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June 4–7, 2014

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2014 BABSON COLLEGE ENTREPRENEURSHIP RESEARCH CONFERENCE

SUMMARIES

SUMMARY

THE INFLUENCE OF GEOPOLITICS ON ENTREPRENEURSHIP DURING THE EARLY DAYS OF SILICON VALLEY

Stephen B. Adams, Salisbury University, USA

Principal Topic

How did Silicon Valley come to be? From the beginning, relationships with the federal government played a major role in the region's entrepreneurial development. The region's first major high-tech firm, the Federal Telegraph Company, was intertwined with international geopolitical forces. Federal began in 1909 seeking private-sector business, but became a viable business only when the U.S. Navy became a major customer. The company survived by responding to the needs of America's nascent overseas empire, providing wireless communication (radio) equipment for naval bases at America's new possessions in the wake of the Spanish-American War.

The well-being of Federal Telegraph, which by the end of its first decade attained annual revenues of nearly $2 million and employed more than 300 people, became as much a concern to officials in the U.S. Navy and State Department as it was to the company's employees and investors. I will show that while many other wireless start-ups fell by the wayside, one of the reasons Federal lasted three decades in the Valley was because of government involvement.

Thus began a pattern during the Valley's first half century in one industry after another: As America's role in the world expanded, companies in the Valley garnered government contracts for technology to help address geopolitical crises. The very first customer of the start-up instrument maker Hewlett-Packard may have been Disney in 1939, but it was the exigencies of World War II and associated federal contracts shortly thereafter that spurred the company's growth. The semiconductor industry also grew and prospered through government contracts. For the first few years after the establishment of Fairchild Semiconductor--which would later spin off Intel--in October 1957, the lion's share of the company's revenue was from defense contracts.

Results and Implications

The relationship with the public sector came at a crucial stage of development for many start-ups in the Valley. Government contracts helped overcome the "liability of newness": Half of all businesses fail during their first five years. In each case, the federal government played an incubator-type role as what Martin Kenney calls a "price insensitive lead customer," providing significant work (and resources) to these firms before their commercial work took off. Initial success in the region which assembled the "greatest legal collection of wealth in history" came only after key start-ups served as an industrial extension of government policy.

CONTACT: Stephen B. Adams; sbadams@salisbury.edu; (T): (410) 677-5058; Salisbury University, 1101 Camden Avenue, Salisbury, MD 21801-6860.

SUMMARY

THE INFLUENCE OF ONLINE SOCIAL NETWORKS ON THE STAGES OF NEW VENTURE CREATION

Isaac Y. Addae, Morgan State University, USA
Tammi C. Redd, Ramapo College of New Jersey, USA
Sharon A. Simmons, William Paterson University, USA
Robert P. Singh, Morgan State University, USA

Principal Topic

Social media platforms enable individuals to accumulate greater numbers of network contacts than normally possible with in-person network connections (Easley & Kleinberg, 2010), blur the line between strong and weak ties (Gilbert & Karahalios, 2009), exert influence on entrepreneurial cognitions (Fischer & Reuber, 2011), and alter the way entrepreneurs utilize network relationships. Since network ties are created and severed as needed (Granovetter, 1985; Kossinets & Watts, 2006), it is worth examining the role of online network connections in supplying social capital in the form of resources and support services to the entrepreneur at different stages of the venture creation process. In this paper, we draw on social capital theory to examine an entrepreneur's use of online social network ties throughout the venture creation process. More specifically, we examine the nature of social capital derived from varying degrees of network ties, and assess the resources obtained by entrepreneurs from network contacts during the process of new venture creation. We also examine the influence of an entrepreneur's perceived networking ability on the resources gained due to social capital derived from network ties.

Method

We use logistic regression models to examine resource acquisition from the social network connections of 488 entrepreneurs. We examined the moderating effect of venture creation stage on these relationships, highlighting the temporal nature of online social networks and the resource acquisition process.

Results and Implications

Our results suggest that entrepreneurs utilize social capital gained from online networks in ways that may differ from traditional networks. We found that frequent access to social media sites led entrepreneurs to tap into online resources for venture funding (i.e., weaker ties) at earlier stages of venture creation. We also identified a significant relationship between social media usage and the entrepreneur's perception of their networking ability. In short, our findings tell an interesting story of how entrepreneurs use online social networks to access resources critical to the process of new venture creation.

CONTACT: Isaac Addae; isadd1@morgan.edu; (T): 443-885-3285; School of Business & Management, Morgan State University, 1700 East Cold Spring Lane, Baltimore, Maryland, 21251.

SUMMARY

HARVEST AND AFTER: ENTREPRENEURIAL RECYCLING IN FAMILY FIRM PORTFOLIOS

Naveed Akhter, Jönköping International Business School, Sweden
Francesco Chirico, Jönköping International Business School, Sweden

Principal Topic

Entrepreneurial exit is an integral component of the entrepreneurial process. Yet entrepreneurs often fail to realize the gains from their harvesting activities (Dehlen et al., 2012). This study extends our understanding of entrepreneurial recycling which allows a firm to re-allocate and re-invest the harvested resources (Mason & Harrison, 2006). Although entrepreneurial recycling is viewed as an important element of the post exit process (DeTienne & Chirico, 2013), with few exceptions there is little research present on this phenomenon. This is especially interesting in the case of a special breed of entrepreneurs called portfolio entrepreneurs (DeTienne, 2010; Rosa, 1998) who own multiple businesses simultaneously and undertake multiple exits as compare to entrepreneurs who start and harvest a single venture only (MacMillan, 1986). Theoretical and empirical research suggests that the context of family firms has a profound impact on portfolio entrepreneurship as well as on entrepreneurial recycling strategies (Carter & Ram, 2003).

Method

Given the confines of extant theory, we conducted a multiple-case, inductive study (Yin, 2009) and investigated five portfolio family businesses from Pakistan. Through in-depth field data, we tracked how these firms have recycled their resources after exit to sustain both the family and the business.

Results and Implications

We find that family owners' engagement in the recycling process is influenced by specific factors that are; a) prior experience and learning, b) founders imprinting and path dependence. Regarding the potentially perceived result of the recycling process, our data reveals three main outputs; motivational, strategic and consequential. First, motivational - what family owners peruse as an objective to achieve. Second, strategic - what family owners see as evolving within the process. Third - consequential, what family owners see as a result of the process.

With these findings, our study offers some important contributions. First, we add new insights into post exit strategies in terms of entrepreneurial recycling. Second, we suggest a view of routes of exit, different than family succession, not as the failure of the family firm but as an intentional strategic decision to free up resources and re-direct them into new entrepreneurial activities. Third, we add to the resource management literature by shedding some light on the process of value creation.

CONTACT: Naveed Akhter; naveed.akhter@jibs.hj.se; (T): +46 (0)36-101816; Jönköping International Business School, Gjuterigatan 5, Jönköping, Sweden 55111.

SUMMARY

EARLY-STAGE INVESTORS' CRITERIA AND NEW VENTURE FINANCIAL PERFORMANCE: ARE THEY RELATED?

Luisa Alemany, ESADE-URL, Spain
Jaume Villanueva, ESADE-URL, Spain

Principal Topic

This research examines whether early-stage investors' evaluative judgments during the initial assessment process, especially those regarding key espoused investment criteria, are related to subsequent new venture performance. Despite more than three decades of research in this topic, there is little evidence not only on whether there is a relationship between the initial overall assessment of investors and new ventures' subsequent performance, but also on whether specific dimensions of these assessments, those that correspond with investors' most often espoused investment criteria (i.e. the management team, the product and the market), are related to new venture performance. In this study, we set out to explore these relationships.

Method

We use a unique set of proprietary data from one of the largest Business Angel Networks (BAN) in Spain, and combine it with the historical financial information of the new ventures, including data such as revenues, gross margin or number of employees. The information from the BAN has been collected using the GUST software (Angelsoft), starting in 2010. Entrepreneurs input the information related to the venture, including financial forecasts and investors have immediate access to the information to assess the venture. If they are interested in the venture they evaluate the potential of the market, the team, the product and the terms. Bimonthly, twelve companies are selected to present to the investment committee and the best six, are invited to one of the investment forums. Investors are then requested to evaluate the venture after the presentation. For this research, our total sample of ventures is over 900, out of which 233 are still alive and have presented their annual accounts to the public registry.

Results and Implications

We predict that those ventures that were assessed more highly in terms of the quality of the management team, the product or service, and the market, will demonstrate a higher level of performance. If our predictions are supported, the implication is that investors' evaluative judgments, and their specific espoused investment criteria, are related to subsequent new venture performance. Additionally, we examine whether investors' evaluative judgments change after seeing the presentation in the investment forum.

CONTACT: Luisa Alemany; luisa.alemany@esade.edu; (T): +34 932 806 162; (F): +34 932 048 105; ESADE Business School – Universitat Ramon Llull, Av. Pedralbes, 60-62, 08034 Barcelona, Spain.

SUMMARY

GROWING PAINS: EXTERNAL AND INTERNAL CHALLENGES AND NEW VENTURE GROWTH IN EMERGING ECONOMIES

Wafa N. Almobaireek, Princess Nourah bint Abdulrahman University, Saudi Arabia
Ahmed A. Alshumaimeri, King Saud University, Saudi Arabia
Tatiana S. Manolova, Bentley University, USA

Principal Topic

We take a "liability of newness" perspective (Stinchcombe, 1965) to explore the effects of external threats and internal deficiencies on entrepreneurial ventures' growth in emerging economies. Our baseline expectations are that both (H1a) External challenges and (H1b) Internal challenges will be negatively associated with new venture growth. However, we argue that their relative importance will change along entrepreneurial ventures' early histories, such that: (H2a) The association between external challenges and new venture growth will be stronger earlier in the life of the new venture, while (H2b) The association between internal challenges and new venture growth will be stronger later in the life of the new venture.

Method

To test our hypotheses, we use data from a nationally representative large scale survey of the state of small business in Saudi Arabia, commissioned in 2011 by the Saudi Ministry of Labor (n = 1222). Growth is measured as the percentage increase in full-time employees between the start of the firm and the time of the survey. Internal challenges are measured using six five-item Likert-type scaled questions (completely disagree to completely agree with a defined neutral point), loading on a single factor (coefficient Alpha = 0.818). External challenges are also measured using six five-item Likert-type scaled questions, loading on a single factor (coefficient Alpha = 0.724). The hypotheses are tested using hierarchical OLS regression specifications, controlling for industry, new venture, and entrepreneur effects.

Results and Implications

We find that both internal and external challenges are negatively associated with growth. The relationship between internal challenges and business growth is stronger for more established entrepreneurial ventures, while the relationship between external challenges and business growth is stronger for new ventures. Taken together, our findings indicate that to better understand the effects of the liability of newness in emerging economies, we need to disentangle its sources, and track its temporal dynamics. Our study contributes to the conversation on the multi-faceted nature of the "liability of newness" concept (Choi and Shepherd, 2005; Lohrke et al., 2009), using fresh empirical evidence from a relatively less well-researched context.

CONTACT: Tatiana S. Manolova; tmanolova@bentley.edu; (T): 781-891-2198; (F): 781-891-2896; Bentley University, 175 Forest St., Waltham, MA 02452, USA.

SUMMARY

THE MEDIATION EFFECT OF ORGANIZATIONAL ENVIRONMENT ON CORPORATE VENTURING ACTIVITIES: AN INDIVIDUAL PERSPECTIVE

Eissa E. Alrumaithi, Orkestra-Basque Inst. of Competitiveness & Deusto Business School, Spain
Maribel Guerrero, Orkestra-Basque Inst. of Competitiveness & Deusto Business School, Spain
Iñaki Peña, Orkestra-Basque Inst. of Competitiveness & Deusto Business School, Spain

Principal Topic

The past global financial crisis represented a strategic game changer for most organizations. Severe resource constraints and unpredictable market conditions created significant challenges for organizational survival based on innovation and venturing activities. This study adopts the perspective of corporate venturing (CV), which is defined as the creation of start-ups “from” and “for” an existing organization based on ideas proposed by employees. Therefore, CV is considered an important driver of competitive advantages and performance for existing organizations. Traditionally, corporate entrepreneurship literature considered the organizational environment as one of the key determinants of entrepreneurial activities within an organization. Empirically, the direct effects of certain characteristics of organizational environments and employees’ human capital on the CV have been analyzed at the organizational level. However, insights concerning the possible mediation effect of organizational environments on CV at the individual level are limited. Adopting entrepreneurial action, human capital and corporate entrepreneurship approaches, we argue that external uncertainty of economic scenarios could affect certain characteristics of organizational environments inside existing organizations.

Method

Data was collected from the 2012 Global Entrepreneurship Monitor (GEM) Adult Population Survey (APS). The sample used in this study consisted of 5,274 observations of full-time employees between the ages of 30 and 60 years old. The dependent variable, *corporate_ venturing*, takes value 1 if a full-time employee create a start-up “from” and “for” an existing organization, and 0 otherwise. The main independent variables are *human capital (higher_education, entrepreneurship_training)* and *organizational environment (job_autonomy).* Due to the nature of the dependent variable *corporate venturing*, binary mediation model was used to test our hypotheses.

Results and Implication

Preliminary results evidence the relevant role of specific human capital (entrepreneurship education/training) and organizational environment (job autonomy) on the probability that an employee leading the creation of start-ups “from” and “for” existing organizations. In particular, it is evidenced the mediation effect of job autonomy on the propensity of an employee with a prior entrepreneurship education creates start-ups “from” and “for” his/her employer. This result confirms our hypothesis and complements the previous findings about the role of entrepreneurship education and job autonomy on entrepreneurial activities.

CONTACT: Eissa Alrumaithi; Eissa.alrumaithi@orkestra.deusto.es; (T):+34942297327; (F):+34943279323; Orkestra-Basque Institute of Competitiveness. Deusto Business School, Mundaiz 50, Donostia-San Sebastian, Spain.

SUMMARY

THE CO-CREATION OF ENTREPRENEURSHIP AND THE ENVIRONMENT: CUBA AND THE CUBAN PALADARES

Sharon A. Alvarez, University of Denver, USA
Jay B. Barney, The University of Utah, USA
William R. Stromeyer, The Ohio State University, USA

Principal Topic

In September 1993, the Cuban government authorized for the first time limited self-employment. This government decree accidentally resulted in a boom in home-based restaurants, called Paladares, in Havana. One of the great Cuban paradoxes is that during the last 50 years in which market-oriented entrepreneurship was effectively prohibited, a nation of entrepreneurs was created. Using process theory of opportunity creation this paper examines how the iterative process of forming an opportunity simultaneously changes the entrepreneur and the context in which the opportunity is embedded.

Method

This paper elaborates on the emergent theory of opportunity processes by refining existing categories and relationships using an in-depth historical case study of the Cuban Paladares. The rationale for using a single in-depth case study is that it can represent a critical case in accommodating existing theory that has articulated a set of propositions. Opportunities emerge over time, not in a static moment, and the examination of their processes is amenable to longitudinal historical case data.

Results and Implications

This paper addresses the fundamental question—where do markets come from? The data shows how the cumulative effects of entrepreneurial processes can be the seeds from which new markets emerge. If markets are viewed as socially constructed, entrepreneurs use action not to align with a "true" reality but rather to construct, deconstruct, and reconstruct existing realities so as to bring about novel markets. In this view, the act of the entrepreneur is an exogenous shock that can form new markets.

Traditional definitions of markets have focused on supply and demand between firms and customers, largely ignoring the behaviorally relevant aspects. Alternatively, examining these behavioral aspects focuses attention on actors' relationships and the generation of new knowledge among firms, customers, and the communities in which they are embedded. In this view, markets are socially constructed arrangements among actors who evolve roles by observing each other's behavior and engaging in conversations. Thus a market is a meaningful conceptual system that is shared among producers of products and services and interested audiences through an accepted vocabulary.

CONTACT: Sharon Alvarez; Sharon.alvarez@du.edu; (T): 303-871-3919; Department of Management, Daniels College of Business, Daniels Hall 458, 2101 S. University Blvd., Denver, CO 80208-8921.

SUMMARY

FIRM ENTRY AND PERFORMANCE AMONG OLDER ENTREPRENEURS

Miguel Amaral, Instituto Superior Técnico, University of Lisbon, Portugal
Catarina Matos, Instituto Superior Economia e Gestão, University of Lisbon, Portugal

Principal Topic

What are the main determinants of entrepreneurship among older individuals? Are older entrepreneurs (usually endowed with more tangible and intangible resources) capable of generating higher firm size and growth than younger entrepreneurs? Continuous improvement in public health and social well-being has been extending workers' life expectancy and triggering important demographic and socioeconomic trends. Consequently, labor market participation and entrepreneurship among the ageing population becomes a challenge for policy makers and a major research topic for scholars. A number of theoretical and empirical studies have focused on entrepreneurship at older ages; however, different concepts and disconnected theories on the topic still persist. Furthermore, the majority of empirical studies are cross-sectional and few papers focus on transitions into entrepreneurship and entrepreneurial performance among older workers.

This research aims at investigating the entrepreneurial life cycle of older individuals (+50years), by assessing their likelihood of becoming entrepreneurs and the subsequent performance of their firms in the market, measured through firm size and growth.

Method

Data originates from a matched employer-employee micro data set for Portugal accounting for over 1.5million individuals and spanning up to 20 years. The analysis draws on occupational choice and human capital theories in order to explain differences between the groups of younger and older individuals.

We track firms and older individuals over time (1986-2009). Yearly data include: gender; age; hierarchy; tenure; education; skills. Firm data is available on size, age, industry. A hazard model of transitions is estimated, with a log-log discrete specification. A Multinomial logit specification is used to analyze the likelihood of being an employer versus a non-employer. Fixed effects and differences-in-differences models are applied to investigate variations in performance (firm size and growth) among different age groups.

Results and Implications

Results show that the probability of switching from paid employment to entrepreneurship is very significant and positively correlated with age. The relationship is ultimately curvilinear, since there is a significant negative effect for the squared value of age. Taking as a reference the absolute sizes of coefficients, our preliminary results show that the effect of age on the probability of switching from paid employment to business ownership becomes negative for individuals who are around 50 years old. Very few studies have developed a systematic approach to senior entrepreneurs. Rigorous research addressing this particular setback is critical for socioeconomic development and the potential for academic and public policy contributions is considerable.

CONTACT: Miguel Amaral; miguel.amaral@tecnico.ulisboa.pt; (T) +351.218.419.826; (F) +351.218.496.156; Instituto Superior Técnico, DEG, Av. Rovisco Pais, 1049-001 Lisbon, Portugal.

SUMMARY

A GLOBAL INVESTIGATION OF THE INFLUENCE OF INSTITUTIONAL RISK FACTORS ON THE ENTREPRENEURIAL ORIENTATION-FIRM GROWTH RELATIONSHIP

Brian S. Anderson, University of Colorado-Boulder, USA
Patrick M. Kreiser, Ohio University, USA
R. Duane Ireland, Texas A&M University, USA

Principal Topic

In this study, we offer new theoretic rationale to explain how entrepreneurial orientation (EO) contributes to firm growth. We propose that EO exhibits an inverse U-shaped relationship with firm growth, predicated on the argument that a constrained number of new entrepreneurial opportunities imply a finite limit to a firm's growth prospects. Capitalizing on the global nature of our research design, we introduce a new boundary condition to the EO conversation--the macroeconomic risk in a firm's home country.

Method

We collected data from the Compustat Global database, extracting financial data on all firms in the database for the years 2000-2009. The final sample contained 18,042 firms in 75 countries spanning 59 industries (98,742 firm-year observations).

We employed a multiple-indicator measure of firm growth constructed as a reflective measure drawn from the first common factor extracted from a firm's industry-adjusted annual sales growth rate, earnings growth rate, net worth growth rate, and operating cash flows growth rate. Building upon the work of Miller and Le Breton-Miller (2011), we measured EO as a reflective composite calculated by extracting the first common factor between the industry-adjusted indicators of innovativeness (research and development intensity); proactiveness (retention ratio); and risk-taking (variance in return on assets). We obtained the macroeconomic risk measure from the International Country Risk Guide published by the PRS Group ([ICRG] www.prsgroup.com).

Results and Implications

We used a multi-level, mixed-effects estimator to evaluate our research model. Our results suggest that EO exhibits an inverse U-shaped relationship with firm growth. Furthermore, macroeconomic risk significantly influences the rate of change in the EO-firm growth relationship.

We make three primary contributions to the entrepreneurship literature. Our first contribution is to ground EO within the context of an opportunity exploitation rubric whereby EO contributes to firm growth as a function of exogenous and endogenously derived entrepreneurial opportunities. Our second contribution is to clarify the non-monotonic effects of EO on firm growth. Our third contribution is to introduce a previously unexplored hierarchical boundary condition to the EO literature by explicating how the national institutional environment influences the EO-firm growth relationship.

CONTACT: Patrick M. Kreiser; Kreiser@ohio.edu; (T): 740-597-3045; 304 Copeland Hall, Ohio University, Athens, OH 45701.

SUMMARY

DISTINCTLY DISTANT: GEOGRAPHIC AND COGNITIVE DISTANCE IN CROWDFUNDED MICROLENDING

Aaron H. Anglin, University of Oklahoma, USA
Thomas H. Allison, University of Oklahoma, USA
Lawrence A. Plummer, University of Oklahoma, USA
Lowell W. Busenitz, University of Oklahoma, USA

Principal Topic

This study examines the assumptions of geographic proximity germane to the entrepreneur-investor dyad in the context of crowdfunded microfinance. Research has suggested that entrepreneurs and investors form geographic clusters due to monitoring costs and investor involvement in management (Chen et al., 2010). In crowdfunded microfinance, monitoring is often conducted by third parties and, thus, investors' monitoring costs are low and uniform. Therefore, it is unlikely that the traditional geographic proximity relationships hold. We investigate the role of distance in funding outcomes for high-poverty entrepreneurs seeking crowdfunding. Cognitive distance suggests that geographic distance can have a positive effect on organizational outcomes due to the creation of novelty. Thus, we hypothesize that increasing geographic distance between investors and entrepreneurs will be positively related to funding outcomes for high-poverty entrepreneurs. Because microlending is a value driven phenomena we propose value orientation alignment as a means of selection.

Method

Using data from approximately 4,500 entrepreneurs obtained from Kiva, we estimate the effects of distance on the speed of funding. We content analyze entrepreneur funding appeals, facilitator descriptions, and the reasons for lending given by the lender to extract the value orientation of each party. We use the organizational value orientation construct to capture value orientations, (e.g., Payne et. al, 2011). We control for country, loan characteristics, and industry effects in the analysis.

Results and Implications

As we predicted, we find that increasing geographic distance has a positive effect on fundraising outcomes. This finding is consistent with our cognitive distance hypotheses and contrary to what the traditional view of geographic proximity would predict. We argue that lending to high-poverty entrepreneurs who are farther away creates novelty that social lenders find appealing. We find support for the integrity dimension of value orientation in facilitating the speed of the loan. Our results suggest that when the integrity of the party administering the loan matches the lender's espoused integrity, then the lender is more comfortable in making the loan, which leads to better fundraising performance for the entrepreneur.

CONTACT: Aaron H. Anglin; aaron.h.anglin-1@ou.edu; (T): 919-491-2431; (F): 405-325-7688; University of Oklahoma, Michael F. Price College of Business, Adams Hall Room 206, 307 W Brooks Street, Norman, OK 73019, USA.

SUMMARY

UNDERSTANDING THE DRIVERS OF SOCIAL INNOVATION: SOCIAL ENTREPRENEURS, COMMERCIAL ENTREPRENEURS, OR BOTH?

Sergey Anokhin, Kent State University, USA
Kostas Alexiou, Kent State University, USA

Principal Topic

Social innovation is a subject of growing interest to policy makers and private initiatives alike, yet this phenomenon remains largely unexplored by the scholarly community. As such, developing a conceptual framework and unpacking the determinants of social innovation is a goal of considerable importance. Extant research has shown that entrepreneurs are important agents in the process of innovation; can a parallel relationship exist whereby social entrepreneurs drive social innovation? In this study, we develop a conceptual framework for social innovation lending itself to empirical operationalization. To do so, we define social innovation as *new ways of combining existing resources more efficiently in order to improve the local quality of life*. We also test a series of hypotheses predicting the impact of both social and commercial entrepreneurship on social innovation, as well as the moderating effect of a region's relative wealth.

Method

The data for this study covers 88 counties in the State of Ohio from the period 2000-2012. Social innovation is operationalized by computing a Malmquist Productivity Index for each county, an approach recently adopted by the entrepreneurship literature to capture innovation. By observing the changes in efficiency with which counties convert comparable inputs into socially desirable outputs, social innovation can be inferred. To address violations of certain assumptions on which subsequent statistical models are based, we dichotomize the dependent variable into socially innovative and non-innovative counties. We then employ a panel version of the probit model to regress social innovation on social and commercial start-up rates, the interaction of these predictors and relative wealth (per capita income), and a wide range of control variables such as the effect of various tax structures, government expenditures, and non-profit support.

Results and Implications

The analysis shows that social entrepreneurship positively affects social innovation, especially in low-income counties. At the same time, commercial entrepreneurship rates appear to exert negative impact on social innovation. The effect is particularly pronounced in low-income counties. Our findings have non-trivial implications for policy makers interested in addressing social issues.

CONTACT: Sergey Anokhin; sanokhin@kent.edu; (T): 330-672-1150; Department of Marketing and Entrepreneurship, College of Business Administration, Kent State University, 475 Terrace Dr., Kent, OH 44242-0001.

SUMMARY

DEPENDING ON THE INDEPENDENT: AN ANALYSIS OF BOARD INDEPENDENCE IN SOCIAL VENTURES

Sophie Bacq, Northeastern University, USA
David Gras, Texas Christian University, USA

Principal Topic

Board independence—the proportion of board members "with no personal or professional relationship to the firm or firm management" (Daily & Dalton, 1993: 69)—has been a salient and enduring facet of organizational research for decades. Building upon agency theory precepts, scholars have generally argued for a positive effect of board independence on executive monitoring and firm performance. However, the vast majority of work on board independence resides within the context of large and well-established for-profit organizations. We study the effect of board independence on performance within nonprofit organizations. Notably, since nonprofits do not have shareholders, they are technically "owned" by Society and the notion of principal is ill defined. Thus, the agency theory assumption that agents report to principals and act in favor of their interests does not hold. Yet, we expect that when an independent board emerges to monitor the agent, agency costs decrease and the survival rate of the organization increases. Further, we expect that social entrepreneurship—the degree to which nonprofits engage in the sale of goods and services (Gras & Mendoza-Abarca, forthcoming)—will positively moderate this relationship.

Method

We employ Cox proportional hazard models and panel regressions to test our hypotheses on a sample of roughly 20,000 Canadian charities, based on data from 2005 to 2010. We capture social venture performance through organizational survival (ceased filing the tax form), and agency costs through the amount of administrative expenses incurred by the organization.

Results and Implications

On the whole results indicate that higher board independence both decreases administrative costs and increases the survivability of nonprofits. Moreover, higher levels of social entrepreneurship strengthen both of these relationships. Thus, we find that the agency theory entails a degree of applicability to the nonprofit sector and that the more business-like the nonprofit, the more agency theory expectations hold. We formulate several important future research questions to extend this fruitful line of inquiry. Moreover, with regard to practice, we identify a salient predictor of new social venture performance and provide a useful benchmark in the extent to which independent board members should be employed.

CONTACT: Sophie Bacq; s.bacq@neu.edu; (T): 617-373-4161; Northeastern University, D'Amore-McKim School of Business, 360 Huntington Avenue, Boston, MA 02115, USA.

SUMMARY

THE EFFECT OF SOLICITING ADVICE IN PRE-START UP PHASE ON VENTURE'S SPEEDING PRODUCTS TO MARKET

Tae Jun Bae, University of Louisville, USA
ShanShan Qian, University of Louisville, USA
Robert P. Garrett, Jr, University of Louisville, USA

Principal Topic

Does the advice seeking behavior of entrepreneurs prior to starting new businesses affect the subsequent speed to market of the new venture? While a few scholars have studied the effects of various pre-startup activities, such as business network (Davidsson & Honig, 2003), home-base location choice (Brush et al., 2008), and unique sets of activities (Newbert, 2005) on the early ventures' speed to market, little is known about the effect of advice seeking behavior as an important gestation activity on speed to market. This motivates us to ask the research question: How and to what extent is a new venture's speed to market influenced by an entrepreneur's advice seeking behavior prior to and at the time of start-up? We develop and test hypotheses based on two dimensions of advice seeking: (1) frequency and (2) breadth. Specifically, we hypothesize an inverted U-shaped relationship between the level of advice seeking frequency and a new venture's fast achievement of its first sale. In addition, breadth of advice seeking positively moderates the curvilinear relationship between advice seeking frequency and fast achievement of first sale.

Method

We collected survey data from 156 high-technology venture companies in South Korea (n=106) and China (n=50). The total usable response rate was 18.6%. Hypotheses were tested using OLS hierarchical regression.

Results and Implications

The results of the analysis indicate that an increase of advice seeking frequency is positive to a certain level for fast achievement of a venture's first sale. However, beyond that level the speed to first sale declines. Moreover, we found both the positive and the negative slope of the relationship between advice seeking frequency and speed to market to be steeper for ventures with entrepreneurs seeking advice more broadly. Theoretically, we extend scholarly understanding of critical entrepreneurial behaviors. Although advice seeking behavior is a main part of processes of information search in new venture creation (Cooper et al., 1995), little attention has been paid in examining the effect of advice seeking behavior. This research also contributes to prior literature by providing empirical evidence of the too-much-of-a-good-thing effect (TMGT effect, Pierce & Aguinis, 2013) of advice seeking behavior. We show too much solicited advice can delay ventures' speed to market, and the nature of this phenomenon is affected by conditions of more diverse advice sources chosen.

CONTACT: Tae Jun Bae; taejun.bae@louisville.edu; (T): 502-852-4828; College of Business, University of Louisville, Louisville, KY 40292, USA.

SUMMARY

THE PARADOX OF AMBIDEXTERITY: BALANCING THE BENEFITS AND PERILS OF EXPLORATION, EXPLOITATION AND LEARNING FROM FAILURE

Jennifer Bailey, Babson College, USA
Manpreet Hora, Georgia Institute of Technology, USA
Cheryl Gaimon, Georgia Institute of Technology, USA

Principal Topic

Two competing views exist on the most effective strategy for improving the successful exploration of new knowledge, while mitigating the associated high levels of uncertainty and failure. One view advocates pursuing an ambidextrous strategy, defined as the simultaneous pursuit of both exploration and exploitation. However, another view suggests that, instead of pursuing exploitation to reduce the risks of exploration, innovators should embrace the uncertainty associated with exploration. It is argued that, while exploration may lead to failure in the short-term, failures improve the likelihood of generating innovation breakthroughs in the long-term. This notion is promoted in the often-cited mantra: "fail fast, fail often". However, while the benefits of learning from failure are lauded, empirical evidence to support this claim is sparse. This paper contributes to a more nuanced understanding of the relationship between ambidexterity and learning from failure.

Method

Our sample is based on patents in the biomedical device industry drawn from the NBER database. The sample consists of 13,464 patents granted to 3390 assignees. For each assignee, we also collect five years of patenting history for generating measures related to prior failure experience and prior success experience. We estimate the impact of exploration, exploitation, prior failure experience and prior success experience, and the associated interaction effects, on the likelihood of generating a breakthrough.

Results and Implications

Our results provide insights on the relationship between ambidexterity and learning from failure. First, we demonstrate that exploration increases the likelihood of generating a breakthrough, while the opposite is true for exploitation. Second, we find a negative interaction effect between exploration and exploitation, highlighting the challenge of pursuing ambidexterity. We do not find a direct benefit of learning from prior failure experience. However, we demonstrate that prior failure experience and exploitation are jointly necessary, but not independently sufficient, for learning from failure to occur. Although we find that learning from failure occurs with exploitation, we also demonstrate that prior failure experience may lead to an "exploration failure trap". Our results illustrate that an effective ambidextrous strategy necessitates a delicate balancing act between exploration, exploitation, and learning from failure.

CONTACT: Jennifer Bailey; jbailey@babson.edu; (T):781-239-4613; Babson College, Technology, Operations and Information Division, Gerber Hall 207, Babson Park, MA 02457.

SUMMARY

STEPPING IN AND STEPPING OUT: ENVIRONMENTAL AND BEHAVIORAL INFLUENCES ON THE TIMING OF ENTREPRENEURIAL ENTRY AND EXIT

Rene M. Bakker, Queensland University of Technology, Australia
Scott R. Gordon, Queensland University of Technology, Australia

Principal Topic

Entrepreneurial entry (taking a business venture to market) and exit (abandoning a business venture) are among the most central actions entrepreneurs take (Schumpeter, 1942). Extant research largely explores factors influencing *whether* or not new firms enter or exit the economy, rather than explaining *when* this happens. Yet the *timing* of these actions may be critical for eventual outcomes (Gersick 1994). It may be valuable for entrepreneurs to defer entry or exit until comparatively more information becomes available and uncertainty reduced (Dixit and Pindyck 1995; Parker and Belghitar 2006). However, waiting can be costly as many opportunities have limited "windows" and competition dictates that faster acting companies enjoy advantages (Bourgeois and Eisenhardt 1988; Kownatzki, Walter, Floyd and Lechner 2013). Given these opposing forces, what factors determine the timing of entry and exit? To answer this we focus on two key factors: *venture adaptation* and *environmental uncertainty*. Venture adaptation is an important driver of performance in entrepreneurial settings subject to constant change (Sarasvathy, 2001; Zahra, Sapienza & Davidsson, 2006). Yet adaptation can be costly, as it involves changing organizational routines (Carter, 1990) and redeployment of resources. Hence adaptation may delay both entry as well as exit. Higher levels of uncertainty make it more difficult for decision makers to envision future action paths (Beckman, Haunschildt & Philips, 2004), thus delaying entry. As regards exit, however, the opposite may occur as more uncertain environments are generally perceived as less hospitable (Beckman et al., 2004) thus speeding up exit. Further, we expect uncertainty moderates the relationship between venture adaptation and the timing of entry and exit.

Method

We combine data from two unique datasets to explore timing in the entrepreneurial process. First, we use data from a venture level panel-study of early entrepreneurial activity (Davidsson, Steffens, & Gordon, 2011) to establish timing of market entry and firm exit. Second, we make use of economy-wide data from the Australian Bureau of Statistics to establish industry level characteristics of the environment. The data-sets are linked by industry to facilitate a within industry and between venture research design. Finally, we use repeated measures cox proportional hazards regression to analyse the timing of entry and exit.

Results and Implications

We believe our study holds a number of implications. Most importantly, focusing on adaptation, the environment and their moderation effect on the timing of entry and exit sheds new light on how actors (ventures) and opportunity structures (environment) interact to produce outcomes, hence contributing to the nexus theory of entrepreneurship (Shane, 2003).

CONTACT: Scott Gordon; sr.gordon@qut.edu.au; (T): +617-3138-2499; (F): +617-3138-5250; Australian Centre for Entrepreneurship Research, QUT Business School, Queensland University of Technology, GPO Box 2434, Brisbane 4001, Australia.

SUMMARY

HOW CRITICAL CUES INFLUENCE ANGELS' INVESTMENT PREFERENCES

Lakshmi Balachandra, Babson College, USA
Harry Sapienza, University of Minnesota, USA
Dennie Kim, University of Minnesota, USA

Principal Topic

Research suggests that investment decisions are typically based on investors' intuition (Zacharakis & Shepherd, 2001). Yet little is known about intuition formation. We posit that angels' "intuition" is influenced by similarities between angels and entrepreneurs (Franke, et al 2006) and by certification and receptivity cues observed during initial pitches. We posit an ego-focused process wherein investors note their similarities to the entrepreneurs, whether or not the entrepreneurs are known to other angels, and whether the entrepreneurs appear congenial to work with. Our objective is to shed light on how initial processes at the pitch stage lay the ground work for a longer working relationship between investors and entrepreneurs. Specifically, we use social identity theory to illustrate one dimension of evaluations about which investors may not be fully aware: the level of similarity between themselves and the focal entrepreneur. Further, we illustrate how investors aim to reduce perceived behavioral uncertainty by considering whether the entrepreneur has an angel "sponsor" as well as whether the entrepreneur provides signals during the pitch that s/he will be easy to work with. We test our hypotheses using the immediate reactions of angel investors to actual pitches; we have captured pre- and post-presentation investor evaluations to aid in our assessment.

Method

We utilize four types of data: (a) background information from angels on their startup, industry, and investing experience, (b) written descriptions provided by entrepreneurs on the domain of their startup, (c) assessments made by angels on the perceived "coachability" of the entrepreneurs, and (d) behavioral coding of the body language and responses of entrepreneurs during the question and answer portion of their presentations by third party raters. Based on similarity characteristics and social identity theory, we created a specific coding scheme of qualities of the entrepreneur and of the angel investor. Additionally, two trained research assistants independently coded the videos of the presentations on a coding scheme consisting of 5 categories. Our dependent variable was the rating of investors' interest in the opportunity; in particular, we have interest rated before and after the presentations to reveal any changes in views.

Results and Implications

Our data contribute to understanding early stage investment decisions. We find that similarity, certification, and coachability all contribute to investor judgments. Our findings provide insights of both theoretical and practical value.

CONTACT: Lakshmi Balachandra; lbalachandra@babson.edu; (T): 781-239-6446; (F): 781-239-4178; Babson College, Babson Park, MA 02457-0310.

SUMMARY

MOTIVATIONS, BEHAVIORS, AND SATISFACTION OF ENTREPRENEURIAL MENTORS

Michael Begelfer, University of Missouri-Kansas City, USA
Mark Parry, University of Missouri-Kansas City, USA

Principal Topic

One critical factor in the success of entrepreneurial ventures is access to experienced mentors who provide both advice as well as access to their own entrepreneurial. The goal of this paper is identify those motivations which prompt entrepreneurial and non-entrepreneurial mentors to volunteer their time with formal mentoring organizations (FMOs), and examine the relationship between these motivations and (1) mentor behavior and (2) mentor satisfaction.

Some motives are related to the mentor's own entrepreneurial goals, including the desire to (1) increase one's visibility and the perceived legitimacy of one's own venture, (2) expand one's entrepreneurial network, and (3) identify investment and consulting opportunities. Other motives that are not related to a mentor's entrepreneurial goals are also important, including (4) altruism (the desire to help others and the desire to give back), (5) learning, and (6) self-enhancement. We will refer to the first set of motivations as Extrinsic motivations, and the second as Intrinsic motivations. Because intrinsic motivations can be satisfied (at least in part) by the process of interacting with mentees, we expect Intrinsic motivations to have a stronger relationship both with the time mentors spend with mentees and the satisfaction mentors have with the mentee relationships.

Methods

Our data has been collected from a survey of mentors in an FMO at a large Midwestern university. Our analysis will utilize SEM to isolate relationships among mentor types (developed by analysis of mentor survey responses), program structures, and mentor responses to program participation, such as satisfaction and retention.

Contribution

Our research will contribute to the academic literature by (1) developing and validating a scale for measuring mentor motivations and (2) providing insight into the relationship between mentor motivations, mentor interactions with mentees, and mentor satisfaction. Our findings should also provide insight into the management of formal mentorship programs. In particular, our findings should help these programs screen potential mentors, and assess mentor-program fit so to facilitate improved assignment of mentors to ventures. In addition, our analysis will also provide important program design questions to improve a program's ability to attract and retain mentors.

CONTACT: Michael Begelfer; mbegelfer@umkc.edu; (404) 933-9900; 329E BEH, University of Missouri-Kansas City, 5108 Cherry Street, Kansas City, MO 64110.

SUMMARY

MOVING TO THE NEXT PROJECT? CAPTURING TRANSITION PERFORMANCE IN A CORPORATE ENTREPRENEURSHIP SETTING

Judith Behrens, Technical University Munich, Germany

Principal Topic

Product development research has focused on the action phases of specific projects and relatively ignored the transition between projects. We complement the research on action phases by theorizing and testing a transition model of product development. By building on learning and motivation literature we extend the models of project transitions by theorizing on the factors that link transitions to project performance. We test our model using multi-level structural equation modeling and a longitudinal data set. Finally, although the notion of transition has been recognized as important there has been little empirical testing of its consequences and antecedents. A possible reason for this lack of empirical research is the absence of a valid measure. This study developed and validated the *Transition Effectiveness Scale* which measures the performance of the transition from one entrepreneurial project into another.

Method

For the new scale, the rigorous and much applied development process outlined in Hinkin (1998) and Netemeyer, et al. (2003) was applied. More precisely, it is necessary to expose the new scale to multiple independent samples. In the first step items were based on an extensive literature review and discussed with industry experts regarding relevance and understandability. For pre-testing the new scales and item reduction the questionnaire was distributed to a sample of university researchers. Second, for validation of the results a sample of R&D project teams in large organizations were surveyed. In total 438 managers participated in the study. After the participants have transitioned to a new project, 200 managers participated in a follow up study.

Results and Implications

We find that the relationship between the nature of the transition and project performance is fully mediated by empowerment, affective commitment, and work stress. Specifically, although the indirect paths through empowerment and affective commitment were positive on performance the indirect path through work stress was negative. Therefore, as expected transition reduced work stress but contrary to expectations work stress had a positive relationship to performance. The new constructs enables researchers and practitioner to gain a deeper and more complete understanding on how managers successfully move forward and improve organizational success in an entrepreneurial setting.

CONTACT: Judith Behrens; judith.behrens@tum.de, (T): +49/8928926750; (F): +49/8928926747; Chair of Entrepreneurship, Technical University Munich, Karlsteet 45, 80333 Munich.

SUMMARY

ANTECEDENTS OF ENTREPRENEURIAL ORIENTATION: TESTING THE IMPACT OF ENGAGEMENT AND EXTRA-ROLE BEHAVIORS

Olga Belousova, University of Groningen, The Netherlands
Aard J. Groen, University of Twente, University of Groningen, The Netherlands
Benoît Gailly, Université catholique de Louvain, Belgium

Principal Topic

Research suggests that entrepreneurial orientation (EO) may have a positive impact on the organizational performance (Rauch et al., 2009). It is, therefore, surprising, how little we know about the way EO is formed within organizations (Anderson and Eshima, 2011) and what causes its potential heterogeneity across the business units (Wales et al., 2011), as this knowledge is needed to understand how firms may foster, develop and maintain the desired level of EO.

In this paper we investigate whether the heterogeneity of EO manifestations may be linked to the business unit employees' work engagement and their extra-role voice behaviors. We argue that if a company expects entrepreneurial activities from its employees, the challenge for the management is to instill the personal emotional and cognitive engagement among them. We believe that along with engagement a business unit EO is unthinkable without the possibility of employees to voice their suggestions and improvements. We find partial confirmation for our hypotheses and show that for managers and staff the mechanism works differently.

Method

The study is conducted on a sample of business units from an industrial company observed at two different points of time. This approach is used to separate in time the suggested antecedents and the level of business unit's EO, while reducing the variation potentially caused by observing different companies. We perform the analysis at the level of management and the level of organizational members (staff) separately. The primary tool of the analysis is structural equation modelling.

Results & Implications

We find that the different levels of management step onto the entrepreneurial path for different reasons: while for the managerial level a cognitive engagement seems to play a role, the staff members need to be emotionally engaged with the company to start making suggestions which would lead to the higher entrepreneurial orientation of the firm in the future.
This research has further a practical, or managerial, contribution is that the study increases our understanding of the role of engagement of employees in organization and suggests that rather than being a goal in itself, engagement may become an instrument in the hands of the top managers who lead their organizations towards being more entrepreneurial.

CONTACT: Olga Belousova; o.belousova@rug.nl; (T): 031- 050 - 363 – 2637 ; University of Groningen, School of Economics and Business, PO Box 800, 9700AV, Groningen, the Netherlands.

SUMMARY

ACADEMIC SPIN-OFFS PERFORMANCE: THE IMPACT OF THE CORE ACADEMIC ENTREPRENEURIAL TEAM REVEALED

Cyrine Ben-Hafaïedh, Groupe ESC Troyes, France
Alessandra Micozzi, University Politecnica delle Marche, Italy
Pierpaolo Pattitoni, University of Bologna, Italy

Principal Topic

Academic spin-offs (ASOs) are particular new technology-based firms originating from public or university-based research institutions. One of their major challenges is to integrate scientific knowledge with the commercial knowledge in the entrepreneurial team (ET). The effect of ET composition on ASO performance has generally been examined through human capital theory or upper echelons theory. These traditional approaches have their merits and generally conclude to the necessity to add surrogate (external) entrepreneurs to the core team of academics. However, this would create a faultline, i.e. a divide between these two subgroups that negatively impacts team processes, and might explain why these artificially created ETs are not as successful as expected. We argue that a combination of these different lenses on ET composition and its relationship with performance may lead to a better understanding.

Method

Drawing on the human capital and upper echelons theories on the one hand and on the faultline theory on the other, we develop interaction hypotheses to test for their combined effect on a sample of 172 Italian ASOs. Furthermore, because of the duality of the strategic orientations present in ASOs following the two main subgroups composing the ET, we appreciate new venture performance in two ways, research-oriented (innovation) and market-oriented (sales growth).

Results and Implications

Overall, our findings extend the literature on the impact of ETs in ASOs by demonstrating the importance of diversity elements in the core academic ET that have been overlooked, and by nuancing its supposed non-commercial orientation. Moreover, we demonstrate the necessity to take into consideration concomitantly intra- and inter-ET subgroups diversity as it is mainly the presence or the absence of practitioners that reveals the impact of compositional dimensions of the core ET on ASO performance. Finally, the interplay between the composition of the core academic ET and the presence (or absence) of surrogate entrepreneurs allows us to stress the importance of cognitive distance optimizers, key to ASOs performance. We show they contribute not only to prevent the negative effects of diversity but also to create the preconditions for the positive effects, which are two important facets of team composition studies.

Our contributions have theoretical implications for team composition studies in general as well as for the faultline theory per se. Our research may also provide some guidance and insight to Technology Transfer Officers and any stakeholder that may have an interest in helping ASO ETs form or predicting their future performance.

CONTACT: Cyrine Ben-Hafaïedh; cyrine.ben-hafaiedh@get-mail.fr; (T): +33 325 712 280; Innovation, Entrepreneurship, & Strategy Department, Groupe ESC Troyes (Champagne School of Management), 217 Avenue Pierre Brossolette, 10000, Troyes, France.

SUMMARY

DOES ENTREPRENEURSHIP EDUCATION CHANGE STUDENTS' ATTITUDE TOWARDS BEING AN ENTREPRENEUR? THE MODERATING EFFECT OF FAMILY SUPPORTIVENESS

Heidi Bertels, The City University of New York, USA
Peter Koen, Stevens Institute of Technology, USA
Norris Krueger, Entrepreneurship Northwest, USA
David Rivera, William Patterson University, USA

Principal Topic

Following the theory of planned behavior (Azjen,1991), planned behaviors such as starting your own business can be predicted by the intention one has to exhibit said behavior, which in turn be predicted by one's personal attitude towards the act (ATA) of starting a business. ATA is affected by exogenous influences (Shapero & Sokol, 1982), two of which we are particularly interested: passion as a trait and support from family as a support variable. Our research question is: *Do passion and family supportiveness moderate the relationship between attitude before taking an entrepreneurship course and attitude after taking that course?*

Method

We collected data from freshmen and sophomores at Universiti Kebangsaan Malaysia (UKM) in the spring 2012 semester. The experimental group (n=209) consisted of freshman students which were required to take a newly developed entrepreneurship course. The sophomore students (n=130), which had never taken such course, assumed the role of the control group. Our variables of interest were ATA, passion for work (Baum&Locke, 2004), and the family subscale of the multidimensional scale of perceived social support (MSPSS; Zimet, Dahlem, Zimet, &Farley 1988).

Results and Implications

We ran separate moderated regression models for the control and the experimental group (experimental group reported here). In step 1, post-semester ATA was regressed on pre-semester attitude. Pre-semester ATA explains 38.9% of the variance in post-semester ATA ($\Delta F=132.177$, $p<0.001$). Adding the moderators passion for work and family supportiveness in step 2 increases the explained variance in post-semester attitude by 8.6% ($\Delta F =16.728$, $p<0.001$). In step 3, the interaction terms between the moderators and pre-semester attitude explain another 1.3% ($\Delta F=2.613$, $p=0.076$). The adjusted multiple coefficient of determination (adjusted R2) is 0.479. In the control group, steps 1 and 2 also increase the explained variance in post-semester attitude significantly, but the effect of adding the moderators is not significant ($p =0.645$).

Our research suggest that subjects, who feel that their family would support them if they would decide to start their own business, see a larger change in ATA as a consequence of taking the course. We will next extend our analysis to SEM methods.

CONTACT: Heidi Bertels; heidi.bertels@csi.cuny.edu; (T):201-456-6432; (F):718-982-2965; 2800 Victory Blvd, Staten Island, NY 10314.

SUMMARY

PURSUING BUSINESS MODELS OUTSIDE-THE-CORE: LESSONS LEARNED FROM SIX IN-DEPTH CASE STUDIES

Heidi Bertels, The City University of New York, USA
Peter Koen, Stevens Institute of Technology, USA
Ian Elsum, Australian National University, USA

Principal Topic

Odds of success drop to as low as 10 percent when companies try to develop new products significantly beyond their core, i.e. where there are changes in the business model required such as a new supply chain or a new customer (Edwards, 2012:34). Nevertheless, as Apple's exponential growth rates since 2005 exemplify, the results of successful outside-the-core projects (e.g., iPhone) can be disproportional. This research looks at paired case studies of successful and unsuccessful outside-the-core project in large companies. Our research question is: *Which factors determine success or failure when companies venture into outside-the-core businesses for which a new business model is required?*

Methods

The literature on business models has confused academicians and practitioners alike. A recent book on business models referenced the definitions of "business model" used in 17 different academic and practitioner articles and showed there was little overlap or common understanding of what constitutes a business model (Wirtz, 2011). Recent work by Osterwalder and Pigneur (2010) introduced the "business model canvas." We used this tool to evaluate the change required using the established business model as the baseline for six outside-the-core projects, based on detailed written case studies for all six projects.

Results & Implications

We found that success or failure was not simply related to size of the departure required from the firm's established business model. All of the projects took the companies into new markets which required a new value proposition. The companies we studied spent considerable resources in understanding their new customers and the value proposition for the new customer. However, projects that failed had a higher number of false assumptions when compared to the successful projects. A false assumption is made when a company believes that only a small change is required for the respective element from the current business model, when it later turns out that a large change is necessary. The false assumptions that led to failure were seen in the distribution channels, cost structure and velocity parts of the business model canvas, which are typically not given high levels of scrutiny when initially evaluating a new growth opportunity.

CONTACT: Heidi Bertels; heidi.bertels@csi.cuny.edu; (T):201-456-6432; (F):718-982-2965; 2800 Victory Blvd, Staten Island, NY 10314.

SUMMARY

THE PROCESS OF ENTREPRENEURIAL LEARNING: A PEDAGOGICAL APPROACH AND EMPIRICAL TEST

Mahamadou Biga-Diambeidou, ICN Business School – CEREFIGE, France and Université catholique de Louvain, Belgium
Benoît Gailly, Université catholique de Louvain, Belgium
Hareesh Mavoorish, ICN Business School – CEREFIGE, France
Edina Eberhardt, ICN Business School - CEREFIGE, France
Olga Ivanova, ICN Business School - CEREFIGE, France

Principal Topic

Understanding the entrepreneurial processes and how we can inspire and teach entrepreneurship is currently one of the core issues of the European Union 2020 strategic plan. Despite increasing research interest on the topic, the literature reveals that it is still unclear to what extent such education impacts the level of graduate entrepreneurship or whether it enables graduates to become more effective entrepreneurs (Pittaway and Cope, 2007). Simulation-based learning has been highlighted as a method for engaging students more actively in the entrepreneurial learning process (Politis, 2005; Honing 2004; Minniti and Bygrave, 2001). But the impact of entrepreneurial simulation is still poorly understood and represents a significant future research activity (Honing, 2004). Building on entrepreneurial action and diversity theories (McMullen and Shepherd, 2006; Jackson, May and Whitney, 1995; Cox, 1993) our research aims to offer a new literature on entrepreneurial learning context by investigating the following research question: *Who learns more and why?* We provide a research model investigating whether team characteristics enhance team performance and learning by facilitating entrepreneurial action. Specifically, the study explores the mediating effects of entrepreneurial team diversity on the relationship between team characteristics, entrepreneurial action and team performance.

Method

Our study is situated in an original entrepreneurial education program with a cohort of 400 graduate students concentrated in business. The adopted approach including observation, survey, documents and secondary data from the simulator allowed us to collect rich and unique database at both individual and team level. Data analysis utilized descriptive and multivariate group difference. Structural Equation Modeling is used to test the hypotheses and the overall goodness of fit of the hypothesized causal model.

Results and Implications

This study provides important empirical verification and extension of the framework in the process of entrepreneurship learning. It contributes to the ongoing debate on entrepreneurial learning as an experiential process and advances our knowledge on how to develop the graduate student ability to discover and exploit entrepreneurial opportunity, and to cope with the liability of newness.

CONTACT: Mahamadou Biga-Diambeidou; mahamadou.biga@icn-groupe.fr; (T): +32472721573; ICN Business School, 3 place Edouard Branly, 57070 Metz, France.

SUMMARY

THE CONFIGURATION OF CORPORATE VENTURING LOGIC THROUGH A RESOURCE DEPENDENCE INSTITUTIONAL LENS

Marina Biniari, Aalto University, Finland
Sharon A. Simmons, William Paterson University, USA
Erik Monsen, University of Strathclyde, UK
Maria Isabel Pizarro Moreno, Universidad Pablo de Olavide, Spain

Principal Topic

Why some corporate venturing (CV) programs achieve the desired goals and others do not continue to puzzle scholars and practitioners alike. To date, scholarly inquiry into the variable performance of CV programs generally draws upon structural contingency models as an overarching conceptual framework, which has resulted in a range of different empirical typologies. While most of these studies are exploratory and descriptive in nature, those which provide precise theoretical underpinnings typically draw on either resource dependence or institutional contingency factors, both of which acknowledge the tension between internal-organizational and external-environmental pressures in determining the configuration of CV programs. However, both theoretical streams assume that the resolution of this tension is primarily driven by parent companies that are not financially or strategically dependent on their CV programs for resources. However, as multiple case studies demonstrate, it is often the case that the parent companies initiate CV programs out of strategic and/or financial necessity. Therefore, we draw on resource dependence and institutional theories to explain the which venturing logics are more likely to inform the potential configuration of CV programs as a result of organizational and environmental pressures parent companies experience.

Method

We study 4 cases of CV programs (Nortel, Microsoft, British Telecom, and Google) and archival data and code the organizational and environmental pressures that were present during the configuration of each CV program. By approaching resource dependence between the parent company and the CV program as a two-dimensional framework, we identity four categories of resource dependence between the parent company and the CV program: mutual dependence, mutual independence, and power imbalance towards either party.

Results and Implications

The typology that emerges from the coded case and archival data supports that resource dependence informs the way parent companies resolve institutional pressures of competing venturing logics in configuring their CV programs. Depending on the balance of financial and non-financial resources involved in the venturing program, as well as organizational and external pressures, the resulting CV logic could vary in focus along a spectrum from strategic renewal to free market. Our typology contributes to the corporate entrepreneurship literature by outlining the institutional and resource mechanisms through which established companies formulate and execute a corporate entrepreneurship strategy.

CONTACT: Marina Biniari; marina.biniari@aalto.fi; (T): +358504419093; Department of Industrial Engineering & Management, Institute of Strategy and Venturing, Aalto University, TUAS Building, Otaniementie 17, FI-02150, Espoo, Finland.

SUMMARY

THE SOONER, THE BETTER? – VENTURE CAPITAL EXIT DECISIONS IN IPOS

Carolin Bock, Technische Universität München, Germany
Maximilian Schmidt, Technische Universität München, Germany

Principal Topic

An initial public offering (IPO) is commonly considered the most favored exit type for venture capitalists. To mitigate the information asymmetries between old and new investors in this situation, a lockup period is implemented, which forces old investors to remain invested for a certain period after the IPO. After that, venture capitalists have two main options: Exit promptly after the lockup period to cash out (full exit) or wait for the perfect timing of a final exit to potentially maximize the return on investment (partial exit).

Many investors in venture capital funds, limited partners (LPs), are of the opinion that VC funds should exit as soon as possible to realize the returns. However, many VC fund managers, general partners (GPs), remain invested of long duration. This indicates that GPs' decisions are not necessarily aligned with LPs' preferences. Our study aims to determine whether the GPs' exit decision is driven by specific VC firm characteristics or fund dynamics.

Method

Logistic regressions on a proprietary dataset of 292 U.S. IPOs from 1991 to 2008 reveal the influence of fund characteristics and dynamics on the exit extent. A full exit is defined as an exit within six months after the lockup period expired. As independent variables we consider VC reputation, liquidation pressure due to advanced fund lifetime, and GPs' satisfaction with the current fund performance.

Results and Implications

The results show that GPs who manage first-time funds and need to build up reputation show a decreased likelihood of a full exit. When a fund approaches maturity or the GP is satisfied with fund performance, the predicted probability of a full exit is significantly increased. Further, current fund performance acts as a moderating factor in relation to first-time funds. If first-time funds are satisfied with fund performance, the negative influence on the likelihood of full exits caused by the lack of reputation diminishes. These results hint at the fact that fund managers of young VC firms who are satisfied with current fund performance are confident of overcoming the lack of reputation from the investors' perspective. We offer new insights how VC firm characteristics and fund dynamics influence fund managers' exit behavior.

CONTACT: Carolin Bock; carolin.bock@wi.tum.de; (T): 0049-89-289-25189; Technische Universität München, Arcisstr. 21, 80333 München, Germany.

SUMMARY

NOT ALL SIGNALS ARE CREATED EQUAL: THE IMPACT OF VARIOUS VENTURE INFORMATION ON THE LIKELIHOOD OF SECURING FINANCING

Alisa Boguslavskaya, Indiana University, USA
Andrew Zacharakis, Babson College, USA

Principal Topic

Many studies have been conducted to tease out the criteria VCs take into consideration when choosing which companies to invest in and when. However, few of the existing studies, which rely primarily on VC self-report, have meaningfully convergent results on what that criteria is. Thus, the question remains as to what information entrepreneurs should signal about their firm and how forcefully in order to increase their chances of securing venture financing. The main purpose of the paper is to provide a more objective view of the factors and milestones that prove most critical in VCs' decisions to invest. Given that media attention is often reflective of ventures' achieved milestones and/or new ventures can actively use media to communicate these milestone to their potential investors, this article explores whether the presence and concentration of certain signals affect the likelihood of securing financing more than others. This research aims to provide an alternative method of measurement of VC funding criteria and provide new ventures with a practical framework of what to concentrate their signaling activities on.

Method

The study traces one hundred new ventures over a period of 12 years through a cross sectional data set with repeated measures. A script was created and used to step through each of media articles and determine the presence of mentions of the company's products, competitors, customers or patent filings – some of the most commonly referred to factors of VCs' investment decisions. Given the fact that the VCs' due diligence lasts 3-6 months, the likelihood of securing funding was assessed based on patterns of media 6 months in arrears of potential funding date.

Results and Implications

Results suggest that not all signals are created equal and that high levels of some, such as announcements of release and positive evaluations of new ventures' products, are more frequently present for firms that end up being successful at raising venture funding than for those that are not. The potential implication is that despite VC claims of a variety of inputs to their financing decisions, only a select few actually carry great weight.

CONTACT: Alisa Boguslavskaya; abogusla@indiana.edu; Department of Management and Entrepreneurship, Kelley School of Business, Indiana University, 1309 E. 10th Street, Bloomington, IN 47405, USA.

SUMMARY

SLEEPING GAZELLES: HIGH PROFITS NO GROWTH

Anders Bornhäll, HUI Research, Sweden
Sven-Olov Daunfeldt, HUI Research, Sweden
Niklas Rudholm, HUI Research, Sweden

Principal Topic

Most firms do not grow, or only grow slowly, while a few high-growth firms (HGFs) are crucial for job creation. However, these firms could experience high growth despite growth-barriers, removal of which might have no influence on the growth of HGFs, but could promote growth of other firms. HGFs are also likely to be "one-hit wonders", unlikely to repeat their high growth. The characteristics and strategies of HGFs might thus not be useful for determining what needs to be improved to create a business environment more favorable for job creation. It might instead be more productive to focus on getting more firms that are profitable but not growing, to start employing additional personnel. This paper thus focuses on what we call "sleeping gazelles", i.e., firms that have historically experienced high profitability, but no employment growth.

Method

Our empirical analyses are based on a data-set that covers all limited liability firms in Sweden during 1997-2010. First, we calculate transition-probability matrices to investigate whether sleeping gazelles in one 3-year period continued to have high profitability but no employment growth in the next period. Second, we estimate the determinants of being a sleeping gazelle using a linear-probability regression model

Results and Implications

Our results show that sleeping gazelles constituted more than 10 percent of all firms, suggesting that Swedish unemployment would decline substantially if these firms chose to hire just one more employee each. Firms with high profits but no employment-growth were very likely (Pr=0.30) to be sleeping gazelles again in the next period, equally likely to have medium profits and no growth, but very unlikely to (Pr=0.05) to have low profits. Thus, almost two-thirds of sleeping gazelles did not add employees in the next period despite again having high or medium profits, indicating their reluctance to grow. Regression analysis showed that sleeping gazelles are small and young firms; not in an enterprise group; with a low share of own-capital in relation to total debt; and operates in businesses with high profits and low competition in their local market. We conclude that policymakers should focus more on removing growth-barriers for sleeping gazelles, since this might generate more jobs than targeting a small number of HGFs.

CONTACT: Sven-Olov Daunfeldt; sven-olov.daunfeldt@hui.se; +468 7627284; HUI Research, Regeringsgatan 60, SE-10329 Stockholm, Sweden.

SUMMARY

THE IMPACT OF THE GLOBAL ECONOMIC CRISES ON ENTREPRENEURIAL ACTIVITY

Niels Bosma, Utrecht University, Netherlands
Siri Terjesen, Indiana University, USA & Lund University, Sweden

Principal Topic

One of the key foci of entrepreneurship is understanding why certain individuals, rather than others, are better able to identify and act on opportunities (Shane and Venkataraman, 2000; McMullen and Shepherd, 2006). While there is some disagreement in the literature about the process of opportunity development and recognition (Ardichvili et al., 2003; Short et al., 2010), the central components of opportunity identification are knowledge, motivation, awareness, and ability. Entrepreneurs have greater abilities to see opportunities than non-entrepreneurs; however there is great heterogeneity among entrepreneurs in terms of opportunity identification patterns (Gaglio and Katz, 2001; Minniti, 2004; Ucbasaran et al., 2006). An entrepreneur's ability to see opportunities is related to his/her prior knowledge (Hayek, 1945) and experience (Shane, 1999; Ucsbasaran et al., 2009). Despite extensive theorizing about the importance of external conditions in shaping opportunity recognition (McMullen and Shepherd, 2006) and entrepreneurial decisions (Minniti, 2004), this research neglects the potential role of the environment, particularly macro-level institutions. The existing body of research has also failed to examine the crisis environment, and to assess whether or not the new and small firm sector may be the first to turn around and see opportunities.

The present study is guided by the following research question: How do characteristics of an entrepreneur's venture, and the national institutional environment impact the entrepreneur's ability to perceive new entrepreneurial opportunities in a global economic crisis? As countries experience vastly different manifestations of the economic crises (Lane and Milesi-Ferretti, 2010; OECD, 2009), we explore the nature of entrepreneurial activities using multi-level, multi-country data from multiple years.

Method

We utilize individual and national data from the Global Entrepreneurship Monitor (GEM) and national data from the International Monetary Fund (IMF), World Bank Doing Business (WBDB), Freedom House, and the U.S. Bureau of the Census (USBC). We include response from 13,174 entrepreneurs in 63 countries.

Results and Implications

We find that entrepreneurs are more likely to perceive opportunities in a crisis if their ventures have experience with new product innovation and internationalization. Furthermore, entrepreneurs are more likely to see additional business opportunities in response to the recent crisis when their national environments are characterized by high levels of GDPPC.

CONTACT: Siri Terjesen; terjesen@indiana.edu; (T): 812-855-2769; 1309 E. 10th St., Bloomington, Indiana 47405.

SUMMARY

HOW SHOULD WE DIVIDE THE PIE? PERCEIVED JUSTICE OF EQUITY DISTRIBUTION AND ITS IMPACT ON ENTREPRENEURIAL TEAM INTERACTIONS AND OUTCOMES

Nicola Breugst, Technische Universität München, Germany
Philipp Rathgeber, Technische Universität München, Germany
Sven Kleinknecht, Technische Universität München, Germany

Principal Topic

The distribution of equity is crucial for entrepreneurs because equity stakes represent important financial rewards as well as power and control in the firm. Despite this importance only little research has focused on the consequences of equity distribution in entrepreneurial teams. Thus, our study aims at understanding how equity distribution shapes entrepreneurial team interactions over time and how outcomes of these interactions develop for the team and the venture.

Method

Drawing on a longitudinal multiple case study approach, we selected eight entrepreneurial teams from incubators in Germany, four of which had equally divided the equity and four had divided it unequally. We interviewed the team members twice within six months and conducted follow-up interviews in case of team member exit. In total, we conducted 35 interviews complemented with field notes, press reports, and self-report surveys. Data were coded by two coders in an iterative process.

Results and Implications

The crucial variable emerging from our data was the team members' perceived justice of equity distribution. Five teams perceived equity distribution to be just, whereas three perceived it to be unjust. *High perceived justice* triggered *positive team spirals* consisting of a reciprocal relationship of increasing team attraction and decreasing team repulsion, whereas *low perceived justice* led to *negative spirals* in which team attraction decreased and team repulsion increased. Moreover, two teams started with a positive spiral and drifted to a negative spiral over the study period. Investors exerted an erosive impact and "drove a wedge" between the team members. Negative spirals were difficult to stop and triggered team member exit and lower levels of team and venture performance.

Our study contributes to research on entrepreneurial imprinting by showing that equity distribution and connected justice perceptions influenced venture development over time. Second, in contrast to organizational settings, inputs could not be reduced by the team members without threatening venture performance. This caused an entrepreneurial dilemma resulting in negative team spirals which triggered negative entrepreneurial outcomes. Finally, we extend theories on entrepreneurial exit by incorporating dynamic team interaction spirals in the analysis of the exit process.

