SUMMARY

THE INTEGRATION PHASE OF DYADIC CORPORATE-START-UP COLLABORATIONS: A DIGITAL TECHNOLOGY PERSPECTIVE

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Principal Topic

The inception of digital technologies into the global business landscape has been posing threats to the very existence of established firms operating under traditional business models (Nambisan et al., 2017). Consequently, to push into the digital realm and to ensure a sustaining competitive advantage, established firms increasingly initiate technological collaborations with start-ups (Benson & Ziedonis, 2010). However, extant research lacks an understanding of how the process of external technology integration in such asymmetric partnerships unfolds under the consideration of technological attributes (West & Bogers, 2014). We address this limitation through the lens of the generative capacity of digital technologies, i.e. “the capacity of a technology or a system to be malleable by diverse groups of actors in unanticipated ways” (Zittrain, 2006, p. 1980). The digital context provides an intriguing setting as the generative capacity of digital technologies emphasizes the notion of complementarity in asymmetric partnerships and thereby makes the role of digital technology attributes in corporate-start-up collaborations particularly observable.

Method

In light of the exploratory character of this study, we employ a qualitative, inductive research approach (Eisenhardt & Graebner, 2007). We use a multiple case design, investigating 24 dyad-level corporate-start-up collaborations (Eisenhardt, 1989; Yin, 1994). To compile the collaboration cases, we interviewed both managers from established firms and corresponding start-ups. To enrich informant statements and triangulate the data, we supplemented our interview insights with archival information. Following Miles & Huberman (1994) and Strauss & Corbin (1998), we analyzed our data using standard cross-case comparison techniques.

Results and Implications

We develop a process model of technological corporate-start-up collaborations, outlining how the generative capacity of digital technologies shapes the unfolding of this process. Furthermore, we draw upon unique digital technology attributes to propose a typology of integration approaches that established firms apply to internalize start-ups’ digital technologies, which originally are left “intentionally incomplete” and “perpetually in the making” (Garud et al., 2008, p. 356). Our findings contribute to both open innovation and external venturing literature, shedding light on the role of digital technologies for established firms with regard to less predefined processes and outcomes in entrepreneurial pursuits (Nambisan, 2017).

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SUMMARY

CHALLENGING THE FEMALE UNDERPERFORMANCE HYPOTHESIS: WHAT DEVELOPING ECONOMIES TEACH US ABOUT WHETHER, WHY AND HOW GENDER MATTERS FOR FIRM PERFORMANCE

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Principal Topic

Studies of the “female underperformance hypothesis” focus primarily on developed economies. We know far less about developing regions, despite growing interest in the potential of women-led enterprise in such contexts. Theoretically, there are good reasons to expect such differences. For instance, one prominent explanation for gender differences in performance is that women have fewer resources compared to men and, therefore, lack essential prerequisites to achieve success. Such resource gaps may result from different socialisation experiences or cultural expectations for men and women. Expectations and experiences, in turn, vary between regions with different institutional and social norms. Thus, gender differences both in access to, or utilisation of resources, may be culturally contingent. Few studies, however, have empirically tested such questions in developing countries, despite the importance of entrepreneurship in these contexts. The aim of the current study is therefore to address this gap.

Method

The sample consists of 25,251 entrepreneurs from seven countries across four developing regions, namely Sub-Saharan Africa, Latin America, South Asia, and East Asia. Entrepreneurs completed a survey providing information about their business, demographics, and socio-economic status, as well as completing a battery of psychometric tests. Performance was measured by three variables: Business Revenues, Business Profits and Financial Efficiency.

Results and Implications

Guided by the 5M gender-aware framework, our findings contribute robust evidence to a growing body of research, both in developed and developing regions, which strongly challenge a “general” female underperformance hypothesis – not only with regards to efficiency metrics, but also with regards to size related metrics such as profits. Our study also contributes with a much-needed insight into the question of why gender differences in performance exist, showing that explanations for gender gaps, where they exist, are more in line with institutional than individualistic frameworks. Overall, our research underlines the dangers of assuming gender dynamics in entrepreneurship are the same in developed and developing contexts. It thereby challenges the ethnocentric view on female entrepreneurship and questions the extent to which the current “culturally-captive” entrepreneurship theory is readily applicable in the context of developing economies.

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SUMMARY

RELATIONSHIP BETWEEN PERCEIVED BUSINESS ENVIRONMENT AND ENTREPRENEURIAL PERSISTENCE: MODERATING ROLE OF INTERNAL AND EXTERNAL FACTORS

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Principal Topic:

The importance of entrepreneurial persistence for success of new and small firms has been well established in the literature. Researchers have stated that entrepreneurial persistence positively impacts venture survival and success. While these studies indubitably help in understanding the influence of persistence on entrepreneurs’ intentions and actions, our understanding of external and internal factors influencing entrepreneurial persistence is still limited. Furthermore, our lack of understanding of entrepreneurial persistence in contexts that have poor resources and less-developed institutions is glaring. The extant literature has primarily examined the influence of entrepreneurial persistence in countries with well-developed institutions that are supportive of entrepreneurial activities. It is not clear if these findings are applicable in context in which entrepreneurship supporting institutions are lacking. Prior research has related entrepreneurial persistence to cognitive assessment that impacts entrepreneurs' motivation (Carver & Scheier, 1998), desire to overcome adversity (Holland & Shepherd, 2013), and personal and environmental constraints (DeTienne, Shepherd, & Castro, 2008; Holland & Garrett, 2015). Following a similar line of inquiry, in this study we examine the relationship between perceived external business environment and entrepreneurial persistence of SMEs founders in Ghana.

Method:

To validate our hypotheses we sent our survey to a sample of 1500 new and/or small ventures randomly selected from a total of 14,890 from the Ghana Business Directory database (Acquaah, 2007). We received usable responses from 509 entrepreneurs representing a 33.93% response rate. These ventures were 10 years or less; privately owned, manufacturers of goods, and employed less than 250 employees.

Results and Implications:

We find support for several of our hypotheses. The results indicate that founders that perceive the external business environment to be conducive are more likely to display entrepreneurial persistence. This relationship is strengthened for entrepreneurs that have investments of social ties and business ties related to their venture. We also find the entrepreneurs with higher education display lower entrepreneurial persistence and older entrepreneurs display higher persistence. We believe that these findings help us in better understanding factors that impact entrepreneurial persistence and move this discussion forward.

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SUMMARY

CORE-SATELLITE RESTRUCTURING: DISTRESS, MIXED GAMBLE AND EXIT STRATEGIES IN ENDURING FAMILY BUSINESS PORTFOLIOS

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Principal Topic

Exit being a critical component of the entrepreneurial process (DeTienne, 2010). With few exceptions (Akhter et al., 2016), present research on entrepreneurial exit has primarily focused on the exit from the single venture but overlooked the process of exit occurring within a portfolio of firms (MacMillan, 1986). Additionally, little research has focused on the phenomenon of exit in family firms - although this form of business has an important economic impact worldwide (Miller and Le Breton-Miller, 2005). Yet a striking feature of the exit and family business literature is that it has received little attention in the literature on financial distress of family firms. Firms experiencing economic distress, face uncertain situations of surviving or exiting the markets, that is, while some firms exit quickly, others endure over a longer span of time (Ballean et al., 2011, 202). This raises an important question: How entrepreneurial exit occurs in distressful family business portfolios and why some family owners are more likely to persist with some satellites businesses while gaining exit benefits from others.

Method

I conducted a multiple-case inductive study and investigated 12 family businesses portfolios. I used multiple data collection techniques with interviews, observations being the primary source of data. In total, I base this study on 41 interviews with owners, supplemented with site visits, and archival data.

Results and Implications

First, family owners are more likely to exit less from the core business when in the adverse situations due to the fact that “strategic choices rarely involve win-win or lose-lose outcomes, but instead tend to involve the potential loss of something of value in an effort to gain something else” (Allessandri et al., 2017: 50). The second insight is that family owners while not exiting from the core business, chose to exit from the satellite businesses and gain exit benefits of enduring the core/legacy business. Third, family owners more likely to exit from satellites that do not threaten (or that represent a lower threat to) their emotional endowments, a. joint ventures with external parties rather than businesses founded exclusively within the family; b. businesses not directly managed by the family; c. businesses founded with distant relatives; and businesses which are unrelated to the core/legacy business.

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SUMMARY

THE ROLE OF ENTREPRENEURSHIP EDUCATION ON ENTREPRENEURIAL INTENTION: A LONGITUDINAL STUDY

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Principal Topic

The rapid development of entrepreneurship curriculum in higher education has received significant attention from research scholars. The aim of entrepreneurship education programs most often is to generate a shift in attitudes towards entrepreneurship, evaluation of the education program would then involve a before/after comparison of the same individuals; or comparison of independent groups of people going through the program. This paper examines relationships between entrepreneurship education and entrepreneurial intention in a longitudinal study. Research questions are: 1. does entrepreneurship education affect entrepreneurial intentions; 2. how does the impact of entrepreneurship education on entrepreneurial intentions change over time? This study uses the theoretical lens of Ajzen’s Theory of Planned Behavior (TPB) and Shapero and Sokol’s model of the Entrepreneurial Event (SEE) in investigating the impact of entrepreneurship education on entrepreneurial intention.

Methods

This study drew on longitudinal data from freshmen students enrolled in a required, yearlong course in an academic institution with a focus on business and entrepreneurship. The survey was given at the beginning of the course in early September and at the end of the course in April the following semester. All measures examined in this study are based on established scales previously used in the literature. A paired-samples t-test was conducted to compare the before and after effects of entrepreneurship education on entrepreneurial intention and other measures. The hypotheses regarding entrepreneurial intent and its relationship with its antecedents are tested through regression analyses.

Results and Implications

This research investigates the impact of entrepreneurship education and entrepreneurial intentions in longitudinal studies. We compare/contrast hypothesized relationships in two longitudinal studies over two different cohorts of students (2015-16 and 2016-17 freshmen class) to show whether the results are consistent or not. The study applied an integrated model based on the TPB and SEE frameworks to examine the impact of entrepreneurial education. Results show perceived behavioral control and self-efficacy increased, entrepreneurial intent decreased, and perceived desirability, perceived feasibility, and personal attitude remained unchanged after taking the entrepreneurship education course. The decline of entrepreneurial intent over time in our study suggests that while entrepreneurship education increases students’ self-confidence and perceived ability to start a new venture, it also brings a sense of realism to students’ perception of business creation.

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SUMMARY

THE FAILURE TO LEARN FROM MISTAKES: HOW OPTIMISM IMPEDES ENTREPRENEURIAL INNOVATION

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Principal Topic

Entrepreneurs usually make decisions in dynamic and uncertain environments (Alvarez & Barney 2005), which continuously give them signals that call for updates of their beliefs about individual skills and upcoming events (Minniti & Bygrave 2001; Parker 2006). The ability to update decisions as a function of such received signals is key to entrepreneurial performance because it reduces systematic biases and raises alertness, thereby aiding the identification of opportunities (Gaglio & Katz 2001). These insights have inspired a rich literature devoted to the nature of entrepreneurial learning. Other theoretical research has augmented existing frameworks that incorporate the roles played by career experience, transformation processes, and individual knowledge (Politis 2005).

At the same time, scholars have established that entrepreneurs tend to be more confident as compared with managers (Busenitz & Barney 1997; Forbes 2005) and that entrepreneurs often overestimate their capacity to solve problems. Although positive realizations serve to validate past actions, learning from failure is an important mechanism for alleviating the downsides of overconfidence – which include excessive investment, high financial risk, and “over-entry” (Camerer & Lovallo 1999; Malmendier & Tate 2008). In other words, learning from failure is necessary if entrepreneurial decision-making is to avoid (or at least limit) the natural tendency to engage in wasteful or risky allocation of resources due to overly positive assessments of future scenarios. Our work expands the stream of research on how entrepreneurs learn from failure.

Method

We adopt a two-pronged approach to resolving this ambiguity. We account for the underlying cognitive mechanisms by (i) analyzing how dispositional optimism shapes the updating of entrepreneurs’ expectations about their performance after receiving a feedback, and (ii) exploring the relation between optimism and effectiveness of innovation. We use unique archival data combined with a laboratory experiment involving 100 entrepreneurs.

Results and Implications

The main results suggest that dispositional optimism impairs the ability of entrepreneurs to update beliefs about individual task performance as a function of negative feedback. Our analysis also confirms that dispositional optimism leads to a significant discrepancy between innovation inputs (i.e., R&D expenditures) and innovation output (i.e., patents or product innovations); these outcomes, too, are evidence of less efficient innovation. Taken together, our findings illustrate how too much optimism can be costly for a new business.

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SUMMARY
THE IMPACT OF ENTREPRENEURS' LIFE EVENTS ON ENTREPRENEURIAL VENTURES' PERFORMANCE

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Principal Topic:
Life events such as the transition into parenthood, divorce or sickness often mark the beginning of a new life stage (Elder & Shanahan, 2006). Entrepreneurs are likely to experience such life events during the period in which they are active in their firm, raising the question as to how changes in their private lives affect their entrepreneurial venture. While research has argued that firms' economic action is embedded in the family system (Aldrich & Cliff, 2003; Bird & Zellweger, 2018) and that the private sphere can have a strong impact on an individuals' behaviour at work (Edwards & Rothbard, 2000), we yet lack a thorough understanding of how private events in entrepreneurs' lives affect firm-level outcomes. We integrate Upper Echelons Theory (Hambrick & Mason, 1984) with insights from work-life interface literature (Greenhaus & Beutell, 1985; Frone, Russell & Cooper, 1992) to address this gap in the literature, thereby shedding light on how events in the entrepreneur’s private life influence firm performance.

Method:
We matched individual-level, firm-level and multigenerational register data provided by Statistics Sweden for the period from 2004 to 2014 to identify a pool of 94,346 owner-managed firms, thereby tracing private life events of the entrepreneur who occupies the CEO position. We computed indicator variables for the occurrence of life events such as birth of children, sickness and divorce. We employed fixed effects analyses to investigate the temporal dynamics of how firm performance develops around the occurrence of private life events and additionally performed difference-in-differences tests on propensity score matched samples.

Results and Implications:
Our results show that life events such as the birth of a child, divorce and entrepreneur’s sickness influence firm growth and profitability, suggesting that changes in firm performance mirror private life developments. The study extends extant literature by offering a dynamic perspective of how private lives shape businesses in the entrepreneurial context, thereby contributing to work-life literature (Greenhaus & Beutell, 1985; Frone, Russell & Cooper, 1992), literature on family embeddedness (Aldrich & Cliff, 2003; Granovetter, 1985) and to literature on antecedents of performance in entrepreneurial ventures (Eisenhardt & Schoonhoven, 1990; Ensley, Pearson & Amason, 2002).

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SUMMARY

I SEE WHAT I WANT TO SEE: AN EXPERIMENT ON THE EFFECTS OF OVERCONFIDENCE AND FEEDBACK ON ENTREPRENEURS’ DECISION TO INNOVATE

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Principal Topic

Because uncertainty is embedded in innovation and external information is generally not available, entrepreneurs tend to overweight private information and base their decisions mainly on their beliefs. Overconfident entrepreneurs believe that they already have sufficient information, so they may proceed immediately with pursuing the opportunity. Overconfident entrepreneurs will therefore be more likely to ignore corrective feedback and will incorporate less information from prior feedback into their future decisions (Grossman & Owens, 2012). Thus, confident entrepreneurs accept greater uncertainty and risk, leading them to perform more exploratory and creative work (Gervais & Odean, 2001; Loewenstein, Weber, Hsee, & Welch, 2001; March & Shapira, 1987; M. Simon & Houghton, 2003).

Based on the literature we propose that different overconfidence have different effect on entrepreneurs’ decision to innovate depending on the type of feedback they receive.

Method

To test our hypotheses we conducted a laboratory experiment in which subjects had to solve a real management task effort. We collected data from a sample of 70 entrepreneurs coming from different industries and at early stage of their business development. In addition to experimental data, we collected survey data about the subjects’ personal characteristics and about the project or business they were working on. Relying on hierarchical regressions with moderation effect to measure the impact of entrepreneurs confidence and feedback on the decision to innovate.

Results and Implications

Our initials findings show that entrepreneur’s overconfidence has a positive relationship with innovative behavior and creativity, but a negative impact on entrepreneur’s ability to incorporate corrective feedback in their future decisions. But more interestingly, we find that when overconfident entrepreneurs experience low profitability they are more likely to adapt their future decision in line with the feedback received.

Our study aims to contribute to the research in entrepreneurial cognition. Mainly, we contribute to a better understanding of the different effects of self-confidence on entrepreneurs’ innovative behavior. Moreover we identify the situations when feedback might drive entrepreneurs to learn from their past experience and be more innovative.

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SUMMARY

A TYPOLOGY OF PROSPECTIVE SOCIAL ENTREPRENEURS

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Principal Topic

Becoming a social entrepreneur is an increasingly interesting prospect for millennials (Godfrey, 2015)—the largest generation in the U.S. workforce since 2016, and in the global workforce by 2020 (Fry, 2018; PwC, 2011). Existing research suggests that individuals who display intentions to become social entrepreneurs are moved by compassion (Miller et al., 2012) and have high levels of empathy and moral obligation (Hockerts, 2017; Mair & Noboa, 2006), as well as social worth (Bacq & Ali, 2018). However, this portrait tends to equate social entrepreneurial intentions with prosocial traits and to overlook the potential heterogeneity within the population of prospective social entrepreneurs (Stephan & Drencheva, 2017). In this paper, we ask: Do all prospective social entrepreneurs exhibit similar personality traits or are there distinct personality profiles that typify individuals interested in engaging in social entrepreneurship?

Method

We collected survey data from a sample of 181 individuals who were facing major career decisions. Students differed in terms of gender, age, ethnicity, and subjects studied. We used validated scales from the literature to measure five personality traits (Donnellan et al., 2006), empathic concern (Davis, 1980), and social entrepreneurship intentions (Bacq & Ali, 2018) based on students’ enrollment in social entrepreneurship courses. We analyzed our data using an inductive data analysis strategy, and performed a nonhierarchical cluster analysis (K-means; squared Euclidean distances) (Ketchen & Shook, 1996).

Results and Implications

From our exploratory analysis based on personality traits, we identify two clusters, i.e., two types of prospective social entrepreneurs: Positive and Negative. The Positive type displays high levels of extraversion, openness to experience, agreeableness, and conscientiousness, and low levels of neuroticism—consistent with Ng and Shamuganathan (2010). The Negative type displays high levels of neuroticism, and low levels of extraversion, openness to experience, agreeableness, and conscientiousness. Another key difference between groups is that individuals in the Negative type display high levels of empathic concern—the affective dimension of empathy concerned with the tendency to experience feelings of compassion for others (Davis, 1983)—the opposite of individuals in the Positive type. Individuals in the Negative type displayed higher intentions to become social entrepreneurs than those individuals in the Positive type.

Our research contributes to social entrepreneurship research in important ways. First, we contribute to address “the substantial heterogeneity among social entrepreneurs...using personality profile approaches” (Stephan & Drencheva, 2017: 39) with a focus on the early stages of the entrepreneurial process. Second, our study paints a more nuanced picture of the personality profiles of those interested in social entrepreneurial careers.

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SUMMARY

SPIRITUAL CAPITAL AND ACQUIRING FINANCING THROUGH CROWDFUNDED MICROFINANCE: AN IMPRINTING AND SOCIAL ROLE PERSPECTIVE

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Principal Topic

We integrate insights from imprinting and role theories to explore how spiritual capital shapes fundraising efforts in crowdfunded microfinance for entrepreneurs in emerging economies. We leverage imprinting theory to contend that entrepreneurs working with microfinance institutions (MFIs) that exhibit higher levels of spiritual capital are more likely to emphasize their own spirituality in their crowdfunding campaigns. Those viewed as in the ‘role’ of a religious/spiritual individual or as part of a religious group are often expected and perceived to be more moral and trustworthy (Weaver and Agle, 2002). Therefore, investors may view entrepreneurs expressing spirituality as possessing moral or trustworthy qualities, thus more likely to repay the loan, promoting crowdfunding performance. Further, women are often perceived to be more spiritual, trustworthy, moral, and ethically sensitive than males (Singh et al., 2002) and there is a demonstrated preference for funding women in crowdfunding (Anglin et al., 2018). Given these advantages, it is less important that women express spirituality than for males. As such, men will increase crowdfunding performance more so through expressing spirituality than women.

Method

We analyze 4,953 paired with 144 MFIs from Kiva. We use the LIWC software’s religion dictionary to capture language related to spiritual beliefs in the crowdfunding campaigns. MFI spiritual capital is measured by the ‘secular’ rating assigned to each MFI by Kiva. Our performance variables include whether or not the campaign met its funding target set at the beginning of the campaign (i.e. success), funding speed, and the number of individual backers that contributed to the campaign.

Results and Implications

We find that entrepreneurs working with MFIs higher in spiritual capital are more likely to express spirituality in their crowdfunding campaigns. However, expressing spirituality in their crowdfunding campaigns is actually harmful to fundraising efforts, particularly for women. Our finding that MFI spiritual capital activates spiritual expression among entrepreneurs and counterintuitive finding that such expression undermines crowdfunding performance advances theory concerning how imprinting and role expectations shape fundraising in emerging economies. From a practical perspective, our results indicate that communication of personal characteristics could have unintended consequences.

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SUMMARY

EXPLORATION OF THE POSITIVE AND NEGATIVE EMOTIONAL STATES RELATED TO ENTREPRENEURIAL ACTIONS AND THE LINK TO SUSTAINED ENTREPRENEURIAL PERFORMANCE

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Afreen Huq, RMIT University, Australia
Nauman Aslam, RMIT University, Australia

Principal Topic

According to Mood Maintenance Hypothesis (Isen 1984), entrepreneurs choose activities that support their attempt to maintain a positive emotional state. Therefore, entrepreneurs are expected to shy away from activities that are associated with negative emotions towards undertaking those activities that produce more positive emotions. This might have implications for the entrepreneur and ventures performance, as studies have shown that activities matter (Delmar & Shane 2003).

Method

We conducted a single subject study in which we followed a portfolio entrepreneur who is currently engaged with setting up a new business, managing an on-going business and supporting a family business. We combined experience sampling methodology (ESM) with wearable sensor technology and collected data on the activities performed by the entrepreneur and his emotional responses over a period of 29 days.

Results and Implications

Our ESM data shows the entrepreneur works consistently on activities with an uncertain outcome. He does not seem to take activities that appear to pose a challenge to him and he is not being criticized during the activities. Perceived daily progress ($\beta=0.94$), effort ($\beta=0.90$) and satisfaction of being an entrepreneur ($\beta=1.14$) are steadily decreasing over the 29 days. This can be an indication that the entrepreneurial journey is taking its toll, the start-up process is prolonging, and he is getting more frustrated at slower progress than expected.

However, both the hourly reported stress level and end of day stress level remain consistent over time — consistently above the 80% level. At the same time, the perceived excitement of being an entrepreneur is slightly increasing ($\beta=0.27$), along with the hourly happiness scores ($\beta=0.19$). Despite decreasing progress, effort and satisfaction; positive emotions such as happiness and excitement are increasing. This might be explained by optimism, the entrepreneur expecting that everything will turn out well, or the entrepreneur being locked-in to his ventures.

Further analysis will look at the relationship between action and emotions testing the Mood Maintenance Theory.

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SUMMARY

INSIGHTS FROM ADOPTING WEARABLE SENSORS FOR THE STUDY OF ENTREPRENEURIAL ACTION AND EMOTION

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Afireen Huq, RMIT University, Australia
Nauman Aslam, RMIT University, Australia

Principal Topic

Existing research into emotions and entrepreneurship has relied primarily on observational or self-report methods that have the possibility of retrospective or interpretive bias and do not capture the full picture of emotions (Davidson 2003; Mauss & Robinson 2009). This creates a theoretical and empirical call to explore more accurate and novel methods for understanding emotion and actions.

The use of physiological measures such as heart rate variability (HRV) and electrodermal activity (EDA) can address the limitation of bias by providing a more ecologically valid way of interpreting the emotional response individuals are experiencing and are particularly applicable in work/life settings (Peterson et al. 2015). The challenge is that they measure physiological responses which need to be interpreted cautiously and responsibly.

Method

We report on a single subject study in which one entrepreneur was followed over 29 days. This entrepreneur used an Empatica E4 wearable sensor twenty-four hours a day and completed frequent experience sampling methodology (ESM) surveys using the Expimetrics app. We have a total of 183 ESM responses and almost 700 hours of sensor data. We also had discussions with the entrepreneur and collected calendar information to gain an understanding of the context of his entrepreneurial actions.

Results and Implications

We compare data collected with the wearable sensor and experience sampling to explore differences in what is perceived and what is actually felt by the entrepreneur. We examine a select number of actions by the entrepreneur during the period and explore the emotional response directly before and after the action. We also explore the emotion regulation of the entrepreneur over the 29 day period using analysis of HRV and end of day surveys completed by the entrepreneur.

The learnings and insights from this study provide broader implications for the study of entrepreneurial decision making, behaviours, effort and wellbeing as well as opening up new research frontiers on the impact of emotions on entrepreneur’s performance and wellbeing.

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SUMMARY

FOUNDING TEAM HETEROGEITY IN SOFTWARE STARTUPS

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Principal Topic

This study examines how technical and non-technical software entrepreneurs differ in regards to how they navigate the product development process. We examine whether early decisions about team composition (i.e., co-founding/partnerships) are associated with product development efforts in all types of software businesses. Furthermore, we investigate the development timeline expectations of first-time founders with either non-technical human capital versus technical human capital. We posit that development goals may differ significantly between these founder-types.

Method

This research will be conducted through two studies. The first will be a retrospective study of a sample of software entrepreneurs who have already taken their products to market. The second study will survey aspiring entrepreneurs of software companies with questions specifically related to their goals towards product development. Taken together, we seek understanding of the factors that contribute to the likelihood of software entrepreneurs reaching specific product development milestones. The hypotheses will be tested using moderation and mediation analyses.

Results and Implications

This research may help software founders understand and overcome biases given their unique background and human capital. This study may also help develop theory regarding the formation of founding teams, especially in startup contexts where founders are generally resource constrained, yet are dependent on a balance of technical and non-technical skills.

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SUMMARY

ANTECEDENTS OF PERFORMANCE OF VENTURES IN ACCELERATORS: UNCOVERING THE COHORT EFFECTS

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Yohan Choi, Oregon State University, USA
Jonathan Arthurs, Oregon State University, USA

Principal Topic

The topic of whether and how accelerators drive performance of ventures has been of growing interest to scholars. Prior studies document that cohort effects substantially outweigh accelerator effects and account for substantial fraction of performance variance. We search to go one step further and examine the impact of the characteristics of accelerator cohorts, such as industry and funding diversity, on venture performance. By engaging the coopetition literature (Hoffman et al., 2018), we expect that both industry and funding diversity of ventures in a cohort will positively impact the performance of ventures via increased cooperation among ventures (Bandura, 1977) yet such positive impact will decline at high levels of diversity due to increased competitive pressure (Kilduff, Elfenbein & Staw, 2010).

Method

To test our hypotheses, we have assembled a dataset of all ventures that participated in accelerators in the U.S. between 2005 and 2017. We gathered data using API codes from CrunchBase, Seed-DB, and LinkedIn. Our dataset includes 3,135 ventures within 280 cohorts from 56 accelerators. We measure the venture performance after graduation from accelerator two-fold: the likelihood of funding and the likelihood of being acquired. Our independent variables are industry diversity of ventures and funding diversity of ventures in a cohort. We control for several essential venture, cohort, and accelerator-related variables and rely on multilevel probit regression to test our hypotheses.

Results and Implications

We found that industry diversity of ventures in a cohort significantly improves both the likelihood of a focal venture future funding and acquisition but only up to a certain level of such diversity, after which the likelihood declines. Unlike our prediction, the size of funding diversity was positively related to the likelihood of future acquisition; yet the relationship between the funding diversity in a cohort and the likelihood of future funding of a focal venture was concave. We further investigated and validated our results by plotting our findings and their marginal effects graphically (Wiersma & Bowen, 2009). Our research advances the coopetition and entrepreneurship literature and offers insights to accelerators and entrepreneurs when considering the composition of ventures in a cohort.

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SUMMARY

ENTREPRENEURIAL AGILITY IN ENTREPRENEURIAL PITCHING: RAISING TRUST AND INVESTOR INTEREST

Lakshmi Balachandra, Babson College, USA
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Principal Topic

Entrepreneurial managers must focus their efforts, persistence, and time throughout the venture’s development, because of the uncertainty inherent in the complex multi-step entrepreneurial process (Baron & Henry, 2010). To respond to unanticipated challenges, so that the organization can adapt accordingly, behavior in response must also be rapid (Moorman & Miner, 1998). By engaging in adapted responses, they demonstrate managerial agility, rather than fastidiously developing and planning the steps they foresee as necessary to the success of the venture (e.g. Hmieleski & Corbett, 2006; Miner, Bassoff, & Moorman, 2001). Entrepreneurial agility has been identified as critical component for rapid venture growth and may be a key differentiator between ventures that rapidly grow and thrive and those that fail.

The ability to identify entrepreneurs who are agile and thus capable to growing ventures quickly is of critical consideration for investors who seek rapid growth and financial returns. During the pitch, investors are known to observe and make assessments on the entrepreneur’s leadership and management abilities to successfully develop and manage the new venture (Balachandra, et al., 2017; Feldman and March, 1981; Mason and Harrison, 2001) as well the level at which they want to work with the entrepreneur post investment (e.g. Balachandra & Brush, 2016; Balachandra, et al., 2015; Maxwell et al., 2012; Ciuchuta, et al., 2017). We explore how the demonstration of entrepreneurial agility by the pitching entrepreneur influences investors’ evaluations of trust, and therefore, investor interest in the venture.

Method

We videotaped and transcribed 100 pitches delivered by entrepreneurs to one of the largest angel investor groups in the country. We coded for agility metrics by the entrepreneur and scored each pitch based on the number of observances. We selected 30 pitches with the highest and lowest agility scores and used these to analyze ratings of trust and interest in funding with logistic regression.

Results and Implications

Results indicate entrepreneurs who demonstrate agility are more likely to be trusted by investors and receive funding interest. Our qualitative approach offers a fine-grained contribution to investor evaluations by pinpointing specific entrepreneurial behaviors and statements that change investor perceptions of the pitching entrepreneur and ultimately influence funding outcomes.

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SUMMARY

TEAM CONGRUENCE ON ENTREPRENEURIAL ORIENTATION:
CAN ALIGNMENT ENHANCE TEAM PERFORMANCE?

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Principal Topics

Despite the widely acknowledged importance of entrepreneurial orientation (EO) and its positive relationship to performance (Wales et al., 2011) at organizational (e.g. Rauch et al., 2009) and individual levels (Bolton and Langkamp, 2012), studies at the team level have not advanced to understand the nuanced impact of team level EO on team performance. Research on new venture teams (NVTs) has demonstrated the relationship between the heterogeneity of NVTs’ prior experience (e.g., functional background, education, managerial skills) and firm performance (Hmieleski & Ensley, 2007). Few studies have also explored the effects of EO heterogeneity (Fellinhofer, 2016; Kollman et al., 2017) among team members and its impact on performance. Yet, little is known about how and why congruent or divergent perceptions of EO at the team leader-member interface affects team performance. Drawing from both EO and team-based literature, we investigate the crucial effect mechanisms of perceptual congruence on EO on team performance.

Method

We adopt a survey-based method to gather responses from student new venture project teams. Preliminary responses comprise of 159 responses from 33 student NVT teams with an average of 4 members per team. We employ polynomial regressions with response surface analysis to study the effects of team congruence on EO on team performance. Analyzing leader, member, and faculty member survey responses we demonstrate that perceptual congruence between service teams and their leaders can, in and of itself, have an impact on team performance. The use of polynomial regression to study team congruence on EO advances the methodological rigor and enables novel theoretical insights into interactions and interrelationships among members in team-based environments.

Results and Implications

Highlighting the importance of developing awareness to the alignment of perceptions between team members and leaders, the findings demonstrate that team performance is contingent on the magnitude, direction and return effects of congruence between team leaders and members on EO. Such alignment is crucial when new teams are formed, and/or when changes occur due to addition, substitution or replacement of a single member or multiple team members (Mathieu et al., 2014). In particular, our findings have important implications for the composition, management, and leadership of new venture teams where attention is shifting from the myth of the “lonely hero entrepreneur” to the “collective nature of entrepreneurship” (Johannisson, 2003). Entrepreneurial teams could benefit from using the results to examine the agreement among team members when charting their path to success effectively.

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SUMMARY

BRIDGING THE VALLEY OF DEATH AT SCIENCE-BASED ENTREPRENEURSHIP

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José Ernesto Amorós, Tecnologico de Monterrey, EGADE Business School, Mexico.

Principal Topic

Science and technology-based entrepreneurship have received an increase attention around the world due to its potential economic impact. Many public and private institutions have designed programs to boost this type of entrepreneurship activities. However, and despite efforts, achieve successful commercialization of science-based entrepreneurial ideas is problematic for scientific community. Currently, many centers, institutions, and universities produce science and technological research, but they usually lack the skills to commercialize their products successfully. This problem to successfully market—to which all entrepreneurs are vulnerable—is named the "valley of death." This metaphor conceptualizes how the lack of resources and expertise in product development ends up in product failure.

Method

In this study, we analyzed the NoBI (Binational Innovation Nodes) case. The NoBI program is an initiative whose objective is to provide the skills and knowledge necessary to market technologies from Mexican scientists. NoBI aims to support technologies that at least have passed the test concept. NoBI program follows the USA’s National Science Foundation I-Corps methodology, which prioritizes the customer discovery process (lean startup method).

We collected and analyzed data from in-depth interviews, participant observation, documents, and records of projects. We obtained 21 interviews with the different actors of the program, which include: representatives of institutions and research centers, instructors and participants. Data collected from interviews and participant observation as quotes and notes were transcribed and analyzed in Atlas.ti software.

Results and Implications

This study highlights how a program serves as a bridge between science and commercialization. Our preliminary results show that the main impact of the program is on the principal investigators who undergo a paradigm shift about the research connected with the market.

This research has important implications for theory and practice. First, science-based new ventures can develop a business model that reach quickly the market implementing novelty lean startup approach. Additionally, because our research is based in a developing country institutional set-up, the implication for policy is very relevant. For many developing countries the invest in research and development is very relevant, but also face challenges in the ability to commercialize and benefit from the economic impact of science.

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SUMMARY

CREATIVE POTENTIAL, PREPAREDNESS, AND INVESTMENT DECISIONS:
A UNIMODEL OF PERSUASION USING THE VIDEOMETRIC APPROACH

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Paul Sanchez Ruiz, DePaul University, USA
Matthew Rutherford, Oklahoma State University, USA

Principal Topic

Investing in startups is highly speculative because objective information is likely to be limited (Navis & Glynn, 2011). As a result, financiers rely upon perceived elements of the business pitch when determining whether, and to what extent, they will provide financial support to entrepreneurs (Baron, 2007; Maxwell et al., 2011). What this growing base of literature omits (e.g., Davis et al., 2017), though, is a consideration of how entrepreneurs perceived creative potential (cf. Elsbach & Kramer, 2003) —in the form of artist, storyteller, showrunner, neophyte, journeyman, dealmaker, non-writer business pitches— influences financiers’ investment decisions. We address this gap by adopting the unimodel of persuasion (Kruglanski & Thompson, 1999), for it offers a framework to better understand the entrepreneur-financier nexus (Chen et al., 2009). Moreover, we posit that the above relationships will be moderated by entrepreneurs’ cognitive preparedness displayed during the business pitch.

Method

To test these hypotheses, we use the Shark Tank data (Nagy et al., 2012) to identify a sample of 264 business pitches. Because the study of individual characteristics is a challenging endeavor, we build on research by Petenko et al. (2016) and others (Oh et al., 2011; Petenko et al., 2014; Van IJsedeking et al., 2005) who used third-party ratings on video recordings for collecting information in a nonintrusive and consistent measure. We use the videometric approach to assess the perceived creative potential and preparedness of entrepreneurs by following the prevailing instruments (Elbach & Kramer, 2003; Pollack et al., 2012). We use pooled logit regressions on our cross-sectional data (2009 – 2017).

Results and Implications

Our results indicate that the main effects for creative potential (in the form of storyteller, showrunner, journeyman, dealmaker, and non-writer pitch prototypes) are related (positive and significant) to the amount invested. Interestingly, there was no relation with the artist prototype (not significant), a negative relation with neophyte (significant but negative). This suggest that, among the types of creative pitches, some generate more value than others. In addition, all moderating coefficients related to cognitive preparedness were positive and significant for all creative pitch prototypes.

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SUMMARY

ENTREPRENEURAL ROLE IDENTITIES AND INVESTMENT DECISIONS: THE ROLE OF ENTREPRENEURS' PASSION AND ATTRACTIVENESS

Ileana Maldonado Bautista, Baylor University, USA
Paul Sanchez Ruiz, DePaul University, USA

Principal Topic

Entrepreneurial role identities encompass the many ‘hats’ that entrepreneurs wear in the venture creation process (Mathias & Williams, 2017). Cardon et al. (2009) suggest three entrepreneurial role identities for different kinds of activities in the process of creating a new venture: inventor (exploring opportunities), founder (exploiting opportunities), and developer (growing a firm). We build on this small but growing literature that takes into account entrepreneurs’ preferences for particular roles in the entrepreneurial process because those roles are deeply meaningful to their identity (e.g., Gruber & McMillan, 2017; Mathias & Williams, 2018; Powell & Baker, 2017). Specifically, we explore how entrepreneurial role identities shape financiers’ investment decisions. Additionally, we contend that the relationship between entrepreneurial role identities and investment decisions will be moderated by entrepreneurs’ perceived passion (Baron, 2008; Chen et al., 2009) and attractiveness (Langlois et al., 2000; Umberson & Hughes, 1987).

Method

The study of individual characteristics is a challenging endeavor. We build on research by Petrenko et al. (2016) and others (Oh et al., 2011; Van Iddeckinge et al., 2005) who used third-party ratings on video recordings for assessing unobservable individual-level characteristics. In this vein, we use the videometric approach to estimate the perceived role identities, emotions, and attractiveness of entrepreneurs by following the prevailing instruments (Cardon et al., 2009; Chen et al., 2009; Baron et al., 2006). To test these hypotheses, we use the Shark Tank data (Pollack et al., 2012) to identify a sample of 264 business pitches that allows to collect information in a nonintrusive and consistent measure. We use pooled logit regressions on our cross-sectional data (2009 – 2017).

Results and Implications

Our results indicate that the main effects for entrepreneurial role identities are significant and positive for the developer role; while negative and significant for inventor, and not significant for the founder role. This suggests that financiers are more likely to invest in entrepreneurs exhibiting a developer role. Similarly, the moderating coefficients related to passion and attractiveness were positive and significant for founder and developer. This indicates that founder and developer roles had a stronger positive relation to funding decisions for high levels of passion and attractiveness.

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SUMMARY

CATCHING AN IMAGINARY BIRD IN THE BUSH, OR CHASING THE FLOCK?

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Suresh Bhagavatula, Indian Institute of Management Bangalore, India

Principal Topic

The entrepreneurial process involving the conceptualization, evaluation, and exploitation of opportunities is central to the creation of new ventures and new economic activity. Evaluation is an under-researched phase of this triad; and the existing evaluation studies pursue the quest for cognitive basis matching the opportunity’s attributes to the preference of the entrepreneur. These studies have taken an under-socialized view, and also down-plays the agentic actions of the entrepreneurial agent. We hence ask the questions – How do entrepreneurs evaluate the identified opportunity in a social setting? And search for the transitions in venture idea, the micro-actions performed, and engagement styles if existing.

Method

Given the paucity of process studies on how entrepreneurs effectively evaluate their venture idea, We use an inductive theory building approach with multiple cases. We study eight entrepreneurs, who were part of an academic incubator to evaluate their VI, for three months. Five rounds of interviews with each entrepreneur over the three months at the incubator formed the core data collected from the longitudinal study of these eight entrepreneurs and was supplemented with field notes from interactions with the incubation manager, cohort participants, and presentations submitted to the incubator. All the interviews were recorded and transcribed, and then coded following the Gioia methodology to study the research questions.

Results and Implications

Entrepreneurs worked on a primary idea but had multiple other ideas. Entrepreneurs’ attention is a crucial resource driving work on a specific idea and interactions drive VI transitions due to micro-actions. There are several possible states within a particular configuration. Entrepreneurs engaged in three different types of activities during evaluation - market probing, product development and community spanning.

These individuals engage with different communities of stakeholders like mentors, customers, investors, partners, vendors; and the assimilation of the information received is contingent on the dominant view of the entrepreneur and the resources under control. Also, we find the engagement with these communities to be differing and suggest the existence of different interaction styles. Additionally, attempts to establish economic exchange from ideas seemed to follow two broad approaches – the “meaning-giving” ad “meaning-receiving.” The prior entrepreneurial experience seemed to moderate the application of these approaches. Data shows “Meaning-receiving” seems to quickly establishment of economic exchanges.

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SUMMARY

LOCAL ECONOMIC FREEDOM AND CREATIVE DESTRUCTION IN AMERICA

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Principle Topic:

Economic freedom is based on the principles of “personal choice, voluntary exchange, freedom to compete, and protection of person and property (Gwartney & Lawson, 2003, p. 406).” Institutions and policies consistent with the principles of economic freedom are necessary to facilitate the market selection mechanism that enables the Schumpeterian creative destruction process. I develop a framework depicting how economic freedom, which reduces entry barriers and transactions costs, acts as an external enabler that facilitates the creation of firms and jobs. It also facilitates the market correction device, potentially serving as a disabling force to allow firm and job destruction. Using a novel MSA-level dataset, I investigate empirically the role of local economic freedom on firm and job dynamism over the period 1972-2012.

Methods:

<table>
<thead>
<tr>
<th>Sample</th>
<th>Unit: 299 Metropolitan Statistical Areas (MSA); Time Period: 1972-2012; N = 1710</th>
</tr>
</thead>
<tbody>
<tr>
<td>DVs</td>
<td>Firm Entry Rate; Firm Exit Rate; Job Creation Rate; Job Destruction Rates</td>
</tr>
<tr>
<td>IV</td>
<td>Metropolitan Economic Freedom Index</td>
</tr>
<tr>
<td>Controls</td>
<td>Population, Personal Income, Poverty Rate, Labor Force Participation Rate, Unemployment Rate, Workforce Composition, Demographic Characteristics</td>
</tr>
<tr>
<td>Statistical Analysis</td>
<td>Fixed Effects Estimator</td>
</tr>
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</table>

Results and Implication:

Local economic freedom is positively associated with firm entry and job destruction, but it has no effect on firm exit or job destruction. These results are robust to various sample restrictions and exclusions, alternative measures of dynamism, and dynamic panel estimation. My paper contributes to a growing body of evidence linking institutions and policies consistent with the principles of economic freedom to entrepreneurial activity, but it is the first to examine this relationship at the local level. My results suggest that by implementing policies that are more consistent with the principles of economic freedom, local policymakers can encourage firm entry and job creation without any adverse effects on existing firms or jobs.

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SUMMARY

DOES SUCCESS BREED SUCCESS? INVESTIGATING THE RELATIONSHIP BETWEEN SUCCESSFUL REWARD-BASED CROWDFUNDING CAMPAIGNS AND SUBSEQUENT ENTREPRENEURIAL VENTURE SUCCESS

Luca Berchicci, Erasmus University, The Netherlands  
Mark Boons, Erasmus University, The Netherlands

Principal Topic:
In recent years, reward-based crowdfunding has become an increasingly popular source of funding for entrepreneurs. While our knowledge on the antecedents of crowdfunding success has significantly increased in recent years, we still know very little about the consequences of crowdfunding success for entrepreneurs. In particular, it remains unclear to what extent a successful crowdfunding campaign actually improves the odds of success for the subsequent entrepreneurial venture. This paper offers one of the first exploratory investigations of how reward-based crowdfunding success has affected subsequent entrepreneurial venture success.

Method:

We do so by investigating the current status, in 2018, of a selection of entrepreneurial ventures that were active on one of the two most prominent reward-based crowdfunding platforms, Kickstarter and Indiegogo, in 2013. Our main assumption is that in order to be considered successful, a venture should still be active five years after the initial crowdfunding campaign was launched. For both Kickstarter and Indiegogo, we selected campaigns in two specific categories - "design" and "technology", which had a target goal amount for the crowdfunding campaign in the range of $10,000 - $100,000, had received at least one pledge from a backer, and were based in the USA. Finally, we excluded campaigns for projects that were clearly not aimed at establishing a venture. We included “Keep-it-All” Indiegogo campaigns (about 91% of campaigns on Indiegogo) and “All-or-Nothing” Kickstarter campaigns (all campaigns on Kickstarter are “All-or-Nothing”). Our final dataset consisted of 768 successful and 1,195 unsuccessful Kickstarter campaigns, and 111 successful and 990 unsuccessful Indiegogo campaigns.

Results and Implications:

The results of our exploratory analyses generally support the idea that having a successful reward-based crowdfunding campaign positively contributes to an entrepreneur’s chances of subsequently having a successful entrepreneurial venture. Campaigns that were successful on Kickstarter were much more likely to still be active in 2018 (53.6%) than campaigns that were not successful (13.1%). Similarly, campaigns that were successful on Indiegogo were much more likely to still be active in 2018 (41.4%) than campaigns that were not unsuccessful (10.4%).

Overall, our study shows that crowdfunding success is related to entrepreneurs’ subsequent entrepreneurial venture success. However, having a successful crowdfunding campaign is neither a necessary nor a sufficient requirement for a subsequent successful entrepreneurial venture.

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SUMMARY

HOW DOES FAILURE AFFECT CHANGE? EVIDENCE FROM SERIAL ENTREPRENEURS’ RESPONSES TO FAILURE IN CROWDFUNDING CAMPAIGNS

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Mark Boons, Erasmus University, Netherlands

Principal Topic

Scholars have long discussed whether and, if so, what individuals can learn from failure. In the context of new business development, some have suggested that entrepreneurs benefit from negative past experiences and learning-by-doing approaches. Others have argued that entrepreneurs may draw the wrong conclusions from prior failures with detrimental effects on the chances of success of subsequent ventures.

Method

By building on attribution theory, we attempt to bridge these opposing views on the role of experience with failure by exploring a contingent effect - the degree of failure. We argue that entrepreneurs who experience high degrees of failure in prior ventures are more likely to attribute failure to external factors and, therefore, implement changes that will lower the chances of success of their next venture. When facing low degrees of failure, however, entrepreneurs are more likely to attribute failure to internal factors. When entrepreneurs subsequently make changes to internal factors, they are more likely to positively affect the chances of success of the next venture.

We test our ideas by analyzing data on 4,984 serial entrepreneurs who started more than 12,500 campaigns on Kickstarter’s reward-based crowdfunding platform between 2009 and 2015. In this way, we can observe how failure on a previous crowdfunding campaign affects change and outcome of the subsequent one.

Results and Implications

The results of our analyses generally support our ideas. We find that entrepreneurs who experienced a high degree of failure (i.e. raised a low amount compared to their target) were more likely to implement a change related to an external factor (i.e. start their next campaign in a different category). On the contrary, entrepreneurs who were able to raise a moderate amount of funding but still failed to reach their target (i.e. a low degree of failure) were more likely to change the content of the campaign. Entrepreneurs who experienced failure and implemented a change related to an external factor were more likely to fail again than entrepreneurs who responded to failure by changing internal factors.

Overall, we answer the recent call of better understanding the outcome of failure by showing that effective learning from failure may depend on the degree of failure and how this informs the attributions entrepreneurs make.

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SUMMARY
LOST IN TRANSITION: HOW MAKER SPACES ENCUMBER ENTREPRENEURIAL SENSEMAKING

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Jeffery S. McMullen, Kelley School of Business, Indiana University, USA

Principal Topic:
Like incubators and accelerators before them, maker spaces — shared production facilities that offer individuals access to basic and advanced manufacturing technologies — have now become the latest requisite entrepreneurial support organization (ESO) of any entrepreneurial ecosystem. To date, scholarly research on the effectiveness of ESOs on new venture performance remains mixed. More importantly, however, research on ESOs remains under-contextualized, with little attention being afforded to the internal dynamics or organizational structure that comes along with the material and immaterial resources they provide to entrepreneurs. Questions regarding the internal dynamics and organizational structure of ESOs are worthwhile, as entrepreneurship is a complex and socially embedded process. Further, these questions are particularly interesting in the context of maker spaces, as they generally seek to minimize or reject formal organizational structure. Thus, through a two-year field study of a maker space explicitly focused on fostering entrepreneurship, we examine the entrepreneurial and organizational outcomes associated with the unique internal structure of this rapidly growing organizational form.

Method:
To inform our two-year field study of a maker space explicitly focused on advancing entrepreneurs, we completed more than 65 hours of observation in the space (75 pages of field notes/memos), conducted 39 semi-structured interviews (28 hours), and gathered 124 pages of secondary materials. These materials were analyzed and coded, while also consulting related research, to inductively organize and present the findings.

Results and Implications:
Adopting a sensemaking perspective, we find that: (1) joining a maker space causes entrepreneurs to experience sensebreaking, necessitating sensemaking about themselves, their venture, and the maker space; (2) the maker space leadership’s abstention from sensegiving in these areas fosters an informal organizational duality, one centered on value and the entrepreneur’s relationship with the space; and, (3) ironically, while this duality enables the survival of the maker space, it does so at the expense of its primary objective – moving its resident entrepreneurs forward. The findings highlight the importance of structure and sensemaking in maker spaces, and ESOs more broadly.

