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INTERACTIVE PAPER

WHICH COMBINATIONS OF NEW VENTURE FIRMS’ RESOURCES PAYOFF? A CONFIGURATIONAL PERSPECTIVE

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Principal Topic

The resources available in the seed stage are crucial for the success of high-technology new venture firms. Often, these firms face constraints in terms of access to financial capital, technological resources, entrepreneurial orientation, and prior experience necessary for effectively founding and managing a new venture firm.

Prior research has predominantly examined the performance relationships of specific resources in a linear and singular causation manner. How resources simultaneously and systemically combine to result in superior firm performance has, however, not been considered.

In this study, we aim to extend our knowledge base by making sense of the relative importance of firms’ various resources. Specifically, we adopt a configurational perspective, which understands firms as clusters of interrelated attributed and allows for a systemic view of organizations. Rather than individual independent variables, patterns of variables are related to an outcome of interest.

Method

We draw on survey data from technology-based Swiss start-up firms. We use a set-theoretical approach for examining configurations of high and low new venture performance. With this approach, we apply the Boolean logic (Fiss, 2007) with fuzzy set Qualitative Comparative Analysis (fsQCA) software (Drass and Ragin, 1999). The method helps us to identify the role of each new venture firm’s resources in different configurations leading to specific performance levels.

Results and Implications

We obtain evidence if a resource, within the different configurations, is essential, less important, expendable, or exchangeable. Hence, we identify which new venture resource is a necessary or sufficient condition for new venture growth conditionally on the occurrence of other resources. We contribute to entrepreneurship research by applying the novel set-theoretic configurational perspective of causality. In contrast to the common correlational perspective of causality, in which individual independent variables are associated with a dependent variable, the set-theoretic understanding relates patterns of variables to an outcome of interest. Testing this theoretical perspective with fsQCA, we introduce a method to entrepreneurship research that is valuable for understanding complementarities as well as substitutes in configurations.

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