CONTACT: Nicola Breugst, nicola.breugst@tum.de; Technische Universität München, Arcisstr. 21, 80333 München, Germany; (T): +49-89-289-26755

SUMMARY

THE WICKEDNESS OF DOING GOOD: THE ROLE OF PROBLEM TYPE ON SOCIAL ENTREPRENEURIAL FOUNDING AND PERFORMANCE

Anthony R. Briggs, Alberta School of Business, Canada
Jo-Louise Huq, Alberta School of Business, Canada
Jennifer E. Jennings, Alberta School of Business, Canada

Principal Topic

Social entrepreneurship refers to a broad range of economic, political and social phenomena, from the founding of new organizations with social missions to new individual and organizational efforts aimed at creating social value. Principally, social entrepreneurs seek to "do good" by solving efficiency-related problems, such as the "inadequate provision, or unequal distribution, of social and environmental goods" (Nicholls, 2009), and addressing opportunities arising from market failures and institutional voids (Mair and Marti, 2009; Zahra et al., 2009; Dacin, Dacin and Tracey, 2011).

However, opportunities for "doing good" are not always straightforward. Social entrepreneurs may seek to address "wicked problems" that are ill-defined, have complex or conflicting goals and engender conflicting stakeholder interests (Rittel and Webber, 1973; Conklin, 2006; Dorado and Ventresca, 2013). Wicked problems, like poverty, climate change and end-of-life care, may place new demands on social entrepreneurs as they seek to do good.

We examine how the wickedness of the social problem influences the social entrepreneur's choice of organizational form (profit or non-profit). We then test if problem wickedness, controlling for form, influences the choice of organizational performance measures and the entrepreneur's perceptions of organizational success.

Method

We have collected organizational data from 489 founders of social entrepreneurial organizations, identified as having a cultural, environmental, and social (CES) mission. The data was collected through an alumni survey conducted at a major Canadian research-intensive university. It includes information on the mission of each CES organization, the performance measures used and the founders' evaluation of organizational performance relative to its mission.

Results and Implications

We find that problem wickedness significantly increases the likelihood that the social entrepreneur will found a for-profit organizational form. Second, organizational form significantly predicts whether a social enterprise will use economic performance measures. Last, controlling for age, firms with economic missions will be perceived as having a lower degree of success. These findings advance our understanding of how important social goals are addressed and are of value to policy makers and social entrepreneurs intending to promote new organizations to overcome wicked social-economic problems.

CONTACT: Anthony R. Briggs; tony.briggs@ualberta.ca; (T): 780-492-4993; (F): 780-492-3325; 3-23 Business Bldg., Alberta School of Business, Edmonton, AB, Canada T6G 2R6.

SUMMARY

LONGER TERM FINANCIAL PERFORMANCE AND CORPORATE ENTREPRENEURSHIP

Hans Bruining, Rotterdam School of Management, the Netherlands
Aart Willem Saly, Ernst & Young Advisory, the Netherlands

Principal Topic

This study investigates the longer term effects of corporate entrepreneurship (CE) on financial firm performance indicators as operating profitability, turnover growth and return on capital employed. CE is measured by the dimensions of entrepreneurial orientation (EO): innovativeness, pro-activeness and risk-taking. Main research questions are: (1) does entrepreneurial intensity in established firms lead to longer term financial performance improvement? And (2) does the effect on longer term firm performance differ in times of economic growth and downturn? Research on EO supports positive short-term performance effects, while arguments on longer-term effects are less developed. This study provides insight in the causality of the CE-performance relationship, the longer-term effects and the impact of the economic conditions on this relationship by using a longitudinal approach in a time frame that covers both economic growth and downturn.

Method

Using an extensive survey, we measured in 2000 the intensity of corporate entrepreneurship of 218 Dutch-based companies with > 400 fte from different sectors by using the entrepreneurial orientation dimensions ‘innovativeness’, ‘risk taking’ and ‘pro-activeness’. We then tested the correlation between entrepreneurial orientation and several financial performance indicators of 98 firms of which financial performance data was available for the years 2000-2013. We use both firm-specific survey data and annual industry data to test the moderating effects of the market environment and economic conditions and aim to repeat the survey to gather multiple CE-intensity in retrospect.

Results and Implications

Preliminary testing indicates for the first four years a positive CE-financial performance relationship, supporting the hypothesis that CE has prolonged performance effects. However, the CE-performance relationship is highly dependent on the market situation. In times of strong economic growth or decline, the relationship is much stronger. Firms with high CE-intensity tend to be more seriously affected by economic decline, but also recover faster, which is most clear around the financial crisis in 2008.

CONTACT: Hans Bruining; jbruining@rsm.nl; (T): +31104081795; Rotterdam School of Management, Erasmus University, Rotterdam, Netherlands.

SUMMARY

DRIVERS OF INNOVATION PERFORMANCE - A LONGITUDINAL VIEW ON THE ROLE OF ENTREPRENEURIAL ORIENTATION AND ENVIRONMENTAL FACTORS

Alexander Brunst, RWTH Aachen, Germany
Malte Brettel, RWTH Aachen, Germany

Principal Topic

It is a continuous task of an entrepreneurially oriented firm to be more innovative than its competitors (Lumpkin & Dess, 1996). Firms that innovate faster than others can rely on this capability as a source of competitive advantage (Artz et al., 2010; Srivastava et al., 1998). As such it is surprising that few studies thus far have analyzed the link between entrepreneurial orientation (EO) and innovation outcomes (Maatoofi &Tajeddini, 2011). This study fills this gap by investigating the relation between EO and innovation outcomes taking the moderating roles of economic and market turbulence into account (Tosi et al., 1973).

Method

We use secondary data to analyze the impact of EO on innovation outcomes. We chose a sample of large US-based firms, as they in particular need to be innovative in order to be able to compete in global markets (Phan et al, 2009). Our sample comprised 56 firms for which data was collected from 2002 to 2010. Innovation outcomes were measured as new product announcements from FACTIVA (Arzt et al., 2010) and split into incremental and radical innovation (Grupp, 1994). We investigated EO at firm level, using an approach based Miller & Le Breton-Miller (2011). Economic turbulence was measured as the change in GDP, market turbulence as the coefficient of variation of net income by industry (Tosi et al., 1973).

Results & Implications

Findings suggest that entrepreneurially oriented firms outperform less EO oriented competitors when bringing forward radical innovation. This is a crucial finding, as conquering new markets will mostly require significant alterations to given technologies. Results indicate that incremental innovation efforts are dependent on industry and economic conditions. Radical innovation outcomes were affected by market turbulence, but not by economic turbulence. This paper contributes to existing knowledge. It shows that firms produce less innovative outcomes under turbulent industry conditions. In addition, it reveals that entrepreneurially oriented firms can successfully pursue radical innovation activities despite economic turbulence. These findings are relevant for practitioners as they provide insights on the contingent drivers of innovation outcomes. This works spurs further research into the mechanisms to transform resources into new product or service offerings.

CONTACT: Alexander Brunst; brunst@win.rwth-aachen.de; (T): +49 176 70050413; (F): +49 241 80 92371; Kackertstr. 7, 52072 Aachen; Germany.

SUMMARY

HOW TO ACHIEVE SUSTAINABLE COMPETITIVE ADVANTAGE: THE IMPORTANCE OF ENTREPRENEURIAL ORIENTATION

Alexander Brunst, RWTH Aachen, Germany

Principal Topic

Firms that act entrepreneurially might have to sacrifice short term financial performance in order to create sustainable competitive advantage in the long run (Zahra, 1993; Rauch et al., 2009). Most studies, however, have assessed the relationship between entrepreneurial orientation (EO) and performance based on short term financials (Wiklund & Shepherd, 2003; Lee et al, 2001; Covin & Slevin, 1989). The increase in articles on non-financial performance can be seen as an indicator of the growing importance attributed to factors which explain long-term sustainable success (Luo et al., 2010; Bolton et al., 2004). Besides analyzing EO's link to financial performance, this article provides insights into achieving sustainable competitive advantage by exploring the dynamic effects of EO on two central non-financial performance dimensions, being innovation outcomes and customer satisfaction.

Method

We investigate EO at firm level using a measurement approach based on secondary data. Data analysis includes the S&P500 firms for the years 2002-2010. EO measurement is based on financial proxies (Miller & Le Breton-Miller, 2011). Innovation outcomes are measured based on new product announcements (Arzt et al., 2010) and split into incremental and radical innovation based on expert judgment (Grupp, 1994). Customer satisfaction is measured using ACSI data. Analyses are run using generalized estimation equations. The results are controlled against past performance, firm size, market turbulence and technological change.

Results & Implications

The focus of this study is to provide a better understanding of the relationship between EO and non-financial performance, as well as the short and long term financial performance as a potential source for sustainable competitive advantage. Using RBV theory, we analyze the impact of EO on innovation outcomes and customer satisfaction in addition to financial performance (Barney, 1991). Findings reveal that more entrepreneurially oriented firms outperform their competitors in bringing forward radical innovation and satisfying customers. Additionally, it is shown that EO leads to better financial performance in the short and long run. The longitudinal measurement approach used in this work opens up paths for further advancing EO theory. For example, knowledge on the relationship of EO to performance could be expanded by investigating potential moderating effects of resource availability over time.

CONTACT: Alexander Brunst; brunst@win.rwth-aachen.de; (T): +49 176 70050413; (F): +49 241 80 92371; Kackertstr. 7, 52072 Aachen; Germany.

SUMMARY

MY BUSINESS FAILED – WHO AM I?

Orla Byrne, University of Bath, UK

Principal Topic

Business failure can present a crisis to the entrepreneur. Such disruption to regular activity presents a rich arena to explore sensemaking, and research on business failure has addressed how entrepreneurs learn and make sense of the failure experience. Uncertainty, such as failure, can also threaten an individual's identity. Identity refers to the existential question, "Who am I?" and is an important premise of entrepreneurship, where an entrepreneur's activities are an expression of their identity. Because business failure clearly marks the end of a business but not the entrepreneur, the failure of the business may hold a significant threat towards the entrepreneur's sense of self. Identity is therefore likely to play an important role in the entrepreneur's ability to make sense of business failure.

This study considers the role of identity in the sensemaking process. It asks how business failure threatens the entrepreneur's identity; how identity management and reconstruction occur; and, how this identity work is interpreted in the sensemaking process, after a business failure event.

Method

This study adopts an inductive, self-narrative approach, based on semi structured interviews with 10 UK entrepreneurs who experienced business failure. The interviews were a reflection of the failure events as well as life and recovery of the entrepreneur thereafter. While there was an interview guide, participants were encouraged to tell their stories freely. Secondary data was also collected through press releases, Twitter and Linked In, and Companies' House (company registration agency).

Results and Implications

Comparative analyses of the entrepreneurs' self-narratives suggest that business failure threatens the entrepreneur's sense of identity, presenting instances of identity ambiguity and even identity crisis. There is evidence of both conscious and subconscious identity work such as creating, evaluating, revising and sustaining a personal identity that is harmonious with their self-concept. This identity management helped to promote liveability and a sense of identity equilibrium, which was conducive to sensemaking.

Business failure presents possible value for the individual, for the economy and for society, yet without greater understanding of the micro-processing of business failure these potential gains may not be realised. Adopting an identity lens illuminates our understanding of the significant social psychological process of sensemaking and provides a platform for future identity research in the context of business failure such as identity role transition, legitimization and stigmatization.

CONTACT: Orla Byrne; o.byrne@bath.ac.uk; (T): +44 (1225) 383943; Claverton Down, Bath, North East Somerset BA2 7AY.

SUMMARY

INVESTIGATING FACTORS AFFECTING FAMILY BUSINESS SUCCESSION: A BAYESIAN ANALYSIS

Charles (Chad) Carson, Samford University, USA
Franz Lohrke, Samford University, USA
Archie Lockamy, Samford University, USA

Principal Topics

Succession represents one of the most difficult issues in a family business' long-term performance. Extant research has focused on how myriad factors impact succession outcomes. For example, individual factors relate to specific characteristics of either the incumbent manager or potential successor, and interpersonal factors encompass how family and non-family members relate to each other. Process factors cover activities involved in succession as well as developing and then choosing a successor, and, governance factors include factors related to power distribution within a family firm. We seek to build on previous findings by employing Bayesian analysis to investigate succession. Because Bayesian analysis provides insights unavailable from more classical methods, scholars have increasingly employed it in organizational research.

Methods/Key Propositions

To examine succession factors, we surveyed 275 family business managers in the southeastern U.S. in 2012. We received 66 usable responses for a response rate of 24.0 percent. Respondents rated both the importance of 48 variables and assigned a percentage effect to each, based on how likely they thought it would prevent successful succession. We employed the former in the factor analysis to refine our constructs.

Results

We employed principal components factor analysis and excluded survey items that did not load highly on a specific factor, resulting in 23 items loading on four factors and explaining 79.8 percent of the variance. Based on the variables that loaded, we named the factors "individual/relationship," "succession process," "business context," and "corporate governance," respectively.

Based on the a-priori probabilities associated with our four constructs, the probability that succession would not take place was 47%. We then examined the effects of these constructs via sensitivity analysis by examining extreme cases for each factor (i.e., the probability of occurrence is certain (100%) or eliminated (0%)).

Our results show how managers can increase the chances of intra-family succession. For example, governance factors, such as a family business having a dual CEO/Chairman of the Board, decrease the probability of successful succession from 68 to 40 percent based on the sensitivity analysis.

Implications

Our results support previous research findings related to myriad factors impacting family succession. In addition, we highlight the importance of some controllable factors in this process.

CONTACT: Franz T. Lohrke; Ftlohrke@samford.edu, (T): 205-726-2373; (F): 205-726-2464; Brock School of Business, Samford University, Birmingham, AL USA 35229.

SUMMARY

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

Vallari Chandna, University of North Texas, USA
Manjula S. Salimath, University of North Texas, USA

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.

SUMMARY

SCALING ENTREPRENEURIAL ACTION

Shawna Chen, Texas Tech University, USA
Ronald K. Mitchell, Texas Tech University, USA

Principal Topic

Scholars suggest that entrepreneurship research may be better adapted to reality and able to realize higher marginal returns by focusing on entrepreneurial action. There has been increasing empirical work in recent years on the relationships between affective, cognitive, and environmental antecedents and action as well as the organizational, societal, and institutional impacts of action. However, extant research operationalizes action mostly using single-item measures and summed binary (yes-no) indicators, although action has been conceptualized as multiphase process that includes abstract cogitations and observable behaviors. We thus conducted this study to develop and validate a measurement for entrepreneurial action to capture the process that includes both behavioral and cognitive activities.

Method

We used data from Panel Study of Entrepreneurial Dynamics (PSED), a national longitudinal study on individuals who are in the process of starting new businesses in the U.S., with 830 individuals in PSED I (1998-2002) and 1,214 individuals in PSED II (2005-2011) respectively. Respondents report the completion of discrete start-up activities that are deemed behavioral or cognitive in nature. Using sample from PSED I, we conducted a principal component analysis on the items. We contemplated a formative index of gestation activities (c.f. Samuelsson & Davidsson, 2009) but believe reflective measures are appropriate for the construct of interest after carefully considered the causality and dimensionality between the indicators and the latent variables. We then performed a confirmatory factor analysis with sample from PSED II.

Results and Implications

Four factors were extracted and labeled on a cognitive/behavioral spectrum: (1) thinking, (2) doing by thinking, (3) thinking by doing, and (4) doing. The measurement of entrepreneurial action developed has several implications. First, perceiving actions with dynamic paths from cognition to behavior, the study liberates scholars to model actions using various theoretical perspectives such as effectuation (Sarasvathy, 2001) and bricolage (Baker & Nelson, 2005). Second, the study facilitates the discussion between entrepreneurial action and opportunity recognition, discovery, and creation as each factor on the spectrum corresponds to how individuals avoid, reduce, and/or bear the uncertainty perceived. Third, the study improves our understanding of this complex construct of action process, and provides grounds to advance future entrepreneurial action research.

CONTACT: Shawna Chen; shawna.chen@ttu.edu; (T): 806-834-4777; Area of Management, Rawls College of Business, Texas Tech University, 703 Flint Ave., Lubbock, TX 79409, USA.

SUMMARY

THE ROLE OF FAMILY SUCCESSION TEAMS IN THE RENEWAL OF THE FIRM'S ENTREPRENEURIAL ORIENTATION

Luis Cisneros, HEC Montréal, Québec, Canada
Naïma Cherchem, HEC Montréal, Québec, Canada
Bérangère Deschamps, Université de Grenoble, France

Principal Topic

Leadership of the firm by multiple family members has become common practice in the context of family business transfer from one generation to another (Cater and Justis, 2010). This new trend in the family business can be linked to the general trend of entrepreneurship to become a collective phenomenon. Several research studies have suggested that firms directed by teams are on average more profitable than firms directed by a single individual (Vyakarnam, 2005; Clarkin, J. and Rosa, 2005 ; Ucbasaran and al., 2003 ; Lechler, 2001). Firms directed by teams are gaining momentum in the increasingly dynamic and complex global environment (Slevin and Covin, 1992), and they have a significantly greater propensity to survive (Westhead and al., 1995). The growing research into entrepreneurial teams has highlighted its positive impact on the firm performance (Cooper and Daily, 1997; Birley and Stockley, 2000; Teal and Hofer, 2003).

Method

The purpose of this paper is to examine entrepreneurial orientation (EO) in family firms subject to collective succession from an incumbent to a team of successors. Drawing on the literature covering entrepreneurial teams and EO, we analyze the particularities of the family succession team and its impact on family firm's EO. We address two main questions: 1) What are the factors which have an impact of the emergence of family succession team? 2) How does family succession team retain and strengthen the EO in family firms that are transferred from a generation to another? We used a qualitative approach to better explore the family succession team applying a holistic, in-depth investigation methodology. The strength of this methodology comes from the use of multiple sources of data (*i.e.* interviews, press articles, video conferences). We triangulated the data from six holistic case studies of family business successions in Quebec (Canada) using a variety method of data collection. The results from the analysis of our six case studies allow us to build a definition of the family succession team and its implications for the reinforcement of EO within the family business.

Results and Implications

The success of these six collective family successions may be explained in part by the good relationships between members of the family, in part by the fact that the predecessor, in his supervisory capacity, allowed successors to take initiatives. It can also be explained by the harmonious transition from predecessor to successor: the team of successors was formed internally, the social network of the firm was naturally transferred, and the business vision is both shared and based on common values.

CONTACT: Luis Cisneros; luis-felipe.cisneros-martinez@hec.ca; HEC Montréal, Québec, Canada.

SUMMARY

COACHABILITY: DEVELOPMENT OF A NEW CONSTRUCT AND SCALE

Michael P. Ciuchta, University of Central Florida, USA
Chaim Letwin, University of Central Florida, USA
Regan Stevenson, University of Central Florida, USA
Sean McMahon, Elon University, USA

Principal Topic

Professional investors bring value to ventures through the coaching of the entrepreneurs they chose to fund. Therefore, investors are likely to choose to work with entrepreneurs they deem more coachable. Despite the importance of perceived coachability in the entrepreneurial process, we lack a well-established construct definition and measure. Moreover, we lack an understanding of whether perceived coachability has any predictive power above and beyond other factors that are important to investors such as preparedness or passion, or whether coachability interacts with those factors.

Method

We conducted our analysis in several stages. First, we drew on the mentoring and athletics literatures to derive a working definition of coachability as well as the behaviors often associated with someone being perceived as coachable. We then presented this definition and the behaviors to local SCORE counselors. Based on their feedback, we created an initial 15-item scale. We then had undergraduate business students evaluate entrepreneurs who appeared on the show Shark Tank using this scale. We used their responses to reduce the coachability scale to 9 items. We then administered another survey to working adults in which they watched pitches from Shark Tank and were asked to evaluate characteristics of the entrepreneur as well as their own likelihood of investing in the venture. Finally, we constructed a data set that utilized both survey participants' evaluations of the entrepreneurs and the actual Shark Tank funding outcomes.

Results/Implications

Based on the steps above, we define coachability as the degree to which an entrepreneur seeks, carefully considers and integrates feedback to improve his/her venture's performance. Our findings suggest that both perceived agreeableness and conscientiousness are associated with coachability. Moreover, coachability has predictive power above and beyond other attributes such as preparedness and passion. Additionally, when we examine actual funding outcomes, we see that coachability significantly moderates those other two factors. In addition to developing an important new theoretical construct, this study has important practical implications for entrepreneurs seeking to raise capital.

CONTACT: Michael P. Ciuchta; Michael.Ciuchta@ucf.edu; (T): 1 407 823 3209; Department of Management; University of Central Florida, P.O. Box 161400, Orlando FL 32816 USA

SUMMARY

UNFOLDING THE MICRO-PROCESSES OF STRATEGIC DECISION-MAKING: THE ROLE OF EXPERIENCE-BASED KNOWLEDGE

Bart Clarysse, Imperial College London Business School, UK
Anneleen Van Boxstael, Ghent University, Belgium
Mike Wright, Imperial College London Business School, UK

Principal Topic

In entrepreneurship literature, a series of studies have highlighted 'heuristics' as an implicit form of experience-based knowledge. Entrepreneurs process experiences into heuristics: simplifying strategies which entrepreneurs often use implicitly to make strategic decisions (Alvarez & Busenitz, 2001; Busenitz & Barney, 1997). The power of a heuristic has its roots in the entrepreneur's unique way of acquiring and learning from experiences (Simon, Houghton, & Aquino, 2000). In addition to entrepreneurship literature, strategic management literature has taken the firm as unit of analysis and has studied how firms learn from experience, thereby pointing out that firms not only translate their prior experience into heuristics (Bingham & Eisenhardt, 2011; Bingham, Eisenhardt, & Furr, 2007) but also stating that heuristics can be co-created and shared across different levels of the organization (Bingham & Haleblian, 2012). Hence, heuristics are formed by processes such as 'meta-learning' in which collective experiences are channeled and arranged (Lei, Hitt, & Bettis, 1996). Moreover, a greater amount of a firm's specific experience and learning can contribute to the firm's unique position and prevents other firms from imitating (Alvarez & Busenitz, 2001).

Method

Although the literature stream gives an insight into how a founder on the one hand and a firm on the other hand process experiences and thereby add to the debate of experience-based knowledge, we lack a fine-grained model explaining the conditions that facilitate individual-level experience into organizational knowledge structures in general and organizational heuristics in specific. We developed a grounded research methodology and carried out a nine-month ethnographic study in a young venture in the sheet music industry. By applying open and axial coding (Strauss & Corbin, 1997), we merged the prior experience of the founders and the heuristic framework of the founding team and created a process model.

Results

We show that three accumulation mechanisms, socialization, experimentation and imitation shape a shared heuristic framework about the new venture's strategy. We suggest that these shared heuristics leads to entrenched actions in a powerful and causative manner and that founders develop post-founding actions to reinforce this shared understanding. Our findings reveal a paradox by showing how prior socialization experience imposes rigid thinking in a founding team which at the same time imposes the stability and commitment needed to change and innovate in the industry. As such, change in an industry may not be created by flexible thinking in a company but by a duality between cognitive flexibility and cognitive rigidity in a team-level understanding.

CONTACT: Anneleen Van Boxstael; anneleen.vanboxstael@ugent.be; (T) +32 9 264 79 63; Tweekerkenstraat 2, 9500 GENT, BELGIUM.

SUMMARY

FIRM AGE AND GROWTH PERSISTENCE

Alex Coad, University of Sussex, UK
Sven-Olov Daunfeldt, HUI Research, Sweden
Daniel Halvarsson, Ratio, Sweden

Principal Topic

A number of studies have indicated that firm age is an important determinant of firm growth. However, we still lack knowledge on how firm age influences the persistence of firm growth rates. One the one hand, we may expect that young firms face a liability of newness. Learning-by-doing models also suggest that older firms may benefit from their greater business experience, and therefore have a higher degree of growth persistence than younger firms. On the other hand, older firms might have problems adapting their strategies to changing business conditions as well as increasing inertia and organizational rigidities. Young firms might also seek to achieve Minimum Efficient Scale as they struggle to overcome their 'liability of newness' and achieve economies of scale.

Method

There is little empirical work on how growth autocorrelation varies over firm age, which can be explained by two data-related issues. First, there is limited availability of data on firm age. Second, it is very difficult to obtain representative data on very young firms. We use the PAR-dataset, which comprises all Swedish limited liability firms during 1997-2010. This is an ideal dataset for analyzing how growth autocorrelation varies over firm age, since it covers all young firms and also includes information on the registered start year. Growth persistence was estimated using cross-tabulations, transition matrices, contour plots, and standard regressions. Quantile regression models with age dummies were also estimated to investigate whether the relationship between firm age and growth persistence differed across the growth rate distribution.

Results and Implications

Our results indicate that young high-growth firms are characterized by positive growth autocorrelation, whereas the results for older high-growth firms are not significantly different from zero. Nascent ventures, therefore, enjoy a positive persistence – a sort of 'success-breeds-success' dynamic – which lasts for fewer than ten years, until persistence becomes negligible for older firms. We can thus reject the hypothesis that older firms should have a high degree of growth persistence due to learning effects. Instead our results support theories arguing that old firms might have problems in adapting their strategies to changing market conditions, whereas new firms need to grow in order to achieve a minimum efficient scale.

CONTACT: Alex Coad; A.Coad@sussex.ac.uk; (T) +44 1273877128; SPRU, Jubilee Building 379, Univ. Sussex, BN1 9SL, Falmer, UK.

SUMMARY

MY FIRST EMPLOYEE

Alex Coad, University of Sussex, UK
Kristian Nielsen, Aalborg University, Denmark
Bram Timmermans, Aalborg University, Denmark

Principal Topic

The challenge to solo entrepreneurs to double their workforce is the single biggest growth event facing any growing firm. We focus on the change in new venture performance when adding an employee by investigating growth in sales and profits. We draw on existing theory to posit that entrepreneurs are over-optimistic about their abilities ('illusory superiority'). The flip-side of this cognitive bias is that they wrongly consider the abilities of others to be below average. This makes them underestimate the gains to hiring a new employee.

Method

We analyze matched employer-employee data on all individuals and firms in Denmark. We observe 16,592 solo-self-employed start-ups at time t, ensure they do not hire in t+1, and then distinguish those that hire one employee in t+2 (634) from those that do not hire an employee in t+2 (6265). Our narrow sampling strategy therefore provides clean evidence on the impact of the first employee compared to a suitable control group.

Results and Implications

Initial results show that the likelihood of hiring the first employee increases with founder age and start-up industry experience, while longer formal education has a negative effect on hiring the first employee. Moreover we estimate the likelihood of being the first employee in a new venture compared to being a new employee in an established firm (more than 20 years old) in the same time period, using multivariate regressions. The likelihood of being recruited in a new venture increases with age, origin (non-Danish), previous unemployment, related industry experience, and entrepreneurial parents, while previous income and long further education decreases the likelihood. Our main results, applying matching estimators, reveal that those who hire enjoy superior outcomes (sales, profits) in subsequent years. Furthermore, those that hire in t+2 enjoy faster sales growth in the *previous* year, suggesting that sales growth Granger-causes the first hire. This important finding suggests that not all solo entrepreneurs can hire – only those with sufficient sales growth to justify the workforce expansion. The first employee then boosts sales growth in subsequent years. The first employee also makes an overall positive contribution to subsequent profits, although an analysis of the distribution of outcomes reveals lower profits in a minority of cases.

CONTACT: Alex Coad; A.Coad@sussex.ac.uk; (T) +44 1273877128; SPRU, Jubilee Building 379, Univ. Sussex, BN1 9SL, Falmer, UK.

SUMMARY

DESIGNING THE ORGANIZATION FOR CORPORATE ENTREPRENEURSHIP AND INSTITUTIONALIZING THE INNOVATION FUNCTION

Andrew Corbett, Babson College, USA
Gina O'Connor, Rensselaer Polytechnic Institute, USA
Lois Peters, Rensselaer Polytechnic Institute, USA

Principal Topic

Prior models of corporate entrepreneurship (CE) have made positive contributions but none as yet has answered questions regarding how to consistently develop corporate entrepreneurship human capital and design the organization for sustained innovation activities. Given the need for corporate entrepreneurship and breakthrough innovation and the dearth of understanding of how to organize for and develop it, our study takes a grounded theory approach to the research question: What roles, talent development and talent management practices contribute to institutionalizing breakthrough innovation? Our intent is to discover models and insights that can help scholars and practitioners better understand how to maximize a company's breakthrough innovation capability while concurrently maximizing individual career satisfaction.

Methodology

Our data comes from a longitudinal, qualitative investigation of Fortune 100 companies. After numerous meetings, contacts, suggestions, and phone calls we developed a sample of 11 organizations each of which were focused on talent development and organizational design necessary for breakthrough innovation and corporate entrepreneurship. Over three and a half years we conducted sites visits at each company, met with 141 unique individuals, carried out 180 interviews and conducted follow-up interviews. We met with top management team members, R&D managers, and functional experts. We use Leximancer to analyze the data; Leximancer is an automated text-mining tool that uses a built-in thesaurus to see meaning in the text in order to better understand how innovation and its roles can be institutionalized in the corporate environment.

Key Findings & Implications

Our initial analysis shows the pros and cons to various models for careers in corporate entrepreneurship as a way to institutionalizing innovation as a discipline. The data shows that organizations continually ask single individuals to perform across the spectrum of innovation roles which are outside the competency scope of an individual. We give them monstrous jobs, with few people and small budgets. Thus individuals find themselves on unclear career paths which promote career atrophy especially with respect to continuing in an innovation or entrepreneurship function. Together these constraints promote the belief that entrepreneurial assignments are a career risk which ultimately leads to sporadic and negative firm performance.

CONTACT: Andrew C. Corbett; acorbett@babson.edu; (T): (781) 239-5798; Babson Park, MA 02457.

SUMMARY

ARE HIGHLY INNOVATIVE FIRMS ALSO HIGH GROWTH FIRMS? AND WHAT ARE THE CAUSAL EVENTS THAT DELIVER HIGH SALES GROWTH?

Marc Cowling, Brighton Business School, UK
Josh Siepel, Science Policy Research Unit, UK
Weixi Liu, Shanghai University, China
Gordon Murray, Exeter Business School, UK

Introduction

The extent to which a small number of firms drive overall outcomes has shifted economists' attention from absolute numbers of firms to how high performing firms identify opportunities and allocate resources. It seems the processes by which resources are allocated can be more important to economic growth than the absolute amounts (i.e. the accumulation of inputs such as physical capital) (Jorgenson, 1995; Levine, 2005:7). 'How' rather than 'how much' seems to be the key issue. This raises the possibility that differences in economic performance can be explained by the extent to which different economies generate the high performance that enables firms to grow. As a result, support for high impact firms has attracted significant interest.

Aims and Objectives of this Research

The overall aim of this research is to assess the effects of being a highly innovative firm (HIF) on firms' performance across a range of outcome measures, compared to less innovative firms (LIF). In particular, this research answers two simple but important questions:

- Are highly innovative firms also high growth firms
- What is the causal chain of events that leads to High Growth?

Method

The research used four waves of the Community Innovation Survey for the UK for the years 2004, 2006, 2008 and 2010. This survey data was linked to the longitudinal Business Structure Database (BSD) to create a panel dataset. The survey was analysed as yearly cross sections linked to panel performance data, as well as an integrated panel of all four waves. To investigate the dynamics of growth processes using VAR (vector autoregressive) models. These VAR techniques allow us to explore how sales growth affects subsequent employment growth, how employment growth affects growth of innovative inputs, how employment growth affects subsequent sales growth, and so on. In short we have four different elements of the chain that links innovation to performance. The econometric technique allows us to explore how each element fits into this chain, if at all, and their ordering.

Results

We have been able to unpick and explore the processes of growth. The growth process starts with increased employment, which then leads to future increases in R&D spending and New-to-Market Products, which in turn lead to increases in Sales. We do not find a feedback loop from increased sales to increased employment that would lead to persistent growth at the firm level. This causal chain suggests that research should avoid focusing exclusively downstream and consider what upstream capabilities need to be in place for increases sales to occur.

CONTACT: Marc Cowling; M.Cowling2@brighton.ac.uk; (T):+44 (0) 78 4186 6228; Brighton Business School, Brighton, UK.

SUMMARY

FUNDER DECISION-MAKING: THE ROLE OF PRODUCT CREATIVITY, ENTREPRENEURIAL PASSION, AND POSITIVE AFFECT

Blakley C. Davis, Oklahoma State University, USA
Justin W. Webb, Oklahoma State University, USA
Joseph E. Coombs, Virginia Commonwealth University, USA

Principal Topic

The ability to understand both the decision-making process of funders and the way in which entrepreneurs might appeal to that process have long represented key points of scholarly interest. In attempt to gain insight into these phenomena, extent research has generally been premised on the assumption that funder's decisions to provide capital are driven by their economically rational responses to entrepreneurs' communicated pitches. Alternatively, relatively little scholarly effort has been dedicated to understanding whether the decision-making process of funders might be influenced by emotion-based responses, such as state-based positive affect. This article suggests that the decision of funders (in the crowd-funding context) to provide capital is influenced both by economically rational criteria and emotional considerations. In doing so, we provide insight into the way in which funders make capital allocation decisions when faced with relatively lower levels of objective, concrete information than is generally available in traditional investment contexts.

Method

Drawing on theories of positive affect, and arguments pertaining to traditional investment criteria, we develop and test a moderated mediation model of funder decision-making. Data was gathered from 102 participants that viewed and evaluated ten different entrepreneurial funding pitches drawn from the crowd-funding platform Kickstarter. After viewing each pitch, participants responded to measures related to the creativity of the product being pitched, the visible passion of the entrepreneur, their own affective response to the pitch, and, ultimately, their funding decision. Data analysis was performed using the PROCESS macro for SPSS.

Results and Implications

The results suggest that funder positive affect partially mediates the relationship between product creativity and the decision to provide capital. Furthermore, our results also suggest that entrepreneurial passion (both affective and cognitive dimensions) positively moderate this indirect relationship. These findings not only provide open up a new area of scholarly research for affect within the area of entrepreneurial finance, but may also help to clarify mixed findings of past research examining the relationship between entrepreneurs' outwardly visible indicators of passion and funding outcomes.

CONTACT: Blakley Davis; blakley.davis@okstate.edu; (T) 405-744-3325; (F) 405-744-8956; School of Entrepreneurship, 104A Business Building, Spears School of Business, Oklahoma State University, Stillwater, Oklahoma, 74048-4011.

SUMMARY

HIGH GROWTH ENTREPRENEURS: CHASING MONEY OR CHASING EXITS?

Sofie De Prijcker, KU Leuven, Belgium
Sophie Manigart, Vlerick Business School & Ghent University, Belgium
Veroniek Collewaert, Vlerick Business School, Belgium
Tom Vanacker, Ghent University, Belgium

Principal Topic

High tech start-ups are confronted with severe constraints to finance their growth ambitions. When start-ups are confronted with such financial constraints, they can broadly pursue two external financing strategies. They may seek to be acquired, in order to further develop within a large corporate or they raise external financing, of which venture capital (VC) is an important source. Unfortunately, VC financing is not equally abundant across the U.S. and VC's typically prefer to invest close to home. However, high tech entrepreneurs, as active agents, do not have to take their environment as given. We therefore examine whether high tech start-ups with financial constraints move their activities to a different state. In a second step, we study whether moving enables these firms to grow independently by attracting venture capital rather than being acquired.

Method

The data used to explore these questions is developed by the Edward Lowe Foundation's Institute for Exceptional Growth Companies. It combines information from the National Establishment Times Series (NETS), Dun & Bradstreet and PitchBook. Based on these information sources, we construct a panel dataset which consist of more than 140 000 U.S. high start-ups, founded between 1995-2010. For each of the start-ups, we are able to identify if and when they moved, raised external financing or were acquired. Moreover, we examine financial constraints by incorporating the Dun & Bradstreet PAYDEX Score, a widely adopted measure for creditworthiness.

Results and Implications

Findings show that high tech start-ups with financial constraints are substantially more likely to move their activities. In addition, moving facilitates independent growth as it increases the likelihood of VC finance and reduces the likelihood of an acquisition. Interestingly, the benefits of relocation are especially large for high tech start-ups who were confronted with substantial financial constraints prior to move. Our findings advance existing insights on the effect of the entrepreneurial environment, by examining how firms can alleviate the impact of the environment. Moreover, we address the knowledge gap on the differences between venture capital financing and acquisitions as growth strategies for high-tech start-ups.

CONTACT: Sofie De Prijcker; sofie.deprijcker@kuleuven.be; (T): +32 3 2101810; KU Leuven Faculty of Economics and Business, Department of Financial Management, Korte Nieuwstraat 33, 2000 Antwerp, Belgium.

SUMMARY

PERSONALITY, EXPERIENCE OR BOTH? THE IMPACT OF INDIVIDUAL CHARACTERISTICS ON THE ENTREPRENEUR'S RESOURCE ACQUISITION PROCESS

Lien Denoo, Ghent University, Belgium
Pek-Hooi Soh, Simon Fraser University, Canada

Principal Topic

Ties with the right partners may give firms access to valuable resources and information. Especially for new ventures, due to liabilities of newness and smallness, network ties can play a critical role. While the importance of social networks is clear, scholars have debated over the usefulness of strong versus weak ties. Strong ties, which are characterized by frequent interactions, are considered to instill trust and support, whereas weak ties, characterized as infrequent and distant relationships, give rise to novel information and may be better suited for innovation purposes.

Despite the importance of the contextual framework to understand the use of strong or weak ties, the extant literature neglects the importance of individual level attributes which might explain the use of strong or weak ties. We extend the network literature by suggesting that both weak and strong ties may be exploited by entrepreneurs based on differences in individual level characteristics. In doing so, we make use of the entrepreneurship literature which has highlighted individual attributes of the entrepreneur such as his/her previous experience and proactive personality as determinants of entrepreneurial success.

Method

We use a sample of 114 Flemish high-tech start-ups, for which we have data on how the entrepreneurs attracted their first customers. We use fuzzy-set qualitative comparative analysis to test how individual-level characteristics may influence entrepreneurs' use of strong or weak ties when attracting their first customers. Our measurement of tie strength is based on a measure by Perry-Smith (2006).

Results and Implications

Our results show that entrepreneurs' personalities and previous start-up and sector experience play an important role in determining whether they will use strong or weak ties to attract their first customers. Moreover, we also find that firm-level and environmental variables influence the relationships between these individual characteristics and the tie strength used.

CONTACT: Lien Denoo; lien.denoo@ugent.be; (T): 00 32 9 264 79 59; (F): 00 32 9 264 78 88; Department of management, innovation & entrepreneurship, Ghent University, Tweekerkenstraat 2, 9000 Gent, Belgium.

SUMMARY

THE MORE THE MERRIER? HOW ADDITIONS TO NEW VENTURES' ALLIANCE PORTFOLIOS AFFECT BUSINESS MODEL CHANGE

Lien Denoo, Ghent University, Belgium
Helena Yli-Renko, University of Southern California, USA
Bart Clarysse, Imperial College, United Kingdom

Principal Topic

Business models have a significant impact on a firm's performance, value creation and innovation. Although previous research has highlighted the importance of business model innovation for existing firms, little is yet known about the antecedents of business model change and how this change influences the development of new ventures. While drawing on alliance theory, we intend to address this gap in the literature by providing an answer to the research question "How do additions to a new venture's alliance portfolio influence its business model change in nascent markets?"

Alliances have an impact on a wide range of firm-level outcome variables such as performance and joint innovation efforts. In addition to these outcomes, we argue that a firm's alliance portfolio will also impact the firm's business model. By providing access to resources and information, and by influencing a firm's position within the industry network, alliances can contribute both to the business model's content, structure and governance, which are the three components identified by Amit and Zott (2001) as the building blocks of a business model.

Method

We will execute our study in the mobile health or mHealth industry. Based on industry reports, we have identified 174 new ventures, for which we will analyze their business models and business model change over time, and will trace back the alliances they established over time. The identification and coding of these deals will be based on the MobiHealthNews reports, the companies' websites and Factiva. We use the business model change scale that was used by Andries, Debackere, and Van Looy (2013).

Results and Implications

With this study, we expect to contribute to the business model and alliance literatures. Despite the higher importance of business model change for new ventures in nascent markets, business model change has not been studied in this context before. Moreover, the link between adding new alliance partners to a firm's alliance portfolio and the impact this has on a firm's business model change has, to our knowledge, not been analyzed before.

CONTACT: Lien Denoo; lien.denoo@ugent.be; (T): 00 32 9 264 79 59; (F): 00 32 9 264 78 88; Department of management, innovation & entrepreneurship, Ghent University, Tweekerkenstraat 2, 9000 Gent, Belgium.

SUMMARY

DIFFERENT TYPES OF INNOVATION IN THE MICRO-FIRM: A TEST OF THE DETERMINANTS AND THE MODERATING EFFECT OF GENDER

Dawn R. DeTienne, Colorado State University, USA
Eric Clinton, Dublin City University, Ireland
Colm O'Gorman, Dublin City University, Ireland
Michael Dowling, Dublin City University, Ireland

Principal Topic

Increasingly research points to the importance of the small firm as a major contributor to innovation (Carlsson, Acs, Audretsch, & Braunerhjelm, 2009; Laforet, 2013); however, these studies often use the SME designation (up to 250 employees) to define small firms. We contend that a finer-grained examination of "small" firms is warranted and we specifically compare micro (fewer than 10 employees and sales less than €2M) and small firms (10-50 employees and sales between €2M and €50M). We do so because resource theory and barriers to entry suggest that micro-firms may have to innovate in ways unique from other small firms. Additionally, research examining the micro-firm innovation processes is limited even though micro-organizations account for at least 90% of the organizations in the US and 92% in Europe (US Census data; European Commission).

Method

Our sample is taken from the 2011 European Commission and European Central Bank Survey on Access to Finance of SMEs telephone survey. From the complete data set of 15,216 firms, we created a subsample of micro (n=2655) and small firms (n=2404) to enable testing of our hypotheses. To measure innovation we drew upon the definitions of the different types of innovation from the extant literature including Argyres (2011), Zhou and Wu (2012), and Zawislak et al. (2012). We used ordinal generalized linear modeling (Williams, 2006) to analyze the data.

Results and Implications

An examination of the descriptive data indicates that overall micro-firms are less likely to engage innovation than are small firms. In particular, micro-firms engage in less product, process, and managerial innovation; however, growing (albeit slowly) micro-firms are more likely to engage in managerial and marketing innovations. Fast growing small firms are more likely to engage in product and process innovation. There is no significant gender difference across firms; however, age of the firm is significant. Micro-firms tend to grow through managerial and marketing innovations and do not engage in product and process innovation until they are older. Overall these findings provide initial evidence that micro-firms and small firms should be separated in empirical analyses.

CONTACT: Dawn R. DeTienne, dawn.detienne@business.colostate.edu; (T):970-491-6446; (F):970-491-3522; Colorado State University, Fort Collins, CO 80523.

SUMMARY

LONG-TERM ORIENTATION AND INNOVATIVENESS IN MULTI-GENERATIONAL FAMILY FIRMS

Vanessa Diaz-Moriana, Dublin City University, Ireland
Eric Clinton, Dublin City University, Ireland
Justin Craig, Northeastern University, USA
Tom Lumpkin, Syracuse University, USA

Principal Topic

Due to the heterogeneous nature of family businesses, it should not be surprising that research relating to innovativeness in family firms is mixed, with some studies suggesting family firms provide a unique platform for innovativeness, while others finding that family firms are less likely than non-family firms to engage in innovativeness.

Having a long-term orientation (LTO) is a fundamental criterion that underlies many of the strategic decisions in family firms whose intention is to remain a family firm. Incumbent leaders are faced with making investment decisions that reflect their interpretation of the current and future needs of the business and the family. Their long-term vision for the business, which guides their entrepreneurial decisions, impacts the fate of current and future family and business stakeholders.

While having a longer-term orientation is deemed important, family firms need to concurrently foster their competitiveness and embrace entrepreneurship. Though much has been written about the need for family firms to recognise and exploit innovative opportunities, still, little is known about the evolution of entrepreneurship processes in family firms. Our goal is to address this research gap and shed further light on innovativeness in family firms by investigating what is emerging as a central determinant of such activity i.e., the business families long term aspirations.

Method

An in-depth multi-case study approach is used to explore 36 longitudinal European multi-generational case studies collected as part of the Successful Transgenerational Entrepreneurship Practices (STEP) research project. The empirical material was coded and analysed using established techniques for qualitative research. We analysed the material using a traditional content analysis method. We applied the dictionary codes of LTO of Lumpkin and Brigham (2011) and innovativeness. Finally, we identify emergent attributes of relationships between the two constructs.

Results and Implications

Our analysis of the cases indicates that family firms' engagement in innovation is directly related to their LTO. Family firms pursue conscious long-term strategies that have a direct impact on their entrepreneurial orientation, specifically, on their innovativeness. Our findings suggest that futurity, continuity and perseverance are positively associated with innovativeness in multi-generational family firms.

CONTACT: Vanessa Diaz-Moriana; vanessa.diaz2@mail.dcu.ie; (T) +353 17005970; DCU Business School, Dublin City University, Dublin 9, Ireland.

SUMMARY

MONETIZING SOCIAL VALUE CREATION – A BUSINESS MODEL APPROACH

Susanne Dohrmann, Otto-von-Guericke-University, Germany
Matthias G. Raith, Otto-von-Guericke-University, Germany
Nicole Siebold, Otto-von-Guericke-University, Germany

Principal Topic

The way in which social value is created through entrepreneurial ventures varies considerably and is therefore often difficult to compare. From an economic standpoint, value creation through social ventures requires financial resources and activities that lead to expenditures. The sustainability of social ventures differs depending on how these expenditures are financed. This article analyzes the various financing forms of social ventures by developing a general framework in which social business models can be analyzed and categorized. Using a gallery of real-life case studies, we illustrate how social business models can be ordered according to the degree to which they monetize social value creation and the level of generated market revenues in excess of expenditures.

Method

In order to provide a common economic basis for comparing the multitude of social ventures found in practice, we lay a focus on the design of the social mission's underlying business model with special regard to financing forms and sources. Using a sample of Ashoka Fellows and their social enterprise business models and well-known global case studies, we classify every social business model according to two characteristics: First, by the degree to which it strategically monetizes social value creation and, second, by the level of market revenues that it generates through or with the underlying social mission.

Results and Implications

The analysis shows that different social ventures pursuing highly diverse social missions can be grouped into four distinguishable business-model classes due to the structural similarity of their business models. The classes can be ordered according to their degree of monetization, where the monetization of social value creation increases through the changing role of the social mission. Moreover, one can observe how external funding is gradually reduced or replaced by market revenues as monetization increases.

The major contribution of our paper is a general framework for analyzing the monetization of social value creation based on social enterprises' underlying business models. Our framework intuitively reveals a positive correlation between the monetization of social value creation and the generation of market revenues. Furthermore, it illustrates that simple changes in the business model structure can have a significant impact on the monetization of value creation and financial output.

CONTACT: Nicole Siebold; nicole.siebold@ovgu.de; (T): +49 391 6718940; Otto-von-Guericke-University, Chair of Entrepreneurship, Universitaetsplatz 2, 39106 Magdeburg, Germany.

SUMMARY

INTER-INSTITUTIONAL CONFLICTS IN TECHNOLOGY COMMERCIALIZATION PROCESSES

Sharon Dolmans, Eindhoven University of Technology, The Netherlands
Isabelle Reymen, Eindhoven University of Technology, The Netherlands

Principal Topic

The commercialization of technologies developed at public research organizations is a major driver of economic development by providing economic and societal value. This has resulted in a growing interest among policymakers in generating wealth and entrepreneurial activity from publicly funded research. Yet, despite its importance, *technology commercialization* (TC) of scientific research remains a challenging activity with a high failure rate. Therefore policymakers are still in search of ways to coordinate the TC process in a more efficient manner. While TC processes have been approached from various perspectives, the majority of empirical work on TC is limited to within-institution phenomena. Scholars typically address the commercialization process from a single institution's internal perspective, by studying technology commercialization from, for example, the new technology venture-, the technology transfer office- or government agency perspective. However, successful technology commercialization depends on the effective interaction between such institutions, in the ecosystem surrounding new technologies. By conceptualizing TC as a dynamic process, we move beyond a single-institution lens and are able to address the (relation) management of institutions within TC processes.

Method

This study adopts a process research approach to explore the inner workings of TC processes. Our study draws on in-depth case studies, incorporating multiple sources of data to develop theory about TC processes and the interaction between the institutions involved. We interviewed various institutions involved in TC processes, such as a central government agency - established to fund and facilitate the commercialization of scientific research, TTO's, existing technology firms and new technology ventures.

Results and Implications

Our results give insight into the dynamics of TC processes by pointing to specific interactions among the institutions involved. We observe that inter-institutional conflicts between TTO's, government agencies, new technology ventures and existing firms permeate the TC process and can impede the commercialization of scientific inventions. Our findings point to several types of conflicts regarding: (1) decision-making autonomy of the institutions involved, (2) distribution of intellectual property rights and (3) commercial application and value of new technological inventions. To effectively orchestrate TC processes aimed at stimulating entrepreneurial activity from research, it is imperative to unravel these inter-institutional relationships and conflicts of interest.

CONTACT: Sharon Dolmans; s.a.m.dolmans@tue.nl; (T): +31402478212; Eindhoven University of Technology, IE&IS, ITEM, CNT 0.10, P.O. Box 513, 5600 MB Eindhoven, The Netherlands.

SUMMARY

THE EVALUATION OF UNIVERSITY INVENTIONS: JUDGING A BOOK BY ITS COVER?

Sharon Dolmans, Eindhoven University of Technology, The Netherlands
Scott Shane, Case Western Reserve University, USA
Joseph Jankowski, Case Western Reserve University, USA
Isabelle Reymen, Eindhoven University of Technology, The Netherlands
George Romme, Eindhoven University of Technology, The Netherlands

Principal Topic

Technology licensing officers make decisions about which university inventions are commercialized. This is not a straightforward decision given the early stage of these inventions. Research has shown that under these circumstances of uncertainty evaluators often turn to attributes of the individuals associated with the new technology to inform their decision. An important factor known to influence how individuals are perceived, evaluated and treated is *physical appearance*. Therefore our study investigates the influence of inventor appearance on technology licensing officers' evaluation of the commercial potential of new university inventions.

Method

To examine the effect of inventor appearance on technology licensing officers' evaluation of new university inventions, we conducted a randomized experiment (2x1 between-subjects design) with 119 technology licensing officers at Carnegie I research universities in the United States. An experimental design was adopted to: (1) control the quality of the university invention and (2) isolate the effect of inventor appearance. Technology licensing officers were asked to evaluate a real life invention disclosure form, in which we manipulated inventor appearance. The treatment group received an invention disclosure accompanied by a picture of a male inventor with a professional appearance whereas the control group received the exact same disclosure but accompanied by a picture of a male inventor with a less professional appearance. The technology licensing officers were asked to indicate how valuable they believed the invention to be to industry.

Results and Implications

The results suggest that technology licensing officer attitudes may influence whose inventions will be commercialized. Our experiment provides the first evidence of the causal effect of inventor appearance on technology licensing officers' views of the commercial potential of university inventions. Specifically, our experiment reveals that licensing officers perceive the inventions of inventors with a professional appearance to be more valuable to industry. These findings suggest that inventors with a more professional appearance will be more likely to see their inventions commercialized than the characteristics of their inventions alone would suggest.

CONTACT: Sharon Dolmans; s.a.m.dolmans@tue.nl; (T): +31402473046; Eindhoven University of Technology, IE&IS, ITEM, CNT 0.16, P.O. Box 513, 5600 MB Eindhoven, The Netherlands.

SUMMARY

POST-ENTRY SPEED AND THE PERFORMANCE OF INTERNATIONAL NEW VENTURES – THE ROLE OF COMPLEXITY MANAGEMENT

Anne Domurath, Technische Universität München, Germany
Benjamin Schneck, Technische Universität München, Germany
Holger Patzelt, Technische Universität München, Germany

Principal topic

Fast international expansion post initial entry (post entry speed - PES) has been found to have an overall negative influence on profitability, survival chances, and sales growth. These negative performance implications seem to arise because of complexities associated with fast internationalization. Higher complexity results in "inefficiencies that occur when things are done faster" (Jiang et al., 2014, p. 115). As firms' capacity to cope with complexity is limited negative performance implications arise.

However, extant research suggests that complexity might not uniformly lead to deteriorated performance as firms respond to complexity by forming capabilities. Research on international new ventures (INVs) supports this view in suggesting that young internationalizing ventures enjoy "learning advantages of newness" that enable them to quickly learn in international markets and form capabilities according to market feedback.

Hence, fast-pace international expansion poses a major threat to INVs, but young ventures are characterized by a particularly strong ability to learn and form capabilities. Thus, it appears that some ventures are able to realize capability formation as a response to complexity whereas others are not able to handle complexities in a way such that they do not have negative performance implications.

Method

We use a multiple case study approach to ground our theory development in data. Nine internationalized ventures have been selected for analysis. The primary data source for our study was semi-structured interviews with all founders of each venture as well as 1 to 3 employees. Besides the interviews we collected secondary data on the case ventures in the media and quantitative data through questionnaires.

Results and Implications

The data demonstrated that higher PES leads to higher internationalization-related complexity. However, high complexity did not necessarily lead to negative performance outcomes. Indeed, we found that those firms that needed to cope with high complexity were able to achieve positive growth and performance outcomes because they developed particular capabilities. Furthermore, we found that the formation of these capabilities is influenced by the entrepreneurial team's attitude towards complexity and the prior startup internationalization experience.

CONTACT: Anne Domurath; anne.domurath@tum.de; (T): +49-89-289-26754; (F): +49-89-289-26747; Chair of Entrepreneurship, TUM School of Management, Technische Universität München, Arcisstraße 21, 80333 München, Germany.

SUMMARY

VENTURE AFFILIATED ANGELS AND VENTURE CAPITALIST SCREENING DECISIONS

Will Drover, Babson College, USA & The University of Oklahoma, USA
Matthew Wood, Baylor University, USA
Andrew Zacharakis, Babson College, USA

Principal Topic

Drawing on signaling theory, this research explores the understudied symbiotic relationship between early stage seed funders and later stage venture capital (VC) investors. We build on research that shows ventures enjoy legitimizing benefits from third-party endorsements to reason that a venture's source of seed funding can play an important role that assists in resolving information asymmetries about the quality of a young venture. We argue that the investment of seed funding investors, such as angels and crowdfunders, and the affiliation endorsements that result, play an important role in signaling venture quality and potential to outsiders—thereby influencing investor screening decisions.

Method

We conduct three complementary experiments using 163 active VCs making 1,036 screening decisions. Study 1, a traditional between subjects scenario experiment, investigates whether or not the general source of seed funding (i.e., angels or crowdfunding) influences the decision to move a venture from initial screening to formal due diligence. Studies 2 and 3 are conjoint analysis studies and explore how knowledge of specific characteristics of angels (investor experience and angel group membership) or the crowd (volume of crowdfunders, platform structure and site reputation) influence VCs screening decisions. Our dependent variable for all three studies is a 3-item scale capturing the VCs' willingness to conduct formal due diligence.

Results and Implications

We find that VCs are not biased towards or away from specific seed funding sources, but specific characteristics of the funders do influence VC decisions. Specifically, we document that ventures funded by an experienced angel, or an angel belonging to a reputable group are viewed more favorably by VCs. With respect to crowdfunded ventures, we found that a high volume of investor support and the reputation of the crowdfunding site can positively influence VC perceptions—but the platform structure (equity, lending, reward) moderates these influences. We articulate our findings as preliminary evidence that the presence of seed funding by a specific profile of investor(s) can send an affiliation endorsement signal that positively influences potential key resource partners.

CONTACT: Will Drover; will.drover@gmail.com; (T): 805.570.5950. The University of Oklahoma. Norman, OK, 73071.

SUMMARY

MEASURING PERCEIVED RISK: DEVELOPMENT AND VALIDATION OF AN ENTREPRENEURSHIP-SPECIFIC SCALE

Saulo Dubard Barbosa, EMLYON Business School, France

Principal Topic

Scale development is becoming more common in entrepreneurship research, but scholars in the field of entrepreneurship continue to use risk measures that were developed in other fields and for other purposes, relying often in one-dimensional single-item measures. This goes against theory and empirical evidence suggesting that entrepreneurial risk is multi-dimensional and that risk-taking is context- and domain-specific.

In this paper we report the development and validation of a multi-dimensional scale of entrepreneurial risk perception through three empirical studies.

Method

Participants were business students:

- in four universities in the United States (Study 1: N=447);
- across nine countries (Study 2: N=1357);
- in a French business school (Study 3: N=204).

In all studies, research protocol was based on a survey containing our risk perception measures and several other measurement instruments related to entrepreneurship. Study 1 contained our full initial scale, consisting of 23 items generated from previous research and pre-tested with five experts. In the subsequent studies, we kept and refined a short version of the scale.

Results and Implications

In study 1, factor analysis provided surprising results in that, although each risk dimension of our initial scale (overall, financial, personal, and social) seemed to constitute a distinct factor, within each factor items that were reversed would systematically load into two different factors. Thus, the resulting internal structure of the scale showed eight factors, four positively framed and four negatively framed. After several additional analyses, we concluded that negatively framed items were capturing the most common view of risk as threat, whereas positively framed items were tapping into the notion of risk as opportunity.

In study 2, using only 8 items measuring overall perceived risk, results again indicated the scale to be bi-dimensional.

In study 3, we refined these items and our analysis corroborated the bi-dimensionality of the scale for different entrepreneurial contexts (independent startup, corporate entrepreneurship, and social entrepreneurship).

In all studies results showed satisfactory internal reliability (with alphas ranging from .71 to .86) and consistent construct validity, with 'risk as threat' and 'risk as opportunity' being, respectively, negatively and positively associated with entrepreneurial intentions and motivations to engage in different forms of entrepreneurial action.

CONTACT: Saulo Dubard Barbosa; barbosa@em-lyon.com; (T): +33472184653; Department of Strategy and Organization, EMLYON Business School, 23 avenue Guy de Collongue, 69134 Ecully Cedex, France.

SUMMARY

IMPACT OF ENTREPRENEURIAL ORIENTATION, MARKET ORIENTATION, AND ORGANIZATIONAL LEARNING ON SHAREHOLDER VALUE: A MODERATED-MEDIATION MODEL

Dev K. Dutta, University of New Hampshire, USA
Xiujian. Chen, SUNY Binghamton, Vestal, NY, USA

Principal Topic

Entrepreneurial orientation (EO) and market orientation (MO) are two important, albeit competing, aspects of firm strategy. While it has been observed that each of these strategic orientations has a positive impact on firm performance, they also represent "different logics of organization", and require conflicting organizational architectures and activities. Fundamentally, EO and MO impose rather different learning challenges for the firm. With a focus on innovativeness, risk-taking and proactive pursuit of new opportunities, EO emphasizes learning through exploration of new knowledge and capabilities. MO, on the other hand, is concerned with providing superior value to the firm's current customers through organizational learning based on exploitation of extant knowledge and capabilities. A firm desirous of pursuing both EO and MO thus faces tremendous challenges since it must create a learning environment that accords primacy to simultaneous knowledge exploration and exploitation. The organizational ambidexterity, essential in such a scenario, is difficult for firms to achieve because of inherent tensions and contradictions. Yet, firms that are able to do so receive high performance benefits. In this paper, we develop a moderated-mediation model linking the impact of EO, MO and OL on shareholder value.

Method

We empirically test our hypothesized relationships on a five year panel dataset of large, publicly traded American retailers. Serious issues such as memory distortion, retrospective bias, and unwillingness to "submit to scholarly poking and probing" pose problems for collecting data about strategic variables through conventional key informant technique. Our empirical approach circumvents these problems in an innovative way by utilizing historiometric analysis of corporate letters to shareholders.

Results and Implications

To test the moderated-mediation model, we follow the general path analytic framework combining moderation and mediation in Edwards and Lambert (2007). Specifically, our moderated-mediation model refers to an indirect mediating effect by MO, over and above the direct effect of EO, on the shareholder value in a model that is additionally moderated by OL. Our hypotheses are, by and large, supported.

CONTACT: Dev K. Dutta: dev.dutta@unh.edu; (T) +1 603 8622944; University of New Hampshire, Paul College of Business and Economics, 10 Garrison Avenue, Durham, NH 03824, USA.

SUMMARY

UNCERTAIN BUT ABLE: ENTREPRENEURIAL SELF-EFFICACY AND NOVICES' USE OF EXPERT DECISION-LOGIC UNDER UNCERTAINTY

Yuval Engel, VU University Amsterdam, The Netherlands
Nicoletta Dimitrova, VU University Amsterdam, The Netherlands
Svetlana Khapova, VU University Amsterdam, The Netherlands
Tom Elfring, VU University Amsterdam, The Netherlands

Principal Topic

Overall, scholars agree that entrepreneurs' initial decisions are made in the face of fundamentally unpredictable situations and that predictive strategies are therefore largely inadequate in the pre-firm stage. Against this backdrop, 'effectuation'- a non-predictive logic used by expert entrepreneurs - is positioned as a viable alternative. Yet, despite the rapidly growing volume of scholarship devoted to effectuation, research on its antecedents remains limited in scope. While the role of entrepreneurial experience has been the focus of much investigation, theory still does not adequately explain why entrepreneurs, confronted with identical conditions, vary in their reliance on effectuation. In particular, *what are the factors that may mitigate an "experience deficit" and promote the use of effectuation among novices?* In addressing this question we specifically focus on entrepreneurial self-efficacy (ESE) and situational framing (opportunity and threat) to understand how, depending on the level of ESE, the same uncertain situation may be interpreted through different lenses, thereby evoking different strategic responses.

Method

We conducted an experiment wherein we manipulated participants' (93 Dutch business-students) perceptions of ESE by randomly assigning them to receive (bogus) feedback (positive vs. negative vs. control) about their entrepreneurial ability. All participants were then instructed to assume the role of an entrepreneur and read through a realistic venture scenario designed to elicit perceptions of high state uncertainty. Next, they indicated whether this situation represented an opportunity and/or a threat and answered items measuring their predominant logic in tackling a series of venturing decision-problems. Controls and manipulation checks confirmed the validity of the experiment.

Results and Implications

Our findings suggest that, all other things being equal, novice entrepreneurs are prone to use prediction under uncertainty. However, this tendency, in which predictive logic is used for a situation recognized as unpredictable, can be reversed. Indeed, participants who experienced an increase in ESE were more likely to frame the same uncertain situation as an opportunity and rely on the non-predictive logic of effectuation. These results offer important contributions to entrepreneurship theory and practice.

CONTACT: Yuval Engel; y.engel@vu.nl; (T): +31 20 598 3550; Faculty of Economics and Business Administration, VU University Amsterdam, De Boelelaan 1105, 1081 HV Amsterdam, The Netherlands.

SUMMARY

BEYOND HARSHNESS VERSUS LENIENCY: CORPORATE BANKRUPTCY LAWS, ENTREPRENEURIAL ASPIRATIONS AND RISK AVERSION

Saul Estrin, London School of Economics, UK
Tomasz Mickiewicz, Aston University, UK
Anna Rebmann, Aston University, UK

Principal Topic

In this paper, we explore how differences in bankruptcy codes across nations influence the likelihood of an individual starting a high growth aspiration business. Bankruptcy laws have an important influence on entrepreneurial outcomes through both the motivation of individuals to become entrepreneurs, and the extent of finance offered. Parallel to this, the theory reflects tensions between entrepreneur oriented and creditor oriented views.

We propose that the tensions between these entrepreneurship and corporate governance views of bankruptcy laws can be resolved if instead of ordering bankruptcy laws from creditor-oriented to debtor-oriented as in previous literature, one focuses on separate elements of the legal code. Some of these elements (e.g. secured creditors' priority) are likely to encourage creditors and others (e.g. forced removal of management) to de-motivate entrepreneurs.

Moreover, we propose a moderating relationship between risk attitudes and the elements of the bankruptcy code operating primarily through entrepreneurial motivation. Potential entrepreneurs who are more risk averse are more likely to be deterred in environments where the elements of bankruptcy laws affecting the control rights of the owner-manager are harsher.

Methods

We test our hypotheses using a cross country dataset developed by merging the Global Entrepreneurship Monitor (GEM) data with country data about bankruptcy arrangements. We use multi-level modelling on data from 39 countries covering 251,235 individuals over the years 2002-2004 to test the relationship between different elements of bankruptcy laws and the likelihood of an individual being the owner-manager of nascent business with high growth aspirations.

Results and Implications

Our results confirm that the bankruptcy code is indeed an important determinant of high aspiration entrepreneurial activity. However, its impact is differentiated depending on whether the relevant aspect of the code primarily influences perceived entrepreneurial or creditor returns. The results suggest that the bankruptcy code plays a complex role in encouraging entrepreneurship. Neither a creditor- nor debtor-oriented bankruptcy systems in of themselves are more encouraging for entrepreneurship; rather some elements of bankruptcy law matter more to creditors and others matter more to entrepreneurs. This indicates that the optimum design of bankruptcy law may not imply just balancing the advantages of encouraging entrepreneurship directly versus encouraging credit supply.

CONTACT: Anna Rebmann; a.rebmann@aston.ac.uk; (T):+44(0)1212043651 Aston Business School, Aston Triangle, Birmingham, B4 7ET, UK.

SUMMARY

(EDUCATED) WOMEN AND MEN DIFFER: SOCIAL AND COMMERCIAL ENTREPRENEURSHIP COMPARED

Saul Estrin, London School of Economics, UK
Tomasz Mickiewicz, Aston University, UK
Ute Stephan, Aston University, UK

Principal Topics

Recent evidence suggests that social entrepreneurship can support an entrepreneurial society (Estrin, Mickiewicz & Stephan, 2013; Mair, Marti & Ventresca, 2012), and may thus facilitate a virtuous circle for economic development. In this study, we explore the individual-level characteristics from which this circle originates. In particular, we compare the role of education and gender for commercial and social entrepreneurship, and investigate the moderating effect of the institutional environment on these relationships.

Drawing on career choice theories which highlight the importance of individual values for occupational decisions (Ashby & Schoon, 2010), we suggest that individuals with higher education and females may be relatively more likely to engage in social compared to commercial entrepreneurship. Social entrepreneurship is a career choice particularly consistent with pro-social values, which are more common among the highly educated and women (e.g. Schwartz, 2009; Schwartz & Rubel-Lifschitz, 2009). With strong national constitutional-level institutions in place, entrepreneurial success is to a greater extent due to individual skill and effort rather than arbitrary external circumstances. In such institutional contexts, entrepreneurial entry is likely an increasingly appealing choice for highly educated individuals who can draw on their skills and knowledge acquired through education.