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SUMMARY

IPO UNDERPRICING AND SUBSEQUENT INVESTMENT BEHAVIOR

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Shyam Kumar, Rensselaer Polytechnic Institute, USA

Principal Topic:

An initial public offering (IPO) is a transformative event for entrepreneurial firms, characterized by stark changes in ownership as well as increased awareness and scrutiny over activities. The most prevalent outcome variable in entrepreneurship research on IPOs is the underpricing of new shares (Certo et al., 2009) where-as the offer price of shares at IPO is lower than the price of the shares following the first day of trading. Underpricing constitutes a paradox in that young, often resource strapped firms, have sold their equity for less than what the market values it, effectively leaving “money on the table” that could have been used in the firm’s growth activities. Prior work on IPOs and underpricing has predominantly focused on the determinants of underpricing and the ramifications of forgone proceeds. Less attention has been paid to what happens following IPO events and whether the extent of underpricing is associated subsequent investment decisions. Informed by both the efficient market perspective (Hayek, 1945) and behavioral theories (Tversky and Kahneman, 1981; Thaler and Johnson 1990) we argue that underpricing will increase investment intensities following IPO. We then develop competing hypotheses regarding how these shifts in investment levels impact firm value.

Method:

We build a panel of 582 high-tech manufacturing and services firms that held their IPO between 1990 and 2014. We use a 2SLS regression to account for factors that may cause underpricing, then in the second stage use the predicted value of underpricing to evaluate the impact of underpricing on changes to SG&A and R&D intensity between the year before and year after IPO. We then use standard OLS to evaluate if these changes to investment intensities impact firm value, as proxied by Tobin’s Q.

Results and Implications:

Consistent with our theorizing, we find that underpricing is positively associated with increasing investment into both R&D and SG&A. Further, we provide continuencies when these responses to market feedback increase or decrease firm value. Through this effort we identify novel channels through which the development and experiences of entrepreneurial firms (IPO and underpricing) impact the pursuit of opportunities as a newly public entity.

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SUMMARY

SCALING UP SOCIAL CHANGE?
ENTREPRENEURS’ USE OF SOCIAL MOVEMENT PRACTICES IN CREATING NEW INSTITUTIONAL FIELDS

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Steffen Farny, Aalto University, Finland

Principal Topic

For decades social movement scholars have studied how new institutions come into being, a perspective that social entrepreneurship research has more recently begun to embrace as well (e.g. Philips & Tracey, 2007). For instance, social movement theory has shown that mobilizing resources, developing oppositional structures, framing, and lobbying are all important activities to achieve institutional change (Sine & Lee, 2009) and for creating new market niches (Weber et al., 2008). Additionally, these studies imply that social entrepreneurship and social movements may go hand in hand in the emergence of new institutional fields. Yet, while scholars have called for research to examine the relationship between social movements and social entrepreneurship (Mair & Marti, 2006), these two literature streams have continued to develop in parallel. In this study, we thus explore how entrepreneurs use social movement practices as part of their entrepreneurial activity and this in order to gain a deeper understanding of the transformational societal dynamics at play in creating new institutional fields.

Method

To explore whether, and if so how, social entrepreneurs employ social movement practices and the effect this has on the creation of new institutional fields, we rely on a multiple case study design. More specifically, we focus on three new institutional fields that have been associated with both social entrepreneurs and social movements and which relate to 1) corporate certification; 2) sharing economy; and 3) modern financing. Our current analysis process is best characterized by an abductive approach; as such we are well aware of the literatures on social entrepreneurship and social movements, as well as institutional theory in entrepreneurship studies (deduction), yet rely on an inductive approach to analyze the social movement practices entrepreneurs employ.

Results and Implications

Our preliminary analysis provides intriguing insights into the interplay between social entrepreneurs and social movements, revealing four groups of strategic dimensions of social movement practices that enable the scaling up of entrepreneurs' aspired social change: internalizing, collectivizing, democratizing, bureaucratizing. These practices are institutionalized in a step-wise approach: from their own vision and venture (internalizing), to the community level (collectivizing), the larger market economy and society (democratizing) up to affecting the political level (bureaucratizing).

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SUMMARY

DISENTANGLING INVESTOR VALUE-ADD: HOW VENTURE CAPITALISTS’ SPECIALIZATION AND INVESTOR-FIRM-FIT AFFECT VENTURE CAPITAL VALUE-ADD

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Massimiliano Guerini, Politecnico di Milano, Italy
Simon Tatomir, Technische Universität Darmstadt, Germany

Principal Topic

Knowledge on the value-add contribution of Venture Capital (VC) investors’ specialized expertise is scarce, although the effect of specialization as an investment strategy has been reviewed at the VC fund-level (Gompers et al., 2009; Buchner et al., 2016). We unite the two research streams on VC specialization and value-add by investigating the influence of venture capitalists’ specialized expertise on value-adding at the portfolio company-level.

Method

We draw on a longitudinal dataset on European VC financing including 8,308 firm-year observations of 1,459 companies between 2003 and 2014 which combines information reported by secondary information sources such as Zephyr, Crunchbase, and Thomson One.

We use turnover growth as dependent variable to proxy for investors’ value-adding capabilities at the operating level. Specialization is measured by a dummy variable that equals one if a VC firm invests in an industry in which its past investment share is greater than the overall industry market share. A second measure of specialization based on the Herfindahl-Hirschman-Index (HHI) reflects the degree to which investors have followed a narrow investment focus in the past. Besides standard OLS and company fixed effects regressions, we use two-step system generalized method of moments regressions (GMM-SYS) to address the endogeneity of VC investments.

Results and Implications

Narrow expertise and excessive specialization hamper VC investors’ ability to add value to portfolio companies. The inferiority is consistent across companies’ development stages. Early-stage investors can thus improve their value-adding capabilities by acquiring diverse experience rather than deep industry knowledge. Early-stage investors require a different set of capabilities to add value to portfolio companies and these capabilities are better acquired through diverse experience rather than deep industry specialization.

Notwithstanding, our results suggest that specialized VC investors select firms with greater intrinsic growth potential. Our study contributes to the literature on VC value-add, by shedding light on a highly relevant antecedent for value creation. Further, we advance the literature stream on VC specialization by analyzing its impact on performance at the portfolio company-level.

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SUMMARY

PUTTING YOUR COMPANY IN THE RIGHT HANDS: WHICH EXPERIENCES OF BUSINESS ANGEL INVESTORS CONTRIBUTE TO NEW VENTURES GROWTH?

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Mariarosa Scarlata, University of Surrey, UK
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Principal topic

Angel investors are a primary source of financing for early-stage companies looking to grow. While many business angels (BAs) are entrepreneurs (Wiltbank, 2005), they also have other professional experiences. Relying on human capital theory and research about informal and formal venture capital investing, we argue that different investor professional experiences influence the performance of companies receiving BA funding. This becomes especially important when BA funded companies also receive due diligence and value added services. We hypothesize that companies have better performance if they receive financial backing from BAs with management and financial experience. On the contrary, we expect a negative effect of entrepreneurship experience on performance.

Method

We focus on the investments made by members of one of the largest angel groups in France. We gathered biographical data on BAs through privileged access to the angel group, completed by internet searches. We measure BA prior professional experience as a dummy variable for entrepreneurship, managerial, and financial experience. We also identify which BAs were involved in due diligence and/or monitoring of funded companies. We measure company performance as growth in net profits two years after the investment. Our dataset includes 214 investments made by 72 BAs in 21 companies between 2008 and 2013.

Results and Implications

Our results show that BA funded companies perform better when the investing BA has been involved in due diligence or monitoring. However, when the BA involved in due diligence has financial, entrepreneurial, or managerial experience, companies have a negative growth vs. when due diligence is performed by BAs with other experiences. Although monitoring generates value, if this is provided by BAs with financial and managerial experience, companies tend to see a negative significant growth.

We extend work on BA investing by (1) identifying and measuring the human capital antecedents that influence investment performance, (2) identifying BAs who are involved in due diligence and/or in the monitoring of funded companies. Our results have implications for entrepreneurs and BA groups. As not all BA experiences have the same impact on ventures success, BAs experience should be considered when forming BA syndicates.

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SUMMARY

THE IMPACT OF TEAM ENTREPRENEURIAL PASSION ON RELATIONSHIP CONFLICT AND TEAM PERFORMANCE: A NUANCED STORY

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Principal topic

Entrepreneurial passion has been shown to have a great influence on the way individual entrepreneurs act. Yet, the role of entrepreneurial passion for team processes and performance remains unclear, even though many start-ups are founded and managed by a team rather than a sole entrepreneur. This study extends the literature on entrepreneurial passion by showing that entrepreneurial passion at the team level can positively impact team performance by reducing relationship conflict amongst team members. We propose and test that team entrepreneurial passion (TEP) affects team performance via relationship conflict, and that these mechanisms differ substantially according to the development stage of the new venture.

Method

We obtained diverse and rich data from 86 new venture teams that participated in a start-up competition. The data for this study stem from several sources: (1) survey data obtained from new venture team members of the ventures that participated in the competition; (2) jury assessments obtained from the contest organizers; and (3) qualitative data from semi-structured interviews conducted with the new venture team members. We tested our hypotheses, converted into a moderated mediation model, by means of a path analysis at the team level using parcelled variables.

Results and Implications

Results show that the effect of TEP on relationship conflict, and subsequently on team performance, depends on the stage of the new venture. For ventures in the conception stage, TEP for inventing reduces the level of relationship conflict, and thereby indirectly enhances team performance. TEP for founding, however, increases relationship conflict, emphasizing the misfit between this type of TEP and the very early stage of these teams. For ventures that have matured into the commercialization stage, results indicate that TEP – both for inventing and founding - does not play a significant role in explaining team performance, neither directly nor indirectly via relationship conflict. Qualitative interview data clarify that these more matured start-up projects create clearer role divisions, which may cancel out the effect of TEP on relationship conflict and performance. This study extends the literature on entrepreneurial passion, and contributes to research on new venture teams.

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SUMMARY

ASPIRATIONS OVER AMBITIONS? THE IMPACT OF ASPIRATIONAL ORIENTATION ON PERFORMANCE IN PROSOCIAL CROWDFUNDING

James Bort, Syracuse University, USA
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Principal Topic

Building on self-determination theory (Ryan & Deci, 2000) we theorize that a micro-entrepreneurs aspirations influence the degree to which their ambitions are intrinsic or extrinsic, which in turn plays an important role in how they perform in the prosocial crowdfunding context. Specifically, we hypothesize that entrepreneurs with smaller (larger) ambitions place more emphasis on intrinsic (extrinsic) aspiration, and aligned with Allison et al., (2015), those entrepreneurs who emphasize intrinsic (extrinsic) aspirations in their funding pitch are more (less) appealing to prosocial lenders, thus exhibiting superior (inferior) funding performance. Further, those that pursue entrepreneurship for intrinsic reasons are more likely to be motivated to perform and persist as their venture develops despite obstacles and setbacks, leading to a performance advantage over time (Shir, 2015). On this basis, we also hypothesize that those with intrinsic aspirations will be more successful at repaying their loans. Last, feedback can enhance intrinsic pursuits (Vansteenkiste & Deci, 2003). In the crowdfunding context, faster funding provides important positive feedback for entrepreneurs, thus we hypothesize that faster funding speed positively moderates the relationship between intrinsic aspirations and repayment performance.

Method

To test our hypotheses, we visited Kiva headquarters and worked onsite with their data team to compile data from their direct loan program, specifically for micro-entrepreneurs residing in the United States. Kiva’s direct loans remove the microfinance institution (MFI) as an intermediary and therefore reduces errors in reporting or other procedures, such as pooling of loan repayments across the MFI’s portfolio, which may influence repayment. We measure intrinsic and extrinsic aspirations by analyzing the linguistic features found in the entrepreneur’s pitch narrative and look for words indicating goals aligned with basic psychological needs (intrinsic) as outlined by SDT (Deci & Ryan, 2000) or financial rewards (extrinsic) leveraging computer aided content analysis via the software LIWC (Pennebaker, Booth, & Francis, 2015).

Results and Implications

Initial results suggest mixed support for our hypothesis. In summary, our results suggest an alignment between the entrepreneur’s financial ambitions and the orientation of their aspirations with positive implications for intrinsically motivated individuals. In other words, crowdfunding seems to promote different kinds of entrepreneurial endeavors – those that provide internal value rather than pecuniary rewards.

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SUMMARY

WORK DESIGN AND JOB SATISFACTION IN THE MODERN ENTREPRENEURIAL WORKPLACE

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Chris Cummings, Syracuse University, USA
MK Ward, Curtin University, USA
Johan Wiklund, Syracuse University, USA

Principal Topic

In the modern knowledge economy, recruitment and retention of talent is a fundamental source of competitive advantage. As such, companies such as Google and Dropbox, invest heavily in adjusting work in ways that retain employees and attract new applicants. This involves modifying the physical context with things like free food or pet-friendly workspaces, and intangible work characteristics such as career development opportunities and flexible work arrangements. Whether or not it is intentional, these modern perks influence employees’ work designs, broadly defined as the content and structure of a job. As companies continuously invest in and implement advancements in work design, they are creating a unique context for scholars to advance our understanding of future work. Specifically, work design is evolving – both in what firms offer and in what is most valuable to employees (Parker, 2017). Such changes are particularly salient in modern, entrepreneurial workplaces. While scholars highlight that this evolution is crucial to modern work design theory, it remains underexplored (Parker, 2014).

Method

We built a multilevel database of over 22,000 employee records harvested from the site Glassdoor.com nested within 765 high-profile entrepreneurial firms obtained from PrivCo. Among the data collected is free form text, which we leverage to extract specific categories and subsequently overarching conceptual dimensions following the Gioia method of generating theoretical constructs from text (e.g. Gioia et al., 2013). Our analyses leverage hierarchical linear modeling, testing which of our conceptual work design dimensions are most important to overall job satisfaction, while accounting for the nested nature of our data set, with relevant controls at both the individual and firm level.

Results and Implications

This research stands to make several important contributions. First, we leverage a novel method in comparison to researcher-defined or single-firm qualitative studies, extracting salient dimensions of work design from a large number of employees spread over many firms and multiple industries. This enhances the generalizability of our findings. Second, we estimate how these dimensions of work design relate to job satisfaction, giving a sense of which dimensions matter most. Last, entrepreneurial firms are creating jobs of the future – highlighting the practical insights and potential impact of our findings.

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SUMMARY

EARLY INTERNATIONALIZATION OF NEW VENTURES: BORN OR GROWN GLOBAL?

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Principal Topic
Internationalization marks an important milestone during the evolution of young innovative firms. It provides growth opportunities and access to new knowledge and technologies. Many start-ups nevertheless struggle with scaling up their activities outside of their home market. What makes some new ventures more successful than others in their quest to expand internationally?

In this article, we extend our understanding on the early international development of new ventures by examining the role of pre-foundation international experiences and ex post foundation international knowledge acquisition through venture capital [VC] funding and new manager recruitment. Our aim is to figure out if there exist resource constellations in new ventures’ team composition that are more supportive than others for early internationalization attempts.

We analyze the effectiveness of three complementary international knowledge acquisition processes on the early internationalization of new ventures: (1) congenital knowledge transfer, founders’ prior international knowledge and experience, (2) VC funding, and (3) grafting, i.e. the acquisition of knowledge through the ex post professionalization of the initial entrepreneurial founding team via new manager recruitment.

Method
We employ multiple logistic regression techniques, ordinary least square regression and Poisson models to estimate the impact of different knowledge acquisition processes (congenital knowledge transfer, VC entry, and knowledge obtained through ex post foundation grafting) on venture internationalization, whereby three distinct specifications are tested to proxy a firm’s internationalization scale and scope. For that we collected a unique sample of 99 new entrepreneurial ICT ventures that took part in a Belgian business acceleration program between 2012 and 2016.

Results and Implications
We find that congenital international knowledge transfer, i.e. a founder’s prior work and study experience abroad, does not imprint consecutive firm internationalization. Rather, the early professionalization of the firm by the entry of a venture capitalist and the recruitment of internationally trained managers is associated with a more rapid international expansion. Our findings suggest that firms are not “born” global, but rather “grow” global through target oriented knowledge acquisition during their early development phase. These results have implications for the international entrepreneurship literature and international new venture theory. They are also instructive for practitioners such as venture capitalists who are involved in the coaching of young entrepreneurial firms and frequently restructure entrepreneurial founding teams.

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SUMMARY

SCALING START-UPS: EVIDENCE-BASED CONCEPT AND CHALLENGES

Philipp Bubenzer, HES-SO, School of Management Fribourg, ETH Zurich, Switzerland

Principal Topic

In current entrepreneurial practice, the notion of scaling or scalability has become so ubiquitous that startups are frequently referred to as temporary organizations searching for a scalable business model (Blank 2007). The widespread use of the scaling notion stands in sharp contrast to an apparent lack of its understanding: A comprehensive, descriptive study on over 3’000 startups found that nearly half of them failed due to premature scaling (Marmer et al. 2011). Also, emerging scholarly work on scaling entrepreneurial ventures is still largely conceptual or anecdotal (e.g. Nielsen & Lund 2018, Picken 2017, Gulati & Desantola 2016, Sawhney 2016, VonKrogh & Cusumano 2001) resulting in an increasing divergence of definitions and recipes for successfully scaling a new venture.

We thus aim at convergence and further theoretical development by, first, reviewing and synthesizing the emerging literature and, then, by comparing such prior theoretical ideas and proposition with results from a significant large-scale data collection effort.

Method

Data were collected based on mixed methods approach including workshops and in-depth interviews with start-up coaches as well as large-scale data collections and analyses of hundreds of ventures before, during and after the scaling stage.

Results and Implications

This study contributes, to the best of our knowledge, one of the first large-scale investigations into characteristics and challenges of scaling start-ups. We expect this comprehensive study to help clarify the concept of scaling as well as some of its boundary conditions, thereby contributing to a solid foundation on which subsequent research may build.

Not least, we find at least two different, hitherto overlooked paths to scaling: With one being a more organic path, where the venture first establishes initial client relationships and product/market fit and the other being a more leaping path where new ventures directly move from a seed stage into the scaling stage with the goal of securing first-mover advantages.

Overall, this study provides initial evidence beyond anecdotal or qualitative propositions that scaling needs to and can be better understood and consciously managed in order to lower the current massive rate of start-up failures due to premature scaling.

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SUMMARY

PICKING THE RIGHT WINNERS: ACHIEVING ENTREPRENEURIAL GROWTH THROUGH GOVERNMENT BUSINESS SUPPORT

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Principal Topic

Every year, governments worldwide dedicate considerable resources toward cultivating vibrant new ventures and growing those already in operation. The assumption made by policymakers is that they can influence the outcomes of entrepreneurial efforts through support programs. Yet, despite the significant public resources devoted to such programs, it is unclear whether they truly work as intended to promote entrepreneurial growth. If they do, the mechanisms by which support programs lead to improved business performance still remain underspecified. If they do not, it raises the question of why government policies should be designed to support businesses in the first place when market forces (without government involvement) may be more effective for channeling resources to those that can benefit the most.

Method

To tackle these questions, our study investigates whether program success (represented by growth milestone achievements) is driven primarily by selection – an administrative process of “picking winners” who already have proven themselves in terms of certain performance metrics – or by treatment, the learning process by which entrepreneurs internalize and put into practice the advice and knowledge they have received. We compared treated firms from a Small Business Development Center in California, with non-treated similar ventures in the population of firms identified in the BDRC dataset.

Result and Implications

We observed that businesses that apply to SBDC have lower prior performance than the average firm in similar population. Yet, the larger ones of those, with proven track records, are indeed selected for treatment. Also, regardless of the amount of assistance, although the amount of treatment is related to a higher likelihood of achieving growth, achieving growth remains a rare event and most businesses are not given enough advising time to have the chance to reach any growth milestone. Our work highlights that for support program policies to be most effective, simply picking winners to support is not enough; institutions must pick the right winners – those who can convert the support they receive into entrepreneurial growth.

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SUMMARY

WHO BECOMES A SERIAL ENTREPRENEUR? DEVELOP A MULTI-DIMENSIONAL DEFINITION OF ENTREPRENEURIAL EXPERIENCE

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Principal Topic:

The objective of this study is to investigate whether the matching model helps explain the motivation of serial entrepreneurship by developing a multi-dimensional definition of prior entrepreneurial experience. We propose that in addition to its quantitative differences, prior entrepreneurial experience can also be decomposed into three dimensions to reflect its qualitative differences: (1) venture success experience (i.e. the extent to which an individuals’ previous venture was financially successful), (2) venture managerial experience (i.e. managerial expertise individuals have developed through leadership experience in their previous entrepreneurial spell) and (3) venture industry experience (i.e. venture industry expertise individuals have developed specific to the target industry in their previous entrepreneurial spell). In particular, we argue that while some experience dimensions are more transferrable to wage employment, leading to higher payoffs, some are more specific and useful in entrepreneurship. Individuals with more transferrable experience prefer to become wage-employed, but those with more specific experience dimensions tend to self-select to become serial entrepreneurs.

Method:

We test the above arguments using the data drawn from a set of three matched longitudinal data sources on the entire Swedish high-technology labor market. The final sample includes 16,888 sampled individuals who were at risk of making a career choice between serial entrepreneurship or wage employment.

Results and Implications:

Our results show that individuals whose previous ventures were financially successful tend to self-select themselves to serial entrepreneurship while those with greater venture industry experience prefer to become wage-employed because the career choice they choose is with higher financial payoffs. In addition, while venture managerial experience is positively associated with both wage and entrepreneurial earnings, it does not influence individuals’ subsequent career choices. Furthermore, our results also show that the estimated self-selection coefficient is generally positive and significant, indicating that individuals positively self-select into their current career. In other words, had they chose the other career choice, they should have earned less.

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SUMMARY

UTILIZING THE CONSTRUCT OF TEMPORAL FOCUS TO EXPLAIN ENTREPRENEURIAL BEHAVIOR

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Principal Topic

Temporal focus is "the attention individuals devote to thinking about the past, present, and future" and relates to an individual's attitudes, cognitions, and behavior (Shipp, Edwards, & Lambert, 2009, p. 2). This study introduces the construct of temporal focus to improve our understanding of entrepreneurial behaviors, specifically, (a) risk taking, (b) bricolage, and (c) persistence with one's venture.

Research illustrates that an individual's perception of time influences how they prioritize goals, how much effort they will expend to achieve these goals, and how much they will persist (Gielnik, Sacher, & Frese, 2012). As the process of entrepreneurship necessitates goal setting, effort, and persistence, the perception of time is a key consideration. However, although there has been a recent push towards the incorporation of time into the study of entrepreneurship (e.g., see McMullen & Dimov, 2013), very few studies have included one's subjective view of time into theorizing about entrepreneurial behaviors and outcomes.

Method

Data from 315 entrepreneurs in the United States were collected via an online panel. Controls include age (M = 40.12 years), sex (30% female), venture age (M = 2.7 years), number of business classes taken (M = 2.76), number of past ventures (M = 1.51), and managerial experience (M = 4.88 years). Temporal focus, risk taking behavior, and bricolage behavior were measured using Shipp et al. (2009), Gomez and Balkin (1989), and Senyard, Baker and Davidsson (2014), respectively. Venture persistence was measured using items from Baum and Locke (2004) and Cardon and Kirk (2015). Confirmatory factor analysis and hypotheses testing was conducted in the R programming language (R Core Team, 2016).

Results and Implications

Results indicate that only present and future focus positively relate to risk taking, bricolage, and entrepreneurial persistence behaviors. Past focus was not related to these variables. We expect the use of temporal focus to have important implications for future research on opportunity recognition (Baron & Ensley, 2006), decision making (Shepherd, Williams, & Patzelt, 2015), stress and well-being (Baron, Franklin, & Hmieleski, 2016), resilience (Bullough & Renko, 2013), and the role that mindfulness plays in entrepreneurial behavior (Rerup, 2005).

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SUMMARY

FRAMING CHANGE: FRAME CO-CREATION AND ORIENTATION PROCESSES IN SOCIAL ENTREPRENEURSHIP

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Joep Cornelissen, Erasmus University, The Netherlands
Joakim Wincent, Hanken School of Economics, Finland, University of St. Gallen, Switzerland

Principal Topic

Transformative entrepreneuring has been defined as a process of addressing and ultimately transforming conditions of protracted socioeconomic constraint through entrepreneurship. The role of framing in motivating collective action has been well documented in social movement research and offers an innovative approach for the social entrepreneur seeking to transform a society. This paper examines the role of strategic framing processes as tools that mediate between contradictory logics—negotiating with traditional systems rather than openly contesting them—and thus effecting radical but non-violent change. We put forth that organizations can invoke community frames to catapult social change through an iterative keying process that underscores the importance of co-creating primary frames with the community and orienting organizational strategy to these frames. Our study is focused on Barefoot College, an enterprise that has received worldwide acclaim for its unique programs, training illiterate grandmothers as ‘solar engineers’ and addressing 14 of the 17 United Nation’s Sustainable Development Goals through its work. This social movement organization exemplifies radical and progressive social transformation and provided an ideal case for the investigation of frames as social change enablers.

Method

We analyzed contextual data to understand framing processes that stimulate, activate, and embed change in marginalized communities. Over the course of two one-week periods interviews were conducted across organization levels as well as with community members and solar college trainees. In addition, participant observations provided an in-depth view of local practices and beliefs. All together we conducted 50 interviews and analyzed data using coding techniques.

Results and Implications

We identify three stages through which social entrepreneurs can effectively use framing to win support for social transformations—the cogency stage, where primary frames are co-created with stakeholders to foster their willingness and participation; the conversion stage, where the entrepreneur rekeys primary frames towards social change objectives; and the consolidation stage, where the rekeyed frame becomes entrenched in the organization and the wider community. Our research contributes to emergent theories on entrepreneurship aimed at large-scale social transformations and directs attention to alternate pathways that effectuate change.

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SUMMARY

SERVING MULTIPLE MASTERS: CONVERGING DUELLING OBJECTIVES IMPOSED UPON UNIVERSITY BASED INCUBATORS

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Robert Steinbauer, Brock University, Canada
Teresa V. Menzies, Brock University, Canada

Principal Topic

Entrepreneurs impose different, often competing, demands on their University Based Incubators (UBIs) (Mitchell, Agle, & Wood, 1997). While extent research explores the interactions among the incubators, universities, industries, and governments (Etzkowitz, 2002) and within regional business and knowledge ecosystems (Clarysse et al., 2014), the competing claims from ventures and entrepreneurs have not been adequately investigated. In this paper, we take a stakeholder perspective and investigate the demands early stage ventures and entrepreneurs have and how UBIs try to satisfy these demands.

Methods

We interviewed 10 incubator managers and 38 entrepreneurs at UBIs in the Toronto-Waterloo corridor. We triangulate the interviews with field observations and web-based archival materials. The participating UBIs are less than 10 years old and focus on the early stages of startup and various industries, and offer different resources. We followed Gioia, Corley, and Hamilton (2013) by using NVivo to derive first-order codes, comparing first-order codes to surface second-order themes, and aggregating second-order themes to generate theoretical insights.

Results and Implications

We find that entrepreneurs often fail to separate themselves from their ventures, leading to competing claims on venture development versus personal development. While these claims are imperative, universities also demand UBIs to foster entrepreneurs' learning. Thus, most UBIs try to satisfy these competing claims by implementing a dual design based on objective venture performance and subjective soft skills development. However, UBIs often inconsistently apply this duality from entrepreneurs' intake to their graduation. Most UBIs are also unable to objectively assess soft skills development, making it difficult to connect with venture performance and economic impact.

We recommend UBIs to objectively assess soft skills development in addition to venture performance. UBIs should transparently communicate this dual design to entrepreneurs from intake to graduation. Furthermore, UBIs could emphasize how the dual design can better facilitate venture and personal development. Our findings have practical implications in helping UBIs to develop entrepreneurs' soft skills to start and grow new ventures in the short- and long-run. Our findings also have research implications in advancing stakeholder literature from a temporal perspective.

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SUMMARY

IMPACT INVESTMENT AS AN ENTREPRENEURIAL PROCESS:
LINKING MEASUREMENT TO VALUE CREATION

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Principal Topic

The emergence of impact investing over the past decade has been accompanied by increased interest in impact measurement to understand both social and financial return. Most literature takes a calculative perspective and focuses on impact measurement as a tool to assess past activities or prediction guidance for future investment decisions. However, we argue that innovations in impact assessment do not simply alter the rating methods or models used to assess entrepreneurial performance, but entail an entirely different set of epistemological assumptions about the calculability and predictability of the future, representing a fundamental paradigm shift.

Method

This paper uses a two-phase data collection approach by combining a multi-round Delphi Method (15 panellists) with 25 semi-structured interviews for more in-depth understanding. This iterative process reveals positions of professionals with extensive knowledge, including a diverse set of firms with various experience in the field, scale in terms of assets under management and investor base, and commitment to impact.

Results and Implications

Moving away from a calculative approach, we believe impact measurement is a mentality to be cultivated in investment and as such it creates value in its own right. The empirical data suggests that value is created in three ways. First, impact measurement provides an opportunity to engage stakeholders and promote communication. Second, it guides decisions and helps avoid distractions and mission-drift. Third, the tension between financial goals and environmental/social impact stimulates resource-bound innovation that otherwise would not happen if financial return is the only goal of an investment. The contribution of this paper is three-fold. Theoretically, we examine the existing impact measurement tools through a contextualized lens as calculative practices, looking at their advantages and disadvantages critically and highlighting which tools are particularly suitable under which circumstances. Methodologically, we adopt a less common but highly useful method (i.e. Delphi Method) and combine it with semi-structured interview to gain practical wisdom and understand real life nuances. Practically, we discuss the implications for the design and development of a more bottom-up approach to impact assessment that treats the co-creation, calibration and communication of impact and value as an entrepreneurial process to achieve efficiency and effectiveness in impact investing.

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SUMMARY

ANGELS AS SCIENTISTS: EPISTEMIC HEURISTICS FOR JUDGMENT UNDER UNCERTAINTY

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Principal Topic

The classic repertory of tools for decision making in management is inspired by a fundamental and widespread assumption: as uncertainty increases and decisions become more difficult, the rationality of decision strategies decreases. Actors use heuristics that are said to avoid uncertainty, to save cognitive effort and to reduce the costs of search. Those heuristics are characterized as simple and frugal, as they shortcut complex analysis of problems by looking for and stopping at approximate and satisfying solutions. It is on this basis that they are characterized as efficient and effective. This paper and study is motivated by the observation that in decisions that are both uncertain and important, a different approach to uncertainty is possible and arguably better: to master rather than reduce it and to strengthen thought rather than to minimize cognitive effort.

Method

To study this, we analyze the think-aloud verbalizations of expert angel investors when evaluating early-stage business opportunities.

Results and Implications

We show that investors apply a combination of different epistemic heuristics, commonly considered as opposites in previous research, and demonstrate that the depth and breadth of application of these ‘science-like’ heuristics have a positive effect on the quality of their judgments. Furthermore, we find that contrary to most existing approaches, more experienced investors rely to a lower extent on biasing or experientially-rational heuristics and focus instead predominantly on epistemic heuristics, including search and research, hypothesis formulation and testing, problem definition and rational acceptability criteria. Our work makes two main contributions to existing research on strategic decision making. First of all, it begins to develop a typology of epistemic heuristics, which are effective under uncertainty, and secondly, it provides evidence of the joint application of different types of heuristics in the decision making process (as opposed to studying them in isolation).

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SUMMARY

ENVIRONMENTAL RHETORIC IN EQUITY CROWDFUNDING: A SIGNALING INTERACTION PERSPECTIVE

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Principal Topic

Some entrepreneurs include social and economic values in opportunities as a way to attract critical resources. However, these entrepreneurs may find fundraising through equity crowdfunding difficult because such investors focus on deriving economic value (Moss et al., 2018). We examine how entrepreneurial opportunities that include social values use linguistic signals with equity crowdfunding investors.

Building on prior crowdfunding research, we argue that entrepreneurs reduce information asymmetries by signaling their opportunity’s social value through social and environmental linguistic positioning (cf. Moss et al., 2015). While social value may not directly contribute to the investors’ goal of deriving economic benefit, social and environmental linguistics does influence investors because investors attribute additional value (Mackey et al., 2007), trustworthiness, and legitimacy (Calic and Mosakowski, 2016) to underlying social values. Because investors become more informed about the underlying attributes of the opportunity through signals, entrepreneurs that use social and environmental linguistic signals have superior equity crowdfunding outcomes.

Method

We conduct a computer-aided content analysis of 213 equity crowdfunding appeals to measure the environmental and social linguistics embedded in their crowdfunding narratives (Moss et al., 2018). We analyzed the effects of environmental and social linguistics on funds pledged by equity investors. We also analyzed the moderating effects of social linguistics on the relationship between environmental linguistics and funding. We controlled for economic linguistics, amount of funding sought, new venture stage, venture age, and industry sector.

Results and Implications

We find support for our direct and moderating hypotheses. Our study makes three contributions. First, we demonstrate that opportunities with social value can signal to equity crowdfunding investors through their appeal because their environmental and social linguistic signals reduce the perceived risk of opportunistic behavior by the entrepreneur. Second, our research develops theory as to why social linguistic strengthens the relationship between environmental linguistic and funding outcomes. Finally, we bring social linguistic signals into the equity crowdfunding context, showing that, counter to expectations, social linguistic signals are positively related to equity crowdfunding outcomes, just as it is in prosocial forms of crowdfunding (e.g., Moss et al., 2018).

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SUMMARY

MEASURING EFFECTUATION AND CAUSATION:
A MULTI-COUNTRY SCALE VALIDATION

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Principal Topic
There is ongoing interest in effectuation (Sarasvathy, 2001), what it is (Jian & Rüling, 2018), its antecedents (Alsos, et al. 2016), and performance implications (Smolka et al., 2018). Empirical research on effectuation and causation in the new venture setting has been fundamentally shaped by Chandler et al.’s (2011) scale. However, this scale has been criticized for lacking validity (Alsos, Clausen & Solvoll, 2015) and further development has been called for (Mckelvie et al., 2019).

Chandler et al. conceptualize effectuation as a formative second-order construct constituted by three underlying first-order reflective constructs (flexibility, experimentation, affordable loss), and one first-order construct shared with causation (pre-commitment). We argue that this conceptualization as a formative construct has little grounding in effectuation theory (Sarasvathy 2001;2008). Moreover, the Chandler-scale confuses the principles of effectuation with dimensions that should be measured as distinct constructs. Reflecting this criticism, the purpose of this paper is to validate a new scale measuring effectuation and causation in the new venture setting.

Method
The scale development has been undertaken as follows: First, items were sourced from the literature. Second, items were pre-tested among founders of new firms. Third, questionnaire items measuring effectuation/causation were administered to founders of new firms (study 1). Empirical data was analyzed using exploratory factor analysis and initial content and construct validity was examined. Fourth, a new study (study 2) was conducted. Empirical data from study 2 was analyzed using confirmatory factor analysis and further analysis of content, construct and predictive validity was conducted. Fifth, the scale was validated in multiple countries.

Results and Implications
The outcome is an internationally validated 10-items measurement scale which provides reflective measures of effectuation (5 items) and causation (5 items). By introducing a clear alternative to existing scales, we initiate an important conversation over how effectuation should be measured. A practical implication is that our validated scale can easily be included in questionnaires that also include other key entrepreneurship concepts. This will enable future entrepreneurship research to test, develop and further advance theorizing on effectuation and causation (Alsos et al, 2019).

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SUMMARY

OVERCOMING BARRIERS TO OPPORTUNITY-MOTIVATED ENTREPRENEURSHIP: EXPANDING NETWORKS THROUGH MOBILE TELECOMMUNICATIONS

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Principal Topic:

Telecommunication technology has been available in most developed economies for a century now, and we often take for granted that individuals can communicate seamlessly with even the most extended nodes in their network (Roller & Waverman, 2001). An entrepreneur operating in a developed economy is not limited by lack of access to networks given the communication technology necessary to reach customers, employees and suppliers, are available, even if they fall outside the entrepreneur’s network. This was not true for entrepreneurs in most developing nations, prior to the invention of the mobile phone.

Method:

In general, entrepreneurship seems to be positively related to economic growth (Klapper & Love, 2011; Valerie & Peterson, 2009). The mechanisms and determinants are, however, relatively unclear given such BOP contexts are rarely studied in depth. We argue that mobile telecommunication technology in Sub-Saharan Africa has heightened the potential to promote the type of entrepreneurship that leads to positive economic outcomes. In this paper, we shed light on the mechanism through which entrepreneurship links technology adoption to economic development, while simultaneously exploring the behavior of BOP actors; a segment of the population whose economic and entrepreneurial activities are often overlooked in academic studies (Afutu-Kotey, Gough & Owusu, 2017, p.4; Walsh, 2015).

Results and Implications:

Using panel data on mobile technology access and surveys from the World Bank and Global Entrepreneurship Monitor(GEM), we empirically test the longitudinal effects of increased access to mobile telecommunications technology on the drivers and motivation for entrepreneurial venture creation in 54 African countries from 2000-2015. We collected data from GEM Adult Population Survey from 2001 to 2015 (for both national and aggregate-individual level responses), the World Bank’s Entrepreneurship Survey, and the International Telecommunication Union’s, World Telecommunication/ICT Development Report and databases. We used both random and fixed-effects models on panel data of 54 African countries, finding general support for both of our hypothesized relationships.

For African nations, GEM data is limited to capital cities, which can be very different from rural settings. To gain a more representative understanding of the mobile phone phenomenon, we completed a survey with a sample of 108 Ghanaians living in the rural village of Sampa (approximately 14 hours from the capital). This allowed us to observe nuances in mobile phone use that were not captured by the large national surveys.

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SUMMARY

ENHANCING OPPORTUNITY RECOGNITION SKILLS IN ENTREPRENEURSHIP EDUCATION: A NEW APPROACH AND EMPIRICAL TEST

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Principal Topic

A major purpose of entrepreneurship education is to help novice entrepreneurs become expert entrepreneurs (Krueger, 2007). However, novice and expert entrepreneurs think quite differently (Hsu, Wiklund, & Cotton, 2017). Consequently, the quality of opportunities they recognize varies largely (Fiet & Patel, 2008). What is needed in entrepreneurship education is a teaching method that can minimize this gap (Shepherd & DeTienne, 2004).

The vast majority of exiting teaching methods for entrepreneurship education are based on the passive search model, which adopts the perspective that opportunities exist and it is the entrepreneur’s job to discover them (e.g., DeTienne & Chandler, 2014; Saks & Gaglio, 2002). This research draws on the competence model in Béchard and Grégoire’s (2005) framework to propose a new teaching method, “IDEATE” (Identify, Discover, Enhance, Anticipate, Target and Evaluate). It involves “active problem solving in real life situations” (Nabi et al., 2017, p. 279) and is more closely aligned with an active search for opportunities.

While we propose IDEATE as an effective approach to increase the quality of opportunities identified, it incorporates tough tasks and real feedback and thus may—in the short term—hamper the development of entrepreneurial passion (Cardon & Kirk, 2015) and perceived fit with entrepreneurship (Hsu et al., 2018). Therefore, we hypothesize that, compared to students trained in the traditional, passive-search teaching method, the students trained in the IDEATE method will (H1) generate more innovative ideas. Additionally, the entrepreneurial passion (H2) and perceived fit with entrepreneurship (H3) of the students taught in the IDEATE method will increases to a lesser extent than those trained in the traditional method.

Method

We employed a pre-/post-, natural experiment with 149 students at a university in the Southeastern United States. Students in the control condition were trained with the traditional passive search method, while those in the treatment condition were trained with IDEATE.

Results and Implications

All of the hypotheses were supported. This research contributes to entrepreneurship education by proposing the IDEATE method and empirically demonstrate that it helps novice entrepreneurs identify opportunities with better quality.

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SUMMARY

CREATIVITY EDUCATION: IMPACT OF PEDAGOGY ON DEMONSTRATED CREATIVITY AND ENTREPRENEURIAL INTENTIONS

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Principal Topic

Creativity represents a topic of growing interest in the field of entrepreneurship, in large part due to the assertion that creativity functions as an antecedent to entrepreneurial intention (EI). As intention is a state wherein a person focuses their attention to a specific goal, or the means by which to achieve the goal (Bird, 1988), a sizable body of cognitive research focuses on EI and its role in the entrepreneurial process. Despite the frequently argued importance of creativity, empirical research examining the creativity-EI relationship is limited, uses subjective measures, and deserves further exploration. Previous research supports the argument that intentions are strong predictors of subsequent behavior (Kautonen, Gelderen, & Fink, 2013)—therefore, it is important for entrepreneurship scholars to investigate antecedents to EI development and enhancement.

Method

We also consider the continued growth of entrepreneurship programs in business schools, and extant research examining the impact of entrepreneurship courses on students’ entrepreneurial intentions. While creativity is often embraced as playing a critical role in entrepreneurship, it is not generally emphasized in business schools (Zampetakis & Moustakis, 2006), nor is it included as a fundamental part of the curriculum. Related to this is a dearth of empirical research on the impact of creativity courses on student creativity levels and the relationship between various levels of creativity and EI. Combining creativity and EI literatures allows us to further understand Shane and Venkataraman’s (2000) entrepreneurial process, particularly the questions regarding “why, when, and how some people and not others discover and exploit” opportunities (p. 218).

Results and Implications

Drawing upon the theory of planned behavior (TPB) (Ajzen, 1988; 1991), this research investigates the effect of creativity pedagogy on student creativity, and the relationship between students’ creativity and their entrepreneurial intentions. This contributes to the existing body of literature that examines how entrepreneurship education influences student intentions to launch ventures, and further extends our knowledge of this relationship by empirically assessing student creativity and its possible relationship with EI.

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SUMMARY

HOW MUCH ONE KNOWS AND WHAT ONE KNOWS: THE INFLUENCE OF PRIOR KNOWLEDGE ON OPPORTUNITY CONFIDENCE

Silvia F. Costa, University of Groningen, The Netherlands
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Principal Topic

Characteristics of both the individual and the new venture idea (NVI) can explain why someone develops higher levels of opportunity confidence (OC) and therefore is more likely to act upon ‘NVI X’ instead of ‘NVI Y’ (Davidsson, 2015). However, which individual differences cause different levels of OC remains unknown. Two antecedents that may influence OC upon a given NVI are prior knowledge of customer demand and entrepreneurial experience.

Prior knowledge has been shown to be a predictor of opportunity evaluation (Haynie et al., 2009). While most studies focus on the amount of prior knowledge an individual has, we focus on the content of prior knowledge (i.e., what one knows) about customer demand. Thus, we distinguish between three levels of prior knowledge: 1) prior knowledge of high levels of customer demand (propitious); (2) prior knowledge of low levels of customer demand (unpropitious); and (3) no prior knowledge of customer demand (control). Moreover, we argue that entrepreneurial experience strengthens the relationship between prior knowledge of customer demand and OC.

Method

We conducted an online experiment where 135 university students were randomly assigned to one of three conditions in which prior knowledge about customer demand was manipulated using scenarios based on the work by Arentz et al (2012). In the (un)propitious condition, information was given regarding high (low) levels of customer demand, whereas in the control condition no information was given regarding customer demand.

Results and Implications

The manipulation of prior knowledge was effective ($F_{2,132} = 15.27; p < 0.005$). Regression analyses showed that participants in the propitious condition ($b = 1.07 p < 0.01$) and the control condition ($b = 0.61, p < .01$) reported significantly higher levels of OC than the ones in the unpropitious condition ($R^2 = .247, p < .01$). Entrepreneurial experience had an interaction effect on the propitious condition ($b = -0.30, p < .05, \Delta R^2 = .045, p < .05$), in such a way that high levels of entrepreneurial experience numb the effect of prior knowledge of customer demand on OC.

These results show that the OC of (potential) entrepreneurs with low entrepreneurial experience is strongly influenced by their prior knowledge of customer demand. However, these differences in OC disappear when (potential) entrepreneurs have high levels of entrepreneurial experience. These results imply that when entrepreneurs gain entrepreneurial experience, knowledge of customer demand becomes less relevant when considering a new venture idea. This suggests that, in line with effectuation theory, experienced entrepreneurs are more likely to act based on their experience than on predicting the future, as their experience enhances their notion of control over uncertainty.

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SUMMARY

THE HEAD OR THE HEART? AN EXPERIMENTAL APPROACH INTO ANTECEDENTS OF OPPORTUNITY CONFIDENCE

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Principal Topic

Different actors develop different levels of opportunity confidence (OC) when faced with the same new venture idea (NVI; Davidsson, 2015). Characteristics of both the individual and the NVI can explain why someone develops higher levels of OC and therefore acts on ‘NVI X’ instead of ‘NVI Y.’ In this study, we test the effects of the actor’s cognitive representation of NVIs (“head”) and its interaction with the actor’s affective state (“heart”) on OC.

Baron and Ensley (2006) provide empirical evidence that cognitive frameworks such as mental prototypes are used to process, produce and evaluate NVIs. We hypothesize that the more prototypically viable a new venture idea is, the higher the level of OC will be. At the same time, entrepreneurs act in contexts saturated with emotional experiences (García et al., 2015) and especially in contexts of uncertainty, affect is likely to influence cognition (Baron, 2008; Forgas, 1995). Thus, we hypothesize that positive (negative) affect might strengthen (weaken) the relationship between the cognitive representation of an NVI and OC (Griechnik et al., 2010).

Method

This study consisted of 168 university students. Participants were first randomly assigned to positive or negative affective condition, and then to either the prototypical or non-prototypical condition. In the (non)prototypical condition, participants read a scenario with(out) implicit information concerning the prototypical viability of an NVI. Opportunity confidence, attention and manipulation checks, and control variables were measured. Both manipulations ($p_{effect} < .001$; $p_{prototypical} < .05$) were successful.

Results and Implications

Prototypical viability had a significant effect ($b = 0.51$, $p < .001$) on OC. Strong feelings of positive affect resulted in significant higher levels of OC ($b = 0.37$, $p < .001$). Interaction effects for positive affect were significant ($b = -0.47$, $p < .008$). Simple slope analysis shows that participants with low positive affect show significantly higher levels of OC when faced with a prototypically viable NVI, compared to being faced with a non-prototypically viable NVI ($b = 1.07$, $t = 2.26$, $p < .03$). No effects were found for negative affect.

Our results demonstrate that OC is influenced by the way individuals cognitively perceive NVI’s viability (“head”), as well as by the way they feel at a given moment (“heart”). Specifically, moderately positive affective experiences are likely to result in higher OC. Our conclusions have important insights for practice, especially for entrepreneurs and potential entrepreneurs on the importance of affect regulation strategies.

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SUMMARY

CAPTURING THE STRATEGIC PIVOT: IDENTIFYING THE PERFORMANCE OUTCOMES OF NEW VENTURE PIVOTS

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Principal Topic

Defined as a “structured course correction designed to test a new fundamental growth hypothesis about the product, strategy and engine of growth,” pivoting is said to represent a “a change in strategy without a change in vision” (Ries, 2011: 108). Although both scholars and practitioners have come to view pivoting as an almost unequivocally good thing (McMullen, 2017), less frequently mentioned is the likelihood that a large number of these pivots are unsuccessful. While most pivots are undertaken with the aim of generating faster growth, the challenges involved in their execution suggest that they are at least as likely to end in failure as they are in success (Shepherd, Douglas, & Shanley, 2000). Despite a surge in scholarly interest on the subject (Brush et al., 2015; Crilly, 2018; Grimes, 2017), relatively little is known about the causal impact that pivoting has on new venture performance.

Method

To address this gap, we employ a novel research design in which individual pivots are identified using the self-reports of approximately 50 early-stage, high-growth firms between 2014 and 2018. Timestamp data from the venture’s Twitter feed is used to identify when the pivot first was announced to the public. Because these reports occur at a time when the ultimate success or failure of the pivot is unknown, they provide an ideal source of information that avoids many of the retrospective and survivor biases that have hindered previous research. Using the change in traction that occurs among consumers as an outcome measure, we evaluate the shift in web traffic that occurs in the 12 weeks leading up to, and following, a strategic pivot. We also employ a latent instrumental variable to address potential endogeneity in the model (Park & Gupta, 2012).

Results and Implications

By validating a measurement model that allows researchers to identify the occurrence of individual pivots at the time they occurred (including those that failed), this study develops a more full distribution of the performance outcomes that accompany new venture pivots. In doing so, it aims to provide a strong initial prior that will eventually allow scholars to determine which pivots are successful, when, and under what circumstances.

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SUMMARY

THE TEMPTATION OF EXAGGERATION: LEGITIMACY AND FUNDING IN ENTREPRENEURIAL PITCHES

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Principal Topic

Prior research on the behaviors that entrepreneurs display during the pitch has focused primarily on the positive aspects of their behavior, including tenacity and inspirational leadership (Murnieks et al., 2016), and enthusiasm, preparedness and commitment (Cardon, Mittleness, & Sudek, 2017). What has gone underexplored in this area, however, is the effect that more negative behaviors have on investor perceptions (Pollack and Bosse, 2014; Rutherford et al., 2009). Chief among these is exaggeration, and the impact that it has on investor views of new venture legitimacy and funding potential. Exaggeration refers to statements that represent some aspect of the business as being either bigger or better than it really is (Oxford English Dictionary, 2016). Because exaggeration masquerades as the truth its presence can be difficult to discern, and thus all the more corrosive to the validity of the underlying decision (Frankfurt, 2005). The purpose of this study is to investigate the impact of exaggeration on investor decision-making, and distinguish it from similar behaviors like lying and overconfidence, which can also occur during the pitch.

