies of three high-tech start-ups, tracing their development over a 5-10 year period. Data consists of 27 interviews and over 150 company documents, which allow the researchers to extend existing theory by studying the impact of perceived, anticipated and relative resource positions. This provides the opportunity to explore relationships between resource position, decision-making and venture development over time from a process perspective.

Results and Implications
Results indicate that perceived, anticipated and relative resource positions influence decision-making. Data shows firms move back and forth along the constraints-slack spectrum over time. On the micro level, we find that different types of constraints and slack are perceived simultaneously (e.g., technology constraints and financial slack), while having different effects. On the macro level, past experiences of constraints or slack affect the adaptation speed of entrepreneurs. Entrepreneurs who experienced multiple constraints are faster in being more resourceful, while entrepreneurs with a history of slack first try to proceed on the existing track before they change course.

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