Methods

We apply two-equation, multilevel, generalised structural equation modelling to Global Entrepreneurship Monitor data collected in 2009 merged with country-level institutional indicators. We use nationally representative samples of 114,341 individuals and 47 countries. Our dependent variables are individual social and commercial entry.

Results and Implications

We find support for our hypotheses. We contribute to entrepreneurship theory by enhancing the understanding of the differences and similarities between social and commercial entrepreneurship, and add to research on education and entrepreneurship. First, we provide evidence that the two types of entrepreneurship attract different individuals. Thus our results suggest that social entrepreneurship "widens the funnel" of entry into entrepreneurial activity, bringing in individuals who are otherwise not attracted to entrepreneurship (especially highly educated individuals and women). Second, we found that higher education closes the gender gap in social entrepreneurial entry. Third, we shed light on the type of national institutions that create boundary conditions for the effects of education on entrepreneurial entry.

CONTACT: Ute Stephan; U.Stephan@aston.ac.uk; (T): +441212043183; Aston Business School, Aston Triangle, Birmingham, B47ET, UK.

SUMMARY

IMITATION AND DIFFERENTIATION IN THE EMERGENCE OF NEW CATEGORIES: THE CASE OF SEED ACCELERATORS 2005 – 2012

Greg Fisher, Indiana University, USA
Shannon Younger, University of Wisconsin-Madison, USA

Principal Topic

New organizations face competing pressures to be both "like" and "different from" their organizational peers. Imitation fosters legitimacy as new ventures comply with existing practices and deviation contributes to competitive advantage as ventures establish points of unique value. Prior research speaks to the need for new organizations to achieve "legitimate distinctiveness"—balancing compliance with differentiation. Attaining "legitimate distinctiveness" is uniquely challenging for new ventures in a developing market category because the lack of clarity about the characteristics of the category means that entrepreneurial ventures may struggle to convey: "who they are" and "what they do." To navigate this challenge, new ventures often imitate the category's exemplar organization—an organization that signals the category's essential practices, features and boundaries. Yet entrepreneurial ventures cannot blindly imitate an exemplar organization if they are to be competitive, and if the category is to evolve. Therefore new ventures setting up operations in a developing market category must decide what aspects of their operation will imitate the exemplar in that category and what aspects of their operation will diverge from the exemplar. Therefore we ask: *What accounts for imitation of or differentiation from an organizational exemplar as new ventures enter a developing market category?*

Method

To address this question we analyzed data on the emergence of 143 seed accelerators from 2005-2012. Seed accelerators represent a new category of organization supporting entrepreneurial ventures. They provide early stage entrepreneurial ventures with small infusions of capital and intensive support. The first seed accelerator—Y Combinator—was established in 2005 and has served as exemplar for the category. We collected data on the location, founding date, founders, industry focus and descriptions of each accelerator at the time of its launch. The data is coded and analyzed to assess how similar or different each accelerator program is to Y Combinator on various dimensions.

Results

The data suggest that new venture choices can be distinguished on the basis of entrepreneurial discretion. Choices with high entrepreneurial discretion are those over which entrepreneurs have a high degree of control and low entrepreneurial discretion choices are more restrictive. Our findings suggest that entrepreneurs use their higher discretion choices to compensate for low discretion choices so as to achieve "legitimate distinctiveness." If low discretion choices result in similarity to an exemplar, then entrepreneurs use high discretion choices to foster differentiation and vice versa.

CONTACT: Greg Fisher; fisherg@indiana.edu; (T): +1 206-909-3146; Department of Management & Entrepreneurship, Kelley School of Business 660E, Indiana University, 1309 E. 10th St., Bloomington, IN 47405-1701.

SUMMARY

LOOKING BEYOND THE CONVENTION: A NOVEL INCREMENTAL PREDICTOR OF NATIONAL ENTREPRENEURSHIP RATES

Markus Fitza, Texas A&M University, USA
Daniel Lerner, University of Deusto, Spain

Principal Topic

Models explaining differences in entrepreneurial activity between countries focus on economic, political, social, cultural, and institutional variations. However, recent research on cultural differences between countries has established the importance of a previously overlooked source of variation: the prevalence and effect of common pathogens (e.g. Maseland 2013). In this study we apply findings from such research to extend the understanding of differences in entrepreneurial activity rates.

Research linking pathogen prevalence to individual personality and culture is on the rise – not only in Psychology (e.g. Murray & Schaller 2010) and Medicine (e.g. Torrey & Yolken, 2003), but also in Sociology (e.g., Lafferty 2006; Fincher et al 2008) and Economics (e.g. Maseland 2013). One example is the behavioral manipulation that certain pathogens cause in their host, due to changes in neurotransmitter functions (e.g., Lafferty 2006; Webster 2001; Torrey & Yolken 2003). Toxoplasma gondii is such a parasite and very common pathogen.

While there are no direct physical symptoms at the time of infection, it causes lasting personality effects over time (Flegr et al., 2000; Torrey & Yolken, 2003; Webster 2001). Many of the effects are similar to the proposed personality traits associated with entrepreneurship. The presence of the parasite results in increased risk taking, an increased focus on ambition, ego, and self-achievement, and limits rule-conscientiousness (e.g., Flegr et al., 1996). Lafferty (2006) showed that differences in infection rates explain some of the national differences in cultural dimensions (e.g., uncertainty avoidance), while Maseland (2013) showed its effect on national institutions. If prevalence influences cultural traits, it may underline and help explain national differences of entrepreneurship rates.

Methods, Results, & Implications

We test whether differences in Toxoplasma gondii prevalence incrementally explain entrepreneurial activity. We use the data and model of the global entrepreneurship monitor (e.g. Busenitz, Gómez, Spencer, 2000) which provides an established framework for explaining national differences in entrepreneurial activity. The results indicate that Toxoplasma gondii is a significant predictor after controlling for established factors ($p<0.01$). In other words, Toxoplasma gondii has explanatory power beyond the extensive battery of GEM variables.

The results illuminate an additional variable connected to country-level entrepreneurial activity, grounded in underlying individual behavior. The findings support the importance of research considering unconventional factors to explain entrepreneurial action.

CONTACT: Markus Fitza; markusfitza@tamu.edu; (T): +1 720 381 8993; Texas A&M University, College Station, TX 77843-4221, USA.

SUMMARY

LEARNING AND PERFORMING: EFFECTS OF LEARNING GOAL ORIENTATION AND STRESS ON ENTREPRENEURIAL MOTIVATION AND PERCEIVED ABILITY TO OVERCOME OBSTACLES

Maw-Der Foo, University of Colorado, Boulder, USA
Marilyn Uy, Nanyang Technological University, Singapore
Elsa Chan, University of Colorado, Boulder, USA

Principal Topics

Goal orientation research shows that entrepreneurs have higher achievement goal orientation than non-entrepreneurs (DeMartino et al., 2006), that entrepreneurs from different cultures have varying achievement goal orientation levels (Stewart et al., 2003), and that goal orientation predicts success (Sebora et al., 2009). Despite the expansive achievement goal orientation literature, the impact of learning goal orientation on entrepreneurial outcomes is glaringly missing.

As learning goal orientation is strongly linked to self-regulatory processes (Payne et al., 2007), we suggest that it will have the biggest impact on outcomes when self-regulatory processes are needed. Such a situation exists when entrepreneurs are undergoing stress. Since learning goal orientation facilitates goal achievement by motivating people to work hard and smart (Sujan et al., 1994) and to self-regulate (Payne et al., 2007), we predict that when entrepreneurs experience stress, this orientation reduces the negative impact of stress.

Specifically we examine the joint impact of stress and learning goal orientation on motivation and perceived ability to overcome obstacles. Motivation is critical during venture creation as the business gestation period is long (Carter et al., 1986) requiring entrepreneurs to complete many activities to establish an on-going business.

Methods

Our sample consisted of 1,663 reports from 63 Filipino entrepreneurs. Over 15 days the entrepreneurs provided twice daily reports of stress, perceived ability to overcome obstacles and motivation. At the start of the study, they also completed the trait learning goal orientation scale.

Results/Implications

Results reveal that stress reports in the morning predict lower motivation and perceived ability to overcome obstacles. Learning goal orientation attenuates these relationships. Slope analyses show that when entrepreneurs face higher stress, their motivation and perceived ability to overcome obstacles drop. However, these drops are lower for entrepreneurs with high learning goal orientation.

This paper contributes to two expanding areas in entrepreneurship research--stress and self-regulation. Venture implementation is a high stress activity and coping strategies are only partially successful (Uy et al., 2013). In this stressful environment, approaches to mitigate the negative consequences of stress, such as a learning goal orientation, can increase the chance that entrepreneurs continue to be productive, effective, creative, and motivated.

CONTACT: Maw-Der Foo; foomd@alum.mit.edu; University of Colorado, 419 UCB, Boulder Colorado 80309.

SUMMARY

THE ROLE OF THE ACQUIRER IN ENTREPRENEURIAL EXIT

Nancy Forster-Holt, Husson University, USA
Jason Harkins, University of Maine, USA

Principal Topic

In identifying entrepreneurial exit as a critical component of the entrepreneurial process, DeTienne (2010) posed the question, "what conditions cause an entrepreneur to choose a particular exit?" Implicit in this question is the notion that the seller is in control of exit outcomes. However, without a buyer, acquisition is eliminated as an exit outcome, leaving exit to occur by closure and/or liquidation (sometimes referred to as failure, e.g. van Teeffelen & Uhlaner, 2012). We focus this paper on the role played by the acquirer in entrepreneurial exit.

Financial and strategic acquirers are the two distinct types of acquirers noted in practitioner-focused literature, (e.g. McKaskill, 2010). In other contexts, scholars have used real options theory to explore acquisitions from the perspective of the exiting owner (McGrath 1998). We utilize real options theory to explore why entrepreneurial firms are acquired. Specifically, we focus on the following research questions:

RQ1: Between financial and strategic buyers, are there differences in real options in acquisition targets? If so, what are they?

RQ2: Among financial and strategic buyers, are there differences in real options in acquisition targets? If so, what are they?

Data and Methodology

We utilized the case study methodology (Eisenhardt, 1989) to analyze entrepreneurial exit through firm sale/acquisition. Utilizing four business brokers whose firms serve the Northeast, USA, we formed a database with 78 cases and employed rough data set analysis, a tool for analyzing qualitative data.

Results and Implications

We find that there are differences between financial and strategic buyers within the context of entrepreneurial exit as well as differences among strategic, but not financial buyers. We identify three different types of strategic buyers: buyers purchasing an option to grow, others acquiring the option to delay and a final group buying investment options. Finally, the financial acquirer is buying an open ended, non-expiring 'lifestyle option.'

Our data suggests that the exit outcomes vary greatly depending on what real options are present. Additionally, there are differences among strategic acquirers, depending on the exclusivity and expiration of the option. Our findings suggest fertile ground for studying exit and pre-exit decisions as they relate to creating options by entrepreneurs for attracting acquirers.

CONTACT: Jason Harkins; jason.harkins@maine.edu; (T): +1 2078919195; Maine Business School, 5723 DPC Building, University of Maine, Orono, ME 04401, USA.

SUMMARY

FINANCIAL CAPITAL, SOCIAL NORMS AND ENTREPRENEURIAL INTENT: EVIDENCE FROM A RUSSIAN CONTEXT

Shirah E. Foy, Aalto University, Finland

Principal Topic

While research suggests financial capabilities and social influences are vital toward understanding the development of individuals' entrepreneurial intentions (EI), their nature remains less than fully understood. Despite potential for important theoretical and practical implications, the systematic study of how these personal and social capital factors influence the formation of EI in varied economic and social contexts remain limited. In this paper we develop a contextually-based theoretical model of EI which can be used to best direct and allocate resources dedicated to encouraging and providing effective incentives and support for potential entrepreneurs. Our central argument is that the development of EI may not be universal, and that important contextual differences in the role of personal financial capital and in the influence of evolving social norms help provide more nuanced and robust theoretical insights into the development of EI.

Method

In this cross-sectional empirical survey study, data were collected from university students in Russia in 2010 and 2011. This data site was chosen given recent political transitions and the associated emergence of capitalistic activity observed. Hypotheses were developed around four variables: two already shown to be positively associated with the formation of EI, and two more expected to be. A data analysis strategy utilizing multiple linear regression and analysis of variation (ANOVA) techniques was employed to test the hypotheses.

Results and Implications

Present findings suggest that the way social norms interact with financial capital, and the way they ultimately affect a potential entrepreneur's intentions, depends on the entrepreneur's proximity to each individual or group displaying a given set of norms. In addition to the proximity aspect, findings suggest that social capital influences may significantly predict EI differently across time. In doing so, this research makes three important contributions. First, it suggests that the development of intentions is not a universal phenomenon and contextual models can be used to extend entrepreneurial intentions theory. Second, it provides insight into the theoretical importance of social norms as a potential boundary condition for understanding the impact of financial and other resources designed to foster entrepreneurial activity. Finally, the present findings highlight the potential for future research to further investigate the temporal aspect of such a boundary condition.

CONTACT: Shirah Foy; shirah.foy@aalto.fi; (T): +358 417501770; Department of Management Studies, Aalto University, Runeberginkatu 14-16, FI-00100, Helsinki, Finland.

SUMMARY

COME ON, DO THE LOCOMOTION: WHY INTRINSIC MOTIVATION MIGHT NOT BE ENOUGH

Rebecca J. Franklin, Tulane University, USA

Principal Topic

The tendency to act or not act is captured in the variable locomotion, which is associated with individuals who are "high energy 'doers' and 'go-getters' who welcome the opportunity to act in relative disregard of the costs and who loathe merely waiting and watching rather than acting" (Kruglanski et al., 2000: 796). Self-regulatory factors facilitate high levels of performance in many contexts by guiding and monitoring goal progress. Self-control influences efforts to reach goals by helping individuals avoid distracting temptations and regulate competing motives so as to shift, effectively, between goals (Hofmann et al., 2012). Thus, the tendency to "take action" (locomotion), combined with the ability to refrain from actions that are not directed toward goal progress (self-control), contribute to goal progress, which leads to career success and well-being.

Method

Participants were selected from a nationwide list of university alumni who are business founders/owners. Participants completed on online survey (69% response rate, n=233). The survey included established validated measures for self-control (Tangney et al., 2004), locomotion (Kruglanski et al., 2000), entrepreneurial motives (Birley & Westhead, 1994; Carter et al., 2003), career success (Abel & Spurk, 2009), and subjective well-being (Deiner et al., 1985). To indicate goal progress, participants reported progress on their top three work-related goals. Control variables included age, sex, education, and ethnicity.

Results and Implications

Structural equation modeling indicates that intrinsic motives are positively significantly related to locomotion. Locomotion is significantly positively related to goal progress and career success, and fully mediates the relationship between intrinsic motives and goal progress. Self-control is significantly positively related to goal progress, and goal progress is significantly positively related to career success. Career success is significantly positively related to subjective well-being. Results suggest that intrinsic motives alone are not adequate for goal progress -- high levels of locomotion are also necessary. This finding contributes to self-determination theory by identifying why some individuals fail to act regardless of having high levels of intrinsic motivation. Practical implications suggest that helping entrepreneurs increase their self-regulatory skills can enhance their career success, leading to better performance and higher levels of subjective well-being.

CONTACT: Rebecca J. Franklin, rebecca@researchentrepreneurship.com; (T): 918-645-7987; 18609 E 56th Street, Yale OK 74085.

SUMMARY

THE ROLE OF IMAGINATION IN HIGH-TECHNOLOGY ENTREPRENEURSHIP

Arjan J. Frederiks, University of Twente, The Netherlands
Michel L. Ehrenhard, University of Twente, The Netherlands
Aard J. Groen, University of Twente, The Netherlands

Principal Topic

High-tech entrepreneurs bring new products or services to the market by combining technological innovation, new business ideas and an effective strategy. Imagination is needed for both creating business ideas as well as developing effective strategies. Three types of imagination can be distinguished: prospective thinking, counterfactual thinking, and perspective taking. The aim of this paper is to research how high-tech entrepreneurs use their imagination. Our contribution is twofold. First, we explore how high-tech entrepreneurs perceive in what way they use imagination. Second, we investigate how these entrepreneurs use the three imagination types to create new business ideas and develop strategies.

Methods

We conducted 20 in-depth semi-structured interviews with high-tech entrepreneurs with at least five years experience. We started by asking what imagination is according to the interviewee and whether they use it. Next, we explained how we define imagination according to the three imagination types. Subsequently, we asked questions about how the three imagination types are used for both generating business ideas as well as developing strategies.

Results and Implications

Our first finding is that most entrepreneurs have a clear notion of what imagination is, and many entrepreneurs agree that they make use of their imagination. Especially the entrepreneurs that are still at the phase of transforming research findings and prototypes into full products, state that imagination is very beneficial to them. The entrepreneurs say that they can hold on to a goal that they imagined. Using imagination therefore gives them a sense of security and stability. However, the goal the entrepreneurs have imagined is quite abstract and broad due to a lack of knowledge and experience.

On the other hand, entrepreneurs that already have a full running company state that their knowledge and experience, which they gained during the entrepreneurial process, improve the precision of the imagination. However, the further in the process, the less useful the imagination gets, as there are more boundary conditions that these entrepreneurs cannot change anymore due to path dependency. This suggests that the effectiveness of imagination over time shows an inverted U-shape.

CONTACT: Arjan J. Frederiks; a.j.frederiks@utwente.nl; (T): +31 53 489 3797; Netherlands Institute for Knowledge Intensive Entrepreneurship, University of Twente, P.O. Box 217, NL-7500AE, Enschede, The Netherlands.

SUMMARY

CHARACTERISTICS OF "NO + LOW" FINANCED BUSINESSES

Casey J. Frid, Pace University, USA
David M. D. Wyman, College of Charleston, USA
William B. Gartner, Copenhagen Business School, Denmark
& California Lutheran University, USA

Principal Topic

We explore the 20% of all nascent entrepreneurs in the U.S. who attempted to start a business with financial capital of $500 or less. We label this group as "no + low" (N+L) financed businesses. We account for the variation in human and social capital of these nascent entrepreneurs and the types of N+L financed businesses started vis-à-vis "normal" or high financed businesses. Prior studies have found that an entrepreneur's human and social capital can be a substitute for financial capital in existing firms. Our study addresses a developing social-capital-centered theory of entrepreneurship by exploring the impact of social capital on a nascent entrepreneur's use of resources and success in starting a firm.

Method

The PSED II is a nationally representative sample of nascent entrepreneurs in the United States. Data was collected in six waves for 1,214 adults who, between 2005 and 2011, were actively involved in starting new ventures. We identify 25 nascent entrepreneurs who used less than $500 to successfully launch new ventures as the N+L group for comparison to other types of financed businesses. We use multinomial logistic regression to test the likelihood of a N+L: launching a new firm, disengaging from the startup process, or still trying at the end of data collection.

Results and Implications

While we do not find support for social capital as a substitute for financial capital, the amount of personal savings (as a proportion of net income) invested during the startup process has important implications for the motivations and characteristics of N+L nascent entrepreneurs. Successful N+L financers with more "skin in the game" are twice as likely to want to grow their businesses as large as possible and 9 times more likely to be well-educated compared to other successful nascent entrepreneurs who invested more money into their ventures. We also find that N+L nascent entrepreneurs have distinct characteristics that may allow them to substitute human capital for financial investment. N+L financers are typically 55-years-old or older and have considerable managerial experience. They are less likely to spend a lot of time in the gestation process.

CONTACT: Casey Frid; cfrid@pace.edu; (T): 212-618-6584; Pace University, Lubin School of Business, 1 Pace Plaza, New York, NY 10038, USA.

SUMMARY

EXIT BEFORE ENTRY: WHY DO NASCENT ENTREPRENEURS QUIT?

Casey J. Frid, Pace University, USA
William B. Gartner, Copenhagen Business School, Denmark
& California Lutheran University, USA
Melissa S. Cardon, Pace University, USA

Principal Topic

This study integrates theories on entrepreneurial process, entrepreneurial exit, and effectuation. It elucidates the phenomenon of exit during the nascent stage of venture creation and extends prior work examining nascent entrepreneurs' attribution of exit to being either strategic (due to market or demand forces), or behavioral (for personal reasons). Prior research suggests three reasons for why entrepreneurs quit nascent venture efforts: the existence of alternative opportunities, calculative evaluations of the possible achievement of personal goals, and normative perceptions of friends and family. We also consider beliefs that ventures are "doable," and whether entrepreneurs are "all in" or use affordable loss logic.

Method

Using the PSED I dataset, we code and categorize reasons for exit using verbatim responses to the question "What is the most important reason for why you gave up on starting the business?" We base our initial coding on the categories of "alternative, calculative, and normative" found in the literature. We use multinomial logistic regression to examine whether the reported reasons for exit vary by the entrepreneur's belief in resource availability, whether customers will come, and the venture's viability.

Findings & Implications

There were no differences in "time to quit" for all three types of reasons based in prior research: alternative, calculative, and normative. However, nascent entrepreneurs using an affordable loss approach exit later in the startup process and these entrepreneurs are more likely to exit for illness, family issues, and major life events than for business reasons. For every year increase in work experience, a 20.5-day increase in time to quit was found. For every unit increase in self-efficacy a 500-day decrease in time to quit was found. And, for every unit increase in personal financial contributions as a proportion of overall net income, a 1,313-day decrease in time in process was found, holding all other variables constant. As self-efficacy increases, the likelihood of being an affordable loss nascent entrepreneur decreases. Finally, our research indicates that a significant reason for quitting involves changes in the health of these entrepreneurs and their families.

CONTACT: Casey Frid; cfrid@pace.edu; (T): 212-618-6584; Pace University, Lubin School of Business, 1 Pace Plaza, New York, NY 10038, USA.

SUMMARY

MEANS VERSUS GOALS: THE MODERATING ROLE OF OPPORTUNITY BELIEF ON THE CENTRAL FOCUS OF ENTREPRENEURIAL DECISION-MAKING

Marco Furlotti, Nottingham Trent University, UK
Ksenia Podoynitsyna, Eindhoven University of Technology, The Netherlands
René Mauer, RWTH Aachen University, Germany

Principal Topic

This study investigates new venture teams concerning the performance impact of a core component of entrepreneurial decision-making: an orientation to available means rather than to predetermined goals.

We argue that ventures whose entrepreneurial teams adopt a means orientation logic fulfill several conditions identified by the resource-based view that help attain higher performance. We then propose that the effects of such logic vary with two characteristics of the venture team: 1) the beliefs that the team holds about the opportunity it faces; and 2) the control activities undertaken by the entrepreneurial team. Specifically, we argue that a strong opportunity recognition belief, i.e. the belief that a set of ideas and conditions of things are favorable to the achievement of possible valuable ends, makes a focus on extant means less valuable. We also argue that intrusive control of the behavior of organizational members negates certain advantages of effectuation, such as the adaptability that is built into fuzzy goals, while duplicating the control function that a focus on means already performs.

Method

We test our claims with longitudinal data on 147 Dutch ventures, drawn from a setting that enables controlling for many confounding influences, while retaining most of the traits of real-life entrepreneurial ventures. We apply moderated regressions to estimate models of performance.

Results and Implications

The evidence we find generally supports our arguments. Thus, this study extends the literature on effectuation by providing theoretical arguments, and large-sample evidence of the beneficial performance consequences of one of its key tenets, as well as its boundary conditions. By highlighting that the application of a key effectual heuristic to new ventures run by novice entrepreneurs generally brings about favorable performance consequences, we help establish effectuation as a valuable analytic strategy that can be adopted also by novice entrepreneurs.

We also add to entrepreneurship research in general by highlighting how the value of this type of rational heuristics is contingent on opportunity recognition belief, an emerging construct in the field. Further, we demonstrate the importance of the fit between the entrepreneurial decision-making approach and the managerial activities that are performed in emerging firms.

CONTACT: Marco Furlotti; marco.furlotti@ntu.ac.uk; (T): +44-(0)1158488124; Nottingham Business School, Nottingham Trent University, Burton Street, Nottingham NG1 4BU.

SUMMARY

COMPETITORS AS ADVISORS: HOW COOPERATIVE ENVIRONMENTS IMPACT TRUST AND KNOWLEDGE AMONG SMALL BUSINESS ENTREPRENEURS

Tera Galloway, Illinois State University, USA
Kristine M. Kuhn, Washington State University, USA
Maureen Collins-Williams, University of Northern Iowa, USA

Principal Topic

Entrepreneurial firms are often highly dependent on external resources and networks when seeking assistance in the form advice and support. Advice from peer business owners is frequently sought to provide this resource, yet the businesses in which these peers operate may play a critical role in dictating the quality and positive impact of that advice. In this study we use the knowledge-based view to examine when advice from direct and indirect competitors is utilized and how advice from these different sources impacts firm growth. We further examine how trust and the perceived knowledge of the advisor impacts the advisee's reliance on advice and the subsequent performance of the firm.

Method

We test our hypotheses using a cross-sectional survey of over 600 small business entrepreneurs across a variety of industries in a Midwestern US state. We use three dependent variables to explore these questions: 1) the extent to which entrepreneurs relied upon advice in the previous year from direct and indirect competitors, 2) the extent the founder believed that the company had grown the previous year, and 3) the actual growth of the firm as measured by number of new employees hired the previous year.

Results and Implications

We find that the benefits of peer advice and support are contingent on mitigating factors such as trust and the perceived knowledge of the advisor. Advisees often rely on advice and support from direct and indirect competitors when these advisors are perceived as knowledgeable, or they are trusted. However, for performance outcomes, we find that the perceived knowledge of an advisor is a stronger force than trust. While founders *believe* that advice from trusted direct competitors has a positive impact on overall firm growth, we find that trust has no impact on *actual* growth. In contrast, perceived knowledge of both direct and indirect competitors is not significantly related to perceptions of growth; yet it has a positive impact on actual growth in firm size. Thus, it appears that the value of this advice may often be underestimated.

CONTACT: Tera Galloway; tlgallo@ilstu.edu; (T): 309.438.2914; Department of Management and Quantitative Methods, Illinois State University, Normal Illinois, 61790-5500, USA.

SUMMARY

DIFFERENT APPROACHES THAT NASCENT ENTREPRENEURS UTILIZE: UNPACKING THE INDIVIDUAL-OPPORTUNITY NEXUS

Edward Gamble, Montana State University, USA
Carole Howorth, University of Bradford, UK

Principal Topic

Despite a large body of work on opportunity recognition, evaluation, and exploitation, relatively little is known about the differences between entrepreneurs within the individual-opportunity nexus. This study examines entrepreneur heterogeneity through an empirical investigation of nascent entrepreneurs and their approaches toward opportunity. Three distinct approaches by nascent entrepreneurs were identified and labeled "aggressive", "considered", and "cautious".

Methodology

Given the difficulty associated with identifying early-stage entrepreneurs before they establish new ventures, we sampled 132 nascent entrepreneurs through the Futures Development Corporations arm of Western Economic Diversification Canada. Futures Development Corporations specialize in grassroots community and economic development via new venture creation. Their services include the provision of advice and training prior to venture start-up. The hypotheses used for this analysis were developed from the works of Ucbasaran, Westhead, and Wright (2001, 2005, 2006), Shane and Venkataraman (2000), Venkataraman (1997), and Linden (1982).

Results and Implications

The results of our research offer a new way to view nascent entrepreneurs and support the sparse number of empirical studies related to entrepreneur heterogeneity. Nascent entrepreneurs who adopt an "aggressive" approach to opportunities indicate that they identify more business opportunities, they are extremely confident in their evaluation of opportunities and have greater likelihood of starting a venture. Nascent entrepreneurs who adopt a "considered" approach indicate that they focus on fewer opportunities, are confident about their ability to evaluate opportunities and are non-committal with regard to the likelihood of them starting a new venture. Nascent entrepreneurs who adopt a "cautious" approach to opportunities identify fewer opportunities, have the least confidence in their evaluation ability and are least likely to believe they will start a new venture. Multinomial logistic regression identified that gender, customer focus, level of commitment, belief in the business idea, and search intensity were all statistically significant in distinguishing between "considered" and "cautious" approaches. The classification of "considered" versus "aggressive" approaches highlighted age, education, experience, feelings toward previous opportunities, growth expectations, level of commitment, and effectual outlook as significantly different.

Implications for policy makers, aiming to stimulate the economy via new business start-up, include: the importance of understanding the perceived expectations of the individual entrepreneur; facilitating early successes; improving information search; practicing idea development; and instilling a sense of strategic flexibility.

CONTACT: Ed Gamble; edward.n.gamble@gmail.com; (T): 1-406-994-4301; Jake Jabs College of Business and Entrepreneurship, Montana State Univ., Box 173040, Bozeman, MT, 59717-3040.

SUMMARY

ANTECEDENTS OF ENTREPRENEURIAL INTENTION AMONG GENOMICS SCIENTISTS

Denis J. Garand, Université Laval, Canada
Jacques Baronet, Université de Sherbrooke, Canada
Sophie Veilleux, Université Laval, Canada
Johanne Queenton, Université de Sherbrooke, Canada
Maripier Tremblay, Université Laval, Canada

Principal Topic

The importance of economic growth in science-based entrepreneurship has been widely established (Link & Welsh, 2013). In fact, genomics research is now considered to be extremely meaningful for the physical, social and economic benefits it can bring to society (JAMA, 2013). As few studies address entrepreneurship in life sciences (Moog et al., 2012), and responding to the poor commercialization outcomes of genomics research in Canada, a strategy for developing entrepreneurial education programs for genomics scientists was launched in 2011. *Boosting Entrepreneurial Skills and Training: BEST in genomics!* raises awareness and promotes entrepreneurship among science researchers and their graduate students.

Method

Using validated questionnaires as well as new ones created for scientists, 153 researchers were surveyed, out of 900 in Canada involved in genomics research. We used (1) a multiple correspondence analysis of different groupings of individuals: non-entrepreneurs, nascent, novice, experienced entrepreneurs, intrapreneurs and managers, into three clusters of scientists (former entrepreneurs, uninterested by startup, and interested by venturing); (2) two personality dimensions (creative / risk-taking personalities) and two sets of entrepreneurial skills (opportunity recognition / startup).

Results and Implications

Three categories emerge: (1) Actual and future entrepreneurs, including genomics scientists who started businesses in their field, and those who would like to; (2) Intrapreneurs and managers; (3) Professional people and genomics scientists uninterested in venturing.

These results confirm several research findings from the entrepreneurial intention and skills literature, as well as generate new findings: high scores on opportunity recognition skills, startup skills, risk-taking, and creative personality (cat. 1); medium levels (cat. 2); low levels of skills and risk-taking/creative personalities (cat. 3). Former and would-be entrepreneurs among genomics scientists share similar attributes and skills with entrepreneurs in other fields.

Amazingly, 5% of genomics scientists already own or owned a business in the past, and 32% of the remaining population of scientists intends to start a business. This highlights that there is an untapped entrepreneurial potential currently existing within the various fields of life sciences researchers. Hopefully, we aim to fill this huge gap in the near future.

CONTACT: Denis J. Garand, denis.j.garand@fsa.ulaval.ca; (T) 418-656-2131 x4230, FSA ULaval, 2325 rue de la Terrasse, Québec (QC), Canada G1V 0A6.

SUMMARY

MUCH ADO ABOUT NOTHING?
A COMPARATIVE STUDY OF HYBRID SOCIAL ENTERPRISES AND NONPROFIT ORGANIZATIONS IN DEVELOPING AND DEVELOPED ECONOMIES

Niharika Garud, Indian Institute of Management Bangalore, India
Sophie Bacq, Northeastern University, USA
Jill Kickul, New York University, USA
Mark Griffiths, Miami University, USA

Principal Topic

In the social entrepreneurship space, hybrid organizations combine both market and social welfare logics (Lee & Battilana, 2013) in that they try to alleviate social problems while adopting commercial strategies as their revenue sources. The growth in such hybrid organizations makes them of interest to traditional for-profit entrepreneurial firms since they have become both competitors and acquisition targets. Hybrids also compete with traditional nonprofit organizations for funding and support. As a consequence, valid questions have been raised about the sustainability of hybrid models and missions. In this paper, we examine the unique factors underlying the development of hybrid organizations, including sector of activity, type of economy (developing versus developed markets), age, geographical reach and operating budget. We also examine how hybrids create social impact as well as the degree to which their models are scalable over the long-term.

Method

To understand the differentiating factors of hybrid organizations and their ways of scaling, we gathered primary qualitative and secondary quantitative data from 246 Schwab Foundation social enterprises.

Results and Implications

Traditional non-profits were found to be serving larger number of beneficiaries with relatively smaller budgets as compared to the hybrids. Non-profit hybrids were serving a greater number of beneficiaries as compared to for-profit hybrids. Non-profit hybrids from developed countries were able to reach out to a significantly larger number of beneficiaries as compared to non-profit hybrids from developing countries. This could be explained by the social enterprise's core focus on reaching out internationally versus focusing on their home country. For-profit hybrids from developed countries however, had fewer beneficiaries than those from developing countries. In terms of implications, our study provides insights on discriminating factors and scaling issues of hybrid and traditional non-profit social enterprises that will help in understanding the impact of social enterprise scaling. Insights from in-depth cases on social enterprises in developed and developing countries assist us to better understand a) how scaling wider versus scaling deeper creates social impact, and b) how hybrid social enterprises perform in terms of resources and revenue generation in both developing and developed economies.

CONTACT: Niharika Garud; niharika.garud@gmail.com; (T) +919425709875; Indian Institute of Management Bangalore, FPM Office, IIM Bangalore, Bannerghatta Road, Bangalore 560076, India.

SUMMARY

DEVELOPING AN ORGANIC GROWTH MODEL FOR SMES: AN EMPIRICAL COMPARISON OF GROWTH FACTORS AT GAZELLES AND NON-GAZELLES IN THE NETHERLANDS

Paul Geuvers, Nyenrode Business Universiteit, Netherlands

Principal Topic

Scholars have identified that it is important to develop SME growth theory around growth-as-a-process and how-firms-grow. Based on a literature review of growth in six top entrepreneurship journals a conceptual model was designed. By means of in depth interviews with CEOS of gazelles and non-gazelles a model for organic growth as a process was designed. Nine factors that correlate with organic growth were identified and grouped into three constructs: growth intention, giving organizational direction and staff motivation.

Method

Gazelles were contrasted with non-gazelles to discover patterns. Following the general accepted Dutch definition of gazelles, a gazelle is a company that organically grew minimum 20% in the period 2010 - 2012. Non gazelles' sales were stable for this period. The financial performance of the companies were evaluated in cooperation with an auditing firm.

The population consisted of financially audited SMEs in the Netherlands. A matched sample regarding industry, service or manufacturing was taken and consisted of 20 companies.

In depth interviews with the CEOs of the 10 gazelles and 10 non-gazelles were held to verify whether the factors found were complete, and how, why and in what way these factors contribute to growth. The topic list had 15 questions and after the interview a summary was sent to each interviewee.

Results and Implications

Causal evidence was found for the developed 3-step growth model. The model consists of growth factors applied by the CEO which leads via growth momentum at individual staff level to individual and company performance. Gazelle CEOs create growth momentum by ensuring that staff understand the strategy, are motivated to execute it and have the opportunity to perform. Growth momentum in created by CEO growth intention, giving direction to the organization and staff motivation instruments used. Gazelles see staff motivation as the most important CEO task to make staff perform as good as possible to reach company objectives. Company culture and performance feedback are important instruments for staff motivation.

Further research is planned at staff level to validate the model qualitatively and a quantitative follow up is planned to test the strength of the model.

CONTACT: Paul Geuvers; pgeuvers@sympafix.com; (T): + 31 652323639; Kennemerpark 25, 1811 DE Alkmaar, Netherlands.

SUMMARY

EMPLOYMENT GROWTH IN NEW VENTURES: DIFFERENCES BETWEEN CORE AND PERIPHERAL REGIONS

Eli Gimmon, Tel-Hai College, Israel
Zeev Greenberg, Tel-Hai College, Israel
Yanay Farja, Tel-Hai College, Israel

Principal Topic

Previous research has focused on the role of new businesses in regional economic growth (e.g. Acs, 2010). Peripheral and especially rural areas are usually economically weaker or even deprived (Cannarella and Piccioni 2006) compared to their urban core counterparts. This phenomenon has been examined by studies conducted in different countries, both developing (Lanjouw 2001) and developed (Kalantaridis 2009). This study analyzes the factors that cause differences in employment growth between young SMEs in core and peripheral regions. Employment growth is a primary measure of venture performance (Andersson et al. 2013). Particular attention is given in our study to factors that interact with the firm's regional location in their effect on its growth.

Method

Mixed methods methodology was implemented, allowing more robust analysis. In the quantitative study we used in-depth questionnaires to measure factors related to employment in 160 Israeli new ventures, located in core and peripheral areas. Ventures ranged between 0 and 6 years old with average number of 5.4 employees at the time of the survey (2013) and sector related to industry, commerce, services and agriculture. In the qualitative study we conducted nine in-depth interviews with experts from academia along with experienced practitioners.

Results and Implications

Several factors were found to significantly influence SME growth: negative effect of business location at or near the owner's home; proximity of a majority of the business' customers and suppliers was found to be a negative growth factor; dynamic capabilities in the business were found to positively affect growth; the use of business consulting was found to have a positive impact on growth only in peripheral regions. Significant interaction effects were found between the regional location and the use of consulting services by the business, and also between business home location and its proximity to suppliers and customers. These findings were corroborated by the interviewees as of the qualitative study.

The study contributes to the theory of geographical economics as it shows that peripheral location should not be considered growth inhibitor. Our results suggest a new structural model that incorporates these characteristics. Implications for entrepreneurs and policymakers are suggested to enhance employment primarily in peripheral regions.

CONTACT: Eli Gimmon; eligim@telhai.ac.il; (T) +972 48181682; Department of Economics and Management, Tel-Hai College, Tel-Hai 12208, Israel.

SUMMARY

MAKING SENSE OF THE UNEXPECTED: RESPONSES TO SURPRISE EVENTS IN TECHNOLOGY VENTURES

Yan Gong, China Europe International Business School, China
E. Erin Powell, Clemson University, USA
Ted Baker, North Carolina State University, USA

Principal Topic

Much of what organizations do is intended to avoid or contain the impact of surprise events. This insight is commonplace across a broad range of organizational theorizing. Most theory about avoiding or dealing with surprise events presumes an organization that is relatively established and endowed with adequate resources. Requisite controls and well-functioning routines are uncharacteristic of the typically young and resource-constrained start-ups that are the focus of much entrepreneurship research and theory. Mainstream organizational theories therefore do little to inform our understanding of how founders and their firms deal with surprises and mostly lead to predictions of entrepreneurial helplessness in the face of surprise events. Although prior work in entrepreneurship provides scattered suggestions, we lack a cohesive understanding of how entrepreneurial firms respond to surprise events.

Method

We studied responses to surprises in 31 small, young knowledge intensive firms surrounding a research university. Out of 141 surprise events identified, we focused our inductive theory building efforts on two clusters of surprise events: those focused on technology, for example software failures, and those involving people issues, for example theft. This allowed us to follow standard approaches for inductive theory building (Glaser & Strauss, 1967) by engaging in intensive cross-case comparison of 27 events across 9 firms.

Results and Implications

We develop a grounded theory of entrepreneurial response to surprises that draws together and enriches scattered insights from prior studies while describing key elements of the surprise response process and outcomes. Our primary discovery is the central role played by what we termed "narrative coherence" in structuring responses. We present a process model that highlights founders' agentic, skill-based effectiveness in countering organizational challenges despite significant resource constraints. We contribute to emerging theories of entrepreneurial resourcefulness and begin to tie together scattered evidence toward a broader more integrative and also practically useful theory of dealing with surprise. This provides the foundation for a very different theory of dealing with surprises than those previously derived from the study of large established organizations.

CONTACT: Yan Gong; gongy@ceibs.edu; (T): 86-21 28905212; China Europe International Business School, Shanghai, China.

SUMMARY

SOCIAL VENTURE SIMPLICITY VERSUS COMPLEXITY: THE SURVIVAL EFFECTS OF EXPLOITING MULTIPLE OPPORTUNITIES BY NEWLY FOUNDED CHARITY ORGANIZATIONS

David Gras, Texas Christian University, USA
Karla Mendoza-Abarca, Worcester Polytechnic Institute, USA

Principal Topic

The ubiquity and complexity of social problems yield a wide array of opportunities available to social entrepreneurs (Austin et al., 2006). Given the substantial demand for social value-creating activities, social entrepreneurs may be tempted to pursue more than one opportunity. We currently have little understanding of how the pursuit of multiple opportunities influences organizational performance, yet simplicity theory (Miller, 1993) may serve as a knowledge-base in forming expectations.

As explained by Miller (1993:117), a simplistic organization possesses a "preoccupation with a single goal, strategic activity, department, or world-view." Research on strategic simplicity argues that a focused strategy is beneficial for new firms, yet detrimental for mature firms. We build on the notion of simplicity to argue that an organization that focuses on one opportunity is simpler than an organization that focuses on multiple opportunities. Based on this argument and simplicity theory, we hypothesize that new social organizations which focus on one social entrepreneurial opportunity will outperform those that focus on multiple opportunities. We further hypothesize that the degree of relatedness between the opportunities an organization pursues positively moderates the relationship between simplicity and performance.

Methods

The sample for this study is comprised of all newly registered charity organizations in Canada between the years 2005 and 2010. The dependent variable is a salient type of performance for new ventures—organizational survival. The number of opportunities exploited is coded as the number social programs pursued by each charity from inception. Opportunity relatedness is calculated as Palepu's (1985) entropy measure of up to the top three programs in which the firm engages. We employ Cox proportional hazard models to test our hypotheses.

Results and Contributions

The results indicate that pursuing multiple opportunities is detrimental to new nonprofits, yet the pursuit of related opportunities negates this negative effect. The results of this study make two primary theoretical contributions. First, we extend simplicity theory to the realm of new social ventures and explicate the salience of activity relatedness in simplicity predictions. Second, we extend the literature on multiple opportunities by investigating organizations that not only identify, but also pursue various opportunities simultaneously.

CONTACT: David Gras; d.gras@tcu.edu; (T): 817-257-4267; (F): 817-257-6431; Neeley School of Business, TCU Box 298540, Fort Worth, TX 76129.

SUMMARY

WHERE IS THE FERTILE GROUND? AN EMPIRICAL INVESTIGATION OF THE MACRO DETERMINANTS OF SOCIAL ENTREPRENEURSHIP

Mark Griffiths, Miami University, USA
Jill Kickul, New York University, USA
Niharika Garud, Indian Institute of Management Bangalore, India

Principal Topic

Social entrepreneurship has the potential to confront and address some of society's most challenging and complex problems arising from market/government inadequacies or failures. Instead of focusing solely on financial value creation, social entrepreneurship centers on the creation of social value for disenfranchised members of society. However, little attention has focused on understanding the macro-level issues as well as impediments that influence the creation and development of social entrepreneurship firms. The purpose of this study is to investigate the economic and contextual factors that can stimulate or impede the emergence of social entrepreneurship. Much of the research has not fully explained the causes of differences in nations and none, to our knowledge, addresses the conditions under which social entrepreneurship flourishes.

Method

We used the Legatum Prosperity Index as a guide to determining countries of interest and availability of data. The variables employed were: 1) economy (increase per capita income); 2) governance (number of impediments to enterprise start up and dissolution); 3) education (availability of higher levels of education); 4) health (degree of healthcare infrastructure); 5) safety and security (level of threats to national and personal safety). To measure social entrepreneurial activity, we formed a composite of three variables: 1) entrepreneurship and opportunity (index based on degree citizens can pursue new ideas and opportunities); 2) social capital (degree of cohesion of society, willingness to help others); 3) personal freedom.

Results and Implications

Hierarchical multiple regression analyses revealed that social entrepreneurial activity is influenced by the country's economy, governance, and safety & security. Although little research on these macro level determinants has been conducted, this study investigates several variables crucial in traditional entrepreneurial studies but have yet to be examined within the extant social entrepreneurship literature. As previous research has indicated, social entrepreneurs enact opportunities utilizing strategies and methods similar to commercial entrepreneurs. Yet, there are distinctions characteristic of the specific entrepreneurial contexts in which social entrepreneurs operate that are important to examine. Continued work and research in this area can deepen our understanding of the role our factors examined can have on social entrepreneurship activity that may be crucial to assisting social entrepreneurs in driving long-term systematic change for individuals and the broader communities they serve.

CONTACT: Niharika Garud; niharika.garud@gmail.com; (T) +919425709875; Indian Institute of Management Bangalore, FPM Office, IIM Bangalore, Bannerghatta Road, Bangalore 560076, India.

SUMMARY

THE EFFECT OF INTRAPRENEURIAL EXPERIENCE ON FIRM CREATION: EVIDENCE FROM EXPANSIONARY AND RECESSION PERIODS

Maribel Guerrero, Orkestra-Basque Institute of Competitiveness/ Deusto Business School, Spain
Iñaki Peña, Orkestra-Basque Institute of Competitiveness/ Deusto Business School, Spain

Principal Topic

In recent years, many economies have suffered a severe economic crisis. A rise in the unemployment rate, limited access to financing and the decline of gross domestic product are some of the most noticeable consequences of the economic crisis. Little is known about how the entrepreneurial process changes after unexpected severe shocks in the economy. Entrepreneurship literature evidences that individuals' human capital is a key determinant of any entrepreneurial action, while entrepreneurs *(independent_entrepreneurs*) are characterized by a general human capital; intrapreneurs (*organizational_entrepreneurs*) acquire a specific human capital from training programs, experiences and learning processes within existing organizations. Therefore, the experience of exploring/exploiting new opportunities within an established organization can be very inspiring for individuals involved in launching a spin-off firm for the parent company, or just simply for a (former) employee who consider the personal choice to create a new firm independently. We design and test a conceptual framework that allow us to gain a better understanding on how the intrapreneurial experience accumulated by individuals within an organization affects their propensity to start up a new firm (i.e., independent or corporate venture) on expansionary and recession periods.

Method

Data was collected from the 2008 and 2011 Global Entrepreneurship Monitor (GEM) Adult Population Survey. Our database includes 10,245 observations representing adult individuals (i.e., 18- to 64-year-old individuals) living in European and Latin-American countries. Our dependent variables were *independent_entrepreneur* and *organizational_entrepreneur*. *Intrapreneurial_experience* was the main independent variable. Also, other human, social and financial factors were measured. We use a negative binomial regression model.

Results and Implication

Preliminary results show that intrapreneurial experience accumulated in the past is a valuable intangible asset that puts an individual at an advantage (compared to the people who lack this experience) for creating a new venture. In pre-crisis periods, individuals with intrapreneurial experience are more likely to start-up a corporate spin-off than individuals who lack such experience. At difference, in post-crisis periods, individuals with higher education and intrapreneurial experience (interaction effect) are more likely to start-up corporate spin-offs than individuals who lack such experience. This result complements other findings highlighting the relevance of work experience on firm creation.

CONTACT: Maribel Guerrero; maribel.guerrero@orkestra.deusto.es; (T):+34942297327; (F):+34943279323; Orkestra-Basque Institute of Competitiveness. Deusto Business School, Mundaiz 50, Donostia-San Sebastian, Spain.

SUMMARY

YOU CANNOT LIVE OF LOVE ALONE – THE INTERRELATION OF LEGITIMACY EFFORTS AND EFFECUATION IN NASCENT MARKETS

Franziska Günzel-Jensen, Aarhus University, Denmark
Morten Rask, Aarhus University, Denmark

Principal Topic

A nascent industry emerges when small numbers of firms begin to develop category-defying products and services based on new technologies or new ideas about consumer demands. In this ambiguous situations entrepreneurs set out to design and evaluate new market offerings and corresponding business models. Institutional theory scholars have argued that due to the low number of firms, the industry lacks legitimacy. Therefore, entrepreneurs in nascent industries may employ symbolic strategies to help legitimate their firms and the industry. The challenges that an entrepreneurial venture faces when engaging in sense-giving activities and gaining legitimacy on firm and industry level have not yet been explored. This paper takes a starting point here by exploring how the gaining of legitimacy of an entrepreneurial firm in a nascent industry affects the development of the firm negatively and how it limits effectual decision-making.

Method

The empirical part of the study follows a qualitative methodology, namely single case study. We view Better Place as an extreme and revelatory case. We collected data on Better Place between 2007 and 2013 through in-depth face-to-face semi-structured interviews. Additionally, we received access to a full set of press releases and collected comprehensive secondary data. The data were subjected to rigorous coding and analysis. Mostly the themes evolved through an inductive, analytic and interpretive inquiry process, going back and forth between the data and the existing literature and between the data and analysis.

Results and Implications

Through our longitudinal case study in the nascent e-mobility industry, we uncover unexpected effects of gaining legitimacy in nascent markets: misunderstanding of stakeholder commitment, overconfidence, and loss of flexibility that affects the firm's ability to act effectual. Our findings illustrate how gaining legitimacy in the industry can hinder entrepreneur's ability to obtain relevant market insights and highlights limits of the dynamic model of effectuation in nascent markets. We finish the paper by offering propositions for the refinement of effectuation and legitimization theory. Additionally, we discuss the business model as a unit of analysis for value assessment by stakeholders and suggest how entrepreneurs can use the business model for integrating various stakeholders' interest.

CONTACT: Franziska Günzel-Jensen; frang@asb.dk; (T) +45 87165952; Department of Business Administration, Aarhus University, Bartholins Allé 10, 8000 Aarhus C, Denmark.

SUMMARY

ENTREPRENEURIAL ORIENTATION, FIRM PERFORMANCE, AND CEO POWER: EVIDENCE FROM INDIA

Vishal Gupta, Binghamton University, USA
Abrarali Saiyed, Indian Institute of Management, India

Principal Topic

Entrepreneurial orientation (EO) refers to the corporate tendencies that enable a firm to adopt an entrepreneurial posture toward new business opportunities (Lumpkin & Dess, 1996). EO is defined as "the simultaneous exhibition of innovativeness, proactiveness, and risk taking" (Stam & Elfring, 2008: 98). As knowledge in the area of EO has expanded, increased attention is being paid to the contextual factors that may change the degree or nature of the EO-performance connection. From an upper echelons perspective, top management's characteristics play a major role in converting EO into superior performance (Covin & Slevin, 1991). We examine whether the effect of EO on firm performance is contingent upon the power vested in the chief executive. Therefore, the present study is located at the intersection of entrepreneurship and upper echelon (Engelen, Gupta, Strenger, & Brettel, 2013), a fertile area of inquiry that has begun to attract the attention of researchers and scholars (Ling, Simsek, & Lubatkin, 2008; Simsek, Heavey, & Veiga, 2010).

Method

Data for testing the predictions developed in the research reported here were collected from large, publicly traded Indian firms. Despite being one of the world's most rapidly emerging major economies, EO in India remains under-researched, which raises important questions as to the generalizability of entrepreneurship theories and the constructs underlying those theories.

We used content analyses to measure EO through a computer-aided text analysis (CATA) approach based on work from Short, Broberg, Cogliser, and Brigham (2010), who derive and test lists of words ("dictionaries") that indicate "innovativeness," "proactiveness," and "risk taking". CEO Power is a multifaceted faceted construct (Adams, Almeida, & Ferreira, 2005), and so four indicators were used to create a measure of CEO Power. Firm performance is measured using financial data reported annually by the firm using two indicators: Return on Assets (ROA) and Return on Sales (ROS).

Results

The results of the present study shed light on the role of CEO Power in shaping the EO – performance relationship. Testing the relationship in an Indian context speaks to the generalizability of the EO framework. We believe these findings have some important implications for the literature on EO, upper echelons theory, and powerful CEOs.

CONTACT: Vishal Gupta; vgupta@binghamton.edu; (T) 607-777-6853; AA 280 School of Management, Binghamton University, Vestal, NY.

SUMMARY

QUALITATIVE RESEARCH IN ENTREPRENUERSHIP: CURRENT RESEARCH PRACTICES AND SUGGESTIONS FOR THE FUTURE

Vishal Gupta, Binghamton University, USA
Alexander Knights, Binghamton University, USA
Golshan Javadian, Morgan State University, USA
Alka Gupta, Lynchburg College, USA

Principal Topic

The entrepreneurial process encompassing all the decisions, functions, and actions associated with the perception of opportunities and creation of organizations to pursue them has generated considerable academic interest (Shane, 2012; Venkataraman et al., 2012). Entrepreneurship research has proliferated in top scholarly journals, with a wide variety of methods being used to shed light on the phenomenon of interest (Streb & Gupta, 2012). An important aspect of the greater methodological diversity in the field is the incursion of qualitative research (Neergard & Ulhoi, 2007). The primary objectives of the present study are to (1) review and assess the methodological aspects of the growing qualitative research in entrepreneurship, (2) offer insights as to the 'state of the art' of qualitative methods, and (3) discuss the implications for future development of the field.

Method

The sample for the present review was drawn from top-tier journals publishing empirical entrepreneurship research. The list included three leading general management journals: *Academy of Management Journal*, *Strategic Management Journal*, *Journal of Management* (Busenitz et al., 2003; Ireland et al., 2005), articles from two top-tier specialty entrepreneurship journals: *Journal of Business Venturing* and *Entrepreneurship Theory and Practice* (Stewart & Cotton, 2013), and *Strategic Entrepreneurship Journal.* All relevant articles during this period were then selected for the current research based on the following criteria: (1) empirical approach was exclusively qualitative–quantitative, mixed-methods and non-empirical (e.g. editorials, book reviews, conceptual pieces) were excluded; and (2) article title or abstract contained keywords germane to entrepreneurship drawn from both Busenitz et al. (2003) and Ireland et al. (2005) list of entrepreneurship search terms (e.g. venture, entrepreneurs) and their corresponding Boolean truncations (e.g. ventur*, entrepren*). In all, 91 articles met our selection criteria. These articles were then coded, and later cross-coded, by three independent coders for several relevant criteria (e.g., core research question, theoretical focus, research design, etc).

Results and Implications

By providing a systematic and thorough review of empirical qualitative research in entrepreneurship, we conclude that the field is rich in many dimensions, and in a relatively short period of time, an identifiable niche has been created. At the same time, we also highlight a number of implications that emerge for entrepreneurship researchers from this study.

CONTACT: Vishal Gupta; vgupta@binghamton.edu; (T): 607-777-6853; AA 280 School of Management, Binghamton University, Vestal, NY.

SUMMARY

BUSINESS MODEL DESIGN FOR ENTREPRENEURIAL FIRMS AS SUSTAINABLE ENERGY PROVIDERS

Veronika Gustafsson, Alpen-Adria Universitaet Klagenfurt, Austria
Patrick Holzmann, Alpen-Adria Universitaet Klagenfurt, Austria

Principal Topic

Business model design strongly affects performance of entrepreneurial firms, as has been demonstrated by Zott and Amit (2007; 2008), who investigated the relationship between novelty-centered vs. efficiency-centered business models and performance.

The present paper aims to study the effect produced by technology as a potentially important part of entrepreneurial firms' business models. We propose that following technology maturation novelty-centered business models become replaced by efficiency-centered business models. We further assume that firms whose business models are either novelty-centered or efficiency-centered outperform companies whose business model combine novelty and efficiency.

The context of our study is set within Austrian sustainable energy industry involving different sectors of clean technology, which, albeit still innovative, are no longer radical and are nearing maturity to different degree. Comparing the degree of maturity for different technologies makes it possible to investigate the proposed shift for business models of entrepreneurial firms from novelty-centered to efficiency-centered.

Method

Our study targets the population of sustainable energy providers in Austria. The initial operationalization of novelty- and efficiency-centered business model design follows Zott and Amit (2007; 2008). In order to increase reliability and validity of the study the final operationalization will be carried out based on Brettel's et al. (2012) study, where the survey was conducted in German.

Since the technology component includes only three items out of 13 in the novelty-based business model scale (Zott and Amit, 2007), we augment it basing on the Gatignon's et al. (2002) as well as Schwarz, Faullant and Matzler's (2009) innovativeness measure. The level of technology maturity is assessed basing on Schilling and Esmundo's (2009) evaluation for renewable energy alternatives.

Results and Implications

The results show that companies using mature technologies mostly have efficiency-centered business models, so our initial hypothesis of business model shift accompanying technology development is partially supported. In line with the findings by Zott and Amit (2007), novelty shows significant correlation with our performance measures; however, efficiency seems to have no effect on performance. Our second hypothesis is partially supported. Also complementarities and lock-in show significant positive correlation with performance, unlike the study by Zott and Amit (2007), where these design dimensions remained non-significant.

CONTACT: Veronika Gustafsson; veronika.gustafsson@aau.at; (T) +43 463 27004058; Institute of Innovation Management and Entrepreneurship, Alpen-Adria Universitaet Klagenfurt, Universitaetsstr. 65-67, 9020 Klagenfurt, Austria.

SUMMARY

CONFIGURATION PATHS IN STARTUP DEVELOPMENT

Rainer Harms, University Twente, The Netherlands
Robert J. Breitenecker, Alpen-Adria University, Austria
Erich J. Schwarz, Alpen-Adria University, Austria

Principal Topic

The analysis of early-stage entrepreneurship is an important stream in entrepreneurship research. The key challenges in this research stream are the dynamics of the complexity of early development processes. We propose a configurational perspective on the analysis of startup development in early-stage entrepreneurship. We argue that a limited number of configurations of startups (ventures immediately after founding) and new ventures (ventures 3.5 years after founding) can be identified, and that there are distinct development tracks between them. The purpose of this paper is to empirically identify these configurations and to investigate their development tracks in order to provide a new explanation of how startups develop.

Method

The analysis is based on a longitudinal design with two cross sections from a sample of newly founded sole proprietorships in Austria. First, a taxonomic analysis based on Latent Class Analysis reveals distinct startup and new venture configurations. Second, a contingency analysis of the development tracks reveals a predominance of incrementally different new ventures. Third, logistic regression reveals systematic drivers of development towards incrementally or radically different new ventures.

Results and Implications

We identify three startup configurations (ambitious, unambitious, resource-intensive) and three new venture configurations (innovative professionals, cautious simple, reluctant learner). We find that startups are more likely to develop into incrementally different new ventures than into radically different new ventures. We find that configuration change is driven by configuration-specific triggers. In particular, differences in innovativeness and its correlates are related to systematic change. We conclude that conditions at startup shape, but do not determine, the future development towards new ventures.

CONTACT: Rainer Harms; r.harms@utwente.nl; (T): 0031-53-498-3907; (F): 0031-53-489-2159; P.O. Box 217, 7500 AE Enschede, The Netherlands.

SUMMARY

HETEROGENEITY OF CORPORATE PARENTS AND THE PARADOX OF CORPORATE VENTURE CAPITAL: A SOCIAL CAPITAL PERSPECTIVE

Joseph S. Harrison, Texas A&M University, USA
Markus A. Fitza, Texas A&M University, USA

Principal Topic

The literature on corporate venture capital (CVC) has suggested a paradox whereby startups avoid investment relationships with CVCs whose corporate parent is in the same industry. While the extant literature has examined the effect of environmental and entrepreneurial firm characteristics on investment, it has largely assumed corporate firm homogeneity and has not assessed whether the paradox is sensitive to differences in corporate parent characteristics. We add to this literature by examining the effect of corporate parent heterogeneity on CVC activity. We draw on social capital theory to propose a model of various potential strategic benefits representing a CVCs social capital vis-à-vis a startup (i.e., access to resources, industry insights, and endorsement potential) as well as components of misappropriation risk representing its social liability (i.e., inclination and ability to imitate), each of which impacts the likelihood of a CVC investment relationship between firms in the same industry. We argue that startups balance these risks and benefits when deciding whether to engage with a particular CVC, suggesting an interplay between social capital and liability as an underlying factor determining the strength of the paradox of CVC.

Methods

The sample is drawn from Venture Economics database and includes 652 deals between 439 startups and 75 CVCs from 65 unique corporate parent firms. We use a logit model to test our hypotheses, estimating the likelihood of industry overlap between a CVC's corporate parent and a startup in a given deal, based on various measures of social capital (i.e., network strength, TMT experience, and brand strength) and social liability (i.e., investment preference overlap and parent-CVC structure).

Results and Implications

Results support the general argument that characteristics of the corporate parent behind a CVC have a significant impact on the likelihood of a CVC investment relationship, particularly between firms in the same industry. The study adds to the literature on CVC by bringing corporate parent characteristics to the forefront of empirical analysis and demonstrating complex relationships between these characteristics. It further suggests that corporations must carefully manage social capital in order to attract high potential entrepreneurial partners and achieve their strategic goals.

CONTACT: Joseph Harrison; jharrison@mays.tamu.edu; Department of Management, Mays Business School, 420 Wehner Building, 4221 TAMU, Texas A&M University, College Station, TX 77843.

SUMMARY

REVISITING THE THEORY OF PLANNED BEHAVIOR: THE ROLE OF PERCEIVED PERSON-ENTREPRENEURSHIP FIT

Dan K. Hsu, Appalachian State University, USA
Aegean Leung, University of Victoria, Canada
Michelle Hong, Virginia Tech, USA

Principal Topic

Entrepreneurial intention (EI) is an important predictor of entrepreneurial endeavors (Krueger & Dickson, 1994). A general assumption underlying the existing theories of EI (Krueger et al., 2000; Ajzen, 1991) is that EI stems mostly from one's internal assessment of him- or herself (e.g., entrepreneurial self-efficacy). The internal focus of the existing theories thus leaves unclear the role the external environment plays in shaping EI.

To better understand the environmental influence on EI, we draw on fit theory (Kristof, 1996; Kristof-Brown et al., 2005) to propose the construct of *perceived person-entrepreneurship fit* (PPEF), the compatibility between personal attributes and the entrepreneurial environment *perceived by the person*. Specifically, we argue that PPEF is a more proximal predictor of EI in that PPEF mediates the relationships of EI with entrepreneurial self-efficacy (ESE), entrepreneurial attitude (EA), age, and gender.

Method

We designed two studies to test our hypotheses to increase generalizability. The first study was conducted on 337 undergraduate students at a southeastern university. The second study was conducted with 196 organizational employees on a crowd-sourcing website (Amazon Mechanical Turk). Our mediating model and the four hypotheses were supported in both studies.

Results and Implications

This study makes important contributions. First, we revisit the existing theories of EI (Krueger et al., 2000) and suggest including the construct of PPEF into their frameworks to add individuals' external assessment of the environment into the equation. Second, while fit theory has been applied to entrepreneurship research (Markman & Baron, 2003; Lee et al., 2011), these studies adopt the objective perspective and do not differentiate the construct of fit from one's own perception. By proposing PPEF, we differentiate perceived fit from objective fit with entrepreneurship (Markman & Baron, 2003; Lee et al., 2011), thereby opening up a new avenue for entrepreneurship scholars. Third, fit researchers have identified different categories of person-environment fit such as person-organization fit, person-job fit, and person-vocation fit (Kristof-Brown et al., 2005). In this study, we theoretically distinguish PPEF from those existing categories and suggest that PPEF is the category unique to entrepreneurship.

CONTACT: Dan K. Hsu; hsudk@appstate.edu; (T): +1 828 262 8122; Department of Management, Walker College of Business, Appalachian State University, ASU Box 32089, Boone, NC 26808, USA.

SUMMARY

REBELS WITH A CAUSE: PERCEPTIONS, BELIEFS, AND THE COOPETITIVE DYNAMICS OF ENTREPRENEURS IN THE EMERGENCE OF THE NEW SPACE INDUSTRY

Laura Huang, The Wharton School, University of Pennsylvania, USA
Greg Autry, Marshall School of Business, University of Southern California, USA

Principal Topic

In the earliest stages of existence, entrepreneurs and founders are actively trying to acquire resources and sponsorship, most often in fields that do not yet exist. The focus for early-stage entrepreneurs in the New Space Industry is on establishing the direction of a nascent field by influencing governmental policy so they may carve out a salient space for their firms. Yet despite the numerous policy-relevant implications and the need to contend with the governments ruling over them, we have little knowledge of the role of regulatory bodies and their mutual interaction with these entrepreneurs. This paper investigates how, and under what conditions, coopetition emerges between focal actors in the emergence of the New Space entrepreneurial field.

Method

Using qualitative data from individuals in the New Space Industry, and archival data from conference proceedings from the past eight years (2003-2011) of the American Institute of Aeronautics and Astronautics Space Conference, we explore the actions entrepreneurs take to engage coopetitively with regulatory bodies and authorizing agencies. In our empirical analysis, we examine how ethos acts as a key mechanism in enabling coopetition, and the perceptions, beliefs, and coopetitive dynamics of entrepreneurial dynamics and emergence.

Results and Implications

In exploring the emergence of the New Space Industry, we find that a combination of cooperative and competitive dynamics exists at an individual-level among entrepreneurs, investors, and key individuals representing regulatory bodies and authorizing agencies as each navigates strategic positions. In contrast to firms, the various entities involved in the emergence of a new field face ambiguity with respect to when and how to engage collaboratively and when and how to engage competitively and in this paper, we identify the various drivers that guide a coopetitive orientation, in the absence of formal contracts and agreements.

CONTACT: Laura Huang; huangla@wharton.upenn.edu; (T): +1 215-746-3124; Management Department, Wharton School, University of Pennsylvania, SHDH 2000, Philadelphia, PA, USA.

SUMMARY

ENTREPRENEURSHIP AS INDUSTRY: MOTIVATIONAL EFFECTS OF THE GOODS AND SERVICES MARKETED TO ENTREPRENEURS

Richard A. Hunt, Virginia Polytechnic Institute, USA
Kip Kiefer, United States Air Force Academy, USA

Principal Topic

This paper constitutes the first comprehensive attempt to define and explore the Entrepreneurship Industry (EI), and is the only study to date to empirically evaluate the extent to which EI influences entrepreneurial action and firm-level outcomes. Consistent with prominent conceptions of industrial sectors, EI is defined as the market for goods and services explicitly intended for current and prospective entrepreneurs. In order to assess EI's impact, we apply the opportunity development framework of Ardichvili Cardozo and Ray to a pair-wise design of data drawn from matched sets, consisting of more than 2,600 consumers and non-consumers of EI goods and services. The central questions we address are: Does the EI actually wield meaningful influence? Does it motivate entrepreneurial activity? And, if so, to what ends?