Method

Across four studies – including a conjoint analysis, field study, and two experiments – we examine how two behaviors commonly found in entrepreneurial pitches, one beneficial (preparedness) and one harmful (exaggeration), interact to influence investor perceptions of new venture legitimacy and funding potential.

Results and Implications

Our findings suggest that while investors penalize exaggeration, the penalty does not result in the venture itself being viewed as illegitimate. While investors did not care for entrepreneurs who exaggerated, its presence did not constitute a “fatal flaw” for the entrepreneur delivering the pitch. This paper expands the study of investor decision-making by examining the structural incentives and personal motives that encourage entrepreneurs to exaggerate during the pitch. It also provides new avenues for research on the link between new venture legitimacy and resource acquisition. Although a long-standing view among entrepreneurship scholars has been that early-stage ventures must attain legitimacy before acquiring outside finance (Fisher et al., 2016; Zimmerman and Zeitz, 2002), our findings suggest that prospective investors may separate the funding potential of an opportunity from their perception of the venture’s legitimacy.

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SUMMARY

THE ROLE OF INSTITUTIONAL DECLINE IN ENTREPRENEURIAL ACTION

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Blake D. Mathias, Indiana University, USA
Shelby J. Solomon, Roger Williams University, USA

Principal Topic

Institutional entrepreneurship literature primarily assumes that entrepreneurs implement changes within institutions to meet new needs. Yet, how and why entrepreneurial actors would choose to pursue opportunities within a weakening institutional environment remains an open question. The weakening of a local institutional environment provides a unique context for exploring entrepreneurial action. For instance, government agencies do not have the proper resources to perform civic tasks (e.g., ensuring public safety, transportation), entrepreneurial actors may perceive this as a threat to their ventures, electing to relocate their activities elsewhere; whereas, other entrepreneurial actors might be drawn to the environment, seeing an opportunity to take advantage of the opportunities wrought by institutional decline.

Method

To address this question, we studied entrepreneurs in Detroit, MI. We first content analyzed over 3,000 nationwide media sources on Detroit entrepreneurship from 2006-2014 by using the global news database Factiva. Second, we have conducted 25 semi-structured interviews with Detroit entrepreneurs. Following these interviews, we have followed the well-established qualitative procedures for inductive analysis and theory building (Gioia et al., 2013) to derive our findings.

Results and Implications

We find that weakening institutional environments create the potential for a “comeback” narrative. Institutional entrepreneurs desire to be a part of this narrative and incorporate it into the mission of their own ventures. In this way, many entrepreneurs view their entrepreneurial pursuits as hybrid ventures—both profit- and socially-motivated. Second, to encourage entrepreneurial activity, weakening formal institutions will offer significant incentives to attract entrepreneurial activity. In turn, entrepreneurs will perceive lower barriers to entry, and thus, perceive new opportunities. Third, as Detroit transitions away from its Motor City identity, participation in redefining its identity attract entrepreneurs to the area. Whereas prior research focuses on how institutional entrepreneurs incite change by deviating from institutional norms and structures, our findings reveal a co-creative process in which the institution and its entrepreneurs work together to rebuild and recreate an environment, which we term institutional gentrification. Together, this study shows how the decline of institutional structures can give rise to the pursuit of entrepreneurial opportunities.

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SUMMARY

A SCALE TO MEASURE ENTREPRENEURIAL AMBIGUITY TOLERANCE

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Principal Topic

An entrepreneur takes financial gambles on a regular basis, such as deciding whether to take a loan, offer equity, or invest in pursuing a new market segment. Often decisions about these gambles need to be made quickly, despite having little information to help inform them. Prior research defines intolerance to ambiguity as a greater tendency to perceive ambiguous information as psychologically threatening (Budner, 1962; Norton, 1975). Moreover, an individual’s need to resolve ambiguity (or, their low Ambiguity Tolerance) is expected to drive gambling behavior by, for instance, avoiding ambiguous gambles, seeking clarity about gambles, or acting on gambles prematurely (Furnham & Ribchester, 1995). Ambiguity Tolerance has been proposed by prior researchers to be a stable psychological construct and as such may be uniquely useful in predicting gambling behaviour because its direction of causation is established; in other words, correlation with a behavioural variable, if one exists, would have to be in one direction only. Well-established scales for tolerance to ambiguity differ in the sources of ambiguity they measure. In any one of these scales, many of these sources (e.g., complexity or variety) appear to have little or nothing to do with the type of ambiguity that specifically characterizes entrepreneurial gambles. As such, a question exists regarding the adequacy of established measures to study ambiguity tolerance in entrepreneurial gambling. The purpose of this research is to develop a measure of entrepreneurial Ambiguity Tolerance that is comprised of dimensions that are relevant to the study of entrepreneurial gambling.

Method

Drawing valid criterion from well-established scales, we developed a set of items that cover four dimensions of Ambiguity Tolerance (incompleteness, insolubility, impermanence, and unpredictability). Next steps will include exploratory factor analysis, internal consistency, test-retest reliability, convergent validity and predictive validity. Predictive validity was tested on one of these dimensions (unpredictability) with a group of senior undergraduate and graduate business students.

Results and Implications

Preliminary results provide evidence that the one dimension tested, unpredictability, has predictive validity. In other words, unpredictability is predictive (ironically!) of at least one aspect of entrepreneurial gambling behavior (n=36; p<0.05). By continuing the development and validation of this scale of Ambiguity Tolerance, we hope to provide a tool to foster new advances in the study of entrepreneurial gambling.

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SUMMARY

INTELLECTUAL CAPITAL AND RESILIENCE IN TORN SOCIETIES

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Principal Topic

Entrepreneurs in torn societies face many obstacles that hinder their ability to start or expand their business, with access to financial capital as the most apparent one. Still, we see entrepreneurs who survive and overcome adversities by utilizing other forms of capital such as intellectual capital (IC). As well, focusing on one's internal strengths and showing resilience enhances psychological strength allowing the person to cope with adverse situations. In this study, we look at the relationship between intellectual capital and resilience in torn societies to relate how the three main IC components are influenced by an entrepreneur’s resilience.

Method

We interviewed 17 entrepreneurs from Iraq, mainly from Tikrit. The interviews were semi-structured, translated to English, and coded by native Arabic and Kurdish speakers. The availability of socio-economic information for entrepreneurs guided the choice of the sample where additional information were taken upon entrepreneurs’ participation in a UNIDO livelihood program.

Results and Implications

Results emphasize the relationship between IC and resilience in the context of torn societies. We find that entrepreneurs gain and develop resilience from different sources including personal strength (flexibility, optimism, hope, strength, accepting failure and losses), work environment and culture, and supportive relationships. Moreover, findings stress how beliefs, sense of purpose, spiritual and religious identification are characteristics of entrepreneurial resilience.

This paper contributes to the entrepreneurship literature as it investigates the role of resilience along with intellectual capital in supporting entrepreneurs in torn societies facing adversity and resource limitations. This answers calls for research on how might firms use available resources and skills to form and develop resilience in the face of risks that might be encountered. As well, it advances the literature on intellectual capital as it allows for a better understanding on the impact of resilience on IC in torn societies.

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SUMMARY

LET'S FACE IT: A FACIAL EXPRESSION ANALYSIS OF EMOTIONS IN ENTREPRENEURIAL PITCHES

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Principal Topic

The archetypal entrepreneur is often viewed as passionate (e.g., Cardon et al., 2009; Smilor, 1997). Moreover, research examining implicit bias and entrepreneurs of color further suggests that the archetypal entrepreneur is not only passionate, but also Caucasian (e.g., Nunley et al., 2011; Younkin & Kuppuswamy, 2017; 2018). Reflecting this, both displayed passion and entrepreneur race have been found to influence potential resource providers in a variety of contexts (e.g., Davis et al., 2018; Li et al., 2017; Murnieks et al., 2016; Younkin & Kuppuswamy, 2017; 2018). While it has become clear that entrepreneurs communicate passion to potential resource providers in a variety of ways, relatively little is known with regard to the most powerful mode of communication: the face (Ekman, 1993; Hatfield et al., 1994). Moreover, little to no research has gleaned insight into whether or how the benefits of displayed entrepreneurial passion in influencing potential resource providers may differ based on race.

Drawing on work in entrepreneurial passion (Chen et al., 2009), implicit bias (Hutchings & Haddock, 2008), and the ‘Match-Up’ hypothesis (Till & Busler, 2000), we develop and test a series of hypotheses to examine the influence of facially-expressed emotional valence and its interaction with race.

Method

To test our hypothesized relationships, we employed a random sample of 460 crowdfunding pitches. We conducted a computer-aided facial expression analysis of entrepreneurs’ video-based crowdfunding pitches, with other measures coded by the authors and trained research assistants.

Results and Implications

Our hypotheses were supported. We found significant effects of positive (b = 0.24; p < 0.01), neutral (b = -0.36; p < 0.01), and negative (b = -0.67; p < 0.05) facial expressions in predicting crowdfunding performance. Similarly, with the exception of positive valence, the interaction between facially-expressed valence and the presence of entrepreneurs of color were also in the expected direction: neutral (b = -0.35; p < 0.05); negative (b = -0.90; p < 0.05). Our study thus contributes to research on passion, the influence of displayed emotion on fundraising performance, and to the growing research stream on entrepreneurs of color.

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SUMMARY
AFTER THE INVESTMENT, WHAT DO BUSINESS ANGELS DO FOR THE VENTURE FOR REAL?
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Principal Topic
The contributions of Business Angels (BAs) in the early stages of a venture are widely recognized as positive (Politis, 2016). Previous literature has mainly focused on what happens before the investment, especially the decision investment process of the BA (Landström and Mason, 2016). In contrast, little is known about the relationships between BA and the venture after the investment. Both academics and policy makers have called for a deeper understanding of the role of BAs beyond financing (Mason et al, 2017). This paper intends to answer this call by investigating the role and the activities of the BAs post-investment.

Method
The paper is based on a qualitative research that focuses on BAs that invest in innovative early stage ventures, in solo or via a syndicate group. Our sample is made of 300 heterogeneous BAs in terms of gender, age, expertise, start-up portfolio, roles and activities post-investment. Almost every industry is covered as well as the different maturity stages of ventures. 30 semi-structured interviews were conducted mostly face-to-face lasting 60 minutes on average. Data were then analyzed and coded using the approach of the Gioia Methodology in inductive research.

Results and Implication
This research opens the black box of BAs value-added activities by building a taxonomy of the roles and activities of BAs at each investment stage. It explores the factors that influence the involvement of BAs and the process through which they create value for the new venture. Preliminary results show that the very early phase of investment is essential to set personal relationships and build an appropriate communication routine between the entrepreneur and each type of BAs. Entrepreneurs need to understand the pertinent way to involve BAs as sparring partners in their respective areas of expertise or experience. This allows them to avoid the pitfalls that the BAs have already faced and to make substantial gains.

This paper makes several contributions to the academic and practitioners communities. BAs are one of the few resources that entrepreneurs may rely on in the early stages of their ventures development. A better understanding of their roles and impact is needed.

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SUMMARY

RULES ARE MEANT TO BE TOKENS:
ACQUIRING ENTREPRENEURIAL RESOURCES THROUGH INITIAL COIN
OFFERINGS (ICOS)

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Principal Topic

Initial Coin Offerings (ICOs) is a novel form of raising financial resources outside the traditional sources of capital. Entrepreneurial founders and teams issue new digital tokens or coins using a blockchain platform and hold a public offering of those coins to interested parties—retail investors—who buy the tokens using cryptocurrencies. Most scholars believe ICOs combine features of crowdfunding, Initial Public Offerings, and Venture Capital. A controversial issue is whether the proliferation of digital entrepreneurship challenges the traditional models. While some argue that ICOs outperform and might be a substitute for IPOs and VC as an emerging strategy to finance high-technology startups (Dell’Erba, 2018), others contend that it offers high-risk opportunities for unprotected investors (Barsan 2017) and has thus faced increasingly stringent regulations from different government entities.

Method

Using the lens of distributed agency and digital entrepreneurship and a sample of around 2,500 ICOs, we examine how entrepreneurs are accessing capital for their ventures and projects by testing the hypotheses: (1) there is a positive relationship between the frequency of ICO campaigns and the price of cryptocurrencies such as Bitcoin and Ether; (2) there is a positive relationship between a favorable review of the blockchain-product and campaign success, which is amplified (positively moderated) by the community’s favorable view of the entrepreneurial team. (3) The positive relationship in (2) is amplified if the campaign is bridging different categories.

Results and Implications

We find that the broader growth of the cryptocurrency market drove entrepreneurs to launch ICO campaigns to get access to resources. We argue that although entrepreneurs are innovating in how they acquire resources by using technology-enabled process and leveraging novel forms of distributed agency, much of the traction was due to the growth of the broader cryptocurrency markets rather than the quality of the campaigns themselves. Moreover, given that the process and the domain lacked legitimacy, the product and team quality influenced the likelihood of investors purchasing tokens. Thus, we contribute to emerging theoretical perspectives of digital entrepreneurship by addressing the question of how entrepreneurs in high-technology startups are using ICOs.

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SUMMARY

ENTREPRENEURIAL FIRMS, ENTRY, AND COMPETITION: EVIDENCE FROM THE MOVING INDUSTRY

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Principal Topic

Entrepreneurial firms often fail because of the difficulties associated with establishing a relation with potential customers who, lacking a business history, have no information about the firm’s true quality. Thus, ways to effectively inform consumers about quality are salient for the performance of entrepreneurial firms. Traditionally, third-party certification and licensure have served as signals of quality. More recently, technological innovations have allowed new ways to signal quality. We posit that signals of quality may be centrally administered by an official organization or emerge through decentralized processes. Depending on their origins, signals of quality may be more or less accurate. Inaccurate signals may lead to adverse effects for entrepreneurial firms because consumers will come to ignore the signals and rely more heavily on established firms’ reputations. However, accurate signals of quality may promote entry by reducing consumer search costs and substituting for firms’ reputation, thus lowering the cost of entrepreneurship.

Method

We test our argument using an original dataset which incorporates data for the moving industry from the California Public Utility Commission, California Movers and Storage Agency, and yelp.com. This data set allows us to test the accuracy of two centrally administered signals, certification and licensing, and of a decentralized process, reviews on Yelp. The resulting dataset includes the entire population of moving companies in the region, for a total of more than 1,200 firm observations. We use an ordered probit regression to test for differences in the accuracy of each signal. We then use a negative binomial regression to test for the effect on entry contingent on the accuracy of the signals.

Results and Implications

We find that decentralized processes generate more accurate signals than those administered by central authorities. As predicted, accurate signals are associated with increasing firm entry. One implication of our findings is that decentralized processes generate more accurate signals which, in turn, leads to increased entrepreneurial entry. While this, in turn, generates an increase in competition, firms who successfully meet consumers demand for quality are able to thrive in the market. Furthermore, because accurate signals lower transactions costs, entrepreneurial firms enjoy lower entry costs because accurate signals effectively substitute for a firm’s reputation.

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SUMMARY

DIGITAL ENTREPRENEURSHIP AND FAMILY BUSINESS: AN ETHNOGRAPHIC CASE STUDY OF AN ASIAN FAMILY BUSINESS

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Principle Topic
The rapidly evolving digital economy and emerging technologies have, altogether, transformed business practices and threatened traditional business models. Known for having inertial responses, many family businesses have struggled to keep pace with the disruption (König et al., 2013). Despite the vast amount of wealth that has been accumulated through digital entrepreneurship (Nambisan, 2017), there is little, albeit growing, number of studies examining family businesses and their involvement in digital entrepreneurship (De Massis et al., 2012). In this study, I use ethnography to explore the internal dynamics of a first-generation family business as they attempt to digitalize their sales operations. The research goal is to provide a rich account of the challenges and successes of digital transformation within a family business and to guide its theoretical development in the Asian context.

Method
Between 2014 to 2016, I immersed myself within the operations of a homeware retailer based in Singapore. During the two years of local placement, I interviewed key company personnel whose jobs were directly affected by the digital transformation. The interviews conducted were open-ended and process-oriented, i.e. questions were asked about the process of how things happened and how they felt about them. Further, I participated in a few executive meetings on technology-related matters and had informal conversations with some of the company’s external stakeholders such as suppliers and customers. At the start of the data analysis phase, a case study was first written, drawing from field memories and notes without any explicit analysis. While there might have been implicit analysis that decided the parts that were appropriate to add to the narrative, the explicit analysis was only conducted during the process of writing the first draft. The company’s financial records of online and offline transactions were also used to supplement the overall analysis.

Results/Implications
The dynamic digital environment requires companies to have frequent responses to uncertainty and to be open to executing a diverse set of activities that can, sometimes, be risky. However, family businesses are often beset by complex familial ties and can find it difficult to make decisions, especially when there are differing opinions across the board. Digital transformation was a difficult process for the company in question. Primarily, it was due to the CEO’s low risk propensity and the overall lack of domain expertise within the management team. In terms of resources, the company had sufficient financial capital and brand equity to compete with new entrants; however, the risk-averse CEO preferred to double down on proven offline strategies instead of using unfamiliar online strategies. Additionally, the management team prioritized loyalty and valued relationships, and they were reluctant to replace long-term employees with more technically-savvy young workers. Although the founders did consider onboarding the second-generation, there was inertia in ceding authority. There was also the influence of sibling seniority within the business that affected business decisions and impeded the speed of execution. On several occasions, the COO (the initiator of the digital transformation project and the youngest sibling) found it difficult to lobby his ideas to his older siblings, who were more conservative and preferred the traditional offline strategies.

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SUMMARY

SUSTAINING EFFICIENT RELATIONS IN STARTUP MENTORING

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Principal Topics

We recently noted a rapid development of startup acceleration programs worldwide. Startup mentoring lies at the heart of these activities (Plummer et al., 2016; Cohen et al., 2018) and represents a third-party association where non-founders can potentially have a significant impact on startup performance and growth (Huang & Knight, 2017).

Yet, it is unclear how entrepreneurs and mentors work together to sustain efficient relations because of mixed, scarce, and incomplete empirical evidence (Özgen & Baron, 2007; Cohen et al., 2018). Existing literature offers one-sided accounts of either entrepreneurs or stakeholders, foregoing the bidirectional nature of relationships, emphasizes mutual attraction and path dependence in their development, and focuses on their two discrete stages: the beginning and the end.

Aligned with social network and social exchange theories (Blau, 1964; Larson, 1992) and drawing upon the mentoring literature (Haggard et al., 2011), we explore the strategies that entrepreneurs and mentors jointly use to sustain efficient mentoring relations.

Method

We employed a multi-stage data collection procedure that spans across 10 months of an acceleration program in Hong Kong. We made use of surveys, interviews, and reports from 35 startup teams, their mentors and expert judges. We used fsQCA and case studies methods to conduct the analysis (Eisenhardt, 1989; Fiss, 2011).

Results and Implications

We identify two key strategies for achieving efficient relationship persistence. The first strategy, where persistence in desired relations is achieved through mutual attraction-driven processes, is well-recognized in the literature. The second strategy is new discovery coined process embeddedness. It relies on joint actions that advantageously shape the relationship and can be achieved with available partners. Surprisingly, process embeddedness allows for developing relations, which can outlast the startup itself. This is an important distinction because new venture success rarely comes with the first endeavor.

We contribute to startup mentoring and acceleration literatures by looking beyond the path-dependency of relations formed with desired partners and by focusing on bidirectional relational processes rather than discrete relationship stages. We highlight how low-power actors, such as entrepreneurs, can overcome challenges of associating with a less-desired pool of partners and shape critical acceleration outcomes.

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SUMMARY

WHACKED BY WALL STREET? – A TEMPORAL CHANGE PERSPECTIVE ON HOW THE TOP MANAGEMENT TEAM DRIVES ENTREPRENEURIAL MANAGERIAL ATTENTION POST-IPO

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Steffen Strese, RWTH Aachen University, Germany
Malte Brettel, RWTH Aachen University, Germany

Principal Topic

An Initial Public Offering (IPO) marks a transformational stage in a firm’s lifecycle (Certo et al., 2009). Reaching this milestone is profoundly driven by the manifestation of the firm’s entrepreneurial mindset, which secures a new source of capital to harvest its opportunities. Although an IPO increases capital availability, it releases profound forces with a long-term impact on the organizational structure, processes, and deductively on the Top Management Team (TMT) (Fischer and Pollock, 2004). Considering an IPO as an empowering instrument, the TMT may provide the breeding ground for a shift of its own entrepreneurial spirit. Research on a post-IPO firm’s Entrepreneurial Orientation (EO), however, has merely focused on financial outcomes and neglected the underlying mechanisms and manifestations of post-IPO EO changes. Following various research calls (e.g., Menz, 2012) results in the overall question: How does the TMT-level of analysis help explain temporal dynamics in the post-IPO level of EO?

Method

The sample is based on IPO prospectuses and Management Discussion and Analysis (MDA) section of the individual 10-K reports retrieved from the U.S. SEC EDGAR database of firms that went public in the U.S. between 2003 and 2013. We obtained a sample size of 1,096 IPO firms, resulting in 14,634 firm year observations. The EO construct is measured as a unidimensional construct following Miller (1983). We use the established dictionaries from McKenny et al. (2018) and employ computer-aided text analysis of MDAs published post-IPO. The presence of functional TMT members and TMT functional experience, both independent variables, are hand-collected from the IPO prospectus and are defined consistent with Menz (2012). We test our hypotheses applying generalized estimating equation regressions (Ballinger, 2004).

Results and Implications

Findings indicate that output (throughput)-focused functional TMT members positively (negatively) relate to the post-IPO EO level. These findings allow inference upon the optimal TMT setup pre-IPO and provide a building block for the EO-Life-Cycle-Theory. We therefore theoretically merge Corporate-Life-Cycle-Theory with EO-Life-Cycle-Theory. Overall, these findings show that external capital events provoke a lagged shift in EO, with the manifestation depending on the TMT constellation.

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SUMMARY

FLUSH WITH CASH: SLACK RESOURCES AND INNOVATION FOR GROWTH VENTURES IN CHALLENGING INSTITUTIONAL CONTEXTS

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Principal Topic

The slack and innovation investment debate has revealed competing lines of reasoning drawing on behavioral and agency theory. While slack can be invested into producing innovations, it can also be enticing to founders to indulge in these resources for their own self-interest at the expense of future-oriented investments. Research has shown mixed evidence about managerial decisions in using slack resources, especially when slack investments are viewed as static (one-time) decisions. To help clarify these findings, we introduce a dynamic perspective by accounting for the growth rate of slack (the dynamic slack trajectory) and the contingency effects of the institutional environment. Forward-looking investment choices are made with current and future slack resources and the institutional environment in mind.

Methods

We test our study predictions using data on firms which recently completed their initial public offerings (IPOs) at the China Growth Enterprise Market. We chose this context because it allowed us to study fast-growing firms in an institutional context with different levels of instability. Our study sample consists of 127 CGEM-listed ventures operating during the 2010-2015 period. Our dependent variable is R&D intensity (ratio of R&D/sales) to measure innovation investment. For our independent variables, we focus on absorbed slack resources (ratio of SG&A/sales) because it is more likely to be withheld, yet valuable for innovation projects. We calculate slack trajectories as the Bayesian slope estimate of the temporal change in absorbed slack resources. We measure institutional instability as an index consisting of five factors: (1) government and market role; (2) development of non-state-owned enterprises; (3) development degree of product markets; (4) development degree of factor markets; (5) development of market intermediaries and law environments in maintaining markets. We also control for firm and industry characteristics.

Results and Implications

For ventures with higher absorbed slack trajectory levels, the baseline relationship intensifies. For ventures operating in regions with greater institutional instability, the baseline relationship weakens. This can lead to a self-reinforcing cycle of underutilizing resources and shortchanging efforts to boost innovation amidst rising competition.

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SUMMARY

SIGNAL CONFIGURATIONS: EXPLORING SET-THEORETIC RELATIONSHIPS IN ANGEL INVESTING

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Principal Topics

In the process of obtaining early stage angel financing, entrepreneurs send multiple signals to verify the quality of their venture to angel investors. We argue that signals are not singular or loosely coupled entities whose components can be understood in isolation, but instead they are clusters of interconnected structures and practices. Thus, we use a configurational approach to analyze the signals sent by entrepreneurial firms to angel investors. Configurations are “any multidimensional constellation of conceptually distinct characteristics that commonly occur together” (Meyer et al., 1993: 1175). It assumes complex causality and nonlinear relationships where “variables found to be causally related in one configuration may be unrelated or even inversely related in another” (Meyer et al., 1993: 1178).

Method

Our data came from the venture proposals submitted by entrepreneurs to a large angel-financing group located in the Northeast between 2007 and 2014 (n=627). We employed crisp set methodology (Ragin 2008; Ragin & Fiss, 2008). Set-theoretic methods differ from conventional variable-based approaches in that they do not disaggregate cases into independent, analytically separate aspects but instead treat configurations as different types of cases (Fiss, 2011). We tracked two outcomes, passing through small group screening and passing through the large group presentation. For a finer-grained analysis, we divided our sample into two industry classifications, life sciences and high technology.

Results and Implications

Passing the small group screening threshold was associated with a number of signal configurations, and these differed by industry. For high technology ventures, there were only two paths with core causal conditions present, and in each path IP was absent. For life sciences ventures, however, all configurations contained IP as either a core or a secondary condition. This contrast reflects the tension around intellectual property as a signal of quality, as noted in prior research (Allison et al., 2006). Prior investment by angels and venture capitalists was present in all signal configurations at the large group presentation stage, for both high technology and life sciences ventures. This finding suggests that the backing of other external investors sends a strong signal about the quality of the investment to other potential angel investors.

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SUMMARY

BEYOND A UNIFIED PERSPECTIVE ON EXTERNAL CORPORATE VENTURING IN FAMILY FIRMS: THE ROLE OF FAMILY POWER, CONTROL AND EXPERIENCE

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Principal Topic

Corporate entrepreneurship (CE) has developed into a central vehicle for business growth. However, despite the widely acknowledged power of CE, we lack transparency on how family firms react to this opportunity. On the one hand, family members are highly attentive towards the uncertainty of their investments and thus tend to avoid entrepreneurial projects that put their wealth at risk (Duran, Kammerlander, van Essen & Zellweger, 2016). On the other hand, their deep-rooted desire to maintain the family dynasty may encourage entrepreneurship to ensure transgenerational welfare (Minola, Brumana, Campopiano, Garrett & Cassia, 2016). Our study tries to disentangle these conflicting views by providing more nuanced empirical results. First, we move away from a purely dichotomous comparison of family and non-family firms and account for the degree of family power, control, and experience as three important sources of family firm heterogeneity. Second, we do not view CE as a generic concept but exclusively focus on external corporate venturing (ECV) as one mode of corporate entrepreneurship that is distinct from internal corporate venturing, innovation or strategic renewal.

Method

We manually developed a panel dataset that includes observations of 258 family and non-family firms listed in the S&P 500 from 2005-2016. We first compiled information on ECV activity from the Thomson Eikon and SDC Platinum databases and then aggregated these data points with information on family firm status. We employ negative binomial regression modeling to test our hypotheses since our dependent variable is based on discrete, non-continuous and non-negative count data.

Results and Implications

Drawing from socioemotional wealth theory, our study shows that family firms engage less in external corporate venturing than their non-family counterparts. Yet, this dichotomous comparison disguises important differences among family firms. In fact, ECV activity is not static across family firms but decreases with increasing levels of family power, control, and experience (i.e., family generation). These results are in line with our hypotheses and underline that the preservation of socioemotional wealth hinders investments ECV. Particularly, with increasing family power, control and experience family members become sensitive to the financial and reputational risks of ECV and the threat of losing organizational control by leveraging external partners.

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SUMMARY

EXPLORING THE INTERFACE BETWEEN LEARNING AND INNOVATION: INVESTIGATING LEARNING STRATEGIES ACROSS TECHNOLOGY-BASED VENTURES

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Principal Topic

Despite the importance of learning for new ventures to innovate and thereby bring novel products, processes or services on the market, there is little understanding how new ventures shape their learning processes as they engage in the innovation process. This study argues that the way new ventures learn cannot be isolated from individuals who make decisions related to organizational development (Child, 1997). In new ventures, business strategy is strongly linked to the objectives, perceptions, and experiences of the entrepreneur(s) (Zhang et al., 2006). These, in turn, are expected to shape the way entrepreneurs continue to learn and build venture-level capabilities to advance and compete on the market (Simon, Houghton, and Aquino, 2000; Doughlas and Shepherd, 2000).

Method

The research undertakes a multi case-study methodology (Yin, 2011) and builds on 21 in-depth semi-structured interviews and internal company documents. The data collection was longitudinal taking place over three phases. (i) A pilot phase, in which an overall understanding of the cases was achieved. (ii) The actual study phase, where an in-depth understanding of the various events, patterns, and processes related to the innovation process was delineated. (iii) A prospective phase where activities of these ventures were followed as they took place. Data analysis moved from first-order coding seeking to establish an accurate understanding of events, toward a more abstract level aiming to develop a theory-laden perspective of the phenomena (Gioia et al., 2013).

Results and Implications

The findings demonstrate that the way entrepreneurs perceive uncertainty determines the learning strategy a venture takes in terms of (i) entrepreneurial proactivity and (ii) commitment (the time and resources dedicated) to developing and integrating the knowledge that supports innovation outcomes. The findings also suggest that the way entrepreneurs perceive uncertainty is embedded in the breadth/depth of functional knowledge that they encompass. Hence, functional knowledge is found to mediate the relationship between perceived uncertainty and the type of knowledge developed as a result of embracing a specific learning strategy. The findings in this study cast uncertainty perception and its impact on the evolving learning behavior in a more dynamic light, suggesting that the interplay between “embracing” or “avoiding” uncertainties and the learning strategy assumed can have important implications on the strategic direction of the organization.

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SUMMARY

HOW DO GENDERED MESSAGES IN STARTUP JOB-ADVERTISEMENTS UNDERMINE JOB-SEEKER'S INTEREST?

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Principal Topic

Entrepreneurship is still a man's world (Gompers & Wang, 2017). Studies addressing this persistent gender gap share an exclusive concern with the underrepresentation of women entrepreneurs (Jennings & Brush, 2013). Women, however, are underrepresented in entrepreneurship not only as startup founders but also as startup employees (Nisen, 2014; Dai et al., 2018). Since research on startup employees as a distinct group is still in its infancy (Sauermann, 2017), and studies on gender inequality in that space are few and far between (Baron et al., 2007; Engel et al, 2018), knowledge about the sources of women’s underrepresentation in entrepreneurship is severely incomplete.

We build on the argument that employee recruitment is a major source of gender inequality in organizations (Fernandez & Campero, 2017) and on prior research showing that job-advertisements – representing the first line of communication between employers and job-seekers – are particularly powerful in shaping job seekers’ decisions to enter the candidate pool (Lievens & Slaughter, 2016). We then piece together theoretical insights from signaling theory (Connelly et al., 2011), relational demography (Tsui & O’Reilly, 1989; Avery, 2003), and the similarity attraction paradigm (Byrne, 1971; Devendorf & Highhouse, 2008) to predict that startup job-ads signaling greater proportion of women among current employees will be more effective in attracting women job-seekers, yet less effective in attracting men.

Methods

We analyze data obtained from a job-matching mobile-application platform, containing over 2.5 years of recorded job-seekers’ interactions with startup job-advertisements. Our unique data encompasses 393 startups that posted 2,602 job advertisements, rated by 8,950 job-seekers (44% women) for a total of 675,785 independent rating sessions. We use HLM as our main analytic framework.

Results and Implications

Individuals who consider joining entrepreneurs on their entrepreneurial journey are, as Sauermann (2017, p. 3) notes, a “distinct group” of “important entrepreneurial actors” – at once different from entrepreneurs as well as from employees in established firms. Understanding how their interest in working for startups varies based on gendered messages in job-ads is not only crucial for the ability of startups to recruit the best talent, but also for unraveling the sources of gender inequality in entrepreneurship.

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SUMMARY

ADDRESSING A MILLENNIAL GENERATION CHALLENGE: LEARNING FROM FAMILY FIRMS HOW TO ESTABLISH CLAN CONTROLS TO INCREASE TRUST AND REDUCE AGENCY COSTS

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G. T. Lumpkin, Michael F. Price College of Business, University of Oklahoma, USA

Principle Topic:

Family firms are ubiquitous and crucial to all economies, and, increasingly, scholars are becoming aware that much can be learned from their idiosyncratic and unorthodox approaches. Extant research has focused attention on that which distinguishes family firms from non-family firms and, more recently, family firm heterogeneity. However, with few exceptions, there is scant discussion on the topic of trust and control mechanisms, which both anecdotally manifest differently in this organizational genre.

While control has traditionally been regarded as detrimental to trust, there is a growing body of literature that has found organizational control can, in fact, promote trust. In family firms, leaders are known to exercise social control, or “clan control”, in an effort to influence the behavior of members. This form of control utilizes “intense socialization” to reduce agency costs by, for example, promoting goal congruence and establishing norms which effectively negate the inclination to behave opportunistically. Building off Ouchi’s seminal Markets, Bureaucracies, and Clans concept, this research integrates the organizational trust and control literatures, arguing that family firm leaders exercise clan control to achieve the cooperation of managers.

Method:

Primary matched triadic data were collected from chief executive officers (CEOs), family, and non-family top management team (TMT) members (n = 237) from 79 family firms in Ireland. Two surveys were developed; one for CEOs and a second for TMT members. TMT members reported on their trust in the CEO using Gillespie’s (2003) Behavioral Trust Inventory, and clan control using Cameron and Quinn’s (2006) Organizational Culture Assessment Instrument. CEOs provided job performance ratings for TMT members. A mixed-distribution approach (mail and online) was used to collect responses and the tailored design method was employed.

Implications:

Theoretically, much of the organizational control literature has focused on coercive, formal controls. By contextualizing our work in family firms and focusing on the role of clan controls, we address a research gap and respond to recent calls for investigation into informal controls and their impact on trust in organizational research. Methodologically, the collection of data from matched triads represents an important empirical contribution to the family business, entrepreneurship, and organizational fields. Practically, for entrepreneurs, understanding the concept of clan control is increasingly important as they scale and become exposed to agency-related costs.

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SUMMARY

FELT TRUST: EXAMINING THE IMPORTANCE AND IMPACT OF FEELING TRUSTED IN THE FAMILY FIRM TOP MANAGEMENT TEAM

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Eric Clinton, DCU Business School, Dublin City University, Ireland

Principle Topic:

Families throughout the world comprise naturally occurring communities that generate trust relations. As such, family firms are often referred to as high-trust organizations. The intense bonds inherent in familial relationships provide a fundamental basis for commitment, cooperation, reduced monitoring, and open disclosure among members. This is salient given that trust (i.e., a willingness to be vulnerable) in organizational leaders is linked to employees’ intentions to stay, compliance with strategic decisions, and unit performance. Indeed, while employees’ behavior may be shaped by how much they trust their leader, it may also be affected by how much they feel trusted by that leader. However, little is known about the construct of felt trust in the workplace, and even less is known about how it manifests within employee-leader relationships in family firms.

Method:

We collected triadic survey data (n = 237), consisting of responses from chief executive officers (CEOs), family, and non-family top management team (TMT) members from 79 family firms in Ireland. We employed a mixed-distribution approach to collect responses (mail and online) through four carefully timed personalized contacts, utilizing principles from social exchange theory to optimize response rates. CEOs completed one survey and identified and nominated a family and a non-family member of their TMT to complete a second survey. All firm-level data were cross-checked using objective data from the Irish companies registrar. Given the highly sensitive nature of the topic, participants were assured confidentiality in their responses.

Results and Implications:

Our study makes several important contributions. First, we demonstrate that trust manifests differently between family and non-family members in family firms, with distinct drivers and outcomes. Specifically, family TMT members feel more trusted by the family CEO, and perceive the family CEO as more trustworthy, than non-family TMT members do. Second, this is the first study to capture trust perceptions from matched organizational triads, comprising the CEO, a family, and a non-family TMT member. The use of a multi-informant method is rare in family firm research. Finally, this research sheds light on the drivers and consequences of trusting and feeling trusted in family firms. This is a salient topic and should facilitate leaders in maintaining harmonious relationships with employees, creating an environment in which trust can thrive.

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SUMMARY

PUTTING IMAGINATION TO WORK: ANALYZING THE LINK BETWEEN CREATIVITY AND ENTREPRENEURS’ COGNITION

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Charles Murnieks, Oregon State University, USA

Principal Topic

Entrepreneurial creativity is important for identifying business opportunities, facilitating entrepreneurial innovation and developing competitive advantage. While creativity is known to be an important antecedent to entrepreneurial processes, surprisingly little is known about what factors drive entrepreneurs’ levels of creativity. Recent research suggests that entrepreneurial creativity may be influenced by certain cognitive processes; given this, we investigate whether cognitive processes related to entrepreneurial goal orientations (GO) and perspective-taking (PT) might serve as antecedents of entrepreneurial creativity. We draw from goal orientation theory to hypothesize that Learning Goal Orientation (LGO) leads to higher levels of entrepreneurial creativity as LGO is associated with increased approach motivation and intrinsic interest. Conversely, we hypothesize that both Performance Approach Goal Orientation (PGO-Approach) and Performance Avoidance Goal Orientation (PGO-Avoidance) lead to lower levels of creativity because performance goal orientations discourage risk-taking and encourage individuals to avoid situations that are deemed threatening. In addition, we theorize that the relationship between GO and entrepreneurial creativity will be mediated by PT because goal orientations impact the entrepreneur’s ability to take others’ perspective, which in turn, affects creative endeavors. Finally, we investigate the contingent impact of individual-level moderators—entrepreneurial experience and exhaustion—on the relationships between GO, PT, and creativity.

Method

We investigated our theoretical model across two different studies. In study 1, we conducted a cross-sectional survey of 103 U.S. entrepreneurship students involved in completing an entrepreneurial project. In study 2, we conducted a two-wave, lagged survey using 170 entrepreneurs from Amazon’s Mechanical Turk. We analyzed our data using both structural equation modelling (SEM) and hierarchical linear regression.

Results and Implications

As predicted, our findings indicate LGO is significantly (positively) associated with creativity ($\beta=0.148, p<0.001$) and PGO-Avoidance is significantly (negatively) associated with creativity ($\beta=-0.25, p<0.05$). Contrary to our expectations, PGO-Approach is significantly (positively) associated with creativity ($\beta=0.238, p<0.05$). In addition, we found that PT partially and significantly mediated the relationship between GO and creativity. Finally, our results demonstrate that both entrepreneurial experience and exhaustion moderate these effects.

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SUMMARY

SOCIAL PURPOSE BUSINESS INTENTIONS: ALTRUISM AS A DOUBLE-EDGED SWORD

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Chengli Shu, The University of Adelaide, Australia
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Principal Topic

Social-purpose enterprises use a range of market-based business methods and models to solve social problems (Hartigan, 2006). Their dual missions, to create social benefit while at the same time generate financial/economic value (Austin et al., 2006), may seem somewhat paradoxical and present an unstable tension (Miller et al., 2012). Indeed pro-social motivation contributes to entrepreneurs' stress and lowered life satisfaction (Kibler, 2019) and decreased likelihood of firm emergence (Renko, 2013).

We seek to unravel the origins of social purpose business intentions (SPBI), in order to better understand this tension of dual missions. We integrate two theoretical perspectives. First, we draw on the traditional entrepreneurial intensions literature to suggest that entrepreneurial self-efficacy is a key individual-level antecedent of SPBI on the “economic side” (Boyd & Vozikis, 1994; Newman et al. 2019). Second, we argue that the pro-social trait altruism (defined as willingness to improve the welfare of others, with disregard for self-reward and at a cost to oneself) is a key antecedent on the “social side”. Altruism is motivated by empathic concern (FeldmanHall et al., 2015; Clavien & Chapuisat, 2013) as is social entrepreneurship (Bacq & Alt, 2018).

Critically, we argue that both entrepreneurial self-efficacy and altruism act together synergistically to form SPBI, which paradoxically contributes to a tension between social and economic objectives.

Method

Using metric conjoint analysis, SEM and validated scales for SPBI (Douglas & Prentice, 2019) and entrepreneurial self-efficacy (ESE) sub-constructs (McGee et al., 2009) we find support for our moderation model in a study of 344 graduands of non-helping and helping professions.

Results and Implications

In forming SPBI, altruism positively moderated the impact of ESE in marketing (ESE-m) and in people-management (ESE-p), but negatively moderated the impact of ESE in financial-management (ESE-f). That altruistic individuals may form SPBI despite a lack of ESE-f may exacerbate the social-financial mission tension due to a lack of self-belief in their financial abilities.

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SUMMARY

DON’T ASK, DON’T TELL! FEEDBACK SEEKING BEHAVIOR IN TRAINING FOR NASCENT ENTREPRENEURS: AN ETHNIC MINORITY PERSPECTIVE

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Etienne St Jean, Université du Québec à Trois-rivières, Canada

Principal topic

Immigrant entrepreneurs tend to underperform compared to native entrepreneurs (Köllinger and Minniti, 2006). Based on the peculiar difficulties faced by immigrant or ethnic entrepreneurs, does the training and support tailored for the majority is effective for the minority?

We specifically investigate the impact of training on entrepreneurial self-efficacy (ESE) for nascent entrepreneurs. Based on social cognitive theory, entrepreneurship training received by nascent entrepreneurs should improve their ESE. Learning is associated to feedback seeking behavior (FSB). FSB is defined as a conscious devotion of effort toward determining the correctness and adequacy of behaviors for attaining valued end states.

As such, FSB would arouse vicarious learning as well as verbal persuasion, two determinants of ESE. We hypothesize that FSB will improve ESE in training for nascent entrepreneurs. For immigrant belonging to minority/ethnic nascent entrepreneurs, FSB could potentially worsen their ESE if discrimination occurs.

Method

In order to test our hypotheses, we used a quasi-experimental study on training for nascent entrepreneurs. The program attracts more than 4000 people to receive 330 hours of training, We recruited 506 individuals before the training (T0), and followed-up on them six months later, when the training has finished (n=212) (T1). We used also binary variables for first-generation immigrant (vs others) and being in an ethnic minority (White vs non-White). We computed the change in ESE level (T1-T0) as the dependent variable, and controlled for age, gender, education, and initial level of ESE (T0) in a hierarchical regression analysis.

Results and Implications

Our results show that feedback-seeking behavior (FSB) has a positive impact on improving ESE in the studied training scheme. This contribution is important as it demonstrates the moderating effect of FSB on ESE. The interaction plot shows that everyone improve their ESE, except the non-White high on FSB that see their ESE declining. This demonstrates that for ethnic minority nascent entrepreneur in training, the less feedback you ask for, the better is for your ESE. There is no significant change of this result when controlling for being an immigrant. This suggests that discrimination exists. Improving the representation of minority as trainers could be a promising path as well as “training the trainers” to be self-conscious of discrimination stereotypes that could interfere in their support.

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SUMMARY

ENTREPRENEURIAL DECISION-MAKING AND THE ROLE OF EXPERIENCE

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Principal Topic

The importance of fast decision-making is well established in the entrepreneurship literature. Entrepreneurs have to make fast decisions as windows of opportunities close quickly (Shepherd, Williams, & Patzelt, 2015). The speed of evaluating entrepreneurial opportunities is crucial for effectively capturing them (e.g., Bakker & Shepherd, 2017) and determines how quickly technological breakthroughs are turned into commercial applications. However, while decision-making speed may be associated with benefits, there are also costs. Decision-making speed has been linked to firm closure (Forbes, 2005), which suggests that fast decision-making may come with a cost in terms of quality of the decision. We seek to address the timing-quality tension by exploring whether individuals that have entrepreneurial experience also make decisions more rapidly without compromising the quality of those decisions.

Method

We asked study subjects to complete three different types of tasks. The time subjects used to complete the tasks where registered as well as the quality of the provided solutions. We asked respondents to solve an ill-structured task, a complex task and a simple task. The data track subjects’ activities each second after tasks are initialized (onset of risk). Accordingly, a continuous time-duration model is applied in the analysis, i.e. accelerated failure time (AFT) models because they are able to predict behavior among subjects when the hazard function is non-monotonic. To investigate whether speed comes at a cost in terms of quality, we used a one-to-one propensity score matched sample of subjects with and without entrepreneurial experience using completion time of the writing and evaluation tasks.

Results and Implications

Because most research measures the speed of decision-making at the firm level (e.g., Bakker & Shepherd, 2017), relying on self-reported measures (e.g., Forbes, 2005) and scenarios (Wally & Baum, 1994), it is difficult to draw unbiased inferences from individual-level attributes about the speed and quality of decision-making. We find that decision makers with entrepreneurial experience make faster decisions when confronted with complex tasks, but especially when faced with ill-structured tasks. Importantly, they do so without compromising decision quality. Therefore, we shed light on entrepreneurs’ challenge of juggling time pressure vs. creativity, a well-known but understudied phenomenon in entrepreneurship research.

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SUMMARY

THE EFFECTS OF DIGITALIZATION ON ENTREPRENEURSHIP

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Principal Topic:
We investigate the impact of the new wave of digitalization and artificial intelligence (AI) on entry into entrepreneurship. Based on representative monthly rotating panel data from the Current Population Survey for 2011-18, we provide evidence that significant effects of digitalization of occupations on entrepreneurship are already observable at the individual level. We distinguish between different aspects of digitalization that reflect destructive and transformative impacts on occupations. Destructive digitalization is operationalized by the computerization risk of occupations estimated by Frey and Osborne (2017), which reflects the extent to which human labor within an occupation can be replaced by digital machines.

Method:
We capture transformative digitalization using an index of advances in Artificial Intelligence (AI) developed by Felten et al. (2018). In addition, we explore measures of the suitability of occupational tasks for machine learning (Brynjolfsson et al. 2018). We distinguish between unincorporated versus incorporated entrepreneurship to capture heterogeneity in entrepreneurial motivations and aspirations, such as necessity versus opportunity motives (Levine and Rubinstein 2017).

Results and Implications:
We find that employees with a college degree are significantly more likely to enter into unincorporated entrepreneurship when the computerization probability of their current occupation increases. This suggests that unincorporated entrepreneurship can serve as an adaption mechanism when the current occupation is at high risk of destructive digitalization, but this option seems to be viable only for highly educated individuals. On the other hand, transitions into incorporated entrepreneurship are more likely among individuals whose occupations are affected by transformative digitalization, as measured by advances in AI. At the same time, transitions into unincorporated entrepreneurship are less likely from occupations facing rapid advances in AI. Thus, transformative digitalization creates opportunities for incorporated entrepreneurship, but also increases the opportunity cost of unincorporated entrepreneurship potentially due to higher productivity in wage employment.

There are several policy implications. Workers with low levels of formal education who are affected by destructive digitalization might benefit from training programs facilitating starting as an entrepreneur. This could help to open up this adaption mechanism for individuals at broader skill levels. Incorporated entrepreneurship, which is more likely to be innovative and growth-oriented than unincorporated entrepreneurship, seems to emerge from occupations that experience transformative digitalization. Thus, fostering entrepreneurial capabilities of individuals in occupations with rapid advances in AI could support the realization of entrepreneurial opportunities. Future research should investigate the sustainability of the different types of entrepreneurial businesses started from individuals affected by destructive or transformative digitalization.

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SUMMARY

THE FOUNDER’S OBSESSIVE PASSION AND CO-FOUNDERS’ DECISION TO (NOT) JOIN THE TEAM

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Frederic Delmar, Emyon Business School, Lyon
Matthias Tietz, IE Business School, Madrid

Principal Topic

This research aims to investigate what types of passion of founder would have positive or negative impact on potential co-founders’ decision to join the venture team, and how individual differences of co-founders affect such decision-making.

Two important limitations exist in the current literature: First, rather than focusing on entrepreneurs’ general passion, we need a better understanding on the specific targets that entrepreneurs are passionate about and how they influence stakeholders’ decision-making (Warnick, Murnieks, McMullen, & Brooks, 2018). Second, it remains unclear what kinds of obsessive passion have positive or negative impact on the decision-making of important venture stakeholders, especially co-founders who contribute significantly to venture progress (Klotz, Hmieleski, Bradley, & Busenitz, 2014). Accordingly, despite the importance of co-founders, little research investigates their decision-making in entrepreneurial process (Shepherd, Williams, & Patzelt, 2015). It remains elusive what factors drive or restrict individuals to join venture teams in the first place.

We take the dualistic view of passion (Vallerand et al., 2003) and draw upon the theory of identity conflict to build our arguments. We argue that passion towards certain entrepreneurship activities might cause an entrepreneur-leader identity conflict, and thus causes different impact on co-founders’ decision-making.

Method

We investigate 480 assessments, nested within 60 EMBA and MBA students using a conjoint experiment analyzed with hierarchical linear modeling (HLM).

Results and Implications

We find that: the founder’s obsessive passion for 1) the individual vision, 2) the engagement of unrelated ventures, 3) the achievement of high venture performance have negative impact on co-founders’ decision to join the venture team. On contrary, the founder’s obsessive passion for the improvement of team capabilities positively influences such decision-making. Further, power distance and regulatory focus moderate these relationships.

We aim to make two major contributions. First, by investigating the impact of obsessive passion towards different entrepreneurship activities, we extend the understanding about how passion of different targets influences venture stakeholders’ decision-making. Second, our work might inform us about the specific types of passion that promote or prevent potential members from joining.

