EXPLORING VIRTUAL ENTREPRENEURSHIP: EFFECTS OF INNOVATION, NETWORKS AND INFORMATION PROCESSING (SUMMARY)

Vallari Chandna
*University of North Texas, USA*, vallari.chandna@unt.edu

Manjula S. Salimath
*University of North Texas, USA*

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Principal Topic

Virtual entrepreneurship (quite distinct from traditional/physical entrepreneurship) refers to the pursuit and exploitation of opportunities via virtual platforms. This research explores firm level antecedents to the performance and reputation of virtual entrepreneurial firms. Our main research question is: What are the differential and combined effects of innovation, networks and information processing on the performance and reputation of virtual entrepreneurial firms? We examine web based online entrepreneurial firms that are exploiting new opportunities available in virtual environments. These entrepreneurs have chosen to operate predominantly in online environments and are successful examples of virtual entrepreneurship. In addition, we explore temporal consistency of ongoing innovations and use a sample with worldwide representation to ensure generalizability. Our framework is multitheoretic, novel, and representative. We advance understanding of a little known contemporary phenomenon (virtual entrepreneurship) and a contemporary entrepreneurial enterprise (online ventures).

Method

Our sample consists of virtual enterprises operating via the worldwide portal: Etsy. Etsy is an e-commerce website that offers an easy to use portal for multiple e-entrepreneurs to launch their start-up ventures on a virtual platform. Etsy’s sales were $895 million in 2012 and over $1 billion in 2013. Firms that are highly/ primarily virtual (>75% online sales) were selected. Dependent variables were obtained via secondary data. Independent variables were collected via primary data from questionnaires – a) Network membership: presence/absence in a network and position in network as facilitator/member of a network; b) Information processing: awareness of provided tools and resources and the degree of utilization; c) Innovative Practices: innovations in business practices, sustainability and products/service offered d) Temporal Consistency of ongoing online innovation: rate and continuity of innovation.

Results/Implications

Results indicated that innovation, networks and information processing have different effects on the performance and reputation of virtual entrepreneurial firms. This research has the potential to make several contributions. First, we develop a synthesized definition of virtual entrepreneurship. Second, we integrate existing theoretical frameworks to explore the virtual entrepreneurship phenomenon in different countries. We analyze the correlation between the different independent variables and the combined business model on the outcomes of performance and reputation. Thus we advance our understanding of a contemporary topic - virtual entrepreneurship.

CONTACT: Vallari Chandna: Vallari.Chandna@unt.edu; (T): 940-565-3140; (F):940-565-3803; 1155 Union Circle #305429, University of North Texas, Denton, TX 76203, USA.