Data and Methods

Our database consists of survey responses from individuals who attended at least one of five different entrepreneurship expos held in 2006, and a matched set of individuals who had never attended an entrepreneurship expo. Data was gathered for a seven-year period (2006 – 2012) in five categories: (1) entrepreneurship-oriented goods and services used by each respondent; (2) demographic information; (3) perceptions of risk, creativity, managerial acumen, and personal network; (4) entrepreneurial behaviors actually undertaken; and (5) outcomes stemming from entrepreneurial action. Using lists provided by expo organizers, 6,473 attendees were contacted, of which 1,908 (29%) ultimately completed utilizable surveys. A matched pool of 6,000 non-attendees drawn from municipal business directories was contacted, of which 734 (12%) completed utilizable surveys. Using multiple and logistic regression models, we examined the extent to which the entrepreneurship industry influences entrepreneurial activity and outcomes.

Results and Implications

Empirical findings from this study suggest that the entrepreneurship industry exerts significant influence on entrepreneurial activity and does so at multiple levels of analysis. Goods and services marketed to would-be entrepreneurs increase founder confidence, reduce perceived risk, and increase firm formations. The industry also spawns mediocrity, evidenced by weaker results and shorter lifespans for firms founded by customers of the entrepreneurship industry.

CONTACT: Richard A. Hunt; rahunt@stratwa.com; (T): 720-334-8685; Virginia Polytechnic Institute, Pamplin Hall, Blacksburg, VA.

SUMMARY

PROFIT OR PERIL? INTERNATIONAL ENTREPRENEURSHIP, CONSTITUTIONAL UNCERTAINTY AND THE STRATEGIC USE OF PRIVATE ORDERING

Richard A. Hunt, Virginia Polytechnic Institute, USA

Principal Topic

Drawing upon the theories of resource dependence and private ordering, this study compares and contrasts diverse approaches taken by international entrepreneurs facing constitutional uncertainty, meaning that the legal authority governing contracts may be unclear or even non-existent. Through an analysis of more than 35,000 transactions by small, owner-operated lumber exporters, I examine the ways in which entrepreneurs pursuing high-risk international business ventures contend with scarce resources and jurisdictional uncertainties. My study hypothesizes that the use of informal, trust-based, favor-granting mechanisms operationalized through accommodative transaction–by-transaction trade terms is positively related to the generation of new market opportunities (NMO), which is, in turn, positively related to total forward internationalization (TFI). Conversely, the use of inflexible trade terms, such as full pre-payment or sizable escrows, is expected to be negatively associated with NMOs and TFI.

Data and Methods

Using data drawn from the Global Wood Trade Network and TimberWeb, 1,040 lumber industry entrepreneurs with annual revenue between $500,000 and $5 million were winnowed from an initial list of 3,570 exporters, domiciled in 52 different countries. Firms were contacted via mail survey, with an option to respond online. 174 firms were excluded due to serious, disqualifying completion errors or because the firm fell outside the target revenue range. Questionnaires suitable for use represented 29% of the surveyed firms. The proposed framework was tested using multiple regression, logistic regression and proportional hazard models.

Results and Implications

Analysis of the empirical data indicates support for all six hypotheses, with material effect sizes and a low probability of error. My findings suggest that entrepreneurs who transact business using accommodative, trust-based mechanisms built on flexible payment terms and a mutual commitment to informal dispute resolution will be compensated with new market opportunities, which in turn leads to more rapid internationalization. Meanwhile, entrepreneurs who eschew private ordering and instead opt for onerous payment terms, extensive contracting and legalistic dispute pathways seldom generate new market opportunities and display lower rates of forward internationalization. Contrary to extant literature, which propounds the protective benefits of exhaustive contracting, my results suggest that an informal, flexible, trust-based approach to jurisdictional voids may actually create a more sustainable foundation for future growth.

CONTACT: Richard A. Hunt; rahunt@stratwa.com; (T): 720-334-8685; Virginia Polytechnic Institute, Pamplin Hall, Blacksburg, VA.

SUMMARY

SPIN-OFF VERSUS START-UP INTENTIONS: A TALE OF TWO PASSIONS

Annelore Huyghe, Ghent University, Belgium
Mirjam Knockaert, Ghent University, Belgium
Martin Obschonka, University of Jena, Germany

Principal topic

An emerging body of entrepreneurship literature indicates that passion plays a key role in the venture creation process. Recent research has valuably extended our knowledge on entrepreneurial passion by shedding light on its multi-faceted rather than singular nature and its impact on cognitive processes and entrepreneurial actions. However, while prior studies have focused on different types of entrepreneurial passion, the *"passion orchestra"*, i.e. the coexistence and interrelation of entrepreneurial passion and passion for other non-entrepreneurial roles within the person, remains an unexplored area. Our study acknowledges that different types of passion might affect entrepreneurial intentions and explores these relationships empirically in an academic context, where research scientists are increasingly required to simultaneously engage in entrepreneurial and scientific activities. Specifically, drawing on role identity theory and passion literature, our paper disentangles the joint effect of entrepreneurial and scientific passion on spin-off and start-up intentions.

Method

Our study is based upon cross-sectional data collected in 2012-2013 at 24 universities in five European countries (Sweden, Germany, Spain, Slovenia and Belgium). The data collection process encompassed interviews with each university's technology transfer office (TTO), and online questionnaire results from 2,478 research scientists in different disciplines. The data analysis includes hierarchical regression analysis and moderated mediation techniques.

Results and implications

First, our findings confirm that, across the five countries under study, spin-off and start-up intentions are distinct constructs. Second, we offer empirical evidence that research scientists' *entrepreneurial* and *scientific* passions are associated *differently* with spin-off and start-up intentions respectively. Concretely, our analyses reveal that entrepreneurial passion is only *positively* related to start-up intentions. Furthermore, research scientists with high levels of scientific passion show *stronger* spin-off intentions but *weaker* intentions to found an independent venture, or start-up. Moreover, entrepreneurial self-efficacy and affective commitment are mediators in these relations. Finally, next to its direct effect, scientific passion also acts a moderator in the entrepreneurial passion–intentions relationship. In particular, while scientific and entrepreneurial passion reinforce each other in the case of spin-off intentions, we find scientific passion to weaken the positive relationship between entrepreneurial passion and start-up intentions. Our findings have important implications for both academics and practitioners, including government agencies and TTOs.

CONTACT: Annelore Huyghe; annelore.huyghe@ugent.be; (T): +329 264 3537; Ghent University, Tweekerkenstraat 2, 9000 Ghent, Belgium.

SUMMARY

UNIVERSITY SPIN-OFF FUNDRAISING: THE IMPACT OF ENTREPRENEURIAL CAPABILITIES AND SOCIAL NETWORKS OF FOUNDING TEAMS DURING START-UPS

Thanh Huynh, Bournemouth University, UK
Dean Patton, Bournemouth University, UK

Principal Topic

Employing resource-based view theory and a social networks approach, this paper enriches our understanding of the contribution made to the fundraising ability of Spanish University Spin-offs by the entrepreneurial capabilities and social networks that exist within the founding teams. The focus upon the demand side and the qualities that pre-exist within the founding teams is novel as the majority of literature instead of focusing on the investors and their decision making processes.

Method

Utilising an internet-based survey, this paper explores entrepreneurial capabilities and social networks of founding teams in Spanish university spin-offs using quantitative data analysis. The entrepreneurial capabilities of the founding teams are investigated utilising resource-based view theory of Barney (1991) specifically analyses the contribution made by entrepreneurial technology, strategy, human capital, organizational viability, and commercial resources (see Vohora et al., 2004a). Social networks of founding teams are evaluated using the conceptual model of Hoang and Antoncic (2003) that divides networks into three components: structure, governance, and content. We draw the sample from 69 Spanish universities, each has an office for the transfer of research results (OTRI), located in 17 autonomous communities. With the help of the OTRIs, a database of 862 spin-offs was created and contacted from which 181 responses were received (21 per cent of the research population).

Results

The results indicate that a founding team is likely to improve its entrepreneurial capabilities by exploiting its own social networks and that these improved capabilities can help a spin-off to access early-stage financial resources. This is achieved because such capabilities are considered as supporting investment readiness which, in turn, receives credit from existing and potential investors. The decisions of these investors are positively associated with the technology, organizational viability, strategy, and commercial resource, but not significantly linked to the human capital of a founding team. However, a direct relationship between the social networks of a founding team and its early-stage financing is not significant. This paper constructs a model in which entrepreneurial capabilities play a mediate role between the social networks and fundraising ability of the founding team. Thus, the paper has implications for universities in training and policy development to support spin-off's fundraising.

CONTACT: Thanh Huynh; cthuynh@bournemouth.ac.uk; (T): +44 1202 962361; Centre for Entrepreneurship, Bournemouth University, 89 Holdenhurst Road, Bournemouth, BH8 8EB, UK.

SUMMARY

TO SEE OR NOT TO SEE: AN INDUCTIVE ANALYSIS OF OPPORTUNITY IDENTIFICATION IN A NASCENT MARKET

Chiung-Yi Hwang, Imperial College London Business School, UK

Principal Topic

Entrepreneurship scholars have traditionally considered that opportunity space is exogenous to the individual entrepreneur, whose first activity tends to be identifying this space. More recently, there has been an emerging literature highlighting that opportunities are endogenous to developing a company, i.e. the entrepreneur co-creates opportunities. Contemporary literature suggests that opportunity creation takes place in nascent markets, while opportunity discovery takes place in more traditional environment. In this paper, we shed further light on this debate by *first* analysing whether opportunity discovery vs. opportunity creation can be an act of entrepreneurial agency rather than being determined by the environment. Second, we develop a detailed insight in *how* the process of opportunity creation differs from the process of opportunity evaluation after opportunity discovery.

Method

To address the question, we conduct a multiple-case research including 7 new ventures manufacturing medical devices in the mobile health market to consider the entrepreneurs' decision models to discover/ create opportunities and how knowledge and experience impact the processes.

Results and Implications

Our findings show that even in a relatively homogenous environment both opportunity discovery and opportunity creation co-exist. First, 3 of the 7 ventures in our study labelled as "technology-push ventures", start with a particular technical prototype and only after using a rigorous process of opportunity screening and refinement. This process of opportunity identification is in line with the arguments in the discovery-opportunity literature. However, after a careful analysis of the market opportunity, they still continue to experiment and test the product when entering into a complex market segment such as the regulated medical device market. In contrast, 4 of the 7 ventures labelled as "demand-pull ventures" begin with a dissatisfaction of current health services. They look for technical solutions to solve the particular problem they observed and gradually build an opportunity space to commercialize the devices. This finding is in line with the opportunity-creation literature. However, in contrast to the effectuation logic, which predominates in the opportunity creation literature, demand-pull entrepreneurs start their businesses with very specific goals in mind. They tend to engage very little in market testing with customers. In this case, founders' knowledge in the market matters.

CONTACT: Chiung-Yi Hwang c.hwang09@imperial.ac.uk; (T):+44(0)2075949608; Imperial College London Business School, Tanaka Building, South Kensington Campus, London SW7 2AZ.

SUMMARY

PROFIT FIRST OR OUTREACH TO POOR PEOPLE FIRST? INSTITUTIONALLY EMBEDDED VENTURES IN MICROFINANCE

Junyon Im, University of Missouri-Kansas City, USA
Sunny Li Sun, University of Missouri-Kansas City, USA

Principal Topic

Although there have been increasing interests in microfinance institutions (MFIs), different behaviors of MFIs have not been well explored. Particularly, there are few empirical studies that explore MFIs' outreach for the poor. This is a concern in the literature because helping the poor to overcome poverty through financial services is a major goal of MFIs. Based on the institutional logics perspective, this study fills the gap by examining how MFIs' institutional logics are related to outreach of their services for the poor. Also, unlike previous studies that focus on direct effects of formal institutions on MFIs' outreach for the poor, this article explores the interaction effect of formal institutions and institutional logics on the outreach.

Method

To test the hypotheses we collected MFIs data from the Microfinance Information Exchange, Inc. (MIX), following previous studies on MFIs. In addition, we collected data on country-level variables from Worldwide Governance Indicators and World Bank to complement the MIX data. Because of availability of variables of our interest we used data between 2003 and 2009. Our final sample has 3785 organization-year observations from 1129 MFIs across 98 countries. Since MFIs in the same country are likely to share common practices with regard to their business processes, including outreach for the poor, there can be a concern about intraclass correlation. To address this issue, we build and estimate a series of multilevel mixed models with the "xtmixed" command in Stata V.12.

Results and Implications

The results show that profitability, which indicates MFIs' institutional logics, has an inverted U-shaped relationship with outreach for the poor. Moreover, this article finds that the relationship between profitability and outreach is influenced by societal level institution, rule of law.

This study suggests that MFIs' outreach for the poor depends on they rely mainly on social welfare logic or commercial logic. Also, the moderating effect of rule of law implies that higher levels of institutions interact with institutional logics to influence MFIs' outreach for the poor.

CONTACT: Junyon Im; ji24d@umkc.edu; Department of Global Entrepreneurship and Innovation Room 217, The Bloch School of Management, University of Missouri - Kansas City, 5100 Rockhill Road, Kansas City, MO 64110-2499, USA.

SUMMARY

STARTUP BUSINESS MODELING: A LONGITUDINAL STUDY

Ferdinand Jaspers, Erasmus University, the Netherlands
Tony Hak, Erasmus University, the Netherlands

Principal Topic

A startup's business model reflects how the founders intend to generate revenues and why they believe that this will be a success. Publications in the domain of Lean Startup (e.g., Ries, 2011; Blank and Dorf, 2012) urge nascent entrepreneurs to specify the assumptions behind their business models and to validate these in a fast-paced process with limited investments. In addition, this approach urges nascent entrepreneurs to develop and refine their business models by means of interaction with prospective users. Although this relatively young approach draws heavily on well-established academic insights – most notably discovery-driven planning and real options theory (McGrath and MacMillan, 1995) – there is a strong need for a better empirical understanding of the startup business modeling process, its determinants, and its impact.

Methods

From our understanding of the literature, at least four ideas become apparent. First, the notion that business model change is inevitable and desirable. Second, the idea that early and intense business development is preferred, i.e. 'fail fast'. The third and fourth ideas relate to the importance of early prototyping and early engagement with users. In our study we will explore the variation of these characteristics across gestation processes, their determinants, and their impacts.

In terms of data and measurement our study draws upon the second Panel Study of Entrepreneurial Dynamics (PSED 2; Reynolds and Curtin, 2007). This panel study tracks the activities of nascent entrepreneurs over time. This data has great potential to contribute to our understanding of the startup business development process, as it directly relates to the question how firms are created and how gestation processes unfold over time. Our analysis is based on a carefully constructed sample of 294 cases.

Results and Implications

Besides the theoretical contributions in terms of providing a much-needed empirical foundation for startup business modeling, the practice-oriented objective of this study is to help startup entrepreneurs to engage in more effective and efficient business modeling activities. It will assist to develop a better understanding of the preconditions and the pros and cons of such business modeling tactics as rapid prototyping, early customer engagement, and business model redesign.

CONTACT: Ferdinand Jaspers; fjaspers@rsm.nl; (T): +31(0)10 408 2875; Burgemeester Oudlaan 50, Room T7-19, 3062 PA Rotterdam, the Netherlands.

SUMMARY

EXAMINING THE ROLES OF STREOTYPE REACTANCE AND RELATIVE DEPRIVATION ON WOMEN'S ENTREPRENEURIAL INTENTIONS

Golshan Javadian, Morgan State University, USA
David B. Zoogah, Morgan State University, USA

Principal Topic

Previous research on women entrepreneurship has failed to provide an explanation for how women surmount the challenges they face, and how they build and run ventures despite numerous barriers. This research explains how women entrepreneurs overcome the negative gender stereotypes through the lens of stereotype reactance theory and relative deprivation theory. We argue that negative gender stereotype leads to experience of relative deprivation for women. Relative deprivation indicates not only the perception of disadvantaged position but also the resentment towards the disadvantaged position. Because of such resentment, relative deprivation is possibly followed by self-improvement response, here intention to start a business. We also argue that vulnerability to negative gender stereotypes among women entrepreneurs leads to experience of relative deprivation. Relative deprivation is argued to be followed by self-improvement response, here intention to grow a business. In other words, the self-improvement response to the experience of relative deprivation protects women's entrepreneurial intentions from the threats of negative gender stereotypes.

Method

Two separate studies examine the research question. The first study relates to venture creation intentions and uses a sample of undergraduate students from two Northeastern universities. The second relates to venture growth intentions and uses a sample of women entrepreneurs from National Association of Women Business Owners (NAWBO). While the first study analyzes the acute effects of stereotype activation on venture creation intention, the second study examines the chronic effects of stereotype vulnerability on growth intention. Hierarchical linear regression is used to test the hypotheses related to both studies.

Results and Implications

This research shows how women continue to build and run ventures despite the existence of negative gender stereotype. In the first study, we found that activation of negative gender stereotype generates the experience of relative deprivation among female targets. The interaction of relative deprivation and entrepreneurial self-efficacy as well as the interaction of relative deprivation and perceptions of opportunities are found to increase the venture creation intentions among female targets. We also found that a female entrepreneur's vulnerability to negative gender stereotypes leads to the experience of relative deprivation. Relative deprivation is found to positively impact women entrepreneurs' growth intention. This research shows how women continue to build and run ventures despite the existence of negative gender stereotype.

CONTACT: Golshan Javadian; gojav2@morgan.edu; (T): 910-257-0593; Earl Graves School of Business and Management, Morgan State University, 1700 East Cold Spring Lane, Baltimore, Maryland, 21251, USA.

SUMMARY

THE INFLUENCE OF MANAGERIAL ATTRIBUTION ON CORPORATE ENTREPRENEURSHIP

Parvathi Jayamohan, Syracuse University, USA
Alexander McKelvie, Syracuse University, USA
Todd Moss, Syracuse University, USA

Principal Topic

Research has sought to understand how and to what firms, managers or employees attribute an outcome and how that attribution affects future action, such as new venture formation (Parker, 2009; Tang, Tang, & Lohrke, 2008) and entrepreneurial re-entry post exit (Ucbasaran et al., 2010). However, we have limited knowledge about the role of managerial attribution in the persistence of corporate entrepreneurship (CE) behaviors. This is an important gap as scholars have examined the antecedents of CE (Hornsby et al., 2013) and the link between performance and CE has tended to assume a linear and positive relationship, but fluctuations in CE over time (Levesque et al., 2012; Wales et al., 2011) have meant limited cumulative findings. In this paper, we explore the role of managerial attribution on changes in CE. Specifically, we look at how a manager attributes past performance (positive-negative and internal-external) and how that impacts subsequent CE behaviors.

Method

We examine a sample of 100 entrepreneurial firms in the pharmaceutical industry. We perform content analysis on the MD&A section of their annual reports to identify the type of attributions that are made by companies based on the coding provided in Bettman and Weitz (1983). We identify internal (i.e., those related to the company) and external attribution factors. We use publicly available data to capture changes in liquidity, performance and R&D spending. R&D spending is a vital component of entrepreneurial activities in the pharmaceutical industry (Dunlap-Hinkler, et al., 2010) that relies on such spending to drive new product development. For each company, we use a lagged research model where we see if an increase (or decrease) in liquidity or performance leads to an increase or decrease in R&D spending over time, moderated by managerial attribution.

Results and Implications

Our results have important implications for future research. First, we find a non-linear set of relationships between liquidity and performance and CE, where different groups appear. Second, we find that differences in attribution (positive-negative and internal-external) moderate these relationships. Combined, we find that attribution is a potential explanatory factor in explaining CE activities over time.

CONTACT: Parvathi Jayamohan; pjayamoh@syr.edu; (T): +1-315-443-3643; Whitman School of Management, Syracuse University, 721 University Ave, Syracuse NY, 13244.

SUMMARY

STIGMATIZATION OF FAILED ENTREPRENEURS: PREVALENCE AND SOLUTIONS

Anna Jenkins, The University of Queensland, Australia
Erik Hunter, Swedish University of Agricultural Sciences, Sweden
Karin Hellerstedt, Jonkoping International Business School, Sweden
Per Davidsson, Queensland University of Technology, Australia

Principal Topic

Entrepreneurs and employees who become unemployed as a result of firm failure often suffer from lowered self-esteem and financial strain (Singh, Corner, & Pavlovich, 2007). Entrepreneurs, however, are likely to experience stigma in this situation and suffer from a loss of reputation, image and status, and experience diminshed labour market opportunities (Wiesenfeld, Wurthmann, & Hambrick, 2008). In contrast, employees are often referred to as victims and the (un)fairness in which they lost their job is focused on (Bennett, Martin, Bies, & Brockner, 1995).

To further understand the extent of stigmatization of entrepreneurs who experience failure and what can be done about it we investigate (1) how the extent of controllability for the cause of the failure influences the extent of stigma directed towards entrepreneurs and employees and (2) what can be done to reduce the extent of stigmatization. To do this we draw on Weiner’s (1985) attribution framework and develop hypotheses to explain why entrepreneurs are more likely to experience stigma when entering unemployment than employees, even in seemingly similar circumstances. We also develop and test a set of hypotheses to show what can be done to reduce the extent of stigma faced by entrepreneurs.

Method

To test our hypotheses we conduct and replicate four between group, 2x3 full factorial experiments where in the first two experiments the extent of controllability for the failure is manipulated and in the second two experiments the amount of information provided to the respondents regarding failure rates and reasons for firm failure more generally are manipulated.

Findings and Implications

We found that entrepreneurs were be held more personally accountable for the firm failure than their employees in all experimental conditions, even when information is present that the situation was the culpable factor. We also found that respondents who believed that firm failure is a natural and expected outcome were less likely to hold the entrepreneur accountable for the failure.

Our results have important implications policy implications. At a macro-level the extent of stigmatization influences the relative risks of choosing self-employment or paid employment and thus the number of individuals who are willing to engage in entrepreneurial ventures (Armour & Cumming, 2005).

CONTACT: Anna Jenkins; a.jenkins@business.uq.edu.au; (T): +61 415397563; The University of Queensland, Brisbane, Australia 4072.

SUMMARY

IS DOING TWO THINGS AT ONCE DOING NEITHER? EXPLORING THE ROLE OF FIRM AMBIDEXTERITY ON INNOVATION SPEED

Are Jensen, Bodø Graduate School of Business, Norway

Principal Topic

In this paper, we explore the relationship between firm level ambidexterity and innovation speed in the context of new technology based firms (NTBFs). We define ambidexterity as the ability of the firm to both exploit previous competencies (e.g. systematizing experiences into routines, benchmarking against others to increase efficiency), and explore new opportunities (e.g. searching for opportunities in the environment, bringing creative people together for generating ideas for new business opportunities). In the full paper we argue that regardless of the costs associated with following both strategic paths, doing so has a positive impact on innovation speed.

Method

We gathered data for this study through two sources. First, we acquired a database of all firms in R&D business incubators in Norway. These firms are screened before entering the incubators, and one screening criteria is that their business should be research based. Secondly, we acquired data from all new technology based firms receiving tax exemption for R&D expenses in Norway. Our tests show no significant difference between the groups. Our total population is 126 firms.

We employed principle component analyses and multiple linear regression to test the relationships between human capital breadth and depth, the presence of ambidexterity, and innovation speed.

Results and Implications

Our results show that the presence of ambidexterity has a significant ($p < .001$), and strong ($\beta > .3$) relationship with innovation speed. We also find that both the breadth and depth of human capital have little effect on innovation speed when accounting for the presence of ambidexterity. This indicates that being able to follow both an exploitative and explorative strategy at the same time has a positive effect on innovation speed.

This paper contributes to our understanding of how ambidexterity, despite its costs, has a positive effect on an important early stage performance dimension for new firms. This has implications for founders in terms of which strategy options they should pursue if their intentions are to reach the market quickly. It also has implications for public support programs aiming to help new technology based firms reach their goals.

CONTACT: Are Jensen; aje@uin.no; (T): +4795865985; University of Nordland, 8049 Bodø, Norway

SUMMARY

STRESSING THE OPPORTUNITIES: AN EXPERIMENTAL TEST OF STRESS' EFFECTS ON ENTREPRENEURS' COGNITIVE RESOURCES, OPPORTUNITY RECOGNITION, AND DECISION-MAKING

David S. Jiang, University of Tennessee, USA
Timothy P. Munyon, University of Tennessee, USA

Principal Topic

Entrepreneurs are often known to operate in dynamic environments that can include financial constraints, rapid change, uncertainty, and other conditions known to induce high levels of stress (Baron et al., 2013). Empirical evidence suggests that stress, especially stress that is prolonged and intense, is related to a wide range of harmful outcomes (Ganster & Rosen, 2013). However, recent research suggests that entrepreneurs, as a group, generally self-select into entrepreneurship and therefore counter-intuitively experience lower levels of occupational stress (Baron et al., 2013). Drawing on extant research and Fiedler and Garcia's (1987) Cognitive Resource Theory, our study's multi-method design can further enhance understanding of this phenomenon and allow stronger causal inferences for untested critical assumptions regarding entrepreneurs' stress management and how it affects entrepreneurial outcomes.

Method

We seek to incorporate a multi-study investigation combining experimental, field-study, and qualitative evidence. Beginning with the qualitative component, we will interview entrepreneurs about stress and decision-making. Incorporating interview findings with suggestions for an experimental approach to entrepreneurship research (Gregoire et al., 2010; Schade, 2005) and psychology and OB experiments that manipulate stress (e.g. Fox et al., 1993), we will design and implement an experiment that simulates real-world situations our respondents faced. By manipulating the level of stress associated with experimental conditions, we can ascertain the effects of stress on decision-making outcomes. Finally, based on the experimental findings, we will design a field-study to ascertain how anxiety and decision-making influence entrepreneurial outcomes.

Possible Implications

Research from various disciplines suggest that job characteristics found from the upper to the lower echelons of organizations and across organizational contexts can expose decision makers to role expectations, uncertainty, and other stimuli that can create stress and impede effectiveness when making important decisions (Munyon et al., 2010). By conducting a multi-method investigation of stress and anxiety effects within entrepreneurial decision processes, we hope to shed light on current theoretical ambiguity. If entrepreneurs are indeed more likely to buffer the negative effects of stress, then it is important not to examine sources of stress but rather sources of resilience against stress and how to better design ventures to enhance resilience (Venkataraman et al., 2012).

CONTACT: David Jiang; djiang6@utk.edu; University of Tennessee, 438A Stokely Management Center, Knoxville, TN 37996-0545.

SUMMARY

LEARNING TO WALK: THE JOURNEY OF AN ASPIRING ENTREPRENEUR

Bertha T. Jimenez, NYU Polytechnic School of Engineering, USA

Principal Topic

Student business plan competitions (SBPC) have increased in number over the past 30 years, and current literature depicts the SBPC as a key mode for teaching entrepreneurship. However, little is known about the mechanisms behind them. I aim to investigate this by using an institutional logic perspective which has been used to understand entrepreneurship, yet not in the context of SBPC. Given the novelty and uniqueness of entrepreneurial ventures, these individuals struggle with the liability of newness. An institutional logic perspective would allow me to understand how the different components of a SBPC can act as a field of practice that is supportive of the entrepreneurship spirit. More than just as a way of providing resources, I propose that it also helps participants understand the institutional logic of the entrepreneurship field by providing values, structure, legitimation and status.

Method

I conducted a two-year ethnographic study of the NYU Stern SBPC to investigate the actors, practices and different activities. For the first year, I performed participant observations by joining a team and going through the competition's process. I coupled this with 63 interviews of various stakeholders. In the second year of my study, I followed four teams participating in the competition and held bi-monthly meetings with one of the competition's organizers. I also asked five participants to keep a weekly journal in order to understand their perspective.

Results and Implications

My analysis suggests that an SBPC provides participants with an understanding of the entrepreneurship field's institutional logic, thus helping them overcome the liability of newness. This is done by offering them sources of credibility, and a rationality to understand the key elements and constituency of the field. SBPCs help accelerate the learning of the entrepreneurial logic not only by infusing the logic, but also by providing access to a variety of capitals. Hence, the participants become conversant with the important constituencies, and understand and acquire diverse capital. Thus, participants can accelerate learning of the norms, rules and values (logics) of the entrepreneurship field, and this is done by interacting with the ecology of actors that supports entrepreneurs inside and outside the school context.

CONTACT: Bertha Jimenez; btj213@nyu.edu; (T): +1-3475492501; Tech Mgmt Dept. , NYU Polytechnic School of Engineering, 5 Metrotech Center, Brooklyn, NY 11201, USA.

SUMMARY

IS WHAT IS GOOD FOR THE GOOSE ALSO GOOD FOR THE GANDER? EXAMINING THE DIFFERENTIAL OUTCOMES OF EFFECTUATION

Anette Johansson, Jönköping International Business School, MMTC, Sweden

Principal Topic

Research on effectuation as an approach to decision making under uncertainty has increased steadily in recent years (e.g. McKelvie et al., 2013; Read et al., 2009; Wiltbank et al., 2009). Although the effectual approach is appealing as it offers hands-on principles to handle situations characterized by uncertainty, researchers still have limited knowledge as to when and how effectuation may constitute a superior option for decision making. This paper adds to the literature on effectuation by examining two specific issues. First, I examine the choice of using effectuation or causation under differing levels of uncertainty. Second, I examine the usefulness of effectuation by studying its impact on important outcomes, such as innovation and financial performance.

Method

The study employs a double-scenario instrument building on Wiltbank et al. (2009) where respondents are presented with two decision scenarios with varying levels of uncertainty. Effectuation is measured as a single multi-item construct (non-predictive control) contrasted with causation (predictive control). These are measured separately, allowing the decision maker to mix them as desired. The scenarios are tested on 119 executives in the Swedish magazine publishing industry. Validated measures are used to capture radical and incremental innovation (McKelvie, Wiklund & Short, 2007) alongside publicly available financial performance measures.

Results and Implications

The results specifically address the use of effectuation and the outcomes of effectuation under varying conditions of uncertainty. Firstly, effectuation is preferred in the uncertain context of innovation work. This reinforces a central component of effectuation research regarding the importance of uncertainty to effectuation. Secondly, when examining outcomes I find that effectuation only has an impact in situations characterized by high levels of uncertainty. In contrast, causation is positively related to financial performance in predictable circumstances, but negatively related in uncertain circumstances. Together, these findings provide strong empirical support for conditional superior nature of effectuation – and specifically only leading to benefits under conditions of uncertainty. This helps to build upon extant findings about the impact of effectuation on innovation in established firms (Brettel et al., 2011) and financial performance (McKelvie et al., 2013), as well as to a general theory of effectuation..

CONTACT: Anette Johansson; anette.johansson@jibs.hj.se; (T): +46-36-101722; (F):+46-36-160070; Jönköping International Business School, Box 1022, S-55111, Jönköping, Sweden.

SUMMARY

PERCEIVING AND CONTROLLING RISK IN THE ACADEMIC ENTREPRENEURSHIP PROCESS

Mark Johnson, University of Strathclyde, UK

Principal topic

Academic research plays an important role in the creation of new knowledge, in turn stimulating business activity and growth (Di Gregorio & Shane, 2003). Therefore academics' participation in entrepreneurial processes is essential (Agrawal, 2006), however, researchers are only beginning to investigate the cognitive processes associated with why academics pursue differing entrepreneurial pathways (Jain et al. 2009).

Academic entrepreneurship has been described as "any activity that occurs beyond the traditional academic roles of teaching and/or research, is innovative, carries an element of risk, and leads to financial rewards for the individual academic or his/her institution" (Abreu & Grinevich, 2013, p. 408). As such, the perceived risk of undertaking entrepreneurial activities lies on a spectrum from potentially more risky activities (e.g. spin-off) to potentially less risky (e.g. professional development) activities. Thus, we ask the following research questions:

1) How do academics perceive risk within the spectrum of activities?
2) How do academics control perceived risks in the academic entrepreneurial process?

Methodology

Face to face, semi-structured interviews averaging forty minutes in duration with thirty five academics from three UK universities, across a range of disciplines were carried out, recorded, transcribed and analysed. To capture the heterogeneity of entrepreneurial activity amongst the academics in terms of quantity and range of activities, academics were selected who had undertaken at least one entrepreneurial activity within the spectrum, while some had participated across the entire spectrum.

Results

Findings indicate that when an academic considers undertaking entrepreneurial activities, their perception of risk is more a gut feeling than any attempt at a rational evaluation. Our findings suggest that academics are basing their judgments of particular activities not only on what they think about it, but also on how they feel about it. If feelings toward an activity are favourable, they judge the risks as low and benefits as high; if feelings are unfavourable, they judge the activity as high in risk and low in benefit (Finucane et al. 2000). This study also suggests that academics engage in self-regulation using different regulatory foci during the entrepreneurial decision-making process (Brockner et al., 2004).

Given the paucity of literature addressing perceptions of risk within the academic entrepreneurial process, this study contributes towards better understanding how academics perceive and manage risk.

CONTACT: Mark Johnson; mark.johnson@strath.ac.uk; 199 Cathedral Street, Glasgow, G4 0QU.

SUMMARY

SOCIAL VENTURE CAPITAL FIRM STRATEGY: SOCIALNESS OF INVESTMENTS AND PERFORMANCE

Raymond J. Jones III, University of Minnesota Duluth, USA
Manjula S. Salimath, University of North Texas, USA

Principal Topic

Social innovations are solutions related to humanistic needs and the betterment of mankind with the intent of creating social value and eventual societal level changes. This research examines venture capital firms engaging in social innovation i.e., through the adoption of socially oriented missions, strategies, and values. Our main research question is: *What is the relationship between the mission of social venture capital firms, the socialness of portfolio companies they invest in, and firm performance?* The VC firms included in the sample have voluntarily selected a blended value based mission for the betterment of society, and are salient examples of social innovation. Our research contributes to the understanding of a relatively *new phenomenon* of social investing in the capital markets sector by venture capital firms.

Method

The sample consists of VC firms that have been identified as being *social* through external categorization or self-selection. These sources include the National Venture Capital Association categorization, the Research Initiative in Social Entrepreneurship (RISE) publication on double-bottom line VCs, and the U.S. Sustainable Investing Foundation's (USSIF) list of social VC funds. Data sources included VC and portfolio company websites, and performance information from the ThomsonOne Private Equity Database. The PE database is based on both self-reported information as well as secondary data (i.e., press-releases and other news media).

We tested hypotheses on the effects of the *socialness* of the mission statement of the social VC firm, the *socialness* of the portfolio company mission statement being invested in, the moderating effects of the *specificity* of the social VC mission statement, and the overall performance of the VC firm. Content analysis was be used to measure the degree of *socialness* and *specificity.*

Results and Implications

Results indicate that the *socialness* of the VC mission statement does influence on the *socialness* of the portfolio companies being invested in. Additionally, the *specificity* of the VC mission statement does influence the VC-portfolio company relationship. This research has several implications. First, by its integrating social innovation with existing theoretical frameworks, we further theoretical development of social innovation. Second, this investigation contributes to the venture capital research stream by adding to the limited work on social VCs. Finally, this investigation demonstrates alternate methodological approaches that may be useful for sample validation, such as content analysis. The findings may be useful in future research on social VC firms and help in understanding the social orientation of entrepreneurial firms.

CONTACT: Raymond Jones: rjjones@d.umn.edu; (T): 2187266093; (F): 2187267578; Department of Management Studies, Labovitz School of Business and Economics, University of Minnesota Duluth, 1318 Kirby Dr., Duluth, MN 55812, USA.

SUMMARY

A NEW BRUSH SWEEPS CLEAN BUT THE OLD ONE KNOWS THE CORNERS – FOUNDER RETENTION IN FIRST TIME SUCCESSION

Caroline N. Kaehr Serra, University of Geneva, Switzerland

Principal Topic

Scholars commonly assume that new ventures eventually outgrow the managing capabilities of their founders, yet empirical findings on the succession – performance relationship are mixed (Wasserman, 2003). One explanation for these conflicting results might be the fact that past research has not considered that in many first-time successions, founder-CEOs don't fully leave the company but remain as a board chair or in an operating position (Rubenson & Gupta, 1992). Accordingly, founder-CEOs may still influence the actions and decisions of the top management team (TMT) in their new role as board chair or TMT member. Yet, literature on post-succession founder involvement is surprisingly scant. Hence, our study aims at explaining how the role of the founding-CEO following first-time successions affects levels of cognitive and affective conflict, and ultimately the quality of decision-making in TMTs.

Method

We conducted an experimental study analyzing the quality of the TMT's decision-making among 120 undergraduate students. We organized the students in 30 randomly selected teams and analyzed their performance in a pre-test-post-test-design within three different settings—i.e., (1) the former group leader exits the team completely upon arrival of the new leader, (2) the former group leader becomes a member of the board, and (3) the former group leader remains a member of the TMT upon arrival of the new leader. We used Jehn's (1995) seven-item intragroup conflict scale and individual expert ratings for the quality of decision-making.

Results and Implications

Our results show that the founder-CEO's exit increases the level of cognitive conflict while decreasing the level of affective conflict. The same effect we find even stronger when the founder-CEO's becomes board chair. In both situations, this ultimately leads to an increase in decision-making quality. On the contrary, when the founder moved into the TMT, both levels of conflict increased. Whereas literature states that affective conflict decreases team performance, our results show a significant increase in the quality of the decision-making that is above the performance in the other settings. We explain this finding through the hostile situation that fosters an in-group identity among TMT members (Hogg & Terry, 2000).

CONTACT: Caroline N. Kaehr Serra; caroline.kaehr@unige.ch; (T) 41-22-379-99-08; (F) 41-22-379-81-04; Faculty of Economics and Management, University of Geneva, 40 Boulevard du Pont d'Arve, 1211 Geneva 4, Switzerland.

SUMMARY

LET GO AND MOVE ON – FOUNDER ROLE TRANSITIONS IN FIRST-TIME SUCCESSIONS

Caroline N. Kaehr Serra, University of Geneva, Switzerland

Principal Topic

Entrepreneurs and their ventures are said to be an important vehicle for economic growth and a significant body of research has been accumulated on explaining the entrepreneurial process. Thereby, most research effort has focused on the founding process (DeTienne, 2010). Yet, the entrepreneurial process goes beyond the nascent phase of a venture and may continue until the business is harvested (Cardon et al., 2005). While entrepreneurship scholars have recently taken up the topic of business exit (Decker & Melewight, 2007), our understanding of the process until founders leave their firms is very limited. We know that professional CEOs replace the founders as primary decision makers, yet empirical evidence shows that three out of four founders stay on in a different role (Rubenson & Gupta, 1992; Wasserman, 2003). Nevertheless, our insights into the succession process are still limited and we know little about the founder's whereabouts after being dismissed as the CEO. Therefore, in my study, I ask: How do founders upon dismissal as the company's CEO story their transition in order to claim a new role and what are the resulting challenges for the succession process?

Method

Given the dearth of research on founder role transition subsequent to first-time successions, I adopted a multiple case study design that includes nine new ventures that went through a founder-CEO succession within the last two years and whose founder-CEO stayed on either as a Chairman of the Board or as a TMT Member. Case studies are well suited for the investigation of phenomena where causal links are understudied and too complex for a survey or experiment (Yin, 1994).

Results and Implications

I found that founders employ three different types of narratives to claim their new role (i.e. adulation, atonement, and countenance) that are tied to specific organizational, human capital, as well as external relations related challenges. Accordingly, my study not only sheds light on a so far understudied moment in the entrepreneurial process by showing how the founder's role evolves beyond firm creation but also adds to literature on narrative identity work in the context of macro role transitions.

CONTACT: Caroline N. Kaehr Serra; caroline.kaehr@unige.ch; (T) 41-22-379-99-08; (F) 41-22-379-81-04; Faculty of Economics and Management, University of Geneva, 40 Boulevard du Pont d'Arve, 1211 Geneva 4, Switzerland.

SUMMARY

WELCOME TO THE "WILD WEST": SEGMENTING A BUSINESS ACCELERATOR POPULATION AND IMPLICATIONS FOR VENTURE SUPPORT

Gabi A. Kaffka, University of Twente, NIKOS, The Netherlands
Norris F. Krueger, Entrepreneurship Northwest, USA

Principal Topic

Business incubators and accelerators have become a dominant mechanism for stimulating and facilitating the growth of new ventures, catering to the support needs of entrepreneurs in various stages of venture development. Yet, there is evidence that those service portfolios might not meet or match the actual needs of incubator tenants (Ratinho et al, 2012). Intangible resources offered don't always produce the desired effect. In this study, we want to know what the demand characteristics of entrepreneurs within business acceleration programs are, and how these evolve and differ across types of entrepreneurs. By doing so, we follow calls for investigation of how role identities of entrepreneurs influence firm creation processes and their outcomes (Fauchart & Gruber, 2011).

Method

The research design is a multiple case-study undertaken at a business accelerator. We draw on very detailed qualitative as well as quantitative data collected of twenty entrepreneurs throughout one year in a business acceleration program. We purposively sampled the cases for experienced entrepreneurs as well as relative novices. We focus on business opportunity development by entrepreneurs characterized by differing experience, background, and business idea. Specifically, we were interested in identifying patterns with regards to intangible support needs and which support mechanisms fulfill these needs.

Results and Implications

High-tech, high-growth ventures sampled here show distinct segments. It is possible to distinguish between at least four distinct groups in business support programs. Those four groups were labeled in reference to distinct socio-economic groups (and role identities) often portrayed in movies about the 'wild west' of the United States: cowboys, trappers, greenhorns and saloon-owners. Just as these groups show distinct patterns regarding demand for and consumption of intangible resources, so too do the segments identified here. Most notably, these segments differ with regards to network use, self-efficacy, skill development and goal-setting behavior.

We suggest that segmentation is a valuable instrument for understanding – and facilitating – the venture creation processes. Our results demonstrate the methodological utility of combining qualitative and quantitative micro-level data in order to understand how entrepreneurs and their ventures co-evolve, here identifying interesting segments within accelerator populations.

CONTACT: Gabi Kaffka, g.a.kaffka@utwente.nl, (T): +31(0)53-489-4296, (F): +31(0)53-489-2159; P.O.Box 217, 7500AE Enschede, the Netherlands.

SUMMARY

ADJUSTING OVER AND UNDER – ENTREPRENEURIAL HEURISTICS AND TEMPORAL DYNAMICS

Shoko Kato, Rutgers School of Business-Camden, USA
Yasuhiro Yamakawa, Babson College, USA

Principal Topic

Exploring the dispositional characteristics of entrepreneurs is one of the many approaches that have explained why individuals choose entrepreneurial careers over others (Hyytinen et al., 2013). Studies have examined individuals' risk tolerance (Stewart & Roth, 2001), optimism (Hmieleski & Baron, 2009), and over-confidence (Koellinger et al., 2007) within this realm of research. Yet, most studies are focused only on a snapshot of entrepreneurship – the career choices of individuals or the influence of dispositional characteristics on their venture performance. Even though individuals start up based on their biased prediction, it is unlikely that such expectations hold after business results become available. This leads to our research question: Under what conditions, and how might entrepreneurs' optimism and overconfidence change (or not) over time? We investigate dynamic relationships between entrepreneurs' assessments of their venture performance and their confidence/optimism levels over time. We argue that while entrepreneurs have optimistic views about their business start-up and confidence about their skills to succeed, they eventually correct their assessment of their business success upon learning from financial results.

Methods

We use panel data (2001-2005) obtained from a questionnaire-based survey of new-venture founders (2,181 firms), conducted by the Japan Finance Corporation. The dataset includes detailed information on entrepreneurs' background and financial data over time, from various industries – ideal to address our research questions.

Results and Implications

Three contributions emerge. First, by drawing on insights from the cognitive literature we investigate whether or not and to what extent entrepreneurs adjust their goals and expectations as they engage in their start-up activities. We attempt to capture the dynamic process, in particular, the changes in heuristics over time. Second, we examine the moderating impact of environmental characteristics to see how levels of external uncertainty influence entrepreneurs' cognition. Third, we empirically substantiate our arguments through a survey-based panel data of new-venture founders – to the best of our knowledge, one of the very first such endeavors in the literature. Rarely do we see empirical research of entrepreneurs with multiple survey points in their entrepreneurial processes. Overall, our study contributes not only to the entrepreneurship literature by offering the dynamic view, but also to cognition/decision-making literatures by investigating the interaction between heuristics and environment in an entrepreneurial setting.

CONTACT: Shoko Kato; shoko.kato@camden.rutgers.edu; (T): 856-225-6717; Rutgers University, Camden, NJ 08102.

SUMMARY

EXPLORATION-EXPLOITATION STRATEGIES AND EXIT OUTCOMES OF NEW VENTURES

Mohammad Keyhani, University of Calgary, Canada
Yuval Deutsch, York University, Canada
Anoop Madhok, York University, Canada
Moren Lévesque, York University, Canada

Principal Topic

One of the big ideas receiving widespread interest in management and organization research in the past two decades is the fundamental tension between exploration and exploitation (exp-exp), and the imperative to pursue these activities with an optimal balance or ambidextrously. Such an imperative is based on the logic of trade-offs in the sense that a focus on exploitation can lead to short-term performance but is dangerous in the long-term as it reduces adaptability in the face of change. However, empirical research on this topic has rarely investigated the trade-offs as manifested between different dimensions of performance such as profitability and survival. In the context of start-ups, getting acquired is an additional outcome of interest previously ignored in the ambidexterity literature. This study represents the first effort to investigate the relationship between exploration-exploitation balance and the profitability, survival, and acquisition likelihood of start-ups simultaneously in order to uncover potential trade-offs among these performance dimensions.

Method

This paper utilizes the recently completed Kauffman Firm Survey (KFS) data using competing risks analysis (survival analysis generalized to multiple hazards) accounting for sampling weights, and random effects panel data regression (fixed effects models were also checked for robustness).

Results and Implications

We find that an exploration-exploitation balance-is-best relationship is found for the profitability of survived firms and for the acquisition likelihood of high tech firms, while an exploitation focus is found to be optimal for the survival chances of low and medium tech firms. For low and medium technology start-ups we find evidence of a trade-off between survival likelihood and profitability-given-survival, and for high tech start-ups we find evidence of a differently shaped trade-off between acquisition likelihood and profitability-given-survival. We find no evidence of a trade-off between survival likelihood and acquisition likelihood. Furthermore, we find profitability to be positively associated with survival but not significantly related to acquisition likelihood. Our findings have important implications for research on exploration-exploitation and ambidexterity, mergers and acquisitions, and entrepreneurship.

CONTACT: Mohammad Keyhani; mohammad.keyhani@haskayne.ucalgary.ca; (T): 1-403-220-3908; Haskayne School of Business, University of Calgary, 2500 University Drive NW, Calgary, Alberta, Canada, T2N 1N4.

SUMMARY

ENTREPRENEUR-VENTURE CAPITALIST ALLIANCES AS EXTERNALIZATION-INTERNALIZATION DECISIONS

Dmitry Khanin, University of La Verne, USA
Ofir Turel, Cal State, Fullerton, USA

Principal Topic
Transaction cost economics (TCE) suggests that businesses continually compare the benefits and costs of hierarchies or internalization (the make decision) vs. the benefits and costs of markets or externalization (the buy decision) (Williamson, 1975; 1985). From the TCE perspective, alliances represent a hybrid of markets and hierarchies (Williamson, 1991). TCE is rarely applied to entrepreneurship (Zacharakis, 1997; Michaels, 2007). We propose that venture capitalist-entrepreneur alliances could fruitfully be examined from the TCE perspective as a specific type of hybrids. Specifically, we argue that venture CEOs' assessment of the value of alliances with VCs will be influenced by the perceived benefits of externalization and internalization, separately and in combination, as well as the sum of transaction costs and administrative costs incurred by new venture.

Theory Development: Key Propositions
Hypothesis 1: The perceived benefits of externalization through VC involvement will be positively associated by venture CEOs with the combined benefits of externalization and internalization.
Hypothesis 2: The perceived benefits of internalization through VC involvement will be positively associated by venture CEOs with the combined benefits of externalization and internalization.
Hypothesis 3: The perceived benefits of externalization through VC involvement will be positively associated by venture CEOs with the incurred combination of transaction costs and administrative costs.
Hypothesis 4: The perceived benefits of internalization through VC involvement will be positively associated by venture CEOs with the incurred combination of transaction costs and administrative costs.
Hypothesis 5: The combined benefits of externalization and internalization and the combined transaction costs and administrative costs will be positively (negatively) associated by venture CEOs with the overall value of their alliances with VCs.

Methods
We surveyed over 100 CEOs of new ventures regarding their assessments of the value of VC-entrepreneur alliances. Structural equation modeling (SEM analysis) was used to analyze the data.

Findings
All the proposed hypotheses received strong support.

Practical Implications
Venture CEOs need to realize the dual nature of VC-entrepreneur alliances that represent a unique combination of externalization and internalization to be able to improve the efficacy of their collaboration with VCs by reducing both the transaction costs and administrative costs of VC involvement.

CONTACT: Dmitry Khanin; dkhanin@laverne.edu; (T): 714-278-5569; University of La Verne, La Verne, CA 91750.

SUMMARY

DO SUPERORDINATE IDENTITIES ALTER ENTREPRENEURIAL OPPORTUNITY RECOGNITION

Kip Kiefer, United States Air Force Academy, USA
Justin I. Miller, The Ohio State University, USA

Principal Topic

Considerable research has examined how entrepreneurs and non-entrepreneurs differ in their ability to perceive entrepreneurial opportunities. This research suggests entrepreneurs are more risk-seeking, more likely to be raised in a family with entrepreneurial experience, and may even vary in their genetic make-up relative to non-entrepreneurs. Most literature suggests that these differences exist between people before engaging in entrepreneurial endeavors; but other empirical studies suggests these differences arise post hoc.

This paper explores differences between entrepreneurs and non-entrepreneurs by focusing on variation in entrepreneurial alertness. Specifically, it investigates whether entrepreneurial alertness is cued by one's social identity—rather than by characteristics of the entrepreneur.

Method

This study uses two research protocols. First, a survey of 450 students helped classify individuals according to their sub-ordinate and super-ordinate identities. Second, survey respondents participated in a follow-on experiment designed to 1) prime a specific social identity to which the individual belonged, and 2) assess the influence of this primed identity on opportunity recognition. Following a mild manipulation, respondents participated in a series of experiments exploring the influence of students' social identities on their ability and likelihood to recognize entrepreneurial opportunities.

Results and Implications

Results indicate that social identity may be the missing construct that explains inconsistent empirical findings on the differences between entrepreneurs and non-entrepreneurs with respect to entrepreneurial alertness.

This study makes two key contributions. First, with respect to Social Identity Theory, this study confirms how individuals' identity is complex and layered, and that identities may be primed. However, where Social Identity Theory is often used to demonstrate and/or explain differential preference, treatment, and cohesion across groups, our study demonstrates a significant finding with respect to a non-group and non-identity related issue—alertness to entrepreneurial opportunities. Second, this study contributes to the practical understanding of entrepreneurship and is useful for organizations. While we often think of organizations as relatively conservative, especially organizations with strong bureaucratic structures, routines, and norms, there are times when entrepreneurial alertness may be beneficial to operational readiness. For example, under conditions of stress, life-threatening situations may arise where only entrepreneurial action will result in a reduction in loss of life and an ability to prime a particular entrepreneurial orientation could prove incredibly beneficial.

CONTACT: Kip Kiefer; kip.kiefer@usafa.edu; (T): 719-333-7970; DFM, USAFA, CO 80840.

SUMMARY

TRAPPED BY THE ENTREPRENEURIAL MINDSET? AN EXAMINATION OF REGULATORY FOCUS AND ESCALATION OF COMMITMENT IN ENTREPRENEURIAL ACTION

Alex S. Kier, Indiana University, USA
Jeffery S. McMullen, Indiana University, USA
Donald F. Kuratko, Indiana University, USA

Principal Topic

The entrepreneurial mindset, often portrayed as cognitive adaptability, is considered by most scholars to be a core competency necessary in achieving desired entrepreneurial outcomes. This "ability to be dynamic, flexible, and self-regulating in one's cognitions given dynamic and uncertain task environments" (Haynie et al., 2010) allows for continued and relentless persistence of an entrepreneur's goal. However, when entrepreneurs continually persist and "maintain commitment to a losing course of action" (Staw, 1997), persistence can devolve into escalation of commitment. This study seeks to reconcile conflicting expectations that can be attributed to an entrepreneurial mindset by introducing regulatory focus (Higgins, 1997) as a theoretical lens to identify the conditions under which the entrepreneurial mindset is likely to lead to the self-regulatory dysfunction known as escalation of commitment. In this study, we empirically test psychological and social determinants of escalation in order to demonstrate that an entrepreneur's regulatory focus becomes a key factor in escalation of commitment.

Method

We used conjoint analysis combined with mindset priming on a sample of entrepreneurship students to test how regulatory focus (measured chronically and induced situationally) moderates escalation of commitment. Specifically, we ask participants to make a series of judgments or choices on new product development based on a manipulation of psychological and social determinants of escalation at high and low levels. Participants are then asked to indicate the likelihood that they would continue developing the product (dependent variable).

Results and Implications

This study makes a theoretical contribution by demonstrating that the cognitive adaptability and persistence of the entrepreneurial mindset that is supposed to reveal opportunities can also lead to escalation of commitment. This unintended consequence is more likely to be true when the entrepreneur possesses a promotion focus. Finally, our results show that social determinants of escalation in the form of team pressure interact with psychological determinants of escalation, which amplifies the likelihood of escalation.

CONTACT: Alex Kier; askier@indiana.edu; Kelley School of Business, Indiana University, 1309 E. 10th Street, Bloomington, IN 47405.

SUMMARY

TMI: HONEST CLAIMS AND RISK OF OVERDISCLOSURE IN CROWDFUNDING CAMPAIGNS

Phillip H. Kim, University of Wisconsin-Madison, USA

Principal Topic

We live in a world in which new ideas abound and creators have access to new avenues for transforming their ideas into reality. In order to solicit support for a nascent undertaking, creators must effectively communicate new ideas to their audience, or those likely to have an interest in backing novel initiatives. Conveying a compelling narrative is a critical step for creators, who must provide accurate representations of past events while constructing credible claims about future events, plausibly connecting these two realms together. In many ways, entrepreneurs – the creators who commercialize their ideas – are storytellers, seeking to convince others about their visions regarding their creative ideas.

Despite the importance of making honest claims, creators seeking funding must also walk the line between truthfulness and overdisclosure. Nuanced distinctions, details, and accurate portrayals of past events can bring the project to life in the eyes of an audience; however, being "too" honest can leave the creator vulnerable to audience skepticism regarding the actual feasibility of an initiative. In revealing too much information, creators can negatively influence potential supporters, leaving them less inclined to back the proposed initiative. Thus, the paradox of honesty is revealed in that creators must strike a careful balance between providing enough information to establish credibility while filtering out details that could call a project's feasibility into question.

Methods

I studied nearly 31,000 campaigns texts from 2010 to 2013 prepared by creators on Indiegogo, a popular crowdfunding website. I used quantitative textual analysis methods to assess relationships between narrative attributes and the campaign's fundraising target ratio.

Results and Implications

For entrepreneurial creators seeking to encourage interest around their idea or engage in self-promotion, communication matters. Employing honest language and making credible claims can either mobilize or discourage potential backers, so creators must construct their narratives carefully. However, creators who communicate too honestly risk losing the support of potential backers if their details indicate a low-quality initiative.

CONTACT: Phillip H. Kim; pkim@bus.wisc.edu; (T): 608-265-0574; (F): 608-262-8778; Wisconsin School of Business, 5283 Grainger Hall, 975 University Ave, Madison, WI 53706.

SUMMARY

UNIVERSITY AND BIOTECHNOLOGY LINKS: A SYSTEM OF ENTREPRENEURIAL KNOWLEDGE CREATION AND TECHNOLOGY EXCHANGES

Dorothy M. Kirkman, University of Houston - Clear Lake, USA
Nadia Di Paola, University of Naples Federico II, Italy

Principal Topic

Entrepreneurial biotechnology firms have long been recognized as knowledge-intensive firms that leverage their relationships with universities to develop and apply scientific knowledge. Given universities' expertise, firms rely on them to gain access to scientific discoveries. Interestingly, existing studies have found that university-industry links such as technology transfer have a negative impact on a firm's ability to create knowledge. So, the question arises: how does university technology transfer support firms' ability to create knowledge?

To explore this question, we build on Theory of Knowledge Creation (TKC) by conceptualizing the university-biotechnology technology transfer process as a knowledge creation system, where each mode is an interdependent part of the same system. We put forth the notion that knowledge is created by each part as well as the interactions between parts.

Method

Survey data was collected from key-decision makers in 204 American-based biotechnology firms. Using negative binomial regression, we examined whether the three modes, licensing arrangements, sponsored contract research, and consulting agreements, independently or conjointly, transform university technology transfer from technology exchanges to systems of knowledge creation.

Results and Implications

Our results seem to suggest that certain types of university technology transfer activate the knowledge creation process while others do not. We found that licensing and consulting agreements positively influence a firm's ability to create patents. Conceivably, the findings depict a knowledge creation system that involves intra- and inter-organizational knowledge creation processes that enhance and reinforce the positive effects of the two technology transfer modes. Conversely, the results found that sponsored contract research negatively influences a firm's ability to create knowledge because the knowledge conversion activities occur within the confines of the university.

From a theoretical perspective, our findings suggest that a firm's ability to develop knowledge for exploitation may result, in part, from managers' ability to select the appropriate combination of transfer modes. From a managerial perspective, the results may help managers to understand: (1) whether and to what extent university technology transfer is able to create concretely exploitable innovations and (2) how to manage their participation in U-I transfer.

CONTACT: Dorothy M. Kirkman; Kirkman@uhcl.edu; (T): +281-283-3156; (F): + (281) 283-3951Administrative Sciences Department, University of Houston - Clear Lake, 2700 Bay Area Blvd, Houston, Texas 77058, USA.

SUMMARY

THE IMPACT OF RESOURCE SLACK ON SME INTERNATIONALIZATION

Andreea N. Kiss, Iowa State University, USA
Stephanie A. Fernhaber, Butler University, USA
Patricia P. McDougall-Covin, Indiana University, USA

Principal Topic

The impact of resource slack on firm outcomes has been extensively studied in both the strategic management and entrepreneurship literatures. Yet scholars have only recently turned their research attention to the impact of resource slack on firm internationalization, and the implications for SMEs are less clear. Does slack promote or hinder SME internationalization? What type of slack is more strongly associated with SME internationalization and under what conditions?

To address these questions we integrate behavioral and resource based arguments with the international entrepreneurship literature. We suggest that the relationship between financial and human resource slack and international intensity is curvilinear: SME internationalization will initially fall as the level of resource slack increases, given that there is less pressure to find solutions to survive and grow. However, at moderate to high levels of resource slack, SMEs have the breathing room and ability to proactively pursue opportunities which positively affects internationalization. We further suggest the relationship is contingent upon whether or not the firms pursue product innovation.

Method

To test our hypotheses we used a sample of 3,534 firms from France, Italy, and Spain derived from the EU-EFIGE/Bruegel-Unicredit Dataset. Our dependent variable was international intensity. Slack and control variables were lagged to address endogeneity issues.

Results and Implications

The results largely confirmed our hypotheses. We advance the international entrepreneurship literature by providing an elaborated understanding of the role of resource slack on SME internationalization. By analyzing how slack impacts SME international intensity as well as a boundary condition- product innovation focus- associated with this relationship our work moves the international entrepreneurship literature beyond its focus on network and absolute resource based explanations. We also highlight that the effects of slack on internationalization are distinctly different than that of slack on firm performance and respond to calls in the literature for integrated behavioral and resource based explanations regarding the role of slack in different firm related strategies. From an empirical perspective we attempt to provide a large scale, cross-country empirical explanation to issues related to slack in SMEs shifting the focus from established firms competing in one economy and increasing the explanatory power of slack related theories.

CONTACT: Andreea Kiss; akiss@iastate.edu; (T): 515-2943824; College of Business, Iowa State University, Gerdin 3364, Ames IA, 50011, USA.

SUMMARY

ACCESSING EMOTIONAL SUPPORT: EXAMINING THE INFLUENCE OF NETWORK AGENCY AND ROLE-RELATIONS

Kim Klyver, University of Southern Denmark, Denmark
Mark T. Schenkel, Belmont University, USA

Principal Topic

In this study, we combine a network agency explanation (e.g. Baron and Tang 2009) with a relational explanation of role expectations (Montgomery 1998) to gain insight into the circumstances under which network agency matters for accessing emotional support. Two new insights are added to the limited literature focusing on the notion human agency in entrepreneurial networks. First, the notion of ability as a component of human network agency is extended by the idea that a motivation component reflecting individuals' impetus to interact purposefully with others also plays an important role in entrepreneurs accessing emotional support. Second, the notion of a universal influence of network agency is extended by the idea that network agency may be moderated by culturally defined expectations associated with role-relations (Biddle 1986; Montgomery 1998). That is, individuals arguably take on social-psychological roles (e.g., as a family member, friend, or businessperson) that moderate the effect of network ability and network motivation.

Method

A mixed method approach combining qualitative interview data with quantitative survey data is used to develop and test six hypotheses. Specifically, quasi-structured interviews are first employed to interview a stratified sample of individuals in the process of starting businesses (N=18) to identify the ideal type expectations associated with three types of role-relations: family, friends, and businesspersons (Doty and Glick 1994). Next, hypotheses are developed and formally tested using quantitative survey data from a randomly selected sample of Danish nascent entrepreneurs (N=741).

Results and Implications

Preliminary results support four of our six hypotheses. Specifically, empirical results suggest network agency is more than an ability to effectively interact with others as previously assumed. It also involves a motivation element (Ahuja et al. 2012) that translates into an individuals' sense of comfort for engaging and using their networks (Wanberg 2000). We also find that the influence of network ability and network motivation on accessing emotional support is dependent on the culturally defined expectations associated role-relations rather than universal in nature. Collectively, the results provide important insight into the complexity of social interactions in the emergence of entrepreneurial activity and outcomes, meaningfully addressing the central theoretical issue of social aggregation in entrepreneurship (Barney and Felin, 2013).

CONTACT: Kim Klyver; kkl@sam.sdu.dk; (T): +45 6550 1463; University of Southern Denmark, Engstien 1, 6000 Kolding, Denmark.

SUMMARY

SOCIAL SUPPORT DYNAMICS IN FIRM EMERGENCE

Kim Klyver, University of Southern Denmark, Denmark

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.

CONTACT: Kim Klyver; kkl@sam.sdu.dk; (T): +45 65651463; University of Southern Denmark, Engstien 1, 6000 Kolding, Denmark.

SUMMARY

WHO YOU ARE AND WHO YOU KNOW - A CONFIGURATIONAL ANALYSIS OF THE PERFORMANCE EFFECTS OF VENTURE CAPITAL FIRMS' CHARACTERISTICS AND NETWORK RESOURCES

Andreas Kuckertz, University of Hohenheim, Germany
Elisabeth S. C. Berger, University of Hohenheim, Germany

Principal Topic

Apart from receiving money, Venture Capital (VC) backed start-ups are assumed to also perform better because the VC firms select the target firms crucially and provide added value by monitoring and coaching. The magnitude of those effects depends on structural and relational aspects of social capital associated with the deal. However, the "recipe" in terms of promising ingredients for a successful deal from the VC firm's perspective (i.e. exiting the deal via an IPO or trade sale) has yet to be found (Ma et al. 2013).Our study focuses on the question of what configurations of structural and relational aspects of social capital associated with an investment deal enhance the potential success of a deal.

Method

To explore the pattern of successful VC deals we apply fuzzy-set Qualitative Comparative Analysis (fsQCA) to a longitudinal sample of 333 syndicated and non-syndicated VC-backed investments. This approach (Ragin 2008) is especially suitable as it rests upon the notion that a phenomenon can be explained by set-theoretic relations, i.e. different combinations of causal conditions can equifinally lead to an outcome. Thus, to identify whether a case displaying a specific combination of conditions is part of the set which explains the outcome, qualitative reasoning as well as quantitative techniques are applied. We further apply social network analysis in order to assess the network resources in terms of status and strength of ties of the VC firms as an ingredient to successful deals.

Results and Implications

Our results show that deal performance can largely be explained by four configurations embracing structural and relational aspects of social capital associated with a deal. In all of these configurations, syndicates are a necessary but insufficient condition to explain high performing deals, as other structural and relational aspects are required. Moreover, our results suggest that relational aspects of VC firms' social capital not only from the periods before a deal are important but also social capital acquired in the period following a deal and thus stresses the dynamic nature syndication networks and the social capital associated with it.

CONTACT: Andreas Kuckertz; andreas.kuckertz@uni-hohenheim.de; (T): +49 711 459 24820; Chair of Entrepreneurship, University of Hohenheim, Wollgrasweg 49, 70599 Stuttgart, Germany.

SUMMARY

LOCAL, DISTANT, AND ONLINE: WHERE SMALL BUSINESS ENTREPRENEURS SEEK PEER ADVICE AND WHY

Kristine M. Kuhn, Washington State University, USA
Tera Galloway, Illinois State University, USA
Maureen Collins-Williams, University of Northern Iowa, USA

Principal Topic

Although there is extensive literature on entrepreneurs' external advice seeking from private and public sector business advisors, we know relatively little about the prevalence with which small business owner-managers seek advice from other small business owners, how they locate peer advisors, and what possible barriers to peer networking they face. In this study we address this gap by surveying a large sample of small business entrepreneurs across a variety of sectors and assessing factors that predict their utilization of different sources of peer advisors. Of particular interest is the extent to which entrepreneurs use the internet to seek advice from peers they have not met face-to-face.

Method

This is an empirical study that analyzes a cross-sectional survey of over 600 small business owners in a Midwestern US state. The primary dependent variables are the extent to which entrepreneurs had sought advice in the previous year from each of three sources: other small business owners in their town/region they had met in person, those from outside their town/region they had met in person, and those whom they had communicated with only online. As a more broad-based assessment of online assistance, respondents were also asked to rate the degree to which they had received advice and/or support from other entrepreneurs in online forums or via social media.

Results and Implications

Almost two-thirds of respondents had received advice from a local peer or peers, and over half had received advice from a non-local peer they had met in person. Somewhat surprisingly, a third of respondents reported they had received advice from an "online-only" peer they had not met in person. Businesses located in the most rural areas were more likely to have sought advice from a non-local peer, but reported usage of online-only peers did not vary by location. Businesses in the technology sector and those that were experiencing growth were more likely to have sought advice from an online-only peer. In contrast to public entrepreneurial support services, neither the size nor age of a business had a significant association with seeking advice from any source of peers.

CONTACT: Kristine Kuhn; kmkuhn@wsu.edu; (T): 509-335-1694; Department of Management, Information Systems, and Entrepreneurship, Washington State University, Pullman Washington, 99164-4743, USA.