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SUMMARY

SELF-REGULATION AND ENTREPRENEURS’ EVALUATION OF IMITATION OPPORTUNITIES

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Principal Topic

This paper investigates factors influencing entrepreneurs’ evaluation of imitation opportunities. Our understanding of imitative behaviors in entrepreneurship is still very limited. In particular, it remains unclear what individual characteristics motivate entrepreneurs to pursue an imitation opportunity. This is an important limitation, since imitative entrepreneurs can exhibit characteristics that are thought to restrain the decision to pursue an opportunity. Thus, investigating individual differences in personal motives and beliefs that drive entrepreneurs’ decisions to pursue imitation opportunities helps to advance our understanding of imitation in entrepreneurship.

We draw upon the theory of self-regulation to build hypotheses and investigate entrepreneurs’ assessment of imitation opportunities. We introduce the interlocking effects of two core self-regulation mechanisms: entrepreneurial self-efficacy (ESE) and chronic (or dispositional) regulatory focus (Bandura, 1997; Higgins, 1997, 1998) on entrepreneurs’ evaluation of imitation opportunities. Specifically, we argue that prevention focus drives entrepreneurs to pursue imitation opportunities, while promotion focus restricts them to do so. Further, the influence of prevention focus and promotion focus is highly contingent on ESE.

Method

We investigate 912 assessments, nested within 76 founder entrepreneurs using a conjoint experiment analyzed with hierarchical linear modeling.

Results and Implications

Our test results provide strong and significant evidence that prevention focus positively influences the assessment of imitation opportunities. Although the main effect of promotion focus is not significant, ESE significantly moderates the impact of both prevention focus and promotion focus. Specifically, ESE not only strengthens the positive impact of prevention focus but also strengthens the negative impact of promotion focus on the assessment of imitation opportunities.

We aim to make two major contributions. First, we extend the literature by introducing the important role of self-regulation mechanisms in entrepreneurs’ evaluation of imitation opportunities. Second, we contribute new and comprehensive evidence about the interplay between ESE and regulatory focus in entrepreneurs’ evaluation of imitation opportunities (Shepherd, 2011; Shepherd et al., 2015). We show that prevention focus leads to positive evaluation of imitation opportunities, but we also show that such a positive influence is contingent on ESE.

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SUMMARY

INCUMBENTS AND STARTUPS: ON COLLISION COURSE

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Principal Topic

The paradox of established incumbents entering into strategic alliances or partnership with resource-constrained startups is a phenomenon that has long captured the interests of scholars (Granstrand & Sjölander, 1990; Knoben & Bakker, 2019). Though the matching of complementary resources between incumbents and startups is enticing, conflicts are common (Doz, 1988). This paper strives to fill the gap relating to how conflicts between incumbents and startups occur by drawing on justice theory (Luo, 2007). Understanding the sources of conflict is essential in forging better alliances to solve resource complementarity challenges. This is important as more strategic alliances between startups and incumbents are expected to take place (Das & He, 2006). Hence, understanding how incumbents and startups can limit and manage conflicts is essential.

Method

In 2017-2019, we conducted 26 semi-structured, open-ended interviews with incumbents (n=12) and startups (n=11) on their past strategic alliances (n=5) in Norway, as well as with incubators (n=3) serving the role of matchmakers and referees. The research design is a multiple case study (Eisenhardt 1989; Gehman, Glaser et al. 2017).

Results and Implications

Dissecting the conflicts between incumbents and startups using justice theory shows clearly some important sources of conflict. (1) The startups claimed the procedures for them to collaborate with incumbents are not in place yet, as the two parties have no prior experience working with each other (procedural justice), and (2) there is a lack of transparency behind the incumbents’ motives to engage with startups. The incumbents do not seem to value ideas and have concurrent talks with multiple startups, in what they call hedging, without being upfront to the startups; while startups tend to be more open (interactional justice). The incubators play the roles of matchmakers and referees for startups and incumbents, e.g. by advising startups not to disclose too much information too soon while advising incumbents not to give false expectations to startups. We believe a framework that addresses these shortcomings, such as improving transparency and better procedure, can help startups and incumbents in forging better alliances and thrive together by leveraging their resource complementarities.

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SUMMARY

UNDERREPRESENTED GROUPS AND VENTURE FUNDING: AN EXAMINATION OF FUNDING RAISED THROUGH EQUITY CROWDFUNDING IN THE US.

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Principal Topic

Research has shown that donation-based crowdfunding may help underrepresented groups raise capital for their ventures (Mollick & Robb, 2016). For example, with respect to gender, research on Kickstarter showed that women-led campaigns outperformed male-led campaigns (Greenberg & Mollick, 2017). However, research examining investment-based crowdfunding in the US showed the opposite results (Geiger & Oranburg, 2018). With respect to minority groups (race/ethnicity), research findings are less developed. However, limited evidence that does exist (Rhue & Clark, 2016; Youkin & Kuppuswamy, 2017), suggests that results are not optimistic, in that bias exists against non-white founders when crowdfunding for their startups (Greenberg, 2018). Based on the need for an update on gender and equity crowdfunding in the US and an examination of the relation between other demographics and equity crowdfunding in the US, we asked the following:

Research question 1: In the context of equity crowdfunding in the US, is the gender of the entrepreneur(s) related to funding outcomes?

Research question 2: In the context of equity crowdfunding in the US, is the race/ethnicity of the entrepreneur(s) related to funding outcomes?

Method

For this research, we collected data on the population of US equity crowdfunding campaigns through the end of fiscal year 2018 via EDGAR. We used R statistical programming to create custom software that can organize the data and code gender and race/ethnicity as the data set is updated. At the time of this summary, all data have been collected and the software has been successfully tested (i.e., we are prepared to present results). Preliminary analysis suggests that female entrepreneurs continue to receive less than their male entrepreneur counterparts do, which is an update from an earlier study on equity crowdfunding in the US (Geiger & Oranburg, 2018). We are also examining the relation between race/ethnicity and potential moderators of the relations of interest.

Results and Implications

In general, empirical results will provide evidence concerning access to capital for underrepresented groups via equity crowdfunding in the US. Given that research has shown that female and minority entrepreneurs are disadvantaged when raising funds for their startups (Greenberg, 2018), we need to know whether, and to what extent, equity crowdfunding in the US is serving its intended purpose: democratizing access to startup capital. The results of our study have implications for research, policy, and practice with respect to underrepresented groups and access to startup funding.

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SUMMARY

DOES POSITIVITY DRIVE PASSION AND PERFORMANCE? THE IMPACT OF PSYCHOLOGICAL CAPITAL ON NEW VENTURE PERFORMANCE

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Principal Topic

Passion is known to be one of the most important motivational forces. However, not all types of passion have been explored so far and knowledge about pathways to passion is limited. Therefore, this study investigates the types of passion among social entrepreneurs. Based on identity theory and broaden-and-build theory we conceptualize and develop a scale for entrepreneurial passion for social mission. Moreover, we investigate how psychological capital, a positive intangible resource, motivates entrepreneurial passion for social mission, inventing, founding, and developing.

Method

We base our analysis on structural equation modeling (SEM) of responses from 177 award-winning social entrepreneurs. Confirmatory factor analysis supports our five-factor model with adequate model fit ($\chi^2/df = 1.29, p < .001; CFI = .96, RMSEA = .04, SRMR = .06, TLI = .95$).

Results and Implications

Our results offer support that social entrepreneurs exhibit passion for social mission ($\alpha = .83$) which is measurable and distinct from other forms of passion for inventing ($\alpha = .84$), founding ($\alpha = .82$) and developing ($\alpha = .73$). Likewise, our study identifies psychological capital ($\alpha = .90$) as an important antecedent to all types of entrepreneurial passion. Results of our SEM analysis reveal significant relations between psychological capital and passion for social mission ($\beta = .51, p < .00$), inventing ($\beta = .47, p < .00$), founding ($\beta = .35, p < .00$), and developing ($\beta = .69, p < .00$). A mediating effect of passion on performance was proven in single regression analysis, however was not stable for SEM and hence is not included in our analysis.

These findings contribute to passion literature by conceptualizing and measuring a new source of passion and in addition introducing a positive pathway to passion. Furthermore, this research adds to social entrepreneurship literature by introducing passion as motivational force, thereby providing practical implications, as passion might encourage social entrepreneurs to persist in their endeavor to alleviate social problems. Lastly, our finding of psychological capital as antecedent to passion contributes to positive organizational behavior literature.

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SUMMARY

THE IMPACT OF ENTREPRENEURS' PSYCHOLOGICAL CAPITAL ON TEAM PROCESSES

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Principal Topic

Social entrepreneurs are required to balance both social and economic performance goals to meet their values and standards. However, the importance of team processes and founders' psychic resource of psychological capital for performance has so far not been researched. Hence, based on upper echelon perspective and broaden-and-build theory, this study investigates the role of psychological capital on firm performance and hypothesizes a mediating effect of team value congruence as important team process to strengthen firm performance. We further expect a positive moderating effect of founders' feedback-seeking behavior on team value congruence.

Method

We base our analysis on hierarchical regression of responses from 177 award-winning social entrepreneurs. Confirmatory factor analysis supports our three-factor model with adequate model fit ($\chi^2/df = 1.31, p < .001$; $CFI = .96$, $RMSEA = .04$, $SRMR = .06$, $TLI = .95$). We performed bootstrapping and simple slope analysis to test our mediation and moderated mediation model.

Results and Implications

Our results offer support that psychological capital ($\alpha = .90$) has a positive direct effect on organizational performance ($\alpha = .82$) ($\beta = .59$, $p < .00$). This relationship is partially mediated by team value congruence ($\alpha = .92$) (BCa bootstrapping, 95% confidence interval of .06 to .36). Contrary to our hypothesis, we moreover found a negative moderating effect of feedback-seeking behavior, such that higher level of feedback-seeking behavior reduces the positive effect of psychological capital on team value congruence ($\beta = -.12$, $p < .00$). Our findings hence provide interesting theoretical and practical implication for entrepreneurial leaders, as we reveal underlying mechanisms and multi-level applications of psychological capital on team and organizational levels. We thereby advance research on new venture teams and social entrepreneurship by demonstrating how founders' psychological capital can influence firm performance through team value congruence and feedback-seeking behavior. Lastly, we contribute to positive organizational behavior literature by providing support for the generalizability of psychological capital in entrepreneurship research.

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SUMMARY

UNEMPLOYMENT SCARRING: THE HEALING EFFECT OF SOLO SELF-EMPLOYMENT

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Principal Topic

This paper revisits scarring, “the psychological impact of past unemployment” (Clark et al., 2001; p.1), for the special case of the solo self-employed. Controlling for current unemployment, Clark et al. (2001) found that past unemployment was negatively related to satisfaction and that well-being was lower for those with a greater experience of past unemployment. Such scarring may be due to a number of factors, including fear, stigma, and envy.

However, transitioning to solo self-employment after a spell of unemployment may provide a unique avenue to heal the scarring of unemployment. Solo self-employment often involves working in isolation, and scarring sources such as fear, stigma, and envy may be much less prevalent. Solo self-employment also brings with it certain attributes, such as increased autonomy (Shane et al. 2001, Fairlie, 2002) and life satisfaction (Andersson, 2008), that may help heal scarring caused by previous unemployment. Thus, this paper hypothesizes that the unemployed who transition to solo self-employment will exhibit less scarring than those who remained unemployed or that transition into paid employment.

Method

This paper uses data from the British Household Panel Survey (BHPS), which is a large, multiple year, and representative survey of the population of the United Kingdom. The BHPS contains variables related to cognitive well-being, employment status, and various demographic characteristics. The dependent variable in the analysis is self-reported satisfaction. Independent variables include four dummy variables representing employment status - solo self-employed, non-solo self-employed, employed, and out of the labor force (unemployment is the base category). Control variables include age, household income, gender and a series of dummy variables measuring education level.

Results and Implications

This paper examines whether solo self-employment can negate the scarring effects that results from spells of unemployment. This topic is important for practice given the number of people who have suffered from spells of unemployment and have experienced scarring as a result. Future researchers could expand this research by using measures of eudaimonia as the dependent variable.

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SUMMARY

COLLECTIVE KNOWLEDGE UTILIZATION IN NEW VENTURE TEAMS:
THE ROLE OF TRANSACTIVE MEMORY SYSTEMS

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Principal Topic

In knowledge-intensive dynamic industries, NVTs often outperform single entrepreneurs (Lechler, 2001), providing new ventures with larger pool of knowledge and skills (Shane, 2000). However, new ventures often fail to make effective use of collectively available knowledge, as they lack the appropriate structures to share and integrate the unique knowledge each member possesses. Research highlights the role of transactive memory systems (TMSs) in this regard. Defined as systems for division of cognitive labor, TMSs are characterized by members’ specialization, credibility in each other’s knowledge, and coordination (Argote and Ren, 2012). Despite their proven effectiveness in top-management and work teams, we have a scarce understanding of how TMSs may lead to collective knowledge utilization within NVTs. Therefore, we ask: How do NVTs develop the capacity for collective knowledge utilization through TMSs?

Method

We employ qualitative longitudinal study of five cases/NVTs involved in different technology-based start-ups in Norway. Our data consist of 43 individual and 11 group interviews, conducted in three periods of time during the last year. We complement our data with documents related to members’ activities in their new ventures. To identify within and cross-case patterns, we follow deductive data analysis approach. By developing case descriptions that reveal similarities and differences among the five NVTs, we uncover whether the generated findings form patterns.

Results and Implications

We observe that, though in a less-developed form, specialization and credibility appear during team selection process. Thus, TMSs are present at the crucial point NVTs plan start-up activities and begin their implementation, helping NVTs to organize and integrate knowledge of their members. Therefore, this paper addresses the call to investigate the microfoundations of entrepreneurial resources (Foss, 2011).

Moreover, members emphasize the importance of specific social skills (e.g. ability to persuade and motivate people, empathy). Based on this, we suggest expanding TMSs to include knowledge from both professional and social skills, considering that member’s contribution may be knowledge obtained from education, work experience, or skills used during interaction with co-members or third parties. Consequently, in NVTs, TMSs can incorporate a broader than previously suggested range of features, enhancing their role in collective knowledge utilization. Thus, this paper also contributes to research of entrepreneurial team cognition.

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SUMMARY

THE DIMINISHED EFFECT OF WOMEN'S ENTREPRENEURIAL SELF-EFFICACY ON FIRM PERFORMANCE

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Principal Topic

The purpose of this study is to test whether the relationship between ESE and firm performance is influenced by environmental factors related to gender that limit the extent to which women’s high ESEs are translated into entrepreneurial success. Specifically, this study tests the hypothesis that the relationship between ESE and firm performance is lower for women than for men.

Method

To test our hypothesis, we conducted a meta-analysis and meta-analytic regression. Procedures were based upon guidelines by Schmidt and Hunter (2015) and Cheung (2008). Altogether, 92 relevant effect sizes were identified and included in the meta-analysis. Overall, the effect size of the ESE to firm performance relationship was 0.32 (95% CI: .28, .36) after correcting for sampling error, reliability in the criterion and predictor, and restriction of range in the predictor (.27 uncorrected). Meta-analytic regression revealed that the percentage of women in a sample was a negative predictor ($\beta = .35, b = .05, SE = .02, p = .016$) of effect sizes with lower effect sizes tending to predominate among studies of more women.

Results and Implications

Our hypothesis was supported. This study provides evidence of limitations to the generalizability of the strength of the relationship between ESE and firm performance. Future research should focus on multiple contextual factors that women face that are likely to lead to this diminished relationship. This study indicates that interventions to enhance the success of women entrepreneurs by improving ESE might be focused on the wrong thing. All such interventions should consider gender identification of participating entrepreneurs in order to be maximally effective.

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SUMMARY

VALUE-ADDED SERVICES AS A DETERMINANT OF ENTREPRENEURS’ VENTURE CAPITAL INVESTOR SELECTION

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Marisa Henn, Heinrich Heine University, Germany
Eva Lutz, Heinrich Heine University, Germany

Principal Topic
Particularly in high-performing startups, entrepreneurs have a choice about which venture capital investors invest in their startups (Smith, 2001). They spend substantial amounts of time evaluating their potential financiers, which may result in rejecting funding from certain venture capitalists. Entrepreneurs are not only looking for financial capital but also searching for investors who can provide value-added services that help grow the entrepreneurs’ business by providing relevant networks, competencies, and experience (Saetre, 2003). We investigate from the perspective of entrepreneurs whether and to what extent certain value-added services are essential when they select their venture capital investors.

Method
We collected data on 3,172 decisions nested within 122 German, Austrian, and Swiss entrepreneurs in a choice-based conjoint experiment to obtain insights into entrepreneurs’ decision policies. To investigate entrepreneurs’ selection of venture capital investors, we used five value-added service attributes: operational network, financial network, strategic development, business development, and exit experience. Attributes have been identified by a literature review and validated by interviews with industry experts in the field.

Results and Implications
We find significant results for a two-tier classification of value-added services in terms of relative importance. Moreover, the operational network of a venture capitalist is by far the most important value-added service attribute that entrepreneurs consider when selecting their investor, followed by the venture capitalist’s exit experience (Tier 1 group). Value-added services such as strategic and business development are less important in entrepreneurs’ decision-making (Tier 2 group). Finally, the venture capitalist’s financial network does not influence entrepreneurs’ investor selection.

Our study contributes to the existing understanding of how entrepreneurs select their venture capital investors (Drover et al., 2014; Smith, 2001; Valliere & Peterson, 2007) based on the relative importance of value-added services. Further, we add to the double-sided principal-agent relationship by challenging the traditional agency view as we investigate the perspective where the entrepreneur is the principal and the venture capitalist acts as the entrepreneur’s agent (Barry, 1994; Sahlman, 1990). In terms of practical implications, this study helps venture capitalists to adapt their value-added services to entrepreneurs’ needs. It also helps entrepreneurs to benchmark their investor selection against that of other entrepreneurs.

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SUMMARY

INSTITUTIONAL VOIDS OR INSTITUTIONAL AVOIDANCE? IMPOVERISHED ENTREPRENEURS’ LACK OF ENGAGEMENT WITH FORMAL INSTITUTIONS

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Principal Topic

Research examining entrepreneurship within institutional voids has largely focused on how entrepreneurs overcome a lack of access to formal institutions (e.g., Khanna & Palepu, 1997) and how social entrepreneurs operate in institutional voids (e.g., Stephan, Uhlamer, & Stride, 2015). These studies tend to focus on emerging nations and base of the pyramid markets (e.g., Kistruck et al., 2015). We argue that neglected in these literatures is a related concept: institutional avoidance. Institutional avoidance pertains to contexts wherein advanced market-based institutions are present, known, accessible, and valuable to potential beneficiaries; yet these potential beneficiaries choose not to engage with the institutions. We claim that even when formal institutions supporting market activity exist, potential beneficiaries may avoid the institutions—thus resulting in a setting similar to an institutional void. This study presents factors leading to institutional avoidance and strategies institutions may adopt to increase the likelihood of beneficiary engagement.

Methods

We explore institutional avoidance through an in-depth semi-structured interview with management of a community credit union based in Tennessee. The credit union, a nonprofit financial institution, provides financial services (i.e., checking, savings, and loans) and financial coaching to underserved and low-income community members. Focusing on our guiding research question regarding institutional avoidance, we used the method described by Gioia et al. (2013) to collect and analyze our data.

In the future, we intend to explore institutional avoidance through a case study within Philippi—a township of Cape Town, South Africa. This locale is rife with poverty and well-endowed institutions attempting to combat poverty. Yet, through decades of involvement, these institutions have made little progress in improving the lives of Philippi residents.

Results and Implications

We find that power distance, distrust, and differing cultural norms between the institution and potential beneficiaries are contributing factors leading to institutional avoidance. Potential beneficiaries may feel unwelcomed or unworthy to engage with an institution, skeptic of the institution, or uncomfortable engaging with unfamiliar cultures or customs. Additionally, we find that institutions can overcome institutional avoidance through establishing an organizational identity centered on potential beneficiaries, building trust with the community, and creating partnerships with other trusted organizations in the community.

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SUMMARY

DO ADVISORS MATTER BEYOND FUNDING? THE IMPACT OF ADVISORS ON OPERATIONAL PERFORMANCE OF EARLY-STAGE TECHNOLOGY VENTURES

Caroline Grau, RWTH Aachen University, Germany

Principal Topic

To overcome the challenges young firms are facing, ventures search support from third parties, like advisors (Drover et al., 2017; Soriano & Castrogiovanni, 2012). Research about third-party support mainly focuses on certification effects leading to higher fundraising. Less is known about the post-funding phase, as data about early-stage performance and supporters is difficult to get (e.g. Courtney, Dutta, & Li, 2016). Here, initial coin offerings (ICOs) provide new opportunities. In ICOs, entrepreneurs fund their project by selling tokens online to a crowd of investors. Many ventures disclose their software development project on the public platform GitHub, enabling the crowd to review progress online (Fisch, 2019). We investigate whether ICO advisors provide value-add to young ventures by analyzing their impact on product development. We challenge whether previous findings about third-party endorsement - like traditionally held value-added dynamics and geographic assumptions (Short et al., 2017) - still hold and investigate the impact of the venture’s strategic orientation.

Method

We collected data of 504 ICO ventures and their advisors from publicly available online sources, like ICO aggregator websites (ICObench.com), ICO whitepapers and LinkedIn from 2014 to 2018. We added information about operational performance (product development) from GitHub. Our dependent variables are development quantity (code updates) and quality (positive crowd evaluations). Further variables are the size of advisor teams, their experience and geographical distance to the venture’s headquarter - all adapted from established constructs (e.g. Alam et al., 2014; Lee, Pollock, & Jin, 2011). To measure firms’ entrepreneurial orientation, we perform linguistic analyses using an established dictionary (McKenny et al., 2018). We control for industry and technology specifics.

Results and Implications

Our initial analysis suggests that advisor support is positively associated with product development performance. It further supports our hypotheses that in open-source development projects geographic assumptions do not hold anymore, while concepts of value-added dynamics still hold. However, the firm’s entrepreneurial orientation impacts these relationships. Our findings advance knowledge about operational value creation at young ventures and contribute to the emerging ICO literature by providing evidence about the benefits that ICO advisors can provide to entrepreneurs beyond financing support.

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SUMMARY

HOW TO UNLOCK THE FULL POTENTIAL OF THE CROWD? AN EMPIRICAL INVESTIGATION OF THIRD-PARTY IMPACT AFTER INITIAL COIN OFFERINGS

Caroline Grau, RWTH Aachen University, Germany

Principal Topic

In initial coin offerings (ICOs) early-stage technology ventures introduce their product (idea) to a large online crowd to seek financing. Many ICO ventures pursue an open software development strategy, enabling the crowd to review development progress and contribute to the project (Fisch, 2019). Academia revealed that virtual co-creation is beneficial for firms, as it can improve the success of new products (Füller et al., 2010). Still, antecedents of co-creation are underexplored, especially research with secondary data is scarce (Gemser & Perks, 2015). ICO ventures involve renowned third parties – internal third parties (advisors) or external third parties (independent online experts) for both the funding and execution of their project. To enhance literature on antecedents of crowd involvement, we investigate whether third-party support in ICO projects impacts the attraction of crowd engagement for co-creation.

Method

We conduct our empirical study on a unique dataset of 516 ICOs between 2014 and 2018 with public profiles for software development on GitHub - a web-based hosting service for developing open-source projects. Data about third parties and the ICO venture are retrieved from ICO whitepapers, ICO aggregators (like ICObench.com) and LinkedIn. The dependent variable co-creation intensity of the crowd is measured as the crowd input for each project on GitHub. The variables of third-party support (number, reputation) are adapted from established constructs in academia (e.g. Lee, Pollock, & Jin, 2011; Pollock et al., 2010). We include relevant control variables from the venture financing literature (e.g. venture characteristics, year, industry) (Drover et al., 2017).

Results and Implications

Preliminary results support our hypothesis that external third-party support in ICO projects is positively associated with co-creation intensity of the crowd, while the positive impact of internal support depends on the third-party’s reputation in the respective field. We contribute to the innovation and entrepreneurship literature by shedding light on antecedents driving software co-creation, which supports our argument that the right partners can assist entrepreneurs to unlock the full potential of the crowd. We discuss these findings and suggest promising avenues for future research.

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SUMMARY

SYMPTOMS OF COMPLEXITY IN AN ENTREPRENEURIAL ECOSYSTEM

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Andreas Liening, TU Dortmund University, Germany
Jan-Martin Geiger, TU Dortmund University, Germany

Principal Topic

The concept of entrepreneurial ecosystems represents a burgeoning research field that has received increased interest from scientists, practitioners and politicians over the recent decade (Spigel and Harrison, 2018). Until today, research on entrepreneurial ecosystems has focused predominantly on the description of the main components of different ecosystems (Roundy et al., 2018). While such conceptions are important to understand the composition of entrepreneurial ecosystems, there is increasing consent among researchers that prospective studies should examine the complex interactions between the ecosystem’s components in order to explain the emergent processes and driving forces of entrepreneurial ecosystems (Autio et al., 2018). We believe the time is ripe to push forward the debates about applying complexity theory to the phenomenon of entrepreneurial ecosystems and begin utilizing quantitative methods to analyze entrepreneurial ecosystems. Hence, this paper aims to illustrate some of these techniques and to apply them to an empirical case, the Singapore entrepreneurial ecosystem, thereby showcasing the methods’ ability to evaluate the dynamic characteristics of complex and non-linear entrepreneurial ecosystems.

Method

We estimate the dynamics of an entrepreneurial ecosystem using two methods appropriate for analyzing complex systems, the Brock, Dechert and Scheinkman (BDS) test (Brock et al., 1996) and Lyapunov exponents (e.g. Wolf et al., 1985; Rosenstein et al., 1993). Both methods have been frequently applied to analyze the symptoms as well as the extents of complexity and chaos inherent in different social phenomena and systems, e.g. in the innovation process (Cheng and Van de Ven, 1996) and stock markets (Günay, 2015). In this study, we examine the development of the Singapore entrepreneurial ecosystem from 1970 to 2018, using archival time series data on the monthly formation of business entities obtained from the Singapore Department of Statistics.

Results and Implications

Results indicate a complex character of the Singapore entrepreneurial. Results from the BDS statistics suggest that the analyzed time series possesses a significant degree of non-linearity. As the values of the Lyapunov exponents are positive we assume that the Singapore entrepreneurial ecosystem exhibits chaotic and unstable behavior. Since reductionist, linear approaches are not appropriate for the management of complex systems, we conclude that adaptive and dynamic techniques are necessary to cope with the complexity of entrepreneurial ecosystems. Furthermore, the methods illustrated in this paper can be utilized to assess the complex and chaotic properties of other entrepreneurial ecosystems. After evaluation, such findings could provide various ecosystem stakeholders with valuable insights concerning the dynamics and evolutionary paths of entrepreneurial ecosystems, which ultimately enables a more effective ecosystem governance.

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SUMMARY

COORDINATION PROCESSES WITHIN ANGEL INVESTOR NETWORKS

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Principal Topic

Angel investor networks ('angel groups') have becoming increasingly important yet we have very limited insight into how these organizations function, particularly in regards to how they coordinate a fluid and voluntary angel membership to accomplish key activities. For angel groups, performing essential funding related tasks well and in a timely manner is vital for their reputation and long-term sustainability. However, angel groups lack many of the formal organizational structures and mechanisms that facilitate coordination. Given limited existing research, the goal of this study is an inductive exploration of how angel groups accomplish coordination.

Method

I utilize a multiple-case study of eight, US angel groups. Cases varied on three key theoretical dimensions: 1) age, 2) regional location, and 3) ties to universities. I collected rich and unique data that included over 100 interviews with over 50 distinct angels and staff across these cases, over 100 hours of observation, and over 400 internal documents.

Results and Implications

The emergent findings show that angel groups experience a common process involving an imperative to grow membership, relatively low barriers for prospective members, and in turn, a highly heterogeneous membership. This heterogeneous membership, along with the lack of formal authority and the ability for members to self-select into tasks, combine to create sources of tensions experienced by angels and founders, as key funding activities are performed. I identify two sources of tension: uneven membership expertise and lack of shared membership norms. To address these sources of tensions, I find that staff of angel groups and members utilize a combination of tailored practices involving gentle nudges and social cues, membership courting, and behavioral guidelines. However, these practices are at times perceived by members as excessive, leading to inadvertent membership pushback, thereby forcing staff to adjust practices.

Departing from prior work, a primary contribution of this study is illuminating the complex social processes and dynamics within angel groups and the importance of these processes for both angels and new ventures seeking funding. More broadly, a key contribution is greater understanding of how organizations, which lack conventional structures and mechanisms, coordinate activities and survive. They do so through a combination of practices tailored to a fluid membership that attempt to address the delicate balance between angel autonomy and the need to perform key activities. Taken together, findings from this study show the distinctiveness of coordination and organizing in organizations such as angel groups, where fluidity in membership, engagement, resources, and tensions, is a defining characteristic.

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SUMMARY

Failing to be Entrepreneurial Bricoleurs: Township Entrepreneurs in Namibia

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Principal Topic:
Entrepreneurs in poverty face significant resource constraint. Therefore, it is an imperative skill for such entrepreneurs to be "bricoleurs" who use and combine all the available resources efficiently. However, many entrepreneurs in penurious situations fail to do so. Building on the literature on entrepreneurial bricolage (Lévi-Strauss 1962; Baker and Nelson 2005), this study will answer to the research question: How and why do entrepreneurs in poverty fail to use their resources efficiently?

Method:
This study applies an explorative qualitative study with Namibian township entrepreneurs. As a research setting, a public business incubation program in Namibia, the Bokamoso Entrepreneurial Centre (BEC) has been chosen. The incubation program targets entrepreneurs mostly from a large township and low-income neighborhood of the capital city Windhoek, Katutura. As primary data, 22 in-depth interviews with entrepreneurs and stakeholders, 3-week observation on sight, as well as pictures and video materials are considered. The inductive data analysis process supported technically by MAXQDA resulted in deriving five agglomerated themes which describe the mechanisms hindering entrepreneurs from utilizing entrepreneurial bricolage.

Results & Implications:
This study identifies five mechanisms which hinder entrepreneurs in poverty from leveraging resources at hand and available in their environments for becoming successful entrepreneurs: (1) low locus of control; (2) wrong expectations; (3) lack of growth orientation; (4) inefficient organizational structure; and (5) suboptimal prioritization. The first two types of mechanisms lead entrepreneurs to fail to use bricolage for counteracting environmental limitations and constructing resources from almost nothing. Some of the observed entrepreneurs manage to be bricoleurs yet fail to leverage from bricolage for firm growth. The latter three types of mechanisms explain how entrepreneurs fail to overcome the self-reinforcing dynamics that parallel bricolage creates (Baker and Nelson 2005). Due to these three mechanisms, entrepreneurs fail to make a routinization and to enter broader, richer and more demanding markets. The study extended the process model developed by Baker and Nelson (2005).

The finding extends the literature on entrepreneurial bricolage by exploring the failure mechanisms and offers practical implications for policymakers and private/public organizations supporting entrepreneurs in poverty.

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SUMMARY

"I CAN DO MORE THAN A MAN" THE LEGITIMACY ROUTE OF FEMALE-LED FAMILY VENTURES IN THE GULF STATES

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Principal Topic:

The Gulf States - characterized as patriarchal societies and ones in which decisions are male-dominated - have witnessed an increase of female-led family ventures, that is new firms founded by a woman and involving other family members. Legitimacy is critical for ventures to gain access resources, survive and grow. Yet, scholars have documented the challenges female-led ventures face in gaining organizational legitimacy (Mohammed Abu-Asbah & Heilbrunn, 2011). This raises the research question, how do female-led family ventures manage to gain legitimacy in the Gulf States? Drawing on the literature of legitimacy-as-perception we speak to family business by addressing a neglected type of family firms and to legitimacy literature by exploring the women’s role in influencing multiple evaluators, including family to acquire legitimacy.

Method:

We adopt multiple case strategy with three cases that were purposively sampled to fulfill three criteria: (1) the business is female-led family venture in Bahrain; (2) it has obtained legitimacy; (3) it possesses an active social media account. We collected three types of data that were triangulated (Eisenhardt, 1989): life-stories, media archive and social media posts and comments. The life-stories provided sense-making account of the process and the critical events, the media archive and social media provided diary-like, real-time, processual account (Bartlett & Milligan, 2015). The data was analyzed in three stages by outlining the critical events, content and semiotic analysis of the visual data followed by Gioia methodology to organize and code the data and connect it to theory.

Results and Implications:

The abductive approach enabled us to develop a model outlining the process of legitimacy formation in female-led family venture. The model indicates three main phases that we defined as individual legitimacy, market validity and royal validity. Each of these phases consist of different evaluators and render different forms of legitimacy. We also identify the interaction between these phases and reveal legitimacy as a two-way process. We further find meritocratic legitimacy as the red thread in the legitimacy formation process. We contribute to family business literature by putting female-led family ventures at the core and theorize on how they gain legitimacy.

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SUMMARY

AN EMOTION SHARED IS AN EMOTION DOUBLED?
THE ROLE OF INTERGROUP EMOTIONS IN
COLLECTIVE ENTREPRENEURSHIP

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Julia K. Binder, Ecole Polytechnique Fédérale de Lausanne, Switzerland

Principal Topic

While the role of emotions as antecedent to, concurrent with, and/or as a consequence of the entrepreneurial process has found increasing attention in the entrepreneurship literature (Cardon et al., 2012), collective emotions, i.e., emotions occurring on a group-level, have remained a black box to date. Collective entrepreneurial ventures, i.e., ventures that are collectively established, owned and governed by a community of founders (Hertel & Belz, 2017) represent a fruitful setting for studying the advantages of group-level emotions in entrepreneurship. Building on intergroup emotions theory (Smith, 1993), which emerged on basis of theories of emotion, social identity theory and self-categorization theory, we aim to unpack the nature and interplay of group-level entrepreneurial emotions and their effect on collective entrepreneurial behavior. More specifically, we intend to advance understanding of the emotions experienced as part of one’s membership in a founding community, as well as the interplay between group-level emotions and collective opportunity development.

Method

We are conducting an exploratory case study based on in-depth data from four collective entrepreneurial ventures (CEVs). We adopted a purposeful sampling strategy (Patton, 1990) and searched for CEVs that were established not longer than seven years ago (minimizing the retrospective bias) but that have entered the market more than two years ago (ensuring that we can assess the effects on the venture). We are currently in the process of finalizing data collection from four collective entrepreneurial ventures in which we follow the entrepreneurial process in real time. We conduct interviews with the founders and supporters of the venture and employ ethnographic methods such as (non-)participant observations.

Results and Implications

The preliminary analysis of our results reveals several interesting insights. Accordingly, we find a dominance of positive emotions, which we can attribute to the collective nature of the entrepreneurial endeavor. More specifically, we find that the sustained and inclusive social interactions and collective achievements during the collective entrepreneurial process lead to the positive emotions of joy, passion, vigor, and pride. We also find that these positive entrepreneurial emotions have a contagious effect by enhancing entrepreneurial motivation, collective efficacy, and solidarity – three central prerequisites for collective and social enterprise creation.

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SUMMARY

DECISION PARALYSIS AND SELF-EFFICACY IN THE VENTURING PROCESS OF ACADEMIC SPIN-OFFS

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Arndt Werner, Lehrstuhl für KMU Management und Entrepreneurship, Germany

Principal Topic

The crucial role of innovative spin-offs in accelerating technology innovation and promoting economic development has been globally recognized (Block et al., 2017; Santini, 2017). However, a high discrepancy between entrepreneurial propensity and implementation among academics still exists (Fritsch and Krabel, 2012). The possible explanation for this discrepancy could be the perceived obstacles during the venturing process (Werner, 2011; Block et al., 2008).

Method

In order to get a better understanding of this phenomenon and to improve the founding conditions in the academic context, the main objective of our paper is to analyze how psychological, individual and institutional conditions affect the foundation behavior of academics. More specifically, how individual decision paralysis, entrepreneurial self-efficacy (ESE) of scientists and their attitudes towards science affect, on the one hand the extent of perceived entrepreneurial obstacles, and on the other hand the venturing process. Our hypotheses were built on three well-known psychological theories, namely the decision conflict theory from Janis and Mann (1977), the theory of planned behavior from Bandura (1977) and the institutional theory from Meyer and Rowan (1977).

Results and Implications

Based on a representative longitudinal dataset that consist of 331 scientists, our regression results suggest that the extent of perceived entrepreneurial obstacles as well as the venturing process depend decisively on the degree of individual decision paralysis, the ESE and the individual attitude towards science.

From a theoretical perspective, this study provides several potential valuable insights into the determinants of entrepreneurial implementation. From a practical perspective, the findings serve university administrators, policy makers and potential investors as a guidance to develop and implement new strategies that could facilitate the development of academic spin-offs.

SUMMARY

ASSESSING THE LONG-TERM VIABILITY OF SOCIAL ENTERPRISES: THE ILLUMINATING CASE OF QUAKER ENTREPRENEURS, 1650 - 1850

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Principal Topic

The definitions and frameworks pertaining to modern social enterprises are still a work in progress (McMullen & Bergman 2017; Saebi, et al., 2018) and important questions remain (Ebrahim, et al., 2014; Wilburn, 2014), most prominently: What is the long-term viability of attempts to blend commercial and social benefits? Several centuries before there were entities known as “social enterprises” and socially-engaged, stakeholder-driven business objectives known as the “triple-net bottom line,” Quaker entrepreneurs sought to balance moral conviction, social purpose, and financial success in their pursuit of opportunity (Walvin, 1997). Guided by these principles, Quaker entrepreneurs were instrumental in establishing several important industries, including new ventures in steel, transportation, agricultural technology, and finance (Hunt & Ortiz-Hunt 2018; Milligan 2007; Raftery 1968). Collectively, through organizational and technological innovation, Quakers blended commercial success and social consciousness in the formation and development of their ventures, building robust and long-lived ventures that seeded the emergence of new sectors, all while leading anti-slavery, worker’s safety, and women’s suffrage movements.

Methods

To conduct our analyses, we employed an historically-informed, mixed methods analyses to examine mechanisms that shaped the long-term viability and success of social ventures belonging to the Quakers, during the period 1650 – 1850. As committed diarists and meticulous record-keepers, they left an extraordinary record of their religious, commercial, and social activities. We combined these qualitative data with quantitative data from three sectors that were critically important to the economic development of Britain and the United States: grist mills, water pumps, and river-faring steamships, involving 672 ventures, 302 of which were Quaker-owned.

Results and Implications

Our findings provide a panoramic assessment of how Quakers employed organizational and technological innovations to achieve favorable, sustainable financial and social outcomes. Far from being an impediment, the social justice orientation of the Quakers made them well-trusted in business dealings. Through our analysis, we find that Quaker ventures were long-lived, surviving, on average, more than three times longer than non-Quaker-owned firms.

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SUMMARY

IT'S NOT JUST WHAT YOU ASK, BUT ALSO HOW YOU ASK IT: A SOCIAL PERCEPTION PERSPECTIVE ON THE Q&A AFTER A PITCH

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Principal topic

Despite power being a fundamental and pervasive force in social interactions (Sturm & Antonakis, 2015), no research to date has examined the role of power during entrepreneurial pitches. Power refers to an asymmetric control over valued resources (Magee & Galinsky, 2008). The Q&A part of pitches provides a unique opportunity to study investors’ and entrepreneurs’ power expressions, i.e. expressive behaviour aimed at asserting power in relation to others (Aime et al., 2014). When one party (the angel) in the interaction expresses dominance behaviour, the other party (the entrepreneur) can react with either more dominant or more submissive behaviour. Interpersonal circumplex models predict that one party’s dominance invites submissive behaviour on the other side (Horowitz et al., 2016), whereas mimicry models predict that it would invite dominant behaviour (Chartrand and Bargh, 1999). The goal of this study is twofold. Firstly, we examine the conditions under which dominance mimicry versus complementarity is more likely to occur. Secondly, we examine the influence of such entrepreneurs’ reactions on the resulting investment decisions.

Method

We gathered data by attending 15 pitching events of a large angel group. At each pitching event, around 4 to 6 projects are pitched to 10-22 angel investors. The pitch consists of 15 minutes, followed by some time for Q&A. Our final sample consists of 60 pitches, resulting in over 300 matched angel-entrepreneur Q&A interactions. All pitches were videotaped and coded for relevant verbal and nonverbal behavior of angels and entrepreneurs.

Results and Implications

This study contributes to the entrepreneurship literature by examining the impact of previously ignored factors in angel investing. By integrating social perception with power literature, we aim to provide a comprehensive framework of the face-to-face interaction between angels and entrepreneurs during the Q&A of pitches.

The results of this study will have implications for both angels and entrepreneurs. Angels will gain insights into how their questions influence entrepreneurs’ answers and entrepreneurs in turn will gain insight into how their reactions to power expressions during the Q&A influences angels’ investment decisions.

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SUMMARY

EMOTIONAL DISPLAYS AND ENTREPRENEURIAL PITCHING:
A DEEP LEARNING APPROACH FOR MEASURING EMOTIONS IN TONE OF VOICE

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Michael Leyer, University of Rostock, Germany
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Principal Topic

Recent studies show how the emotional displays involved in gestures, verbal cues, nonverbal cues and the tone of voice influence investment decisions. We aim to overcome methodological challenges in this stream of research by capturing emotional displays in tone of voice by using a deep learning model to systematically quantify emotions in speech signals, such as tonality, chroma, and energy. Drawing on affective reactivity theory, we explore how judges’ decision-making behavior is influenced by emotional stimuli that manifest in entrepreneurs’ voice signals. We address the research question: What is the relationship between how emotions manifest in voice signals used by entrepreneurs in pitching and pitching success?

Method

We perform an analysis of audio recordings of entrepreneurial pitches from Techcrunch. The dataset consists of 149 audio recordings of Techcrunch entrepreneurial pitches made in 16 different events from 2011 to 2017. While most related studies consider word dictionaries (i.e. LIWC, DICTION) as a tool to analyze the sentiment of content in written or spoken language, we train a machine learning model that helps to classify emotions and emotional arcs according to labelled patterns in audio signals. Using PyAudioAnalysis, a Python signal processing software package, we extract 34 distinct voice features that are commonly used to analyze dynamic voice signals. For each 15 second interval, we measured these features and use them as inputs to our deep learning model in order to estimate the likelihood of an emotion based on these features. We aggregate and normalize the time series of emotion measurements to represent the volume, the intensity, and the distribution of emotional displays in the pitches, and develop a fixed set of emotional arcs in entrepreneurial presentations.

Results and Implications

A logistic regression analysis led us to identify the specific ways in which emotional displays are related to pitching outcomes. We show how fear and anger are positively correlated with pitching success. We contend that exhibiting fear and anger in voice signals can assist in creating suspense and tension throughout a pitch, as well as highlighting the importance of the problem and the entrepreneur’s passion.

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SUMMARY

RESPONDING TO THE CROWD:
HOW ONLINE INVESTOR DISCUSSIONS INFORM CROWDFUNDING DECISIONS

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Principal Topic

Crowdfunding is changing the landscape of entrepreneurial finance by democratizing the process and empowering the broader populous to participate in new venture funding. Each year we see more novice “investors” supporting crowdfunding campaigns, with the amount of funding skyrocketing from $808.4 million in 2010 to $99.9 billion in 2017. While research on equity crowdfunding is in its infancy, scripted updates posted by entrepreneurs have been shown to increase the funding success of campaigns. Most recently, an emerging area of research is now focused on the role of the more dynamic, unscripted aspects of equity crowdfunding campaigns. Our study seeks to investigate two interrelated research questions that will allow us develop a more comprehensive understanding of how dynamic investor-initiated communication between entrepreneurs and would-be investors impacts equity crowdfunding behavior and, ultimately, campaign performance. Specifically, we examine how the frequency and the subject matter of investor-lead discussions evolve over the life of an equity crowdfunding campaign and how the discussion intensity impacts performance.

Methods

We analyze 276 equity crowdfunding campaigns posted on Crowdcube over a 12-month period utilizing qualitative and quantitative methods. We collected data on all of the campaigns and recorded more than 4,400 threads of communication between investors and entrepreneurs as well as empirical data related to individual platforms and industry level statistics from InsideTab.

Results and Implications

Our analysis shows that the focus of the non-scripted investor-entrepreneur discussions evolves throughout a campaign and that the frequency and content of the exchanges impact the success of campaigns in a systematic manner. Our results demonstrate that the number of dialogue threads has a statistically and economically significant positive effect on crowdfunding performance regardless of how the performance is measured. We argue that discussion platforms serve as a tool to reduce the information asymmetry for investors and that the intensity of discourse, or, in other words, the number of discussions, may trigger information cascades and attract less sophisticated investors to a campaign. Most generally, our findings provide further support for the view that communication between investors plays an essential role in investment decision making within the crowdfunding context.

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SUMMARY

HOLDING BACK OR LETTING GO: A SOCIAL-FUNCTIONAL PERSPECTIVE OF NEW VENTURE FOUNDERS’ EMOTION REGULATION

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Principal Topic

Previous research in entrepreneurship has recognized that managing and regulating one’s emotions is part of the actions performed by founders of new ventures (Goss, 2008). Yet, we know little about whether and how founders can regulate their negative emotions to improve interpersonal outcomes (Cardon et al., 2012; De Cock et al., 2017). This study investigates one common strategy to regulate one’s negative emotional reactions, namely expressive suppression. Drawing on the Emotions as Social Information (EASI) model (Van Kleef, 2010), we predict that expressive suppression of negative emotions will have a negative indirect effect on co-founders’ relationship through decreased perceived emotional authenticity. In line with the tenets of EASI model and the framework of entrepreneurial experience (Morris et al., 2012), we also investigate contextual dependencies to the indirect effects.

Method

In order to investigate the interpersonal outcomes of expressive suppression of negative emotions in new ventures, we conduct two empirical studies. First, we conducted a laboratory experiment with 80 teams, in which we investigated the immediate effect of experimentally manipulated suppression on relationship viability via decreased authenticity perceptions in a zero-acquaintance context. Second, we conducted a field survey with 83 co-founders, in which we explored the effect of habitual use of expressive suppression on co-founders’ aggregate perceptions and overall relationship assessments in a new venture creation context. Furthermore, in the second study we also collected information about characteristics of the new venture creation process, such as frequency and significance of negative events e.g. obstacles.

Results and Implications

We apply a mediation model (Study 1) and a moderated mediation model (Study 2). Overall, our results suggest that the suppression of negative emotions is a potentially harmful emotion regulation strategy with regard to initiating viable working relationships between potential co-founders. When it comes to sustaining viable working relationships between actual co-founders, the detrimental consequences of suppressing negative emotions depend on the settings in which the co-founders observe that suppression.

With this research we make contributions towards understanding the interpersonal effects of negative emotions in new venture creation. Furthermore, we contribute to research on multi-founder new ventures (Klotz et al., 2014; O’Toole et al., 2006; Powell & Baker, 2017) by introducing perceived emotional authenticity as a determinant of co-founders’ relationship viability (Foo et al., 2006). Finally, we extend and support the EASI model to the entrepreneurship field setting by showing that the premise of the model may also be applicable to expressive suppression of new venture founders’ negative emotions.

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SUMMARY

SHADES OF HYBRIDITY – HOW SOCIAL ENTERPRISES DIFFER IN COMBINING INSTITUTIONAL LOGICS

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Principal Topic

Hybrid organizations have provoked intensive discussions about the outcomes of combining multiple institutional logics (e.g., Pache & Santos, 2013). Multiple institutional logics induce tensions within organizations (Battilana & Dorado, 2010; Smith, Gonin, & Besharov, 2013), but also enable innovative solutions (Battilana, Sengul, Pache, & Model, 2015; Jay, 2013). In recent conceptual works, scholars propose that the reason for varying outcomes are important differences in the degree of hybridity that have yet gained limited attention (Besharov & Smith, 2014; Shepherd, Williams, & Zhao, in press). Thus, this paper raises the question how hybrid organizations differ in combining multiple institutional logics.

To fill this gap, we focus on organizational value logics as a lens to better understand differences among hybrid organizations. An organizational value logic is a shared meaning system within an organization that implies for whom value is provided and what enables the organization to provide this value (Laasch, 2018).

Method

To understand differences in how hybridity is enacted, we developed an empirically based taxonomy that indicates distinct types of hybrid organizational value logics. In an iterative process, we analyzed organizational value logics of 127 social enterprises (Nickerson, Varshney, & Muntermann, 2013). Social enterprises are the archetype of hybrid organizations because they combine a social welfare and an economic logic (Battilana & Lee, 2014). Next, we used hierarchical cluster analysis to identify clusters of organizational value logics.

Results and Implications

The resulting taxonomy includes three distinct clusters of organizational value logics: socially-dominated hybrids, blended hybrids and commercially-dominated hybrids. The three clusters differ in the configuration of three components: the role of the social enterprise in the organizational value logic (value supplier/creator/exchanger), the degree of integration of target groups in the components of the organizational value logic (contributing/passive role) and the ratio of the target groups from different institutional spheres (socially-dominated/blended/commercially-dominated). The configuration of these components reflects the degree to which a social enterprise enacts a social welfare and/or an economic logic. The proposed taxonomy provides a theoretical foundation to differentiate hybrid organizations and thereby provides grounds for future research to systematically analyze why hybridity produces tensions and/or innovations.

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SUMMARY

WOMEN’S ENTREPRENEURSHIP-SELF ACTUALISATION OR SELF HARM?

