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SOCIAL SUPPORT DYNAMICS IN FIRM EMERGENCE

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Principal Topic

What explains why certain nascent entrepreneurs abandon the firm emergence process while others continue (Carter et al. 1996)? This has been an enduring question that has occupied many entrepreneurship scholars over time (Davidsson & Gorden 2012).

This paper investigates how social support and specifically social support dynamics impact firm emergence (Katz & Gartner 1988). We provide two new insights. First, we propose that informational support, emotional support, and specifically their dynamic interplay explain why certain nascent entrepreneurs dropped out of the firm emergence process while others continue. Second, we propose that the explanation provided by informational and emotional support as to why certain nascent entrepreneurs dropped out of the firm emergence process while others continue depends on when the support is received – their timing.

Method

We test our five hypotheses on a longitudinal datasets of nascent entrepreneurs collected in Denmark from 2012-2013 (N=338). We used the two currently existing waves in the Danish Panel Study of Entrepreneurial Dynamics (DaPSED).

We follow the tradition of using perceptual measures of firm emergence (Newbert, Tornikoski, Quigley 2013), and specifically we follow Kim et al. (2013) in being interested in those who abandon the startup effort compared to those who do not. We applied established measures of informational and emotional support and applied gestation activities to measure progress in the entrepreneurial process to capture timing. We controlled for a range of potential confounding variables.

Results and Implications

Our empirical results show contingencies of social support effects in that emotional support is more important early in the firm emergence process which most precisely is described as a period with crises and commitment issues, while informational support becomes increasingly important as entrepreneurs have resolved their commitment issues and are moving into a period of transition where practical guidance is of essence.

Further, we found that as emotional support gets more embedded into and intermingled with informational support the less impactful this informational support becomes, supporting our argument that emotional embeddedness into informational support lowers the quality of informational support.

The dynamic understanding of social support processes might eventually get us closer to an answer as to how social support impacts firm emergence.

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