HOW STRUCTURE FOLLOWS AGENCY: THE CREATION OF NETWORKS BY UN-EMBEDDED ENTREPRENEURS (SUMMARY)

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HOW STRUCTURE FOLLOWS AGENCY: THE CREATION OF NETWORKS BY UN-EMBEDDED ENTREPRENEURS

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Principal Topic

Explanations of social network development and its outcomes such as venture performance tend to overemphasize structural effects and neglect individual freedom and agency – although constrained by the existing situation – to shape their social embeddedness. Once entrepreneurs become embedded in networks, it becomes difficult to disentangle the influence of structure (i.e., relational and structural embeddedness) versus agency (i.e., human actions shaping embeddedness). By investigating the emergence of nascent entrepreneurial networks, in a fine-grained longitudinal study, we are able to provide insights into the relationship between agency, structure and nascent venture performance.

Methods

This study uses a unique dataset covering prospective data of 30 emergent ventures engaging in an annual training program. During a 20 week program, the entrepreneurs are attempting to launch a new venture, supported by a mentor and training staff. The main source of data collection are 543 weekly written diary’s, in which the entrepreneurs report about their venturing and network activities. All diaries were coded for actors, types of actors (e.g. financiers, customers, competitors) networking activities and the outcomes of these actions. Subsequently we focused on creating visual maps of the network development of each case and we calculated general indicators of network development per case.

Results and Implications

In our relatively homogeneous group we observed four different patterns of interactions between agency and structure by nascent entrepreneurs. Our results show that the extent to which a case is pre-embedded in the local social structure really matters for network development. For instance, an important insight from our analysis is that an existing relevant social structure constrains network action. The first two patterns describe some cases that actually happen to have pre-existing contacts. This existing structure either constrains them in reaching out to new contacts, or their intensive networking generates over-embeddedness and network overload. The other two patterns describe un-embedded cases. These cases either fail to build a network, because they do not invest sufficiently in networking, or they engage in very active networking, which however delays their product development. Each of these patterns has immediate consequences for venture performance.

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