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Principal Topic:

Women create new ventures and when they do, their ventures under-perform (Yousafzi et al., 2018). Explanations for such disparities range from essential sex differences regarding entrepreneurial capabilities to feminist critiques exposing the masculinised discourse of entrepreneurship (Ahl and Marlow, 2019). Although having conflicting foundations, such explanations rest upon the assumption that it is socio-economically desirable for more women to select into self-employment. Taking the UK as our test case, we challenge this axiom questioning whether entrepreneurship does represent a positive career choice for women. We base this contradictory argument upon evidence that despite claims of enhanced work/life balance, it lacks flexibility (Martinez Dy et al., 2017) generates poorer returns than employment (Yuen et al., 2018) and denies women access to welfare benefits (Stumbitz et al., 2018). So, we question whether entrepreneurship is indeed a “good” choice for women.

Method:

The study uses data from the UK Household Longitudinal Survey, a multi-disciplinary, longitudinal study of individuals living in approximately 40,000 private households in the UK to test three hypotheses exploring performance, flexibility and access to benefits.

Results and Implications:

We find support for our hypotheses. Women are more likely to select into part-time self-employment with implications for performance and scalability. Financial returns to self-employment for women are lower; earnings are significantly related to labour capacity and time investment. When women have a caring/domestic labour role within the household, their capacity to focus upon the business will be constrained, which limits returns. In essence, financial pressures related to poorer returns from self-employment push households to claim state welfare benefits to compensate for low incomes from self-employment. Overall, our findings challenge entrepreneurship as a positive option for women; we dispute notions of flexibility whilst noting significant income penalties particularly for those in part-time self-employment. Where self-employed women are based in poorer households, there is a higher degree of household benefit dependency whilst women have restricted access to specific personal benefits such as maternity benefit. Given gender divisions in domestic labour and roles, a lack of flexibility and less attractive overall economic outcomes, self-employment does not look like a good option for many women so why do we keep peddling it as such?

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SUMMARY

VENTURING INTO THE UNKNOWN? A META-ANALYTIC ASSESSMENT AND REVIEW OF THE UNCERTAINTY CONSTRUCT IN ENTREPRENEURSHIP RESEARCH

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Principal Topic

In entrepreneurship research, “uncertainty constitutes a conceptual cornerstone for most theories of the entrepreneur” (McMullen & Shepherd, 2006: 132), operating within the field as a “taken-for-granted” general assumption about the inherent challenges of entrepreneurial action (Knight, 1921; Folta, 2007; McKelvie, Haynie, & Gustavsson, 2011; McMullen & Shepherd, 2006; Sarasvathy, 2001; Packard, Clark, & Klein, 2017; Townsend, Hunt, McMullen, & Sarasvathy, 2018; Alvarez et al., 2018). Yet, there are growing questions and concerns about the precision, robustness, and boundary conditions of the uncertainty construct in entrepreneurship research (Townsend et al., 2018; Packard et al., 2017). Moreover, despite hundreds of studies that purport to study the role of uncertainty in shaping various facets of entrepreneurial phenomena, no study to-date has systematically examined the overall state of empirical evidence in order to assess the fundamental support for the central importance of the uncertainty construct to entrepreneurship research (Brinckmann, Grichnik, & Kapla, 2010). For entrepreneurship scholars, these factors create a problematic set of questions regarding the conceptual stability and causal utility of this central construct in entrepreneurship research (Townsend et al., 2018).

Method

To address these issues, in this paper, we conduct a systematic review and assessment of the uncertainty construct in entrepreneurship research using the tools and techniques of meta-analysis, meta-regression, and meta-structural equation modeling. For our sample, we collected all published empirical articles for the period 1980 to 2017 from a broad mix of 16 leading journals that reported a correlation between uncertainty and measureable outcomes for entrepreneurial decision-making, action, and other variables.

Results and Implications

The collective weight of evidence in the study raises important questions about the validity and stability of the global assumption of the role of uncertainty in theories of entrepreneurial action. In particular, we find clear patterns of difference between various operationalization strategies for uncertainty and global patterns of entrepreneurial action, fundamental differences in the effects of environmental versus perceived uncertainty, and numerous contingencies that shape the relationship between uncertainty and entrepreneurial action. Overall, these findings offer several important implications for future entrepreneurship research.

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INVEST BECAUSE OF WHO I AM, NOT WHAT YOU EXPECT ME TO BE: HOW IDENTITY INFLUENCES THE IMPACT INVESTING PROCESS

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Principal Topic:

We explore how identity influences resource acquisition for impact enterprises. The investor-entrepreneur relationship is important especially for early-stage investing because impact investors often serve as more than just a financial resource, but also as potential advisors, board members or key strategic networks (Drover et al., 2017). Nascent research has emerged to understand how entrepreneurs appear “legitimately distinct” as they seek legitimacy from investors (e.g. Naves & Glynn, 2011). In the legitimacy seeking process, however, entrepreneurs likely hold multiple, competing identities that are influenced by the individuals’ background, her role, and the types of groups she interacts with (Moss et al., 2011, Wry & York, 2015).

Currently, the study of identity and entrepreneurship predominately examines the investors’ perspective (O’Neil & Ucbasaran, 2016), with little understanding of how entrepreneurs navigate the investment process. We ask: How do an entrepreneurs’ experience with investors interact with their role and social identities? In exploring the context of impact investing, we theorize how each entrepreneurs particular experience with potential investors interact with identities: entrepreneur, community citizen and potential investee. This interaction informs how entrepreneurs engage in the investment-seeking process, which unveils important implications for resource acquisition.

Method

We collect qualitative data from 52 entrepreneurs from Kenya, India, and Mexico currently seeking impact investing. These entrepreneurs are affiliated with prominent organizations, have existing needs for impact investment, and have had either a positive or negative experience with impact investing.

Results and Implications

We find investors’ prescribe expectations of an ideal investee, which becomes a dominant social identity an entrepreneur must align with in order to acquire investment. Depending on the interaction the entrepreneur has had with a particular investor sets the precedent for whether and how the entrepreneur’s role identity aligns with the investors’ prescribed social identity of “investee”. When investment is contingent on alignment, either the investor or entrepreneur must change some form of identity, forgoing a specific aspect of their identity. Implications for when and how this tradeoff occurs are further discussed.

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SUMMARY

PICKING WINNERS: HOW THE MEDIA CHOOSES THE VENTURES IT COVERS

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Principal Topic

The media as an institution has significant power to reduce information asymmetries and legitimize a venture. In choosing which companies to report on, the media can set the agenda and dictate which ventures the audience has knowledge and awareness of (Graström & Windell, 2011; Petkova, Rindova, & Gupta, 2013). Audiences, therefore, come to rely on the media to act as infomediary, exposing them to information they personally cannot fully observe (Deephouse & Heugens, 2009). The media’s coverage of a particular venture, or its founder, also legitimizes it as a venture worth covering, spurring even more media attention (Pollock, Rindova, & Maggitti, 2008) and influencing key venture stakeholders, such as investors and customers (Pollock & Rindova, 2003). Given the media’s influence and its ability to kick off a virtuous cycle for entrepreneurial ventures, we aim to discover what journalists’ criteria is for choosing new ventures to report on and what determines that criteria.

Method

We carried out the study in two phases. First, we conducted a series of semi-structured interviews with eight entrepreneurship and new technology journalists from various backgrounds, employers, and “beats.” Second, we collected article histories for the sample journalists across various outlets and mediums in which they have published. We conducted psycholinguistic and topic analyses of the text, using the Language Inquiry and Word Count (LIWC) software and latent dirichlet analysis (LDA), respectively.

Results and Implications

Initial results suggest journalists consider several criteria when choosing which ventures to cover: the venture’s stage of development, its media readiness, prominence in the industry covered, availability or access to the venture, and relevant background of founders. Considering each criterion a scale, preliminary text analysis of articles suggest a positive relationship between the prestige of the outlet and the above criteria. Further, we find an inverted-“U” relationship between journalist experience and the above criteria, with novice and expert journalists featuring more early rather than later stage ventures in their articles. The implications of these findings are, for theory, that entrepreneurship agenda-building is highly dependent on both journalist and outlet standing, and, for entrepreneurs, that there are ways to position one’s venture to maximize potential journalist coverage.

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SUMMARY

A LONGITUDINAL STUDY OF THE IMPACT OF INCUBATION ON SURVIVAL, GROWTH, AND TYPES OF EXIT

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Principal Topics

Business incubation is a popular policy instrument helping new ventures overcome liabilities of newness, setting the stage for scaling up processes (Mian et al., 2016) by creating a resource munificent context to help new firms buffer their dependencies on external environment (Amezcua et al., 2013). However, there are equivocal results about the extent incubators help new firms to survive and grow (cf., Lukes et al., 2018; Schwarts, 2009). In this study, we address the impact of incubation on growth, long-term survival and exit mode contingent on moderating roles of select internal factors and environmental conditions.

Method

We use a longitudinal database of 373 Norwegian research-based new ventures followed from inception over the 2000-2015 period. These firms were created to commercialize intellectual property. There are 193 incubated and 180 non-incubated firms. Data were hand-collected over time based on annual reports, the National Register of Business Enterprises, news archives, Norway’s patent office, and Norwegian Industrial Development Authority (SIVA). Our method leverages event history analysis and hazard rate functions, testing how incubation influences growth (sales and employment), long-term survival and exit type, while accounting for the contextual conditions, e.g. industry, source of capital, patenting activity, public grants. We also discern positive vs. negative types of exit. By taking this approach in the analysis, we attempt to address the significance of research fit in organizational research (Edmonson & McManus, 2007).

Implications

This research aims to make several important contributions. First, we contribute to the sponsorship theory by illustrating that internal and environmental factors amplify or attenuate incubation effects, suggesting that the effectiveness of incubation is context-specific. Second, by providing empirical evidence, our analyses will have implications for trial-by-fire evolutionary view and Red Queen Theory, on how the environment influences the fitness of surviving firms affecting their growth and exit type. Third, by focusing on a sample of research-based firms founded to commercialize academic intellectual properties, our results have important contributions for high-tech entrepreneurship and the policy initiatives to boost and facilitate the start-up and scale-up of high-tech firms.

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SUMMARY

NOT IN MY JOB DESCRIPTION: ACADEMIC RESEARCH CONTRACTING AS POSITIVE ENTREPRENEURIAL DEVIANCE

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Principal Topic

Prior literature defines engagement in non-core job activities as bootlegging or deviance. In an academic setting, this does not suitably explain the behaviors of academic scientists; although engaging in commercialization activities is not their core job, they are often allocated time to pursue commercialization. Yet, our understanding of what drives particular commercialization behavior in the context of university entrepreneurial activity remains limited. In this study, we model academic engagement in commercialization activities as a form of positive entrepreneurial deviance (PED). We investigate academic engagement in contract research with industrial partners to consider the prevalence of PED among university research faculty. Our study contributes to the literature in two meaningful ways: first, it specifies the micro-foundations of university technology commercialization, and second, it uncovers the antecedents of creative deviance. The study also informs public policy, as our findings reveal the underlying mechanisms to encourage academics to engage with industry.

Method

To explore PED of academic research contracting, we analyze a dataset of industry-initiated contract research proposals in the UK. We conduct textual analysis of 362 contracts to explore the cognitive and behavioral predictor of PED. Analysis of the contracts is performed using the Linguistic Inquiry and Word Count (LIWC) software to determine the emotional, cognitive, and entrepreneurial orientation (EO) content of the contracts. Principle component analysis is utilized to explore the underlying dimensions of the textual characteristics demonstrated by LIWC analysis.

Results and Implications

Our data analysis highlights that certain cognitive and emotional language in contract research proposals are correlated with acceptance of research contracting and thus enactment of PED. We show that language associated with EO attracts researchers and institutions to the deviant behavior of industry-sponsored research.

We reveal that successful industry-initiated contract research is correlated with entrepreneurial opportunity-seeking behavior by academic scientists. This contrasts with prior studies, which found that institutional entrepreneurial climate had no impact on industry-science interactions. Our findings suggest that some academic scientists respond to entrepreneurial motivations independent of the institutional entrepreneurial climate. This has important implications for industry participants, academic institutions, and policymakers seeking to increase commercially-oriented knowledge exchange at the university-industry boundary.

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SUMMARY

DECISION-MAKING UNDER UNCERTAINTY: HOW CORPORATE EFFECTUATION INFLUENCES EXTERNAL CORPORATE VENTURING MODE CHOICE

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Principal Topic

External Corporate Venturing (ECV) has been widely acknowledged as an effective tool for corporations to remain competitive in uncertain environments by accessing novel technologies of ventures via partnerships. Considering Packard, Clark and Klein’s (2017) typology of uncertainty, we raise the question if ECV-mode choice, i.e., CVC investments and venture acquisitions, follows an entrepreneurial decision making process, as, when partnering with ventures, corporations paradoxically expose themselves to a higher degree of uncertainty than the already prevailing environmental uncertainty (Packard et al., 2017; Van De Vrande et al., 2009). We apply Sarasvathy’s (2001) effectuation theory to explain organizational decision making processes (Brettel et al., 2012; Werhahn et al., 2015). By utilizing Werhahn’s et al. (2015) definition of effectual orientation, this study examines corporations’ preferences for certain ECV-modes when operating under high market uncertainty and how effectual orientation influences the corporations’ ECV-mode choice.

Method

We constructed a longitudinal panel dataset for the years 2003 to 2016 with over 160 US-based corporations listed in the S&P 500 by merging VentureXpert data (CVC investments) with data from SDC Platinum (acquisitions) and Compustat North America (environmental market uncertainty). Following Titus et al. (2017), we examine our dependent variables (corporations’ preference for an ECV-mode) by computing the corporations’ relative use of ECV-modes and our independent variable as the coefficient of variation of sales per industry and year. To measure our moderating variables, the degree of effectual orientation, we draw from the corporate-level scale published by Werhahn et al. (2015) and develop an effectuation orientation dictionary, applying the methodology developed by Short et al. (2010). We then apply a computer-aided text analysis (CATA) of the corporations’ letters to shareholders (Bowman, 1984).

Results and Implications

We find that corporations’ preference for CVC investments is positively related to increasing degrees of market uncertainty and that effectual orientation positively moderates this relationship. Hence, our study provides evidence that corporate effectuation influences the decision-making process for ECV-investments by demonstrating that corporations with high degrees of effectual orientation commit themselves more cautiously. Furthermore, by providing the newly developed effectuation orientation dictionary, we open an avenue for future secondary data research applying the CATA technique.

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SUMMARY

EXAMINING HOW SOCIAL IDENTITY ALTERS ENTREPRENEURIAL OPPORTUNITY RECOGNITION

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Principle Topic

Considerable research has been undertaken to examine if entrepreneurs and non-entrepreneurs differ in their ability to perceive entrepreneurial opportunity. Results are mixed, and lacking empirical consistency creates several problems in our ability to understand entrepreneurship. In this paper, we analyze differences between entrepreneurs and non-entrepreneurs by focusing on variation in what we propose to be a critical variable for entrepreneurial alertness—social identity. Our paper helps provide a deeper insight into the underlying sources of entrepreneurial alertness by asking and discussing whether the priming of alternative superordinate social identities alters an individual’s entrepreneurial opportunity recognition. And if so, can managers manipulate an individual’s social identity to positively increase that individual’s propensity to recognize opportunities?

Method

This study employs multiple research protocols to analyze whether a particular social identity’s salience is important to a person’s ability to perceive entrepreneurial opportunity. Our sample consists of over 1,000 students (25% of the student population) at a small, professionally-oriented university, gathered and investigated in four distinct waves. During experiments, differentially primed control and treatment groups were presented with a fabricated, but contextually interesting base technology platform with potential for wide-scale use in multiple entrepreneurial environments. Constructs measured include whether the respondent recognized an opportunity (Y/N), whether they recognized several opportunities (Y/N and number of), and the uniqueness, creativity, and applicability of each of their ideas.

Results and Implications

Theoretically, this study makes two key contributions. This study confirms how an individual’s social identity is complex and layered, and that one’s various identities may be primed. However, where Social Identity Theory is often used to demonstrate ‘in-group/out-group’ identification, our study provides a significant findings regarding social identity and alertness to entrepreneurial opportunities. With respect to entrepreneurial theories of alertness, our study demonstrates that alertness is situational, where the situation may be simply the social identity under which an individual is operating when confronted with novel data. This study also contributes to the practical understanding of entrepreneurship in a manner that is useful for organizations. Armed with a better understanding of the influence of social identity, managers may be able to prime more contextually appropriate social identity, for themselves or their employees, to improve entrepreneurial alertness.

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SUMMARY

IDEA QUALITY OF NEW VENTURE TEAMS: CONFIGURAL EFFECTS OF ENTREPRENEURIAL IMAGINATIVENESS, DEMOGRAPHIC DIVERSITY AND STARTUP EXPERIENCE

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Principal Topic

Entrepreneurship scholars have begun to focus on the importance of ideation because the creation of new ventures begins with a new venture idea. Cognitive skills such as entrepreneurial imaginativeness, in particular, have been shown to improve new venture idea quality. However, while cognitive skills are critical to generating and selecting new venture ideas at the individual level, new venture ideation is more likely to take place at the team level, as the vast majority of new ventures are founded by teams, not individuals. Results on team effectiveness from the extant literature is mixed requiring more work to unpack the individual team member characteristics that enable and constrain members’ interactions, especially within new venture teams where no single set of factors consistently predicts team effectiveness. We fill this gap by investigating how team characteristics, specifically entrepreneurial imaginativeness, demographic diversity, and startup experience influence the idea quality of new venture teams.

Method

Participants in this study were 230 entrepreneurs that had formed 51 different teams competing in six different Startup Weekend competitions. Startup Weekend is an event in which entrepreneurs come together in one weekend to launch startup companies. At the end of the competition, teams pitch their new venture idea in front of a panel of judges who evaluate the quality of each team’s new venture idea. The judges’ evaluation scores served as the dependent variable, while entrepreneurial imaginativeness, gender, race, age, and startup experience served as the independent variables in this study. We analyze the data using fsQCA - an inductive, theory building approach that allows us to examine different configurations of team characteristics that lead to high and low idea quality.

Results and Implications

Consistent with a configuration approach, we find evidence that idea quality is dependent on multiple factors of entrepreneurial imaginativeness, demographic diversity, and startup experience revealing the complex nature of team composition on new venture ideation. We find equifinality in which multiple distinct configurations lead to high idea quality as well as asymmetry where low idea quality configurations are not the direct inverse of high idea quality configurations. As a result, our findings contribute to the literature on team composition, ideation, and entrepreneurship.

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SUMMARY

INTERPLAY BETWEEN PASSIONATE ACTIVISM AND ENTREPRENEURIAL EXPERTISE IN SOCIAL VENTURES

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Principal Topic

Social entrepreneurship has developed rapidly as a major area of research (Mair & Marti, 2006; Short, Moss, & Lumpkin, 2009). Scholars have sought to clarify the conceptual domain and distinctiveness of the field (Austin, Stevenson, & Wei-Skillern, 2006; Dacin, Dacin & Tracey, 2011), focusing on the types of social ventures (e.g. Weerawardena & Mort, 2006; Zahra et al., 2009). Not much is known about whether and how the life and career experiences of these entrepreneurs influence their participation in social entrepreneurship. We propose a model demonstrating that entrepreneurial passion plus the life and career experiences of social entrepreneurs affect the survival, growth and resource acquisition of these ventures.

Method

Eighty-one profiles of for-profit social ventures were compiled from social entrepreneurship foundations, including the venture name, biographies of the founding entrepreneur(s), their motivation, and the range of social impact of the venture. Analysis identified two dimensions: entrepreneur life and career experiences and scope of social engagement, leading to the creation of four archetypes.

Social entrepreneurs with corporate experience targeting broad social causes (cause-based, large-scale social engagement) are Corporate Veterans. Seasoned Champions with career experience in the public/non-business sector engage in problem-focused or localized social engagement. Local Pragmatists have limited career experience, but a passion for solving local issues (problem-focused or localized social engagement). Finally, Social Activists represent “grass roots activists” who launch social ventures to tackle major challenges (cause-based social engagement).

Results and Implications

Research in this field is advanced through this development of a systematic typology of social entrepreneurs. Examining the scope of engagement in addition to their experience, insights into their motivation, entrepreneurial aspirations and mindsets demonstrates the importance of individual background.

Practically, this study suggests that the success of ventures started by different types of entrepreneurs may be predictable, when the changes and resource requirements of the different stages of the process are acknowledged (Redd, Abebe & Wu, 2016). As a social enterprise moves toward stability and growth, entrepreneurial passion weakens and entrepreneurial expertise becomes necessary.

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SUMMARY

OPPORTUNITY OR PITFALL: CORPORATE ENTREPRENEURSHIP AND SOCIO-EMOTIONAL WEALTH IN FAMILY FIRMS

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Philipp J. Ruf, University of Siegen, Germany
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Principal Topic

Since innovation, fostered by leveraging entrepreneurial activities, is the engine for corporate development and competitive advantages in family firms, it is of increasing interest to scholars (e.g., Fitz-Koch and Nordqvist, 2017; Stenholt et al., 2016). However, there is a paucity of research on how family mechanisms affect corporate entrepreneurship (CE) and entrepreneurial activities of employees and whether these empower or hamper innovative behavior. In this context, governance structures of FOBs are of particular interest as the involvement of the family in business decisions force family firms to face different challenges than non-family firms. In literature, these challenges are referred to as paradoxical tensions, including the dichotomies “business growth and family liquidity,” “control and autonomy,” as well as “tradition and change,” which either boost innovation through creative problem solving or impede it (Ingram et al. 2014). Closely connected to this behaviors is the construct of socio-emotional wealth (SEW) (Gómez-Mejía et al., 2007), explain ambivalent behavior of family firms, emphasizing the pursuit of non-economic goals and the importance of family control (e.g., Gast et al., 2018; Fitz-Koch and Nordqvist, 2017, Hasenzagl et al., 2018). While many aspects of a family business and their respective SEW have been subject to researchers, the connection between SEW and CE has been neglected yet. Investigating this link of SEW and CE in family firms is the main contribution of this paper, answering the research question: “How does SEW influence CE in family firms?”

Method

A qualitative multiple-case study design has been chosen and is performed according to Yin (2014). Non-probability, purposive sampling was used to find our 17 interview partner. To reduce and categorize the data, a mixture between deductive and inductive approach is used in accordance with Elo and Kyngäs (2007) and Gioia et al. (2013).

Results and Implications

First results, show a positive impact of SEW on the corporate entrepreneurship thinking, but a negative effect on the execution. Interviewed employees shared the strong identity of the family with the firm and the urge to drive the company forward. This is reflected in a strong self-motivation of the employees and active thinking about potential improvements.

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SUMMARY

PRIVATE AND PUBLIC SUPPORT FOR NEW VENTURES:
COMPLEMENTS OR SUBSTITUTES?

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Grigoris Emvalomatis, University of Dundee, UK
Eric C. Mota, Baylor University, USA
Peter G. Klein, Baylor, University, USA

Principal Topic

Innovation and entrepreneurship are among the most important areas for public-private interaction. Rather than subsidize nascent firms directly, governments can provide an environment in which prospective entrepreneurs can assemble resources, inducing physical, human, and financial capital. Publicly funded business incubators are designed to accomplish this objective by nurturing nascent ventures that are too risky to attract private investors, but have high potential for broader social benefits.

Typically, public funding is not enough to support all such projects, so firms being incubated need to attract private investments. How successful are public incubators at attracting private funding? Despite increased interest in business incubation, little is known about the effectiveness of different incubation strategies. Incubators help their tenant entrepreneurs attract investment both through certification and by coaching, networking, and other services. Incubators vary widely in the practices they use to help their tenants attract investment. How does variation in these practices affect outcomes?

Method

We study the effect of incubator selection and mentoring on the ability to attract private investment from venture capitalists (VCs) and business angels (BAs). Our analysis exploits a unique dataset of more than 120 incubators belonging to the European BIC Network (EBN) from 2010 to 2012. We use measures of selection and management to predict funding from VCs and BAs. Our estimates come from a hurdle model and a bivariate probit which accounts for the fact that unobserved factors may be driving VC and BAs investing simultaneously.

Results and Implications

Our contributions span literatures in entrepreneurship and investment decision-making. First, we add to the literature on outcomes of incubation by providing a novel direct empirical link between incubation, VC and BA funding. Second, our work relates to research on the investment selection criteria used by VCs and BAs. Despite a well-known positive relationship between VC and incubation, little is known about how incubation per se makes tenant firms more attractive to VCs and angels. We also contribute to the theoretical literature on the entrepreneurial process and the links between institutions, policy, and entrepreneurship.

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SUMMARY

THE IMPACT OF ACQUISITIONS ON GROWTH OF EUROPEAN HIGH-TECH ENTREPRENEURIAL FIRMS

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Mustafa Erdem Sakinç, CEPN, Université Paris 13, France
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Principal topic:

Acquisition plays an important role in the high-tech growth cycle, yet there is a dearth of evidence examining the impact of the decision to sell on the growth of high-tech entrepreneurial firms. The literature on mergers and acquisitions is dominated by studies of larger publicly listed firms that focus on the benefits to buyers rather than sellers. With the exception of one Swedish study, there is little empirical evidence on the growth of entrepreneurial firms after acquisition.

We extend this research by examining five main EU economies, Sweden, UK, Germany, France and Italy. In addition, we use this high-tech and multi-country setting to address two important aspects of acquisitions. First, we examine whether the effect on target firm growth differs between foreign and domestic acquirers. Second, we examine whether high-tech entrepreneurial firms acquired by financial investors outperform those acquired by corporate investors.

Method:

We use the Zephyr and Amadeus databases to construct a sample of 4714 acquisition targets from 5 EU economies over the period 2003 to 2015. Targets belong to high-tech sector, are less than 20 years old at the time of acquisition and unlisted. We estimate the effect of acquisitions on the cumulative growth of revenue and employment from the year before, up to five years post acquisition, using a propensity-score matching approach and difference-in-differences regression.

Results and Implications:

We demonstrate that acquisition has a positive effect on target firms equivalent to cumulative growth of revenue of 11-13 percent after five years and cumulative employment growth of 7-9 percent after four years, relative to control firms. In this high-tech entrepreneurial context, we find that nationality matters such that the targets of foreign-owned acquirers exhibit significantly higher cumulative revenue and employment growth than their domestic counterparts. Uniquely, we test and find that growth is not significantly different for firms acquired by corporations versus financial institutions.

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SUMMARY

A COBBLER SHOULD STICK TO HIS LAST - THE IMPACT OF THE REGULATORY FOCUS ON FIRM EMERGENCE

Paris Koumbarakis, University of St. Gallen, Switzerland
Heiko Bergmann, University of St. Gallen, Switzerland
Thierry Volery, The University of Western Australia, Australia

Principal Topic

Building upon cognition theory – and, more specifically, self-regulation theory – this paper aims to explain differences in the type of start-up activities that lead to successful firm emergence. While we know that self-regulation, and thus regulatory focus, impacts the behavior and the action of entrepreneurs and executives (e.g. Brockner, Higgins, & Low, 2004; Gamache, McNamara, Mannor, & Johnson, 2015; Hmielski & Baron, 2008; Kammerlander, Burger, Fust, & Fueglistaller, 2015), there is a lack of research examining its role in the start-up process leading to successful firm emergence. To fill this gap, we link the nascent entrepreneurial regulatory focus to discovery and exploitation activities and eventually to firm emergence.

Method

We use a unique longitudinal dataset of nascent entrepreneurs in Switzerland. Based on a telephone screening of almost 30,000 people, we identified a sample of 298 nascent entrepreneurs who were interviewed over a period of three years, following the PSED methodology. The analyses in this paper are based on a subsample of 181 cases. We use moderated binary logistic regression to analyze the effect of the regulatory focus on the relationship between discovery respectively exploitation activities and firm emergence.

Results and Implications

Our preliminary results suggest that entrepreneurs with a high level in promotion orientation achieve firm emergence with even a few exploitation activities. We identified a moderation effect of the regulatory focus on the relationship between exploitation activities and firm emergence while controlling for discovery activities. Moreover, high promotion oriented entrepreneurs with an increased number of conducted exploitation activities are more likely to persist respectively less likely to abandon the venture. Besides the positive effect of a promotion orientation with regards to the firm emergence process, our results provide a possible explanation of why, given different regulatory foci, even with only a small number of start-up activities nascent entrepreneurs can achieve firm emergence (Arenius, Engel, & Klyver, 2017). Our results underline the importance to further analyze the role of gestation activities in firm emergence, especially under the lens of entrepreneurial cognition research.

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SUMMARY

A HARMONY OF IDENTITIES? THE BALANCE BETWEEN ACADEMIC AND ENTREPRENEURIAL IDENTITIES OF UNIVERSITY RESEARCHERS

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Ulla Hytti, University of Turku, Finland
Pekka Stenholm, University of Turku, Finland

Principal Topic:

Universities’ ongoing transition towards entrepreneurial university entails evoking entrepreneurial identity of academics. This often conflicts with academic identity that serves the fulfillment of traditional research duties. Although having strong identification as an academic and an entrepreneur is possible, enablers of this kind of dual role identity in the university context are scarcely researched. Organizational factors, such as implementation of a university’s entrepreneurship strategy, might have an effect on respective identities. Whether an academic perceives engagement into entrepreneurship-related activities as a threat to academic integrity can also depend on her degree of orientation towards industrial ties. In this study, we take the individual perspective of identity and investigate it with universities’ internal strategic actions.

Method:

Our sample comprises 318 researchers working at two multi-faculty research universities in Finland. It includes junior and senior researchers from different disciplines (humanities, technology, business, etc.). Data were collected in spring 2018 using online survey. We measured identity with established centrality scales of entrepreneurial and academic identities (Sellers et al. 1997). Independent variables – researchers’ perception of the entrepreneurship strategy implementation at a university and industry orientation – were developed based on Gibb (2011) and Lam (2010). We conducted binary logistic and linear regression analyses to test different patterns of predictors of the two identities. All the analyses had a unified set of controls including discipline and position held by a researcher, gender, age, active years in research, entrepreneurial experience, and university.

Results and Implications:

Our results highlight the researchers’ perception of the entrepreneurship strategy implementation and industry orientation enable strong dual role identity – both academic and entrepreneurial. More specifically, the effect of the strategy implementation perception was fully contingent upon industry orientation. We also find that the strong dual role identity has specific enablers different from those predicting academic and entrepreneurial identities separately. Our findings advance the understanding of the context-driven and individual enablers of the role identity among academics. For practice, they suggest that strategic actions of a university should go in conjunction with shaping researchers’ industry orientation, and allow making specific recommendations for the universities that seek to fulfill their societal mission.

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SUMMARY

BUSINESS ACCELERATORS AND FEMALE HIGH GROWTH VENTURES: DELINEATING THE DEMAND FOR SERVICES

Agnieszka Kwapisz, Montana State University, USA

Principal Topic

While in theory entrepreneurship is open to anyone, rates of women entrepreneurship have historically lagged those of men in most of the countries. Also, despite the growing interest and importance of studying high growth entrepreneurship, there is relative paucity of research on high growth women entrepreneurship, the subject addressed in this article. In particular, this study seeks to identify differences between the demand for various business accelerator services between male and female high growth venture owners.

Method

Data for this research were provided by the Entrepreneurship Database Program at Emory University supported by the Global Accelerator Learning Initiative. They collected data from entrepreneurs who applied to a self-selected group of social accelerator programs from 2013 to 2016. The sample of 8,655 early-stage ventures from roughly 100 different programs across the world was available. We limited our sample to ventures that listed U.S. as both the country of operations and the country of headquarters.

Results and Implications

We found that female high growth entrepreneurs were more likely than any other group to be accepted to business accelerators. Additionally, women leading high growth ventures valued access to potential investors or funders more than their slower growing counterparts and men. Both, low and high growth female entrepreneurs valued knowledge transfer benefits (business skills and mentoring) more than low and high growth male entrepreneurs. However, among high growth ventures, higher percentage of females on the team was negatively correlated with the demand for mentoring services, while among low growth ventures, higher percentage of females on the team was positively correlated with demand for mentoring services. Finally, compared to their slower growing counterparts, high growth female entrepreneurs placed higher priority on formal networking benefits, valuing networking similarly to the way male entrepreneurs did.

We provide the stakeholders involved in accelerators with a clearer understanding of how to ensure that appropriate support and resources are available for specific client types. As our results suggest, the policy of meeting expectations of high growth female entrepreneurs would include providing access and connections to potential investors / funders and networking development. Additionally, to support all female ventures, business skills development should be provided.

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SUMMARY

SMALL CITY, CULTURE, AND CROWDFUNDING

Agnieszka Kwapisz, Montana State University, USA

Principal Topic

Small towns can be lovely places, places with distinct identity and social cohesion, places where people enjoy the outdoors and their neighbors. They can also be appealing to entrepreneurs seeking locations offering better work-life balance. In U.S., almost 40 million people live in settlements of between 10,000 and 50,000 inhabitants and over the past two decades such have been the fastest growing towns. However, there is relative paucity of research on small cities in general and small city borne entrepreneurship in particular which is the focus of this article. In particular, very little has been published about creative industries in small cities even though entrepreneurial spirit of creative class may be a way for small cities to thrive. We focus on the film production and examine financing of such ventures by online crowdfunding.

Method

We use data on crowdfunding campaigns on the creative art of filmmaking, which has a significant presence on Kickstarter. Filmmaking is an entrepreneurial activity that involves casting, producing, editing, writing, and obtaining financing. Our sample consists of 76 observations. We use multidimensional scaling to see which local films are supported by local creators.

Results and Implications

Even though the idea of internet crowdfunding is to reach the global audience to finance projects, in a way consistent with the notion of local sense of community, our results suggest that small city creators who support other local films have higher probability of having their own project funded. Also, consistently with the notion of the sense of place, films anchored to the local environment (e.g. skiing, fishing, hunting) are more likely to be funded. Going further, by using the multidimensional scaling we uncover insights into the underling patterns of support for local projects. We find that small city creators are more likely to support local projects that do not refer to the local sense of place or received national recognition on the crowdfunding platform (“Projects we Love” stamp from Kickstarter). This is suboptimal because such projects are less likely to be funded. Apparently, local creators do not realize the value of referring to small city amenities. Our results can be used by entrepreneurs posting their project on crowdfunding platforms.

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SUMMARY
UNTANGLING THE EFFECTS OF SOCIAL COST OF FAILURE ON HIGH-GROWTH ENTREPRENEURSHIP

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Sharon A. Simmons, University of Missouri-Kansas City, USA
Johan Wiklund, Syracuse University, USA

Principal Topics

Previous studies show that institutional factors determine entrepreneurial entry decisions and type of entrepreneurial activities. Many of these studies have tended to focus on the quantity of new firms being created. However, studies based on psychological perspective show that there are both avoidance and approach based behavior towards the fear of failure. Accordingly, addressing only the quantity issue limits our understanding about the role of institutions. This study argues that if the potential downside of entrepreneurship is larger this will have two consequences. First, a smaller share of people will actually enter entrepreneurship because the ‘punishment’ of failure serves as a deterrent. Second, not all prospective entrepreneurs are affected equally. Specifically, it is those at the lower end of the tail in terms of aspirations with their businesses that are the most likely to shun away from entrepreneurship in the case of large potential downside.

Method

To test the effect of a country-level social cost of failure on individual-level entrepreneurial entry decisions, we use multi-level logistic regression analysis with 213,731 individuals in 29 OECD countries for 2009-2012. This study utilized Global Entrepreneurship Monitor data for the three dependent variables that reflect individual engagement in entrepreneurial activity at the early stage (Entrepreneurial Entry) and the intention of the entrepreneurs to have more than 20 employment over a five-year period (Entry with Growth Aspiration) as well as actual behavior of high-growth type entrepreneurship. For the independent variable, we created the social cost of failure by integrating the stigma of failure and the depth of credit information.

Result and Implications

This study finds that the bankruptcy laws have a negative association with general entrepreneurial entry and has a positive association with the entrepreneurial entry with growth aspirations and export orientation. We provide more extensive and fine-grained assessments of the implication of the societal-level social cost of failure in entrepreneurial entry decisions.

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SUMMARY

KITH AND KIN AND...? A RELATIONSHIP PERSPECTIVE ON ENTREPRENEURIAL TEAM PROCESSES

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Principal Topic

Many new ventures are founded by entrepreneurial teams. In the early stages of their venture, these teams are confronted with high levels of novelty, i.e., a lack of familiarity concerning the market, production, and management. One potential way of dealing with the challenges arising from novelty is establishing a productive working relationship within the team.

However, the mechanisms that tie individual founders together as well as how these relationships are maintained have not been sufficiently understood. Drawing on concepts from social relationship research, we aim to answer the following research question: How do founders perceive the relationships between team members and how do these relationships influence current or future interactions of founders?

Method

We used an inductive theory building approach with multi-case research design and cross-case analysis. Specifically, we relied on a purposive sampling approach and followed twelve young venture teams comprised of two to five members, operating in different industries. Throughout a six-month period, we conducted three semi-structured interviews in three-month intervals with all founders individually.

Results and Implications

Our data reveals that entrepreneurial team members attach great importance to the relationships with their teammates and connect their perceptions of the specific relationship to the coordination of their current and future interactions. We find that entrepreneurial team members distinguish between a friendship/family-like way to relate and market/exchange-like way to relate, but describe the founder relationship as a hybrid form of them. This hybrid form allows the team members to benefit from the advantages of both ways to relate, supporting them to deal with issues arising from novelty. However, this hybrid form does not seem to be very stable, and team members tend to drift towards one of the two typical ways to relate. To thwart drifting, the team members carefully balance this hybrid form via indiscernible observation and conscious countermeasures.

Our study contributes to entrepreneurial team research by delineating the challenge of establishing a productive relationship. Moreover, by focusing on founder relationships and taking a process perspective, we describe the functioning of entrepreneurial teams in the early stage of their venture. Finally, we complement research on social relationships by adding hybridity to existing conceptualizations.

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SUMMARY

DISTRESS CALLS FOR HELP: THE EFFECT OF A BUSINESS CRISIS ON THE TAKE-UP OF ORGANIZATIONAL SPONSORSHIP BY MICROENTREPRENEURS

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Principal Topic:

Where entrepreneurs focus their attention is consequential, particularly in emerging economies where entrepreneurs’ focus of attention may help them navigate significant challenges related to resource scarcity with important societal consequences. However, within the existing literature, entrepreneurial attention is generally treated as a given. To better understand what shapes the focus of entrepreneurial attention in emerging markets, we draw on theories of attention, entrepreneurship in emerging markets and the cognitive consequences of scarcity. We explore how specific situations and contextual structures shape entrepreneurial attention and ultimately influence the extent to which entrepreneurs engage with organizational sponsors. Specifically, we hypothesize that the situation of business distress will focus entrepreneurial attention on the search for assistance. We also hypothesize that the social and contextual structure within emerging markets will influence the focus of attention, leading to different outcomes depending on gender, venture maturity, and entrepreneur age.

Method:

We focus our theoretical development on a specific empirical puzzle — the low take-up of sponsorship services by entrepreneurs within emerging economies and test our hypotheses using a unique data-set of entrepreneurs operating in favelas in Brazil. Favelas are low-income communities in Brazil’s larger metropolitan areas that face significant challenges related to resource scarcity, formal institutional voids, and poor infrastructure. Our study uses an individual-level longitudinal dataset of 5,868 entrepreneurs in favelas around Rio de Janeiro, Brazil. We combine this data with records of take-up of organizational sponsorship services as well as 31 qualitative interviews. We analyze how situational characteristics (i.e., business distress) as well as structural characteristics (i.e., gender, entrepreneur age, and business maturity) relate to entrepreneurial attention, and ultimately to sponsorship take-up. We find general fit between our observations and a novel set of explanations.

Results and Implications:

Our analysis shows that business distress shifts the focus of attention towards sponsorship take-up. We find that this shift of attention depends on motivation, attention capacity and information access — mechanisms that are influenced by the social context of the entrepreneurs. Our study contributes to theory by exploring the antecedents of entrepreneurial attention and by introducing the concept of cognitive consequences of scarcity into the literature.

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SUMMARY

CLARIFYING THE LOCUS AND EXTENT OF STRESSOR IMPACT ON ENTREPRENEUR HEALTH AND WEALTH: A META-ANALYSIS

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David W. Williams, The University of Tennessee, USA
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PRINCIPLE TOPIC

Although there is broad consensus that stress matters for entrepreneurs’ health and wealth (see Rauch, Fink, & Hatak, 2018), it is unclear if stressors (i.e., sources of stress) are positively or negatively related to entrepreneurial well-being and venture performance. We use the challenge-hindrance framework (LePine, Podsakoff, & LePine, 2005) to categorize stressors into types (challenge stressors [i.e., obstacles that promote growth such as problem-solving demands] or hindrance stressors [i.e., threats to goals such as interpersonal conflicts]) and test these questions. We use meta-analysis to determine the extent of stressor impacts (Hunter & Schmidt, 2004), clarifying ambiguous findings in the entrepreneurship literature and testing the generalizability of the challenge-hindrance framework to entrepreneurship.

METHOD

We employ a quantitative synthesis of prior work on the relationships between stressors and entrepreneur health and wealth. Our search results in a final sample of 32 studies reporting 62 correlations between relationships of interest. We use random effects meta-analysis to derive our results (Hunter & Schmidt, 2004), and compare findings to a similar study on non-entrepreneurs (LePine, Podsakoff, & LePine, 2005).

RESULTS AND IMPLICATIONS

Initial results suggest that it is the type of stressor that matters. Challenge stressors are positively related with venture performance, emotional well-being, and life satisfaction, while hindering physiological well-being. Conversely, hindrance stressors have no significant effect on venture performance but are negatively related with each facet of well-being.

We contribute to entrepreneurship research by better specifying the effects of stressors on entrepreneurs. Specifically, the challenge-hindrance framework can be applied to understand entrepreneur outcomes. Yet, stressors affect facets of well-being in different ways, implying the need for more nuanced perspectives than “this is good, this is bad” to further understand entrepreneurial well-being.

We contribute to the stress literature by showing that entrepreneurs (who operate in weak contexts) experience different effects from stressors than do non-entrepreneurs (who operate in strong contexts). In short, stressors are more straining on employees and more damaging to performance. Thus, creating more entrepreneurial environments for employees may help alleviate stress.

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SUMMARY

RETURNED EMIGRANTS: AN UNDERVALUED ENTREPRENEURIAL RESOURCE?

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Principal Topic

We consider returned emigrants as a potentially neglected entrepreneurial resource, using data from the United Kingdom as an example. Traditional forms of permanent resettlement and family reunification in Europe are being replaced by circular migration (Migalee et al., 2018) between home and host countries. However, home countries may be losing out on a critical and potentially entrepreneurial resource (Demurger & Xu, 2011) - returned emigrants - because of host country attempts to reduce immigration. We use strucutation theory (Giddens, 1984) to propose that a move from a home to host context and back again may prompt returned emigrants to identify and act on opportunities as an act of reflexive self-regulation. Our theory fits qualitative findings of emotional reflexivity among returnee emigrants in the UK (Holmes and Burrows, 2012) and the US (Morse, 2017).

Method

We use the Global Entrepreneurship Monitor United Kingdom 2013 to 2017 adult population surveys, with 47,257 GEM respondents aged between 18 and 80. Sample sizes were similar in each year. Our core dependent variables measure opportunity identification, early-stage entrepreneurial activity, and expected future business size. Our independent variable distinguishes between non-migrants, regional in-migrants, returned emigrants and immigrants, and we draw control variables from the literature. We use logistic regression models with robust standard errors that are adjusted for the stratified nature of the sample (by region) to test our hypotheses.

Results and Implications

In the UK, returned emigrants have the second strongest activity and aspirations of the four migrant categories, after immigrants. We also find a positive effect on entrepreneurial attitudes, activity and aspiration of emigrants returning to a home nation (England, Wales, Scotland or Northern Ireland) that was different to their home nation of birth. Returned emigrants are twice as likely to be early-stage entrepreneurs with high aspirations for their business as non-migrants and have higher prevalence of opportunity identification than other migrant groups. This should make potential returned emigrants a prime target for local and regional UK governments seeking additional entrepreneurial talent. They do not need to target only locally born emigrants; in fact, emigrants born elsewhere in the UK might be more entrepreneurial.

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SUMMARY
THE MAGNETIC VALUE OF ENTREPRENEURIAL PASSION FOR POTENTIAL EMPLOYEES

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Principal Topic
Superior human capital is positively associated with firm performance and, as such, it is crucial for new ventures to attract top talent in the labor market. However, founders of new ventures encounter challenges when generating support from stakeholders, in part due to their perceived lack of legitimacy. Our study centers on a relatively understudied stakeholder group in entrepreneurship research, potential employees. Drawing on arguments from signaling theory, we distinguish between two objects of passion, passion for product and passion for growth and examine whether and how these two forms of perceived entrepreneurial passion can be leveraged to enhance or compensate for a founder’s legitimacy in impacting employer attractiveness.

Method
We use a conjoint experiment to determine whether perceived entrepreneurial passion moderates the relationship between a founder’s legitimacy and a new venture’s employer attractiveness using a sample of 744 employer attractiveness judgments from 93 potential startup applicants (e.g., Moser et al., 2017). After finding low variation in the dependent variable due to individual differences, we analyze our data using linear regression (Heck et al., 2010).

Results and Implications
Initial results suggest that perceived entrepreneurial passion for product moderates the relationship between founder legitimacy and employer attractiveness such that passion enhances the positive effect of a founder’s legitimacy. When founder legitimacy is low, perceived passion for product compensates to create a positive relationship on employer attractiveness.

We contribute to the literature by advancing empirical research on entrepreneurial passion by examining its’ impact on an expanded stakeholder group. While passion can elicit support from stakeholders including external resource providers (Murnieks et al., 2011) and current employees (Breugst et al., 2012), our results also include prospective applicants. We also build on theoretical work that distinguishes the various objects of entrepreneurial passion (Cardon et al., 2017). We find that both passion for product and passion for growth enhance employer attractiveness, but only passion for product interacts with founder legitimacy. We extend work at the intersection of entrepreneurship and HRM on legitimating and differentiating HRM practices. Our results suggest that not only can a founder’s legitimacy be used as an isomorphic mechanism, but passion can be leveraged as a differentiating mechanism to attract employees.

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SUMMARY

WHAT ELSE CAN WE BENEFIT FROM THE BIG DATA ERA? A STUDY OF ROUGH SET THEORY IN ENTREPRENEUR BEHAVIOR RESEARCH

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Xueyan Li, Beijing Union University, China

Principal Topic

Big data has created innumerable opportunities for entrepreneurs to develop new businesses, create business models, and solve practical problems. For instance, Google Maps machine-learning algorithm automatically suggests the nearest route. Besides entrepreneurs, to benefit from big data, researchers, including several AMJ editorials, called for the use of big data analytics in management research. An ETP Journal editorial also called on scholars to use big data’s opportunities by applying methodologies appropriate for traditional large datasets. In answering these calls, we explore the concept of big data analytics and we argue that big data analytics, which analyzes data using different mechanisms, may help scholars prevent some intractable issues associated with data analysis. Specifically, we illustrate how rough set theory, an example of big data analytics, help complement traditional statistical methods to prevent some questionable research practices (i.e., outlier management, control variables selection, p-hacking etc.) and resolve some big data related challenges (i.e., the big five characteristics of big data) by examining entrepreneurs’ subjective well-being.

Method

Pawlak proposed rough set theory as an approach to deal with imperfect numeric knowledge, and rough set theory allows the identification of hidden patterns using imprecise and insufficient knowledge. A detailed introduction to rough set theory and its method will be included in the full paper. The dataset we used was MIDUS (for details, see Ryff in the JBV well-being special issue). MIDUS stands for Midlife Development in the United States, a national survey aimed at assessing health and well-being in said country by investigating biological, social, psychological, and behavioral factors. This dataset, therefore, contains high dimensional data regarding the well-being concept.

Results and Implications

Overall, our study answers how entrepreneurship research benefit from the big data analytics by preventing some methodological issues and what big data analytics’ advantages are compared to conventional statistical methods. By developing an entrepreneurial well-being predictive model, we also provide a step-by-step illustration to show how effective rough set theory is to prevent some questionable research practices.

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SUMMARY

REGULATION, ECONOMIC FREEDOM, AND ENTREPRENEURIAL JOB CREATION: A MULTILEVEL GOVERNANCE APPROACH

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Principal Topics

Entrepreneurs regularly navigate multiple political institutions, including regional and national governments. Yet, few studies consider the interdependent effects of different institutional levels for entrepreneurial activity. We address this by showing how national regulation and regional economic freedom interact in their implications for job creation. Largely driven by young, high growth firms, job creation is a critical indicator of economic growth that captures the productive consequences of entrepreneurial activity.

As baseline arguments, we hypothesize that regulation will be negatively related, while economic freedom will be positively related to net job creation. Regulation tends to raise labor costs, and the literature suggests that these costs asymmetrically burden young firms. State economic freedom, on the other hand, facilitates venture growth. Importantly, we hypothesize that higher levels of state economic freedom attenuate (reduce) the negative effect of federal regulation. This builds on the political science theory of market-preserving federalism, which suggests an interesting outcome of the hierarchical arrangement of political entities: regional governments can mitigate the harms of national policies that are inconsistent with local economic conditions. We argue that by preserving local entrepreneurial opportunities, state economic freedom limits the costs of national regulation for job creation.

Method

We construct an industry-county panel in the U.S. from 2003 to 2015. We test our hypotheses with a fixed effects model, including industry, county, and year effects, relevant regional covariates and robust standard errors.

Results and Implications

We find support for our market-preserving hypothesis: the effect of regulation is negative, but it becomes less negative in states with higher economic freedom. At the average level of economic freedom, a one percent increase in regulation results in 14 net jobs destroyed, but a standard deviation increase in economic freedom attenuates this relationship by four fewer jobs destroyed. At the highest levels of economic freedom, the effect approaches zero.