SUMMARY

TINKER, TAILOR, SOLDIER, SPY: PRIVATE-COLLECTIVE INNOVATION IN OPEN HARDWARE ENTREPRENEURSHIP

George Kuk, Nottingham University Business School, UK

Principal Topic

Despite the depiction of the private-collective innovation model as combining the best-of-both-worlds (von Hippel and von Krogh 2003), the act of freely revealing intellectual property as a public good is seldom sufficient to sustain continuous contribution. This paper aims to reconceptualize private-collective innovation as the creation and replenishment of common-pool resources, which are subject to the subtractability of resources, and that can lead to problems in collective action. This paper puts private-collective innovation in the context of open hardware entrepreneurship to explore the cyclical relationship between subtraction and contribution among different actors in an online design community. By doing so, we explore the dynamic interplay between private and public interests, specifically the significance of entrepreneurship in open hardware business models of the maker movement and the 3D printing industry.

Method

We studied design contributions and portfolios of 3748 designers on an online platform for open design called Thingiverse (http://www.thingiverse.com/). Thingiverse is used by the online 3D printing communities as a place where designer-innovators can share designs and create derivatives. It has the facilities to archive and also to document design activity in such a way that users can trace back by following acknowledgement of prior design/artifact and understand the social history of a particular collection of design.

Results and Implications

I identify three different innovation trajectories. When designers intertwine private and public resources through the interdependent tinkering of 3D design artifacts and printing firmware, a trajectory with the highest level of collective contribution results. This trajectory significantly outperforms the other two trajectories comprising a purely independent or purely dependent private use of public resources. Four variant types of designer-innovators within a core-periphery structure characterize these trajectories. They are hobbyists, superstars, and entrepreneurs. To increase novelty, platform leaders use contest and competition to selectively incentivize design contributions, and also through granting nominal status to users as superstars. The ways each type of designer-innovator uses and combines private and public resources are unique. Hobbyists and superstars contribute to the creation of public resources. Hobbyists contribute mostly to the core aspects of 3D printing through pushing the limits of procedural design and printing firmware. Yet superstars through tinkering the peripherals of printing firmware engage in making and fabricating physical objects. Entrepreneurs seek to reuse and mashup existing design resources, and mostly make finished objects available for sales.

CONTACT: George Kuk; g.kuk@nottingham.ac.uk; (T): +441158466611; Nottingham University Business School, Wollaton Road, Nottingham NG8 1BB, United Kingdom.

SUMMARY

GAINING EXTERNAL LEGITIMACY THROUGH INTERPARTNER LEGITIMACY AND RESOURCE TRANSFER – A QUANTITATIVE ANALYSIS ON SOCIAL ENTERPRISES AND THEIR MOST IMPORTANT PARTNERS

Kathrin Lambrich, Leibniz University Hanover, Germany
Christiana Weber, Leibniz University Hanover, Germany

Principal Topic

External legitimacy (EL) is a social mechanism relevant for organizational survival and growth. In order to enhance EL, recent studies propose to engage in partnerships (Dacin et al., 2007). A construct specifically developed for legitimacy in alliances is interpartner legitimacy (IPL) which refers to the mutual acknowledgement by partners that their action are proper (Kumar & Das, 2007). IPL affects alliance's performance in fostering the cooperative milieu to best realize synergies. Despite the increase in alliances, scholarship has only recently paid attention to their legitimating function. Today, there is a greater sensitivity to possible influences of IPL on EL and a growing interest in identifying the role additional effects like resource transfer play in that context. Responding to this interest, we develop hypotheses stating that IPL affects the resources transferred in a partnership and both, in turn, enhance each partner's EL.

Method

We test our hypotheses using data of a proprietary dataset of social enterprises and their most important partners (n=242) applying structural equation modeling (SEM). Reliability and validity of the SEM are given.

Results and Implications

Our results predominantly support hypotheses: IPL impacts resource transfer, resource transfer and IPL together positively affect EL.

This paper contributes to literature in the field of legitimacy as well as social entrepreneurship: First, we develop a robust measure for IPL and highlight its importance and independency by proving that IPL affects the resource transfer. Second, our results reveal that IPL significantly influences each partner's EL. Third, our results add to the discussion whether resource transfer is an antecedent or outcome of EL by demonstrating that in the specific case of alliances resource exchanges positively impacts EL. Thereby, this study challenges and at the same time enriches existing literature mostly stating a reverse relation between both variables. Fourth, our study contributes to social entrepreneurship literature in that for the first time legitimacy in partnerships has been investigated. Finally, from a practitioner's point of view, organizations should strive for a high level of IPL as it eases a partnership and fosters resource exchanges. Moreover, managers can strategically make use of alliances to enhance their own EL.

CONTACT: Kathrin Lambrich; kathrin.lambrich@ufo.uni-hannover.de; (T): 0049-511-762-4959; Institute for Management and Organizational Behavior, Königsworther Platz 1, D-30167 Hannover.

SUMMARY

ENVIRONMENTAL VELOCITY, COMPLEXITY, UNPREDICTABILITY AND AMBIGUITY: A STUDY OF ITS CONSEQUENCES FOR THE STRATEGIC REPERTOIRE OF NEW VENTURES

Bárbara Larrañeta, Pablo Olavide University, Spain
Rocío Aguilar, Pablo Olavide University, Spain
Borja Villa, Pablo Olavide University, Spain

Principal Topic

Research suggests that new ventures (NVs) aiming to grow rapidly need to devote considerable time, resources and efforts to develop strategic variety (Ferrier, 2001; Larrañeta, Zahra & Galán, 2014). That is, NVs need to simultaneously deploy a wide range of competitive actions, such as cutting prices, altering product lines and advertisement adjustments, to gain share quickly in each of the markets targeted (Miller & Chen, 1996). Yet, building strategic variety does not always represent a practical alternative for NVs due to their severe resource limitations (Rindova, Ferrier & Wiltbank, 2010).

This paper describes a study of the specific environmental circumstances under which NV managers' decide to simplify or broaden their strategic repertoires. Unpacking the degree of environmental dynamism into its four fundamental sub-dimensions (Davis, Eisenhardt and Bingham, 2009), this paper specifically explores: What are the effects of the degree of environmental velocity, complexity, unpredictability and ambiguity on the choice between strategic simplicity and variety in NVs? In answering this question, we build on the Awareness Motivation Capability framework (Chen, 1996; Chen, Su & Tsai, 2007; Yu & Canella, 2007).

Methods

We test our hypotheses on a longitudinal data set comprising a sample of 70 service NVs that entered the Alternative Investment Market (AIM) from the London Stock Exchange during the period 2006-2009. The sample includes 4 different cohorts of NVs followed for at least four years. Our data collection combines archival data from three different sources: these companies' annual reports accessible through AIM, AMADEUS and EUROSTAT.

Implications

Together, our theory and findings contribute to the entrepreneurship literature by showing how exogenous forces affect venture managers' strategic decisions, in particular their choice between simple or varied strategic repertoires. Our study additionally enriches our knowledge about the industry environment by unpacking the differing strategic effects of the sub dimensions of environmental dynamism: velocity, complexity, unpredictability and ambiguity. Further, our study adds to the competitive dynamics stream of research by refocusing the attention towards NVs, firms at their early stages of development, an area almost so far neglected in the literature (Chen & Miller, 2012).

CONTACT: Bárbara Larrañeta, blarraneta@upo.es; (T): +34 954349848; Ctra. Utrera Km.1 41013, Seville, Spain.

SUMMARY

NATIONAL CONTEXT, ROLE CONFIGURATIONS AND VENTURE OUTCOMES: A LOOK AT THE BIOTECHNOLOGY INDUSTRY

Séverine Le Loarne - Lemaire, Grenoble Ecole de Management, France
Lois M. Shelton, Nazarian College of Business and Economics, California State University, USA

Principal Topic

Although entrepreneurs have greater freedom to structure the content of their work and family roles, the national context in which they make these choices presents both constraints and opportunities. As entrepreneurs manage the content of their work and family roles through role restructuring strategies, both sexes are influenced by factors in the national context, particularly those related to the work life interface such as national and government-sponsored family support programs and policies. Our research questions are: How does the national context impact the manner in which entrepreneurs configure their work and family roles? Does this impact also affect satisfaction with work family balance and venture performance?

Method

We conducted a survey of biotechnology entrepreneurs in France and the United States to compare two different national contexts. Dependent variables were venture performance and satisfaction with work family balance. Independent variables, such as work family conflict, work family enrichment, work and family salience were measured with established scales. Role restructuring strategies were measured using an instrument developed for this stream of research. Venture size and age, and entrepreneur size and age were controls in our Wilcoxon signed rank tests for matched pairs and multiple linear regression analyses.

Results and Implications

Initial findings show that entrepreneurs in France choose more role addition and role enhancement strategies and fewer role elimination and role reduction options than their counterparts in the United States, with French women in particular choosing more role enhancement strategies than United States women. National or government-sponsored family support programs and policies do appear to be acting as increased resources to assist entrepreneurs in managing the work family interface by supplementing the individual resources of the entrepreneur and raising environmental munificence. Interestingly, no statistically significant different was observed in venture performance and satisfaction with work family balance between French and US entrepreneurs.

CONTACT: Lois M. Shelton; lois.shelton@csun.edu; (T): 1-818-677-3313 ; (F): 1-818-677-6846 ; Department of Management, Nazarian College of Business and Economics, California State University, Northridge, 18111 Nordhoff Street, Northridge, CA 91330-8376.

SUMMARY

AGE AND EXPERIENCE OF HIGH-TECH ENTREPRENEURS

Hervé Lebret, Ecole Polytechnique Fédérale de Lausanne, Switzerland

Principal Topic

There has been a recurrent debate about the relative importance of age and experience in high-tech entrepreneurship where the uncertainty of the markets and products may render experience less critical than in established industries. Are the famous entrepreneurs in their early and mid-twenties exceptions? Some recent studies claim that the average age of entrepreneurs is closer to 40. We revisited the topic and analyzed not only the age of founders but also their roles when the company reached success and the links with geography, fields of business and venture capital.

Method

We have empirically built data with 259 companies (mostly publicly-quoted) and identified 578 founders. The company SEC filings provided data and the Internet when it was missing. The definition of entrepreneurs is here that of founder of companies, even if a founder is not clearly defined in literature. Entrepreneurs are individuals creating companies (and recognizing themselves as such) and not their managers (if they were not at the origin of the companies). They are sometimes advisors or investors, particularly in biotechnology so that entrepreneurs are not always employees (specifically for the case of university professors). They may also be employees with no management responsibility

Main results

We obtained an average age of 38 and 36 for the first company created. The fact of being a university professor has a natural consequence on age (47) and status (advisor). One industry shows very different characteristics from the others: biotechnology. Their founders are the oldest (45.9) and the only ones above 40 for the first experience (43.7). The youngest entrepreneurs are in software (32) and Internet (33). Silicon Valley entrepreneurs are younger (36) than their East Coast counterparts (43) but surprisingly French ones are even younger (34). There is a tendency to higher ages in the last 10 years (above 40) than during the years 1995-2005, (38) or even the previous years (36). We cannot avoid mentioning a striking “Black-Swan” result: founders of companies with a market capitalization above $100 billion are younger than the others. It is 27. Indeed value creation is negatively correlated with age. Entrepreneurs are not all young but entrepreneurs who launch companies with disruptive innovations are younger.

CONTACT: Hervé Lebret, herve.lebret@epfl.ch; (T): +41 21 693 7054; (F): +41 21 693 14 89; EPFL, 1015, Lausanne, Switzerland.

SUMMARY

ETHICS TO OPPORTUNITY RECOGNITION: A CREATIVE PROCESS

Chaim Letwin, University of Central Florida, USA
Cameron Ford, University of Central Florida, USA
Robert Folger, University of Central Florida, USA
Marshall Schminke, University of Central Florida, USA

Principal Topic

The entrepreneurial ethics literature has primarily focused on how being engaged in entrepreneurship affects ethics. We consider how ethical ideologies, specifically utilitarian as compared to formalist ideologies, relate to opportunity recognition. Specifically, we propose that holding a utilitarian ideology is positively and more strongly related to opportunity recognition than holding a formalistic ideology, and that creativity mediates this relationship. We rely on a theory of entrepreneurial action (McMullen & Shepherd 2006) that notes the importance of relevant information in recognizing opportunities. Specifically, we suggest holding a utilitarian ideology allows for a greater breath in the acquisition, retention and potential utilization of information, whereas, holing a formalist ideology may prevent the same. We also suggest that additional relevant information allows for increased combination of thought, a critical part of creativity (Bierly, Kolodinsky, & Charette, 2008) that is necessary for the identification of business opportunities (Shane, 2003).

Method

We surveyed 205 working adults. Participants completed surveys regarding their ethical orientation (Brady and Wheeler's 1996), creativity (Peterson and Seligman's 2004) and ability to recognize opportunities (Nicolaou, Shane, Cherka, and Spector 2009). We analyzed the direct relationships using linear regressions and a Wald post-estimation test and the indirect relationship using the PROCESS macro from Hayes (2012).

Results/Implications

Results show holding a utilitarian ideology is positively and significantly more related to opportunity recognition than holding a formalistic ideology. Further, this relationship was mediated by creativity. It is also notable that holding a utilitarian ideology was positively related to the intention to found a business, whereas, holding a formalist ideology was negatively related to the same. These results support the notion that holding a utilitarian ideology is important to opportunity recognition because it allow for more creativity. Our paper makes several important contributions. Most notably we show being ethical (at least in the utilitarian sense) is an important antecedent to entrepreneurship. Second, we explore the underlying process through which holding a utilitarian ideology relates to opportunity recognition. Finally, we show that holding a utilitarian ideology is also related the intention to found a business.

CONTACT: Chaim Letwin; chaim.letwin@ucf.edu; (T): 407-823-1102; (F): 407-823-3725; Department of Management, College of Business Administration, University of Central Florida, P.O. Box 161400 Orlando, Florida 32816-1400.

SUMMARY

TO DO IT OR NOT TO DO IT, IT ALL DEPENDS: CROSS-CULTURAL DIFFERENCES IN THE EFFECT OF ACHIEVEMENT MOTIVATION ON ENTREPRENEURIAL INTENTION

Xiaohua Lin, Ryerson University, Toronto, Canada
Akın Koçak, Ankara University, Ankara, Turkey
Malin Brännback, Åbo Akademi University, Turku, Finland
René Mauer, RWTH Aachen University, Germany
Carlos Albornoz, Universidad del Desarrollo, Chile

Principal Topic

We know little about the role of motivation in general and achievement motivation (NAch) in particular on entrepreneurial intentions. We also do not know how NAch impacts, or interacts with, self-efficacy, one of the key drivers of intentions. Against this background, we therefore ask within this study: 1) What is the role of achievement motivation for the formation of entrepreneurial intent? 2) What are the impacts of NAch on self-efficacy another precursor to intentions? 3) How do cultural differences impact these relationships?

Method

The sample consists of 2000+ undergraduate students from Canada, Chile, China, Finland, Germany, and Turkey. Data were collected as a part of a large collaborative study on the psychological dimensions of entrepreneurial behaviour. We performed the CFA for all items in the original motivation scale for each country and then applied structural equation modelling to test the hypothesized relationships for the six national subsamples.

Results and Implications

While some countries followed patterns similar to that of the original American studies on NAch, other countries had very different patterns of NAch impact on students' intentions. In regression analyses for WOFO and intention we found for Canada, China, and Turkey that Mastery has a significant effect on intention. For both Chile and Finland Mastery and Competitiveness have significant effect on intention, while for Germany work and competitiveness have significant effect on intention.

The results provide several implications. First, assuming cognitive factors are universal in their impact on entrepreneurial intentions is incorrect. Second, the study demonstrates there are dilemmas of conducting certain cross-cultural studies and drawing generalizable conclusions. Third, this study shows that multi-cultural societies we may need to be more sensitive to these differences when encouraging students to consider entrepreneurship as a career and that it may not be appropriate to copy and paste educational systems across countries. What works to motivate entrepreneurship in one group of students may be very different from those in another country.

CONTACT: Xiaohua Lin; hlin@ryerson.ca; 1-6472054270; Ted Rogers School of Management, Ryerson University, 350 Victoria St. Toronto, ON M5B2K3, Canada.

SUMMARY

NASCENT NECESSITY ENTREPRENEUR WELL-BEING AS AN ANTECEDENT TO ENTREPRENEURIAL INTENTION AND START-UP BEHAVIOR: A LONGITUDINAL STUDY OF GENDER DIFFERENCES

Wendy Lindsay, University of Adelaide, Australia
Noel Lindsay, University of Adelaide, Australia
Peter Balan, University of South Australia, Australia
Eva Balan-Vnuk, University of Adelaide, Australia

Principal Topic

New venture creation can be stressful as nascent entrepreneurs deal with the uncertainty associated with amassing the necessary resources to establish their ventures. This can lead to poor well-being which may adversely affect their entrepreneurial intention and start-up behavior. *Necessity* nascent entrepreneurs face even greater stress and poorer well-being levels because starting a business may be an imperative. In the absence of meaningful employment, this may be the only legal means for elevating themselves and their families beyond their poverty-related circumstances. In such situations, women often face additional pressures particularly where their entrepreneurial exploits may be linked to survival of the family unit.

This research examines to what extent there are subjective well-being differences in women versus men necessity nascent entrepreneurs and whether changes in well-being are associated with changes in entrepreneurial intention. Better understanding the factors that inhibit or enhance entrepreneurial intention and venture start-up behavior in necessity contexts is an essential step toward alleviating poverty. Women are often subjugated to lower societal positions in developing economies; hence, understanding gender-related differences as they pertain to creating new ventures can help to facilitate the success of women and men necessity nascent entrepreneurs.

Method

The research adopts a repeated measures longitudinal design involving an entrepreneurship training intervention. Three waves of data were collected (baseline-T1; post-intervention-T2; and end-of-study-T3). There were 146 women and 141 men participants.

Results

Well-being differences existed between women and men at T1, T2, and T3: Women had lower well-being levels than men at baseline and higher well-being levels at T2 and T3. At T3, women's well-being was significantly higher than at T1 whereas men's well-being was significantly lower. A relationship existed between well-being and entrepreneurial intention for both groups across the study. Interestingly, at T3, women demonstrated a negative relationship between well-being and start-up behavior, men demonstrated no relationship between these two variables at all. For both groups, entrepreneurial intention levels varied across the study with a significant relationship existing between entrepreneurial intention and start-up behavior at T3.

CONTACT: Wendy Lindsay; wendy.lindsay@adelaide.edu.au; (T): +61-8-8313 7422; Entrepreneurship, Commercialisation and Innovation Centre, The University of Adelaide, AUSTRALIA SA 5005.

SUMMARY

HOW DOES FINANCIAL INNOVATION EMERGE IN RESOURCE-CONSTRAINED ECONOMIES?

David Lingelbach, University of Baltimore, USA
Tigineh Mersha, University of Baltimore, USA
Ven Sriram, University of Baltimore, USA
Kojo Saffu, Brock University, Canada

Principal Topic

The characteristics of product innovation in emerging economies (EEs) are becoming increasingly well defined. However, the process by which such innovation develops remains poorly understood. EE innovators face a constraint shared with innovators elsewhere: resource scarcity. In response to that challenge, innovators can respond by employing two sets of strategies: causation and effectuation. These strategies may be utilized separately or together and can also be refashioned to fit EE institutional contexts. This paper elaborates this process and asks: how do EE innovators recombine and refashion causal and effectual mechanisms?

Method

We employ an alternate templates strategy to compare the efficacy and possible recombinations of effectuation and causation in describing the financial innovation process in resource-constrained economies. We identified six innovators in the financial services sector in the course of other research and selected these as cases due to the richness of detail in data. These cases were from South Africa, Ethiopia, Ghana and Botswana. The innovations represented various levels and types of innovativeness and institutional settings. Data were collected during the period 2007-2011 from three sources: semi-structured interviews, archival documents, and direct observation. Once data were collected, we developed templates for effectuation and causation and coded each case to identify the extent to which each case displayed attributes of each model. These templates were used to conduct within- and cross-case analyses to find patterns and themes in the data.

Results and Implications

The data show that financial innovators employ a combination of causal and effectual mechanisms. In innovating effectually, these actors overemphasize pre-commitment and underemphasize flexibility. The specific mix of causal and effectual mechanisms depends on both industry and institutional contexts. The financial innovation process in resource-constrained environments begins with the choice to mix causal and effectual mechanisms, from which incremental innovation and firm growth then follow. While confirming earlier studies that find the complementarity of causal and effectual mechanisms, these findings challenge the relative importance of the underlying effectual sub-mechanisms, extend effectuation into the product innovation literature, and introduce non-Western data into the conversation.

CONTACT: David Lingelbach; dlingelbach@ubalt.edu; (T): +1 3018375298; Department of Marketing and Entrepreneurship, Merrick School of Business, University of Baltimore, 1420 N. Charles Street, Baltimore, MD 21201, USA.

SUMMARY

ENTREPRENEURIAL ORIENTATION: THE DIMENSION'S UNIQUE, BILATERALLY SHARED, AND COMMONLY SHARED CONTRIBUTIONS TO EXPLAINING FIRM PERFORMANCE

Carina Lomberg, University of Bern, Switzerland
Diemo Urbig, University of Wuppertal, Germany
Christoph Stöckmann, University of Duisburg-Essen, Germany
Lou Marino, University of Alabama, USA
Pat Dickson, Wake Forest University, USA

Principal Topic

Entrepreneurial Orientation (EO) is one of the most frequently applied constructs in entrepreneurship research. Yet, despite high and continuous interest in EO, it still lacks consensus on the theoretical and operational definition. Moreover, the dimensions constituting EO—innovativeness, proactiveness, and risk taking—are usually moderately or highly correlated among one another. To gain the most complete understanding of the consequences of entrepreneurial behavior in firms and to overcome threats resulting from the presence of substantially correlated dimensions, we suggest a process that relies on more explicit theorizing. We draw on recent discussions on EO that have demonstrated the benefits of distinguishing variance that is unique to each individual dimension as well as variance that is shared among dimensions. We extend this conceptualization around the internal structure of EO and assess the effect of the EO dimensions on an external variable, i.e., firm performance.

Method

We analyze variance in firm performance that can be jointly explained by combinations of two dimensions of EO or that can be explained by a combination of all the dimensions of EO in four distinct samples. We use newly collected data but also re-analyze data from previously published studies and execute a commonality analysis for each sample.

Results and Implications

Consistently across all samples our results show that proactiveness has the largest effect among all EO dimensions. We further observe substantial shares of explained variance that cannot be uniquely attributed to one of the EO dimensions but that are shared between two dimensions or between all dimensions. We therefore argue that the EO dimensions should not be pulled apart by disregarding dimensions that seemingly have no direct effect as their true effect might be in alignment with another dimension. By emphasizing the importance of relative contributions of EO we help to theoretically ground the EO construct. Thus, we advance the research of the current understanding of the EO construct by providing a more fine-grained view on the specific and joint ways the dimensions contribute to explaining firm performance.

CONTACT: Carina Lomberg; carina.lomberg@imu.unibe.ch; (T): +41 316315369; University of Bern, Department of Management & Entrepreneurship, Engehaldenstr. 4, 3012 Bern, Switzerland.

SUMMARY

TAKE RISK OR NOT TO TAKE RISK? A METHODOLOGICAL COMPARISON ABOUT THE ENTREPENEURIAL RISK-TAKING-PERFORMANCE RELATIONSHIP

Carina Lomberg, University of Bern, Switzerland
Artur Baldauf, University of Bern, Switzerland

Principal Topic

The majority of research assumes that taking risks provides an advantage to firms. However more recently, scholars also acknowledged that risk-taking might be a ‘double-edged sword’, meaning that high levels of risk not only positively affect performance but also cause a higher likelihood of failure. Because we assume that deeper insights into the risk-taking-performance relationship can be gained by investigating intertwined mechanisms among internal and external characteristics of firms, we compare two methodological approaches.

Method

First, we investigate the role of risk-taking orientation within constructs such as environmental uncertainty, resource availability, competitive posture and export performance by surveying a sample of internationally operating firms in Switzerland (N=108). We analyze the role of risk-taking in a confirmatory contingency approach and apply SEM.

Second, we suppose that certain elements of structure, process, and environment form particular configurations and that different configurations may lead to high performance (equifinal paths) while other configurations may lead to low performance (causal asymmetry). To gain a deeper understanding of the orchestrating mechanisms, we analyze the effect of internal and external characteristics on export performance in an exploratory configurational approach using the same companies in a longitudinal design (N=44) and apply a qualitative comparative analysis (fsQCA).

Results and Implications

Whereas results from the contingency approach suggest that taking risks is always beneficial, results from the configurational approach suggest that risk-taking has not always positive effects on performance. On the contrary, taking high risks even has detrimental effects on performance—particularly when slack resources are absent.

Hence our studies provide a more fine-grained explanation about the relationship between risk-taking and performance by highlighting the existence of equifinal paths for achieving high performance. By explicitly considering configurations of causal conditions and asymmetry of set-theoretic relationships in addition to traditional linear methods, we identify a set of causal patterns associated with the presence/absence of high export performances. As the results reveal the conditions leading to high export performances are conceptually different from those found to be associated with low export performance, failing to consider causal asymmetry is likely to lead to incomplete or incorrect recommendations.

CONTACT: Carina Lomberg; carina.lomberg@imu.unibe.ch; (T): +41 316315369; University of Bern, Department of Management & Entrepreneurship, Engehaldenstr. 4, 3012 Bern, Switzerland.

SUMMARY

FUTURE ANXIETY, COPING STRATEGIES AND ENTREPRENEURIAL INTENTION... "WHAT DID YOU EXPECT?"

Adnane Maalaoui, ESG Management School, France
Rabiaa Dahgrir, ESC Tunis, Tunisia
Séverine Le Loarne-Lemaire, EM Grenoble, France
Rony Germon, ESG Management School, France
Alain Fayolle, EM Lyon, France

Principal Topic

Research on entrepreneurial intention is really prolific and mostly focuses on how individual ground their intention to create a company depending on their age (Kautonen et al., 2013), their social status (Fayolle & Gally, 2009) and other psychological variables (Kolvereid, 1996; Autio et al., 1997; Krueger et al., 2000; Von Gelderen et al., 2008). However, despite the identification of the link that exists between the perception an individual can have on his environment and his entrepreneurial intention, studies on the formation of entrepreneurial intention within different contexts have not been conducted yet and open a wide avenue for future research on entrepreneurial intention (Kautonen et al., 2013). Based on a TPB model (Azjen, 1991) and the latest adaptation developed Kautonen et al. (2013), this research focuses on entrepreneurial intention within highly uncertain environments and the impact of anxiety about the future individuals may have on their entrepreneurial intention and the antecedents that determine this entrepreneurial intention. Therefore this paper aims at answering two research questions: First, what is the impact of anxiety about the future on entrepreneurial intention and its antecedents? Second, to what extend can entrepreneurial intention be considered as the result of a coping strategy for fighting anxiety about the future?

Method

We ground our analysis on the study of the young generation (18 - 30 years) in Tunisia. First a questionnaire on anxiety, coping strategies and entrepreneurial intention, based on the constructs proposed by Kautonen et al. (2013) and Kolvereid (1996) for entrepreneurial intention (and antecedents), Muller & Spitz (2003) for coping strategies and Zaleski (1996) and Urien (2002) for anxiety about the future, has been tested within a focus group composed of 12 Tunisians who were between 18 and 25 years old. Second, a pilot study has been conducted on a sample of 300 young Tunisians. Third, the revised questionnaire has been administered in the whole Tunisian country. In total, 1500 respondents completely fulfilled the questionnaire.

Results/Implications

The analysis (with IBM SPSS 22 Software) confirmed the robustness and reliability of the different scales. A first regression conducted on the pilot study shows that the structural model is globally significant. Thus, Anxiety about the future impacts the entrepreneurial intention while coping strategies simultaneously impact the antecedents of the entrepreneurial intention.

CONTACT: Adnane Maalaoui; amaalaoui@esg.fr; (T): +33 153364420; Research Chair Entrepreneurship and sustainable business, ESG Management School, 25 rue Saint Ambroise, 75011 Paris, France.

SUMMARY

RETAINING ENTREPRENEURSHIP IN MATURING FAMILY BUSINESSES

Einar Lier Madsen, Nordland Research Institute, Norway

Principal Topic

The understanding of EO in family firms is limited, and calls have been made for research that examines the connection between entrepreneurship and family firms. The examination of EO in the family business context is not completely new. However, to date, the literature on EO in family firms focuses on: (1) How the family nature of the firm influences the relationship between EO and performance, and (2) the difference in the EO of family firms versus non-family firms. Thus, the question of factors that influence variance in EO among family firms has not received attention. In this paper we posit that in such firm's family influence (familieness) and dynamic capabilities (DC) can hinder or promote the form of entrepreneurship the family firm seeks to pursue.

Methodology

In spring 2012 mail questionnaires were sent to the family firms in The Confederation of Norwegian Enterprise, Forum for Family Businesses and active ownership, and a random sample of 16 707 enterprises from the national enterprise register RavnInfo. In sum 1044 family firm answered the questionnaire. A lot of these firms had incomplete answer to one or more of the questions utilized in the analyses. This gives us a total of 609 family firms for the analyses.

Results and Implications

The primary contribution of this paper is to highlight how DC mediates the role of family influence on EO and the meaning of DC for developing EO in family firms. By testing the relationships between the family influence dimensions and a renewing capability (DC) we show that family firms which have non-family participation (i.e. negative on the power dimension) in for example management, board and/or as shareholders and are young family firms (i.e. negative on the experience dimension) to a greater degree possess or develop DCs than older and more family controlled family firms. Thus, our findings can suggest that family firms wanting to be or stay entrepreneurial over generations have to bring in non-family members in the family business in a way or another to escape possible family inertia. Bringing in external contributors can then influence the renewing capability necessary for developing EO.

CONTACT: Einar Lier Madsen; elm@nforsk.no; (T): +47 75411831; (M): +47 99495977; Universitetsalleen 11, P.O.Box 1490, 8049 Bodø, NORWAY.

SUMMARY

RACE TO THE FRONTIER: STRATEGIC DIRECTION, STRATEGIC INTENSITY AND THE COMPETITIVE PERFORMANCE OF ENTREPRENEURIAL FIRMS IN TRANSITION ECONOMIES

Ivan M. Manev, University of Maine, USA
Jason Harkins, University of Maine, USA
Bojidar S. Gyoshev, International Business School, Bulgaria

Principal Topic

We examine the relationship between strategic direction (or generic competitive strategy), strategic intensity (or the commitment or resources to a given strategy) and entrepreneurial competitive performance in the context of transition economies. We anchor our model in the concept of the productivity frontier, or "the sum of all existing best practices at any given time" (Porter, 1996: 62). For the set of competitors that operate at the productivity frontier, the dominant paradigm in strategy research has coalesced around the argument that strategic purity (either low cost or differentiation), contributes to better performance (e.g. Porter, 1985, 1996; Thornhill and White, 2007). Emerging economy firms, however, are hampered by inefficient markets and high transaction costs (Foss and Foss, 2008; Narayanan and Fahey, 2005) and generally operate well below the productivity frontier (Deliktas and Balcilar, 2005; Sabirianova et al., 2005).

We develop three hypotheses exploring these concepts. First, we argue that in their progress towards the productivity frontier, entrepreneurial ventures in transition economies will benefit most from pursuing a balanced strategy, or a combination of low cost and differentiation (H1). Second, we argue that strategic intensity, or the commitment of resources toward a given strategy, is positively related to performance, regardless of strategic direction (H2). Third, we argue strategic intensity will mediate the relationship between strategic direction and performance (H3).

Data and Methodology

Data were collected in Bulgaria (n=331). The companies in the sample were less than 5 years old and averaged 19.8 employees. Following Thornhill and White's (2007) method, we measured *strategic direction* (angle) and *strategic intensity* (vector length). Hypotheses were tested using hierarchical OLS regression.

Results and Implications

Firms deviating from pure cost leadership or differentiation and achieving a balance on both dimensions report superior performance (H1 supported). Strategic intensity is positively associated with performance (H2 supported). Further, strategic intensity mediates the relationship between strategic type and performance (H3 supported). Taken collectively, our findings indicate that a complex relationship may be in play between strategic direction and intensity as it relates to firm performance.

CONTACT: Jason Harkins; jason.harkins@maine.edu; (T): +1 2078919195; Maine Business School, 5723 DPC Building, University of Maine, Orono, ME 04401, USA.

SUMMARY

ACCESS TO EARLY STAGE FINANCING: THE CASE OF THE MISSING WOMEN

Tatiana S. Manolova, Bentley University, USA
Linda F. Edelman, Bentley University, USA
Candida G. Brush, Babson College, USA

Principal Topics

Women entrepreneurs account for 46% of all US enterprises (American Express Open, 2013), but comprise only 16% of entrepreneurs seeking angel capital (Center for Venture Research, 2013). Previous research examined three aspects of readiness (Brush, Edelman, & Manolova, 2012); organizational readiness –the capability and experience of the management team (Van Osnabrugge & Robinson, 2000); strategic readiness- the track record of customers and/or a product in an advanced stage of development (Wong, 2002; Freear et al., 2002); and technological readiness- protectable intellectual property (Harrison & Mason, 1999). In the angel-investing context, the perceptions of readiness for funding could be influenced by gender stereotypes held by investors and the entrepreneurs themselves. Drawing from role congruity and gender stereotype theory, we argue that impressions of investability may be influenced the widely-shared beliefs about characteristics attributed to men and women, and the appropriateness of their behavior in the investment setting (Fiske, 2000; Heilman, 2001). Specifically: Women-led ventures are more (H1a) organizationally ready, (H1b) strategically ready, and (H1c) technologically ready; therefore (H2) Women-led ventures are more likely to pass the administrative review phase of the angel investment decision-making process.

Research Methodology

We utilize a multi-method approach. First, we generated a dataset based on the investment proposals (N = 680) submitted to a large Northeast angel financing group over a four-year period (2007-2010). Women-led businesses comprised 11.47% of the sample. Next, we engaged in a qualitative study of five New England-based entrepreneurial ventures. In each firm, two researchers interviewed the founder of the firm, following a semi-structured interview protocol exploring aspects of readiness and their approach for seeking growth funding.

Results and Implications

Statistical results suggest there are no significant differences between men and women-led ventures in the level of readiness or the likelihood of passing through the administrative review stage of the angel investing process (H1 and H2 not supported). Insights from interview data indicate the leading reason for women entrepreneurs to avoid equity funding was the reluctance to cede control. Overall, our study adds to the conversation on gender stereotypes and women's access to early stage funding.

CONTACT: Linda F. Edelman; ledelman@bentley.edu; (T):+1-781-8912530; (F): +1-781-8912896; Bentley University, 175 Forest St., Waltham, MA 02452, USA.

SUMMARY

AN EMPRICAL INVESTIGATION OF THE EMERGENCE OF NETWORK CAPABILITY IN THE ENTREPRENEURIAL FIRM

Louis D. Marino, University of Alabama, USA
Wesley J. Johnston, Georgia State University, USA
Helen McGrath, University College Cork, Ireland
Thomas O'Toole, Waterford Institute of Technology, Ireland

Principal Topic

Every entrepreneurial firm is created within a network that can significantly contribute to its success and survival but the capability to manage this network to ensure firm success and survival is heterogeneously distributed across firms. In this study we integrate the resource based view of the firm and the concept of network embeddedness to build a model that maps the emergence of entrepreneurial network capability. To extend our knowledge in this area we test a three-phase process model that measures entrepreneurial network capability emergence; awareness, information acquisition and sharing, and action. The identification of the three phases of the emergence of network capability stemmed from previous longitudinal qualitative research. We use survey data collected from high tech firms in a major city in the Southeastern United States.

Results and Implications

Initial results of regression analysis show the model of the emergence of network capability development represents a good fit for the data. In addition, preliminary analysis of the findings demonstrates a lack of network capability among the nascent entrepreneurs and underscores the complexity of its development. Entrepreneurs' awareness of networks is oriented towards their immediate social network rather than to business networks. Information acquisition and sharing were indicated by the willingness of the entrepreneurial firm to search for and share information in its network. The top sources of information search were family/friends, mentors and customers. The results indicate a reticence to share confidential technical information, proprietary information and overall business turnover. Unsurprisingly, the businesses in the founding phases were active in joint problem solving (indicator of action) with customers but less so with other network actors. The firms included in our study required resources to grow but they were not fully engaged with the opportunities and potential resource access through their network of partners. Using networks as a strategic pathway to grow the high tech entrepreneurial firm appears not to be a dominant mode engaged by the firms which runs contrary to the received wisdom of both prior network literature and of the development models promoted in practice.

CONTACT: Thomas O'Toole; totoole@wit.ie; (T): +353 51302025; (F): +353 51 302688; School of Business, Waterford Institute of Technology, Waterford City, Waterford, Ireland.

SUMMARY

EXPLORING THE EVALUATION AND SELECTION PROCESS OF CORPORATE VENTURES: CRITICAL FACTORS AND STAGE-BASED DIFFERENCES

Monica Masucci, University of Sussex, UK
Stefano Brusoni, ETH Zurich, Switzerland
James Hayton, Warwick Business School, UK

Principal Topic

Although central to the success of internal venturing programs, the evaluation and selection of entrepreneurial initiatives has surprisingly received only limited attention by extant corporate entrepreneurship research. Despite the recent upsurge of interest in selection-related issues, to date, empirical evidence on how corporate venturing decisions are made is rather scant. In this paper we explore, based on an interview approach, the actual evaluation and selection process of internal corporate ventures and the underlying decision-making criteria. Furthermore, drawing on archival data analysis, we examine possible differences in the criteria used to evaluate and select ventures at different stages of development.

Method

This exploratory study followed a two-stage investigation procedure: first, a small sample case-based analysis and, then, the examination of 13 years of comprehensive archival data from the corporate venture unit of a major energy company. In the first part of the study, eight early-stage ventures at different phases of development were examined. We interviewed their proponents and sponsors as well as a few members of the review panel meetings in which decisions about their progress were made. Overall, we conducted 42 interviews in two rounds between April 2008 and June 2009. In the second part of the study, a content-analysis of thousands semi-structured minutes and action logs related to the evaluation process of 1,527 venture proposals reviewed between 1996 and 2009 was conducted. The underlying aim was to explore whether and how the relevance of the selection drivers identified through the case-based analysis varied between different stages of the venture review process.

Results and Implications

In addition to validating key selection criteria, such as novelty, strategic alignment and proponent and sponsor experience, identified by prior research on more mature ventures, the first part of our investigation uncovered the influence of deployment-related factors, so far largely overlooked. The second part of the study revealed the existence of stage-based differences in the criteria used to make venture selection decisions. More specifically, the review process seems to be driven by novelty and strategy-related considerations in the initial phases of venture development while deployment aspects become increasingly central to selection decisions as ventures mature.

CONTACT: Monica Masucci; M.Masucci@sussex.ac.uk; (T): +44 1273 877257; University of Sussex, Falmer, Brighton, UK BN1 9SL.

SUMMARY

ANTECEDENTS OF BUSINESS MODEL INNOVATION IN SMES: A MULTILEVEL ANALYSIS

Tobias Mathar, RWTH Aachen University, Germany
Malte Brettel, RWTH Aachen University, Germany

Principal Topic

While the business mantra *Innovate or die* has evolved into managerial common sense when it comes to product- or process-innovation, the realization that it is also possible to innovate a firm's business model has just started to make its inroads into managerial thinking (Chesbrough, 2010). Extant research has shown a positive relationship between business model innovation and firm outcomes like competitive advantage (Mitchell & Coles 2003), or firm performance (Brettel et al., 2012; Morris, 2013), even under varying environmental regimes (Zott & Amit 2008). However, while the outcomes of business model innovation are well understood, prior research missed to identify and investigate antecedents of innovative business models, leaving the important question "*What factors give rise to and shape business model designs?*" (Zott & Amit, 2007) unanswered. Accordingly, this study shifts its focus from the performance consequences of business model innovation to its antecedents. Building upon George & Bock (2011) we propose that new business models are shaped by individual-, organizational-, and environmental-level processes, resulting in the use of a multilevel lens to build our research model.

Method

To test our model empirically, we conducted an online survey that was sent to the founders/managing CEOs of SMEs in German speaking countries. Data collection resulted in n=171 usable responses. Nonresponse bias and common method bias were approached by appropriate measures proposed by extant literature (Podsakoff et al., 2003) and neither seemed to distort our data.

Results and Implications

We used hierarchical regression analysis with interaction terms to test our model. The key results support our hypotheses regarding the direct effects on business model innovation and pose immediate hands-on advice for practitioners: First, spanning and utilizing a personal network to decision makers of entities that are not part of their own business model helps entrepreneurs to think outside their own firm boundaries, which in turn fosters innovative business models. Second, being proactively market-oriented not only helps firms fulfill unmet latent customer needs through innovative products, but also promotes deployment of novel business models. Finally, we find that fast-changing technology triggers business model innovation in entrepreneurial firms, supposedly as a means of facing the downsides that come with an unsteady technological environment.

CONTACT: Tobias Mathar; mathar@win.rwth-aachen.de; (T) +49-241-8096359; (F) +49-241-8092371; RWTH Aachen University, Kackertstr. 7, 52072 Aachen, Germany.

SUMMARY

THE PERFORMANCE IMPLICATIONS OF FIT AMONG BUSINESS MODEL INNOVATION AND STRATEGIC ORIENTATION

Tobias Mathar, RWTH Aachen University, Germany

Principal Topic

Matching a firm's strategy and structure is key to achieve superior firm performance (Covin & Slevin, 1988). While the contingency relationship between a firm's corporate strategy and its *internal* administrative structures has repeatedly been subject to extant research (Wasserman, 2008) there is a paucity of studies that '*extend the question of strategy/structure fit issues for other structural forms of organization*' (Yin & Zajac, 2004). The present study develops and empirically tests a fit-as-moderation model that theorizes that firm performance is influenced by the contingent effects of the structure of a firm's *external* transactions on its strategic orientation.

The design of transactions with external constituents (e.g. customers, suppliers, or partners) is captured by the focal firm's business model (George & Bock, 2011). The continuous pursuit of bringing novel elements into this transaction design is what extant literature calls business model innovation, BMI (Amit & Zott, 2010). In the context of our study, BMI represents a contingency factor on a firm's strategy, as represented by its innovation orientation (IO), and market orientation (MO). We hypothesize a good fit between IO and BMI. A (responsive) MO is a business's attempt to understand and to satisfy customers' expressed needs (Narver et al., 2004). Extant research has argued that following customers expressed needs fosters several aspects of performance, but limits the development of truly novel products (Christensen & Bower, 1996). Correspondingly, we hypothesize that BMI will show poor fit with a market oriented behavior of the firm and therefore have an extenuating effect on the relationship of MO on firm performance.

Method

To test our model empirically, we conducted an online survey that was sent to the founders/managing CEOs of SMEs in German speaking countries. Data collection resulted in n=178 usable responses. Nonresponse bias and common method bias were approached by appropriate measures proposed by extant literature (Podsakoff et al., 2003) and neither seemed to distort our data.

Results and Implications

Preliminary results show support for our prediction that coupling BMI with an IO represents good fit. As expected, these variables jointly yield a significant positive effect on firm performance. In contrast, while we find a positive impact of MO on firm performance, business model innovation has an extenuating effect on the relationship.

CONTACT: Tobias Mathar; mathar@win.rwth-aachen.de; (T) +49-241-8096359; (F) +49-241-8092371; RWTH Aachen University, Kackertstr. 7, 52072 Aachen, Germany.

SUMMARY

WEARING MANY HATS: THE FORCES IMPACTING ROLE IDENTITY CHANGES OVER TIME

Blake D. Mathias, University of Tennessee, USA

Principal Topic

Entrepreneurs wear many hats. These hats reflect the many roles and responsibilities entrepreneurs must take on throughout the course of their ventures. Recent research demonstrates that these hats (role identities) are not only critical to the personal development of individuals but also to the development of their respective ventures (Cardon et al., 2009; Hoang & Gimeno, 2010). However, research is largely silent on understanding how entrepreneurs balance multiple, within-work role identities and what triggers these identity changes over time (Leavitt et al., 2012: 1330). If (1) entrepreneurs necessarily assume many roles in order to start, develop, and grow their new ventures (Mathias & Williams, 2012), and (2) roles reflect distinct sets of goals, cognitions, and expected behaviors (Stets & Burke, 2000), then we might expect significantly different behaviors over the course of entrepreneurs' work lives. In other words, we do not fully know what hats entrepreneurs wear throughout the course of their ventures or how and why they switch between them over time. Therefore, this study explores *what venture-related role identities entrepreneurs assume and how and why they change over time.*

Methods and Key Propositions

Given the relative paucity of research examining entrepreneurs' multiple within-work role identities (cf. Leavitt et al., 2012) and the need for richer descriptions of how role transitions occur over time (Pratt, Rockmann, & Kaufmann, 2006), I selected a qualitative approach to study how entrepreneurial role identities change over time. Specifically, this inductive study employs several qualitative techniques, including (1) semi-structured interviews, (2) identity protocols, (3) calendar assessments, and (4) supplementary data gathering, which were conducted with 40 participant entrepreneurs.

Results and Implications

Role identities represent a fundamental, and increasingly multi-faceted, element of the modern work world (Ashforth, Rogers, & Corley, 2011). Although entrepreneurship scholars have begun to acknowledge the importance of role identity (Cardon et al., 2012; Farmer et al., 2011), scholars have not yet explored the complex set of role identities entrepreneurs must assume *within* their ventures. Our results unveil the driving forces behind why entrepreneurs choose to adopt and/or exit certain role identities, what hats entrepreneurs assume over the course of their ventures, and how they balance between them. In so doing, this study improves our academic and practical understanding of how and why entrepreneurs and their respective ventures change over time.

CONTACT: Blake D. Mathias; bmathias@utk.edu; 217.240.0203; University of Tennessee, 406 Stokely Management Center, Knoxville, TN 37996.

SUMMARY

CORPORATE EFFECTUATION

Laura P. Mathiaszyk, University of Wuppertal, Germany
Christine Volkmann, University of Wuppertal, Germany

Principal Topic

Entrepreneurship - a milieu of uncertainty-related research - offers a heuristic known as effectuation, used by expert entrepreneurs to take action. Especially in the effectual problem space which is characterized by knightian uncertainty, goal ambiguity and isotropy effectuation helps to control where prediction is not possible (Sarasvathy, 2008). Such situations are well known among corporate entrepreneurs who know how to employ causal strategies profitably but often lack strategies for complexity. This raises the question of how corporate entrepreneurs handle complexity strategically. This paper sheds light on corporate entrepreneurs' answers to complexity by classifying two dimensions: traditional planning-based project management heuristics known as 'causation' and heuristics for managerial behavior under complexity as described by 'effectuation' (Sarasvathy, 2001; Wiltbank et al., 2006). By developing links with the "Patterns of Complexity" (Geraldi and Albrech, 2007; Müller et al., 2012) we aim to fill this research gap.

Method

In order to examine the effects of complexity on strategy choice and project success, we conducted an international study of 400 corporate entrepreneurs in 38 countries. We measured strategy behavior with the slightly adapted forced-choice scale presented by Brettel et al. (2011). Project complexity was measured by a validated scale developed by Müller et al. (2012) that captures complexity as a multidimensional construct. Project success was measured by a validated scale from Müller and Turner (2006). We analyzed survey data descriptively and tested our hypotheses using multiple regression analyses. Secondary data was used to enrich and strengthen the empirical analyses.

Results and Implications

Our analyses indicate that corporate entrepreneurs apply effectual project management strategy as well as causal project management strategy in corporate project management. We thereby underline the notion that strategy choice in our context is moderated by the complexity corporate entrepreneurs perceive. With high levels of complexity they tend to build strategy on resources that are available, involve stakeholders to minimize risk and acknowledge the unexpected. The impact strategy matching has on project success proves them right. We therefore implicate that raising complexity in corporate project management encourages corporate entrepreneurs to apply effectual project management strategy.

CONTACT: Laura P. Mathiaszyk; mathiaszyk@uni-wuppertal.de; (T): +49 176 24090026; Schumpeter School of Business and Economics, University of Wuppertal, Gaußstr. 20, 42119 Wuppertal, Germany.

SUMMARY

WHAT DO THEY THINK AND FEEL ABOUT GROWTH NOW? REVISITING SMALL BUSINESS MANAGERS ATTITUDES TOWARDS GROWTH

Alexander McKelvie, Syracuse University, USA
Denny Dennis, National Federation of Independent Business, USA

Principal Topics

One of the strongest predictors of small business growth is the growth willingness of the manager, where many managers do not want to pursue growth. Consequently, not effectively capturing variance in growth willingness may lead to low levels of predictive ability in growth models and limited cumulative knowledge (Shepherd & Wiklund, 2009). In a well-cited paper, Wiklund, Davidsson, and Delmar (2003) examine the relationship between the expected consequences of growth and overall attitudes towards growth in small businesses in Sweden. The logic builds upon the logic of Ajzen's (1991) theory of planned behavior in order to understand the linkage between attitudes towards growth and subsequent behavior. In this paper, we replicate and extend the Wiklund et al., (2003) study in the United States.

Method

We use a nationally representative, stratified random sample of 750 small employers (mean 9.2 employees) in the United States. We replicate the questions used by Wiklund et al. (2003), where the DV is whether a doubling in size over the next five years would be a positive or a negative thing for the firm (on a seven-point scale) and the IVs represent change in workload, favored work tasks, employee well-being, personal income, control, dependence on other stakeholders (lenders, suppliers, etc.), survival of crises, and product/service quality. We also control for industry, age, and size of the firm.

Results and Implications

We find that the strongest predictor of growth willingness was the ability to increase income and financial benefits, followed by any changes in employee well-being and dependence on outsides stakeholders. These have some overlaps with the Wiklund et al. (2003), but also some notable differences, such as the importance of financial gains. This is likely due to differing institutional contexts including legislative/tax barriers and ease in adding employees. Further, we find that the perceived realism of achieving the goal of doubling the firm in size is an important factor that moderates the relationship between the perceived consequences of growth and the attitudes towards growth. To that end, we are able to provide an important theoretical component that impacts small business managers' attitude towards growth.

CONTACT: Alexander McKelvie; mckelvie@syr.edu; (T): +1 315-443-7252; Whitman School of Management, Syracuse University, 721 University Ave, Syracuse NY, 13244.

SUMMARY

BRIBERY: HINDERING OR FACILITATING NEW PRODUCT INTRODUCTION?

Michael Mcleod, Rawls School of Business, Texas Tech University, USA
Robert Evert, Rawls School of Business, Texas Tech University, USA
Steven Bradley, Hankamer School of Business, Baylor University, USA

Principal Topic

Environmental influences on the introduction of new products are a central theme in entrepreneurship and organizational theory. However, because emerging economies can breed corruption, the conventional assumptions and consequences of how and when entrepreneurs introduce new products to the market may not hold in these environments. For example, the strength of legal and regulatory institutions may determine the cost of doing business, and resultant action by entrepreneurs. Using variance by city, we examine bribery in emerging economies, suggesting that bribery has a significant multilevel relationship with entrepreneurial firms' propensity to introduce new products (Martin et al., 2007). Central to our inquiry is the investigation of *why, given varying levels of corruption between cities, does bribery pay off for firms in some institutional environments but not in others?* Hence, this study takes an important step in identifying causal explanations about how bribery may facilitate or hinder new product introductions amid varying levels of institutional environments.

Method

The empirical part of the paper utilizes panel data from the World Bank Enterprise Surveys drawn from a stratified survey of entrepreneurial firms in China. The database covers 25 cities across China and contains 982 usable surveys. Analysis was conducted using a combination of logistic, moderating, and multilevel logistic models. Further, we control for a number of new product introduction predictors in order to isolate our variables of interest. The data analysis includes direct tests between bribery and new product introductions, as well as models that test the moderating and mixed multilevel effects of varying levels of corruption across focal cities in the study.

Results and Implications

Using a logistic regression model, we find that bribery has an overall direct curvilinear relationship (inverted-U shape) with new product introduction. Moderating this relationship, we also find that corruption negatively moderates the bribery to new product introduction relationship. Lastly, we employed a multi-level logistic model and found that the bribery to new product introduction relationship varies across cities, depending on corruption levels in a given city where the entrepreneurial firm is conducting business.

CONTACT: Michael Mcleod; mike.mcleod@ttu.edu; (T): 806-834-4439; Rawls College of Business, Texas Tech University, Lubbock, Texas 79409.

SUMMARY

SOCIAL AND SUSTAINABLE GENDER DIFFERENCES IN ENTREPRENEURSHIP: ASSESSING MISSION DRIFT AND MISSION ACHIEVEMENT AMONG MEN AND WOMEN SOCIAL AND SUSTAINABLE ENTREPRENEURS

William R. Meek, University of Dayton, USA

Principal Topic

Research interest in social and sustainable entrepreneurship has increased tremendously in the past few years. Along with the growth in the general topic, some scholars (e.g., Jennings and Brush, 2013) have started to call for more research about how the literature on women's entrepreneurship can inform the broader entrepreneurship literature on social and sustainable entrepreneurship. Initial findings from the GEM data suggests that women are more likely than men to pursue social and environmental activity with their new ventures (Hechavarria et al., 2012; Meyskens et al., 2011), but explanations for these differences remain understudied. The assumption that women will inherently *pursue* ventures that achieve more sustainable and holistic outcomes given that feminine ideals are more likely to focus on social good, nurturing environments and care (Bird & Brush, 2002; Hughes & Jennings, 2012) may not actually matter if women led ventures *achieve* fewer organizational objectives because of lower managerial skills (Cron et al., 2009) and fewer overall resources (Watson, 2002).

Method

Utilizing content analysis and grounded theory (Glaser & Strauss, 1967) we analyze organizational mission statements and crowdsourcing funding requests/proposals of 107 social and sustainable male and female led ventures located in the U.S. to determine the mission achievement and mission drift for each firm.

Results and Implications

Early findings are mixed, but results suggest that although women may state more holistic outcome objectives as part of their mission than men social and sustainable entrepreneurs, they are not necessarily any more effective at achieving these outcomes. These results are in line with other studies on feminine gender roles, where women are found to be more altruistic, helpful and concerned for others (Kidder and Parks, 2001). However, being concerned versus actually achieving organizational objectives are separate issues and the next step for these ventures is the actual achievement of their missions in real life social and sustainable ventures. By examining mission alignment/drift, we take one small step in developing a more nuanced understanding of how social and sustainable entrepreneurs can actually achieve their missions, which will ultimately benefit society at large.

CONTACT: William R. Meek; wmeek1@udayton.edu; (T): 937-229-3760; (F): 937-229-3788; 300 College Park University of Dayton, OH 45469-2271.

SUMMARY

WHEN THE GOING GETS TOUGH: USING MULTIPLE AGENCY THEORY AND THE RESOURCE-BASED VIEW TO EXPLAIN OUTCOMES OF FINANCIAL DISTRESS IN ENTREPRENEURIAL BUYOUTS

Miguel Meuleman, Vlerick Business School, Belgium & Imperial College, UK
Nick Wilson, Leeds University Business School, UK
Mike Wright, Imperial College, UK
Jeroen Neckebrouck, Vlerick Business School, Belgium

Principal Topic

Venture capital (VC) firms are increasingly investing in buyouts to realize entrepreneurial growth opportunities (Meuleman et al., 2009). Even though buyouts generally have a positive effect on profitability and growth (Wright *et al.*, 2009), recent evidence shows that in times of market peaks, the failure rates of buyouts increase. Despite the heightened importance of distressed buyout transactions, research on the impact of governance on outcomes of distress in buyouts has been lacking. We integrate insights from the resource-based view and multiple agency theory to explain *the impact of VC firm heterogeneity and board heterogeneity on the outcomes of financial distress in buyouts.*

Methods

To examine these issues, we construct a unique dataset with 723 distressed buyout transactions in the UK covering the 1995 to 2010 period. Data sources include the Companies' House and the Insolvency Service, the Center for Management Buyout Research (CMBOR) and ThomsonOne. We employ Cox regression techniques to model the outcome of distressed buyouts. We estimated models to predict whether distressed buyouts ended up in a bankruptcy or a going concern. More specifically, we examine the impact of 1) VC experience 2) VC type 3) VC fundraising efforts 4) VC reputation 5) board experience and 6) local embeddedness of the board on the outcome of financial distress in a buyout.

Results and Implications

Our results indicate that both the resource-based view and multiple agency theory help explain the outcome of distress in VC-backed buyouts. First, the higher the experience of the board and the higher the percentage of local directors on the board, the less likely a distressed buyout will end up in bankruptcy. Second, the probability of a distressed buyout ending up in bankruptcy reduces when VC firms are raising new funds from limited partners and when a VC firm is managing its first fund. Our findings contribute to understanding the process of distress in entrepreneurial firms and to developing understanding and application of the resource-based view and multiple agency theory in the context of buyouts. Further, from a practitioners' point of view, our results highlight inefficiencies in the VC market.

CONTACT: Miguel Meuleman; miguel.meuleman@vlerick.com; Vlerick Business School, Ghent, Belgium.

SUMMARY

SOCIAL NETWORK STRUCTURES OF NASCENT ENTREPRENEURS: A STUDY OF ADVISOR NETWORKS IN THE GEM CROSS-COUNTRY DATA

Sarfraz A. Mian, State University of New York, Oswego, USA
M. Shahid Qureshi, IBA-Karachi, Pakistan

Principal Topic

The network approach to study how nascent entrepreneurs leverage them to shape their entrepreneurial intentions and get advice and resources to launch businesses is gaining scholarly attention. However, the potential role networking plays for supporting these entrepreneurs remain under-researched in different socio-economic and cultural settings. Additionally, we do not fully know how the network support changes with each phase of the business development continuum - prospecting, startup, and operating. To fill this gap, we seek to investigate how nascent entrepreneurs from various world regions with differing levels of development draw on various types of advisor networks during their business development phases.

Method

A data-set from the records of the past 3 annual (2009-11) Global Entrepreneurship Monitor (GEM)[1] studies of 15 diverse nations[2] were employed. The data defines the composition of the advisor networks surrounding entrepreneurs into 5 separate environments: private, work, professional, market and international. From the 44, 334 adults surveyed, 13,212 self-selected themselves as entrepreneurs in one of 3 stages of the entrepreneurial process: prospecting, start-up and operating. We submitted the adviser percentages to Ward's (hierarchical) algorithm, which produces clusters whose centroids differ maximally based on minimum within-cluster variance. Finally, we examined the mean scores on the GEM national socioeconomic framework variables to establish the links between the clusters and the country cultural and economic characteristics.

Results and Implications

Our results show that the countries in these network clusters corresponded to a well-known economic typology: factor, efficiency, and innovative economy driven nations. While the construct of entrepreneurial networks has yet to be clearly defined and universally accepted, the search of a small set of homogeneous clusters of individuals and the varying multi-country profiles appear to be a promising contribution to our understanding of such network types. These country-level adviser networks, while relatively weak constructs, are obviously linked to the framework variables, suggesting that the clusters are valid and are linked to collective economic and cultural variations of nations.

CONTACT: Sarfraz Mian; mian@oswego.edu; (T) 315-312-3154; (F) 315-312-5440; School of Business, State University of New York, Oswego. NY 13126, USA.

[1] http://www.gemconsortium.org/
[2] The 15 nations included in the study are Algeria, Denmark, Egypt, Iran, Jordan, Lebanon, Morocco, Pakistan, Palestine, Saudi Arabia, Syria, Tunisia, Turkey, UAE, and Yemen.

SUMMARY

COGNITIVE SHORTCUTS AND NEW VENTURE TEAM FORMATION: UNDERSTANDING THE IMPACT THAT CONTEXTUAL FACTORS HAVE ON FOUNDING VALUABLE TEAMS

Douglas R. Miller, University of North Carolina-Wilmington, USA
David S. Noack, Weber State University, USA
Kun Liu, Wayne State University, USA

Principal Topic

Effectively identifying and recruiting valuable team members are very important decisions that a founder makes when starting a new venture. The time consuming nature of this process encourages the use of cognitive shortcuts rather than extensive research to reach a conclusion concerning how valuable potential team members will be to the venture. Though cognitive shortcuts have been examined in the literature, we still know very little concerning the contextual factors which encourage such behavior and the impact that the use of cognitive shortcuts has on team formation and startup success.

We argue that environmental uncertainty, market feedback, and industry competitiveness promote the use of cognitive shortcuts when selecting a new venture team and adversely influence assessments of co-founder value. We outline the factors which encourage the lead founder to make decisions based on the social attractiveness of potential team members rather than objective skill based criteria. In addition, we develop theory explaining when these shortcuts will be most impactful on the venture's future success.

Theory/Method/Hypotheses

Using the resource dependence view, perspectives on social capital, and aspects of entrepreneurial cognition we examine the lead founder's cognitive characteristics and also explore the impact that environmental characteristics have on a founder's susceptibility to cognitive biases. We test our hypotheses by examining team formation decisions of 142 lead entrepreneurs. We examine the impact that cognitive shortcuts have on the overall value of the formed team, as well as the venture performance following team selection.

Implications

Our inquiry provides a contribution to the literatures on entrepreneurial cognition and new venture team formation. We present a unique understanding of new venture team formation and early-stage new venture dynamics. We describe the negative impact that cognitive shortcuts have on new venture team formation. This study is unique in that we examine cognitive shortcuts taken during the initial struggles and challenges faced by the lead founder. Additionally, we examine the impact that these shortcuts have on both the value of the team which is formed and the startup success.

CONTACT: Doug Miller; millerdr@uncw.edu; (T): 910-962-2153, Department of Management, Cameron School of Business, University of North Carolina Wilmington, Wilmington, NC, 28403, USA.

SUMMARY

THE INTERPLAY OF AGE AND CULTURE ON ENTREPRENEURIAL FEASIBILITY AND DESIRABILITY: NO COUNTRY FOR OLD MEN?

Tommaso Minola, University of Bergamo, Italy

Principal Topic

Enterprising individual is a critical component of new business creation. While individuals' psychological traits or demographic characteristics such as gender and ethnicity have been widely studied in entrepreneurship literature, very few researches have focused on age as a theoretically relevant attribute.

By blending the entrepreneurial event model with the lifespan developmental perspective, this study investigates how individuals' age affects people's entrepreneurial cognition; in particular perceived desirability – the degree to which one finds a certain behavior to be attractive – and perceived feasibility – perceived personal capability to do a specific job or set of tasks. Recent entrepreneurship research suggests the importance of a life span developmental perspective, as it focuses on the study of individuals' development, or ontogenesis, along one's life span and is based on the assumption that such development does not cease whit adulthood; indeed, each major period of life is considered to have its own developmental challenges and achievements, and adaptive intellectual processes occur along the whole life span.

Method

We claim that both perceived feasibility and desirability to start a new business decrease as age increases due to loss in cognitive abilities and a shift in goal settings. In addition, we hypothesize that declines in perceived feasibility and desirability over the lifespan are not unavoidable: we maintain that a country's cultural and institutional variables moderate the negative effect of individual's age on feasibility and desirability; in particular the paper deeply discusses and hypothesizes that in societies characterized by high levels of future orientation (the degree to which individuals engage in future-oriented behaviors such as planning, investing in the future, and delaying gratification, cfr. GLOBE) the decrease of both perceived feasibility and desirability occurs at a lower rate.

We test our hypotheses on 20,587 individuals from the 2012 Flash Eurobarometer survey.

Results and Implications

The results strongly support our theoretical considerations, and lead to important contributions: (1) the confirmation of a robust theoretical explanation on how individuals' age influences people's perceived feasibility and desirability, and how institutional variables moderate such relationship; (2) an extension to previous theorization in entrepreneurship studies that suggest a generic curvilinear association between age and entrepreneurial behavior and performance. This opens avenues for future research that could fruitfully address other dimensions of entrepreneurial cognition, such as intention, satisfaction, imagination and opportunity evaluation.

CONTACT: Tommaso Minola; tommaso.minola@unibg.it; (T): +390352052025; (F): +390352052077; Center for Young and Family Enterprise (CYFE) and Department of Engineering, University of Bergamo, Via Pasubio 7b, Dalmine (Bg), Italy.

SUMMARY

DO TEAMS REALLY MATTER? THE DIRECT AND INDIRECT EFFECTS OF TEAM COMPOSITION ON FINANCING, NETWORK, AND PERFORMANCE OF UNIVERSITY SPIN-OFFS

Petra Moog, University of Siegen, Germany
Christian Soost, University of Siegen, Germany

Principal Topic

Selecting the right team may be a first and easy way to affect firm performance for university spin-offs. On the one hand we suppose that team composition namely team homo- or heterogeneity in particular is a critical success factor for new ventures. On the other hand, we expect that success factors besides team composition are important as well, or, to be more precised more important. To shed light on these parallel effects, we emphasize this empirical study and try to determine if team composition has significant relevance in the entrepreneurial process and a deep impact on new venture success. We think that attributions of direct effects of team formation on firm performance often owe to study design and data composition. In other words, prior research disregards moderating effects between the team as success factor and other success factors. Rather, new venture success is influenced more by other success factors that are to a large extend a function of team homo- or heterogeneity.

Method

We use survey data from a sample of 131 Swiss and German spin-offs in the life science industry and choose structural equation modeling (SEM) to build a model that link the variables team composition, network, finance, and firm performance. We employ the firm's network and financial resources as mediator variables.

Results and Implications

The data shows that team composition is overestimated in literature findings. Furthermore, we identify that the firm's network acts like a mediator for the effect of team composition on financing possibilities, and the finance variable represents a mediator for the effect of the firm's network on firm performance. No evidence can be found for direct effects by the firm's network and team composition on firm performance. While there is no direct effect of team composition on firm performance, team composition is not unimportant. A heterogeneous team composition leads to a better network-building, which in turn drives access to the financial resources that are positive related to firm performance. All the same, these results show that the success factor founding team must be revised, or at least seen in a different light, where team heterogeneity and homogeneity are concerned. For university spin-offs, it seems to be less important.

CONTACT: Prof. Dr. Petra Moog; petra.moog@uni-siegen.de; Department of Family Business, Succession, and Entrepreneurship, University of Siegen, Hölderlinstr. 3, 57076 Siegen, Germany; Christian Soost; Christian.soost@uni-siegen.de; Department of Statistics and Econometrics, University of Siegen, Hölderlinstr. 3, 57076 Siegen, Germany.

