A REVIEW AND META-ANALYSIS OF THE NOMOLOGICAL NETWORK OF BOOTSTRAPPING IN SMALL FIRMS (SUMMARY)

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**Recommended Citation**

Miao, Chao; Rutherford, Matthew W.; and Pollack, Jeffrey M. (2015) "A REVIEW AND META-ANALYSIS OF THE NOMOLOGICAL NETWORK OF BOOTSTRAPPING IN SMALL FIRMS (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 35 : Iss. 6 , Article 5.  
Available at: https://digitalknowledge.babson.edu/fer/vol35/iss6/5
SUMMARY

A REVIEW AND META-ANALYSIS OF THE NOMOLOGICAL NETWORK OF BOOTSTRAPPING IN SMALL FIRMS

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Principal Topics

One shared characteristic of emerging ventures is that they lack the resources needed for firm survival and growth. Accordingly, the pursuit of creative ways of acquiring resources in non-traditional ways—without borrowing money or taking on equity financing—is a defining entrepreneurial behavior in new and small ventures. This behavior is known, among researchers and practitioners alike, as bootstrapping. After nearly three decades of research, there is no quantitative synthesis of the literature. In the present work, we perform such a synthesis.

Method

To identify relevant literature, we first searched computerized databases. Next we searched major journals in entrepreneurship, management, and strategy and relevant conferences. Then we used Google and Google Scholar to locate as many relevant articles as possible. Finally, we contacted bootstrapping scholars to request unpublished/working papers, raw data, and missing correlation matrices in their papers. Our initial search returned 1,037 articles. We then employ our inclusion criteria, which leaves 22 studies in the analysis. After coding all studies, we performed psychometric meta-analysis developed by Hunter and Schmidt (2004).

Results and Implications

We find no significant overall relation between bootstrapping and small firm performance. However, we find a number of interesting relations. First, type of firm performance examined moderates the relation such that bootstrapping is negatively related to profitability. Also, type of bootstrapping moderates the relation. Customer-related, delay payment, and joint utilization bootstrapping are positively related to firm performance. Third, when percentage of male respondents is high, the relation between bootstrapping and small firm performance is lower relative to when percentage of female respondents is high. Fourth, when a firm is old, the relation between bootstrapping and small firm performance is lower and less negative relative to when a firm is young. Finally, firm age, entrepreneurial experience, management experience, education level, human capital, and social capital are all positively related to bootstrapping; while owners’ age is negatively related to bootstrapping. In sum, we illustrate the nomological network, antecedents as well as consequences, of bootstrapping behavior in small firms.

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