Interestingly, this moderating effect only accrues to mature firms. For the youngest firms, the direct effects still hold; however, the moderating effect does not. This finding complicates the standard perspective that weak or poor-functioning institutions are particularly harmful to entrepreneurs, demonstrating that the impacts of regulation are more nuanced than previously acknowledged.

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SUMMARY
THE DYNAMICS OF NASCENT ENTREPRENEURSHIP: DOES NASCENT ENTREPRENEURSHIP ENCOURAGE OR DISCOURAGE NASCENT ENTREPRENEURSHIP?

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Principal Topic
While entrepreneurship has been linked to many positive country-level outcomes, such as economic well being (e.g. Wenncke et al. 2005), in this study we explore the factors that affect national level of entrepreneurship in the first place. More precisely, we are interested in learning more about how national level of nascent entrepreneurship is connected (positively or negatively) to the future level of nascent entrepreneurship. Interestingly, two opposing explanations can be identified in the literature. Our main objective is enhance our understanding about the dynamics of entrepreneurship by seeking to answer the following research question: To what extent current national level of nascent entrepreneurship encourages or discourages future level of nascent entrepreneurship?

Method
Our dataset is built based on three different databases: the Global Entrepreneurship Monitor consortium (GEM), the International Country Risk Guide (ICRG) and the World Development Indicators (WDI). Our data covers 36 OECD countries observed between 2000 and 2014.

Results and Implications
The value of adjusted R-squared exceeds 70% in all our regressions, which indicates a good explanatory power of our specifications. Our analyses reveal the one-year lagged Nascent entrepreneurship variable, Real GDP per capita (logarithm), and Socio-cultural norms score have the most explanatory power on Nascent entrepreneurship. Conversely, Unemployment rate, Legal structure, and Security of property rights variables are not statistically significantly related to Nascent entrepreneurship in our sample. The same non-significant finding applies for the variables added in the robustness test (Gross secondary school enrollment, Population growth rate, R&D as a percentage of GDP). Our empirical observations confirm that "entrepreneurship creates entrepreneurship" and further verifies the sensibility of national nascent entrepreneurship towards economic and socio-cultural determinants, rather than institutional determinants. Besides, due to the signs and the statistical significance of the coefficients of these variables, it appears that (i) the current creation of new businesses favors the creation of new businesses in the future; (ii) when social and cultural norms encourage the introduction of new business methods or activities that can increase personal wealth and income, they significantly promote nascent entrepreneurship; (iii) the high level of income discourages nascent entrepreneurship because the level of economic development may decrease self-employment, as found by Nyström (2008). Our key findings have theoretical, practical, and policy implications.

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SUMMARY

HOW THE MAGIC HAPPENS: THE EFFECTS OF SOCIAL COMPARISON AND PASSION ON ENTREPRENEURIAL SOCIAL NETWORKING IN KOREAN VENTURES

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Principal Topic

Research on social capital has shown that entrepreneurs' social contacts can affect the success of their ventures. An assumption across studies on social networks and entrepreneurship is that social contacts stem from sociable, skillful, and strategic entrepreneurs capable of connecting and obtaining benefits (Baron and Tang, 2009). However, feelings of envy, social injustice, insecurities, and depression can obstruct how people perceive and relate to others (Tai, Narayanan, and McAllister, 2012; van de Ven, Zeelenberg, and Pieters, 2009). The interaction of social capital and one's psychology can also affect if and how individuals pursue opportunities (De Carolis, Litzky & Eddleston, 2009; De Carolis & Saporito, 2006).

In this research, we relax the assumptions that entrepreneurs are comfortable with and skillful at networking. Instead, we expand on Ho and Pollack's (2014) model and examine the impacts of obsessive and harmonious passion on networking comfort and networking intensity. We include entrepreneurial resilience as a mediator and social comparison as a moderator.

Method

We collected three waves of surveys from 138 Korean entrepreneurs between 2016 and 2017. 38 entrepreneurs completed all three surveys. We used a longitudinal SME model to test our hypothesized model. Our final model provided adequate fit statistics.

Results and Implications

The relationship between harmonious passion and networking comfort and intensity was statistically supported. This relationship is mediated by resilience, however the direct connection between harmonious passion and networking is negative. Obsessive passion was not significantly related to networking tendencies. Thus, our model supports the idea of a dualistic nature of entrepreneurial passion (Ho and Pollack, 2014). We did not find support for the effect of social comparison, but we believe our model suggests the potential of disentangled temporal dynamics between entrepreneurial passion, resilience, and social networking. We believe that our research opens avenues for future research on social networking and entrepreneurial passion in different cultures. Korea is a country with high levels of social pressures (Kim and Park, 2006), which could explain the negative direct relationship between harmonious passion and networking. Future research on other cultures can help clarify whether this relationship holds.

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SUMMARY

ENTREPRENEURIAL OPPORTUNITIES IN CENTRALLY VERSUS NON-CENTRALLY LOCATED REGIONS IN MEXICO

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Principal Topic

The concept of “Entrepreneurial Ecosystems” (EE) offer a systemic view of entrepreneurship activity (Cavallaro et al. 2018; Fritsch, 2013; Tsvetkova, 2015). Several scholars highlight the need to understand entrepreneurship in broader settings, such as regional, temporal and social arenas (Auto et al. 2014; Zahra et al. 2014; Isenberg and Onyemah, 2016; Audretsch and Belitski, 2017; Colombelli et al. 2017), but there is a lack of comparisons between regions in the same country. These research aims to contribute in understanding the regional context of EEs, particularly in a developing country, Mexico. We compare centrally versus non-centrally located regions and their EEs. Based on previous research conducted in Chile (Amorós et al. 2013), we hypothesize that centrally located regions have better perceptions of the EE.

Method

We use Global Entrepreneurship Monitor, GEM “National Experts’ Survey” (NES) 3-years period (2015-2017), total N=523 experts, 229 centrally located (CE) and 294 non-centrally located (NCE). We used principal component analysis to calculate 12 aggregate variables that are proxies of EE measures. We test the differences between the perceptions of these CE and NCE regions. Normality test revealed that most of the 12 variables considered were not normally distributed for both groups. Therefore, Mann–Whitney U non-parametric test for means comparisons was selected to compare both groups.

Results and Implications

We found four significant differences between the two groups: Physical Infrastructure ($z=-2.132, p=0.033$) that showed better perception in CE regions; Government Programs ($z=-2.465, p=0.014$), Entrepreneurial Education: primary and secondary ($z=-1.805, p=0.071$), and R&D transfer ($z=-2.161, p=0.031$) were perceived more favorable in NCE regions. Results of government programs emphasize the relevance of local government support to new business creation and development. Previous studies found as the top factors fostering the entrepreneurial activities in Mexico: Government Programs and Policies, Education and Training, and R&D Transfer are also very relevant at regional level. These results should revive the debate about the need to understand EE in broader settings considering the important dimension of geography and how central versus non-central regions inside a country differ in terms of economics activities, including entrepreneurship.

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SUMMARY
THAT'S OUR BEER! USING COMMUNITY LOGICS TO LEGITIMIZE THE CONTENTIOUS CATEGORY OF COLLEGIATE BEER

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Principal Topic
Typically, market categories emerge to supersede existing categories, and the battle between categories is fairly well-defined as the new category and its entrepreneurial members seek to supplant an existing set of entities, or incumbent category. Many emergent market categories, however, face a considerably broader challenge—contending not only with incumbent firms but also with societal perceptions that consider the products or activities of the new category to be unsafe and/or unethical. Online sports betting, marijuana, or drone surveillance each face distinct challenges as the entrepreneurs behind these emergent categories strive to legitimate the category amongst broad audiences. In addition to demonstrating the category’s comprehensibility and value, the entrepreneurs creating these emergent contentious categories face significant challenges in establishing moral legitimacy, or seeking a positive normative evaluation of the category (Suchman 1995). To do this, they must showcase the social good of the category to overcome undesirable perceptions, yet we know relatively little about the processes for establishing moral legitimacy for contentious categories. Therefore, we explore the following research question in our study: how do entrepreneurs in an emergent contentious category seek to establish legitimacy?

Method
To address this question, we took an inductive approach and interviewed 46 brewery owners and university officials involved in the collegiate beer licensing process (i.e., the complete population). We also leveraged several additional data sources, including conducting informal conversations with breweries and universities, collecting local and mass media news articles, and obtaining access to the presentations, emails, and agreements used to legitimize the category.

Results and Implications
We make three important contributions. First, we discover how entrepreneurs within contentious categories establish moral legitimacy. We show contentious category members leverage cross-referential contribution claims and focus on the benefits the new category will have to broader community members. Second, we advance our understanding of community logics and their relevance to category emergence. We find that contentious categories employ a geographic-based, community logic. Third, we extend entrepreneurial research by highlighting that although nascent ventures traditionally work with competitors to establish legitimacy for their respective categories, entrepreneurial ventures partner with considerably different entities—powerful, local university institutions. We theorize this unique, and seemingly symbiotic relationship those operating under a community logic. Together, we build theory that extends our understanding of community logics, contentious entrepreneurial categories, and the legitimation process.

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SUMMARY

ACQUIRING RESEARCH-BASED SPIN-OFFS: A GROUNDED STUDY OF ACQUISITION DYNAMICS AND FIRM VALUATION

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Principal Topic

Research-based spin-offs (RBSOs) – new firms based on academic research – are particularly attractive acquisition targets (Bonardo, 2010). RBSOs commercialize new science and technology that are important for innovation and competitiveness of existing organizations. The few studies of RBSO exits through acquisitions have mainly focused on publicly listed RBSOs (Bonardo et al., 2010, 2011; Cattaneo et al., 2015; Meoli et al., 2013). Since most RBSO are acquired at an early stage, traditional financial valuation theory (Damodaran, 2009) has limited use. A key challenge is to arrive at a valuation that is mutually acceptable for both the buyer and seller, but we know little about what decides RBSO value at such exits. This leads us to the following research question: What influences the RBSO valuation when they are acquired at an early stage?

Method

From the population of RBSOs in Norway established between 1999-2011, we identified 32 exits where the RBSO was acquired by an incumbent firm. We theoretically sampled 9 of these cases and mapped their development from founding until the acquisition deal was completed. The data consists of 52 semi-structured interviews with buyers and sellers, as well as extensive secondary archival sources. We were able to gain access to data about transactions that usually are confidential, providing a unique view into the interplay between buyer and seller. We inductively analyzed each case and used cross case comparisons to identify the main factors influencing RBSO valuation.

Results and Implications

We find that firm valuation is influenced by three factors: synergy identification; uncertainty reduction; and credible alternative identification. Each factor has underlying dyadic tensions between buyer and seller which affects eventual firm valuation. This unpacks the drivers of RBSO valuation in exits through acquisitions and contributes to the literatures on entrepreneurship and early-stage technology acquisitions by (i) outlining the value drivers in the understudied event of exit through acquisitions (Wennberg, 2010); (ii) exploring how early-stage RBSO exits through acquisitions are valued (Bonardo et al., 2010, 2011; Cattaneo et al., 2015); and (iii) bringing in the dyadic perspective of both buyer and seller in value discovery (Graebner 2004).

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SUMMARY

IT'S A TWO-WAY STREET: AN EXPLORATORY STUDY ON THE RELATIONSHIP BETWEEN MENTAL HEALTH AND ENTREPRENEURSHIP

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Principal topic

Our study addresses mental health and entrepreneurship from a multi-directional relationship, where we capture both mental health concerns that motivate entrepreneurs to engage in entrepreneurial activity (Cocker et al., 2013; Freeman, et al., 2018; Spivack & McKelvie, 2017), and how the entrepreneurial activities influence an entrepreneur’s overall mental health (Kets de Vries, 1985; Shepherd & Haynie, 2009; Wolfe & Patel, 2017). Our longitudinal approach captures both the short- and long-term mental health concerns as obstacles and activities occur.

Method

We employ a multi-method data collection approach that consists of semi-structured personal interviews. The main emphasis of this study is the rich, detailed interviews that were conducted with 85 entrepreneurs that recently transitioned from a military career. Similar methodological approaches have been used in other sensitive topic areas such as entrepreneurship and addiction (e.g. Spivack, McKelvie & Haynie, 2014).

Results and Implications

Our preliminary results show that entrepreneurship can act as a coping mechanism and pathway to recovery from mental health issues. This includes entrepreneurs who overcame personal issues, a mental (nervous) breakdown, severe depression, and anxiety; they found entrepreneurship acted as a pathway to mental recovery – thereby “solving” mental health issues among entrepreneurs. Further, it also includes entrepreneurs who overcome issues related to work-related challenges, such as declining credit, over-work, and failures; in these cases mental health issues were “caused” by entrepreneurship. Combined, these results add richness to the topic of mental health and entrepreneurship by not only examining those with a mental illness, but also helping to both identify the triggering factors that lead to mental health issues as an entrepreneur as well as how mental health issues were resolved thanks to entrepreneurship. This counter-intuitive dual approach to the topic offers opportunities to develop theory and novel insights about the relationship of mental health issues among entrepreneurs. (Kets de Vries, 1985; Shepherd & Haynie, 2009; Wolfe & Patel, 2017).

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SUMMARY

ENTREPRENEURIAL OPPORTUNITY DEVELOPMENT IN NEW VENTURE TEAMS
– A SITUATED LEARNING PERSPECTIVE

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Andrew Corbett, Babson College, USA

Principal Topic

Entrepreneurial opportunities are developed in social action between the entrepreneurs and their environment (Dimov, 2007). This paper takes a situated learning approach to examine the role of learning in the opportunity development process. We see learning as taking place in the practical engagement of entrepreneurial teams in the development of an opportunity into a new venture, particularly through interactions with the community. We contribute to the entrepreneurial learning literature by exploring how nascent new venture teams learn how to develop their entrepreneurial opportunities by taking part of an entrepreneurial practice.

Method

We take an inductive approach to analyze how new venture teams learn in the opportunity development process. The study draws on longitudinal case studies of eight new venture teams in two contexts; four based in Norway and four based in the United States. Each of the selected teams initially included two to four team members. Our material consists of 57 interviews in total. The cases were followed during their process of developing an opportunity from an initial idea to a developed concept for market launch. The time periods varied from four months to ten months.

Results and Implications

Our findings indicate that learning appears as a social practice within the new venture team as well as between the team and the venture’s environments. The start-up community in which the teams belong serves as a hub for picking up entrepreneurial practices, which then are processed and adapted within the teams for the specific opportunity development process. Further, the learning from interactions between team members acts as a translation mechanism in the process of learning from social interactions with the environment.

Our findings highlight the importance of social interactions and feedback from the surroundings for entrepreneurial learning in the context of opportunity development. Further, they evidence that learning within a new venture team is not only individual learning by team members but also situated in the social interactions within the team. The study thereby informs the literature on entrepreneurial learning within the team context which to-date has been largely ignored.

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SUMMARY

ENTREPRENEURIAL DIFFUSION AND RACE

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Principal Topic

Research recognizes that social influences bear on the decision to enter into entrepreneurship (Kacperczyk, 2013), but gives limited attention to the stratified nature of social structures (Durand & Paolella, 2013). We reason that social identity classifications, and more specifically race identity, operate as salient determinants of actors’ motivations to enter into entrepreneurship and their susceptibilities to others’ entrepreneurial entries. In doing so, we recognize “entrepreneur” as a distinct social identity (Navis & Glynn, 2010) and entrepreneurial entry as a means to identify with this social group.

Whereas extant research has tended to assume that lower status actors, as outsiders, generally lack opportunities to (re)establish their identities and gain status, we conceptualize and empirically examine distinct identity-recasting behavioral strategies of actors in low-status racial categories. Specifically, we contend that actors may enact a range of behavioral strategies that vary in the degree to which they dis-identify from their category and develop the concepts of identity coupling, identity shading, and identity defec ting along this continuum.

Method

We explore how these identity based strategies are utilized by race in the diffusion of entrepreneurial activity. We examine entrepreneurial entry—business founding or acquisition—undertaken by U.S. households in the Federal Reserve Board’s 2013 Survey of Consumer Finance. We follow Leslie (2017) in viewing ethnicity as a source of status, focusing on households whose representatives self-identified as Black, Latinx, or Other. We use a heterogeneous diffusion model (Greve et al., 1995) to predict the year in which households entered into entrepreneurship based on prior entrepreneurial entries within and outside of their identified racial category.

Results and Implications

We find that Black and Latinx households are increasingly reluctant to enter as the number of entries by their ingroup increases and more likely to enter when prior entries by White households increase (i.e., identity defecting). Our study reveals that demographic categories may help determine the pace of entrepreneurial diffusion in an organizational field and identity based factors that may hamper social transmission. In addition, we add to demographic identity negotiation literature (Clair et al., 2018) by examining identity heterogeneity amongst the strategic behavior of low status actors, revealing both “grouping/identity-reinforcing” tendencies and “de- or re-grouping” tendencies.

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SUMMARY

OVERCOMING CONTROL AVERSION IN ENTREPRENEURIAL FIRMS: SUBJECTIVE CONTROL AND INTENTIONS TO OPEN UP CAPITAL

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Principal Topic

External equity financing is important to realize the growth potential of entrepreneurial firms. However, the decision to open the capital is not straightforward, as entrepreneurs are reluctant to lose control of their firms ("control aversion"). Our objective is to explore the psychological mechanism through which entrepreneurs overcome control aversion and develop intentions to open up capital. Our study introduces different control mechanisms and argues that the balance between types of control is the key to understand entrepreneur’s intention to open-up capital. While objective control is associated with ownership of and decision-making by the entrepreneur, subjective control concerns the perception an entrepreneur has about his/her ability or chance to control or influence the success of his/her business. We argue that 1) control aversion hypothesis applies to objective control; 2) subjective control positively affects intention to open-up capital; 3) subjective control can mitigate the negative effect of objective control on intention to open-up capital.

Method

We exploit a survey dataset of 1,426 Chinese SMEs to test a model of intention to open-up capital focusing on 1) objective control (measured with strategic decision-making right); 2) subjective controls (captured by market recognition and political connection); 3) interactions between objective and subjective controls. We included several control variables on the firm and entrepreneur levels. Because intention to open-up capital is measured with a dummy variable, we estimated series of logistic regression.

Results and Implications

In line with the control aversion hypothesis, objective control is found to reduce intention to open up capital. We find that subjective controls increase intention to open up capital, supporting our argument that intention to open up capital is higher when the entrepreneur believes s/he has stronger influences on the future of the firm. Interestingly, subjective controls are found to mitigate the negative effect of objective control on intention to open-up capital.

By distinguishing objective and subjective controls, we introduce nuances to the control construct and demonstrate contrasting effects of two types of control on intention to open-up capital. Building on the notion of subjective control, we describe conditions under which entrepreneurs are willing to give up part of their objective control.

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SUMMARY

INSTITUTIONAL CHANGE AS AN EXTERNAL ENABLER OF ENTREPRENEURSHIP

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Principal Topic

Institutional differences are often studied to help explain variance in entrepreneurship rates across countries. Yet institutions are seen as being slow to change. We develop a different perspective and explore how short-term institutional change, especially in constitutional level institutions, may affect entrepreneurial activity. We develop hypotheses about how change in these institutions impacts entrepreneurship, utilising the lenses of prospect theory and bounded rationality. These micro theory foundations help us to explain the pattern of response of entrepreneurs: positive and negative constitutional changes are likely to have asymmetric effects on entrepreneurship that differ over time.

Differences in entrepreneurship rates across countries are well-documented, and comparative entrepreneurship research has sought to explain these (for reviews: Urbano, Aparicio and Atdretsch, 2018; Su, Zhai, and Karlsson, 2016; Terjesen, Hessels and Li, 2016; Jones, Coviello and Tang, 2011). Much of this research examines national formal institutions, at both the constitutional and the regulatory levels (e.g. Estrin, Korosteleva and Mickiewicz, 2013), and culture and informal institutions (e.g. Stephan and Uhlander, 2010). We focus on constitutional determinants of entrepreneurship in this paper and build on new institutional economics which stresses the importance of constitutional level institutions and their uncertainty-reducing role (North, 1990; Williamson, 2000) to enable productive entrepreneurship (Baumol, 1996). Constitutional institutions are considered to be more consequential for entrepreneurship than specific regulations (Estrin et al., 2013).

Method

We develop and test hypotheses, utilising a large multilevel dataset spanning individual observations from 15 years and 75 countries. We incorporate entrepreneurship data from the Global Entrepreneurship Monitor and data on institutions from Polity IV project and other sources.

Results and Implications

We find that short-term change in constitutional institutions impacts entrepreneurship. In particular, we identify nonlinearity and lack of symmetry in the effects of positive and negative institutional change.

Our contributions are the following. First, we introduce and develop a dynamic understanding of institutions for comparative entrepreneurship research and corroborate it with novel empirical evidence. Second, we theorize on the non-linear effects of gradual institutional change by considering institutional economics’ predictions through the lenses of prospect theory (Kahneman and Tversky, 1979; Tversky and Kahneman, 1992; Barberis and Thaler, 2003) and bounded rationality (March and Simon, 1993).

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SUMMARY

HOW TO LEAD ENTREPRENEURIAL ENDEAVORS? INVESTIGATING THE EFFECTIVENESS OF EMPOWERING VERSUS DIRECTIVE LEADERSHIP IN BUSINESS MODEL INNOVATION

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Principal Topic:
Entrepreneurship literature demonstrates that business model innovation (BMI) is crucial for creating novel business models in new ventures and the reconfiguration of existing business models in established firms and exhibits growing theoretical consensus and empirical evidence that BMI is key to competitive advantage and performance (Zott et al., 2011; Cucculelli & Bettinelli, 2015). Like all entrepreneurial endeavors and substantial change processes, BMI is particularly demanding for a firm’s leadership, however, only few studies investigate leadership aspects in BMI (Foss & Sørensen, 2017). This is surprising, as research recognizes the fundamental relevance of leadership challenges associated with increasingly volatile business environments and BMI (Achtenhagen et al., 2013).

We address the gaps by theoretically and empirically investigating the role of two distinct leadership approaches: empowering and directive (Martin et al., 2013). Theoretical and empirical findings suggest that both styles have positive performance effects (Srivastava et al., 2006; Lorinkova et al., 2013), which makes it particularly important to identify contingencies. Environmental dynamism has been found to positively moderate the relationship between entrepreneurial behaviors in a corporate context (Baron & Tang, 2011) – and is integrated as a moderating factor.

Method:
The final sample contains 223 valid responses collected through an online-based survey among top managers of German SMEs from manufacturing and service industries. The survey was held in German and based solely on well-established measures. We use PLS-SEM to assess validity of constructs and empirically test the presented research model (Hair et al., 2017).

Results and Implications:
Preliminary results indicate a good model fit and support our main hypotheses: Empowering and directive leadership are both positively associated with BMI. We further hypothesize that environmental dynamism will negatively affect the relationship between empowering leadership and BMI and expect directive leadership to have a stronger impact on BMI in dynamic environments.

We advance theory in four ways: First, we establish leadership is BMI antecedent. Second, we disentangle the distinct effects of empowering and directive leadership styles. Third, we incorporate environmental dynamism linking managerial and environmental drivers into a multi-level research model. Fourth, we empirically test the model and provide larger-scale empirical findings.

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SUMMARY

HOW FIRMS AND ENTREPRENEURS CREATE SUPPORTING CONDITIONS FOR BUSINESS MODEL INNOVATION – THE ROLE OF EFFECTUATION AND LEARNING

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Principal Topic

Prominent BMI examples from management practice demonstrate a wide range of beneficial effects for customers and firms alike, and academia also agrees that BMI leads to improved firm performance (Futterer et al., 2018). However, attempts to systematically identify and empirically examine antecedents and contingencies of BMI as hallmarks of good theory remain limited (Foss & Saebi, 2017). Prior research on organizational behavior suggests that the way a firm reacts to events in its external environment is influenced by its strategic orientation (Chattopadhyay et al., 2001). Drawing from the entrepreneurship and innovation literature, we examine how effectual orientation (EO) and learning orientation (LO) foster BMI. For established firms BMI is an entrepreneurial endeavor that involves high levels of uncertainty and therefore requires entrepreneurial mindset and acting, as operationalized by EO. Second, following knowledge-based theory, firms must either search for new knowledge or find novel ways how to recombine existing knowledge to promote innovation. In this paper, we link these two strategic orientations and evaluate their joint effect on BMI. We hypothesize that EO is an antecedent of BMI while LO positively moderates this relationship. To benefit from its EO, a firm must emphasize learning – thus LO is a critical underpinning to maximize the impact of EO on BMI.

Method

This study is based on a unique primary database from 223 German SMEs of different age from a variety of industries. As recommended for complex models simultaneously employing formative and relative constructs, we conduct a confirmatory factor analysis to assess construct validity and use PLS-SEM techniques to assess the overall model fit and test our hypotheses (Hair et al., 2017).

Results and Implications

As hypothesized, we find effectual orientation to be positively related to BMI. This finding underscores the notion that entrepreneurial strategies and heuristics should not be restricted to new ventures but are equally important in the corporate context (Hitt et al., 2012). Our initial results also support the hypothesized moderating effect of learning orientation, which suggests a complementary relationship and favors a simultaneous deployment of these two strategic orientations in organizations.

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SUMMARY

LEGITIMACY, GENDER AND SOCIAL ENTREPRENEURSHIP:
IMPLICATIONS FOR THEORY AND PRACTICE

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Principal Topic

Past research indicates legitimacy challenges for women entrepreneurs as feminine identities interfere with acquiring an “entrepreneur” identity (Lewis, 2013; Swail & Marlow, 2018). While researchers have attempted to understand the motivations behind social entrepreneurship, little is known about how such legitimacy challenges may manifest for women engaging in social entrepreneurial ventures. While women’s engagement in social entrepreneurship has been shown to be higher than men’s (Sampson & Moore, 2008), only scant research has addressed the gendered nature of social entrepreneurship (Lyon & Humbert, 2012; Teasdale et al., 2011). Using a life-course theory lens (Elder, 1985), which stresses the overlap of multiple and interdependent life-events and life-transitions embedded in socio-cultural domains (Mayer, 2009), our study explores how household circumstances affect women social entrepreneurs’ gain of legitimacy.

Method

We undertook in-depth case studies of three successful women social entrepreneurs in a developing world context-India. Their social entrepreneurial ventures were at least 10 years old and had gained considerable recognition and legitimacy. We captured their personal narratives through a combination of oral life-histories and written biographies. We also engaged in interviews with other organizational members and collected 360 pages of archival data. This secondary data served as a validation tool and helped construct the chronology of events to better understand their sequences, links and overlaps (Eisenhardt, 1989; Pettigrew, 1990). To surface common patterns in our data set, while attending to divergence, we applied a thematic analysis (Braun & Clark, 2006).

Results and Implications

The emerging themes explained how women social entrepreneurs gain legitimacy. One theme highlights the importance of constructing their career in society that balances their quest to enact social change on a broader scale while aligning their ambitions with feminine roles (e.g., mother, sister) of carer and collaborator. Another theme captures the women’s desire for advancement to be sanctioned by family members, whose willingness to support them morally and instrumentally increases with public endorsement of their venture. Thus, women draw on attributes and behaviors that are aligned with accepted gendered notions of femininity and evoke these to gain legitimacy. The study contributes to extant research by addressing gender and legitimacy in social entrepreneurship. Additionally, this first application of life-course theory reveals new insights into how household circumstances impact entrepreneurial motivations in a broader sense.

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SUMMARY

ORGANIZING FOR HYBRIDITY: INVESTIGATING SOCIAL VENTURES’ CONFIGURATIONS OF SOCIAL AND ECONOMIC LOGICS

Alexandra Mittermaier, Technical University of Munich, Germany
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Principal Topic

Social enterprises are categorized as hybrid organizations as they pursue social and economic logics. Prior research has generated insights into social entrepreneurship at the individual and venture level, however, we still lack an understanding of the role of social entrepreneurs’ self-interest motivations, and how these motivations impact subsequent venturing. Research has conceptualized logics as a continuum from purely social to purely economic, and calls for a more nuanced view on the degree of hybridity. Yet, we still lack insights into the emergence of the set of social and economic logics, that is, the relevance and intensity of the combination of these logics. Thus, our research was guided by the following question: How do social entrepreneurs’ self-interest motivations impact hybrid organizing in social venture creation?

Method

We applied an inductive comparative case study to investigate the impact of self-interest motivations on hybrid organizing outcomes and focused on entrepreneurs who combine economic venturing logics with the pursuit to create social value. Our main data source consists of interviews with 52 nascent entrepreneurs. Additionally, we collected secondary data to triangulate our interview data. As we started our data collection, we simultaneously began exploring the data and its inherent categories and theoretical themes. Following the comparative approach, this process was iterative in nature and required to go back and forth between our data and theory.

Results and Implications

Our findings suggest that all founders possessed some prosocial motivation that incited their social engagement; however, situational triggers evoked self-interest in the form of (1) recognizing an opportunity to become a founder, i.e., a specific situation triggered a founding aspiration; (2) crisis of meaning, e.g., prior working experiences were not meaningful; (3) anger about societal inertia, i.e., the founders saw social shortcomings and became angry that no one in the society alleviated them, so they took action themselves. These distinct self-interest motivations led to different venturing missions, which we labeled (1) pragmatic, (2) activist, and (3) idealist. These missions impacted the ventures’ degree of hybridity, which emerged in a dynamic process over time.

In sum, we respond to calls for research on (1) social entrepreneurs’ self-interest motivations, (2) the link of individual characteristics of social entrepreneurs with meso-level, venturing outcomes of the nascent social ventures, and (3) the degree of hybridity.

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SUMMARY

INGLORIOUS INDUSTRIES: ASSESSING WHY FOUNDERS ENTER STIGMATIZED INDUSTRIES

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Principal Topic

Categorical stigma—a vilifying label that contaminates a group of similar peers (Vergne, 2012: 1028)—poses distinct challenges for organizations seeking to deliver value. Despite a growing awareness of the ill effects of stigma on an industry (Hsu, Koçak, & Kovács, 2018), existing research has directed little attention to explore the organizational founders who decide to enter a stigmatized industry. Launching a business in a stigmatized industry can create extremely challenging circumstances, such as discrimination and loss of future opportunities (Elsbach & Sutton, 1992; Lashley & Pollock 2019). Equally important, industries that are subject to categorial stigma may be seen as unattractive and avoidable because they are highly uncertain (McMullen & Shepherd, 2006) and exude negative attributes that make working in the industry difficult (Hudson & Okhuysen 2009). Yet, latent opportunities can reside in an industry that is mostly unwelcomed by the general society but also fills a need. My study explores the configuration of different factors that organizational founders use to assess stigmatized industries and develops more insight into the effects of stigma on entrepreneurial decision making.

Methods

The empirical context of this study is the Small-Dollar, or "Payday" Loan industry. I employed mixed-methodology, combining inductive qualitative methods and policy capturing methods, using quantitative surveys. The qualitative data for this study came from two main sources: (1) primary interview data with small-dollar founders and (2) ethnographic researcher memos as a small-dollar borrower. Research participants for the quantitative surveys were a diverse sample of traditional entrepreneurs, in a non-stigmatized industry, and non-entrepreneurs from the general population. I used thematic analysis to analyze the qualitative data and hierarchical linear modeling (HLM) to decompose 12-hypothetical profiles of new venture opportunities that characterized a stigmatized industry.

Results and Implications

Preliminary analysis of qualitative data reveals that organizational founders attend to both market needs and moral risks in their assessments of opportunities that reside in stigmatized industries. Further, I find statistical evidence that significant variation exists between entrepreneurs in their assessments of opportunities in these sorts of industries based on four factors: negative media attention, product need, product safety, and consumer autonomy. Together, I show that research should consider the moral aspects of opportunities which play an increasingly important role in entrepreneurship. Thus, including the lens of stigma broadens the scope of prior opportunity research.

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SUMMARY

TEAM-BASED TECHNOLOGY ENTREPRENEURSHIP EDUCATION: A LONGITUDINAL STUDY OF THE NSF INNOVATION CORPS PROGRAM

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Molly Wasik, University of Alabama: Birmingham, USA
Siri Terjesen, American University, USA & NHH, Norway

Principal Topic
The National Science Foundation (NSF) Innovation Corps (I-Corps) is the premier U.S. government-funded program for technology commercialization, at $30 million annually. The I-Corps curriculum leverages lean startup and experiential approaches, and requires: 3-member teams (entrepreneurial lead, technical lead, and industry mentor) to follow a 7-week customer discovery program in a highly-pressurized learning environment. We explore individual and team experiences in the I-Corps program through transactive memory systems (TMS) theory (Wegner, 1985). TMS suggests that individuals who spend time together in teams create an overarching mental model of “who knows what,” allowing each individual to uniquely encode, store, and retrieve information based on his/her role identity. Applied to management generally (Argote & Ren, 2012; Ren & Argote, 2011) and entrepreneurship (Zheng, 2012; Zheng & Mai, 2013), TMS suggests individual I-Corps team members will master different areas of material and have differing perceptions (Feldman, 1981; Ng & Feldman, 2007), resulting in varying confidence levels in their technologies’ commercial potential.

Method
We use data from 2011-2016 of 900+ I-Corps national teams including 2,900 individuals from 217 universities who created 361 companies through 16 cohorts, based on a survey of all team members at three stages: pre-training, post-training, and follow-up. We examine: (1) What factors influence pre- to post-course confidence of a technology’s commercialization potential?; (2) What factors influence progression from post-course to actual company formation or licensing deal?; and (3) Do factors differ across technical lead, entrepreneurial lead, and industry mentor roles?

Results and Implications
Overall, 42% of respondents report increased confidence in technology commercialization; only 16% report a decrease. Of 42% who report no change, over half started in highest confidence category. Entrepreneurial leads start with the highest level of pre-course commercialization confidence, and technical leads end with the highest level of post-course commercialization confidence. Consistent with TMS, we find significant differences in the three team member types’ reactions to program design. Entrepreneurial leads’ post-course commercialization confidence is negatively affected by program harshness, technical leads’ by level of exhaustion, and industry mentors’ by program stressfulness. Post-course evaluations of team-work quality on commercialization confidence vary across roles. Entrepreneurial leads’ confidence appears unaffected by teamwork quality, technical leads are positively affected by the team collaboration, and industry mentors by equitable work distribution. Entrepreneurial leads’ pre-course orientation towards learning about business-scaling and market validation positively impact post-course commercialization confidence; however, pre-course learning orientation is insignificant for technical leads and industry mentors.

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SUMMARY

THROUGH THE EYES OF THE CUSTOMER: A LONGITUDINAL STUDY OF THE OPPORTUNITY RECOGNITION PROCESS IN ENTREPRENEURIAL TEAMS

Niclas Montag, University of Paderborn, Germany

Principal Topic:

There is a consensus in the field of entrepreneurship about the importance of opportunity recognition as a key step in the entrepreneurial venture creation process (Baron 2006; Bhave, 1994). Based on the definition of Christensen, Madsen, and Peterson (1989), I consider opportunity recognition from a process-orientated perspective as the evolution of an idea into a venture. Previous studies examined the relationship of perspective taking on opportunity recognition as a one-time event (Baron 2006; Bhave, 1994). Considering opportunity recognition as a subprocess of the entrepreneurial venture creation process, both, the venture idea as well as perspective taking, can change over time. Opportunities recognized by entrepreneurs highly depend on situations that they already experienced or which they are familiar with (Cornelissen and Clarke, 2010). Hence, entrepreneurs who increase knowledge about the customer through interactions are suggested to improve perspective taking and finally be more effective in recognizing entrepreneurial opportunities. Therefore, this study investigates how changes in perspective taking trough customer interactions influence changes in opportunity recognition.

Method:

I employed a longitudinal research design with 35 nascent entrepreneurs nested in 15 entrepreneurial teams in the early stage of the venture creation process. The data is collected through biweekly online surveys. To investigate the relationship between customer interventions, perspective taking and opportunity recognition over time, I will estimate a multi-level model to analyze between and within differences among the team members.

Results and Implications:

The first results of an explorative analysis show a high variance in customer interactions among the teams while the perspective taking and opportunity recognition measures remain almost steady over time. The findings suggest that the degree on which customer interactions can enhance perspective taking is different depending on their degree of maturity.

While previous studies have shown that perspective taking leads to a better opportunity recognition (Prandelli et al., 2016; Khalid and Sekiguchi, 2017), understanding the development of perspective taking over time, will contribute to a better understanding of the venture creation process.

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SUMMARY

EXPLORING THE ANTECEDENTS OF HYBRID CLAIMS BY MICROENTREPRENEURS: A MICROFOUNDATIONS APPROACH

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Maija Renko, University of Illinois at Chicago, USA
James Bort, Syracuse University, USA

Principal Topic

Microenterprises are simultaneously promoted as a free-market solution, where the poor can lift themselves out of poverty, and as creators of social value that contributes to the welfare of families and communities. Accordingly, microenterprises represent an emerging hybrid logic of marrying social change with financial sustainability (Battilana and Lee, 2014). We explore micro-, meso-, and macro-level factors that lead microentrepreneurs to make hybrid claims emphasizing their simultaneous social and financial impact. We build on previous research on institutions and internal management of organizational hybridity (e.g. Pache & Santos, 2013) to show that microentrepreneurs with limited legitimacy (i.e. female entrepreneurs and women-focused microfinance organizations (MFIs)) are less likely to build narratives around hybrid claims than those who enter the field from a more powerful position. Similarly, at the macro level, entrepreneurs from adverse environments avoid hybrid claims and stick to the dominant business logic of financial outcomes.

Method

We collected data from Kiva, arguably the largest prosocial crowdfunding website, covering the years 2006-2014. We merged this dataset with MixMarket, the world’s largest source of MFI data, and the Fragile States Index (FSI), created by The Fund for Peace, covering over 320,000 microloans in over 60 countries. The DV, ‘hybridity’, is based on textual analysis of loan narratives posted on Kiva and indicates a balance of economic and social/environmental themes. Three IVs capture legitimacy at three different levels. On the macro level, we measure the country’s institutional fragility (FSI). At the meso (organizational) level, we measure if the MFI specifically targets women microentrepreneurs. At the micro level, we capture the microentrepreneur’s gender. We also explore the moderating effects of FSI. We use hierarchical linear modeling at three levels of country, MFI organization, and individual.

Results and Implications

Most hypotheses are supported, with multiple robustness tests: microentrepreneurs partnering with MFIs that target women show significantly lower levels of hybridity than others. At the macro level, hybrid claims are significantly less prevalent in microenterprises from fragile states, with strong support for state fragility as a moderator. These results lend empirical support to the previously articulated, but seldom-tested, idea that hybridity claims result from societal positions of power.

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SUMMARY

MAKING THE MOST OF EXPERIENCE: HOW ENTREPRENEURS LEARN TO IDENTIFY OPPORTUNITIES

Brandon A. Mueller, Ivy College of Business, Iowa State University, USA.

Principal Topic

Entrepreneurship scholars have recently shifted to a more process-oriented perspective of the field that views entrepreneurship as a continuous learning process. Various forms of experience have been highlighted as being instrumental to entrepreneurial learning. What has been missing in this conceptualization of learning is an explanation as to why some entrepreneurs are able to benefit more from their experiences than others. We suggest that experience does not translate automatically into improved knowledge or skill, indeed, individual outcomes to the same experience can be drastically different. Past work suggests that there are characteristics of both the learner and the experience that influence the learning process.

In this study, we draw on the cognitive psychology and learning literatures to explore a set of factors that may influence entrepreneurial learning of a specific set of skills – opportunity identification skills. We propose that an entrepreneur’s goal orientation, cognitive style, and time with a mentor will strengthen the positive relationship between startup experience and opportunity identification skills.

Method

114 entrepreneurs from the Midwest were recruited to spend between 30 minutes and an hour talking through three business scenarios with the goal of identifying and assessing potential business opportunities relative to each scenario. Content analysis techniques were used to analyze the entrepreneurs’ thinking processes and a post-exercise survey provided the remaining variables of interest to the study. The study’s hypotheses were tested using hierarchical linear regression.

Results and Implications

Results indicate support for most of the study’s hypotheses, revealing that the relationship between entrepreneurs’ startup experience and opportunity identification skills is positively moderated by entrepreneurs’ learning goal orientation, intuitive cognitive style, and time with a mentor. Prior perspectives on entrepreneurial learning have emphasized how the nature of the experience itself has strong implications for learning and skill development. Our findings complement this perspective and suggest that individual-level factors also play an important role in enabling some entrepreneurs to better transform their experiences into knowledge.

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SUMMARY

FACILITATING IDEATION IN ENTREPRENEURIAL SPACES

Malcolm Muhammad, University of Louisville, USA

Principal Topic:

Intermediary organizations such as incubators, accelerators and co-working spaces facilitate knowledge flow and the circulation of ideas in entrepreneurial regions. Entrepreneurs’ ideation in these spaces is inhibited, though, by the fact that we don’t know how entrepreneurs learn. This is further emphasized by the lack of conceptual clarity regarding the transition from individual to collective learning. I use the concept of collective learning to examine how knowledge is shared and ideas are developed in entrepreneurial spaces. Collective learning requires repeated knowledge-sharing interactions embedded in a cohesive group of entrepreneurs. Without knowledge sharing, collective learning will not take place. Therefore, I ask the question: how can entrepreneurial spaces facilitate the development of venture ideas through collective learning? Uncovering reasons why entrepreneurs may not share knowledge with their peers is important towards understanding why entrepreneurs don’t get the feedback or experience the creative process that improves their venture ideas.

Methods:

This study is being conducted using conjoint analysis. I have developed a survey instrument that asks entrepreneurs to make judgements based on hypothetical relationships that vary along dimensions of reciprocity and altruism, and indicate whether they would share knowledge under differing circumstances. Reciprocity and altruism are two prominent factors that determine individual sharing behaviors. In addition, entrepreneurs are asked to provide information on their entrepreneurial space environment, and the extent to which they feel the space is part of their identity. We expect that more cohesive entrepreneurial space communities will reduce the negative factors that impact knowledge sharing.

Results and Implications:

I am in the process of conducting a pilot study to validate my conjoint analysis survey instrument. Preliminary results will be presented at the conference. We have two expected contributions. First, the ideation literature suggests that entrepreneurs don’t respond well to feedback about their ideas because their ideas and identities are attached. By developing a social identity within entrepreneurial spaces, they may feel more comfortable sharing their ideas and contributing to the collective learning process. Second, the entrepreneurial learning literature suffers from a lack of understanding regarding the transition from individual to collective learning. I have suggested two factors, cohesion and knowledge sharing, that are important to the emergence of collective learning.

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SUMMARY

A PICTURE SAYS MORE THAN THOUSANDS OF WORDS – IDENTITY CONSTRUCTION OF WOMEN ENTREPRENEURS

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Principal Topic

The present study illustrates the social media activities of women entrepreneurs. The peculiarity of social media is that there are no journalists between the user and their media report. Identity creation through photographs has always been possible (van Dijk 2008; Chalfen 2002). Prior studies found that people use social media to communicate and present their identity through uploaded pictures and videos (Efekhar et al. 2014; Mendelson and Papacharissi 2010; Tosun 2012). Therefore, we assume, that social media can help to express women’s (entrepreneurial) identity. The aim of the study is to get a deeper understanding of how social media usage assists in creating entrepreneurial identities. Therefore our overall research question is: How does the usage of social media affect the identity creation of (women) entrepreneurs?

Method

We draw on profiles of women entrepreneurs on Instagram, a social media portal specializing in photographs. We use a qualitative research approach drawing on abductive content analysis (Boréus and Bergström 2017). Our sample consists of 40 women who joined the initiative “Women do Business” launched in 2014 from the German federal government. Data-collection was done with a screenshot tool in Mozilla Firefox. For the analysis, all postings were coded with the help of qualitative data-analysis software.

Results and Implications:

We have identified different types of self-representation. The “business woman” mainly advertises herself, her product or service. She presents herself in the context of her business e.g. when receiving awards. The “private woman” posting pictures of holidays, family, pets or arts, without (many) references to her company. In addition, a mixed type combines business with private pictures. Women entrepreneurs in this category are presenting themselves promoting their work, but they also post private photos when having dinner for example. In a second step of coding, we now will refine the categories and analyze their importance for identity building in order to derive implications for identity theory. Our findings will assist us in creating a better understanding of how social media usage can be seen as an element of (women) entrepreneurial identity. Our study examines the significance of social media as one identity-determining (new) medium.

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SUMMARY

HOME ALONE: GENDER (IN)EQUALITY WITHIN THE HOUSEHOLD AND BUSINESS START-UP AMONG MOTHERS

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Massimo Bau, Jönköping International Business School, Sweden
Helene Ahd, Jönköping University, Sweden
Magdalena Markowska, Jönköping International Business School, Sweden

Principal topic

Recent research suggests that contexts characterized by institutional arrangements that support work-family balance (e.g., parental leave, flexible work hours, subsidized child care) are less conducive to entrepreneurship among women than are other contexts. However, mothers of young children also start businesses in countries with supportive work-family institutions, such as Sweden. Questions therefore remain about what factors determine business start-up by mothers of young children in these contexts.

Extant theory suggests two different predictions that rest on different perspectives on gender inequality. The predominant perspective takes gender inequality within households as given, and assumes the mother to be responsible for child-care even if both parents work. Thus, this perspective predicts that in countries with supportive work-family institutions—such as Sweden—mothers of young children start businesses mainly because they are unemployed or because they have difficulties finding a good job. The other perspective assumes gender equality within households. It is argued that policies that favor female workforce participation also contribute to more egalitarian relationships at home. Thus, this perspective predicts that in countries such as Sweden, mothers start businesses because fathers assume larger responsibility for child care, and take parental leave.

Since both predictions are compelling and might coexist, it is important to investigate what factors—being unemployed or having a partner who assumes responsibility for child care—are the most important drivers of entrepreneurship among mothers in Sweden.

Method

We selected our sample by identifying mothers of all children born in Sweden between 2000 and 2014. We then collected longitudinal information about them and their partners from Statistics Sweden. We used a Cox proportional hazard model to test what factors explain the likelihood of mothers of starting a business. We controlled for factors that could affect our results.

Results and implications

Our results confirm that being unemployed or being an immigrant are important drivers of entrepreneurship among mothers. However, contrary to the predominant view, the primary determinant of entrepreneurship by mothers in Sweden is the amount of paternity leave taken by their partners. These findings suggest that formal institutions, such as family policies, might have altered informal institutions, such as normative expectations within households, making a nongendered division of parental leave the primary determinant of entrepreneurship among mothers.

Our study provides important implications for research on women’s entrepreneurship and work-family balance.

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SUMMARY

EVIDENCE OF BENEVOLENT AND HOSTILE SEXISM AMONG THE AGENTS INVOLVED IN PROMOTING WOMEN'S ENTREPRENEURSHIP IN KERALA

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Principal Topic

The literature on female entrepreneurship highlights the efforts of women to redefine gender roles by embracing masculine characteristics to leverage social support. It reveals a socially perceived relationship between entrepreneurship and androcentrism, where men are likely to be associated with characteristics such as aggression and women are seen as nurturing and warm. These stereotypes reinforce antipathy and prejudice within society against female entrepreneurs. This study addresses the question of whether or not the bias extends among the agents responsible for the implementation of support programs for female entrepreneurs.

Method

This study draws on in-depth interviews of sixteen agents responsible for the implementation and development of female entrepreneurship support programs in Kerala district in India. Six not-for-profit organizations expressed an interest in participating in the study and ten members of autonomous bodies were contacted and all agreed to be interviewed.

Results and Implications

A little research has examined the effect of sexist ideologies on female entrepreneurship. This paper contributes to the existing literature by showcasing how the patriarchal nature of the society, particularly the hostile and benevolent sexist ideologies of agents can influence female entrepreneurs. Some viewed men as more competent to run a business as they receive respect from the customers and employees. In such a society, men will gain greater legitimacy for their entrepreneurial endeavours than women. Besides, there was also evidence of benevolent sexism in the responses. The agents acknowledged that there is the social expectation of women as caretakers. They also stressed the sexist ideologies held by women, as female entrepreneurs consider it their responsibility to take care of their family. The findings of the study unravel benevolent and hostile sexist ideologies within the society.

The findings highlight the importance of collecting data not only from female entrepreneurs, but also expanding the data collection to other actors in the entrepreneurial ecosystem. The current study emphasizes the importance of transcending traditional studies of female entrepreneurship that provide policy recommendations, to evaluate the perception of agents involved in deciding whether or not the recommendations can be implemented. It is redundant to recommend policies and programs for female entrepreneurs when there is little information on the ideologies of actors who are involved in developing these policies.

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SUMMARY

PERSONALITY TRAITS AND INCOME ATTAINMENT OF ENTREPRENEURS
ACCOUNTING FOR MODEL UNCERTAINTY

Boris Nikolaev, Baylor University, USA

Principal Topic

Model uncertainty is one of the most pervasive challenges in the social sciences. In this paper, we examine the robustness of ten personality traits drawn from Tellegen’s three factor model that map broadly into three constructs—positive emotionality (well-being, social potency, achievement, and social closeness), negative emotionality (stress reaction, alienation, and aggression), and constraint (control, harm avoidance, and traditionalism)—with respect to one objective measure of entrepreneurial success—income attainment. Some of these traits have received significant attention in the literature (e.g., achievement, stress-reactivity, and well-being) while others have rarely been studied (e.g., social potency, aggression, and harm avoidance). We focus on income attainment because classical models of entrepreneurship and economics suggest that entrepreneurs are largely motivated by the pursuit of profit and because successful entrepreneurs are often socially recognized for their high net worth and earnings.