SUMMARY

WHAT DOES IT TAKE TO CROSS A BORDER? THE ANTECEDENTS OF CROSS-BORDER PRIVATE EQUITY INVESTMENTS

Francisco Morales, University of Colorado, Boulder, USA
Santiago Mingo, Universidad Adolfo Ibáñez, Chile

Principal Topic

International PE activity has grown rapidly since 1990. The amount of funds invested in cross-border PE transactions relative to the total amount of PE funds invested worldwide grew more than 150% from 1990 to 2007 (Aizenman & Kendall, 2008). Therefore, given that PE firms are an important mechanism to facilitate entrepreneurship and innovation (Klein, Chapman, & Mondelli, 2013), understanding the internationalization of PE firms is crucial to comprehend the drivers of entrepreneurial activity across countries. In this study, we seek to improve our understanding of the effects of networks and experience on cross-border PE activity.

We argue that the centrality of a PE firm in both the home-country syndication network and the foreign (international) syndication network can improve its capability to find cross-border investment opportunities. Firms that are more central in their home-country and foreign syndication networks are more likely to choose cross-border investments over domestic investments. Additionally, we propose that the effect of both centralities, in the home country and foreign networks, depends on the cross-border experience of the firm.

Method

We build our data set using information from Thomson ONE. The data set contains the investments of 325 PE firms from the United Kingdom. The total number of observations is 5,368. We analyze the data using a probit model that predicts the likelihood of a PE deal being either domestic or cross-border. The main explanatory variables are network centralities and investment experience.

Results and Implications

Our results show that network centrality in the foreign syndication network—in our case continental Europe—is positively related to the preference for making cross-border investments. We also find evidence that PE firm's experience not only has a positive effect on the likelihood of a deal being cross-border versus domestic, but also acts as a moderator in the relationship between the syndication network centralities analyzed and the likelihood of choosing cross-border investments. This work has the potential to make an important contribution to international business and global strategy research. Focusing on the interplay between network position and cross-border experience offers a novel way to understand the investment behavior of PE firms making cross-border investments.

CONTACT: Francisco Morales, francisco.morales@colorado.edu; Leeds School of Business, 419 UCB, University of Colorado, Boulder, CO 80309.

SUMMARY

ENTREPRENEURIAL ORIENTATION: A MANIFESTATION OF AN ENTREPRENEUR'S INTERNAL PSYCHOLOGICAL RESOURCES

Brandon Mueller, Oklahoma State University, USA
Eric Arseneau, Oklahoma State University, USA
Marcus Wolfe, Ball State University, USA

Principal Topic

Upper echelons theory has made considerable progress in investigating the impact of executive and top management team characteristics upon organizational-level outcomes, including firm performance. However, much of this work has been based in demographic, functional background, experience, affiliation, and tenure data from executives, rather than on the underlying psychological and social characteristics that drive executive behavior. This has led to a tenuous understanding of how executive psychological processes are converted into strategic choices and, ultimately, firm performance. This study addresses a gap in the literature by drawing upon positive psychology theory and investigating the relationship between a higher-order psychological construct – psychological capital (PsyCap) – and firm performance. We propose that entrepreneurs who are high in self-efficacy, hope, resilience, and optimism (the components of PsyCap) will be more likely to develop an entrepreneurial orientation within their respective firms. We theorize that EO partially mediates the relationship between PsyCap and firm performance. Further, we posit that the direct relationship between PsyCap and firm performance will be stronger under conditions of low resource munificence, where the internal psychological resources of the entrepreneur will provide a competitive advantage over one's peers.

Method

Survey data was collected at two points in time from 145 entrepreneurs with businesses located largely in the Mid-West. The measures used in this study have been previously established and validated. Our hypotheses were tested using hierarchical linear regression.

Results and Implications

Results are supportive of all the study's hypotheses, revealing a significant, positive effect of PsyCap on firm performance that is partially mediated by entrepreneurial orientation. Additionally, we found that the positive relationship between PsyCap and firm performance is negatively moderated by environmental munificence. This study is one of the first to examine the underlying psychological characteristics of top executives, in the form of PsyCap, as a driver of performance. Further, we illuminate one mechanism by which PsyCap influences performance, through its positive influence on EO.

CONTACT: Brandon Mueller; brandon.mueller@okstate.edu; (T): +1 405-744-8610; School of Entrepreneurship, Oklahoma State University, 420 Business Bldg., Stillwater, OK 74078, U.S.A.

SUMMARY

RESOURCEFUL FINANCING BY NEW FIRMS

John M. Mueller, Western Michigan University, USA
David Dubofsky, University of Louisville, USA

Principal Topic

Financial capital is one of the fundamental resources needed to start and operate a firm (Cooper et al, 1994), and is a main factor in the performance of new firms (e.g. Cressy, 2006; Parker & Van Praag, 2006). Many new firms look for external funds to survive and grow their venture during their early years (Cressy, 2006), since many founders are personally constrained financially due to a lack of personal wealth (e.g. Evans & Jovanovic, 1989). Debt often becomes the first sizeable financing option available to new firms (e.g. Berger & Udell, 1998).

While banks can provide debt to assist new firms to overcome the financial constraints they face, they may ration credit to new firms due to information asymmetry prevalent in the relationship with their borrowers (e.g. Stiglitz & Weiss, 1981; Becchetti et al, 2011; Keeton, 1979). With the possibility that creditors ration credit and turn down requests for all or part of the requested funds by viable new firms that objectively should be able to service the debt, new firms will be less able to successfully operate and grow. This suggests that new firms require additional sources of external financing when their initial creditor imposes credit limits on them.

Entrepreneurship research suggests that new firms may continue to survive even when rationed credit since the founders who start new firms tend to be persistent, persevere longer than rational decision making models would predict, and are resourceful (Baker & Nelson, 2005; Bhide, 1992; Hmieleski & Corbett, 2008). The resourceful behavior of founders can lead to them tapping into additional credit sources after they have been rationed credit by their primary source (Stiglitz & Weiss, 1981; Myers & Majluf, 1984; Keeton, 1979). Using multiple credit sources could provide access to additional debt capital (capital constraint argument). This leads to the following research question: *Does resourceful financing, in the form of multiple credit source usage, affect the performance (survival and growth) of new firms?*

Method

Using the Kauffman Firm Survey, a 6-year longitudinal study is performed to test the hypotheses and to answer the research question. Survival and growth curve analyses are performed on the data set. Additional analyses are performed to test the robustness of the results.

Results and Implications

The results indicate that firms employing multiple credit sources are associated with a lower chance of survival. Overall, however, for those firms that survive, higher multiple credit source usage is associated with higher growth rates. These results suggest that being resourceful in financing in the form of multiple credit source usage is beneficial to new firms that are already growing faster than average, but not new firms that are growing slower than average. This could indicate the multiple credit source financing strategy should be used because the firm wants to use multiple credit sources, not because it has to use multiple credit sources.

CONTACT: John M. Mueller; john.mueller@wmich.edu; (T): +1-269-387-6056; Western Michigan University, Kalamazoo, Michigan 49008.

SUMMARY

UNDERSTANDING FAILURE AND EXIT IN SOCIAL ENTREPRENEURSHIP: A PROTOCOL ANALYSIS OF COPING STRATEGIES

Pablo Muñoz, Universidad Adolfo Ibáñez Business School, Chile
Gabriella Cacciotti, Warwick Business School, UK

Principal Topic

Entrepreneurial failure and exit are critical components of the entrepreneurial process. Altogether, they not only constitute an important event in the life of the founder, but also represent significant consequences for the firm, the industry and the economy. Social entrepreneurs, as a particular type of entrepreneur, also need to deal with failure and exit. However, given that social entrepreneurial action goes beyond the need to maximize profit for shareholders and owners, failure and exit may present essential dissimilarities with regards to what their traditional counterparts do while facing such particular stressful events. Grounded in coping and social entrepreneurship literatures, this study seeks to understand the differences in information processing with regards to how social and commercial entrepreneurs respond and attempt to overcome potential failure in the process of entrepreneurial exit.

Method

The methodological approach selected for this study is Verbal Protocol Analysis (Ericsson and Simon 1993). Grounded in cognitive psychology, its purpose is to make valid inferences from the content of discourse, which is analyzed by means of a written transcript gained from individuals thinking aloud as they perform a task. Five social entrepreneurs and five traditional entrepreneurs participated in the study. We ask the participants to solve three decision problems in two different exit scenarios and to think aloud continuously as they come to the solutions. Specifically, participants were asked to reflect on the specific consequences of business failure and the consequences of exiting the firm, to devise possible alternatives, and to provide solutions regarding how he/she would deal with the various situations. Protocols were evaluated based on a predefined coding scheme adapted from Skinner et al.'s (2003) coping classification, which comprises four core coping strategies and eight semi-core coping strategies.

Results and Implication

Results show that participants mostly selected four coping strategies to cope with failure: problem solving, cognitive restructuring, information seeking, and negotiation. While no differences have been recorded at individual level, the selection of coping strategy varies across scenarios. Although problem solving is dominant in both venture scenarios, both social and traditional entrepreneurs react emotionally when the social venture face a stressful situation. They also show persistence of effort and determination to save the company and avoid exiting. On the contrary, participants react rationally to approach failure in traditional venture scenario. They engage in instrumental actions and focus on logical analysis, planning, and strategizing. These findings suggest that the nature of the business is more influential than individual differences in modeling coping responses to the effects of stressful situations. While individual differences appear to matter more in the recognition of social opportunities, the nature of venture seems to be responsible for shaping individual responses to potential failure and exit.

CONTACT: Pablo Muñoz; pablo.munozr@uai.cl; (T) 56-2-23311282; Universidad Adolfo Ibáñez Business School; Diagonal Las Torres 2700 Peñalolén; Santiago; Chile.

SUMMARY

DISENTANGLING ENTREPRENEURIAL FIRM EXITS AND FAILURES

Karen A. Murdock, Denmark's Technical University, Denmark
Tamara Stucchi, Denmark's Technical University, Denmark

Principal Topic

The entry and exit of firms is indicative of a competitive dynamism which signals a positive economic structure. Relative ease of entry and exit is seen as necessary for economic growth. Entrepreneurship is a common means of entry and, despite the efforts and intentions of the entrepreneurs, some new firms will discontinue their activities either by choice or by necessity, due to misalignment of expectations and realized outcomes.

Reported high rates of entrepreneurial firms' exit labeled as failure have created a stigma, which is believed to have negative impact on entrepreneurship activities. Despite the general tendency in entrepreneurship discourse to associate firm discontinuance with failure, not all discontinuances have the generally expected negative consequences.

The paper explores the phenomenon of entrepreneurial firm exit as a way to disentangle negative and non-negative consequences associated with such noted failure events as bankruptcy. Analyzing the activities leading up to the declaration of bankruptcy and following the process beyond that critical event helps to identify and explain non-negative outcomes and raises the question of when should an entrepreneurial exit be labeled as failure.

Method

The study follows a qualitative methodology based on a single-case study. It analyses the exit and reentry of an entrepreneurial firm in Denmark. Primary data is collected through semi-structured interviews of key stakeholders in the firm, including one founder, an early employee and one of its key investors. Secondary data is incorporated in the analysis which includes critical incidents and within-case displays in forms of field notes used to identify and further illuminate critical events.

Results and Implication

The data shows that critical differences in realized – compared to expected – outcomes forces firms to make hard decisions such as filing for bankruptcy. However, bankruptcy can have a positive impact by allowing the firm to reorganize its activities and reenter the market as a new business whose valuable intellectual resources (Patents and expertise in a particular technology field) have the potential to create positive economic and social benefits. The results raise the issue of the need for a new vocabulary for describing entrepreneurial firm discontinuance, to reduce the negative impact of fair of failure on the willingness to engage in entrepreneurship.

CONTACT: Karen A. Murdock; kmur@dtu.dk; (T): + 4545254533; Department of Management Engineering, Denmark's Technical University, Produktionstorvet, Building 426, 2800 Lyngby, Denmark

SUMMARY

UNPACKING THE BLACK BOX OF INFORMAL INVESTMENTS: DEAL ORIGINATION, MOTIVATION, AND CONTEXT DEPENDENCE

Ekaterina Murzacheva, University of Strathclyde, UK

Principal Topic

The objective of the paper is to explore the nature of the relationship between an entrepreneur and an informal investor – a non-professional private investor (a family member, or a friend) – at the early stages of business development. Although informal investments have been acknowledged to be an important source of finance for starting businesses, the process of decision-making and its context have not been addressed so far. The study attempts to explore the motivation of an entrepreneur and an informal investor, their interaction, and the impact of external environment. It is emphasized that bonding social ties would impose biases on both actors, shifting their expectations, risk awareness, and the perception of responsibilities. Moreover, when alternative sources become less available, the importance of social networks grows, thus accelerating the occurrence of the phenomenon.

Method

Multiple-case embedded design was developed, where an entrepreneur and an investor formed a dyad. The data for each case are drawn from semi-structured interviews, complemented by other available information, for 7 dyads in Scotland from July 2012 till September 2013. The grounded theory approach was used to formulate 3 propositions, which were further operationalised into working hypotheses, and subsequently tested on the Global Entrepreneurship Monitor individual-level dataset for the UK (2007-2012).

Results and Implications

It is proposed that informal investors are the initiators of the deal, after becoming aware, through informal communication, of the difficulties that an entrepreneur is facing in starting a business. Bonding ties, underpinned by belief and trust, along with the availability of spare funds motivate an individual to make an investment decision. Entrepreneurs tend to consider informal investment as a "last-choice option," to which they refer when alternative sources are not available. At the macro level, the propensity to become an informal investor was predicted by income level, type of relationship with the entrepreneur, and the phase of economic cycle: the higher the income level, and the closer the relationship, the higher likelihood for an individual to become an informal investor. With the occurrence of the economic slowdown, the impact of income becomes more substantial, and the effect of the relationship becomes less important.

CONTACT: Ekaterina Murzacheva; ekaterina.murzacheva@strath.ac.uk; (T): +44(0)7564161365; Hunter Centre for Entrepreneurship, Strathclyde Business School, University of Strathclyde, Sir William Duncan Building, 7.08, 130 Rottenrow, G4 0GE, Glasgow, UK.

SUMMARY

DOES ONE SIZE FIT ALL? THE IMPACT OF ORGANIZATIONAL SIZE ON CORPORATE ENTREPRENEURSHIP

Robert S. Nason, Syracuse University, USA
Donald F. Kuratko, Indiana University, USA
Jeffrey S. Hornsby, University of Missouri-Kansas City, USA

Principal Topic

While the term corporate entrepreneurship (CE) generally is assumed to concern large firms, CE also exists within small firms, although perhaps with different antecedents and outcomes (Nason, McKelvie & Lumpkin, 2013). For instance, Fini et al. (2012) state that CE activities in smaller firms may be driven more by grassroots initiatives as opposed to top-down, management driven processes. Indeed, many larger firms have engaged in intentional tactics to "act smaller" to stimulate entrepreneurial activity (Kuratko, et al., 2001). In this study, we examine how organizational size affects CE activities. We build upon the extant literature on CE antecedents to explicate how and why there are differences across organizations of different sizes. We explore CE antecedents as part of the CEAI dimensions and link them to outputs such as product launches and financial performance.

Methods

We employ a dataset of 773 firms from multiple industries and the entire spectrum of firm sizes. We use multi-item validated measures of CE (Hornsby et al., 2013), including the four CEAI dimensions: Management Support, Work Discretion, Rewards & Reinforcement, and Time Availability. We also capture the innovative activities of the firm such as the number of new products brought to market, the speed of bringing these to market, and the ability to respond to market developments. Finally, we acquire firms' satisfaction with financial performance.

Results and Implications

Our results show that organizational size is an important delineating factor in CE antecedents and outcomes. There are two main implications of this. First, these findings provide empirical support for the conceptual argument that size offers an important source of heterogeneity in CE (Nason, et al., 2013). Second, whereas previous research has tended to adopt a more universal approach to CE with regard to size, we reveal important size-dependent differences on both CE antecedents and outcomes, such as smaller firms offering greater work discretion and larger firms offering higher rewards and reinforcement. Combined, we show that one size does not fit all in CE, which has implications for future theorizing, research questions, and empirical approaches to CE research.

CONTACT: Donald F. Kuratko; dkuratko@indiana.edu; (T) +1-812-855-4248; Kelley School of Business, Indiana University, 1309 E. Tenth St., Bloomington IN, 47405.

SUMMARY

PUSHED OUT AND NO ONE TO TURN TO? ENTREPRENEURIAL MOBILITY IN A TOURNAMENT MODEL

Russel P. Nelson, University of California, Irvine, USA
Laura Huang, University of Pennsylvania, USA

Principal Topic

Management scholars have long recognized the importance of social networks to entrepreneurship. However, a key contention in the literature is the relative value to entrepreneurs of strong ties to family, close friends, and business colleagues versus weak ties to business acquaintances. Startup businesses often have family members as the first partners, employees, and customers. Despite the benefits of family ties to entrepreneurship, there is reason to suspect that these relationships may also be a hindrance. This paper examines how the networking practices adopted by entrepreneurs differ in the context of family firms and how family involvement in a firm impacts innovation and firm performance. In doing so, this research contributes to the entrepreneurship literature by systematically examining the decision to pursue an entrepreneurial venture from a family network perspective.

Method

Using a longitudinal dataset of the legal profession, we explore the career trajectories of 3,368 lawyers over their first six years of legal practice. In our empirical analysis, we examine whether having more relatives working in the industry affects the likelihood of a young lawyer entering solo practice, as well as their networking practices, skill development, and new venture performance, as measured by solo practitioner earnings.

Results and Implications

In exploring the impact of family ties on entrepreneurship, we find a strong “family business” effect: each additional kinship tie within an industry increases the likelihood that an individual founds a firm in that industry. However, while strong family ties increase the likelihood of new venture creation, entrepreneurs with larger family networks subsequently spend less time networking with business associates and clients and form fewer informal mentor relationships. We also find that prioritizing strong tie networks over weak tie networks negatively impacts opportunities for skill development. Finally, our research examines the implications of these network structures on firm performance. We find that strong family networks only increase earnings when entrepreneurs also have strong non-family networks, suggesting the necessity for entrepreneurs and family firms to balance strong and weak ties.

CONTACT: Russel P. Nelson; rpnelson@uci.edu; (T): +1 630-247-7877; Marketing Department, The Paul Merage School of Business, SB 320, Irvine, CA 92697, USA.

SUMMARY

UNDERSTANDING THE COMMITMENT OF NEW VENTURE FOUNDERS: DIGGING IN OR MOVING ON?

David S. Noack, Weber State University, USA
Douglas R. Miller, University of North Carolina-Wilmington, USA
Daniel V. Holland, Utah State University, USA

Principal Topic

Centralized decision making in the new venture creates greater dependence on the lead founder and requires a high level of ongoing commitment to ensure that the new venture becomes established. Such commitment, though, is not engendered by tactical processes such as selecting a location, filing paperwork, or protecting intellectual property. As a result, a founder may lose interest in starting the new venture when faced with mundane tasks that offer few, if any, intrinsic rewards. Given the essential role that the founder plays in new venture creation, it is important to understand the factors that influence a founder's commitment to the creation process. This study seeks to extend our understanding of the relationship between psychological ownership and commitment by empirically examining factors that influence the growth and development of both psychological ownership and firm commitment. More specifically, we attempt to identify what happens to psychological ownership and commitment when perceived uncertainty increases, performance falters, or entrepreneurial experience is lacking. We develop theory to explain when these factors will have the greatest impact on a founder's commitment to the new venture.

Method

Through survey methodology, we empirically examine the impact that psychological ownership has on new venture commitment and, subsequently, the moderating effects of perceived environmental uncertainty, market feedback, and past startup experience. We define market feedback as a composite score of firm size, sales, and total funding (Forbes et al., 2006). We also include measures of team homogeneity, gender, and relational ties to other team members to control for the influence that social factors have on a founder's commitment to the venture.

Results and Implications

Our inquiry contributes to literature in several ways. First, we extend previous understanding of entrepreneurial commitment. Second, we empirically examine an entrepreneur's psychological ownership and demonstrate a clear distinction from their commitment. We also provide additional context to the phenomena of an entrepreneur's escalation of commitment. Our results indicate that a founder indeed demonstrates higher levels of commitment, despite reporting higher levels of environmental uncertainty. Last, our data indicate that entrepreneurs tend to report lower levels of commitment as their new venture receives positive market feedback.

CONTACT: David Noack; davidnoack@weber.edu; (T) 4357644623, Department of Business Administration, Goddard School of Business and Economics, Weber State University, Ogden, Utah 84088, USA.

SUMMARY

HOW FAMILY INTERACTION PATTERNS INFLUENCE ENTREPRENEURIAL PROCESSES: INSIGHTS FROM THE HUTTERITES

Onnolee Nordstrom, University of Alberta, Canada
Jennifer E. Jennings, University of Alberta, Canada

Principal Topic

Entrepreneurial ventures and family enterprises form the cornerstones of today's economy. While the importance of both is indisputable, the significance of each to the other is not yet adequately understood. This has not gone unnoticed, and calls from both entrepreneurship (e.g. Aldrich & Cliff, 2003) and family business (e.g. Hoy & Sharma, 2010) scholars have been made for greater integration. As yet, however, these calls have gone largely unaddressed, and consequentially, entrepreneurship and family business research have continued mainly along independent paths. The few topics that have attracted entrepreneurship scholars to family business research and, conversely, family business scholars to entrepreneurship research, have primarily focused on business factors (e.g., the role of the founder, firm life cycles, management, and growth financing). As such, our understanding of how family impacts entrepreneurial activity remains limited—particularly with regard to explaining *how* family interaction patterns can promote the generation of novel solutions, products and services.

Methods and Setting

We adopt a qualitative, multiple-case study approach to the question of how family interactions influence the generation of novel products and solutions. Our setting, Hutterites, provides a particularly vivid example of enterprising families, which allows us to redirect attention away from the popularly held conception of the 'entrepreneur as lone hero' and towards the notion of family as entrepreneur. The current findings are based upon a pilot study, comprised of both interviews and observations, conducted as a precursor to the first author's dissertation.

Results

Through preliminary analyses of the pilot study data, we identified three family interaction patterns that appear to be associated with ongoing innovation in these enterprising collectives:

> *Social creativity:* There is constant interaction and little privacy; yet, rather than stifling initiative, this creates an environment enabling entrepreneurial activity.
>
> *Interaction without judgment:* Hutterites forgo excessive, and in their opinion, unnecessary displays of manners; this is liberating and enables creativity and idea generation.
>
> *Reduced decision fatigue:* A Hutterite does not need to decide what clothes to wear, what food to eat, what school to send the children to, where to invest their retirement savings; this reduces 'decision fatigue', freeing mental space for the generation of novel ideas and solutions.

CONTACT: Onnolee Nordstrom; onnolee@ualberta.ca; 780.266.0605, University of Alberta, 4-20B business Building, Edmonton, Alberta, Canada, T4G 2R6.

SUMMARY

HOW DOES WELFARE STATE GENEROSITY IMPACT ENTREPRENEURSHIP IN DISTINCTIVE UNEMPLOYMENT CONDITIONS?

Emeran Nziali, EMLYON Business School, France
Alain Fayolle, EMLYON Business School, France

Principal Topic

Since progress in welfare states' construction comes with availability of optional income sources for people at risk such as unemployed, it may affect their choice to return or not into job market for economic reasons consequently, their decisions of involvement in entrepreneurship. In so far, the choices countries make to protect their citizens from socio-economic risks are susceptible to affect the aggregate entrepreneurial dynamism. Regarding this relation between the distribution of optional income and aggregate decisions to return into job market, the bulk of existing contributions have investigated wage employment occulting entrepreneurship. Unemployed people can make the choice for a status of employer or employee; it is therefore a loss to have dearth of knowledge on how, welfare state generosity (the benefit people received from the State when unemployed) affects their decisions to be involved as entrepreneur. This paper is interested, in the degree that unemployed people benefiting from welfare state packages are amenable to undertaking entrepreneurship, with emphasis on impact that this generosity has on types and rates of aggregate entrepreneurship.

Method

To investigate this question we have collected data from different datasets including Global entrepreneurship Monitor, various OECD and the World Bank databases. The series relates thirteen (France, Germany, Japan, Italy, Denmark, Norway, the Netherlands, Great-Britain, United-States, Finland, Ireland, Spain and Belgium) covering the period 2002 – 2013 with one and two-year lag between endogenous and exogenous variables. Models include a multiplicative variable with the intent to assess the impact of the interaction of generosity and unemployment on entrepreneurship, regressed with panel data techniques relating the structure of our dataset.

Results and Implications

We have regressed our models distinguishing between short-term and long-term unemployment. Our regressions come with significant interacting variables and models, confirming our strategy to investigate the intertwining of generosity and unemployment. For the short-term, results suggest that the interacting variables enter regressions with a negative coefficient when the endogenous is the global index of entrepreneurship, nascent and necessity nascent entrepreneurship. Basically this suggests that the existence of a benefit system for the short-term unemployment may have a negative impact on the choice for entrepreneurship. Nevertheless, in case of long-term unemployment these negative effects become positive.

CONTACT: Emeran Nziali; nziali@em-lyon.com. Alain Fayolle; fayolle@em-lyon.com. EMLYON Business School , 23 avenue Guy de Collongue, F-69134, Ecully, France**.**

SUMMARY

THE GREAT RECESSION OF 2008-2009 AND REGIONAL ENTREPRENEURSHIP: IDENTIFYING CULTURAL RESILIENCE FACTORS

Martin Obschonka, University of Jena, Germany
Michael Stuetzer, Ilmenau University of Technology, Germany
Samuel D. Gosling, University of Texas at Austin, USA
Peter Jason Rentfrow, University of Cambridge, UK
Jeff Potter, Atof Inc., Cambridge, USA

Principal Topic

The economic recession of 2008-2009 is widely regarded as the worst economic collapse since the Great Depression. The present study focuses on regional resilience factors that may have offered some "protection" from the slowdown in economic activity during this crisis. Drawing from the entrepreneurial-culture approach (Audretsch & Keilbach 2004; Davidsson & Wiklund 1997) and psychological research suggesting a personality-based measure of entrepreneurial culture (Obschonka et al., 2013), we examine whether a prevalent regional entrepreneurial culture predicts a smaller decline in regional startup rates during the crisis, above and beyond the effect of economic resilience factors.

Method

We analyze data from the Gosling-Potter-Project from the US (N= 1,112,537) and the BBC-Psychology-Project from the UK (N=425,800). Personality was collected at the Big Five level (E:extraversion, C:conscientiousness, O:openness, A:agreeableness, N:neuroticism), employing the Big Five Inventory (44 items; John & Srivastava 1999). To compare different regional measures of an entrepreneurial culture, we aggregate both the single Big Five Traits and the configural entrepreneurial personality profile (high values in E,C,O; low values in A,N within the person; Obschonka et al., 2013) (366 MSA's in the US; 366 LAD's in the UK). The change in the region's entrepreneurial vitality is measured by the percentage of change in the region's startup rate between 2007 and 2009. The regional economic resilience factors are: economic diversity, human capital, relative size of the financial sector, and degree of inclusion into international trade.

Results and Implications

In both the US and the UK, regions with lower neuroticism and a higher entrepreneurial personality profile showed a significantly smaller decline in the local startup rate during the crisis. High openness also had a buffering effect, but only in the UK. These effects were robust when controlling for the set of economic resilience factors. Taken together, these results provide support for the entrepreneurial-culture approach by illustrating the relevance of cultural, non-economic regional factors for the region's entrepreneurial vitality under difficult macro-economic conditions such as economic shocks.

CONTACT: Martin Obschonka; martin.obschonka@uni-jena.de; (T): +49 (0)3641 9 45-922; (F): +49 (0)3641 945202; Center for Applied Developmental Science, University of Jena, Semmelweisstr. 12, D-07743 Jena, Germany.

SUMMARY

BRAINS OVER BRAWN? ENTREPRENEURIAL HUMAN CAPITAL AND OPTIMISM IN THE GREAT RECESSION

Brandon Ofem, University of Kentucky, USA
Ikenna Uzuegbunam, University of Kentucky, USA

Principal Topic

Entrepreneurs often depend on optimism in order to start, persevere and succeed in their business. But research also shows that too much entrepreneurial optimism can lead to poor new venture performance. In this paper, we argue that the concept of entrepreneurial optimism can be better understood in the context of a large-scale event in the macro-environment. Taking the recent 2008 financial crisis as our context, we consider the effects of individual entrepreneurs' human capital characteristics on their optimism about the impact of the recession on their new ventures.

Method

The data is drawn from the 2008 wave of the Kauffman Firm Survey (KFS) consisting of 2362 four-year old firms. The KFS is a highly representative sample of new ventures in the United States. Entrepreneurs in the sample were asked to respond to this question: "How much did the nation's recent financial problems, which became highly visible in 2008, affect [NAME BUSINESS] during calendar year 2008? These responses yielded the dependent variable in our study. We use hierarchical and subsample analyses to assess the influence of founders' human capital on entrepreneurial optimism during the 2008 economic recession.

Results and Implications

Our findings show that although founders' educational human capital is positively related to entrepreneurial optimism during the 2008 economic recession, founder's occupational human capital (i.e. startup experience) has a U-shaped relationship with entrepreneurial optimism. Furthermore, we show that these effects are more pronounced for new ventures with sole founders than for ventures with multiple founders. Our research contributes to better understanding of the influence of human capital on entrepreneurial optimism. We demonstrate that educational attainment has a positive influence on founders' optimism about the effects of a recession. In contrast, the effect of entrepreneurial experience on optimism is more complex, suggesting that founders with some but limited entrepreneurial experience are less optimistic than founders that have founded more than four ventures previously. By distinguishing between the influence of educational and occupational human capital in the context of the most significant recession in recent history, this study offers novel theoretical and empirical insights into the mechanisms of entrepreneurial optimism.

CONTACT: Ikenna Uzuegbunam; ikennauzuegbunam@gmail.com; (T): +1 518 330 1554; Department of Management, Gatton College of Business and Economics, University of Kentucky, Lexington, KY 40509. USA.

SUMMARY

SLACK RESOURCES AND THE EXPORTING BEHAVIOR OF PRIVATE FIRMS

Ine Paeleman, Ghent University, Belgium
Catherine Fuss, National Bank of Belgium, Belgium
Tom Vanacker, Ghent University, Belgium

Principal Topic

Exporting is an important path to boost firm growth and performance (Autio et al., 2000; Bloodgood et al., 1996). Despite the importance of understanding the antecedents of firms' exporting behavior, few studies have focused on how slack resources—those resources firms possess in excess of resource demands from current business—influence firms' exporting behavior (Tseng et al., 2007). On the one hand, slack resources may provide the means necessary to cross borders and allow firms to compete in international markets with less binding constraints. This is expected to stimulate firms' exporting activities. On the other hand, slack resources may shield firms from external pressures, which reduces firms' incentives to adapt to environmental pressures and to engage in risky projects. This is expected to hamper firms' exporting activities. The goal of this study is to examine how different types of slack, including financial slack and human resource slack, influence firms' exporting behavior, including the decision to export, the export intensity and the export diversity.

Method

We constructed a unique longitudinal database by merging two separate databases: a confidential database of the National Bank of Belgium that contains information on the exporting behavior of all Belgian firms and a database that contains detailed annual accounts data for Belgian firms from the Central Balance Sheet Office at the National Bank of Belgium. This resulted in a sample of 3,391 firms active in the manufacturing sector between 1996 and 2009.

Results and Implications

First, we found that both financial and human resource slack positively influence the decision to export but this positive effect diminishes (and may even become negative) as slack levels increase. Second, we failed to find a relationship between financial slack and the export intensity, while human resource slack negatively influences the export intensity. Third, we found that both financial and human resource slack positively influence the export diversity but this positive effect levels off at very high levels of slack. Taken together, our results suggest that there are no simple answers to questions, such as whether, how and to what extent slack resources affect firms' exporting behavior.

CONTACT: Ine Paeleman; Ine.Paeleman@UGent.be; (T): +32 9 264 3507; (F): +32 9 264 3577; Department of Accountancy and Corporate Finance, Sint-Pietersplein 7, 9000 Gent, Belgium.

SUMMARY

HOW CAN SMALL BUSINESSES EFFECTIVELY DESIGN AND MANAGE THE OMNI-CHANNEL CUSTOMER EXPERIENCE?

Salvatore Parise, Babson College, USA
Patricia J. Guinan, Babson College, USA

Principal Topic

An omni-channel strategy can be defined as the ability of companies to effectively design and manage the multiple touchpoints it has with its customers, consumers, and business partners. These touchpoints include the use of new media, such as social media platforms (e.g., Facebook, Twitter, Pinterest), mobile technologies (e.g., smartphones, Foursquare), and search solutions (e.g., search engine optimization, Yelp review sites), in addition to traditional channels such as physical retail and traditional marketing (e.g., print media). To date, there has been limited omni-channel research, and most of it has focused on large retail organizations. This is occurring despite the growing use of new media by small companies. Therefore, the focus of this research is to understand how small and medium-sized companies are effectively integrating multiple customer touchpoints, including the strategies and tactics used to integrate the various technology channels.

Method

Our research methodology includes approximately 30 semi-structured interviews conducted across small and medium-sized businesses that are currently using multiple channels, including social media, mobile, website, digital properties, and physical touchpoints, to interact with customers and consumers. These interviews focus on omni-channel strategies and tactics used at different customer journey stages, including customer acquisition, customer retention, and customer advocacy stages.

Results and Implications

A major theme from the interviews is that *flow* is critical to the success of any omni-channel strategy. In a technology-mediated environment, flow is the degree to which the user navigates successfully across multiple touchpoints. An environment with a high degree of flow indicates that there is a seamless and integrated series of interactions from the user's perspective, and this results in an enjoyable user experience. Companies who have a successful experience with omni-channel look at the "big picture" and design the various touchpoints from the customer perspective. Also, the different channels complement each other so that the user is able to move easily from brand awareness, to product selection, to customer, to brand advocate stages. For example, one company described how it used email marketing not only to promote deals, but also to emphasize its social properties such as Faecbook and Twitter. These properties in turn were used to empower its customers to become advocates for its products through leading customer communities and gamification techniques.

CONTACT: Salvatore Parise; sparise@babson.edu; (T): (781) 239-6470; Babson Hall, Babson Park, MA, 02457.

SUMMARY

REWARDS AND INNOVATION IN NEW VENTURES

Sarah Park, University of Bath, UK
Michael Koch, EMLYON Business School, France
Se Won Park, IE Business School, Spain

Principal Topic

Employees belong to the most critical resources for any organization (Aldrich & Ruef, 2006) and most entrepreneurs and new ventures rapidly face issues of attracting, motivating and retaining employees. It is generally acknowledged that base pay and other financial rewards are not the only driving force behind employee behavior, meaning that other rewards that reside in the employment relationship and the nature of the work are considerable motivators as well (Bloom & Milkovich, 1995; Guest, 1999). Rewards are supposed to affect different kinds of motivation, namely extrinsic and intrinsic motivation. Non-monetary rewards will create a better working climate that is related to higher intrinsic motivation, increased creativity, and therefore higher levels of innovation. Furthermore, new ventures often offer variable incentive compensation in addition to fixed base pay for monetary compensation to their employees. To encourage innovation, it may be necessary for new ventures to induce risk taking (Hayton, 2005). In exchange for accepting higher risk, employees must be given the opportunity to realize higher incomes from variable incentive compensation. This paper investigates the effect of non-monetary rewards and monetary rewards granted to employees on innovation in new ventures.

Method

This study uses survey data collected from new private technology ventures in France. A four-page survey requested information on HR policies and practices and firm characteristics from HR manager of each new venture. We test our hypotheses using regression analysis.

Results and Implications

We find that the non-monetary rewards are positively related to the overall innovation of the new venture. We further find that the non-monetary rewards are positively related to each form of innovation, i.e., product innovation, process innovation and organizational innovation. However, we find that the relationship between variable incentive compensation and the different forms of innovation of the new venture is not significant. The results imply that new ventures which focus on providing non-monetary rewards such as career development opportunities, regular performance appraisals, or work-life balance are more likely to achieve higher levels of innovativeness compared to new ventures which focus on incentive compensation such as cash bonuses or stock-based compensation.

CONTACT: Sarah Park; jwsp21@management.bath.ac.uk; (T): +44 1225 383151; University of Bath, School of Management, Claverton Down, Bath, BA2 7AY.

SUMMARY

HOME COUNTRY FACTORS AND THE DECISION TO INTERNATIONALIZE TECHNOLOGY-BASED NEW VENTURES: A MULTI-LEVEL STUDY OF EARLY-STAGE ENTREPRENEURS

Saurav Pathak, Michigan Technological University, USA
Etayankara Muralidharan, MacEwan University, Canada
Andre Laplume, Michigan Technological University, USA

Principal Topic

The decision by early-stage entrepreneurs to internationalize may depend upon home country-specific factors, such as the institutional environment. Those with supportive home country conditions may be more likely to go international in order to gain access to new markets, but they may also internationalize to develop resources that are hard to obtain domestically. Drawing from the international business literature, we propose that home country conditions affect the motivations of early-stage technology entrepreneurs to internationalize. We develop a cross-level model hypothesizing country-level antecedents to internationalization of technology entrepreneurship by individuals and thereby help facilitate an understanding of the reasons and circumstances leading to early internationalization.

Method

We use 25,384 individual-level responses obtained from the Global Entrepreneurship Monitor (GEM) survey of 45 countries and supplement it with country-level data on *regulatory environment* obtained from World Governance Indicators (WGI), size of *home country market* and *innovation environments* data from the World Economic Forum's Global Competitiveness Index report to predict the effects of institutional conditions present in the home country on entrepreneurship. We use multi-level regressions to test hypotheses concerning country-level antecedents to internationalization of technology entrepreneurship by individuals.

Results and Implications

Our results indicate that a strong regulatory environment and smaller home market size both support internationalization. Interestingly, a weak national system of innovation drives entrepreneurs to internationalize, suggesting they need to go global for resources not easily obtained in their home country. Interaction results also indicate that a strong regulatory environment can help overcome the negative effect of a large home market on the tendency to internationalize. A strong regulatory environment also facilitates internationalization to acquire innovation resources that are lacking in the home country. Finally, a larger home market size reduces the need to internationalize to compensate for lacking innovation resources.

CONTACT: Saurav Pathak; sauravp@mtu.edu; (T): 906-487-1707; (F): 906-487-1863; Michigan Technological University, 1400 Townsend Drive, School of Business and Economics, AOB-101, Houghton, MI, 49931.

SUMMARY

SOCIETAL-LEVEL COLLECTIVISM AND TRUST: INFLUENCE OF SOCIAL AND COMMERCIAL ENTREPRENEURSHIP

Saurav Pathak, Michigan Technological University, USA
Etayankara Muralidharan, MacEwan University, Canada

Principal Topic

We use insights from social capital theory and institutional theory to study how societal level collectivism and trust facilitate or constrain the emergence of social and commercial entrepreneurship. Social capital theory can be used as an appropriate lens to study the linkages between the entrepreneurship of both forms. While researchers have examined how institutions enable individuals to undertake commercial entrepreneurship, their effects on social entrepreneurship warrants further research. In order to develop our hypotheses we integrate the dimensions of 'deal' and 'context' of Sahlman's (1996) framework to understand how societal level collectivism and trust facilitate the likelihood of individual social and commercial entrepreneurial entry. We develop a cross-level model hypothesizing national-level effect on individual entrepreneurial decisions.

Method

We use 58,642 individual-level responses obtained from the Global Entrepreneurship Monitor (GEM) survey of 27 countries and supplementing with country-level data obtained from the World Values Survey (WVS) and the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study. We use mutli-level regressions to estimate the likelihood of engaging in social and commercial entrepreneurship as predicted by our country-level variables.

Results and Implications

Our results demonstrate that while societal collectivism decreases the likelihood of commercial entrepreneurship, it increases those of social entrepreneurship. Further, while societal-level trust influences both social and commercial entrepreneurship positively, the strength of this positive influence is felt more strongly on social entrepreneurship than commercial. A comparative study such as ours allows us to isolate country-level factors that are particularly beneficial for social entrepreneurship.

CONTACT: Saurav Pathak; sauravp@mtu.edu; (T): 906-487-1707; (F): 906-487-1863; Michigan Technological University, 1400 Townsend Drive, School of Business and Economics, AOB-101, Houghton, MI, 49931.

SUMMARY

AGENCY AND STRATEGIC CHOICE PERSPECTIVES ON THE NEW VENTURE BOARDS INVOLVEMENT IN BREAKTHROUGH INNOVATION STRATEGY

Lois S. Peters, Rensselaer Polytechnic Institute, USA
Gina C. O'Connor, Rensselaer Polytechnic Institute, USA
Ibrahim A. Shaikh, Rensselaer Polytechnic Institute, USA

Principal Topic

Corporate entrepreneurship (CE) remains an integral mechanism large, multi-divisional firms use to renew their capabilities through innovation. However, as years of research has shown CE remains difficult when firms are confronted with innovation that is of a breakthrough nature; where research suggests traditional business practices are often problematic. In particular, the governance of breakthrough innovation (BI) projects becomes increasingly difficult due to the high levels of uncertainty and ambiguity that characterizes BI. It is precisely because of this reason many companies have created New Venture Boards (NVB's) internal to the organization where the NVB is responsible for actively managing BI strategy. We take inspiration from the board and strategy literature and use Agency-theory (AT) and Strategic-choice (SC) perspectives to investigate the role NVB's may play in BI strategy either through control or guidance.

Methods

We employ an inductive, extended case-study methodology. Our data came from twelve industry-leading companies that have a strategic mandate in place to pursue BI strategy. A multidisciplinary research team conducted over 200 interviews with BI participants, many of which were NVB directors, that gives us unique access to the actual process of how NVB's manage the development and execution of BI strategy.

Results and Implications

Analysis of data revealed several limitations of using AT and SC perspectives on board involvement in strategy when applied to the BI context. We find directors of NVB's play a 'decision management' function attributed to SC by taking an active role in the BI strategy process. Also, they play an effective 'decision-control' role attributed to AT by monitoring high-risk projects. However, the results revealed both theories have to be substantially modified to provide a viable conceptual framework for BI. NVB's often find it difficult to balance both guidance and control roles when governing BI strategy. For example, while NVB directors remain actively engaged with BI strategy through selection of projects, they often find it difficult monitor high-risk projects in the fuzzy-front end.

CONTACT: Lois S. Peters; peterl@rpi.edu; Department of Management, Rensselaer Polytechnic Institute, Lally School of Management, 110 8th Street. Troy, NY.
Gina C. O'Connor; oconng@rpi.edu; Department of Management, Rensselaer Polytechnic Institute, Lally School of Management, 110 8th Street. Troy, NY.
Ibrahim A. Shaikh; shaiki@rpi.edu; Department of Management, Rensselaer Polytechnic Institute, Lally School of Management, 110 8th Street. Troy, NY.

SUMMARY

CHICKEN OR EGG: EXPLORING THE COEVOLUTION OF VC FIRM REPUTATION AND STATUS

Timothy G. Pollock, Pennsylvania State University, USA
Peggy M. Lee, Arizona State University, USA
Kyuho Jin, Seoul National University, South Korea
Kisha Lashley, Pennsylvania State University, USA

Principal Topic

Researchers have only begun to distinguish two valuable intangible assets, organizational reputation and status. While research has noted that reputation and status are highly correlated, it has not addressed how they are related or how they co-evolve. Little theoretical or empirical work has explored how a firm's own reputation and status co-evolve over time and the factors that may influence their evolution. This is in part because evaluating the causal relationships between status and reputation requires collecting data on them beginning at firm founding and tracking their co-evolution as the firm grows and develops. In this study we explore the relationships between status and reputation, and between past and current status and reputation, and examine how these dynamics change over time in newly-founded VC firms. We further examine how status and reputation are influenced by participation in highly visible events, such as blockbuster IPOs.

Method

We use data from the Thomson Banker One database on 528 venture capital (VC) firms founded between 1990 and 1999, following these firms through 2010. We operationalize reputation using the LPJ Reputation Index and status using Bonacich beta centrality in VC syndicates. Blockbuster IPOs are IPOs with underpricing in the top quartile that year. Arellano-Bond regression is used to analyze our data.

Results and Implications

We find that reputation and status positively influence each other, but the effect of reputation on status is greater, particularly when firms are younger. We also find that the effect of past status on current status weakens as VC firms age, but the relationship between past and current reputation remains consistent with age. Furthermore, our findings show that participating in blockbuster deals has a positive relationship with status when firms are young and a positive relationship with reputation when firms are older, and helps low status and low reputation firms more than it helps high status and high reputation firms. This study contributes to our understanding of how status and reputation develop, helps differentiate the two assets, and provides insight into how new firms build these important intangible assets.

CONTACT: Tim Pollock; tpollock@psu.edu; (T): 814-863-0740; Smeal College of Business, Pennsylvania State University, University Park, PA, 16802.

SUMMARY

CREATING SLACK: INSTITUTIONAL CONSTRAINTS AND ENTREPRENEURIAL DISCRETION

E. Erin Powell, Clemson University, USA
Ted Baker, North Carolina State University, USA

Principal Topic

Understanding entrepreneurial resourcefulness – defined as making effective use of ostensibly inadequate resources – is a key frontier in entrepreneurship research. While resource constraints are commonplace, entrepreneurs respond to them in highly varied ways. Studies of firms under resource constraints have provided scattered insights about sources of resourcefulness such as improvisation (Baker, Miner, & Eesley, 2003), bootstrapping (Bhide, 2000), or bricolage (Baker & Nelson, 2005). As yet, however, we have little systematic theoretical understanding of the types and range of resourceful behaviors, how they fit together, or what drives their use. In this study, we investigated resourceful behaviors in resource-constrained founder-run firms and developed a theoretical framework for understanding sources and variations in entrepreneurial resourcefulness.

Method

We conducted a three-year longitudinal field study of eleven founder-run firms operating in the southeastern textile industry during a period of economic adversity. We used multiple sources of data including primary interviews and observations, and secondary sources such as company documents. Our cross-case analyses led to the discovery of distinctive patterns across the firms in their use of various resourceful behaviors and allowed us first to develop a typology of resourceful behaviors, then to develop a typology of founders' normative and conceptual slack and finally to induct theory explaining systematic patterns connecting the typologies (Eisenhardt, 1989; Miles & Huberman, 1994; Yin, 2009).

Results and Implications

Our primary discovery was that founders demonstrated and constructed different levels of what we labeled "normative" and "conceptual" slack and that these interacted to drive patterned variation in the use of distinctive forms of resourcefulness. This allowed us to develop a typology of forms of entrepreneurial resourcefulness and to induct a theoretical explanation of how cognitive and normative slack interact to drive patterns of resourceful behaviors. All firms we observed engaged in at least some conventional and broadly acceptable forms of resourcefulness, but fewer made use of behaviors driven by the combination of high conceptual and normative slack. Our primary contribution is to the development of a theory of entrepreneurial resourcefulness. Our theory describes a broad range of resourceful behaviors and explains the distribution of their use as driven by differences in founders' creation of two forms of slack.

CONTACT: Erin Powell; erin_powell@brown.edu; (T): 401-863-2318; 184 Hope Street, Providence, RI 02912.

SUMMARY

ENTREPRENEURIAL CAPITAL: THE EFFECTS OF HOUSEHOLD AND FAMILY ON WOMEN ENTREPRENEURS

Tobias Pret, University of Strathclyde, UK
Eleanor Shaw, University of Strathclyde, UK
Sara Carter, University of Strathclyde, UK

Principal Topic

Household and family have a strong influence on entrepreneurial behaviours and practices. Entrepreneurship scholars have, however, largely overlooked the impact of household and family on entrepreneurs' ability to access resources and pursue opportunities. This study seeks to address this research gap by exploring the perspectives of women entrepreneurs and members of their households. Furthermore, by investigating successfully operating female entrepreneurs, we challenge the gender-biased assumption that entrepreneurship is a masculine process. Our study seeks to reveal how entrepreneurs utilise the resources of household and family to exploit opportunities and engage in entrepreneurship. We draw on the growing body of research on entrepreneurial capital, to explore the dynamic between entrepreneurs' access to different types of resources and venture success. Specifically, we adopt Bourdieu's (1977; 1986) theory of practice to investigate the interplay between economic, cultural, social and symbolic forms of capital.

Method

Set within the context of the UK craft industry, our study investigates eight female craft entrepreneurs and members of their households. By adopting the household as unit of analysis, we contribute to the growing body of context-focused entrepreneurship research. Heeding the call for more methodological diversity, we conduct an interpretative phenomenological analysis (Cope, 2011). We collected rich empirical evidence through semi-structured interviews, observations and other documents to triangulate our data. By interviewing participants on three occasions over the course of twelve months, our study adopts a longitudinal design, which is regarded as under-represented within entrepreneurship research.

Results and Implications

Our study reveals ways in which household and family members affect entrepreneurs' behaviours and practices by providing them with economic, cultural, social and symbolic capital. We also show that emotional support is especially important and that women entrepreneurs rely on their household members' continuous support over time. Thus, we observe that the loss of family members' support deprives entrepreneurs of necessary resources, which indicates a downside of social embeddedness. Our study develops Bourdieu's (1977; 1986) conceptual framework to account for the importance of family members' emotional support. Furthermore, we demonstrate that household members not only facilitate and impede entrepreneurial processes, but also help shape them over time.

CONTACT: Tobias Pret; tobias.pret@strath.ac.uk; (T): +441415483482; Hunter Centre for Entrepreneurship, University of Strathclyde, 130 Rottenrow, Glasgow, UK G4 0GE.

SUMMARY

INSTITUTIONAL CAPABILITIES AND ENTREPRENEURIAL ADVANTAGE: BRIDGING THE GAP BETWEEN REGULATORY MANAGEMENT AND OPPORTUNITY

Christopher Pryor, High Point University, USA

Principal Topic

While firms may accept, acquiesce, and conform to their regulatory environments (Meyer & Rowan, 1977; Zucker, 1987), firms that encounter constraints that are especially burdensome or costly may be more likely to attempt to alter their regulatory environments (Oliver, 1991; Seo & Creed, 2002). Although past research has described the tactics and strategies organizations may use to interact with or alter their institutional environments, we have much less understanding regarding why and how these activities may be linked to the pursuit of opportunity and why some firms may be better at selecting and pursuing institutional strategies than others. Drawing on institutional entrepreneurship (DiMaggio, 1988; Greenwood & Suddaby, 2006) and capabilities perspectives (Barney & Ariken, 2001; Nelson & Winter, 1983; Winter, 2003), this research intends to fill this gap by establishing a greater understanding related to the routine activities firms develop and deploy to navigate their regulatory environments in order to pursue and exploit new opportunities.

Method

This study adopts a case-study approach. Semi-structured interviews are conducted with individuals responsible for regulatory activities at approximately 20 commercial banks located in the Southwest United States.

Contributions

This research makes two theoretical contributions. While some scholars have begun integrating the capabilities perspective with institutional theory (e.g., Bagley, 2008; Oliver & Holzinger, 2008; Crane, 2013), extant research has not specifically conceptualized institutional capabilities, which this research seeks to do. A better conceptualization of institutional capabilities may have practical importance as entrepreneurs increasingly find their options limited by regulation: knowing which activities are useful in navigating regulatory environments may contribute to entrepreneurs' performance. This research also contributes to a greater understanding of *why* firms may use capabilities to interact with and manipulate their institutional environments, which is absent in much of the institutional entrepreneurship literature. Institutional entrepreneurship is defined as any effort in which individuals or firms attempt to make favorable changes in their institutional environments (DiMaggio, 1988). By placing the pursuit of entrepreneurial opportunity as the objective of institutional entrepreneurship, this study is among the first to integrate concepts and relationships established within entrepreneurship theory (i.e., opportunity and innovation) (Eckhardt & Shane, 2003; Shane & Venkataraman, 2000; Short et al., 2010) into institutional entrepreneurship.

CONTACT: Christopher Pryor; cgpryor@okstate.edu; 405-762-0347; 1004 S. Main St., Apt. 1, Stillwater, OK 74074.

SUMMARY

IMPACT OF INDIVIDUAL CHARACTERISTICS AND CONTEXT ON OPPORTUNITY DEVELOPMENT

Angela F. Randolph, Texas Tech University, USA
Keith H. Brigham, Texas Tech University, USA

Principal Topics

There is now a general understanding that opportunities are not discovered or created in their final form, but evolve over time (Venkataraman, 1997; Ardichvili, Cardozo, & Ray, 2003; Dimov, 2007). However, there is still little research as to how opportunities develop, which contributes to a gap in knowledge about why some entrepreneurs progress to fully develop their opportunities while others stop along the way, the individual and social factors that influence which entrepreneurs proceed and which entrepreneurs stop, and the effect of the development process on the refinement of the opportunities themselves (Dimov, 2007). Dynamic social cognitive theories (e.g. Bandura 1986; Smith & Semin, 2004) suggest that entrepreneurial cognition and the resulting entrepreneurial behavior like opportunity development is the result of ongoing interaction between the entrepreneur's characteristics and the social context. To increase knowledge about opportunity development, this research seeks to understand how the entrepreneur's characteristics interact with structured, expert social exchanges to impact opportunity development.

Method

In order to systematically and rigorously study opportunity development, research needs to 1) capture the process early enough to avoid survival bias, 2) reconcile positivist and constructivist accounts of the nature opportunities, and 3) include stakeholders beyond the entrepreneur (Dimov, 2007). The Small Business Development Center (SBDC), which provides business consulting services to entrepreneurs, is an ideal context because it allows us to satisfy all three criteria. Survey and archival data on the nascent entrepreneurs for 185 nascent entrepreneurs and six SBDC counselors was collected and analyzed. Surveys contain questions pertaining to the nascent entrepreneur's individual characteristics (Hypomanic Personality Scale by Eckblad & Chapman, 1986) and perception of opportunity novelty. Archival data was collected from the SBDC counselors' meeting records.

Results and Implications

Preliminary analysis reveal significant relationships among the nascent entrepreneur's perception of opportunity novelty, the nascent entrepreneur's individual characteristics (hypomanic personality style), and the SBDC counselor's perception of opportunity novelty. As the nascent entrepreneur and the expert SDBC counselor interact, the expert's perception of the opportunity is related to the interaction between the opportunity and the nascent entrepreneur's individual characteristics. Relationships between other key variables in opportunity development are examined and the implications are discussed.

CONTACT: Angela Randolph; angela.randolph@ttu.edu; (T) +1757 3298839; Department of Management, Rawls College of Business, 703 Flint Ave, Lubbock, TX 79409.

SUMMARY

TOWARDS A TAXONOMY OF ENTREPRENEURIAL STRATEGIES: EVIDENCE FROM US HIGH-TECH VENTURE BUSINESS PLANS

Tiago Ratinho, University of Baltimore, USA
Jeroen Kraaijenbrink, University of Twente, The Netherlands
Jeroen Oude Luttikhuis, University of Twente, The Netherlands

Principal Topic

Business plans are the cornerstone of growth-oriented nascent ventures. Investors, business incubators and regional authorities alike often ask entrepreneurs to publicly discuss their plans as a necessary condition to access financial and other resources. While most entrepreneurs are pressured to write plans containing detailed predictions (Honig & Karlsson, 2004), these documents are a snapshot of the initial entrepreneurial strategy.

Entrepreneurial strategies range from extremely planned to completely emergent (Murray, 1984; Mintzberg & Waters, 1985). While it may be impossible to observe a whole spectrum between these two extremes, our previous research shows that business plans do contain elements of both planned and emergent strategies (Kraaijenbrink et al, 2011; Kraaijenbrink & Ratinho, 2012).

The two main entrepreneurial strategies have long been conceptualized as opposites on a single dimension; the extent to which they are based on prediction or not. More recent research, however, suggests that entrepreneurial strategies can also be based on 'non-predictive' control (Wiltbank et al., 2006). Rather than relying on prediction and anticipation of what may happen, such strategies rely on what entrepreneurs can influence themselves and how they control the environment beyond the new venture's boundaries.

This paper explores the following questions: can entrepreneurial strategies be based on combination or contrary elements such as prediction and non-prediction? Which strategies are more used in practice? What is the impact of each type of strategy in the venture's development?

Method

Our empirical setting is the Business Plan Archive (http://www.businessplanarchive.org), a database of 495 US business plans of high-tech companies presented to seed or venture capital investors. Our operationalization of planned and emergent strategies is based on Sarasvathy's effectuation framework (2008) and follows Wiltbank and colleagues (2006) insight to hypothesize four archetypes of entrepreneurial strategies.

Results and Implications

Our results confirm that entrepreneurs do not rely exclusively on one entrepreneurial strategy type. We show precisely which combinations of control and prediction based strategies are more likely to co-exist. Our study suggests is the basis for a more comprehensive taxonomy of entrepreneurial strategies.

CONTACT: Tiago Ratinho; tratinho@ubalt.edu; (T): 410-837-5846; Department of Marketing & Entrepreneurship, Merrick School of Business, University of Baltimore, 1420 N Charles St, Baltimore MD 21201.

SUMMARY

HUMAN RESOURCE MANAGEMENT IN ENTREPRENEURIAL FIRMS: THE IMPACT OF DIFFERENT HRM PRACTICES ON PERFORMANCE

Andreas Rauch, University of Groningen, The Netherlands
Isabella Hatak, WU Vienna University of Economics and Business, Austria

Principal Topic

Human resources management (HRM) is not on the top priority of entrepreneurial firms and HRM practices are comparatively unsophisticated. However, the efficient management of employees' knowledge, skills, and abilities can provide a competitive advantage that results in firm performance. The question therefore remains as to which HRM practices need to be implemented in entrepreneurial firms in order to strengthen firm performance. Traditional HRM practices (planning, recruitment, selection, compensation, and performance management) are often not affordable for entrepreneurial firms. Moreover, such HRM practices have been suggested for large firms and may not be efficient in entrepreneurial firms. We argue that HRM practices need to be aligned with the strategic aims of entrepreneurial firms. Entrepreneurial firms have to convert knowledge into new products and services. Therefore, entrepreneurial firms need to adopt HRM practices that support exploration and exploitation. HRM practices focusing on exploration emphasize flexibility, empowerment, training and cooperation. Exploitative HRM practices emphasize communication and commitment.

Methods

We conducted a meta-analysis in order to compare different HRM practices (traditional, explorative and exploitative) and their impact on the performance of entrepreneurial firms. Our synthesis of the fragmented literature on HRM practices in entrepreneurial firms provides an overview of the research field. The scope of the study includes firms with up to 500 employees. Moreover, we included only studies that investigate firm-level HRM practices and performance. Our meta-analysis covered 45 studies.

Results and Implications

Across studies, we found a moderate correlation between HRM and performance ($r = .135$). Moreover, explorative HRM produced significantly higher correlations with firm performance than traditional HRM. These results provide several contributions to entrepreneurship research. First, we investigated knowledge configurations at the level of the firm, while the entrepreneurship literature assessed knowledge and capabilities usually at the level of the entrepreneur. By investigating a firm-level perspective, our study is consistent with approaches emphasizing competitive advantages of firms. Second, by looking at traditional, explorative and exploitative HRM practices, our results provide insights into which knowledge configurations are effective in terms of performance for entrepreneurial firms.

CONTACT: Andreas Rauch, a.j.rauch@rug.nl. (t) +31 50 363 7178. Faculty of Economics and Business, University of Groningen, Nettelbosje 2, 9747 AE Groningen, The Netherlands.

SUMMARY

A TAXONOMIC APPROACH TO THE ENTREPRENEUR'S SOCIAL NETWORK: NEW INSIGHTS INTO RESOURCE ACQUISITION

Tammi Redd, Ramapo College of New Jersey, USA

Principal Topic

Many entrepreneurship studies have focused on the role of social networks in the entrepreneurial process of transitioning from merely an idea to a functioning viable business (Katz & Gartner, 1988; Reynolds & Miller, 1992), while others have maintained focus on the acquisition of resources through social network contacts (Shane & Venkataraman, 2000; Aldrich & Zimmer, 1986). However, in the entrepreneurship literature pertaining to social networks there has been a disproportionate focus on cross-sectional studies which causes us to overlook the fact that networks are dynamic in nature, changing structurally over time (Doreian & Stokman, 1997).

This study seeks to present social network configurations that cause fit between network contacts created and resources needed in creating a viable business for each stage of the venture creation process. Specifically, this research will address the following question: What are the key differences in social network orientation across the venture creation process?

Method

In this study I have used a sample of 555 entrepreneurs including those in the nascent stage of the venture creation process in order to capture social network configurations at different business development stages. K-means Cluster Analysis is used as the statistical technique to group the respondents based on similarity of social network characteristics and network configurations. The resulting clusters reveal individual variables such as network size, strength of ties, resources obtained from tie type, etc. This analysis resulted social network configurations; one for each stage of the venture creations process (opportunity identification, organizing, and Growth/Stability).

Results and Implications

An implication of this social network taxonomy is that the social networks of entrepreneurs evolve as they mature and progress through the stages of the entrepreneurial process. Whereas studies of the past have not taken into consideration the stage of activity of each entrepreneur in creating social networks, this study includes a sample representative of several different levels of activity across the stages of entrepreneurship. The evolution and development of the social network as a flexible and ever-changing means of obtaining resources and how this means is dynamic in nature has been slighted in the literature. The identification of common social network configurations (relationship type, scope and objective of a network) gives us a deeper understanding of social network attributes that's change over the course of the entrepreneurial process. This study is an extension of the knowledge in this area because it connects the notion of network dynamism to fluctuation of resources needed throughout the entrepreneurial process.

CONTACT: Tammi Redd; tredd@ramapo.edu; (T): (201) 684-7356; Department of Management, Anisfield School of Business, Ramapo College of New Jersey, ASB 011, Mahwah, NJ 07430, USA.

SUMMARY

R&D PARTNERSHIPS AMONG ENTREPRENEURIAL VENTURES: ROLE OF VC AFFILIATIONS

Jeffrey Reuer, Perdue University, USA
Ramakrishna Devarakonda, Perdue University, USA

Principal Topic

While R&D collaborations can play a significant role in enabling competitive advantage for entrepreneurial ventures, the extent to which they benefit from R&D collaborations is expected to vary depending on the partners they select. In this paper, we extend information economics to the literature on alliance partner selection by showing the different ways in which venture capitalists (VCs) shape entrepreneurial ventures' partner selection decisions for R&D collaborations. Specifically, we advance the argument that affiliations with VCs can play a dual role in reducing the risk of adverse selection for R&D collaborations by conveying signals and mediating information about prospective partners. We also suggest that these benefits VC affiliations provide are contingent upon technological resource endowments of entrepreneurial ventures. In particular, we argue that the positive effects of affiliations with VCs will be more pronounced when firms have dissimilar technological resource endowments and therefore face greater challenges in understanding and evaluating each other's resources. Furthermore, we argue that the signaling and information intermediation roles of VCs complement each other in reducing the risk of adverse selection.

Method & Results

Our research focused on dyadic alliances that occurred between two biotechnology firms, and we focused on collaborations involving a research component, whether research, R&D, or R&D plus commercialization activities. Our research design needed to accommodate pairs of biotechnology firms that collaborated together as well as those that did not engage each other in collaboration. We selected non-realized deals that are comparable and similar to realized deals by performing a match between the therapeutic area of the focal alliance as well as the therapeutic focus areas of prospective R&D firms that were founded prior to the R&D collaboration date and were VC backed. Empirical findings from R&D alliances among venture backed firms in the biotechnology industry provide evidence on who partners with whom and the generative rules guiding how collaborations among entrepreneurial ventures get built up in high-tech industries.

CONTACT: Jeffrey Reuer; jreuer@purdue.edu; Ramakrishna Devarakonda; rama@purdue.edu; Krannert School of Management, Purdue University.

SUMMARY

THE FRENCH MUMPRENEURSHIP MOVEMENT: RADICAL FEMINIST OR ADAPTIVE PRACTICE?

Katia Richomme-Huet, Kedge Business School, France
Virginie Vial, Kedge Business School, France

Principal Topic

Among researchers, mumpreneurship is analyzed either as a feminist positioning of entrepreneurship, or as an approach confining women entrepreneurs in a sort of ghetto. To frame the discussion, we highlight the separation of the family and economic spheres historically caused by the capitalist organization, which has artificially eroded the idea of the social embeddedness of economics. Building on liberal and radical feminist theories, we argue that the existence of mumpreneurship can be analyzed using three alternatives perspectives. Firstly, it might be the expression of a radical feminist path, aiming at the merger the two spheres. Alternatively, the phenomenon could target balancing the two separate sets of work and family needs, either representing a deliberate lifestyle preference, or embodying the product of adaptive preferences constrained by the socio-cultural context.

Method

To explore these propositions, the empirical study involves a content analysis of in-depth qualitative interviews with 25 mumpreneurs of the French Association. To reduce subjectivity, we established a semi-structured interview guide. Our main objective was to gather information about their vision of the concept of mumpreneur, the reasons that led them to start a business (their motivations), the role of their close circle in this creation, and the resources mobilized (human, social and financial capital).

Results and Implications

The content analysis results confirm mumpreneurship as a female entrepreneurship alternative whereby the venture creation is a solution to the tensions that exist between the two spheres. We also reveal three distinct categories. “The choice-driven holistic mumpreneur” recognizes the social embeddedness of entrepreneurship, placing work and family in a single sphere, and represents a class of radical feminists using mumpreneurship to promote a new organization of the capitalist society. “The choice-driven separatist mumpreneur” adopts entrepreneurship as a means to better balance the demands of the two spheres. “The obligation-driven separatist mumpreneur” rather uses the entrepreneurial opportunity as a “rescue tool” so as to fulfill these demands. Mumpreneurship is declined into different types of feminist practice for societal change, aiming at reconciling both roles. Differentiating the effectiveness of these three types should probably be assessed using the overall economic and social well-being of the family.

CONTACT: Katia Richomme-Huet; katia.richommehuet@kedgebs.com; (T): +33 491827389 ; Kedge Business School, Domaine de Luminy, BP 921, 13288 Marseilles Cedex 9, France.

SUMMARY

THE QUEST FOR "ENTREPRENEURIAL GENES" CONTINUES

Niels Rietveld, Erasmus School of Economics, The Netherlands
Philipp Koellinger, Erasmus School of Economics, The Netherlands
Roy Thurik, Erasmus School of Economics, The Netherlands
Patrick Groenen, Erasmus School of Economics, The Netherlands

Principal Topic

A large and growing body of research is focused on estimating how much of the behavioral trait variation across individuals can be statistically accounted for by genetic factors, including several studies that investigate entrepreneurial behavior. Most of these analyses are twin studies, which estimate the heritability of a trait by comparing the correlation of the trait in monozygotic twin pairs to the correlation in dizygotic twin pairs. Such studies suggest that entrepreneurship and a wide range of other important economic behaviors and outcomes are moderately heritable. Although twin and family studies can establish that genetic factors account for some of the variation in a trait, they do not identify specific genes or the biological pathways through which genes function.