Method

To perform the analysis, we estimate the sampling distribution of 32,768 models in a sample of self-employed people from the Midlife in the United States (MIDUS) study to account for model uncertainty. Personality traits were assessed with Tellegen’s (1985) three-factor model, which is composed of 10 primary scales that map into three higher-order dimensions of personality—(1) positive emotionality (well-being, social potency, achievement, and social closeness); (2) negative emotionality (stress reaction, alienation, and aggression); and (3) constraint or reverse impulsivity (control, harm avoidance, and traditionalism).

Results and Implications

Accounting for model uncertainty—the choice of control variables in the model—we find that only social potency and aggression are robustly and positively correlated with the income attainment of self-employed people. The magnitude of these effects is substantial—one standard deviation increase in aggression and social potency is associated with $8,160 and $11,394 raise in personal income, all else constant. On the other hand, the traits that seem to pay off for organizational workers are related to achievement motivation, social potency, lack of alienation, and higher impulsivity. Finally, social potency is also the most robust personality trait that predicts income attainment when we examine a sub-sample of self-employed people who also employ and supervise others. Our findings suggest that the role of these traits is likely to be sensitive to model uncertainty.

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SUMMARY
FIRM GROWTH IS (PROBABLY) NOT RANDOM: PREDICTING THE GROWTH PATHS OF INNOVATIVE START-UPS

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Principal Topic
The debate surrounding firm growth, random versus deterministic, remains open and vibrant (Coad, 2007; Penrose, 1956). The debating sides seem disproportionate with the random school having much larger empirical support than the deterministic one (Coad, 2007). McKelvie and Wiklund (2010) suggest that the stagnation in firm growth research can get new momentum by moving to the question “what mode of growth firms use and why” (p.280). However, initial efforts show that it is equally difficult to predict patterns of growth as factors of growth – supporting the view that firm growth must be random (Coad, Frankish, Roberts & Storey, 2013; Cooper et al., 1994).

Method
In contrast with earlier studies on growth paths (Coad et al., 2013; Derbyshire and Garnsey, 2014), we examined a (relatively) homogeneous group of firms, i.e., academic spin-offs in Norway (n= 120), longitudinally (for 11 years) by means of sales and wage costs. We classified the relative performance of firms in each financial year as growth (G) (top third of the sample), stasis (S) (middle third), or decline (D) (bottom third), consistent with Coad et al. (2015). To understand the rationale behind growth patterns (e.g. “DGDG”) we studied the predictability of future growth modes based on previous growth modes using regression analysis.

Results and Implications
During the examined 10-year period, the 120 firms grew by 116 different combinations of G, D, and S regarding sales (111 for wage cost). However, using the growth mode of a single year we could predict the number of years with a specific growth mode (G, D, and S) in the next five years. Growth paths seem to be either stasis-dominated or volatile, and predictions become more accurate as firms grow older, perhaps because founders “lock in” a certain type of choices over time. Results indicate that growth patterns are not as random as they appear, and path dependency can influence the formulation of growth paths. Accepting higher volatility during the first years might be riskier, but a better option when seeking high growth. In addition to the firm growth conversation, our study has several implications for science commercialization (Fini, Rasmussen, Siegel & Wiklund, 2018) and entrepreneurship policy literatures (Autio & Rannikko, 2016).

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SUMMARY

DO FEMALE INVESTORS SUPPORT FEMALE ENTREPRENEURS? AN EMPIRICAL
ANALYSIS OF ANGEL INVESTOR BEHAVIOR.

Seth C Oranburg, Duquesne University, USA
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Principal Topic

Gender and entrepreneurial finance is an emerging area of study that has implications for policy and
practice. This nascent literature has led to new inter-disciplinary findings such as activist choice
homophily effects in donation-based crowdfunding (Greenberg & Mollick, 2016). However, much
about gender and investor behavior is not well understood. Research has found that activist choice
homophily effects are not likely to explain investor behavior in investment-based crowdfunding
(Geiger & Oranburg, 2018). Given the idea that homophily might not explain funding behavior as
well in investment contexts as compared to donation contexts, we wanted to examine possible
homophily effects (women supporting women) in an investment setting. As such, we examined the
following research question:

Research question: In the context of accredited investor-investee exchanges, is the gender
of the investor related to the gender of the investee’s CEO?

Method

To examine our research question we leveraged a new and customized data set that included
individual investments from fiscal year 2018. Included in this data set were the key variables of
interest (genders of the investor and the investee’s CEO) and information about the company, deal,
and industry. Based on regression analysis, we found evidence that female investors invest in
female-led companies significantly more than male investors do. This finding is significant even
after controlling for CEO’s education, firm demographics, and deal size.

Results and Implications

While there are a growing number of investors who are committed to funding female-owned
firms, and a growing number of female investors, female-owned firms still are not getting funding
at the same rate as male-owned firms. For a wider range of entrepreneurs to gain access to capital,
it is critical to understand the processes underlying investor behavior. For example, qualitative
studies discuss how investors think with respect to gender and investments (e.g., Graham, 2002).
Moreover, there have been studies examining successes and failures of female-owned businesses in
obtaining angel capital (Becker-Blease & Sohl, 2007). However, to our knowledge, this study is the
first to determine how individual angel investors actually behave with regard to gender of the
leadership of the target firm. The findings of this study have implications for research, policy, and
practice.

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SUMMARY

ENTREPRENEURIAL BURN-OUT: THE ROLE OF ENGAGEMENT AND EXHAUSTION IN ENTREPRENEURS VS. NON-ENTREPRENEURS

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Ewald Kibler, Aalto Business School, Finland
Joakim Wincent, Hanken School of Economics, Finland
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Principal Topic

Recent stress research suggests that entrepreneurs often seem to be protected from higher stress levels. However, it is unclear a) whether this also applies to burn-out, b) whether entrepreneurs, compared to non-entrepreneurs, indeed enjoy higher levels of personal resources (e.g., psychological capital) exerting a protective effect, as assumed in prior research, c) what role daily psychological recovery/detachment from work (work-life balance) plays in the entrepreneurial stress process, and d) how motivational engagement processes, that might be so essential in entrepreneurial work, interact with stress processes in entrepreneurs.

Method

We use original panel survey data comprising four waves collected at two-month intervals. At baseline, 1,085 employees and 414 self-employed individuals completed the questionnaire. Our analytic sample consists of those who participated in two or more waves (348 self-employed individuals and 1,002 employees).

Results and Implications

We find that self-employed individuals in general experience less burn-out, but higher engagement levels than employed individuals. Those self-employed with employees differ from those self-employed without employees in that they show higher burn-out levels (reaching the same level as the employed individuals). We find that the Job Demands-Control model best explained the lower burn-out levels in self-employed vs. employed, and also, together with the Recovery approach, the higher engagement levels in self-employed vs. employed. Moreover, the self-employed appear to maintain higher engagement levels because they also benefit motivationally from more job autonomy (control), lower job demands, and from a less strong daily recovery/detachment from their work (which might impair their work-life balance but does not translate into higher burnout levels though). In contrast, the Psychological Capital approach, together with job demands but not job control, best explained the heterogeneity in burn-out within the self-employed population. Those self-employed with employees, in contrast to those without employees, seem to develop higher burn-out levels because of more toxic job demands, whereas their stronger psychological capital seems to protect them from reaching even higher burn-out levels. These results provide insights into the complex mechanisms leading to stress and engagement associated with entrepreneurial work.

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SUMMARY

EXPLORATION AND EXPLOITATION IN CRISIS ENVIRONMENT: IMPLICATIONS FOR LEVEL AND VARIABILITY OF SME PERFORMANCE

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Principal Topic

In this research we examine and compare the distinct effects of exploration and exploitation on level and variability of firm performance during an economic crisis. By doing so, we aim to provide new insight into how firms may position themselves to better fit such volatile and hostile conditions. This research provides insight into several important research questions within strategic entrepreneurship literature: (1) how do exploration and exploitation relate to the level of firm performance and the performance variability during an economic crisis; and (2) how does the firm-level crisis severity shape these relationships?

Method

We use the comprehensive national random sample of 500 Russian SMEs collected during the 2015-2016 period of economic crisis and political sanctions, supplementing the survey-based measures of the exploration and exploitation constructs with the objective financial data. For assessing of the impact of predictors on level and variability of a firm’s performance, we follow the multiplicative heteroscedasticity estimation methodology (Harvey, 1976). This approach is widely used in economic studies addressing research questions about the effect of predictors on both conditional mean and the variability of values around conditional mean in dependent variable, yet is relatively rare in management studies (with the notable exceptions of: Sorenson and Sorensen, 2001 and Sorensen, 2002).

Results and Implications

We find that exploration on average lowers the SME performance, but simultaneously increases the performance variability. Surprisingly and contrary to our predictions, exploitation strategy is not significantly related to the firm performance level, but is also significantly positively related to performance variability. However, the results become more meaningful and robust when we take into account the firm-level severity of the crisis. We find that crisis severity has a strong moderating role, changing the utility of exploration and exploitation strategies. Overall, our results show that under difficult conditions, SMEs that focus on exploitation can expect reliable (i.e. low variance) but declining performance. However, exploring under crisis seems to provide access to major opportunities to achieve high performance, along with a “cost” of increased variability.

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SUMMARY

INVESTING IN HYBRIDS:
A LONGITUDINAL STUDY OF SOCIAL VC ASSESSMENT OF NEW VENTURES

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Principal Topic:
This study investigates decision-making criteria used by firms seeking early-stage investments that generate both financial and social returns. While research on venture capital has uncovered espoused decision-making criteria regarding investments intended to generate financial return, and while research on social organizations—organizations aiming to address critical social and/or environmental issues—indicate the use of (post-)funding evaluation frameworks such as the results chain, or logic model (Ebrahim & Rangan, 2014) little-to-no empirical research has been conducted at the pre-investment decision-making stage in a hybrid context, i.e., from the perspective of a firm with a hybrid social and financial identity. This study intends to address this important topic, thereby contributing to three streams of literature: venture capital decision-making, social entrepreneurship and hybrid organizing.

Method:
To better understand how this hybridity influences investment criteria, this study conducted an in-depth, exploratory, longitudinal case study of a firm that makes equity investments in early-stage social organizations: a social venture capital firm (SVC) based in a major city Western Europe (Yin, 2013). The study leveraged “front-row seats” received through privileged data access, conducting qualitative analysis on archival data on investment decisions made by the SVC over five years.

Results and Implications:
This study is the first to develop a catalog of investment criteria representing a SVC’s actual attempts—in the field—to identify viable investment opportunities in ventures that seek to advance a critical social (and/or environmental) mission. Analysis of a sample of 1,614 actual investment proposal outcomes, including accepted (19 cases), ejected (1,574), and still under review (40) revealed that while the SVC references some venture attributes in decisions about traditional aspects of a venture’s commercial potential, and while the SVC refers to other venture attributes in decisions about a venture’s social potential, the SVC views some venture attributes as indicative of both social and commercial potential.

In addition to revealing the criteria hybrid-oriented resource-providers use prior to investment (Aldrich & Fiol, 1994; Harding, 2007; Lyon & Ramsden, 2006), this study also considers how the SVC firm applies them. Interestingly, the SVC’s perception of a venture’s immediate investment potential does not determine the duration of its evaluation, suggesting that the SVC’s evaluation process is not, as prior literature would suggest, wholly focused on identifying investable targets.

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SUMMARY
FROM BOTH SIDES NOW:
MICROFOUNDATIONS OF HYBRID ORGANIZING & DECISION-MAKING

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Principal Topic

Hybrid organizations—and particularly, hybrid ventures which jointly adopt a prosocial and a commercial-profit identity—have captured the public’s attention in the last few decades (Battilana & Lee, 2014). These developments have inspired research in multiple streams about factors affecting organizational identity. However, research on individual decision-makers and decision-making in contexts that combine commercial and prosocial identities remains rare (Shepherd, 2015; Shepherd et al., 2015). Moreover, there is a lack of empirical research on hybrid-oriented decision-making in new venture investment contexts (Austin et al., 2006; Lyons & Kickul, 2013; Nicholls, 2010; Short et al., 2009). To address this important topic, this study combines firm- and individual-level antecedents to predict investment decision-making preferences in a hybrid context.

Method

Relying on an experimental method called conjoint analysis, 154 decision-makers at philanthropic, hybrid, and profit-oriented funds situated in 29 countries were asked to quantitatively assess the same set of 22 different venture investment proposals, resulting in a dataset of 3,388 investment evaluations (Lohrke et al., 2010; Shepherd & Zacharakis, 1999). Hypotheses propose that the extent to which a decision-maker’s investment mindset is socially and/or commercially oriented would affect the weight they assign to three investment dimensions: the importance of cause targeted by the venture, the interdependence of the venture’s revenue-generating and cause-related activity, as well as, the investment value. The commercial and social orientation of the decision-maker was measured using a social identity scale adapted for this setting (Sieger et al., 2016).

Results and Implications

Investor responses were analyzed in a multi-level (nested) statistical model with a selection of proposal-level, individual-level and investment-firm-level controls. Results from Hierarchical Linear Modeling found that among investors with a strong social orientation (H1a-c), as well as among investors with a strong commercial orientation (H2a, H2c), investment proposal ratings increased when ventures performed highly on the three dimensions. Wald Chi-Squared Tests also indicated support for the rate of increase between the two investor groups (H3a-c). However, no support was found for H2b, that investors with a strong commercial orientation prefer ventures with revenue models that are highly interdependent with a cause-related activity. These results represent the first larger-scale empirical test of decision-making in a hybrid context employing decision-making data from actual investors.

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SUMMARY

WHEN SILENCE IS GOLDEN: INFORMATION SHARED IN SOCIAL MEDIA ON RESOURCE ACQUISITION IN THE IPO MARKET

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Principal Topic

As the information technology has changed how the information is shared, we investigate whether and how information shared on social media affects the pricing of initial public offering (IPO), a significant event that is important for founders and firms to acquire the financial resources. The new type of information sharing activities in social media may have disrupted the ways IPO values are determined in the market and altered the mechanisms that were discussed and examined in the past. In particular, it is unclear if the source of information on social media impacts on IPO underpricing. Hence, our research question is: How does information shared on social media by and about IPO firms affect IPO underpricing?

Method

To study this question, we analyze information shared on Twitter, using data on 234 firms that went public on US markets between 2010 and 2013. We analyzed users’ tweets to measure the level of uncertainty about an IPO to examine how information shared among individuals affect IPO underpricing. Uncertainty here refers to how potential investors perceive the IPO firm’s future financial prospects post IPO. We then look at information that is “retweeted” which represents active sharing and endorsement of information and is a unique feature of social media. We evaluate how such sharing interacts with the amount of uncertain sentiments expressed in these messages and how these sentiments impact underpricing. Finally, we study how a firm’s own tweets influence IPO underpricing and how the interaction with uncertain sentiments in other user’s tweets impact IPO underpricing.

Results and Implications

We find that information shared among users, including potential investors, on Twitter is a strong predictor of IPO underpricing. Interestingly, we find that in the context of social media, information shared by IPO firms does not have a direct effect on IPO pricing, but can exacerbate underpricing when social media discussion expresses uncertainty about the firm. Our study makes contributions to research on new venture legitimacy, and IPO underpricing. Our findings also suggest practical and strategic implication on impression management during the IPO process.

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SUMMARY

IT’S ABOUT THE FOCUS – HOW CEO REGULATORY FOCUS DRIVES EXTERNAL CORPORATE VENTURING

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Principal Topic

External corporate venturing (ECV) is a key lever to defy competition and gain strategic advantages (Covin & Miles, 2007). Hence, understanding forces behind ECV activities is fundamental to corporate entrepreneurship (CE) research and business success. Chen & Nadkarni (2016) record, however, a scarcity of studies investigating how CEOs shape CE and ECV. We address this gap by integrating CE and upper echelons (UE) research (Hambrick & Mason, 1984) with psychological characteristics of CEOs. Regulatory focus theory (Higgins, 1997) postulates that individuals self-regulate their goal-driven behavior through promotion or prevention focus. Accordingly, regulatory focus can explain how entrepreneurs recognize and seize opportunities (Tumasjan & Braun, 2012). We argue that it also shapes CEOs’ motivation to approach ECV.

Method

Our longitudinal study builds on a unique, manually-gathered sample based on the S&P 500. To quantify regulatory foci, we coded letters to shareholders from annual reports (Bowman, 1984) and performed computer-aided text analysis applying the dictionary by Gamache et al. (2015). ECV activity is captured via an innovative, multi-step method (Hendricks et al., 2015). We gathered 476,771 firm-related press releases from PR Newswire. To determine ECV activity, we designed a machine-learning algorithm and coded 6,000 press statements at 93% interrater agreement. Lastly, we iteratively coded 1,000 statements and enhanced the algorithm resulting in 7,465 ECV-related statements. We further involved moderating and control variables and tested our hypotheses with multiple-regression models using Stata.

Results and Implications

We show that CEO regulatory focus affects firm ECV activities. Promotion and prevention foci are reflected in a greater propensity to perceive and pursue “upsides” of risky ECV activities as well as in a relatively higher vigilance against “downsides” of uncertain ventures and tendency toward stability, respectively. Thus, we contribute to CE and UE literature by introducing regulatory focus to ECV research and underlining implications of individual-level, motivational processes on organizational-level motivation to pursue ECV. Besides, we leverage a unique dataset linking CEO psychology, UE, and CE. Moreover, we are among the first to apply the regulatory focus dictionary by Gamache et al. (2015), providing empirical answers to the question how CEOs’ regulatory foci affect entrepreneurial activities.

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SUMMARY

ENTREPRENEURIAL PASSION AND JOB-SEEKERS’ ATTRACTION IN NEW VENTURES: AN EXPERIMENTAL STUDY

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Principal Topic

Early employees are critical for the success of new ventures. However, new ventures do not have a lot to offer to job seekers in terms of pay or job security. So, how do entrepreneurs manage to persuade potential employees to join their newly-established firms? In this study, we try to answer this question by looking at the interaction between entrepreneurs and job seekers through the lens of information processing literature. More specifically, we assume that the entrepreneur’s characteristics will interact with the venture’s characteristics to influence job seeker attractiveness to the venture. Concerning the entrepreneur, we focus on a definitional salient characteristic of entrepreneurs: passion. To our knowledge, no study to date has tried to understand whether passion plays a role in attracting job-seekers. This is surprising, since passion is the most widely noted and readily visible element attributed to entrepreneurs, and since entrepreneur plays a crucial importance in acquiring resources. In this study, we propose that displayed entrepreneurial passion will directly and positively influence job-seeker attraction to the new venture, because of its contagious nature and persuasive properties.

Concerning the venture characteristics, we focus on the innovativeness of the venture’s offering and assume that it will have a direct and positive effect on job-seeker attraction to the new venture. Moreover, as entrepreneurs are responsible for communicating the innovative features of the venture’s product, passion is also likely to positively moderate the effect of product innovativeness on the attractiveness of the new venture as an employer.

On the other hand, job seekers’ characteristics are also very likely to play a role in the way the passionate and persuasive message of the entrepreneur will be processed. In this study, we expect job seeker’s emotional empathy and his or her intuitive cognitive style to have a positive moderating effect on the relation between displayed passion of the entrepreneur and attractiveness of the new venture as an employer.

Methods

We use an experimental methodology and test our main and moderating hypotheses on a job-seekers’ sample of 100 business students close to graduation. The participants watch a series of nine videos where real entrepreneurs present their venture, including their product/service, and report the attractiveness of the new venture as an employer.

Results and Implications

With this study, we hope to contribute to the recruiting literature, as well as to the literature on passion in entrepreneurship.

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SUMMARY

ENTREPRENEURS, LET’S GET SOCIAL: HOW THE INTERACTION WITH CUSTOMERS VIA SOCIAL MEDIA SHAPES CORPORATE ENTREPRENEURS’ INNOVATION CAPABILITIES

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Principal Topic

Digital technologies have significantly transformed the way corporations conduct business (Nambisan, 2017). With the rise of information technology, entrepreneurs increasingly leverage IT tools for innovation to decrease the inherent degree of uncertainty (McMullen & Shepherd, 2006). The introduction of social media tools further accelerated the intensity of external interactions and knowledge exchange (Kaplan & Haenlein, 2010). Social media provides entrepreneurs with novel market and technological information (Mount & Martinez, 2014), which is especially relevant for corporate entrepreneurs, who often lack proximity to their customers (Corbett, 2007). However, research regarding the impact of social media for innovation outcomes remains scarce (Du et al., 2016; Schlagwein & Hu, 2016). This paper argues that social media impacts organizations’ innovation outcomes, influenced by the capabilities of corporate entrepreneurs. In addressing those issues, this study theorizes and measures the consequences of social media for opportunity creation (Alvarez et al., 2013) in an open innovation context (Yoo et al., 2010).

Method

Data collection was conducted through a survey targeted at corporate entrepreneurs in new product development departments of manufacturing and service firms. Archival data (e.g., firm size, revenue) was included to strengthen the research model. Social media is measured with the dimensions market-orientation and tech-orientation. Focusing on explorative innovation, the dependent variable is operationalized through organizational and attitudinal factors needed in the development of new products. Individual and firm-specific controls are included in the research model. The hypotheses are tested through multi-group SEM.

Results and Implications

The empirical results show a positive and significant effect of social media on innovation outcomes. Furthermore, entrepreneurs’ capabilities regarding the use of social media for innovation strengthen the positive relationship. This research contributes to the entrepreneurship domain in several ways. Research to date mostly understands digital technologies as a contextual factor, while social media serves as an enabler to a more collective way of pursuing entrepreneurship (Aldrich, 2014). Furthermore, while social media platforms have predominantly served as a source of inspiration within the marketing domain, this research answers calls for more structured insights on the adequate usage of social media for innovation outcomes (Luchs & Swan, 2016).

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SUMMARY

I AM THE OPPORTUNITY. HOW SOCIAL MEDIA INFLUENCERS COPE WITH LIMINALITY BETWEEN PRIVATE AND PUBLIC SELVES OVER TIME

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Holger Patzelt, Technical University of Munich, Germany
Nicola Breugst, Technical University of Munich, Germany
Anne Tryba, Technical University of Munich, Germany

Principal Topic:

Social media has given rise to a new type of entrepreneurs who build their businesses around their private lives creating an engaged follower community by (1) sharing the most private life aspects, (2) posting information at nearly every hour and every day, (3) reacting to extremely positive and harsh feedback on their lifestyles. Taking an identity perspective, this phenomenon is interesting because there is almost no boundary between private and business aspects of the opportunity they follow publicly. For the entrepreneurs, pursuing this extreme case of an entrepreneurial opportunity implies being in a liminal state between private and public selves which requires intense identity management. Previous research focused on time-limited liminality induced by loss events. To date, however, we lack insights into why individuals create voluntarily a state of permanent liminality between private and public self and how they cope with this state over time.

Method:

We used a qualitative, inductive research approach. Following a theoretical sampling strategy, we collected rich longitudinal data including interviews, observations and social media postings for six social media lifestyle influencers (growing follower numbers, at least two social media channels). Our rich data allowed us to gain a holistic understanding of the cases over time. We analyzed our data inductively.

Results and Implications:

From our rich data a dynamic model of creating and coping with permanent liminality emerged. Initially, influencers perceived the overlap of private and opportunity-related aspects in their lives as desirable, which triggered spirals of algorithm-optimized-postings of their private selves publicly and intense performance-tracking. Over time, living in a liminal state became challenging due to the (harsh) feedback they received and the continuous switching back-and-forth between private and public selves. Interestingly, rather than changing careers, over time our influencers followed three different coping strategies balancing private and public selves continuously: (1) Emphasizing higher purpose (e.g., motivate others); (2) Professionalizing (e.g., hire management); (3) Engaging in co-creation (e.g., adapting based on followers’ preferences). Our study contributes to the literatures on founder identity, opportunity development, entrepreneurial well-being, and managing work-home interfaces.

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SUMMARY

RAISING THE TIDE: WHY COOPETITION PERSISTS IN THE BOARD GAME INDUSTRY

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Principal Topic

Entrepreneurs can gain significant value from cooperating with competitors (Hannah and Eisenhardt, 2018). However, as research into coopetition has primarily focused on large firms, little is known regarding how small firms manage this practice (Granata et al., 2018). Furthermore, there is limited understanding of how and why coopetition persists over time within an industry (Mathias et al., 2018). Therefore, this study examines the experiences of entrepreneurs within the board game industry, which displays persistent coopetition. Specifically, it explores how and why small firm founders engage in coopetition practices within a maturing industry.

Methods

This study investigates the experiences of 40 board game entrepreneurs, whose annual sales range from $10,000 to over $2 million. Qualitative data were collected through in-depth interviews and observations at six board game conventions across the USA. Data analysis conformed to established inductive procedures (Strauss and Corbin, 1998).

Results and Implications

The findings of this study highlight that small firm founders in the board game industry continue to engage in coopetition practices to strengthen the industry, their power within it, and their image within the community. First, incumbents were found to support promising new entrants, while withholding patronage from others. This selective coopetition invigorates the industry by winnowing out those who may dilute it from those who contribute creative ideas. Significantly, this support does not seem to emanate from a sense of collective identity, but from the aim of benefiting from competitors’ successes. Should new entrants succeed, they may entice new customers to the industry and incumbents can imitate their innovations. Second, this study found that developing promising competitors increases incumbents’ power and status within the industry. In contrast to research which highlights the positive impact of the ‘paying it forward’ mindset, this study therefore reveals a potential dark side to this practice. Third, contrary to the notion that cooperative activities are usually performed far from the customer, board game publishers devote significant efforts to publicly demonstrate their cooperation with competitors. They portray the industry as a harmonious, supportive community and their firms as integral facilitators of that ethos, which hides their strategic motives and generates further rewards for themselves and the industry.

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SUMMARY

TOP DECISION MAKERS’ POLITICAL ORIENTATION, NONMARKET STRATEGY, AND THE PURSUIT OF OPPORTUNITY

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Mo Wang, University of Florida, USA

Principal Topic

Government policies restrict firms’ ability to identify and exploit new opportunities, so many firms commit significant resources to changing these policies via nonmarket strategies. Nonmarket strategy researchers have tended to focus their attention at the firm, attempting to offer firm- or macro-level explanations for why some firms may rely on nonmarket strategies or why some firms’ nonmarket strategies perform better than competitors. However, this research has overlooked the role of firms’ top decision makers in pursuing nonmarket strategies.

This study examines the link between top decision makers’ political orientations and their firms’ efforts to change policies to capture opportunities. We focus on the political insecurity top decision makers may experience when they perceive themselves to be outsiders, which we define as being part of the political minority in their communities and their firms. Outsiders may be more likely to take an aggressive stance toward their legal environment, especially when they feel their outsider status contributes to their perceived insecurity. For firms’ top decision makers, this more aggressive stance may manifest in their firms’ use of nonmarket strategies and, in turn, the capture of new opportunities.

Method

Measures, established in prior research or developed in this study, were included in a wave of three surveys sent to 4,000 alumni of a public university in the southeast United States who indicated they were the top decision maker at their firm. As of March 25, 2019, 315 executives had responded to all three surveys, resulting in a 7.9 percent response rate.

Results and Implications

This study makes two contributions to nonmarket strategy research. First, this field of research has been criticized for its black box problem: although the means by which firms obtain government policy changes have been thoroughly examined, the mechanisms that link government policy changes to improved firm performance remain underexplored. This study helps resolve this issue by suggesting that policy changes enable firms to exploit new opportunities. Second, because this study focuses on the characteristics of firms’ top decision makers, it is among the first to provide an individual-level explanation of why firms use nonmarket strategies.

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SUMMARY
FIGHTING SHADOWS OF THE PAST: ENTREPRENEURING AS EMANCIPATION IN FAMILY FIRMS

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Vincent Lefebvre, Audencia, France
William B. Gartner, Babson College, USA

Principal topic

Drawing on the idea of entrepreneuring as emancipation (Rindova, Barry & Ketchen, 2009), we explore the concept of entrepreneurial legacy in family businesses in terms of facilitating the development of entrepreneurial identities in successors (Barbera, Stamm, & DeWitt, 2018; Jaskiewicz, Combs, & Ireland, 2016; Jaskiewicz, Combs & Rauc, 2015). We claim that past entrepreneurial legacies play an ambivalent role in succession.

We examine the micro-manifestations of emancipation as epitomized by successors' engagement in “localized, everyday struggles and practices of freedom” (Verduijn et al., 2014: 101) within the discourse of entrepreneurial legacy. Rindova et al. (2009: 479) characterized emancipation as “breaking free from authority and breaking up perceived constraints”. Within a theory of liberation, emancipation refers to efforts toward expanding personal autonomy through “resistance and rebellion” (Marcuse, 1972: 63) when facing “the oppressive rule of the established language and images” (Marcuse, 1972, 79–80). Emancipation is a “transformative activity” (Horkheimer, 1937) occurring within power games (Foucault, 1980; Harrison & Leitch, 2012) and triggering identity work and tensions (Al-Dajani, Carter, Shaw, & Marlow, S, 2015; Jennings, Jennings, & Sharifian, 2016).

Method

Based on the in-depth analysis of 20 autobiographical narratives of second to fourth generation family entrepreneurs, we reveal successors’ struggles with gaining autonomy and control. We develop a microanalysis of power relations embedded in business families and we show how successors build and consolidate a unique entrepreneurial identity while constantly negotiating the rules and constraints stemming from previous generations’ entrepreneurial legacies.

Results and implications

We label a successors’ identity work (Ibarra, 2003; Ashforth, 2001) as liminal (van Genep, 1960), that is, a “transformative stage” (Anderson, 2005), an “in-between” stage (Hjorth, 2005) or “betwixt and between” stage (Turner, 1977) of identity transition and transformation. This research shows that successors are entrenched in power relations within their business families and we highlight how they resist pressures towards conformity and consistency with the past by artfully navigating between agency and constraint to defend and enact new understandings and practices relative to what these entrepreneurs are and how they should behave.

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SUMMARY

FAMILY STRUCTURE, GENDER ATTITUDES TOWARDS WORK ROLES: THE INFLUENCE ON ENTREPRENEURSHIP

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H. Shwana Chen, Brock University, Canada
Candida Brush, Babson College, USA

Principal Topic

Current research shows that women start businesses at a much lower rate than their male counterparts world-wide (Kelley, et al, 2017). While significant research explores socio-cognitive, resources, network, and socio-economic factors to explain this disparity (e.g., Banazak & Plutzer, 1993; Matthews, 1996), less studied is the role of family structure in shaping both attitudes and behaviors, particularly work- and family-related attitudes and subsequent venture start-ups. However, the relationships among family structure, attitudes toward work and family, and venture creation have not been investigated. Anchored in the family embeddedness perspective (Aldrich & Cliff, 2003), we develop a conceptual framework and hypotheses to examine family structure’s influence on gender attitudes towards work and family and on men’s and women’s actual entrepreneurial behavior — starting new ventures.

Method

We used data from National Longitudinal Study of Youth 1979 (NLSY79), a nationally representative, longitudinal survey of U.S. youth from 1979 to 2014. To account for potential developmental differences amongst adolescents, we narrowed the sample to only include respondents who were 18 years old in 1979, resulting in a sample of 1,634 respondents. The dependent variable, entrepreneurial behavior exhibited as business ownership in adulthood, was measured using a question asked in 2010 if respondents ever owned a business. Data for the independent variable (family structure), mediating variable (gender role attitudes), moderating variable (gender), and control variables (race, educational attainment, cognitive ability, marital status, family size, birth order, employment industry, and geographic region) was captured in the survey given in 1979.

Results and Implications

This study extends work by Aldrich and Cliff (2003) and provides new insights regarding the influence of family structures on males’ and females’ attitudes towards work and family roles and the extent to which these attitudes influence entrepreneurial behavior. Our preliminary results indicate that women do have more egalitarian attitudes than men in all years. This study provides additional insights into the factors that lead to disparity between men and women entrepreneurs.

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SUMMARY

ENTREPRENEURIAL ECOSYSTEM NETWORKS: AN EXPLORATORY STUDY

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Principal Topic

Entrepreneurial ecosystems (EE) are quickly gaining traction among practitioners and academics as a promising theoretical lens to study and understand geographically based heterogeneity in entrepreneurship levels (Spigel, 2017; Stam, 2015). While it is consensual that the context in which entrepreneurs choose to start their venture impacts the outcomes of the entrepreneurial process (Autio, Kenney, Mustar, Siegel, & Wright, 2014; Zahra, Wright, & Abdelgawad, 2014), we still lack concrete knowledge of how exactly the environment shapes the entrepreneur and her choices. As research in EEs matures, academics are moving from discussing attributes and components of EEs to theorize about how EEs can nurture entrepreneurial activity.

Against this backdrop, we argue in this piece of research that a key and relevant concept within EEs is connectivity, defined as the extent to which the actors within each EE are interconnected, interdependent, and shape each other’s actions with the aim of nurturing and supporting entrepreneurial activity. As a result, we reason that social network theory is fit to inform research about connectivity within EEs.

Methods

We follow previous work and adopt a “multiple stories milieu” (Perren & Ram, 2004; Spigel, 2017) to better understand the EE as a whole and explore connectivity between the multiple actors and institutions. Our choice of informants is therefore varied in terms of role, sector of economic activity, and years of experience within the EE. Our empirical setting is one medium-sized US city in the Atlantic coast. A total of 16 interviews were conducted ranging from 30-75 minutes each by both authors between April-June 2018.

Results and Implications

Our main contribution to the EE literature is to provide an insight of the inner workings of an EE by looking at a key element largely under-researched - connectivity - using a solid theoretical background. Our initial working assumption that the EE is relatively undifferentiated and operates collectively to support a varied ecology of new ventures does not match the evidence. We observed several simultaneously active networks that cater to different kinds of entrepreneurs. This finding adds nuance to the literature suggesting that one given location can harbour several rather different EEs that should be observed separately despite some common attributes.

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SUMMARY

LATEST TECHNOLOGY USE AND INSTITUTIONAL SUPPORT ADVANCING FIRM’S INNOVATION: A WORLD VIEW

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Principal Topic

Research identifies various predictors of new ventures’ success (Hopp and Sonderegger, 2015) and growth (Aparicio et al., 2016), but limited attention has been paid to new ventures’ innovations, especially as it intersects with the technological capabilities that are essential to business success in the twenty-first century. Therefore, we develop theory and examine empirically the impact on innovation of an entrepreneur’s use of the latest technology using the resource-based view (RBV). Building on institutional theory (Scott, 2001), we argue that institutional environments, which consist of formal and informal rules, norms, and value systems, play an important role in how entrepreneurs’ use of latest technology affects innovation. Our study examines the moderating effect of four institutional environments—regulatory, conducive, normative, and cognitive—on the relationship between entrepreneurs’ use of the latest technology and innovation.

Methods

We built a cross-sectional panel data set grouped by country and obtained all individual-level data from Global Entrepreneurship Monitor (GEM) adult population survey (APS). While the country-level data for the institutional environment is obtained from World Bank’s Doing Business Database, the Index of Economic Freedom, the Global Competitiveness Report, and the National Expert Survey (NES) from GEM. Combining the GEM dataset with all other data sources results in an overall sample of 57,686 interviews across sixty-seven countries that were surveyed between 2006 and 2012.

Results and Implications

Our findings suggest that entrepreneurs who use the latest technology heavily are an average of 65 percent more likely to offer innovative products or services than are those who have low use of latest technology. The moderating effects were tested and findings suggest that the relationship between individual-level use of the latest technology and new ventures’ innovation is positively moderated by the regulatory and conducive environments while negatively moderated by the normative environment. However, no significance was observed for the moderating effect of the cognitive environment. Innovation is not limited to the most advanced economies but has become a global phenomenon that affects all sectors of every economy. Our findings, suggesting that investment in the latest technologies enables entrepreneurs to develop innovations that are superior to those of the competition. Therefore, firms that operate in such institutional environments may be encouraged to adopt the latest technologies.

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SUMMARY

WHO DELIVERS IN CROWDFUNDING? OPTIMISM BIAS, OVERCONFIDENCE, AND
ON-TIME DELIVERY OF CROWDFUNDING REWARDS

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Annaleena Parhankangas, South Dakota State University, USA

Principal Topic

Delays and failures in delivering the promised rewards in crowdfunding campaigns are common. Such delays and failures are taxing for entrepreneurs and a burden on the funders. Hence, it is important to understand why some campaigns deliver as promised and others fail to do so. We suggest that optimism bias is detrimental to on-time delivery, leading us to hypothesize that (H1) a large number of promised rewards and (H2) a linguistic style high in optimism in the campaign narrative are negatively related to the likelihood of on-time delivery of rewards. We also suggest that women's generally lower confidence in their entrepreneurial skills makes them more likely to work harder towards delivering as promised; we expect there to be (H3) a positive relationship between female gender of the entrepreneur(s) and the likelihood of on-time delivery. Also, those with more experience in meeting the campaign goals are more realistic about their expectations, suggesting a (H4) a positive relationship between past tense words in the campaign description and the likelihood of on-time delivery.

Method

We used Kickstarter campaigns (February-April 2013) to construct our dataset of 405 campaigns. Our DV is a dummy variable of whether the campaigns had finished on time in terms of delivering the rewards. For IVs, we coded the number of rewards offered by each campaign and the ratio of female entrepreneurs in the campaign team. We also use the verbatim transcripts of the campaign video pitches and LIWC to capture the IVs of positive emotion words and past/present/future tense words in the transcripts. We control our models for a number of variables and use Heckman correction method to test our hypotheses.

Results and Implications

We found support for hypotheses 1, 3 and 4 and marginal support for hypothesis 2. To sum up, the results show that on-time delivery of rewards is more likely by women entrepreneurs with previous experience in the project domain, and whose campaigns feature a limited number of rewards. We discuss these results in the light of the pitfalls of optimism bias and overconfidence in crowdfunding.

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SUMMARY

IN OTHER WORDS: EXPLORING GENDER BIAS IN TOP COLLEGIATE ENTREPRENEURSHIP PROGRAMS

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Principal Topic
We seek to understand underlying gender biases that may be associated with how top entrepreneurship programs communicate their offerings. Previous work shows the typical perception of the ‘entrepreneur’ tends to be masculine based on the historic perceptions of a ‘maverick’ or ‘self-made man’ (Jones, 2011). As a result of these social constructs and notions of entrepreneurship, higher education can perpetuate masculine privilege in this area (Jones, 2014). Wilson et al. (2007) found and contend that women are more likely than men to avoid entrepreneurship as a career because they believe that they do not possess the necessary skills. The same study stated that adolescent and adult women showed significantly lower levels of self-efficacy in careers perceived as nontraditional for women, such as entrepreneurship. This is tangential to work in other fields, including Gaucher et al., (2001), which found that women found potential jobs less appealing when the job advertisements included more masculine than feminine wording. Within our field, Hechavarria et al., (2017) suggest that gendered language plays a role in the perception of entrepreneurial activity between men and women. To build upon this, we conducted a linguistic study of how the top entrepreneurship programs represent their offerings on their websites.

Method
Our sample includes website text from the top 25 undergraduate and graduate entrepreneurship programs according to Princeton Review rankings. We employ methods of computerized textual analysis used in fields such as Digital Humanities including weighted term frequency, collocation analysis, and vector space semantic mapping. These serve to identify the word usage patterns on the programs’ websites and compare them to patterns seen in English more generally.

Results and Implications
We investigated how higher education may be inadvertently reproducing conditions to discriminate against prospective female entrepreneurship students, and thus contributing to lower numbers of female entrepreneurs. This work builds upon the growing body of research in the field of women’s entrepreneurship by attempting to better understand how collegiate entrepreneurship programs speak about their offerings and market themselves to prospective students.

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SUMMARY

INITIAL COIN OFFERINGS: A RESOURCE-BASED VIEW ON FUNDING VS. POST-FUNDING SUCCESS

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Principal Topic:

Initial coin offerings (ICOs) starting to establish themselves in the market as a new crowdfunding model enabling startups to raise capital for new product ideas related to blockchain technology (Fisch, 2019). After an ICO has raised capital, the token is listed on exchange platforms which provides new opportunities to measure the success of early-stage ventures after funding. Rare and valuable resources have a competitive advantage for companies (Barney, 1991). For new technology-based companies, the innovation potential and human capital of the core team are key factors that determine success and failure (Baum & Silverman, 2004). Several researchers support the view that the founders’ industry-specific professional experience is a critical factor for business growth (Colombo & Grilli, 2005), while the evidence of the founders’ education and previous management experience is discussed more controversial (Stuart & Abetti, 1990). This paper focuses on the following questions: How do new ventures teams’ resources influence ICO and post-ICO success? Which type of human capital is most relevant to the success in the (post-) funding phase?

Method:

We test our hypothesis using a hand-collected dataset of 312 ICOs finalized by September 2018. We collected data for ICOs, token market performance and founding teams from ICO campaign websites, exchange platforms, and LinkedIn. We used regression model analysis to test our hypotheses. In order to gain specific knowledge about the influence of particular parts of the human capital, we include a general and a specific variable for each dimension of human capital.

Results and Implications:

First analyses indicate that founder teams’ human capital is positively associated with success in the funding and post-funding phase. Our findings show that the influence of business and commercial human capital is stronger in the funding phase, while the effect of technological human capital is higher in the post-funding phase. High amounts of raised capital and above average teams’ social capital attenuate the mentioned relationship in the post-funding phase. This paper outlines the different weights of different types of human capital and their impact on the success of early-stage blockchain start-ups. The overarching goal is to provide a more comprehensive understanding of ICOs as a new form of entrepreneurial finance.

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SUMMARY
THE ROLE OF DIGITAL AND SPATIAL AFFORDANCES ON KNOWLEDGE TRANSACTIONS WITHIN AN ENTREPRENEURIAL ECOSYSTEM

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Richard Harrison, University of Edinburgh, UK

Principal Topic

Researchers have looked how to differentiate entrepreneurial ecosystems (EE) from other kind of regional agglomeration patterns (e.g. industrial districts, knowledge clusters) to establish theoretical grounding for this “novel cluster type”. Thinking that previous studies on regional agglomeration patterns looked for theoretical/empirical grounds under an economic rationale, this paper shifted to a direction where social and institutional rationales may answer why places exposed to similar economical contexts have different rates of entrepreneurial growth and development. There are indications that EEs differ from other regional agglomeration concepts because their digitalisation spectrum – this paper examines the ways a digital platform responsible to organise meetups affect how individuals share knowledge in a specific spatial context.

Method

We collected data in two stages concurrently (Concurrent Nested Design – predominantly quantitative) related with network events in Edinburgh. The quantitative phase uses data collected from Meetup.com about individuals who attend startup-related events within an ecosystem. The data was gathered to provide an exploratory data analysis of the network structure (looking for hidden patterns) among meetup thematic groups and their relationships regarding groups’ affiliation. The qualitative phase was composed by 35 semi-structured interviews with meetup organizers and attendees. Questions were crafted in a way to extract information about how people use this specific digital platform to share and increase their knowledge within an EE.

Results and Implications

Data analysis showed that the network taxonomy empirically categorizes the network structure by three communities. Tech groups primarily focus on specific technologies or themes and their events generally highlight knowledge exchange dealing with technical aspects of such technologies/themes. Business community contains groups with a more business/network inclination but also with the interchange of best practices affecting business development. The Hybrid community has groups highly linked with technology but with a generalist approach and their events tend to encourage knowledge exchange promoting business development by technology exploitation. Interviews showed that organisers tend to set up events with the intention of self-promotion and opportunity discovery. Attendees highlighted that places characterized for healthy EE have an important impact in the process of knowledge sharing. Evidence suggested that digital platforms help EE actors organize/attend networking events, hence collaborating for knowledge transactions.

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SUMMARY
FROM INTRAPRENEURSHIP TO ENTREPRENEURSHIP: A CONCEPTUAL MODEL AND EMPIRICAL TEST

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Principal topic

This paper aims to identify which factors affect the decision of an intrapreneur to found his or her own company, i.e. to transition into entrepreneurship. Intrapreneurs are employees who develop new business opportunities for their employer (Bosma et al., 2011). They share many characteristics with entrepreneurs (Lumpkin, 2007) and have higher intentions to start their own business than other employees (Bosma et al., 2011). But whereas intrapreneurship is considered a stepping stone towards entrepreneurship, we still lack a comprehensive conceptual model of what determines this transition.

In this study we build upon two theoretical models, namely Krueger and Brazel’s model of Entrepreneurial Potential (1994) and the Unfolding model of Employee Turnover Theory (Lee and Mitchell, 1994). Integrating the insights from both models, we expect both entrepreneurial potential variables (i.e. perceived desirability and feasibility of entrepreneurship and propensity to act) and employee turnover variables (i.e. job satisfaction, job embeddedness and perceived alternatives) to have a direct impact on the transition from intrapreneurship to entrepreneurship. Furthermore, as both models advance shocks in an employees’ life as important triggers to either leave the employer or become an entrepreneur, we hypothesize that positive and negative shocks in the intrapreneur’s professional and personal life will have a moderating effect on these relationships.

Method

We conducted a telephone survey with 3000 individuals in Flanders. Approximately 15% of them were identified as intrapreneurs. We surveyed these intrapreneurs about the perceived desirability and feasibility of entrepreneurship, their propensity to act, their job satisfaction, job embeddedness and perceived alternatives. We then contacted these intrapreneurs again by phone one year later. In this follow-up survey, we documented whether or not positive or negative shocks had occurred since the initial survey, and we asked whether the individual was still working as an employee or had started up his/her own company. About 16% of the intrapreneurs in our sample had in fact founded their own company.

Results and Implications

Our results largely confirm our hypotheses that (a) an intrapreneur’s entrepreneurial potential and (b) variables related to employee turnover jointly determine the decision to transition into entrepreneurship. Moreover, we find that these direct relationships are reinforced by positive and negative shocks. Our study is relevant for the entrepreneurship and turnover literature.

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SUMMARY

RIDING THE WAVE OF A NEW SCIENTIFIC FIELD:
HOW PIONEERS CREATE OPPORTUNITIES AMIDST HYPE AND HOPE

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Iwan de Esch, Vrije Universiteit Amsterdam, The Netherlands

Principal Topic

Academic entrepreneurs in emerging scientific fields face the complex challenge of differentiating themselves from older approaches to gain competitive advantage while simultaneously, conforming to other players in order to build legitimacy and gain access to various resources. This study explores four academic spinoffs in their pursuit of optimal distinctiveness in an emerging field in the pharmaceutical sciences called fragment-based drug discovery (FBDD).

Method

Four firms in different sub-niches within FBDD (library design, screening technology and applications) and located in different countries (Netherlands, Sweden and United Kingdom) were analyzed in this study. Archival analysis using news sources, conference presentations and company websites was done to create a timeline showing how these companies’ technology offerings evolved over time. Founders and senior employees were interviewed from each firm to triangulate the data, employing critical incidence technique. To trace overall field development, we collected and analyzed 3,421 publications from the Web of Science, 842 US patents through PatentsView and 32 drugs coming from the field.

Results and Implications

All four firms started out with a unique technological offering in FBDD that differentiated themselves from the older existing approaches. For all firms, gaining their first clients was straightforward due to the early promises of the field. In all cases, these early customers were sourced from the founders’ existing social networks. As FBDD matured, the initially unique offerings became more routine within the industry with big pharmaceutical companies building their own capabilities. Three of the four firms enriched their capabilities by conforming to field trends and augmenting their platforms with other widespread techniques. As FBDD developed, these firms diverged in their business models while also expanding the scope of their practice beyond their original niche. The single company that relied only on its original offering was forced to enter niche markets outside of FBDD as they were not able to maintain differentiation and legitimacy. This study shows that while differentiation can come from having a unique technological offering, firms can maintain their competitive advantage as the field matures by conforming to field standards such as by integrating additional techniques and processes employed across the field.

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SUMMARY

DOES THE DARK SIDE PROMOTE PASSION?
THE DARK TRIAD AND ITS EFFECT ON ENTREPRENEURIAL PASSION AND VENTURE SUCCESS

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Principal Topic

Studies have revealed that individuals high in core self-evaluation (CSE), a broad trait comprising self-efficacy, self-esteem, locus of control and emotional stability, show better job performance and have more successful careers. Given the tremendous impact of founder-C-level-managers (referred to as “founders”) on their startup performance, we suggest a positive effect between CSE and market effectiveness (ME).

\[ H1: \text{CSE predicts ME.} \]

Entrepreneurial passion (EP) is an “intense positive feeling and […] results from engagement in activities with identity meaning […] to the entrepreneur.” Drawing on identity theory, we suggest that individuals high in CSE experience positive feelings about the entrepreneurial stages, which have identity meaning to them. Based on broaden-and-built theory, we propose that positive feelings associated with EP provide founders with information that stipulate their further engagement in entrepreneurial activities, thereby broadening their personal resource repertoire (physical, intellectual, social, psychological). These extended resources stemming from positive feelings of passion are linked to ME.


Method

We base our analysis on responses of 220 responses of founders. Confirmatory factor analysis showed good model fit (\( \chi^2/df = 1.35; \ CFI = .97; \ TLI = .96; \ RMSEA = .04; \ SRMR = .05 \)). To test for mediation, we used bias-corrected bootstrapping (10,000 samples).

Results and Implications

Results reveal that startups of founders high in CSE (\( \alpha = .89 \)) have a higher ME, supporting H1. Results support H2 and H4 while they fail to support H3. The relationship between CSE and ME (\( \alpha = .86 \)) is mediated by EP for inventing (\( \alpha = .82 \)) and developing (\( \alpha = .86 \)), though not by EP for founding (\( \alpha = .83 \)).