Method

By means of a hypothesis free genome-wide association (GWA) study we try to find specific genes associated with entrepreneurship. We study serial self-employment, which is an empirical measure for entrepreneurship that focuses on a (slightly) more homogenous group of entrepreneurs than self-employment (the measure Van der Loos et al. (2013) uses). Serial self-employment is the only currently available alternative to self-employment as a proxy for entrepreneurship that is available in more than one sample with genetic data (thus enabling replication attempts). Furthermore, two of the available samples that have these data are large population cohorts from the Netherlands that both focus on geographically small regions with highly homogeneous participant profiles. Thus, these two samples allow to rule out much of the environmental heterogeneity that may have contributed to the null-results in Van der Loos et al. (2013). These two discovery samples have a combined sample size of 5,930. In addition, a third sample from Sweden with 2,771 individuals also had the required data available and contributed as a replication sample to our study. This study and the previous study by Van der Loos et al. (2013) help to illustrate the more general trade-off between sample size and phenotype accuracy in GWA studies.

Results and Implications

Our study identifies a novel genetic variant that replicates (rs3774790 in the ABHD5 gene), but Bayesian reasoning suggests that a cautious interpretation of this finding is warranted. Furthermore, we find that none of the previously suggested "candidate genes for entrepreneurship" is significantly associated with serial self-employment. Our study helps to anchor the expectations about plausible effect sizes of single genetic variants on entrepreneurship, with implications for future research and practice.

CONTACT: Niels Rietveld; nrietveld@ese.eur.nl; (T): +31 104088935; Department of Applied Economics, Erasmus School of Economics, Erasmus University Rotterdam, Burgemeester Oudlaan 50, 3362 PA, Rotterdam, The Netherlands.

SUMMARY

SELF-EMPLOYMENT, EMPLOYMENT CHOICE AND THE ACCOUNTING PROFESSION

Max Romanov, University of Strathclyde, UK
Erik Monsen, University of Strathclyde, UK
John Ferguson, University of Strathclyde, UK
Edward Gamble, Montana State University, USA

Principal Topic and Research Questions

In our study, we look at the relationship between the individuals' propensity for rather entrepreneurial than traditional career choices. We examine people with a consistent educational background and human capital, and in particular accounting students, as there are a substantial number of self-employed accountants and accountants are employed in a variety of more or less entrepreneurial organizations. We further build on and integrate prior research from the domains of entrepreneurial intentions and vocational behaviour in the accounting profession.

Theoretical Framework

From the entrepreneurial intentions perspective, we employ the theory of mixed control (Monsen & Urbig, 2009) to better understanding of the potential for entrepreneurially-oriented behaviour (Krueger et al., 2000; Monsen et al., 2010). To evaluate one's entrepreneurial potential, we measure entrepreneurial self-efficacy (McGee et al., 2009), internal locus of control (Schjoedt & Shaver, 2012) and promotion regulatory focus (Lockwood et al., 2002; Tumasjan & Braun, 2012). We additionally measure "irrational" or "biased" self-perceptions, i.e. illusion of control and planning fallacy (Keh et al., 2002; Simon & Houghton, 2002). Finally, to link entrepreneurial intentions to the accounting profession, we examine the job characteristics which accounting researchers have identified as those most valued by accounting students (Ahmed et al., 1997; Byrne & Willis, 2005; Danziger & Eden, 2006; Sugahara & Boland, 2009).

Method

This research was carried out in two stages. The methodological goal of the first stage survey was to develop and evaluate effective binary sets of entrepreneurial job descriptors that clearly distinguish between preferences for accounting jobs and work situations that are either more "entrepreneurial" or more "traditional". In the second stage, the five most efficient pairs of job descriptors from the first stage were included in the final questionnaire as pairs of job opportunity scenarios in the format of a choice-based conjoint experiment (Street et al., 2005; Street & Burgess, 2007).

Primary findings and implications

We confirm that the effect of entrepreneurial self-efficacy on entrepreneurial employment choices with graduate accounting students is partially moderated by internal locus of control, regulatory focus, illusion of control and planning fallacy. Methodologically, our paper is one of the first papers to provide even more sophistication than traditional survey based (Krueger et al, 2000; Kolvereid and Isaksen, 2006) and metric conjoint based (Monsen et al., 2010; Douglas & Fitzsimmons, 2013) approaches to measuring entrepreneurial career preferences by introducing a choice-based conjoint approach.

CONTACT: Max Romanov; maxim.romanov@strath.ac.uk; University of Strathclyde, Glasgow, UK.

SUMMARY

RELATIONS OR RELATIVES? THE EFFECT OF POLITICAL CONNECTIONS AND FAMILY TIES IN THE ENTREPRENEURIAL RECOVERY OF FAMILY FIRMS FROM A NATURAL DISASTER

Carlo Salvato, Bocconi University, Italy
Alessandro Minichilli, Bocconi University, Italy
Mario Amore, Bocconi University, Italy
Massimo Sargiacomo, Università G. D'Annunzio Chieti Pescara, Italy

Principal Topic

In this study, we investigate the differential power of political capital and family social capital in determining family firms' performance implications of a natural disaster. Political and social capital coexist in environments characterized by the presence of closely-held firms. However, they have been considered separately in explaining how firms leverage relations to improve their performance. Thus, we still don't know if, and under what conditions, political and family social capital differently affect performance, especially in the aftermath of exogenous shocks.

Method

Our sample includes 180 Italian firms, part of which experienced a catastrophic earthquake in 2009. First, we identified all 89 firms larger than 3 Millions € in sales (excluding firms in the banking and finance industries) located in the geographical area subject to the event. Second, we identified a matched sample of 91 firms from an area, in the same country, that was not hit by any natural disaster over the same focal period. Finally, we collected ownership, leadership, governance and other company and financial data from public sources for the four years prior and after the event (2005-2012).

Results and Implications

Family firms performed better after the earthquake, due to a mix of support from political and family resources. The positive impact of political connections seemed to prevail on family social capital when firms were highly dependent on the public sector. However, family connections mattered more than political ones to firms that were less tied to the public sector. Our study sheds light on a number of phenomena. First, we contribute to the literature on the resilience of family firms, their capability to respond to perturbations in their environments, and to quickly recover from their negative effects. Second, our data improve knowledge on the determinants of recovery of entrepreneurial activities in the aftermath of a natural disaster or exogenous shock, such as economic or socio-political crises. Finally, our study expands our understanding of the effects of political and family social capital and their differential impact on different entrepreneurial outcomes.

CONTACT: Carlo Salvato; carlo.salvato@unibocconi.it; (T): +39 02 58362535; Department of Management & Technology, Bocconi University, Via Röntgen 1, 20136 Milan, Italy.

SUMMARY

PRE, DURING AND POST INVESTMENT AGENCY AND PRINCIPAL STRATEGIES IN INNOVATIVE STARTUPS

Mikael Samuelsson, Stockholm School of Economics, Sweden
Anna Söderblom, Stockholm School of Economics, Sweden

Principal Topic

This study aims at contributing to the small stream of research investigating startup financing from the perspective of demand. We particularly explore entrepreneurial behavior from an agency perspective pre, during and post investment, how are contracts developed, negotiated, decided and controlled. Our overall research question is what actions are taken in order to decrease information asymmetry and increase control pre, during and post investments in early stage innovative startups.

Data and Method

Due to a scarcity of research, an inductive explorative research design in the form of a multiple-case study was called for. The case-study approach is considered appropriate when addressing the ‘whys and hows’ (Yin 2003) and facilitates analyzing when patterns are sought for (Patton 2002). Accordingly, in-depth interviews with eight founders of innovative Swedish firms were carried out with the purpose to reveal the subtleties of the financing process. The interview process can be described as ‘qualitative interviewing’ (Rubin and Rubin 1995) or active interviewing (Holstein and Gubrium 1995).

Results

This qualitative study has provided new insights about how founders of innovative startup firms view and approach funding. Experienced entrepreneurs in general have a more strategic and long-term approach to funding and to a limited extent deviate from their pre-set plans. These entrepreneurs seem to be more concerned about getting early customer payments. Furthermore, in general they are keener to keep control of their ventures. The other group of entrepreneurs, here referred to as ad hoc entrepreneurs, did not have any specific funding plans, and were constantly searching for funding. To some extent, this group was trapped into a situation where the effort and time spent on financing issues tended to have negative effects on the development of their ventures. Thus, entrepreneurs should plan their funding strategy. Policy makers should focus on fewer “soft money” or other programs since the transaction cost seems to be high for both entrepreneurs and policy makers.

CONTACT: Mikael Samuelsson; mikael.samuelsson@hhs.se; Stockholm School of Economics, P.O Box 6501, 113 83 Stockholm, Sweden.

SUMMARY

INDIVIDUAL-LEVEL PREDICTORS OF ENTREPRENEURIAL OPPORTUNITY IDENTIFICATION: A REVIEW AND META-ANALYTICAL EXAMINATION

Hessamoddin Sarooghi, University of Missouri Kansas City, USA
Dirk P. Libaers, University of Missouri Kansas City, USA
Jeffrey S. Hornsby, University of Missouri Kansas City, USA
Andrew C. Burkemper, University of Missouri Kansas City, USA

Principal Topic

Identifying opportunities is the initial step in the entrepreneurship process. A great deal of work has been devoted to investigating this concept in previous research. However, even a brief foray into this stream of research highlights the inconsistencies in findings when considering different studies that have investigated the antecedents of opportunity identification. These divergent findings are especially significant when considering individual level predictors of opportunity identification. Social networks, prior knowledge, and personal characteristics are three main categories of predictors that have been widely studied at this level. Our study uses the meta-analysis approach to first identify and categorize the main individual level antecedents of opportunity identification and second to account for some of the factors that cause variation on the impact of these factors on opportunity identification.

Method

We used the meta-analysis method in our study. First, we followed a three step procedure to locate relevant studies which included keyword search, manual search, and citation search. Second, two independent coders extracted the effect sizes for opportunity identification covariates and also other relevant study characteristics. Third, drawing on (Ardichvili et al.'s, 2003) framework, the coders assigned the covariates of opportunity identification to three categories: social networks, prior knowledge and personality characteristics. Then coders created subcategories in each main category to reach fairly homogenous meta factors. Homogeneity test and moderating analysis were performed to explain the variation of effect sizes across the studies.

Results and Implications

The result of the meta-analysis showed that all meta factors except education were significantly correlated with opportunity identification. However, the strength of the correlations varied across meta factors. Creativity, entrepreneurial experience, and general management experience were the three most highly correlated factors with opportunity identification. The moderating analysis revealed that research design and data collection procedures explain some of the variation of effect sizes across the studies. The results of this study have implications for theory building in entrepreneurship and the design of entrepreneurship programs in universities.

CONTACT: Hessamoddin Sarooghi; hsarooghi@umkc.edu; (T): +1 8162352205; Regnier Institute for Entrepreneurship and Innovation, Bloch School of Management, University of Missouri Kansas City, 5110 Cherry Street Kansas City, MO 64110.

SUMMARY

WHO DO WE KNOW? INTERGENERATIONAL SOCIAL CAPITAL IN FAMILY FIRMS

Sabrina Schell, University of Siegen, Germany
Miriam Hiepler, University of Siegen, Germany

Principal Topic

The general interest in family firms increases in the last decades (Debicki et al. 2009). The research stream of business succession offers many success factors and ideas, what the key factors of missing the strategic goal of succession are. Family firms have the challenge to transfer contacts and social capital during the business succession process to stay successful. How to handle this challenge is the main question of this research. One key factor explaining failure and success of business succession could be the potential loss of social capital in the intergenerational transfer (De Freyman et al. 2006; Steier 2001; Nahapiet, Ghoshal 1998). Thus, to exploit the old contacts of predecessors the younger successors need a transfer of this social capital or another solution to keep advantages of the contacts.

Method

To gain information about transfer of social capital we use qualitative interviews (De Massis, Kotlar 2014; De Freyman et al. 2006). So we determine family owned firms by an exploratory multiple-case study for theory building (Eisenhardt 1989). We considered business relationships between analyzed enterprises by data selection. We interviewed various actors in each company being involved in the family business or succession process.

Results and Implications

We contribute to the literature in the following ways: first through a new combination of two different research streams. We point out, that an inherent social capital competence is needed. Networks are the relations between different actors and the family business during the succession has to try to transfer network contacts from one person to another. Second, we identify the current network of the predecessor and the successor. In our dataset mainly family firms are included, which choose a planned succession and predecessor and successor are able to work together. In this case, they have the realistic chance to transfer network contacts. To analyse the explicit and implicit known network contacts we compare the statements of the participants and try to figure out the overlaps of network contacts. Third, we build up proposition which will be combined in a model for social capital transfer during the succession process.

CONTACT: Sabrina Schell; Sabrina.Schell@uni-siegen.de; (T): 0049 271 740 3018; University of Siegen, Hölderlinstr.3, 57068 Siegen, Germany.

SUMMARY

NOT ALL CREATED EQUAL: EXAMINING THE IMPACT OF DESCENDENT CEOS ON FAMILY FIRM PERFORMANCE

Mark T. Schenkel, Belmont University, USA
Sean S. Yoo, Belmont University, USA
Jaemin Kim, San Diego State University, USA

Principal Topic

Why do some family firms outperform others? Despite enduring interest, prior studies fail to adequately recognize important differences between descendant leaders with familial connections to the firm founder. In this study, we draw on the notion of *identity* to develop a model of family firm performance. Specifically, we first investigate how CEO identity, conceptualized as first-son (FS) versus non-first-son (NFS) controlled is distributed in family firms. We then investigate its association with family board participation, governance characteristics, and firm performance.

Method

A unique dataset from Korea is used to examine the proposed relationships between CEO identity, board independence, outside governance characteristics, and family firm performance. The sample consists of 1,776 firm-year observations from 1999 to 2002, all representing Korea Exchange (KRX)-listed, non-financial firms for which family, board, ownership, and firm-specific variables are available. The tendency toward entrenchment and openness are first considered through descriptive statistics examining the distribution of CEOs. Next, the corresponding level of family board participation and propensity toward the use of board independence and block holdings as governance characteristics of family firms are considered in conjunction with firm performance. Finally, least square and two-stage IVPROBIT regressions are used to investigate endogeneity in the relationship between CEO identity and firm performance.

Results and Implications

Consistent with an entrenchment perspective, the data show higher proportions of familiness are observed in founder- and FS-controlled firms by CEO type, family board members, and family holdings, compared to the NFS-controlled subsample. By contrast, NFS-controlled firms exhibit greater openness as evidenced by higher proportions of non-family-CEOs, no family board participation, and higher rates of board independence and outside block holdings compared to the founder- and FS-controlled subsamples. Further, the IVPROBIT results show that whereas firm performance is significantly and negatively associated with CEO identity for family descendants, particularly when those CEOs are FSs, it is significantly and positively associated with NFS-CEOs. Collectively, these results suggest that given the *familiness* observed in FS-controlled family firms, adding CEO-FS worsens entrenchment and firm performance. The openness of NFS identity, by contrast, potentially counters the negative effect of *familiness* in NFS-controlled firms.

CONTACT: Mark T. Schenkel; mark.schenkel@belmont.edu; (T): 615-460-5474; (F): 615-460-6605; Belmont University, 1900 Belmont Boulevard, Nashville, TN 37212-3757.

SUMMARY

CONTROL VARIABLES IN ENTREPRENEURSHIP RESEARCH: USE, MISUSE, AND RECOMMENDED USE

Leon Schjoedt, Indiana University South Bend, USA
Barbara Bird, American University, USA

Principal Topic

Research on entrepreneurship is growing as the field is coming of age. This is evident in the number of publications and journals dedicated to entrepreneurship. A large part of the entrepreneurship research is based on studies based on nonexperimental research design (Schjoedt & Bird, 2014), which is not unlike the management literature (Atinc et al., 2012). Because nonexperimental research does not benefit from control of variables as in experiments (Schwab, 2005), many such studies include statistical control of nuisance variables. These are typically referred to as control variables. Control variables which are in effect independent variables, generally only receive limited attention from researchers.

Many researchers include control variables without much consideration of how the control variables may affect the principal relationship under investigation. This may be because these particular control variables were included in other studies or the author's assumption that "good studies" look like. This blind inclusion of control variables constitutes a methodological "urban legend" according to Spector and Brannick (2011). There are many reasons for the inclusion of control variables; however, their use is often less fruitful in generating valid research findings (Stone-Romero, 2006). Because of this potential for limiting the validity of research findings, we need to examine the use of control variables in published research. Thus, the purpose of this study is to assess the use and misuse of control variables and provide recommendations for future use of control variables in entrepreneurship research.

Methods

We obtained data from the 191 works published in 2013 in four leading entrepreneurship journals (ETP, JBV, JSBM, and SEJ); data on the type of research design; psychometric properties; basis for inclusion of control variables; and much more to assess trends in the use of control variables.

Results/Implications

Many control variables were described and their use supported by citations. In fewer studies, their measurement was clearly described. In very few studies their impact on the dependent or independent variables were described in the text. This indicates entrepreneurship research includes appropriate use of control variables in certain aspects but there is room for improvement in important areas to enhance findings' validity. Therefore, there is a need to follow the best practices for the use of control variables in future entrepreneurship research.

CONTACT: Leon Schjoedt; leonschjoedt@ymail.com; Indiana University South Bend.

SUMMARY

UNDERSTANDING THE VALUE PROPOSITION OF INTERDISCIPLINARY UNDERGRADUATE ENTREPRENEURSHIP

Francine Schlosser, University of Windsor, Canada
Zbigniew Pasek, University of Windsor, Canada
Nira Roy, University of Windsor, Canada

Principal Topic

This research examines a youth entrepreneurship partnership project "Starting Lean and Venturing Forward"; designed to promote entrepreneurial spirit in a campus community, and to encourage graduates to consider self-employment opportunities in a region hard hit by the economic downturn. We enhanced the entrepreneurial learning experiences of 400 undergraduate business and engineering students and create opportunities for them to be exposed to, explore, and experience entrepreneurship.

This project was a collaborative effort between the local university and regional centres of research innovation and small business development. Beginning with a large pool of 2nd year students taking business and engineering courses, we encouraged youth to identify entrepreneurial ideas, and utilized the campus community to provide business training and mentoring. We focus upon a "youth mentoring youth" approach that involved 25 student team leaders who supervised fifty 2nd year multidisciplinary student teams in business and engineering (285 students). These teams developed entrepreneurial ideas. This activity was complemented by an on-campus Blue Sky Idea competition. The focus of the research was to understand and evaluate the process and outcomes of a specific experiential learning program related to on-campus student ideation.

Methodology

The results of our field study incorporate findings from observation, interviews and surveys. We have collected information that will help us to understand the interpersonal dynamics and individual attitudes of multi-disciplinary undergraduate team-based product ideation.

Results and Implications

This experiential learning program is one of the first in North America to combine multi-disciplinary entrepreneurial teams at the undergraduate level in a large on-campus class. There is very little information about how to develop experiential learning related to undergraduate student innovation and invention on campus, however, there is potentially a life changing impact on the students' personal views of their career opportunities, and economic outlook for the host community. The benefits are clear for the student participants as they experience it themselves and as we seek to improve the program for future classes. We discuss results and implications at our BCERC 2014 interactive session.

CONTACT: Francine Schlosser; fschloss@uwindsor.ca; (T): 519-253-3000; Associate Professor, Odette School of Business, Director, Research and Interdisciplinary Learning, EPICentre, University of Windsor, Windsor Canada.

SUMMARY

SELF-EFFICACY, GENDER AND ENTREPRENEURIAL INTENTIONS: A LONGITUDINAL EXAMINATION

Rachel S. Shinnar, Appalachian State University, USA
Dan K. Hsu, Appalachian State University, USA
Benjamin Powell, Appalachian State University, USA

Principal Topic

Entrepreneurial self-efficacy (ESE) (Bandura, 1986) is an individual's confidence in his/her ability to successfully perform entrepreneurial tasks. Long been accepted as an important construct in entrepreneurship, ESE has been found to strongly predict entrepreneurial intentions (EI) (Zhao et al., 2005). While research suggests ESE could be shaped by entrepreneurship education (Souitaris et al., 2007), empirical results are mixed. This signals that the relationships among entrepreneurship education, ESE and EI may be more complex than initially theorized. In this paper, we examine whether entrepreneurship education serves to increase ESE and whether ESE is positively related to students' EI. We further explore whether gender moderates the relationship between ESE and EI.

Method

Using a sample of 252 undergraduate students enrolled in six sections of an introductory entrepreneurship course at a Southeastern university in the US, we assessed: ESE and EI at the first day of the class and at the end of the semester. Instructors in all sections used the same course structure and teaching materials. Since Ajzen's (1991) theory of planned behavior suggested that subjective norm was another important predictor of planned behavior and intention, we included subjective norm as a control variable.

Results and Implications

At the end of the course, ESE had increased for the male subsample only. While EI did not significantly increase at the end of the semester for either gender group, the male students' EI were significantly higher than the EI of their female counterparts at the end of the semester. We also found a positive relationship between ESE and EI and showed that gender moderated this relationship; more specifically, ESE had a *stronger* positive relationship with entrepreneurial intentions for female than for male students. This strong, positive relationship between ESE and EI among women further accentuates the need to identify variables, beyond entrepreneurship education, that could strengthen women's ESE. Additional research is necessary to determine whether these differences are attributable to perceptions of barriers that women identify or whether perceived gender roles influence female students' intentions to pursue an entrepreneurial career.

CONTACT: Rachel S. Shinnar; shinnarrs@appstate.edu; (T): +1 828 262 7314; Department of Management, Walker College of Business, Appalachian State University, ASU Box 32089, Boone, NC 26808, USA.

SUMMARY

WHY DO LIFE-GOALS AND ENTREPRENEURIAL MOTIVES MATTER FOR PEOPLE PURSUING THE ESTABLISHMENT OF NEW VENTURES?

Nadav Shir, Stockholm School of Economics, Sweden
Per Hedberg, Stockholm School of Economics, Sweden
Johan Wiklund, Syracuse University, USA and Stockholm School of Economics, Sweden

Principal Topic

Despite the observation that initial motives for launching a business vary greatly among entrepreneurs, the implications of this variation has received virtually no research attention. In this paper we examine how differences in entrepreneurial motives, and the extent to which they are congruous with qualitatively different life-goals, have important psychological and motivational implications for people pursuing the establishment of new ventures. This is an important complement to prior entrepreneurial motivation studies, which have studied a limited set of motives and a small range of outcomes. Our research allows for the full range of people's life-goals and motives for pursuing entrepreneurship to be studied.

Methods

Building on the Swedish GEM study of 2011, we constructed a sample of 117 potential and nascent entrepreneurs which we have followed longitudinally over two years. Using validated measures of individuals' life-goals (Kasser and Ryan 1993; 1996) and entrepreneurial motives (Carter et al., 2004; Kuratko et al., 1997) we created three measures of life-goal – motive discrepancies: intrinsic discrepancy (i.e., the difference between intrinsic life-goals and intrinsic motivation), extrinsic discrepancy, and a general predominance discrepancy. These measures capture the internal tensions between what people aspire in life and the reasons they hold for starting-up a business. Specifically, we examined implications for well-being, entrepreneurial intention, commitment and persistence. Our multiple regression analyses were informed by recommendations for difference-score predictors (e.g., Edwards, 1994).

Results and Implications

To date, research on motivation in entrepreneurship has focused primarily upon goal setting processes, and has largely failed to examine the motivational processes underlying goal striving in entrepreneurship. We address this gap in the literature by systematically examining the psychological and motivational effects of individuals' stated life goals and motives in entrepreneurship. We show that, while some life-goals and motives are more or less conducive to entrepreneurship, the discrepancies between these two motivational factors have an additional effect on the psychology and motivation of people pursuing the establishment of new ventures. This suggests a range of implications for people trying to reach their important life-goals through entrepreneurship.

CONTACT: Nadav Shir; Nadav.Shir@hhs.se; (T) +46-704 283 239; Stockholm School of Economics, Stockholm, SWEDEN.

SUMMARY

LEGITIMATION STRATEGIES OF NASCENT SOCIAL VENTURES: A TEXTUAL ANALYSIS OF INCORPORATION DOCUMENTS OF COMMUNITY INTEREST COMPANIES

Raja Singaram, University of Twente, The Netherlands
Jeroen Kraaijenbrink, University of Twente, The Netherlands

Principal Topic

In spite of extant research efforts, the lack of a separate legal form hitherto has been cited as a major methodological hindrance to study social enterprises. This situation is assuaged to an extent by the introduction of new legal entities such as the Benefit Corporation, Low-profit Limited Liability Company and Community Interest Company (CIC). We investigate the legitimation strategies adopted by CICs from the UK using Suchman's typology on organizational legitimacy. We explicate the microstructures of legitimation strategies of nascent social ventures and study their effects on organizational survival.

Method

Our sample consisted of more than three hundred CICs in operation for a minimum of three years. From the description of activities and projected benefits made in the incorporation documents, we coded for the three types of legitimacy namely, Pragmatic, Moral and Cognitive. The coded text was organized with the help of text analysis software into different categories of legitimation. From this text we also generated an inductive wordlist of high frequency terms and tested the difference in word usage across the sub-types of CICs.

Results and Implications

Our analyses show that firms that survived and were ranked higher for their social impact tend to underscore legitimation claims specific to exchange legitimacy and comprehensibility more than others. We find that CICs that perform well on both social impact and financial terms subscribe to variety of legitimation strategies from inception. We add to the theory on organizational legitimacy through our empirical examination of Suchman's legitimacy typologies. Practitioners can benefit through the increased understanding effectiveness of different legitimation strategies right from inception.

CONTACT: Raja Singaram; i.singaram@utwente.nl; (T): +31 612 40 5058; ESIM-Nikos, School of Management and Governance, University of Twente, 5 Drienerlolaan, Enschede, The Netherlands, 7522 NB.

SUMMARY

NEW VENTURE CREATION IN MATURE INDUSTRIES: THE ROLE OF ORGANIZATIONAL DETRITUS, EFFECTUATION AND BRICOLAGE

Katrin M. Smolka, Rotterdam School of Management, Erasmus University, The Netherlands
Jochem Kroezen, Rotterdam School of Management, Erasmus University, The Netherlands

Principal Topic

Our research aims to challenge conventional ideas about entrepreneurship in mature industries. The established perspective is that entrepreneurs in such industries are more successful when they engage in rigorous planning and pursue aggressive competitive strategies to overcome steep entry barriers due to a limited availability of resources (Delmar & Shane, 2003; Gruber, 2007; Lumpkin & Dess, 2001; Woo & Cooper, 1981). Instead, we build on recent ideas in organizational sociology (cf. Dobrev, 2000; Schneiberg, 2007; Zietsma & McKnight, 2009) and argue that in mature industries barriers to entry are low because of the availability of organizational detritus. We define detritus as the recyclable organizational elements with both technical and symbolic value left behind by organizations that previously failed. These elements can function as cost-efficient and effective building blocks for new firms. We suggest that the availability of detritus may reduce the need for rigorous planning and competitive aggressiveness, thereby allowing entrepreneurs to create blossoming organizations.

We reason that by adopting the principles of effectuation (Sarasvathy, 2001; 2008), entrepreneurs are more likely to profit from venturing in detritus-rich environments. As opposed to causation which focuses on predictive strategies, effectuation allows for a non-predictive way of controlling the future. Similarly, adopting the principles of bricolage – i.e. “making do by applying combinations of resources at hand to new problems and opportunities” (Baker & Nelson, 2005: 33) – also appears to be suitable in detritus-rich environments.

Method

We test our hypotheses in the context of the Dutch beer brewing industry, which has seen a high degree of entrepreneurial activity within the past three decades after an extended period of significant concentration. We limit our analysis to the population of founders of 117 new beer breweries established between 2007 and 2013.

Results and Implications

If confirmed by our data, this study has implications for the understanding of entrepreneurship in mature industries. While previous studies following the conventional view suggested that entrepreneurs adopting an aggressive competitive approach in such industries are more successful, our study may indicate greater success when relying on effectuation and bricolage.

CONTACT: Katrin Smolka; smolka@rsm.nl; (T): +31-10-4081981; Department of Strategic Management & Entrepreneurship, Rotterdam School of Management, Erasmus University, P.O. Box 1738, 3000 DR Rotterdam, The Netherlands.

SUMMARY

WHO IS FASTER? THE ROLE OF START-UP STRATEGIES IN DETERMINING TIME TO FIRST SALE AND BREAK-EVEN POINT

Katrin M. Smolka, Rotterdam School of Management, Erasmus University, The Netherlands
Ingrid Verheul, Rotterdam School of Management, Erasmus University, The Netherlands
Katrin Burmeister-Lamp, Rotterdam School of Management, Erasmus University, The Netherlands

Principal Topic

The initial stages of a new venture are most precarious and many start-ups do not survive the first crucial years (Laitinen, 1992; Cooper et al., 1998; Timmons, 1990; 1999). Liabilities of newness and smallness make it difficult for new ventures to convince potential stakeholders of their value (Hannan and Carroll, 2000; Shepherd et al., 2000; Stinchcombe, 1965). How do entrepreneurs, who lack credibility and still have to prove themselves, cope with the uncertainty of starting a new venture? Following Sarasvathy (2001; 2008) we distinguish between two strategies that entrepreneurs can adopt when founding a new venture: causation and effectuation. Research suggests that the causal approach is more useful when dealing with fairly predictable conditions, such as those in existing markets, and that an effectual approach is more appropriate in case of new market creation (Chandler et al., 2009; Dew et al., 2009). As causation and effectuation are two alternative approaches, we argue that it is vital to understand their impact on new venture performance. There is no consensus on whether planning is always beneficial in early venture stages (cf. Brinckmann et al., 2010, meta-analysis on planning-performance relationship). Research on effectuation indicates a positive relationship with firm performance (cf. Read et al., 2009, meta-analysis on effectuation-performance relationship). The aim of this study is to examine to what extent effectuation, causation or a combination of the two support entrepreneurs in achieving their first milestones such as first sales and break-even point faster.

Method

We use data of the Global University Entrepreneurial Spirit Students' Survey (GUESSS) from 2011 including responses from a total of 93,265 students. Our sample consists of 2,036 student entrepreneurs from 25 countries.

Results and Implications

Contrary to our expectations, preliminary results suggest that causation and effectuation do not have a significant impact on time to first sale and time to break-even point. However, it appears that they are both important for explaining long-term performance with regard to sales, market share and profit.

CONTACT: Katrin Smolka; smolka@rsm.nl; (T): +31-10-4081981; Department of Strategic Management & Entrepreneurship, Rotterdam School of Management, Erasmus University, P.O. Box 1738, 3000 DR Rotterdam, The Netherlands.

SUMMARY

STARTUP COMPETITION AS A SOURCE OF ORGANIZATIONAL ENDOWMENTS FOR EARLY-STAGE VENTURES

Pek-Hooi Soh, Simon Fraser University, Canada
Elicia Maine, Simon Fraser University, Canada

Principal Topic

Entrepreneurship studies suggest that the success and growth of startups can be determined by the founding team members' prior experience in functional and market domains and by their social capital (Hsu, 2007; Shane & Stuart, 2002; Zhang, Soh, & Wong, 2010). However, for inexperienced entrepreneurs who have very good technical ideas and skills, can their limited initial organizational endowments be supplemented by the experience and social capital from others such as serial entrepreneurs or venture capital investors? In the market, there are experts experienced in managing or nurturing startups who are willing to play mentor and provide guidance to novice entrepreneurs with novel ideas. We are interested to study whether novice entrepreneurs who benefit from startup mentorship and guidance are more successful in growing their early-stage ventures than those who do not. The research context we choose to address the question is startup competitions in a regional economy. In such competitions, individuals with experience in startups from a local community are often invited to participate as mentors, judges, and sponsors in order to help early-stage ventures or novice entrepreneurs refine and pitch their creative business propositions, which in turn enhance their chances of acquiring further resources.

Method

Our research setting is a startup competition that has been held annually since 2001 in British Columbia, Canada. The competition proceeds in four rounds over a period of five months, with each successive round adding more rigorous tasks to the qualifying conditions. The invited judges assess and eliminate the participating ventures until the top 25 and the final 10 ventures emerge in round 3 and round 4 of the competition respectively. About 1400 new ventures had taken part in the competition from 2001 to 2011 and 295 proceeded to round 3. Of these ventures, 56% were still active as of 2012, whereas 44% either had closed or could not be located on the web. A web-based survey was designed, piloted, and sent out to the founders of 295 ventures in 2012. We received responses from 84 ventures, generating a response rate of 29%. We also interviewed five respondents to provide deeper insight.

Results and Implications

Startup competitions can simulate a market environment in which entrepreneurs compete for resources for their ventures. Therefore, understanding the conditions under which and for whom the startup competition process is most valuable and impactful will provide important insights into the economics of startup competitions, entrepreneurship education, and the development of regional entrepreneurship.

CONTACT: Pek-Hooi Soh; psa28@sfu.ca; Simon Fraser University, Beedie School of Business, Vancouver, BC, Canada.

SUMMARY

DEVELOPMENT OF EFFECTUAL BEHAVIOR – AN ENTREPRENEURIAL LEARNING APPROACH

Sølvi Solvoll, Nordland Research Institute, Norway
Gry Agnete Alsos, Bodø Graduate School of Business, University of Nordland, Norway

Principal Topic

This study analyzes the role of experience and learning on the development of effectual behavior (Sarasvathy 2001, 2008) among entrepreneurs during the start-up of a new firm. We take a human capital perspective to examine the various experiences of the entrepreneur and their influence on the development of effectual versus causal behavior. Following Unger et al. (2011), we do not limit our analyses to the static measures of human capital, but also seek to understand the influences of dynamic views related to learning, knowledge acquisition, and the transfer of knowledge to entrepreneurial tasks.

Method

We conducted longitudinal in-depth interviews with entrepreneurs from 5 businesses who were in the process of starting a new business within the experience based tourism industry in Norway. The first interviews took place early January 2013, and focused on the process of starting the businesses, which activities they undertook during the start-up process and cognitive elements in terms of decision making concerning different aspects of starting and running the business. Follow-up interviews were conducted 14 months after the first round and focused on entrepreneurial behavior (activities and cognitive elements) as well as entrepreneurial learning, to identify changes in behavior and potential relation to learning.

Results and Implications

Results indicate that human capital measured by education and different types of experience seem to be related to entrepreneurial behavior in rather complex ways. Situation specific entrepreneurial learning shapes and reshapes behavior of the entrepreneurs. For instance, learning through interaction with external partners, such as potential investors, tend to move the entrepreneur from effectual to causal behavior to meet expectations of external parties. However, while activities may relate to causal reasoning, their reasoning about this behavior may also include effectual elements, illustrating the potential variations in cognitive compared to the activity perspective of entrepreneurial behavior. This study contributes to the literature by examining the relationship between experience, learning, and entrepreneurial behavior. Hence, it also responds to calls for more empirical knowledge on antecedents to effectual and causal behavior (Perry, et al. 2012), and on the development of effectual and causal strategies over time (Smolka et al, 2013).

CONTACT: Sølvi Solvoll; sso@nforsk.no; (T): +47 984 90 004; Nordland Research Institute, P.O. Box 1490, NO8049 Bodø, Norway

SUMMARY

DOES A RELIANCE ON THE GOVERNMENT FOR SALES HINDER NEW VENTURE PERFORMANCE? A RESOURCE DEPENDENCE PERSPECTIVE

Curtis R. Sproul, West Virginia University, USA
Andrew M. Carnes, West Virginia University, USA
Matthew R. Marvel, West Virginia University, USA
Amanda Pozzuto, West Virginia University, USA

Principal Topic

Does a reliance on the government for sales hinder new venture performance? This study draws on resource dependence theory and seeks to understand the mechanisms new ventures can utilize to lessen potential negative impacts of an overreliance on the government for sales. Resource dependence theory, as described by Pfeffer (1972), demonstrates that businesses have a distinct disadvantage when dealing with the government. The size of the government will always be larger than the business seeking to sell to the government, government has the power of taxation and regulation, and government generally has many options from which to choose when securing needed products or services. Thus, we expect that new ventures that sell to the government will experience lower performance due to this dependent relationship. We further examine this relationship by evaluating methods that firms may use to balance this dependent relationship.

Method

To examine our research questions we use data provided by the Kauffman Firm Survey (KFS). The KFS began in 2004 and tracked nearly 5000 U.S. firms from their founding through 2011. Multilevel mixed effects linear regression was used to test the hypothesized relationships.

Results and Implications

The relationship between new firms and the government as a customer has been largely ignored. Evidence supporting the research question contributes to the literature in several ways. First, this study provides additional support to the often-proposed but seldom tested idea that firms in a disadvantaged power relationship experience lower performance due to this disadvantage. Perhaps the biggest contribution is the finding that firms have several methods at their disposal for increasing performance when they are dependent on the government for sales. Firms choosing to diversify are likely to improve performance by perhaps becoming less dependent on the government. Intellectual property creates a valuable and rare resource that provides greater price control. Securing financial support from the government may create a symbiotic relationship, causing the government to have a vested interested in the firm's success. Taken together, these findings highlight how new firms can be successful while selling to the government.

CONTACT: Curtis R. Sproul; csproul@mix.wvu.edu; (T): (304) 293-7964; College of Business and Economics, West Virginia University, Morgantown, WV 26505.

SUMMARY

RESOURCE-BASED CAPABILITY TRAJECTORIES OF NEW VENTURES

Paul Steffens, Queensland University of Technology, Australia
Leo Paas, VU University, The Netherlands

Principal Topic

A fundamental task of new firms is to assemble the resource-base needed to generate and appropriate rents from an opportunity. But how do emerging firms develop their resource-based capabilities in the first place? This is a question that has received surprisingly little research attention.

Some early case study insights suggest that emerging firms must transform their initial human, social, financial capitals into organisational capabilities. Traditional strategy perspectives theorise that firms must acquire, bundle and deploy resources. Other approaches to resource development include bootstrapping and more recently effectuation and bricolage. Notwithstanding these valuable research contributions, we were unable to identify any large-scale empirical studies that directly examined the evolution of resource-based capabilities of early-stage ventures over time. Since many theoretical insights have been provided, but a mature, comprehensive theory is yet to emerge, theoretical development can be regarded as intermediate. Consequently we seek to provide an empirical, quantitative exploration of this important phenomenon.

Methods

To make sense of new venture heterogeneity, we employ a novel technique, Latent-class Markov chains, that identifies clusters (latent classes) of new ventures with similar resource configurations from the data. We model the probability that an individual firm will transition from one resource configuration to another from year to year. We collected data in three waves as part of the CAUSEE (Australian PSED) study. 1,186 respondents completed the full Wave 1 interview but with attrition over our three waves of data collection due to both non-response and venture termination reduced our final sample to 634 firms (281 nascent firms and 353 young firms). Firm characteristics that act as antecedents of capability development include human capital, social capital, bricolage, collaboration, internal R&D and financial injections.

Results and Implications

Our results reveal four clusters (latent classes) of resource configurations. Two configurations are more common in the Nascent stage, with firms likely to transition to different configurations as young operational firms. This study contributes to knowledge by i) conducting the first large-scale, longitudinal empirical investigation of early-firm resource trajectories; ii) introducing of a novel methodological approach and iii) testing various theoretical predictions of antecedents of that explain differences in these resource/capability trajectories of new firms.

CONTACT: Paul Steffens; p.steffens@qut.edu.au; (T): +61 403026828; Australian Centre for Entrepreneurship Research, Queensland University of Technology, 1 George St, Brisbane, QLD, Australia.

SUMMARY

CULTURAL LEADERSHIP STEREOTYPES AND THE ENTREPRENEURIAL PROCESS: A MULTI-LEVEL, CROSS-NATIONAL STUDY

Ute Stephan, Aston Business School, UK

Principal Topic

We offer a fresh perspective on national culture and entrepreneurship research by exploring the role of Culturally-endorsed implicit Leadership Theories (CLTs) – culturally shared stereotypes of effective, outstanding leaders (Dorfman et al. 2012) – on individuals' engagement in entrepreneurship. Drawing on implicit leadership theory and the notion of culture-entrepreneurship fit, we hypothesize that self-protective and charismatic CLTs positively influence individuals' engagement in entrepreneurship. These CLTs emphasize self-interest and proactive leadership traits and thus capture leadership stereotypes particularly consistent with entrepreneurship. We hypothesize motivational self-selection and cultural legitimation processes through with CLTs impact the various stages of the entrepreneurial process differently. Finally we propose that CLTs are an important missing link in our understanding of how cultural values impact entrepreneurship.

Method

We use data from the Global Entrepreneurship Monitor (2001 to 2008) on 336,425 individual nested in 42 countries merged with GLOBE country-level data on CLTs and cultural values (House et al. 2004) and GDP. We apply logistic multi-level regressions and include a range of individual and country-level control variables. Our dependent variables are the individual likelihood of engaging in sequential stages of the entrepreneurial process: intention, nascent, new and established entrepreneurship.

Results

Self-protective and charismatic CLTs influence individual entrepreneurship positively and these effects increase in strength as they progress through the sequential phases of the entrepreneurial process (i.e. from entrepreneurial intention, nascent, new to established individual entrepreneurship). We further find evidence that self-protective and charismatic CLTs mediate the effect of cultural values (especially uncertainty avoidance) on individual entrepreneurship.

Implications

Our findings contribute to comparative entrepreneurship research by broadening our understanding of informal institutions impacting entrepreneurship. Considering CLTs, their function as mediators of the effects of cultural values, as well as the various stages of the entrepreneurial process helps clarifying past conflicting findings on the role of cultural values for entrepreneurship. Our findings highlight the usefulness of viewing and measuring entrepreneurship as a process in comparative entrepreneurship research. Regarding leadership research, our findings increase the understanding of consequences of CLTs by linking them to entrepreneurship. They also add to the scarce research on drivers of the motivation to lead and the emergence of strategic leaders by highlighting CLTs as contextual antecedents.

CONTACT: Ute Stephan; U.Stephan@aston.ac.uk; (T): +441212043183; Aston Business School, Aston Triangle, Birmingham, B4 7ET, UK.

SUMMARY

KEEPING UP WITH THE JONESES INVESTMENT PORTFOLIO: WHEN PREVENTION FOCUS DRIVES WILLINGNESS TO INVEST

Regan M. Stevenson, University of Central Florida, USA
Michael P. Ciuchta, University of Central Florida, USA

Principal Topic

Recent legislative changes (e.g. Title II of the JOBS Act) and technological advances (e.g. crowdfunding) are creating new opportunities for non-sophisticated investors to participate in private equity investments. Nonprofessional investor participation on a mass scale may have several implications for entrepreneurial finance. Using regulatory focus theory (Higgins, 1997; Lockwood, 2002), we explore individual psychological foundations that underlie nonprofessional crowdfunding investment decisions to enhance our understanding of this nascent private equity landscape.

Regulatory focus theory is a widely cited psychological theory which explains goal pursuit, motivation, and individual decision making processes. Individuals operate in two distinct orthogonal modes known as promotion focus or prevention focus. Prevention focused individuals have been shown to be more likely to avoid acts of commission and inherently risky investments (Bryant & Dunford, 2008; Burmeister-Lamp, Lévesque, & Schade, 2012; Higgins, Shah, & Friedman, 1997). However, by conceptualizing a new dimension within the regulatory focus framework (i.e., absolute/relative focus) our study hypothesizes that certain prevention-focused individuals are more willing to invest in risky ventures. We explore this dimension in an equity crowdfunding setting.

Method

We undertake a series of experimental studies using a sample of working adults (nonprofessional investors) and a between-participants design. Participants were directed to what they believed was a beta version of an equity crowdfunding web site where they reviewed entrepreneurial pitches and peer-relative social information. Data was collected on nonprofessional investor regulatory focus, willingness to invest, and individual difference variables.

Results & Implications

The results reveal significant heterogeneity along the prevention focus dimension. Interestingly, our findings demonstrate that certain types of information flips investment behaviors from acts of omission to acts of commission for relativistic prevention-focused individuals but not for absolute prevention-focused individuals. We posit that the fear of missing out drives this paradoxical behavior. We develop theory which outlines a novel focus dimension, known as absolute/relative focus. We conclude that an "absolute focus" is distinct from a "relativistic focus" and discuss how the inclusion of absolute/relative focus as a variable of interest may enhance regulatory focus theory.

CONTACT: Regan M. Stevenson; Stevenson@ucf.edu; (T): 1 407 375 6527; Department of Management; University of Central Florida, P.O. Box 161400, Orlando FL 32816 USA.

SUMMARY

AGE AT INITIAL INTERNATIONAL ENTRY: A META-ANALYTIC REVIEW OF ANTECEDENTS AND CONSEQUENCES

Jason A. Strickling, University of Tennessee, USA
David S. Jiang, University of Tennessee, USA
David W. Williams, University of Tennessee, USA
T. Russell Crook, University of Tennessee, USA

Principal Topic

Over the last 25 years, International Entrepreneurship (IE) developed into a unique field of study. Despite many accomplishments to date, recent reviews raise important questions about what we know about the antecedents and consequences of age at entry decisions, highlighting that "many knowledge gaps, theoretical inconsistencies, and conflicting predictions limit our understanding of IE" (Keupp & Gassmann, 2009: 601) and that "potential contradictions arise" with the effects of key antecedents (networks) on age at entry (Jones et al, 2011: 638).

Method

We developed a comprehensive list of phenomenon-specific keywords, conducted searches in *Business Source*, *JSTOR*, and *Google Scholar*, and culled all studies citing works by Oviatt and McDougall (1994, 2005) and Cavusgil (1994a, 1994b) as well as all papers in the *Journal of International Entrepreneurship*. To be included, each study had to contain a measure of the venture's age at entry, an antecedent (e.g., prior knowledge) or outcome (e.g., international scope), and correlations. We then used meta-analysis to aggregate the evidence. Meta-analysis yields a weighted average effect ($\bar{r}$) of the size of a relationship (Hunter & Schmidt, 2004) which minimizes the impact that sampling and measurement error have on any given studies' results.

Results and Implications

Results suggest that some key theoretical antecedents may not hold. Surprisingly, the greater the prior knowledge of the founder(s), the later the venture internationalizes. Although characteristics of the market entered did not influence when a venture internationalized, these characteristics influence the venture's post-entry international scope. Similarly, greater prior knowledge and an earlier age at entry lead to greater post-entry growth.

Our study takes a step toward resolving ambiguity in IE in three interrelated ways. First, the effects of antecedents on the age at entry decision may differ in counterintuitive ways from their effects on the outcomes of early entry. Second, our study suggests more research is needed to develop a more holistic theory of the drivers of age of initial international entry. Finally, a methodological focus on sampling on the dependent variable may have outlived its usefulness.

CONTACT: David W. Williams; dww@utk.edu; (T): 865-974-1666; (F): 865-974-2048; The University of Tennessee, 416 Stokely Management Center, 916 Volunteer Boulevard, Knoxville, TN 37996-0545.

SUMMARY

GENDER AND FIRM INNOVATIVENESS: ON THE ROLE OF ENTREPRENEURS' CAREER HISTORIES AND THE ACQUISITION OF DIVERSE SKILLS

Robert Strohmeyer, University of Mannheim, Germany
Vartuhi Tonoyan, Stevens Institute of Technology, USA

Introduction

Despite the importance of innovation for firm performance and also the creation of new jobs and wealth, gendered studies of innovation, entrepreneurship, and growth remain scarce. The main objective of our study is to develop and empirically test a model of the effect of gender on firm innovativeness.

We extend nascent work on this topic in two key ways. First, we invoke an inclusive conceptualization of innovation by studying its different types (i.e., product, process, market and organizational) and also its' different degrees of novelty (i.e., new-to-firm versus new-to-market and incremental versus radical). Second, extending a recently developed entrepreneurship theory, we suggest that differences in the scope of innovation exhibited by male versus female-headed firms can partially be explained by key differences in the knowledge diversity and career paths of the individuals heading such firms. Specifically, we call attention to differences in the extent to which male and female entrepreneurs are likely to possess skills indicative of being "jacks and jills of all trades".

Data and Methods

We analyze a large sample of 300 male and 600 female highly-educated entrepreneurs, the data which were collected through a representative, random sampling of individual households in Germany.

Our hierarchical **Poisson regression analyses** invoke multiple measures of firm innovativeness, multiple indicators of the "jack-of-all-trades" concept, and numerous control variables. Conducting a **Blinder-Oaxaca decomposition** of our regressions, we are able to determine the extent to which any observed differences in the innovativeness of male versus female-headed firms can be accounted for by differences in the degree to which male and female entrepreneurs resemble jacks-of-all-trades.

Contributions

Our preliminary findings reveal that the ventures headed by men tend to exhibit a greater scope of innovation than those headed by women. They also indicate that this is partially attributable to differences in the extent to which male and female entrepreneurs possess various skills indicative of being a jack-of-all-trades. Our analysis further suggests that the relationship between such skills and firm innovativeness is inverted U-shaped, i.e. being a jack-of-all-trades appears to be beneficial up to a certain point but then becomes detrimental.

CONTACT: Robert Strohmeyer; strohmeyer@ifm.uni-mannheim.de; (T): +49.621.181.2895; Institute for SME Research, University of Mannheim, L 9, 1-2, 68161 Mannheim.

SUMMARY

INPUT ADDITIONALITY OF PUBLIC R&D GRANTS: PANEL ANALYSIS OF GERMAN BIOTECHNOLOGY COMPANIES, 1998-2010

Robert Strohmeyer, University of Mannheim, Germany
Vartuhi Tonoyan, Stevens Institute of Technology, USA

Introduction

It remains an open empirical question whether public R&D grants complement private companies' R&D investments. They would do so, if they encouraged firms to undertake projects that would otherwise be unrealized or those which would be realized on a significantly smaller scale. Otherwise, subsidized firms would end up substituting public R&D grants with their own funding. Results of most prior evaluation studies on this topic have been misleading due to various reasons, however. Often, such studies were based on the assumption that government R&D grants are allocated randomly to firms. Increasing evidence suggests, however, that public policy-makers tend to cherry-pick the participants in such programs (Heckman, 2011; Hussinger, 2003). Moreover, government awardees also happen to be companies with the best ideas and stronger incentives for spending their own resources prior to applying for such support programs.

We seek to assess the extent to which firms receiving public R&D grants would have invested, had they not benefited from such government funding, by employing a so-called 'counterfactual approach' (Rosenbaum and Rubin, 1983).

Data and Methods

We study a total of 958 dedicated German biotechnology companies which is **the complete population of German biotechnology companies** that were founded between 1998 and 2010. Our data includes information on companies' annual sales, age, size, the R&D percentage, business model, and their areas of application. We compiled our data from different sources such as the Biocom, Creditreform and the European patent data.

We use the **propensity score matching** for testing our hypotheses.

Results

Our analysis supports the existence of input additionality. However, it seems that the **degree of the input additionality** of government awardees **-**i.e. the amount of money they have invested in their R&D activities, after having received the government funding**-** varies. Specifically, the input additionality seems to depend on a biotech company's size, their business model (i.e. their primary focus on production, service, or both), and also the degree of their internationalization. Furthermore, it seems to be moderated by the characteristics of life-science clusters (such as a cluster's size, age, and the share of VC funding) in which biotech companies are embedded.

CONTACT: Vartuhi Tonoyan; vtonoian@stevens.edu; (T): +1.201.216.8548; Howe School of Technology Management, Stevens Institute of Technology, Castle Point on Hudson, Hoboken, New Jersey 07030, USA.

SUMMARY

FINDING THE PASSION TO PERSEVERE: AN EXPLORATION OF THE MECHANISMS BY WHICH PASSION FUELS ENTREPRENEURIAL GRIT

Imran Syed, Oklahoma State University, USA
Brandon Mueller, Oklahoma State University, USA

Principal Topic

Recent research in psychology has revealed perseverance, or grit, to be a key self-regulatory construct capable of explaining variance in individual outcomes and success. Perseverance is particularly important in domains like entrepreneurship, where goals are often long-term in nature and persistence through significant hardship is required in order to succeed. Despite the common acknowledgement that grit is critical for entrepreneurial success, research on this aspect of self-regulation is still in its infancy. We know little about how/why certain entrepreneurs develop grit and others don't, or even how other important self-regulatory constructs are related to the development of grit. This study explores how passion, a construct of growing importance in the entrepreneurship literature, fuels entrepreneurial grit. Utilizing a self-regulatory framework, we draw on regulatory mode theory to identify the mechanisms by which passion leads to higher levels of grit. By doing so, we highlight the critical role that passion plays as an antecedent of grit and provide a nuanced view of how the two self-regulatory modes – locomotion and assessment – differentially affect grit. Overall, this study develops a model that helps explain the antecedents of grit by connecting two key elements in entrepreneurship – passion and self-regulation.

Method

Data were collected, through a survey, from 204 entrepreneurs with businesses located in twenty-six states of the United States. The measures used in the study have been previously established and validated. The article's hypotheses were tested using hierarchical linear regression.

Results and Implications

Our model explained a significant amount of the variance in grit, with results revealing that while passion enhances an entrepreneur's grit through the mechanisms of locomotion and learning goal orientation, assessment has a negative effect on grit. Interestingly, while entrepreneurial inclinations to "just do it" (via locomotion) strengthen an entrepreneur's perseverance towards select goals, inclinations to "do it right" (via assessment) lead to a comparison of alternatives and a tendency to desist or redirect efforts. These findings have important implications for entrepreneurs and for scholars as we explore the conditions under which entrepreneurial grit leads to successful individual and venture outcomes.

CONTACT: Imran Syed; imran.syed@okstate.edu; (T): +1 4055643320; School of Entrepreneurship, Oklahoma State University, 104 Business Bldg., Stillwater, OK 74078, U.S.A.

SUMMARY

BREAKING OUT OF THE BANK: HOW ENTREPRENEURS ENABLE COLLECTIVE EMERGENT INSTITUTIONAL ENTREREENEURSHIP THROUGH BITCOIN

Robin Teigland, Stockholm School of Economics, Sweden
Zeynep Yetis, Stockholm School of Economics, Sweden
Tomas Larsson, Kairos Future, Sweden
George Kuk, Nottingham University Business School, UK

Principal Topic

In recent years, the Bitcoin community has collectively developed an open source platform that allows for the mining of the Bitcoin currency as well as instant global peer-to-peer payments and financial transactions using Bitcoins - without any central authority.

As the Bitcoin community has grown, an ecosystem of entrepreneurs and start-ups supporting the currency scheme has developed. Examining the Bitcoin Foundation and the results of the most active members on the Bitcoin forum revealed that entrepreneurs developing their business based on Bitcoin are an extremely active group within both the formal and informal organization of Bitcoin.

We explore the Bitcoin community to better understand how this emergent, self-organizing online collective is acting as a game changer within the global financial industry and the role of entrepreneurs in enabling this. Since our early research results indicated a high degree of involvement by entrepreneurs in the Bitcoin community, we are particularly interested in investigating the different Bitcoin businesses entrepreneurs are establishing that enable the community to act as an institutional entrepreneur.

Method

We collected and analyzed two sources of data. First we accessed extensive Bitcoin secondary sources, e.g., Bitcoin forum, wiki, in addition to other online resources such as social networking sites, blogs, corporate websites, legal documents. Second, we scraped all the English messages posted on the online Bitcoin forum (https://bitcointalk.org) between November 2009 and January 2013. We also conducted seven semi-structured interviews with other Bitcoin entrepreneurs.

Results and Implications

Our investigation of the Bitcoin community has so far led to some preliminary findings. We find support for distributed institutional entrepreneurship in which institutional change results from the autonomous actions of countless agents converging over time. We find that it is the collective and not a single individual or organization that is responsible for initiating and implementing the changes. Entrepreneurs, the group of individuals who lead this institutional change, support one another through their communications on the forum as well as through driving the development of the Bitcoin technical platform, surrounding infrastructure, and commercial applications.

CONTACT: Zeynep Yetis; Zeynep.Yetis@hhs.se; (T): +46-8-736-9450; Center for Strategy and Competitiveness, Stockholm School of Economics, P.O. Box 6501, SE-113 83 Stockholm, Sweden.

SUMMARY

HORIZONTAL AND VERTICAL KNOWLEDGE SPILLOVERS: IMPACT ON FIRM EXPLORATION

Siri Terjesen, Indiana University, USA & Lund University, Sweden
Maksim Belitski, Henley Business School, University of Reading, UK
Pankaj C. Patel, Ball State University, USA

Principal Topic

The importance of spillovers from research and development (R&D) expenditure to firms' innovation efforts (Jaffe, 1986, 1988; Griliches, 1991) is widely acknowledged. Firms' investments in knowledge-related activities leak into the environment where these spillovers can be appropriated by other firms. Existing literature focuses on intra- or inter-organizational exploratory search efforts; however, we have limited understanding of how knowledge spillovers (hereinafter spillovers) from within (horizontal) and across (vertical) industries impact firms' decisions to engage in exploration -- that is, activities related to new search, risk-taking, and experimentation (March, 1991). We investigate: do horizontal and vertical spillovers in the environment facilitate or deter firm exploration efforts?

We posit that firms operating in environments with high levels of horizontal spillovers have limited incentives to pursue exploration as knowledge from this activity will flow to competitors. We also consider the impact of vertical spillovers from upstream and downstream firms which require the focal firm to adapt its technology portfolio based on the knowledge pools in the vertical value chain. As vertical restraints limit the scope of a firm's strategic actions (Rey and Tirole, 1986), vertical spillovers may dissuade the focal firm from engaging in exploratory search.

Method

We merged data on 10,313 UK manufacturers from 2002 to 2010 using the UK Community Innovation Survey, Business Survey Database, and Business Enterprise Research and Development surveys. We collated data at the Virtual Micro-data laboratory at the Office of National Statistics. We included traditional manufacturers with more than 10 employees. We tested our hypotheses with four cross-sectional datasets for 2002-2004, 2004-2006, 2006-2008, and 2008-2010 pooled together, controlling for endogeneity and unobserved heterogeneity across sector, time, and region.

Results and Implications

We find that firms operating in environments characterized by higher levels of horizontal and vertical spillovers engage in fewer exploration activities. Managers must consider how the availability of spillovers could subsidize innovation efforts by lowering costs of exploratory search. For policy makers, the findings indicate that the private sector's innovation decisions are conditional on the availability of spillovers. While greater knowledge spillovers are important policy outcomes, these spillovers could dissuade firms from undertaking radical innovations.

CONTACT: Siri Terjesen; terjesen@indiana.edu; (T): 812-855-2769; 650D, 1309 E. 10th St., Bloomington, Indiana 47405.

SUMMARY

ADDRESSING THE SUBCONSCIOUS: AN EMPIRICAL EXAMINATION OF INTROSPECTION ACCURACY BETWEEN STATED AND REVEALED PREFERENCES WHEN EVALUATING BUSINESS OPPORTUNITIES

Jana Thiel, ESADE Business School, Spain
Sung Min Kim, Loyola University, USA
Jan Brinckmann, ESADE Business School, Spain

Principal Topic

The evaluation and decision of what constitutes an attractive business opportunity remains of central interest to entrepreneurship scholars, educators and to the community of practice. In particular, the content and use of opportunity evaluation schemas has received strong attention in the literature. Previous studies have notably demonstrated that beliefs in form of opportunity scripts and reasoning strategies when evaluating opportunities change with entrepreneurial experience. However, little is known about the more subconscious processes that drive the development of those scripts through experience and their consistent use. Subconscious processes can be a crucial factor in complex and ambiguous decision contexts. They affect metacognitive capabilities and thus impact an individual's introspection and learning. Subsequently, this study examines the effect of subconscious drivers in opportunity decision-making. Specifically, we investigate how images of self with respect to vulnerability and capability affect introspection accuracy and resulting congruence when evaluating business opportunities.

Method

This study employs a quantitative design, using results of a choice-based conjoint experiment from 146 US-based individuals with different functional backgrounds and different levels of entrepreneurial experience. Adjacent to the conjoined experiment that yielded a total of 7,008 opportunity decisions we collected survey data from our participants to capture images of self and a range of additional background characteristics to control for in our analysis.

Results and Implications

The results point to several interesting insights. First, our data shows that images of self do indeed impact congruent opportunity decision-making. Notably, images of vulnerability negatively impact congruent opportunity decision-making and thus impede the acquisition of stable expert scripts. Second, we find that introspection accuracy improves for serial entrepreneurs, yet has an inverted U-shape with mere entrepreneurial tenure, which provides evidence for previously theorized relationships between entrepreneurial expertise and deliberate practice. Therefore, in addition to its empirical validation of subconscious processes, this study also contributes to an improved understanding of the formation of opportunity beliefs and entrepreneurial learning through practice and hence adds to a more nuanced picture of the development of entrepreneurial expertise.

CONTACT: Jan Brinckmann; jan.brinckmann@esade.edu; (T): +34-93-280 61 62 ext. 2219; ESADE – Building 1, Office 204; Av. Pedralbes, 60-62; 08034 Barcelona, Spain.

SUMMARY

PERSISTENCE AND START-UP SPEED OF INTRAPRENEURS

Matthias A. Tietz, IE Business School, Spain
Simon C. Parker, Ivey Business School, Canada

Principal Topic

We analyze differences between intrapreneurs and entrepreneurs regarding persistence and speed in their nascent start-up efforts. Despite established research that compares intrapreneurs and entrepreneurs (Weiss, 1981; Zahra, 1996; McDougall, Robinson Jr, & DeNisi, 1992; Shrader & Simon, 1997) and recent findings on the persistence of entrepreneurs (Holland & Shepherd, 2013; DeTienne, Shepherd, & Castro, 2008; Gatewood, Shaver, Powers, & Gartner, 2002), it remains less clear how the venturing mode (independent entrepreneur or intrapreneur) influences persistence and expeditious market entry in the earliest venturing stages. Understanding how entrepreneurs and intrapreneurs differ in speed and persistence helps interpreting findings based on existing ventures and set managerial expectations. It also contributes to the discussion on organizational impact on new venture creation. We offer theoretical explanations concerning differences in resource endowments, imprinting effects, embeddedness, legitimacy concerns and bureaucracy that influence both groups in their nascent venturing phase.

Method

To test our hypotheses, we utilize individual level data from the second US Panel Study of Entrepreneurial Dynamics. These data allow us to compare nascent start-up efforts of American intrapreneurs and entrepreneurs. The data reliably track start-up efforts in terms of persistence, withdrawal, and the time it takes to bring a nascent venture to market (Parker & Belghitar, 2006). Following 272 intrapreneurs' and 680 entrepreneurs, we develop a competing risk model inclusive of opportunity characteristics and organizational characteristics to analyze differences between intrapreneurs and entrepreneurs.

Results and Implications

Our findings suggest that intrapreneurs are more likely to persist with their early nascent venturing efforts than entrepreneurs. These effects are particularly strong in the early months after conception of the business idea, consistent with the notion of initial resource endowments and imprinting effects by the employer's organization. However, intrapreneurs are no faster in reaching the market than entrepreneurs. Theoretically, our findings show that the venture mode explains some differences in individual persistence with a nascent venture. For practitioners it becomes important to watch *how* intrapreneurs persist with their ventures. At present, it remains untested whether the higher persistence of intrapreneurs with their start-up efforts is a positive notion. Corporate decision makers might then want to consider the intrapreneurial venturing mode especially for the development of long and arduous projects where persistence is at a premium.

CONTACT: Matthias A. Tietz; matthias.tietz@ie.edu; (T): +34 915 688 296; IE Business School, Madrid, Spain 28006.

SUMMARY

DOES VENTURING CREATE FIRM VALUE? A CONFIGURATIONAL APPROACH TO UNDERSTANDING THE VENTURING-FIRM VALUE RELATIONSHIP

Varkey Titus, Jr., University of Nebraska, USA
Brian S. Anderson, University of Colorado, USA
Bret Fund, University of Colorado, USA

Principal Topic

Does venturing increase firm value? The relevant literature on the relationship between external corporate venturing--a corporate entrepreneurship strategy encompassing venture capital investments, equity joint ventures, and acquisitions--and firm value is decidedly mixed. In this study, we suggest a configurational approach to understanding the venturing-firm value relationship, positing that venturing per se is not likely to meaningfully increase firm value, but value will increase for firms employing venturing in particular environmental contexts and when adopting specific organizational structures.

We predicate our argument on an attentional perspective that operational concentration facilitates a strategic focus on venturing opportunities that add material value to the firm's core business. The diminishing extant opportunities in hostile environments similarly focus managerial attention on high value venturing opportunities. Collectively, operational concentration and a hostile operating environment provide strategic discipline to venturing activities, which investors in turn reward with higher firm valuations.

Methods

We used Thompson Financial's Securities Data Company (SDC) Platinum and VentureXpert databases, along with the North American Fundamentals Annuals and Historical Segments databases from COMPUSTAT to construct a panel of U.S. publicly traded firms engaged in equity-based external venturing activities in three different industries: information and communication technologies, chemicals, and medical and laboratory equipment from 1998-2008.

Results and Implications

Using a fixed-effects time-series cross-sectional estimator, we find support for our research model. Initial results using a two-stage least squares estimator further suggest that our focal independent variables are exogenously determined, giving us confidence in our specified model. Our study makes three contributions to the venturing literature. The first contribution is to clarify the venturing-firm value relationship by explicating the theoretical--and empirical--rationale for the contextual conditions necessary for venturing to meaningfully increase firm valuation. Our second contribution is to integrate attentional theory to the venturing conversation, and our third contribution revisits configurational approaches in the entrepreneurship literature by recognizing the fundamental dependencies of performance outcomes on the alignment between strategy, structure, and environment.

CONTACT: Brian Anderson: brian.s.anderson@colorado.edu; 303.492.2820; Leeds School of Business, University of Colorado, 995 Regent Dr., Boulder, CO 80309, USA.

SUMMARY

EARNING WHAT YOU KEEP? RESOURCE DEPENDENCIES AND POWER ASYMMETRIES BETWEEN ISSUERS AND UNDERWRITERS IN IPO MARKETS

David Townsend, Virginia Polytechnic Institute and State University, USA
Nari Kim, Washington State University, USA
Gilsoo Lee, Washington State University, USA
Sam Cho, Oregon State University, USA
Jonathan Arthurs, Oregon State University, USA

Principal Topic

Asymmetric information theories argue that underwriters utilize underpricing as a means to incentivize investors to be more forthcoming about their investment preferences and to cover any trading losses stemming from firm valuation errors (Derrien, 2005). Although information asymmetries undoubtedly lead to some underpricing, a growing volume of research contends that these perspectives are limited at best in explaining why underpricing is so pervasive (Ljungqvist, 2007; Ritter & Welch, 2002). In this study, we extend recent work in Resource Dependence Theory (Hillman, Withers, & Collins, 2009; Casciaro & Piskorski, 2005) and research on entrepreneurial power (Santos & Eisenhardt, 2009) to explore how the use of power by issuers and underwriters impacts the amount of IPO proceeds appropriated by issuers.

Method

To test our hypotheses we develop a random sample of 230 firms that conducted an IPO between 2003 and 2012. Collectively, our sample spans 42 different industry sectors thereby increasing the generalizability of our findings. Our first set of hypotheses predicts that the structural power of the underwriter will be negatively associated with pre-IPO price revisions and positively associated with IPO underpricing. Conversely, our second set of hypotheses predicts that the soft power of the issuer will be positively associated with pre-IPO price revisions and negatively associated with IPO underpricing.

Results and Implications

Consistent with these hypotheses, we find that the structural power of the underwriters appears to have a negligible impact on pre-IPO price revisions and post-IPO underpricing. Conversely, our analyses indicate broad support for the ability of organizations to utilize soft power to improve capital market outcomes for the firm through positive pre-IPO price revisions. However, these models also indicate that these same firms also must tolerate higher levels of underpricing. Collectively, these results suggest that a paradox regarding the use of soft power by issuers to improve capital market outcomes. On one hand, the use of soft power increases firm value pre-IPO but these issues must still tolerate higher levels of underpricing post-IPO.

CONTACT: David Townsend; davidmtownsend@gmail.com; (T): (504) 231-6353; Department of Management, Pamplin College of Business, 2007 Pamplin Hall (0233), Virginia Tech, Blacksburg, VA, USA.

SUMMARY

HAVE WE MADE IT? INVESTIGATING VALUE-CREATING STRATEGIES IN EARLY INTERNATIONALIZING VENTURES

Romeo V. Turcan, Aalborg University, Denmark
Anita Juho, Oulu University, Finland

Principal Topic

The extant research on early internationalizing ventures focuses primarily on these ventures' start-up phase or their initial internationalization. Scarce attention is paid to how these ventures grow, if at all, beyond their start-up phase or initial internationalization phase. This paper explores how international new ventures transition from internationalizing phase to being international phase and whether they actually *made-it* to that phase. Understanding whether and how these ventures reach their *made-it* point would contribute to our understanding of how early internationalization affect venture's survival and growth. We posit that dynamic capabilities in such ventures are seen as simple, experiential, unstable processes that rely on quickly created knowledge and iterative execution to produce adaptive, but unpredictable outcomes. For a capability to become established, it must have reached some threshold level of practiced activity – a *made-it point*.

Method

We adopted a multiple-case study research, purposefully selecting two small, software companies from Finland. We employed critical-incident technique to collect and analyze the data, conducting semi-structured interviews in the form of guided conversations with key decision makers and collecting unobtrusive data. The within-case analysis centered on firms' critical events and started from firms' inception through the start-up process to the made-it point; the cross-case analysis focused on similarities and differences between the cases.

Results and Implications

Impression capability emerged as an important part of value-creation strategy in early phases of internationalization, but to reach a made-it point this capability needs to be nurtured. Despite a number of made-it points, the transition from entrepreneurial to professionally run organization might not take place. This could be explained by the fact that entrepreneurs managed to develop substantive capabilities to produce desired outputs at various levels within the venture, including personal levels. International new ventures may fail to acquire dynamic capabilities in order to change and reconfigure existing substantive capabilities and eventually establish a dominant logic in the new venture during the start-up. Building on the dynamic capabilities view of the firm, the start-up process may be viewed as the emergence of an international new venture whereby early growth is achieved through strategic experimentation and knowledge augmentation applying entrepreneurial mode to decision-making.

CONTACT: Romeo V. Turcan; rvt@business.aau.dk; (T): +45 99408315; Department of Business and Management, Aalborg University, Fibigerstraede 10, DK-9220, Aalborg, Denmark.

SUMMARY

THE ROLE OF BRICOLAGE IN TRIGGERING EXPLORATION AND EXPLOITATION IN SMALL AND MEDIUM-SIZED ENTREPRISES

Roxana Turturea, Erasmus University, the Netherlands
Justin Jansen, Erasmus University, the Netherlands
Ingrid Verheul, Erasmus University, the Netherlands

Principal Topic

Acquiring sufficient resources for pursuing exploitation and exploration is particularly challenging for small and medium-sized enterprises (SMEs) (Cao, Gedajlovic and Zhang, 2009). Unlike larger organizations, SMEs rarely can create separate business units, some focusing exclusively on exploitation and some on exploration, to pursue structural ambidexterity. At the same time, when targeting contextual ambidexterity, SMEs may not have the necessary resources and managerial capabilities to accommodate concomitant exploratory and exploitative processes (Voss and Voss, 2013). As a result, SMEs are confronted with higher resource constraints when building and pursuing ambidextrous strategies. We propose that ambidextrous SMEs will make use of entrepreneurial bricolage to creatively use their available resources and overcome their resource limitations. We consider two TMT attributes, TMT networking ability and TMT cognitive diversity, and examine how they relate to bricolage and ambidexterity at the firm level.

Method

Our study uses data collected during spring 2013 as part of a large scale research project in the Netherlands. Our sample includes responses of 498 TMT members from 249 SMEs (for each firm, the CEO and a 2nd TMT member) operating in the Netherlands in different industries. To mitigate common-method bias concerns, we take the dependent variable (i.e., explorative and exploitative innovation) from the (management) team member surveys and the independent variables (i.e., bricolage, TMT cognitive complexity, TMT networking ability, controls) from the CEO surveys.

Results and Implications

In line with prior studies emphasizing the role of bricolage in alleviating resource constraints (Baker and Nelson, 2005), our findings show that bricolage is positively related to ambidexterity. However, having the necessary resources is not a sufficient condition to achieve ambidexterity; SMEs also have to be able to adequately allocate these resources across exploration and exploitation activities. Our results support the idea that bricoleurs allocate their resources more efficiently and creatively across competing activities and are more flexible with respect to their re-allocation. Our results also support the positive effect of TMT networking ability and cognitive complexity on bricolage.

CONTACT: Roxana Turturea; rturturea@rsm.nl; (T) +31104089096; Rotterdam School of Management, Erasmus University, Burgemeester Oudlaan 50, 3062 PA, Rotterdam, the Netherlands.

SUMMARY

DOES IMPROBABILITY MAKE FUNDING A POSSIBILITY? EXPLORING UNIQUENESS AND CROWDFUNDING OUTCOMES USING STATISTICALLY IMPROBABLE PHRASES

Marilyn A. Uy, Nanyang Technological University, Singapore

Principal Topic

Acquiring financial capital is an important topic in entrepreneurship. With adequate financial resources, entrepreneurs can jumpstart their venture ideas (Brush et al., 2001). Convincing potential resource providers to invest in their ventures is challenging for entrepreneurs because of the uncertainty involved in opportunity valuation (Hitt et al., 2001). Numerous ideas of nascent entrepreneurs fizzle out due to the lack of financial resources (Aldrich & Martinez, 2001). Uncovering why some ventures are able to secure funding while others are unable to do so is critical to address.

Language, communication, and stories play crucial roles in resource acquisition (Lounsbury & Glynn, 2001). "Stories help generate interest and commitment among potential resource providers by connecting to broader contextual narratives in such a way that the proposed endeavor appears *original and distinctive*" (italics added, Martens et al., 2007, p. 1108). We used the crowdfunding context to address how originality/novelty impacts resource acquisition. We anchor on Schumpeter's theorizing (Schumpeter, 1934) which considers novelty as a foundation of value creation (Amit & Zott, 2001) to hypothesize that projects which are unique relative to past projects will be successfully funded. We explore different degrees of uniqueness to identify the boundary conditions of our general hypothesis.

Methods

We will use the Statistically Improbable Phrases (SIP) technique in analyzing Kickstarter (a type of crowdfunding platform) project-pages. SIP was pioneered by Amazon for their "Search Inside!" program which compares all Amazon-indexed books. We followed the recommendations in matpalm.com/sip. Our dataset consists of over 64,000 Kickstarter project-pages starting from the oldest archived project until October 2013.

Implications

Our study has implications for entrepreneurship research and practice. We extend previous resource acquisition literature by examining to what extent uniqueness matters in funding acquisition in a context where the nature of how entrepreneurs signal quality and preparedness is unclear (Mollick, 2013).We also contribute to the crowdfunding literature, which still has very few published studies to date (e.g., Belleflamme et al., 2013; Mollick, 2013). From a practical standpoint, our findings will be useful for project creators (mostly nascent and early-stage entrepreneurs), as well as policy makers, development banks, and similar institutions that have been leveraging on crowdfunding for economic development.

CONTACT: Marilyn A. Uy; muy@ntu.edu.sg; (T): +6567906926; (F): +6567924217; Nanyang Technological University, S3-B2B-69, 50 Nanyang Avenue, Singapore 639798 SINGAPORE.

SUMMARY

ENTREPRENEURIAL COGNITION, DYNAMISM, AND THE CASE OF THE MIDDLE-EAST

Hamid Vahidnia, Texas Tech University, USA
Abdallah Assaf, Texas Tech University, USA
Ronald K. Mitchell, Texas Tech University, USA
J. Brock Smith, University of Victoria, Canada
J. Robert Mitchell, Western University, Canada

Principal Topic

Mohamed Bouazizi, a 26-year-old micro-entrepreneur, set himself on fire on December 17th, 2010, and was pronounced dead on January 4th, 2011, triggering what has been termed the Arab Spring. Having been refused entry into the army and other employment in a young country with a high unemployment rate, he had been working as a street vendor, until his wares were confiscated and he was harassed and humiliated by officials. His story demonstrates a larger problem in the Middle East: "The revolution has [reached] … other … states, whose frustrated young people are often written off as complacent" (Fahim, 2011). We wondered: Has the entrepreneurial potential of these young minds been underappreciated?

Moved by this story, we asked the following research questions:

- To what extent can entrepreneurial cognition research (e.g., Mitchell et al., 2002) shed light on the larger social challenges in the Middle East?
- How do Middle-East entrepreneurial cognitions differ from those of the rest of the world?
- How do Middle-East entrepreneurial cognitions differ across generations?

Method

We purposefully sampled 577 expert and novice entrepreneurs in Egypt, Iran, Saudi Arabia, and Turkey; each with a common culture and large population of youth in need of productive economic engagement. We measured entrepreneurial cognition (Mitchell et al., 2000) and transaction commitment mindset (Smith et al., 2009) using script cue recognitions as formative indicators for expert scripts and generational differences using age as a proxy indicator. We analyzed these data using exploratory factor analysis, MANOVA, ANOVA, regression and PLS.

Results

While similar to those found previously (in some respects), differences in entrepreneurial cognitions found by country within the Middle East may help explain aspects of the current entrepreneurial challenge in terms of both a transaction commitment mindset and the making of the venture creation decision. Our results, then, both support the concept of a global entrepreneurial mindset while also indicating important country differences. We also see evidence of generational differences in the arrangement and ability cognitions of entrepreneurs in this region, which (in the socially situated context of the Arab Spring), has implications for entrepreneurship public policy and education.

CONTACT: Hamid Vahidnia; hamid.vahidnia@ttu.edu; (T): 408-981-3230; Rawls College of Business, Texas Tech University, Lubbock, TX, 79409.

SUMMARY

THE COGNITIVE FOUNDATIONS OF BUSINESS MODEL INNOVATION: A MULTIPLE CASE STUDY

Anneleen Van Boxstael, Ghent University, Belgium
Marc Gruber, École Polytechnique Fédérale de Lausanne, Switzerland

Principal Topic

Technological innovation in itself rarely leads to commercial success. Technological innovations are more likely to succeed when they are coupled with a good business model innovation (Teece, 2010; Zott & Amit, 2008). Business model innovation refers to a business model which is without known precedent in the industry in which the focal firm competes (Amit & Zott, 2012; Chesbrough, 2010). Many examples show that successful business model innovations were realized by startup firms. However, little research in entrepreneurship has investigated which founding conditions help in the identification and implementation of business model innovation.

Entrepreneurship and strategic management literature has suggested that business model innovation requires 'cognitive diversity' among entrepreneurs, so that genuinely different and independent alternatives can be generated (Doz & Kosonen, 2010), or that attention structures play a significant role in business model innovation efforts (Bock, Opsahl, George, & Gann, 2012). Indeed, business model innovation – which is highly intertwined with the firm's core identity – is more likely to occur during a startup stage because the firm is then creating its identity (Siggelkow, 2001). Despite those tentative steps in investigating business model innovation, we specifically lack a deep understanding of *how* startups manage the tension between experimenting with business model innovations and simultaneously attempt to generate revenues in time. This paper aims to address this gap by studying the conditions which enable a startup to experiment with product and business model innovations and at the same time enable a startup to introduce the required amount of revenue structure to become sustainable in the industry.

Method and Results

This article draws on a qualitative inductive study in the tradition of theory elaboration and reports a longitudinal case research design with multiple cases. We develop case studies of eight firms in a single industry by performing interviews and collecting archival data. In addition to the primary sources of data we collected, we look at archival data. We analyze the data by building on individual case study summaries, archival data, and our field notes (Miles & Huberman, 1994; Yin, 2003). Our findings contribute to the discussion on business model innovation, which has questioned how business model innovators break many rules and change the way business is done in the whole industry (e.g. Amit & Zott, 2012; Bock et al., 2012; Chesbrough, 2010).

CONTACT: Anneleen Van Boxstael; anneleen.vanboxstael@ugent.be; (T): +32 9 264 79 63; Tweekerkenstraat 2, 9500 GENT, BELGIUM.

SUMMARY

ENTREPRENEURIAL OPPORTUNITIES AS TEMPORAL CONSTRUCTIONS

Elco van Burg, VU University Amsterdam, The Netherlands
Hans Berends, VU University Amsterdam, The Netherlands

Principal Topic

The central concept of entrepreneurial opportunity is a topic of much research, conceptualization *and* disagreement. We enrich the entrepreneurship literature by bringing in the concept of temporal work, which articulates how entrepreneurs link their interpretations of the past, present, and future to create and recreate strategic narratives in the form of a 'venture idea' that guides decision-making and action. To make sense of what's happening and to convince others of actions that need to be taken, the entrepreneur has to engage in temporal work. This focus on temporal work thus advances understanding of how entrepreneurial opportunities are constructed and change along the venturing process

Methods

We investigated seven comparable cases of nascent entrepreneurs engaging in the commercialization of technological inventions. We started with following one entrepreneur, using interviews on a monthly basis from the start of his venture. To complement this fine-grained account of temporal work, we added six other technology venturing cases, which were followed longitudinally using multiple interviews over five years. In analyzing these qualitative data, we coded among others how they talked about their expectations and imaginations of the future, their current situations and how they recollected and interpreted the past.

Results and Implications

We find that entrepreneurs (re)engage in temporal work as soon as the existing product/service offering and/or the business model needs to change due to external events, organizational commitments and/or technical possibilities that emerge. The entrepreneurs frequently had to reinterpret past actions and events or just ignore elements of their past, to create a narrative that meaningfully connected past, present and future. While such narratives typically highlighted continuity between past, present, and future, this continuity was not given but created. Thus, opportunities were continuously in-the-making. The creation of an integrating narrative was enabled by the multiplicity of the past and the future. As soon it becomes difficult to create meaningful connections between their past activities and what they imagine as the desirable future, the entrepreneurs often invented a meta-concept of their venture. In sum, this study advances understanding of how the entrepreneur's temporal work is central in the (re)creation of a coherent business opportunity.

CONTACT: Elco van Burg; j.c.van.burg@vu.nl; +3120598251; VU University Amsterdam, Faculty of Economics and Business Administration, De Boelelaan 1105, 1081 HV Amsterdam, The Netherlands.

SUMMARY

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

Elco van Burg, VU University Amsterdam, The Netherlands
Tomas Karlsson, Chalmers University of Technology, Sweden
Mariëtte Kaandorp, VU University Amsterdam, The Netherlands

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.

CONTACT: Elco van Burg; j.c.van.burg@vu.nl; +3120598251; VU University Amsterdam, Faculty of Economics and Business Administration, De Boelelaan 1105, 1081 HV Amsterdam, The Netherlands.

SUMMARY

AUTONOMY DYNAMICS

Marco van Gelderen, VU University Amsterdam, the Netherlands

Principal Topic

Freedom and constraints of freedom are at the heart of small business motivation and practice. Autonomy (or independence or freedom) motivated small business starters and owners need to balance their autonomy wishes with the demands of the business environment that they face. This study questions the idea that business ownership automatically provides autonomy (as a lived experience), and instead posits that autonomy-motivated small business owners have to work actively to attain and maintain autonomy. The aim of this study is to uncover strategies that small business owners use to navigate autonomy-related challenges. Its second aim is to derive a process model of autonomy.

Method

The research design utilizes a qualitative methodology, showing 38 small business owners a range of vignettes that depict autonomy-related tensions of the kinds mentioned above. The owners are asked to give advice to the protagonists in the vignettes, and to relate their own stories with regard to autonomy-related challenges.

Results and Implications

Customers are perceived to be the main potential constraint of autonomy, business partners are typically seen as a solution to autonomy-related challenges, and high levels of perceived autonomy go together with high responsibility and constraint ratings. Whether a business owner actively experiences autonomy is not best assessed by asking for the degree of decisional freedom, but rather whether that degree of freedom is voluntarily chosen. This implies that a distinction can be made between currently exercised (CE), temporarily sacrificed (TS), and involuntarily lost (IL) decisional freedoms.

Based on that distinction, a model of autonomy dynamics is derived. Business founders start out in the CE, TS or IL space, depending on, for example, a lack of dependence on the financial revenues, the degree of customization, and whether business ownership emerges out of necessity. Various movements between the three spaces are depicted, such as a temporary swing from CE to TS because of the stage of the business or the importance of an assignment or order; or a movement from CS to TS to IL because of financial pressure or destructive conflict between business partners, with the inverse movement in case of financial success and successful cooperation. Overall, the actual exercise, temporary sacrifice, or involuntary loss of autonomy is a function of power vis-à-vis the business environment.

CONTACT: Marco van Gelderen; margeld@dds.nl; (T): +31205989908; VU University Amsterdam, FEWEB, De Boelelaan 1105, 1081HV Amsterdam, the Netherlands.

SUMMARY

BOARD CAPITAL AS ANTEDECENT FOR BOARD SERVICE EFFECTIVENESS IN EARLY STAGE HIGH TECH FIRMS: A LEARNING PERSPECTIVE

Elien Vandenbroucke, Ghent University, Belgium
Mirjam Knockaert, Ghent University, Belgium
Deniz Ucbasaran, Warwick Business School, UK

Principal Topic

Early stage high tech firms are confronted with a number of challenges, related to their lack of legitimacy, resources and capabilities. These problems are exacerbated by the often homogeneous nature of the top management teams (TMTs) and in such contexts, the board can help to overcome the lack of human capital by engaging in a *service* role. Moreover, high technology ventures require extensive new knowledge creation and exchange in order to succeed. As a result, the relatively homogenous TMT of early stage high tech firms could learn from the additional experience a board brings. Building on learning theory, we propose that board capital will positively affect board service effectiveness (defined as the impact of the board's engagement in its service role). Further, the intensity of interaction between the "teacher" (board) and "student" (TMT) is important in the learning process. Finally, the knowledge bases between teacher and student should not be too different for knowledge to be effectively exchanged and learning to take place.

Method

We build upon a population consisting of all early stage high tech firms located in Belgium. Given that our study focuses on the added value of the outside board for the TMT, those firms without at least one outside board member were eliminated, hereby reducing our sample from 175 to 129, of which 81 firms were willing to cooperate. The primary data was collected during face-to-face interviews with the CEOs in 2012-2013. We used hierarchical regression analysis to study our hypotheses.

Results and Implications

First, we found positive relationships between board prior working and sector experience and board service effectiveness. Further, the relationship between board sector experience and effectiveness is positively moderated by intensity of interaction. Finally, the impact of board capital, both in terms of prior working and sector experience, on board effectiveness is negatively moderated by cognitive distance.

Our findings have implications for both entrepreneurship and corporate governance literatures. Despite the calls to link board studies with team research, few papers have integrated TMT and board characteristics. Further, our research has implications for entrepreneurial TMTs and their stakeholders, and policy makers.

CONTACT: Elien Vandenbroucke; elien.vandenbroucke@ugent.be; (T): +329 264 3537; Ghent University, Tweekerkenstraat 2, 9000 Ghent, Belgium.

SUMMARY

THE IMPACT OF SUBNATIONAL REGION ON THE GROWTH OF NEW VENTURES: EMPIRICAL EVIDENCE FROM US VENTURE-BACKED FIRMS

Siddharth Vedula, University of Colorado, Boulder, USA
Claudia Doblinger, University of Regensburg, Germany

Principal Topic

We examine the impact of the region in which a new venture is located on its performance. A substantial body of research seeks to understand the sources of performance heterogeneity across startup firms. Existing research has predominantly focused on how factors directly associated with the firm (e.g. founding team characteristics, venture capitalist backing) might influence start-up performance. Hence, there is a limited amount of work examining how broader regional characteristics matter, and little consensus in the literature on whether and to what degree start-up firms derive competitive advantage from their local environment vis-à-vis other sources.

Method

To examine the impact of subnational region on new venture performance, we conduct a variance decomposition analysis (e.g., Schmalensee, 1985; Fitza et al., 2009). Our sample is based on data from Thomson ONE and consists of 6.531 venture-backed US start-ups across 171 economic areas (EAs). We treat these EAs, which are defined by the Bureau of Economic Analysis, as distinct subnational regions for the purpose of our analysis.

Results and Implications

Understanding the strategic implications of location choice is an important, yet understudied topic in entrepreneurship research. Unlike extant work in this area that has examined the implications of startup location on innovation or survival, our study is novel in examining growth as a performance metric. Within the variance decomposition literature, our study is novel in its focus on the startup context. In extant work (e.g. Ma et al., 2013), regional effects on firm performance have been quantified in the context of established firms. However, larger firms might be less dependent on the local environment in comparison to start-ups that are more influenced by local economic, political, and socio-cultural conditions.

Our findings indicate that regional effects are more important than industry and startup stage (i.e. seed, early, late) effects in determining start-up performance. In addition, a split-sample analysis of regional effects suggests that subnational region is a particularly important determinant of start-ups at a nascent stage (e.g. those who have only received seed funding). By quantifying the importance of regional location for start-up growth, this study allows us to understand the generalizability of existing research, and adds to the growing literature on how regions influence new venture performance.

CONTACT: Siddharth Vedula, siddharth.vedula@colorado.edu, (T): +1 303-263-9388, 419 UCB, University of Colorado Boulder, Boulder, CO, 80309, USA.

SUMMARY

THE ROLE OF FUTURE TIME PERSPECTIVE IN EXPLAINING ENTREPRENEURIAL INVOLVEMENT OF INDIVIDUALS ACROSS COUNTRIES

Jacob Vermeire, Vlerick Business School, Belgium
Miguel Meuleman, Vlerick Business School, Belgium & Imperial College Business School, UK

Principal Topic

Entrepreneurial involvement, as indicated by an entrepreneur's growth expectations is widely used but little understood. We conceptualize growth expectations as cognitions that are culturally contingent. A culture's future time perspective (FTP) is an important concept in advancing our understanding of growth expectations because growth is inherently embedded in the future. We draw from FTP theory to explain differences in growth expectations across countries. In cultures with a strong FTP, people tend to have more realistic cognitive representations of distant future goals. Our key assumption is that entrepreneurs with a strong FTP culture are better in estimating the feasibility of long term growth. We also expect FTP to interact with individual level and macro level variables such as entrepreneurial experience and economic development.

Method

We estimated our dependent variable, individual-level growth expectations, with multi-level models applied to 2006-2009 data from the Global Entrepreneurship Monitor in 44 countries. Our measure of FTP comes from the GLOBE study. We also include a number of other variables in our analysis, both at the individual (e.g. entrepreneurial experience) and country level (e.g. economic development). We use linear hierarchical regression models to test our hypotheses.

Results and Implications

Results support the hypothesis that FTP is significantly related to entrepreneurs' growth expectations. The stronger entrepreneurs' FTP culture, the closer their growth expectations correspond to an estimation of actual growth potential, but interactions are observed with the level of economic development and entrepreneurial experience. We contribute to the growth aspirations literature by explicitly defining growth expectations as a cognitive variable, thereby delineating it from other concepts such as growth motivation and growth intention. To our knowledge, this is the first in-depth empirical analysis of the impact of FTP on individual-level growth expectations in a large number of countries. Moreover, as little progress has been made on the actual role of time in entrepreneurship since the special issue on time and entrepreneurship in ET&P (1997), this study puts time again on the agenda of entrepreneurship research and calls for further investigations in the role of temporal cognition in the entrepreneurial process of discovering and exploiting opportunities.

CONTACT: Jacob Vermeire; jacob.vermeire@vlerick.com; (T) +32 92109830; Entrepreneurship, Governance and Strategy Area, Vlerick Business School, Reep 1, 9000 Ghent, Belgium.

SUMMARY

PRIOR INDUSTRY EXPERIENCE, EXTERNAL SUPPORT AND NEW VENTURE SURVIVAL

Peter Vogel, Ecole Polytechnique Fédérale de Lausanne & University of St. Gallen, Switzerland
Marc Gruber, Ecole Polytechnique Fédérale de Lausanne, Switzerland
John Dencker, University of Illinois at Urbana Champaign, USA

Principal Topic

A growing body of research highlights that individuals with a broad set of skills and experiences are more likely to become entrepreneurs than those with a narrow base of knowledge, yet little is known about how breadth of knowledge affects start-up performance. In particular, extant theory generates contrasting accounts of this relationship, and the scant available evidence is inconclusive. Moreover, because this research tends to focus primarily on individual characteristics, it often ignores the social and contextual factors that may interact with founder human capital to influence outcomes in this regard. We seek to fill in this critical gap in knowledge by generating a framework that explores the impact of breadth of knowledge on new firm survival, both individually, and in conjunction with external knowledge and emotional support.

Method

Our empirical analysis is based on a sample of formerly unemployed firm founders that started companies with the support of dedicated government programs in Western Switzerland. Data collection was performed using a survey instrument that was delivered to participants through the government agencies. We calculated the probability of new venture failure using discrete-time event history analysis.

Results

Our findings reveal that the probability of new venture survival significantly decreases with breadth of industry experience. However, as the breadth of founder experience increases, survival chances are increasing in increasing amount of external support. We conclude by discussing implications of our findings for entrepreneurship, organizational theory, and public policy.

CONTACT: Peter Vogel; peter.vogel@epfl.ch; (T): +41 (0)21 693 01 04; College of Management; Ecole Polytechnique Fédérale de Lausanne; ODY-1.17; Station 5; 1015 Lausanne; Switzerland.

SUMMARY

WHEN LESS IS MORE: THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION UPON FUNDS RAISED AT INITIAL PUBLIC OFFERING

William Wales, James Madison University, USA
Fariss Mousa, James Madison University, USA
Steven Harper, James Madison University, USA

Principal Topic

This study examines the influence of entrepreneurial orientation (EO) on the amount of capital raised by a firm at the time of its initial public offering (IPO). We draw on signaling theory to develop insights concerning the influence of EO upon IPO firm valuation. Research exploring EO generally suggests a positive effect of the strategic orientation on firm performance (Rauch et al., 2009). Nonetheless, key knowledge voids remain concerning the influence of EO on organizational functioning and outcomes, particularly concerning EO's potential influence upon firm resource access. Firm resource levels are of particular concern given that EO has been theorized to represent a resource intensive strategic posture (Covin & Slevin, 1991). In exploring this area, it is theorized that the manifestation of EO directly affects firm resource levels post-IPO by influencing investor perceptions of the company's prospects. The present study provides insight into two timely research questions: Does EO influence IPO firm market valuation? In other words, is the amount of capital raised by a firm through IPO influenced by its level of EO at the time of IPO? Moreover, can organizations manage the size of the check they receive at the time of IPO by either limiting or expanding the scope of their external executive board commitments?

Methodology

We used archival sources, IPO firm prospectuses, to gather the data required for this study from Edgar Archives. We gathered data on young, high-tech firms less than eight years old that went public in the United States during a five-year period (2001-2005). The final sample contained 109 firms. We examine EO using two secondary measures based upon computer-aided text analysis of the firm disclosures. TMT external board activities were measured dichotomously, e.g. whether TMT members were associated with external boards at the time of IPO. The dependent variable used is log IPO Value.

Key Findings & Implications

This research is particularly important because it explicates and empirically tests the influence of EO on the acquisition of financial resources through IPO. Intriguingly, greater EO was associated with reductions in the amount of capital gained at the time of IPO. The interaction between EO and TMT external directorate networking was also negative and significant. We draw out in our discussion the theoretical implications of our work and also help map potential entrepreneurial strategies for practice.

CONTACT: William Wales; bill.wales@gmail.com; (T): 518-478-6044; James Madison University, Harrisonburg, VA 22801.

SUMMARY

SUCCEEDING IN THE VIRTUAL MARKETPLACE: THE ROLE OF ENTREPRENEURIAL SELF-EFFICACY AND VIRTUAL SELF-EFFICACY

Zeying Wan, Saint Mary's University, Canada
Taiyuan Wang, IE Business School, Spain
Yinglei Wang, Acadia University, Canada

Principal Topic

Building on the self-efficacy literature, we suggest that self-efficacy of online business owners plays a critical role in determining their creativity and performance. In general, self-efficacy is a major factor that influences people's performance (Judge & Bono, 2001). Thus, in the virtual marketplace where online business owners are responsible for most of the operations, their self-efficacy is likely to affect online business performance. Different types of self-efficacy function depending on people's tasks and contexts (Gong, Huang, & Farh, 2009), suggesting the importance to conceptualize self-efficacy specifically relevant to online business operations. Considering key activities required in a venturing process, we use entrepreneurial self-efficacy (ESE) to capture task-specific self–efficacy. In addition, because online business owners face a virtual business environment, we include virtual self-efficacy (VSE) to capture their context-specific self-efficacy. VSE is defined as "an individual's belief in his or her abilities to use information communication technologies and accomplish work tasks virtually" (Wang & Haggerty, 2011:304). We believe these two specific types of self-efficacy, ESE and VSE, have positive effects on online business performance, through enhancing owners' operational creativity.

Method

We collected survey data on ESE, VSE, and operational creativity from more than 300 business owners registered on Taobao.com, one of the largest trading platforms in the world. All the measurements of the constructs included in this study are adopted or adapted from prior studies. We measure online store performance by adopting six items used by Stam and Elfring (2008) and measure operational creativity using a seven-item scale adapted from Gong et al. (2009). We used structural equation modelling (SEM) to test the hypotheses.

Results and Implications

We found sellers' entrepreneurial self-efficacy and virtual self-efficacy are positively associated with their operational creativity and online seller's operational creativity is positively associated with his/her performance in online marketplaces. We contribute to the entrepreneurship literature in two ways. First, we further knowledge of self-efficacy by theorizing about and testing the direct and interactive effects of two types of self-efficacy, ESE and VSE. Previous researchers have highlighted the importance of a situated approach to understanding self-efficacy (Judge, Jackson, Shaw, Scott, & Rich, 2007). Second, we investigate the effect of operational creativity and suggest a mechanism through which entrepreneurs can achieve superior performance in the virtual marketplace.

CONTACT: Taiyuan Wang; Taiyuan.Wang@ie.edu; (T): +34 917-452-418; (F): +34 917-452-148; C/Pinar 7, Bajo, Madrid, 28006, Spain.

SUMMARY

GENDER AND ENTREPRENEURIAL PERFORMANCE: TESTING A HOLISTIC FRAMEWORK

John Watson, The University of Western Australia, Australia
Roxanne Zolin, Queensland University of Technology, Australia

Principal Topic

Murphy et al. (1996) note that, in assessing business performance, it is important to consider the goals of the owner because goal theory suggests that "goals serve a directive function; they direct attention and effort toward goal-relevant activities and away from goal-irrelevant activities" (Locke and Latham 2002, p.706). Research also suggests that entrepreneurial goals are impacted by a person's human, financial and social capital and, in some cases, these attributes can vary by gender. The aim of this study, therefore, was to test a holistic framework for assessing entrepreneurial performance that incorporates the impact of gender on internal resource availability (human, financial and social capital) and how, in turn, this impacts: the entrepreneur's goals; the investment (both time and money) in their new venture; and the venture's performance outcomes.

Method

To model new venture performance outcomes we use CAUSEE (Comprehensive Australian Study of Entrepreneurial Emergence) data on 559 young firms (collected through telephone surveys) that were identified through a random survey of the Australian population and then tracked over a three-year period (Waves 1-3). Using structural equation modelling, we then examine the relationships between: gender; internal resources available (i.e. human, financial and social capital); entrepreneurial goals (in terms of business growth); business inputs (financial and time); and performance outcomes (actual business growth).

Results and Implications

Our preliminary results indicate that a majority of the paths examined are significant and in the expected direction. For example: previous start-up experience (one of the human resource capital variables) is significantly related to growth expectations; growth expectations is significantly related to the time invested in establishing the new venture; and time invested in establishing the new venture is significantly related to growth outcomes. Interestingly, with respect to the expected relationship between gender and internal resources there was one notable exception: females appear just as likely as their male counterparts to have engaged in a face-to-face business network for the purpose of establishing their new venture.

CONTACT: John Watson; John.Watson@uwa.edu.au; (T): +61 8 6488 2876; (F): +61 6488 1047; Business School, The University of Western Australia, 35 Stirling Highway, Crawley WA 6009, Australia.

SUMMARY

INNOVATION, FINANCIAL INDEPENDENCE OR BOTH – WHAT DRIVES SOCIAL IMPACT THE MOST? EMPIRICAL EVIDENCE OF SOCIAL ENTERPRISES

Christiana Weber, Leibniz University Hanover, Germany
Jeffrey Overall, Leibniz University Hanover, Germany

Principal Topic

At the core of any social enterprise is the generation of social impact. Given its importance, we aim to understand what drives social impact the most. We therefore refer to Dees and Anderson (2003, 2006) who suggest three types of social enterprises along the intersection of two schools of thought: (1) social enterprise (John 2006), (2) social innovation (Zahra et al., 2009), and; (3) a hybrid. To analyze which of these is most likely to result in social impact; we build clusters and test the underlying assumptions of each model by measuring financial independence, degree of innovation, increase in innovation, social impact, and network support.

Method

We analyzed data from 363 social enterprises worldwide. Surprisingly, our results not only conflict with the social enterprise (John, 2006) and social innovation schools of thought (Zahra et al., 2009), but also with Dees and Anderson's (2006) hybrid approach. Considering that the suggested types are not supported, we endeavor to understand those variables that eventually lead to the highest social impact. By applying a structural equation model, we demonstrate that the increase in innovation is the most important contributor to social impact. Interestingly, we found a negative relationship between financial independence and social impact, which contradicts the social enterprise school of thought. Indeed, the relationship between financial independence and social impact is non-linear and when self-generated revenue exceeds the tipping point of 50% of total income, social impact begins to decline.

Results

With these results, we make three contributions. First, we demonstrate that neither the degree of innovation nor the financial independence significantly influence social impact. Second, we show that the increase in innovation is the most important aspect of social innovation. Third, with the negative relationship between financial independence and social impact, we contradict previous assumptions (Bacq & Janssen, 2011) and support those who called for more caution regarding a strong financial orientation (Dacin et al., 2010). It can be inferred that when enterprises become too focused on generating income, they appear to lose focus of their social mission. Striving for financial independence seems to be a wise decision at the beginning. However, this reaches a point of marginal utility in that increasing financial performance beyond a certain level results in a decline of social impact. In summary, the ideal model to reach the highest social impact incorporates some financial independence, an increase in innovation, and a supportive network.

CONTACT: Christiana Weber; christiana.weber@ufo.uni-hannover.de; Leibniz University Hanover, Germany.

SUMMARY

DRIVING FACTORS OF INNOVATION IN FAMILY AND NON-FAMILY FIRMS

Arndt Werner, University of Siegen and Institut für Mittelstandsforschung Bonn, Germany
Christian Schröder, Institut für Mittelstandsforschung Bonn, Germany
Simone Chlosta, University of Siegen, Germany

Principal Topic

Prior findings are inconclusive concerning the innovation activities of family SMEs when compared to non-family counterparts. This study overcomes some of these shortcomings by providing a theoretical and empirical analysis of differences between family and non-family SMEs with regard to product and process innovation outcomes as well as R&D Partnerships. Using data of 1.870 SMEs located in Germany in 2011, we argue that the main characteristic of family SMEs is the unity of ownership and leadership when compared their non-family counterparts. Deriving a set of hypotheses from this assumption, we we explore how lower agency costs, local embeddedness, long-term orientation and effective corporate governance structures influence the ability to generate product and process innovations in family firms compared to their non-family counterparts.

Method

The empirical part of the study follows a quantitative approach, mainly multivariate analysis with focus on mediator effects. The estimation sample includes firms from all sectors (i.e., manufacturing, construction, retail and the service sector). Overall, we obtained detailed information on firm's age and size, family ownership, management structures, market strategies, research and development cooperation's, past intra-family successions, employee fluctuation as well as on the product and process innovation output of each firm.

Results and Implications

We show that small family firms benefit from low transaction costs which results in higher innovation activities. However, this effect seems to disappear as family firms become larger. In addition, we find that older family firms conduct more research and development activities with local partners due to emergent regional networks. Third, the data show that family firms seem to be better able to build up specific knowledge through the long tenure and lower employee fluctuation which, in turn, leads to a higher level of innovation output. Finally, we can show that innovation output continuously falls from generation to generation reflecting a more conservative innovation strategy next generations of family firm leaders. In sum, we see our results as an important contribution for future policy implications as they give answers to the question why family firms in Germany increase or decrease their innovation activities.

CONTACT: Arndt Werner; werner@ifm.bonn.org; (T): +49 228 7299744; University of Siegen and Institut für Mittelstandsforschung Bonn, Maximilianstrasse 20, 50825 Bonn, Germany.

SUMMARY

ENTREPRENEURSHIP AND PSYCHOLOGICAL DISORDERS

Johan Wiklund, Syracuse University, USA and Stockholm School of Economics, Sweden
Holger Patzelt, Technical University Munich, Germany
Dimo Dimov, University of Bath, UK

Principal Topic

Entrepreneurship research has largely attributed positive entrepreneurial outcomes to positive psychological characteristics using theories and empirical associations grounded in mean tendencies. As such, entrepreneurship represents merely a context for general psychological theory rather than an arena for developing unique psychological theory. We venture outside the realm of the ‘normal’ and instead sample extreme individuals at the tail of the distribution. We explore the efficacy of using theories about abnormalities, examining the potential positive effects in entrepreneurship of otherwise negative psychological deviations. Specifically, we explore the implications of ADHD and autism.

Methods

As there is little theoretical antecedent to our research, we apply a grounded theory approach extracting insights from multiple, purposefully selected cases. We follow theoretical sampling and interviewed 15 entrepreneurs formally diagnosed with ADHD and/or autism. These disorders are common, hereditary, acknowledged in several prominent entrepreneurs, and there is theoretical reason to believe that certain symptoms are consistent with entrepreneurship. Respondents diagnosed with these disorders were identified through support organizations.

We used semi-structured interviews focusing on the interplay between their particular disorder and their entrepreneurial paths, seeking to elicit rich descriptions. Analyses build and refine the conceptual categories emerging from the data and develop tentative propositions, continuing the process until we reach theoretical saturation. We use an iterative process utilizing theoretical arguments from the literature, which improves construct definitions and underlying arguments.

Results and Implications

We identify a multitude of traits and behaviors related to their entrepreneurial endeavors that are consistent across the cases. When framed in psychiatry terms, these traits and behaviors are consistent with the broad *negative* categories of poor self-regulation, impulsivity and boundarylessness. When framed in entrepreneurship terms, these traits and behaviors are consistent with the broad *positive* categories intuition, gut feel, effectuation, action orientation and entrepreneurial orientation. These findings have multiple implications. They suggest that certain characteristics are simultaneously strengths *and* weaknesses – the uncertainty of the context influencing which dominates; that several behaviors at the tails of the distribution likely have both positive and negative implications, which entrepreneurship research has not considered; and that entrepreneurship can allow otherwise maladapted individuals to flourish.

CONTACT: Johan Wiklund; jwiklund@syr.edu; (T): 315 559 2144; Syracuse University, Syracuse, NY.

SUMMARY

BRIDGING OR BONDING? ENTREPRENEURS' BROKERING RESOURCES FOR NEW VENTURE EMERGENCE

Trenton A. Williams, Kelley School of Business, Indiana University, USA
Dean A. Shepherd, Kelley School of Business, Indiana University, USA

Principal Topic

Social networks play a catalytic role in organizational emergence, leading scholars to explore the antecedents and outcomes of entrepreneurs' social relationships. Brokerage social relationships—namely, relationships that connect otherwise disconnected individuals in social or economic relations to facilitate the exchange of valued resources—are associated with several advantages, such as information for innovation, information exchange, and social control. Entrepreneurs are brokers in that they bridge gaps in social structures to facilitate the flow of goods, services, information, or opportunities across those gaps. There is a gap in our understanding about how variance in brokerage relationships influences founders especially as it relates to resource mobilization and compassion-organizing outcomes. By exploring this gap, we hope to explore the different forms of value these roles likely generate. In this study, we ask the following questions: are there differences in the brokerage relationships of founders who start ventures in response to wide-spread suffering caused by a disaster, and how do these differences influence firm founding activities and effectiveness in achieving key objectives? We answer these questions by building on theory on compassion organizing from the field of positive organizational psychology and on resource management to develop a brokerage model of the emergence of compassionate new ventures.

Methods

We use structural equation modeling and network analysis to test our model on a sample of 143 ventures that emerged in the aftermath of a natural disaster. We gathered data into "case histories" for each of these ventures and then used content analysis to derive variables for our structural equation model. Structural equation modeling allows us to simultaneously test a system of equations in exploring our research questions of interest.

Results and Implications

The data supports two sets of theoretical arguments. First, when organizing compassion to alleviate others' suffering, both bridging and bonding brokerage relationships indirectly influence ventures' compassionate response through different resource-management approaches (i.e., resource bundling and search). This argument suggests that both types of brokerage relationships generate value in the compassion-organizing context but that they influence different organizational outcomes. Second, and related to the first argument, the brokerage dilemma may not be relevant in a compassionate-organizing context, for which the primary goal is to alleviate suffering as opposed to maintaining gaps in a network. This suggests possibilities for new insights into brokerage outcomes based on relaxing the previous assumption of the desire for a long-term network gap.

CONTACT: Trenton A. Williams; trenwill@indiana.edu; (T): 940-368-6017; Kelley School of Business, Indiana University, 1309 E. Tenth Street, Bloomington, IN, USA, 47405-1701.

SUMMARY

EXPLORATION AND EXPLOITATION IN NEW VENTURES: COMBINING INTRA- AND INTER-ORGANIZATIONAL LEARNING FOR CAPABILITY DEVELOPMENT

Yuanyuan Wu, University of Windsor, Canada
Paola Perez-Aleman, McGill University, Canada

Principal Topic

This study investigates how technology ventures develop capabilities through the lens of explorative and exploitative learning within and across organizations. We distinguish capability development from product development (involving multiple capabilities), and capability initiation from capability development (involving institutionalization after initiation through repetition). A capability development may take one of the four modes: internal exploration; external exploration; internal exploitation; and external exploitation. Capability exploration refers to the initiation of a new capability that is never possessed by a firm; capability exploitation refers to the improvement and adjustment of an existing capability to adapt to new situations. Capability exploration can occur inside the venture (e.g., R&D capabilities developed in-house), or outside the venture (e.g., relational capability developed through collaboration). A new capability initiated externally through collaboration may stay external or be brought into the venture, adjusted and exploited to meet the venture's proprietary uses; and vice versa. Therefore, in the case of capability exploitation, the source of the existing capability defines another layer of differentiation: the exploitation of a capability that is initiated through internal exploration, or the exploitation of a capability initiated through external exploration.

Method

We adopt an inductive, qualitative method through in-depth case studies, drawing on the field data on early-stage capability development of six Montreal-based, health-related biotech companies.

Results and Implications

The data shows that a dominant mode of capability development after the inception research (i.e., internal exploration), is the internal exploitation of a capability initiated through external collaboration. For resource-constrained new ventures, external exploration leverages diverse resources and ideas, and facilitates new capability initiation in a cost-efficient manner. The new capability can be further exploited in the venture when it is able to find a way to transfer and apply the capability to internal uses and harvest its value in the long term independently from the partnership. Hiring key people and nurturing absorptive capacity drive this process of internal capability exploitation, and enable the transition to the next exploration. This study supports the duality between exploration and exploitation, and the complementarity between intra- and inter-organizational learning. It demonstrates that beyond internal exploration, learning to exploit the exploration initiated from partnerships is essential for new ventures' capability development.

CONTACT: Yuanyuan Wu; ywuuw36@uwindsor.ca; (T): 1-519-253-3000-3137; (F): 1-519-973-7073; Odette School of Business, University of Windsor, 401 Sunset Avenue, Windsor, ON, Canada, N9B 3P4.

SUMMARY

FEAR OF FAILURE: THE DARK SIDE OF ENTREPRENEURIAL ROLE MODELS

Michael Wyrwich, Friedrich Schiller University Jena, Germany
Michael Stuetzer, Ilmenau University of Technology, Germany
Rolf Sternberg, Leibnitz University Hannover, Germany

Principal Topic

Why are some people more likely to become an entrepreneur? A great deal of research dealing with this question focuses on the influence of entrepreneurial role models (peers) on the decision to start a firm (e.g., Sorenson and Audia, 2000). These studies argue that observing entrepreneurs in the local environment provides opportunities to learn about entrepreneurial tasks and signal that entrepreneurship is a favorable career option (see Fornahl, 2003). We add to this literature by asking the questions whether observing failing entrepreneurs triggers an entrepreneurship-deterring feedback on others. Based on a simple sender-receiver model we argue that observing successful entrepreneurs reduces other people fear to fail (H1) while observing failing entrepreneurs should increase other people fear of failure (H2). In a second step we extend the sender-receiver model with the concept of shared mental models (Denzau and North, 1994). In this respect, we argue that the social approval of entrepreneurship is a shared mental model and thus determines the perception and interpretation of role models. We hypothesize that the cushioning effect of knowing an entrepreneur on fear of failure is weaker in regions with low approval of entrepreneurship than in high approval regions (H3). Contrariwise, the amplifying effect of failing role models is stronger in low approval regions than in regions with high approval of entrepreneurship (H4).

Method

We test our hypotheses by combining individual-level data from the Global Entrepreneurship Monitor project in Germany (years 2003-2006, 2008) and regional-level data on firm failure. The recent German history provides a quasi-natural experiment as East Germany with its socialist history and legacy can be regarded as a region with low approval of entrepreneurship while West Germany is seen as a high approval area. Our dependent variable is the revealed fear of failure regarding entrepreneurship. This is measured with the GEM question of whether fear of failure would prevent the respondent from starting a firm (1 = yes, 0 = no). The extent of local firm failure is measured with the ratio is the ratio between the annual number of failure exits and the respective number of start-ups.

Results and Implications

The results show that knowing other entrepreneurs reduces fear of failure in others, while the local extent of firm failure increases fear of failure. The effect of knowing other entrepreneurs on fear of failure is weaker in East Germany. As firm failure has a strong negative impact on the entrepreneurial propensity of others it can then be regarded as a negative perceptual externality of business failure.

CONTACT: Michael Wyrwich; michael.wyrwich@uni-jena.de; (T): +49 3641 943 223; School of Economics and Business Administration, Friedrich Schiller University Jena, Carl-Zeiss-Str. 3, 07743, Jena, Germany.

SUMMARY

WHEN DOES INNOVATION SPEED MATTER

Xiaoming Yang, Henry Bloch School of Management, USA

Principal Topic

Innovation speed is one of the most important decisions which entrepreneurs must make. However, existing literature contains conflicting results on how innovation speed affects firm performance. Past research has found that faster innovation speed reduces development costs, improves product quality, receives faster market feedback, reaps "pioneering" advantages, achieves higher average profit and market share. Other scholars argue that faster innovation speed provides fewer product benefits, costs more, compromises product quality, and increases emphasis on low-profit trivial innovations. In this study we attempt to examine when innovation speed is good and when it is bad for new ventures. The explicit assumption of this research is that the relationship between innovation speed and performance is contingent on the type of market the firm served.

Method

We surveyed 1,000 companies from Dun & Bradstreet's (D&B) database list of new businesses started in 2007. All the firms are in the following industries: 1) computer game, video games and toys; 2) consumer electronic and electrical equipment, electronic components, and accessories; 3) household appliances; and 4) computer related products and software. A mail survey was used to collect data. The survey was administered following the total design method for survey research (Dillman 1978).

Results and Implications

The result shows that, in general, more rapid innovation speed seems to be associated with better profitability. The relationship between innovation and innovation performance follows an inverted U-shaped function for product in a mature market, whereas in an emerging market, such a relation follows a U-shaped function. In mature markets, too slow or too fast innovation speed may all leads to bad performance. The best performance can only be achieved when the innovation speed reach an optimal point. Furthermore, only at the very highest levels of innovation speed do we start to see a downturn in profitability, which the literature suggests will occur when costs begin to increase beyond the point of diminishing returns. In emergent market, in order to be profitable, the firm should be either extremely slow or be very fast. A "moderate" innovation speed seems to be less profitable than either very fast or very slow innovation speed.

CONTACT: Xiaoming Yang; xyhcd@mail.umkc.edu; (T): +(1) 816 8386216; Department of Global Entrepreneurship and Innovation, The Bloch School of Management, University of Missouri - Kansas City 5100 Rockhill Road, Kansas City, MO 64110-2499, USA.

SUMMARY

ENTREPRENEURS' IDENTITIES IN DIFFERENT CONTEXTS: A COMPARISON BETWEEN HIGH-TECH AND SOCIAL ENTREPRENEURS

Ronit Yitshaki, Bar Ilan and Ariel Universities, Israel
Fredric Kropp, Monterey Institute of International Studies, USA

Main Topic

Entrepreneurial identities are cognitive schemas of interpretations and behavioral meanings that characterize entrepreneurs (Shepherd & Haynie, 2009; Murnieks, Mosakowski and Cardon, 2012). Entrepreneurs refer to themselves through self-categorization that establishes meanings and expectations associated with that role. Entrepreneurs' self-identity is comprised by their action-orientation as innovators and risk-takers, and by their peripheral characteristics as organizers, facilitators and communicators. Entrepreneurs maintain two contradictory needs: distinctiveness and a need to differentiate the self-identity and a need for inclusiveness and belonging to a particular social group (Shepherd and Haynie, 2009). Anderson and Warren (2011) argue that entrepreneurs face the paradoxical identities sameness and otherness. Although entrepreneurs have multiple and paradoxical micro-identities, they are expected to present identity synergy and a high level of relatedness between identities (Pratt and Foreman, 2000).

In this study we explore entrepreneurs' identities in two different contexts: high tech and social entrepreneurship. We propose that entrepreneurs identities may be organized in less synchronized ways as entrepreneurs can introduce their identities as a sequence of events, reflections and characteristics (Giddens, 1991) rather than by their overt actions as entrepreneurs as seen socially

Methods/Key Propositions

Based on life stories of 40 Israeli entrepreneurs, 20 high tech and 20 social entrepreneurs the findings indicate that high tech entrepreneurs' expressed less synchronization between identities as compared to social entrepreneurs. High-tech entrepreneurs' narratives toward their identities contained self-criticism of their sameness and otherness. High-tech entrepreneurs tend to diminish their personal capabilities as contrasted to their mystified image as social heroes. Compared to high tech entrepreneurs, social entrepreneurs presented higher synergies between their identities. Social entrepreneurs devote less attention to their need to synchronize sameness and otherness.

Results/Implications

Our findings extend the literature in several ways. First, it compares entrepreneurs' identities in different contexts and shows differences in types of entrepreneurs. Secondly, the findings contribute to the understanding that entrepreneurial identities have several overlapping dimensions of evolution: 1. the individual level - evolution identities of each entrepreneur story, 2. the contextual level – identities evolution within the context in which the organization operates (high-tech or social arenas) and 3. the cultural level – the evolution of entrepreneurial identities within given culture. Thirdly, the findings contribute to the entrepreneurial affect literature.

CONTACT: Ronit Yitshaki; yitshr@mail.biu.ac.il; Bar Ilan University, Ramat Gan, 52900, Israel.

SUMMARY

THE EFFECT OF NATIONAL INSTITUTIONAL CONTEXTS ON OPPORTUNITY FORMATION

Susan L. Young, Seton Hall University, USA
Christopher Welter, Georgia Southern University, USA
Michael Conger, University of Colorado, USA

Principal Topic

While discovery and creation opportunities may co-exist in the same geographical space, are there institutional environments where the formation and exploitation of one type of opportunity may be more effective than another? Institutions can define firms' wealth-maximizing opportunities, thus influencing entrepreneurial decisions. Prior literature has examined the importance of national differences in culture and social structure to entrepreneurial activity. However, less attention has been paid to how institutional differences within and across national contexts affect how entrepreneurs form opportunities. When faced with inefficient factor and product markets, entrepreneurial firms may organize operations differently than when markets function efficiently. Examining how context—especially national institutions—affects opportunity type is significant to our understanding of the phenomenon. This study therefore seeks to examine how economic freedom—or constraint—affects entrepreneurial firms' ability to make decisions regarding formation and exploitation of opportunity.

Method

We consider the relationship between institutional support for economic freedom and type of opportunities (discovered or created) developed, using 108,846 ventures across 60 countries taken from GEM. We explore how national differences in economic freedom, determined by aspects of a nation's regulatory environment, influence the A) likelihood of entrepreneurial activity and B) nature of opportunities developed within these environments. Specifically, that regulatory institutions reflecting the ability of entrepreneurial firms to (1) start, operate, and close a business, (2) contend with foreign competition, (3) own and protect their property, and (4) establish and fulfill their own labor requirements, affect number of start ups as well as whether the opportunity being developed would more typically be considered "discovery" or "creation."

Implications

We theorize the more freedom associated with an institution, the greater the propensity for a discovery opportunity to develop, while the more constraining an institution (more government control) the greater the likelihood for creation. This suggests the Kirznerian view of "alert" entrepreneurs creating growth by correcting market inefficiencies may be less useful in weak institutional contexts. Policymakers may wish to consider how strong institutional support for entrepreneurship might enable discovery of opportunities that can build upon and strengthen existing markets while weak support could limit entrepreneurship to more rare and challenging opportunity creation.

CONTACT: Susan L. Young; susan.young@shu.edu; (T): 973-761-9505; (F): 973-761-9217; 400 South Orange Avenue, South Orange, NJ 07079.

SUMMARY

INDUSTRY KNOWLEDGE AND NEW VENTURE SURVIVAL

Shaker Zahra, University of Minnesota, USA
Giuseppe Criaco, Jönköping International Business School, Sweden
Lucia Naldi, Jönköping International Business School, Sweden
Bárbara Larrañeta, Pablo de Olavide University, Spain

Principal Topic

Industries are important arenas where new ventures (NVs) compete, aiming to survive. Evidence suggests that the external environment, and especially the industry in which a venture competes, may contain important sources of knowledge and technologies that enable and constrain ventures to keep abreast of new technological developments and changes in their customers' needs and demands. We propose that an industry's knowledge endowments influence the survival of NVs. To explore the effect of industry knowledge on firm survival, we draw on the knowledge-based view, KBV. We focus on only a particular strand of knowledge— technological knowledge— and define it as scientific knowledge applied to useful purposes (Berchicci, 2012; Huber, 2012; Siegel & Renko, 2012).

Method

We test our hypotheses using unique cohorts of NVs funded in Sweden during the period 2003-2006 in medium-high and high technology industries with a window of observation between 2003 and 2010. Industry knowledge dimensions are based on patent data gathered from the European Patent Office. We also control for other firm and industry level factors that have proven to affect survival; i.e. industry concentration, profitability, firm level aspects.

Results and Implications

This study identifies an intriguing pattern in knowledge-related determinants of NV survival. Though most recent studies have taken an inside-out perspective and focused on the survival and growth implications of the knowledge base internal to the firm, especially the knowledge and experience of the entrepreneur(s), we find that the industry knowledge is an important aspect to consider, underscoring how some dimensions of the industry knowledge may impact new ventures' survival. The study examines the subtle but crucial importance of the industry on NV survival, an effect that materializes through the knowledge---the material from which innovation is made. As such, the results add to the KBV by showing the effect of industry knowledge on new ventures' survival.

CONTACT: Shaker Zahra; zahra004@umn.edu; (T): +1 612/626-6623; Strategic Management and Organization Department, Carlson School of Management, University of Minnesota, 321 19th Ave. S., Minneapolis, MN 55455 U.S.A.

SUMMARY

PRICING ENTREPRENEURIAL FIRM EXIT: AN INSIGHT FROM MEDIA INDUSTRY ACQUISITIONS DURING THE 2008 FINANCIAL CRISIS

Y. Lisa Zhao, University of Missouri-Kansas City, USA
Andrew C. Burkemper, University of Missouri-Kansas City, USA

Principal Topic

Private entrepreneurial firms often lack assets and a proven track record, which makes it difficult for potential acquirers to assess the synergies that they could create through the acquisition and for entrepreneurs to know the true value of their own firms. In addition, this information ambiguity is further compounded by potential information asymmetry, which could result in serious “lemon” problems. Furthermore, entrepreneurs often do not know how to find potential buyers due to the lack of a ready market, which could reduce the firms’ liquidation competiveness. This study develops and tests a theoretical model to analyze how entrepreneurs, investors, and acquirers interact in pricing entrepreneurial firms in media industry acquisitions. By doing so, we attempt to aid our understanding of how information ambiguity, information asymmetry, and liquidity constraints affect the acquisition premium.

Method

The sample for this study is obtained from the Peachtree Media Advisors 2008 and 2009 M&A round-up reports. It consists of transactions that disclosed the acquisition price, involved targets that were privately-held young firms (15 years or younger), and comprised acquirers that were publicly-traded firms. We used a variety of sources during our data collection process to confirm the data provided in the round-up reports and to identify other key variables such as revenue of acquirers and targets, price multiples of acquirers and targets, acquirer acquisition strategy, target venture funding, CEO experience, and board information.

Results and Implications

The valuations of the transactions rise significantly in 2009 compared to 2008. Basic statistics show that the acquisition premium is positively related to acquirer revenue (but not revenue growth), firm size, size of the board, number of outside directors, and size of the top management team. Surprisingly, the acquisition premium is not related to acquirer research and development spending or market strategy, and it is negatively related to acquirer new product strategy. Further, targets that received equity funding had higher acquisition premiums, and the acquisition price is positively related to target revenue, CEO experience, and firm size.

CONTACT: Y. Lisa Zhao; zhaol@umkc.edu; (T): 816-235-5153; Department of Global Entrepreneurship and Innovation, Henry W. Bloch School of Management, 5110 Cherry Street, Kansas City, Missouri 64110, United States.

SUMMARY

THE ROLE OF EMOTIONAL INTELLIGENCE ON ENTREPRENEURS' PERCEPTION OF SUCCESS

Haibo Zhou, University of Groningen, The Netherlands
Isabel Estrada, University of Groningen, The Netherlands
Ana Bojica, University of Granada, Spain

Principal Topic

While scholars have widely relied on business-oriented criteria (e.g. profitability) to measure entrepreneur success, recent studies show that the primary motivations of many entrepreneurs are rather driven by person-oriented factors (e.g. personal satisfaction). In order to promote valuable entrepreneurial activities that lead to innovation and economic growth, policy makers must understand how entrepreneurs perceive their own success. Prior research shows that individual-level factors (e.g. age, gender, education, personality traits) correlate with the preference for certain success criteria. In this study, we introduce emotional intelligence (EI), i.e. *the ability to monitor one's own and other's feeling and emotions, to discriminate among them and to use this information to guide one's thinking and actions* (Salovey & Mayer, 1990, p.189), as an additional factor that may influence how entrepreneurs perceive their own success.

Method

Using survey data from 111 Dutch entrepreneurs, we test whether and how EI is related to different success criteria. To measure our variables, we relied on items (6-point Likert scales) from previous studies. Using factor analysis, we constructed multi-dimensional variables, checking the Cronbach-alpha reliability coefficients. Breusch-pagan test shows that our dependent variables are significantly correlated; our analyses are thus based on seemingly unrelated regression models.

Results and Implications

Our analyses indicate that EI as a whole positively correlates with several success criteria, i.e. employee satisfaction, social responsibility, personal satisfaction, customer satisfaction and business performance. Therefore, entrepreneurs with higher EI are not only motivated by person-oriented factors but also by business-oriented factors. Looking at sub-dimensions of EI, our results show a different picture on the correlations between certain EI dimensions and success criteria. For instance, entrepreneurs with high self-regulation levels are likely to evaluate their success based on business's performance and growth, while those with high ability to recognize other's emotional reactions and responding empathically to them are less likely to perceive business performance as a success indicator. We contribute to the entrepreneurship field by showing that EI contributes to explaining how entrepreneurs asses their success, a link neglected in the literature.

CONTACT: Haibo Zhou; h.zhou@rug.nl; (T): +31 50 363 8284; Department Innovation Management and Strategy, Faculty Economics and Business, University of Groningen, P.O.Box 800, 9700AV, Groningen, The Netherlands.

SUMMARY

MAKING SENSE OF DECISIONS ABOUT UNDERPERFORMING VENTURES

Fei Zhu, Nottingham University Business School China, China
Stewart Thornhill, University of Michigan, USA

Principal Topic

Decisions about the (dis)continuance of underperforming ventures are critical because of the implications for owner-managers' financial situations, social relationships, and psychological states. Existing research mainly focuses on the factors influencing the likelihood of (dis)continuance with an underperforming venture, with less attention given to owner-managers' thinking about such decisions. To fill in this research gap, we examine the metaphors that owner-managers use to describe their decisions about underperforming ventures and the impact of two self-images—fear of failure as a vulnerable self-image and human capital and entrepreneurial self-efficacy as a competent self-image—on owner-managers' use of metaphor. This research extends our knowledge of entrepreneurial persistence by uncovering owner-managers' theories-in-use when deciding the future of underperforming ventures. It also furthers our knowledge about the role of self-image, especially fear of failure, in the entrepreneurial process.

Methods

Ninety-eight small business owner-managers were interviewed and asked to use a metaphor to describe decisions about underperforming ventures. Information about these owner-managers' individual characteristics was also collected after the interview. To analyze the data, we first conducted content analysis and categorized the metaphors used by owner-managers. These metaphor categories were then regressed on self-images to examine its influence on use of metaphor.

Results

Content analysis revealed five categories of metaphors highlighting (1) a sense of loss (e.g., "leaving part of myself behind"), (2) an analysis of whether to persist (e.g., "stop the bleeding"), (3) the continuance of underperforming ventures (e.g., "It's like a turtle, moving slow and steady"), (4) positive thinking (e.g., "mixed blessing"), and (5) a balancing act (e.g., "teeter totter"). We also found that owner-managers' use of metaphor was influenced by fear of failure, entrepreneurial self-efficacy, and general human capital. Furthermore, owner-managers differ on the five dimensions of fear of failure used different metaphors when describing decisions about underperforming ventures.

CONTACT: Fei Zhu; fei.zhu@nottingham.edu.cn; +86-574-88180092; Nottingham University Business School China, Ningbo City, Zhejiang Province, 315100, China.

SUMMARY

EXPLORING THE ROLE OF OBSERVATION IN THE ENTREPRENEURIAL PROCESS

Ricardo Zozimo, IEED, Lancaster University, UK
Sarah L. Jack, IEED, Lancaster University, UK
Ellie Hamilton, IEED, Lancaster University, UK

Principal Topic

This paper extends understanding about socio-cognitive frameworks of entrepreneurial learning (Cope and Down, 2010; Kempster and Cope, 2010; Ofstein and Renko, 2011). In particular, it builds upon the socio-cognitive framework of Bandura (1977) to generate insight into processes of observational learning and how these relate to entrepreneurship. While Bandura's (1977) work has been linked with particular outcomes of observation such as entrepreneurial intentions (Mungai and Velamuri, 2011; Ofstein and Renko, 2011; Scherer *et al.*, 1989) or self efficacy (Wilson *et al.*, 2007), we argue that Bandura's (1977) framework is equally appropriate to generate understanding about the processes associated with outcomes.

Method

Guided by the research question *what is the role of observational learning in the entrepreneurial process?,* a qualitative life course research methodology was used to collect data about the learning processes (Giele and Elder, 1998) of sixteen entrepreneurs from various backgrounds and industries. In the initial stages of the research, participants were asked to draw a timeline to illustrate - in a chronological way - who the "most significant people" had been on their entrepreneurial journey (Kempster, 2009; Rae and Carswell, 2001). Participants were then later invited to participate in face-to-face calendar interviews (Belli and Callegaro, 2009). These individual interviews allowed us to explore in-depth the relevance and impact each person included in his/her illustration had on the entrepreneur and the process each respondent was immersed in. Data analysis used life course research procedures. Each participant was treated as a case where all his/her observations were analysed using life charts (Benjamin *et al.*, 2008; Silverman, 2000).

Results and Implications

Data patterns reveal that in the entrepreneurial context, observational learning occurs within particular domains: three learning domains prior to start-up (Home, School and Workplace) and four post start-up (Home, Business, Peers and Public Figures). This paper shows that three dimensions – person, model and environment – influence entrepreneurial observation, although with varying emphasis for each learning domain. Indeed, the emphasis is on model and environment prior to start up and on the person post entrepreneurial decision. The implications of this work reinforce the need for further development of entrepreneurial learning theorising from a socio-cognitive perspective (Cope and Down, 2010; Ofstein and Renko, 2011). In addition, this work suggests that observational learning processes differ from prior to post start up in terms of sources, motivations and learning mechanisms.

CONTACT: Ricardo Zozimo; r.zozimo@lancaster.ac.uk; (T): +44 1524 594340; (F): 1524 594743; Institute for Entrepreneurship and Enterprise Development, Lancaster University Management School, Lancaster, UK LA1 4YX.

BABSON

Ivey Business School

WESTERN UNIVERSITY · CANADA

Pierre L. Morrissette
Institute for Entrepreneurship