We contribute to upper echelon theory by examining how personality affects macro-level entrepreneurial performance and broaden-and-built theory by investigating the passion-performance relationship. Contributing to identity theory, we introduce CSE as an antecedent of entrepreneurial passion. Practitioners may benefit by reflecting which tasks in the entrepreneurial process they should manage themselves versus delegate, based on their CSE and hence EP level. Investors can draw conclusions on what drives passion and performance.

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SUMMARY

EXAMINING THE EFFECT OF TIME PRESSURE ON ENTREPRENEURS’ CREATIVITY: THE NECESSITY AND BENEFIT OF COLLABORATION

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Principal Topic

Entrepreneurs operate under time pressure (Uy et al. 2012). Contributing factors include: a desire to achieve a first mover advantage (Lieberman, et al., 1988), a need to acquire paying customers as soon as possible to provide working capital (Hughes, et al., 2007), etc. Research has established that “When creativity is under the gun, it usually ends up getting killed. (Amabile, et al., 2002, p52).” However, entrepreneurs themselves are often characterized as remarkably creative (Dimov, 2007; Short, et al., 2009; Frese & Gielin, 2014). How and why do entrepreneurs succeed under time pressure?

On one hand, research points to the detrimental effects of time pressure on creative individuals. On the other hand, entrepreneurial teams are known to use their creativity to reframe original problems which sometimes leads to solution breakthroughs (Hargadon & Bechky, 2006; Getzels & Csikszentmihalyi, 1976). We explore how team members employ time and deadlines as coordination mechanisms to achieve desired results while taking advantage of each member’s individual resources such as knowledge, skills, cognitive ability, etc. Gersick (1994) suggested that team members use time as a pacing mechanism. Supporting the notion, Hargadon and Bechky (2006) suggest collaborators seek help, give help and reframe in a way that reinforces collaboration.

Method

We conduct a laboratory experiment using a sample of 235 university students who were randomly assigned to teams of three members and asked to attempt a creative task under manipulated time pressure. Independent judges assessed the creative task.

Results and Implications

Our time pressure manipulation predicted group creativity ($F = 4.35, p < .05$). Time pressure predicted supportive climate for creativity ($b = .23, p < .05$) but not organizational encouragement. Supportive climate for creativity predicted organizational encouragement ($b = .50, p < .01$). Thus, time pressure indirectly predicts organizational encouragement through supportive climate for creativity. Organizational encouragement predicted group creativity ($b = .20, p < .01$). Results also show that the indirect effect of time pressure on group creativity through supportive climate for creativity and then through organizational encouragement is significant ($b = .02, p < .05$).

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SUMMARY

POST-ENTREPRENEURIAL WAGE-EMPLOYMENTS: WHAT ENTREPRENEURIAL EXPERIENCE IS APPRECIATED BY WHOM?

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Principal topic

The benefits from ture, showing that ventures founded by serial entrepreneurs perform better than firms started by nstartups experience inside entrepreneurial firms have earned large interest in the literat above entrepreneurs. However, few people become serial entrepreneurs, but take on wage-jobs after some years as self-employed. This can be problematic given the prominent role that entrepreneurs are assigned in the society for economic growth and job creation. However, entrepreneurial experience may also be valuable outside startups. Thus, focusing on rewards only within an entrepreneurial setting provides an incomplete picture of all possible benefits, or drawbacks, deriving from entrepreneurial experience. Still, what benefits former entrepreneurs’ experiences may bring to themselves, their future employers and to the society, after they have left the startup field, are largely unknown. Drawing on human capital theory, this paper aims at answering the following questions: (i) how do variations in entrepreneurial history, i.e., length of entrepreneurial experience and the exited firm’s characteristics, funding, performance and exit pattern, affect post-entrepreneurial rewards?, and (ii) what entrepreneurial experiences are considered attractive to various types of employing firms?

Method

We combine a qualitative pre-study with a quantitative longitudinal study. The pre-study includes 12 founders, observed over a period of 5-14 years from firm founding. The quantitative study originates from unique data of 1,462 entrepreneurs with high growth ambition from 520 innovative firms founded between 2002 and 2012. The dataset is combined with data from Statistic Sweden’s database Mona. We focus on entrepreneurs who are neither self-employed nor unemployed in a specified initial year of the panel (ranging from 2002 to 2012).

Results and implications

Our qualitative study reveals the following results: (i) individuals with longer entrepreneurial experience gain higher rewards when taking on wage-jobs in comparison with others, (ii) former entrepreneurs are more likely to be employed as managers than as specialists, (iii) former entrepreneurs are more likely to be employed in high innovative industries, (iv) entrepreneurs exiting ventures with strong financial performance get higher rewards than others, and (v) entrepreneurs with prior experience from raising VC funds receive higher rewards than others. Undoubtedly affected by entrepreneurs’ earlier behavior, including their management of investors and investment situation. This support a path dependency tendency in the financing of startup firms.

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SUMMARY
FROM SELF-REGULATION TO PERFORMANCE: EXPLORING THE ANTECEDENTS AND OUTCOMES OF ENTREPRENEURIAL ALERTNESS
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Principal Topic
Entrepreneurial alertness has long been a prominent construct of interest in entrepreneurship research. Recently, Tang and colleagues (2012) have proposed a more nuanced process model of alertness composed of three dimensions – scan/search, association/connection, and evaluation/judgment. Subsequent research based on this conceptualization has advanced our understanding of how alertness ties to the opportunity identification process. However, our understanding of the antecedents and firm-level outcomes of entrepreneurial alertness is still limited. In the current study, we theorize that important aspects of individual self-regulation (promotion focus, learning goal orientation, and metacognition) are instrumental in facilitating the development of different dimensions of entrepreneurial alertness. We propose that an entrepreneur’s promotion focus is positively related to the scan/search dimension of alertness, while his/her learning goal orientation and metacognitive capabilities are independently and positively related to each of the three dimensions of alertness and consequently, alertness as a whole. Additionally, we theoretically connect each element of entrepreneurial alertness to firm performance to understand variability in entrepreneurial success.

Method
We collected survey data from 204 entrepreneurs with businesses located mostly across the midwestern United States. Most of the measures used in the study have been previously established and validated. The article’s hypotheses were tested using structural equation modeling (SEM) with STATA 14.2.

Results and Implications
We largely find support for our hypotheses. Overall, we find empirical support for our central argument – alertness through its underlying three dimensions mediates the relationship between aspects of individual self-regulation (promotion focus, learning goal orientation, and metacognition) and firm performance. This study extends emerging research indicating the significance of self-regulation to various facets of entrepreneurial cognition and behavior. Further, it extends our understanding of variability in entrepreneurial success based on individual-level self-regulation variables. Finally, this research has practical implications for seasoned and nascent entrepreneurs alike, in that the development and orientation of individual self-regulation bears important implications for both alertness and, ultimately, firm performance.

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SUMMARY

ENTREPRENEUR-IDEA-ENVIRONMENT NEXUS:
A MULTILEVEL MODEL OF ENTREPRENEURAL OPPORTUNITY EVALUATION
DECISIONS

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Principal topic

While prior research has led to significant advancement in our understanding of opportunity evaluation decisions, there still exists a gap for a multilevel study. It has been indicated in the literature that entrepreneurial decision-making can promisingly be explored by adopting a multilevel approach (Shepherd, 2011), however, to date scant research has paid attention to this matter. Moreover, recent developments on the nature of entrepreneurial opportunities (Davidsson, 2015) highlight a need for the empirical demarcation of idea attributes, external enablers, and opportunity beliefs. To fill these gaps, this study employs a quasi-experimental approach to investigate the effects of entrepreneur’s characteristics, idea attributes and environmental enablers on the formation of opportunity beliefs. We draw on the central thesis that entrepreneurial decisions are subject to varying degrees of uncertainty at different levels of decision factors. Informed by this overarching logic, to study the effect of ideas, we focus on the innovativeness of markets and technologies because they fully exemplify decision making under uncertainty; pursuing innovative ideas requires exploring unknown routes. To study the effect of environment, we draw on external enablers framework (Davidsson et al., 2018) and focus on the geographical scope of environmental factors as a source of uncertainty influencing the formation of opportunity beliefs. Finally, we focus on tolerance for ambiguity as an important characteristic of entrepreneurs.

Method

We empirically test the model using a conjoint experiment. We ask a sample of 120 entrepreneurs in the United States to form beliefs in response to 18 opportunity scenarios. Our full factorial design includes 18 scenarios with different levels of market innovation (3 levels), technology innovation (3 levels) and scope (2 levels). We separately measure an entrepreneur’s tolerance for ambiguity through a self-report instrument.

Results and Implications

The results of our analysis demonstrate that there is a skewed inverse U-shaped relationship between the innovativeness of technology and the strength of opportunity beliefs, such that at high levels of technology innovativeness the strength of opportunity beliefs diminishes. Our results also provide support for a positive influence of geographical scope and market innovativeness on the strength of opportunity beliefs. In sum, we contribute to theory by deepening our understanding of opportunity evaluation decisions.

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SUMMARY

FROM OPPORTUNITY RECOGNITION TO OPPORTUNITY EVALUATION: A CONGRUENCE PERSPECTIVE OF OPPORTUNITY BELIEF FORMATION

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Principal Topic:
Opportunity belief formation is broken into two distinct phases. Third-person opportunity beliefs (i.e., an opportunity for someone) form during the opportunity recognition phase. First-person opportunity beliefs (i.e., an opportunity for me) form during the opportunity evaluation phase. Despite the importance of opportunity belief formation to theories of entrepreneurial action, research on third-person opportunity beliefs (i.e., opportunity recognition) and first-person opportunity beliefs (i.e., opportunity evaluation) have emerged separately. To address this gap, we developed a model of belief formation premised on congruence. We introduce the perceptual concepts of capability image congruence, goal image congruence, circumstance image congruence, and identity image congruence to explain why some individuals transition from third-person opportunity beliefs to (un)favorable first-person opportunity beliefs, while others do not.

Method:
Data were collected in two parts separated by one week. A total of 180 entrepreneurs participated in both parts. We tested hypothesized relationships using Moderated Multiple Regression.

Results and Implications:
We find support that capability, goal, and circumstance image congruence moderate the relationship between opportunity recognition beliefs and first-person opportunity evaluation, such that as congruence increases, the positive association between opportunity recognition beliefs and first-person opportunity beliefs increases.

The first contribution seeks to introduce a theory of perceptual congruence whereby individuals’ images of the ideal candidate associated with third-person beliefs are compared to the individuals’ images of the self. In this way, first-person opportunity beliefs arise when individuals “see” themselves as the ideal candidate for opportunity pursuit.

Second, extant research examining third-person and first-person opportunity beliefs are often premised on some formulation of expected utility models in that individuals are often depicted forming opportunity related beliefs through conducting a type risk/reward calculation. We seek to complement this perspective with the congruence (i.e., individual-opportunity fit). The implication being that individuals consider how the opportunity pursuit fits within their personal situations and contexts. Accounting for individual-opportunity fit provides a complementary lens to account for why individuals pursue seemingly low-quality opportunities in poor performing industries and do not act on recognized promising opportunities.

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SUMMARY

AN INCUBATOR OF ENTREPRENEURSHIP SCHOLARS:
THE IMPACT OF THE BCERC DOCTORAL CONSORTIA ON ENTREPRENEURSHIP
RESEARCH

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Malin Brännback, Åbo Akademi University, Finland
Alan Carsrud, Åbo Akademi University, Finland

Principal Topic

Socialization of entrepreneurship scholars may be modelled as a dynamic process. In one part of
this process students obtain information about the role as scholar from role models, e.g., at BCERC,
and begin to behave less like students and more like scholars (Weidman et al., 2001). This becomes
prevalent during the dissertation stage (Gardner, 2005, 2008) because uncertainty is abundant
(Gardner et al., 2012) as students begin to work independently on research under supervision of
advisors; look for role models in their area of inquiry; and consider employment options (Gardner
2008; Weidman et al., 2001). This is where the doctoral consortia (DC) at the BCERC facilitate
socialization (Sheehy, 1977).

Successful socialization means students have adopted the SKAs, values, and norms expected of
entrepreneurship scholars (Antony, 2002; Tierney, 1997; Weidman et al., 2001). One indicator of
this is a scholar’s research impact (e.g., h-index). Consequently, we examine research outcomes of
participants to assess the potential impact of the socialization facilitated by the BCERC DC.

Method

BCERC provided data on the DC participants between 1985 and 2016. These data were
supplemented with queries using Harzing’s Publish and Perish. These queries were restricted to the
key word “entrepreneurship” and the year of the DC until September 2018. The data include number
of papers published, number of citations, h-index, etc. and a listing of the papers published during
the period.

Results and Implications

Results show that the DC at BCERC has an amazing and impressive impact on the socialization
of entrepreneurship scholars. Many of the DC participants have become leading scholars in
entrepreneurship [e.g., Andrew Corbett, Jeff McMullen, Dean Shepherd, and Johan Wiklund] (Xu
et al., 2018) while others have disappeared from academia. Also, there seems to be a bifurcation in
those that have published a lot with respect to volume and quality and those that have published
little or not at all. Another bifurcation that seems to affect publication behavior is the DC location.
DC held outside the US tend to be larger in number of participants and from more countries than
when held in the US. Overall, our findings show that the BCERC DC performs an essential role in
the socialization of entrepreneurship scholars.

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SUMMARY

DRIFTING FROM CONTROL?: GENDER, GOVERNMENT FUNDING, AND SUBSEQUENT EQUITY FINANCING INTENTIONS OF TECHNOLOGY STARTUPS

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Principal Topic

In 2017, female founded startups accounted for only 3% of all venture capital funding in the United States, even though they represent at least 17% of all U.S. startups. Some scholars have attributed this gender gap in startup equity financing to investor-driven biases against female entrepreneurs in the technology sector. Yet, other accounts suggest an alternate entrepreneur-driven rationale, which purports that female entrepreneurs will be less likely to seek venture capital because women tend to pursue opportunities that embody lower risk, lower capital intensity, and lower growth aspirations than men. This study examines the proposition that female entrepreneurs would be less likely to seek outside equity capital. Moreover, since government-sponsored venture capital (GVC) is primarily motivated to nurture and certify underfunded new ventures for additional funding, we evaluate the moderating influence of GVC on incentivizing female entrepreneurs to pursue additional outside equity.

Method

The data comes from a global survey of new ventures (i.e. Entrepreneurship Database Program). The final sample used in the analysis consists of 1,171 technology ventures from 68 countries. We use multivariate regression analysis wherein the dependent variable assesses the question of “How much additional investment are you planning to secure for your venture: Equity Financing Over the next 12 months?” The independent variable, gender, is a proportional measure of female founders in new ventures. GVC is a dummy variable, which indicates whether the venture has received government equity financing. In addition to the main analysis, we conduct several robustness checks.

Results and Implications

The findings demonstrate that there is a non-monotonic relationship between founders’ gender and subsequent equity financing intentions. This result highlights the limitations of the entrepreneur-driven explanations for the gender gap in equity financing (e.g., venture capital). Furthermore, we demonstrate that GVC enhances female entrepreneurs’ plan for additional equity investments. Thus, our study also contributes to the entrepreneurial finance literature by demonstrating how government-sponsored venture capital influences female entrepreneurs’ propensity toward outside equity financing, and consequently on the founders’ ability to maintain control of their new venture. Overall, our findings suggest new avenues for research that is seeking to understand the persistence of the gender gap in equity financing.

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SUMMARY

THE FOUNDER’S INVESTOR CHOICE – ENTREPRENEURIAL DECISION MAKING IN LIGHT OF THE IVC-CVC-TRADEOFF

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Principal Topic

In the early stage of the firm, the strategic decision making of entrepreneurs is of significant importance as it can strongly influence the venture’s success long into the future. We focus on the initial investor selection by the entrepreneur and especially on the decision to choose between independent and corporate venture capital (IVC vs. CVC). With regards to the IVC-CVC-tradeoff, a CVC might not only offer financial capital but also access to complementary assets at the risk of potential opportunistic behavior by the corporate parent.

This study measures entrepreneurs’ actual decision making with regards to the IVC-CVC-tradeoff at the critical early stage of the firm.

Method

Methodologically, we take an interdisciplinary approach using meta-analysis, a separated adaptive dual response (SADR) discrete choice experiment, and interviews. We do not only measure actual decision making but are also able to measure it ex ante rather than ex post.

In an extensive literature review we pre-selected over 1,600 articles out of which we identified over 60 to illustrate the most significant tradeoffs entrepreneurs face when being confronted with the IVC-CVC-tradeoff. These tradeoffs form the theoretical basis for our quantitative study.

In this experiment, entrepreneurs are repetitively asked to select their preferred investor out of three choices. In addition to demographic criteria, we control for respondents’ entrepreneurial experience.

SADR separates all forced and free choice questions and implements an adaptive mechanism to select fewer, but more informative, free choice questions. It thus avoids issues of traditional DCEs such as context effect or extreme response behavior. SADR also outperforms conjoint in internal, predictive, and external validity as well as accuracy in parameter recovery.

Results and Implications

Theoretically, this is the first study to investigate the founder’s perspective on CVC. Our insights provide us with an improved understanding under which conditions entrepreneurs favor IVC or CVC investment.

Practically, insights from this study help entrepreneurs and investors to get a more nuanced understanding of the relative importance of the particular costs and benefits associated with IVC and CVC.

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SUMMARY

INNOVATORS OR SAFE-HARBOR SAILORS –
HYBRID ENTREPRENEURS’ START-UP CHARACTERISTICS

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Principal Topic

Although the majority of start-ups are founded by individuals who simultaneously hold a wage job, so-called hybrid entrepreneurs, entrepreneurship research has so far dedicated limited attention to the topic. While empirical analyses have confirmed a statistically significant difference between hybrid and full-time entrepreneurs, theoretical knowledge about whether these differences eventually translate into the start-up itself, is still in its infancy. Building on Real Options reasoning and the Theory of Planned Behavior, this paper concentrates on the most important performance indicators for new ventures, firm size and growth, and evaluates whether these two outcomes depend on the chosen entrepreneurial entry. We distinguish between three entry types: full-time entrepreneurs, practicing as well as former hybrid entrepreneurs, the latter describing those who originally started the business in a hybrid setup and later switched to full-time.

Method

To test our hypotheses on the relationship between chosen entrepreneurship path and start-up outcomes, we empirically analyze data of the KfW start-up monitor. KfW is the German national promotional bank and their survey comprises one of the largest available data collections about entrepreneurship in Germany. Data for the monitor is extracted from annually conducted interviews whose participants are selected randomly. For our analyses we use data from the most recent data-waves 2013-2017 with samples of 1,069 and 1,564 observations. To test our hypothesized relationships, we run logistic as well as linear regressions and apply propensity score matching to prove the robustness of our results.

Results and Implications

Results confirm three of our four hypotheses. We find strong empirical evidence for practicing hybrid entrepreneurs to build smaller start-ups than full-time entrepreneurs (-2.46; p ≤ .001) and for former hybrids to show a smaller size gap (-.44; p ≤ .01). Our results show that practicing hybrid entrepreneurs have a lower tendency than full-time entrepreneurs to focus on growth instead of manageability of their start-up (odds ratio = .57; p ≤ .01). We find no significant confirmation for former hybrids to have stronger growth aspirations than full-time entrepreneurs. In summary, our results reveal that hybrid and full-time entrepreneurs are not only different with regards to antecedents, they also build different start-ups. This pronounces the urge for theory and practice to consider the heterogeneity among entrepreneurial entry types.

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SUMMARY
WHEN IN DOUBT, ACT! HOW ENTREPRENEUR'S PERCEIVED UNCERTAINTY PROMOTES COMMUNITY ENGAGEMENT

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Trenton A. Williams, Indiana University, USA

Principal Topic
Entrepreneurial communities of inquiry are diverse, evolving bodies of potential customers, investors, collaborators, and other stakeholders with a shared interest in a potential opportunity (Autio, Dahlander, & Frederiksens 2013; Pardales & Girod, 2006). There is increasing acknowledgment that communities of inquiry play an important role in co-constructing potential opportunities (Wood & McKinley, 2010; Shepherd, 2015), yet little is known about why communities initially engage in the co-construction of a potential opportunity. Drawing on boundary object theory and the creativity literature, we build and test a model of the initial engagement of a community of inquiry by theorizing on the role of entrepreneurs’ perceived uncertainty about a potential opportunity and the prototype development they engage in to reduce that uncertainty.

Method
Our sample consists of 80 medical devices developed between 1999 and 2018 and their associated entrepreneurs and communities of inquiry. This research context is highly suitable because entrepreneurs in the medical industry face large amounts of uncertainty, engage in multiple iterations of prototype development, and tend to keep detailed records due to the need to obtain approval from external regulatory agencies prior to commercialization.

We collected four waves of qualitative data (35,201 pages of single-spaced text and images) and used content analysis to obtain quantitative values for each variable at each time point (Weber, 1990; Williams & Shepherd, 2015). We tested our hypotheses using multilevel SEM.

Results and Implications
We find that prototype development mediates the positive relationship between entrepreneur’s perceived uncertainty and the scope and depth of community engagement. We also find that the greater the depth of community engagement, the lesser the entrepreneur’s subsequent perceived uncertainty about the potential opportunity.

The results have three core implications. First, our model suggests in the absence of an existing community, initial community engagement results from the resource commitments entrepreneurs make when they perceive high uncertainty. Second, opportunity co-construction can occur as an unintended consequence of a common entrepreneurial experience: high perceived uncertainty. Third, our findings suggest that only more developed boundary objects serve as a means of bridging boundaries under conditions of uncertainty.

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SUMMARY
THE SQUEAKY WHEEL GETS THE GREASE! NON-CONFORMANCE AS AN ANTECEDENT TO AUDIENCE RECOGNITION IN SOCIAL MEDIA

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Friderike Bruchmann, Technical University of Munich, Germany

Principal Topic
Preceding any social judgment and subsequent evaluation contributing to a firm’s legitimacy, a venture first needs to be recognized. Generating audience attention is thus the first step within the legitimation process of an organization. This can be increasingly hard in a competitive and fleeting environment like social media, where narratives are described as lacking cohesion and customization.

New ventures missing corporate history and legitimacy are generally advised to focus on conforming to established norms, because audiences may punish non-conformance. This behavior facilitating isomorphism might however erode the new venture’s ability to stand out. While we already know that non-conformance comes with advantages referring to innovation or enables organizations to detach themselves from preexisting norms, the Twitter environment may challenge basic tenets of institutional perspective and instead – at least in audience building phases – also reward non-conformance.

Method
We collected data on 435 US-based start-ups from the very start of their Twitter accounts until the time period after the ventures have received VC-funding, resulting in a total number of over 1,200,000 Tweets. We use computer-aided text analysis to capture different types of non-conforming language and model their effects on 1) virality and 2) media attention. We thus observe ventures’ online communication and study the audience’s reaction in a panel study design.

Results and Implications
While data analysis is still in progress preliminary results show that non-conforming language has a positive effect on audiences, whereas conforming language has a negative effect. We show that taken to far, conformance – as advised by early institutional school – might erode the new ventures capability to attract attention and consequently be recognized by potential resource providers.

Our study seeks to contribute to the literature on distinguishing from a competitive environment within the legitimation process. We therefore offer a systematic large-scale attempt to capture the interplay of non-conformance and conformance on audience recognition. We further consider the growing importance of new media with respect to its role in venture and respond to scholars asking for a linguistic approach to research.

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SUMMARY

OF COURSE, I AM FAIR ... BUT IT DEPENDS ON YOUR GENDER AND ON YOUR ORIGIN: LEGITIMACY PERCEPTIONS OF ENTREPRENEURIAL FAILURES

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Principal Topic

Entrepreneurial failures are not generally perceived as legitimate (Kibler et al., 2017). Failures may be judged even less legitimate if aggravating factors linked to the attributes of the failed entrepreneur exist. Unless external evaluators have a concrete understanding of the causes of the failure, they are likely to be influenced by cues originating from the social system about dispositional attributes of the entrepreneur, such as stereotypes, that are not directly related to the failure (Shepherd & Patzelt, 2015). Lower legitimacy perceptions imply more difficult access to new equity, a higher emotional toll and decreased new entrepreneurial activity. Thus, it is essential that failed entrepreneurs understand how they are perceived to better manage post-failure legitimation strategies. This study sheds light on how stereotypes related to gender and origin affect the legitimacy perception of failed entrepreneurs and how that relationship is moderated by evaluators’ beliefs in a just world (BJW). BJW is a theory of justice that has as its basic premise the notion that people get what they deserve and deserve what they get (Lerner & Miller, 1978).

Method

The findings are based on 2368 decisions nested in 74 individuals from conjoint experiments in France.

Results and Implications

The findings establish that evaluators attribute lower legitimacy to female and to immigrant failed entrepreneurs compared to male and to native entrepreneurs. The effect of immigration on lower perceptions of legitimacy is, however, stronger than the effect of gender. More surprisingly, the study also establishes that evaluators who hold higher BJW attribute lower legitimacy to minority groups than those who hold lower BJW. The holders of higher BJW seem to incorporate the prejudices linked to stereotypes as justified by what failed entrepreneurs deserve and as being institutionalized as components of a fair and just world. First, this study, contributes to bridging the “legitimacy as a perception” and entrepreneurial failure literatures by generating new insights into how stereotypes of gender and origin influence the legitimacy judgments about failed entrepreneurs. Second, by investigating how evaluators’ BJW moderate the relationship between stereotypes and legitimacy judgments, this work contributes to a better understanding of how system inequality and prejudicial stereotypes endure.

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SUMMARY

RELEASE THE HOUNDS! HOW ENVIRONMENTAL MUNIFICENCE AND TAX RATES DRIVE THE EMERGENCE OF OUTLIERS IN NEW VENTURES

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Principal Topic:

Understanding what drives the emergence of new ventures that disrupt existing markets is important to research, policy, and practice. The rarity and disproportionate influence of ventures like this would classify them as “outliers.” Extant research on the emergence of outliers has primarily focused on the relationship between individual-level inputs—e.g., resource endowments, expectations for future growth, and entrepreneurial engagement—and firm-level outcomes such as annual revenue and number of employees (c.f., Crawford et al., 2015). This line of inquiry assumes that once a system grows beyond some threshold of performance, interactions with stakeholders have cascading, nonlinear effects with unpredictable and potentially extreme outcomes. However, there is little research about the environmental contexts from which outlier ventures emerge (Brush, et al., 2008; Edelman & Yli-Renko, 2010). Moreover, no known studies have investigated how the existence of both local munificence and tax policy constraints influence this emergence. The purpose of the paper is to investigate the impact of different environmental contexts on the emergence and growth of outlier new ventures. We hypothesize that environments with above-threshold munificence and below-threshold constraints drive greater startup activity by founders who have much higher expectations for future growth, which subsequently increases interactions with stakeholders (i.e., engagement), and escalates the likelihood of outlier outcomes.

Method:

To most appropriately designate outliers in entrepreneurship, we leverage restricted data from the combined Panel Study of Entrepreneurial Dynamics I & II and conduct maximum-likelihood bootstrapped estimates to find the critical threshold in the distribution of both input and outcome variables. We utilize a heretofore unseen method in entrepreneurship/management research—partially linear additive quantile regression (PLAQR) from Maidman & Wang (2018)—to predict outlier outcomes based on specific nonlinear combinations of input variables.

Results and Implications:

Our preliminary analyses support the hypotheses, suggesting that founder outlier expectations and engagement, when combined with significant environmental munificence and reasonable tax rates, are the most significant predictors of outlier ventures. Our results extend the idea that, instead of removing outliers, studying the nonlinear emergence of these ventures with methods that have similar underlying assumptions can provide substantive insight for entrepreneurship scholars.

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SUMMARY

CO-CONSTRUCTING AN OPTIONAL IDENTITY: A BOUNDARY WORK MODEL OF FAITH AND ENTREPRENEURSHIP

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Rebecca Peets, Miami University, USA

Principal Topic

Although scholars have explicitly identified the presence and evolution of multiple identities, limited empirical attention has focused on the process of multiple identity formation, including the role of organizational members, and how organizations internally manage their initial multiple identities and associated challenges (Pratt, 2016; Pratt, Ashforth, Schultz & Ravasi, 2016). We develop a process-based understanding of multiple identity formation and management as the venture moves from a single identity (entrepreneurial) to multiple identity (entrepreneurial and faith-based) organization to address the research question: How do entrepreneurial founders and team members engage in the formation and management of multiple identities?

Method

We conducted a longitudinal, qualitative case study of an early-stage, entrepreneurial organization taking a grounded-theory approach. We collected data over a 13-month period including 13 site visits, 53 sources of corporate documents, and 45 semi-structured interviews with all members of the organization including co-founders, leaders and team members, as well as past and current board members and contractors.

Results and Implications

Multiple identity formation emerges through four processes: imprinting identity of founders, creating an internal identity reservoir, offering an optional identity choice, and selecting multiple conceptualizations. We find an important mechanism for formation is the use of an optional identity, which we define as an organizational identity element that organizational members choose to opt-into or opt-out of based on their personal preferences. This optional identity gives choice (agency) to both founders and team members as they co-construct multiple identities. As multiple identity formation overlaps with initial management, we find four identity management processes: prioritizing own conceptualization, perceiving optional identity threats, mitigating optional identity threats, and restoring an optional identity choice. We find identity threats occur as choice is infringed upon when internal identity meanings are communicated as external identity claims, suggesting identity work between social construction and social actor perspectives. Finally, we find founders and team members use empathetic middlemen and identity provisions to overcome identity threats and maintain a multiple identity organization. Our findings have implications for multiple organizational identity formation and management, organizational identity choice, and founder imprinting.

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SUMMARY

THE RETURN ON UNIVERSITY-BASED ENTREPRENEURSHIP EDUCATION

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Andreas Rauch, University of Sydney Business School, Australia

Principal Topic

While Harvard University introduced the first entrepreneurship course in 1947, more recently, the supply of entrepreneurship education increased rapidly with more than 3,000 institutions offering courses on entrepreneurship. While recent evidence supports the proposition that entrepreneurship education matters, it is not uncontested. This is due to the multifaceted methodological challenges associated with this research. The present research addresses some of those major challenges by conducting a large scale experiment, controlling for self-selection, and introducing a considerable time lag to investigate the effects of entrepreneurship education.

Method

We employ a field experiment with pretest-posttest comparison group design. The treatment group consists of a cohort of undergrad business students (N = 450) following an obligatory half-year entrepreneurship course. The comparison group follows an almost identical program at the same university with the exception of not having an obligatory entrepreneurship course (N = 451). We measured relevant variables such as entrepreneurial intentions, entrepreneurial self-efficacy and entrepreneurial behavior at four points in time during a 2.5 year period.

Results and Implications

Our preliminary findings indicate that the effects of entrepreneurship education are more complex and differentiated than previously thought. Interestingly, entrepreneurial intentions do not seem to be affected by entrepreneurship education as strongly as commonly assumed, but entrepreneurial education has important positive effects on subsequent entrepreneurial behavior. Implications of this research are twofold. First, we discuss whether a lack of entrepreneurship education is indeed providing a barrier to entrepreneurship and thus, whether entrepreneurship education is effective. We could not replicate previous studies on the relationship between entrepreneurship education and entrepreneurial intentions. Thus, when there is no self-selection, people may become more realistic about their preference of pursuing an entrepreneurial career, but are not necessarily more inclined to become an entrepreneur. However, those students that engage in and like entrepreneurship show more entrepreneurial behavior after receiving entrepreneurship education. Second, we generate insights into the group of people that entrepreneurial education works for, and the length of time that effects last.

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SUMMARY

CONTEXTUALIZING THE ENTREPRENEURSHIP PROCESS: A CONFIGURATIONAL ANALYSIS OF NATIONAL INSTITUTIONAL CONTEXTS' INFLUENCE ON DIFFERENT STAGES OF THE ENTREPRENEURSHIP PROCESS

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Principal Topic

Scholars have been investigating the impact of institutional contexts on entrepreneurial behaviors for several decades. However, the results are still inconclusive, partially because prior research has discounted the effects of idiosyncratic characteristics of different institutional configurations on different stages of the entrepreneurship process. We build upon “comparative capitalism” literature and leverage fuzzy-set Qualitative Comparative Analysis (fsQCA) to address this gap. Our main thesis is that different characteristics of institutional contexts (i.e., formal institutional strength, formal institutional efficiency, and informal institutional support) in different countries generate distinct national institutional profiles with varying advantages for entrepreneurial behaviors performed in early-stage vs. late-stage of the entrepreneurship process.

Method

We choose variables from national-level data sources (e.g., Global Entrepreneurship Monitor, World Governance Indicators, Global Competitiveness Index) to measure the study’s constructs. These variables include: (1) “perception of opportunities,” “entrepreneurial intention,” and “total early-stage entrepreneurial activities” to measure “early-stage entrepreneurship,” (2) “entrepreneurial growth aspirations,” “companies’ innovation capacity,” and “companies’ R&D investments” to measure “late-stage entrepreneurship,” (3) “rule of law,” “political stability,” and “property right” to measure “formal institutional strength,” (4) “business freedom,” “regulatory quality,” and “ease of doing business” to measure “formal institutional efficiency,” and (5) “entrepreneurship as a good career,” “high status for entrepreneurs,” and “encouraging norms for entrepreneurship” to measure “informal institutional support.” We construct indices for the period 2010-2015 using principal component analysis and test our hypotheses using fsQCA.

Results and Implications

The results support our arguments. The configurational recipe for high levels of early-stage entrepreneurship is to have either “formal institutional strength without formal institutional efficiency” or “informal institutional support without formal institutional strength” (consistency=0.94, coverage=0.34). In contrast, the configurational recipe for high levels of late-stage entrepreneurship includes either “formal institutional strength and formal institutional efficiency” or “formal institutional strength and informal institutional support” (consistency=0.95, coverage=0.84). These results highlight that different institutional characteristics have varying influence on different stages of the entrepreneurship process. Informal institutional support plays a more salient role at early-stage while formal institutional efficiency only plays a significant role in late-stage. Formal institutional strength seems to be critical for both stages; however, its role can be compensated by informal institutional support at early-stage.

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SUMMARY

DOES ENTREPRENEURIAL EXPERIENCE REALLY MATTER IN VENTURE CAPITALISTS' SCREENING DECISIONS?
PREFERENCES AND SIMILARITY-ATTRACTION IN THE VC-LEAD ENTREPRENEUR DYAD

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Andrew Zacharakis, Babson College, USA

Principal Topic

Previous research has supported the idea that the human capital of the lead entrepreneur plays a determining role in VCs’ assessment (Baum & Silverman, 2004; Cope et al., 2004; Murnieks et al., 2011; Marvel et al., 2016; Drover et al., 2017; Zunino et al., 2017; Warnick et al., 2018). More precisely, a high level of human capital increases the odds of receiving VCs’ funding. Knowledge of the specific preferences of VCs, however, is still limited to general demographic attributes and mostly studied at the team level (Franke et al., 2008). We do not know how neither how much the different types of entrepreneurial experience of lead entrepreneurs are valorized by VCs. Thus, a more precise understanding of lead entrepreneurs’ experience and how potential investors evaluate that experience is required (Zunino et al., 2017).

Recent research articles also call for a better integration of VCs’ experience and characteristics in the analysis of their decision-making (Murnieks et al., 2011; Zhang & Cueto, 2017; Drover et al., 2017). Considering that many VCs have entrepreneurial experience (Van Osnabrugge &Robinson, 2000; Warnick et al., 2018), our research specifically explores whether this past experience may bias their investment decision. We make the hypothesis that VCs will evaluate more positively (ceteris paribus) new ventures whose lead entrepreneurs have the most similar entrepreneurial experience to theirs.

Method

This study proceeds in two steps: First, we explore what type of entrepreneurial experience of lead entrepreneurs really influences VCs and to what extent. Second, we investigate the VCs’ decision-making bias resulting from their entrepreneurial experience similarity with the lead entrepreneur.

Results and Implications

Our results confirm that the intensity of entrepreneurial experience of lead entrepreneurs does matter to VCs when they screen new ventures proposals. Serial entrepreneurs, successful or failed, who have raised earlier rounds from recognized investors are more likely to receive further evaluation. VCs systematically prefer lead entrepreneurs with higher founding experience whether with success or failure. In other words, whatever the human capital level of the lead entrepreneur on other general attributes, the higher the founding experience, the more likely VCs will positively evaluate the venture for funding independently from the outcome of the venture. A similarity-attraction effect arises when both VCs and lead entrepreneurs have previous experience raising seed-money for a startup they have respectively founded.

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SUMMARY

A PERSONALITY PERSPECTIVE ON VENTURE CAPITAL INVESTMENTS

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Principal Topic

Success in venture capital investments is to a large extent driven by the individual investor. In particular, Ewens/Rhodes-Kropf (2015) demonstrate that the investment partner’s characteristics are substantially more important in predicting investment performance than the VC firm’s. This invigorates an examination of further characteristics at investment partner level, building upon prior research which considers the effects of a venture capitalist’s human capital (e.g., Dimov/Shepherd, 2005; Zarutskie, 2010).

The aim of this study is to introduce a new perspective on VC investments by examining personality traits of individual investors and the extent to which investor personality is related to investment performance. We posit that personality is a strong predictor of performance in the VC context as individual investment partners typically operate under considerable discretion, largely driving their investment decisions and post-investment involvement in entrepreneurial firms. Moreover, we draw on trait activation theory to argue that the strength of personality as a performance predictor varies with contextual factors such as exit type.

Method

We construct a unique sample of more than 900 US-based VC investors that have invested and hold a board seat in at least five entrepreneurial firms based on the Venture Source database. Following prior literature in entrepreneurial finance, we employ a binary dependent variable for a successful exit that is coded 1 if the venture had an IPO or was sold at a price greater than the total capital invested (e.g., Gompers/Mukharlyamov/Xuan, 2016). To operationalize personality, we assess an investor’s Big Five personality traits (McCrae/Costa, 1999) based on their Twitter profile using the psycholinguistic analysis software Receptiviti (LIWC). We conduct logistic regression analysis and include control variables both at investor and investment level.

Results and Implications

Our results show that the investment partner’s personality traits are significant predictors of investment performance: Extraversion relates positively to the likelihood of a successful exit, while agreeableness decreases the chances of a successful exit. Moreover, we find evidence that the personality-performance relationship varies with contextual factors.

We contribute to the entrepreneurial finance literature by taking a novel, interdisciplinary approach and demonstrate that investor personality contributes to a better understanding of VC performance.

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SUMMARY
STRESSED BUT HAPPY? A META-ANALYSIS OF ENTREPRENEURSHIP AND WELL-BEING

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Isabella Hatak, University of St Gallen, Switzerland

Principal Topic
Researchers are increasingly paying attention to entrepreneurs’ well-being as a source of entrepreneurial performance and something that entrepreneurs’ value (Stephan, 2018; Wiklund et al., 2019). Yet uncertainty remains whether entrepreneurship results in higher well-being than other occupations. To date, theory and empirical evidence offer conflicting predictions and findings. They support both lower well-being of entrepreneurs due to their highly demanding and uncertain work as well as higher well-being due to job resources including autonomy (e.g., Cardon & Patel, 2015; Rauch, Fink, & Hatak, 2018; Stephan & Roesler, 2010).

We introduce a component model of well-being and predict that the entrepreneurship-well-being relationship is contingent on how well-being is conceptualized. Drawing on advances in psychological research, our model differentiates between cognitive and affective aspects of well-being; work-related and general well-being; and well-being and ill-being. Building upon arguments from dissonance theory, we hypothesize that cognitive dissonance leads to self-justification processes which result in entrepreneurs’ appraising their work and life situation as highly satisfying, especially when entrepreneurship is voluntarily chosen and in country institutional contexts that facilitate such a choice. The strains of entrepreneurship will be visible in indicators of stress, poor mental health and affect-based indicators of well-being that are less prone to self-justification biases.

Method
We conducted random effects meta-analyses of 198 independent samples and up to N=2,824,084. We identified studies through systematic searches. Two researchers coded all studies independently. We incorporate independent country-level predictors for moderator analyses.

Results and Implications
We found positive relationships between entrepreneurship and work and life satisfaction but no significant relationships between entrepreneurship and positive/negative affective well-being. Positive relationships with mental health problems and work stress indicated that entrepreneurs experience more mental health issues and more stressful working conditions. Substantive moderator analyses are mostly in line with our predictions. Moderator analyses with methodological variables support the robustness of our findings. In conclusion, differential relationship between entrepreneurship and well-being highlight the importance of adopting a component view of well-being: While entrepreneurs are ‘stressed but satisfied’, entrepreneurship appears to have little impact on affective well-being. Overall the well-being benefits of entrepreneurship tend to be small and are shaped by context.

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SUMMARY

CLOSER TO THE CREATOR OR TRUSTWORTHY INVESTORS! STUDYING THE ROLE OF INSTITUTIONAL DISTANCE ON ENTREPRENEURS AND INVESTORS TOGETHER

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Principal Topic

In this study we examine whether the performance of entrepreneurial ventures opting for financial investments through crowdfunding are affected by the distances embedded within country level information pertaining to the crowdfunder and the venture. With increased internationalization and opportunities for entrepreneurial ventures to seek their financial investments over internet-based platforms, venture performance should presumably be less affected by institutional distances between entrepreneur’s and crowdfunders’ country. Since each individual investor only has a small stake in each entrepreneurial venture, it is plausible that institutional distance will not be a concern either for the entrepreneur or the crowdfunders. In this paper, grounding on a consumer perspective i.e. combining ‘contagion-authenticity’ effects and drawing on institutional theory, we analyze how the institutional distance influences a) entrepreneurs’ decision to select a country to raise their financial capital, and b) crowdfunders’ decision to fund a venture based on entrepreneurs’ country of origin, hence affecting venture performance.

Method

Consistent with our theory we draw our sample from ‘Kickstarter’. We test our hypotheses using a unique dataset by combining crowdfunding project level information from Kickstarter with country level information from GLOBE study, World Economic Forum and Global Competitiveness Index. Our dataset consists of 257,223 project initiatives created by 222,342 entrepreneurs with contributions from over 1 million crowdfunders. We built country-dyad level observations by matching a venture-country and a crowdfunder-country during 2009-2016. We analyzed the data using two-step probit model on venture success. We also examined the 2nd step decision making process by including the entrepreneur’s choice of country for fund raising.

Results and Implications

In this paper, we advance a two-stage, venture-crowdfunder model of crowdfunding venture performance. We investigate the process by which the ‘contagion-authenticity’ effects manifest through the country of origin of the venture in reward-based crowdfunding. Drawing on institutional distance and grounding on a consumer perspective, our results indicate that institutional distance significantly influences ventures’ decision on country selection to raise their financial capital, and crowdfunders’ selection to support a venture. We further found support for our argument that as potential customers, crowdfunders get influenced by the cues from venture’s country of origin. This study is first to the best of our knowledge to consider both venture and crowdfunder’s perspective to test the impact of institutional distance in an online based financial investment decision.

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SUMMARY

LUCK IN ACTION – CREATING LUCK MOMENTUM IN AN ENTREPRENEURIAL CONTEXT

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Principal Topic

Two related insights underlie the discussion of luck and its relationship with firm performance (Fitza 2014; Quigley & Graffins, 2017). On the one hand, scholars suggest that luck is an important explanatory factor for entrepreneurs’ and firms’ success (Baron, 1998; Görling & Rehn, 2008), but research also considers luck as an “error term” without any significant effect on firm performance (Anderson et al. 2001). This mixed evidence of luck’s role in its phenomenon of explanation creates tensions in the literature. We argue that these stem from the ambiguity of luck’s definition and measurement (Görling & Rehn, 2008; Liechti et al., 2017). The seemingly growing tendency that luck construct is drifting (Thompson, 2011) provides theoretical motivations for us to ask what luck is and to rethink how luck happens.

Method

We revisit and contextualize the luck construct by empirically investigating how entrepreneurs perceive luck. To do so, we examine 87 life-story interviews and apply a sequential qualitative analysis to inductively address our research question. Concretely, data coding and analysis consisted of three steps (see Durand & Vaara, 2009): (1) identifying luck instances; (2) understanding the explanations of the luck instances; (3) within and cross case comparison. Through conducting these steps, we identify patterns of when luck is defined and how luck is perceived within and across cases.

Results and Implications

Our findings provide new insights into how luck is defined. First, we find four conditions that precede the entrepreneurs’ narrative of luck. These conditions include act on aspiration (Jiang & Rüling, 2018), act on impulsivity (Wiklund et al., 2018), persistent actions under adversities, and clarifying the outcome. Second, our results show that luck has momentum, quick and slow luck, which are temporally distributed outcomes of luck’s conditions. Our findings provide theoretical contributions. First, we extend the idea of luck from random acts of chance to a subjectively perceived construct. This adds new aspects on the prevailing rationalist tradition of seeing luck. Second, we bring temporality into the luck construct and discuss its implications to entrepreneurs’ success. We provide theoretical grounding for how and why such relationships unfold and plausible explanations to the mixed evidence of how luck relates to success.

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SUMMARY
THE LIFE PARTNER AND THE WELLBEING OF THE ENTREPRENEUR
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Frank Lasch, Montpellier Business School, France
Arnd Werner, University of Siegen, Germany

Principal Topic:
The wellbeing of individuals is an important economic variable indicating social progress (Andersson, 2008). Supranational organizations (e.g. OECD) seek to capture socioeconomic progress with initiatives aiming at understanding how individuals feel about their lives (i.e. how’s life?). There is strong evidence that entrepreneurship, as compared to wage-work, is associated to augmented job satisfaction (Blanchflower, 2004; Blanchflower et al., 2001; Blanchflower and Oswald, 1998); yet, drivers of the overall wellbeing of entrepreneurs remain less clear (Dolan et al., 2008; Binder and Coad, 2016). This is precisely the focus of this study. Acknowledging the complexity of the concept of wellbeing, we spotlight particularly the immediate environment of the entrepreneur i.e. a family condition, which is the life-partner of the entrepreneur.

Entrepreneurship can bear some negative consequences on the individuals. On the one hand, being one’s own boss seems to provide control over the work situation through increased schedule flexibility and freedom; which enables a better balance of work and family (Loscocco, 1997; Parasuraman and Simmers, 2001). On the other hand, self-employment is also associated with heavy workload, financial uncertainty and higher levels of stress (Dahl et al., 2010) that may lead to increased work-family conflict (Blanchflower, 2004) as well as health issues for the entrepreneur and those close to him or her such as the life partner (Dahl et al., 2010).

Method:
Taking a look at the family in the life of the entrepreneur, family is well acknowledged to be important (Aldrich and Cliff, 2003). The life partner, in particular, has a critical yet unexplored role in the life of the entrepreneur (Williams, 2012). In our study we aim at getting new insights how the life partner can influence the wellbeing of the entrepreneur. Our study especially targets the life partner’s employment-type that might cause different impacts on entrepreneurial wellbeing.

Results and Implications:
Our results of simple linear regression models align with the assumptions of Becker’s family economics theory (1993) stipulating that the maximization of the household utility and that of each member is governed by altruistic behavior as well as the resources available. The more the resources of each member are complementary to each other (i.e. each member is specializing in different domains), the better off is the utility of each family member (their wellbeing). These results are of high relevance to entrepreneurs and policymakers who are already looking at entrepreneurs and their family context together.

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SUMMARY

A MODEL OF ENTREPRENEURIAL SCALING: FIRM GROWTH AS NEWTONIAN MOTION

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Principal Topic

Entrepreneurial scaling represents firm’s organizing in response to growth (Eisenmann & Wagonfeld, 2012). The studies on scaling have traditionally focused on internal characteristics like organizational design, team composition, and organizational culture (Desantola & Gulati, 2017). Yet it is unclear how different forces, both environmental as well as organizational, combine to shape this process. As a result, the core mechanisms of organizational scaling (e.g., velocity, acceleration, inertia, and momentum) remain understudied. We view scaling as organizational motion toward a strategic objective and use the insights from mechanical physics—Newton’s laws of inertia, acceleration and opposite reaction—to analyze and predict entrepreneurial growth.

Method

We test our hypotheses using three matched datasets: Business Registry, Business Expenditure in Research and Development, and the UK Innovation Survey during the period of 2000-2017. The sample comprises 33,567,320 observations across 16 industrial sectors. Strategic motion of a firm is represented as a combination of the mass of a firm, proxied by employment, and multiplied by its acceleration, expressed in firms’ ability to grow faster than the competitors within the industry.

Results and Implications

Indeed, inertia is present in firm’s growth, but it is short-lived. The firms that have grown their size and market share in the past continue to grow their size and market share in the subsequent period. Interestingly, the ‘memory’ of the process dissipates over time which means that the simultaneous effect is stronger than past effects. Further, the acceleration process, captured as the interaction coefficient of the firm mass and lagged dependent variables, is positive and adds to the overall inertia illustrating a self-propelling nature of this mechanism. Finally, our examination of the potential opposite reactions between the growth of incumbent firms and the entrepreneurial ecosystem across two market conditions—shrinking vs. growing market—reveal the differences between physical laws and market laws. In a shrinking market firms are more likely to switch industries in order to grow, and an increase in employment of the incumbents does not lead to the same change in employment as we would expect from Newton’s third law. In a dynamic market the relationship is more complex, challenging the law’s applicability to management science. With this study, we strive to inform managers, policymakers, and researchers.

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SUMMARY

THE DYNAMIC APPLICATION OF EFFECTUAL AND CAUSAL DECISION-MAKING IN LOW-UNCERTAINTY NEW VENTURE CREATION

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Principal Topic

Entrepreneurs’ strategic decisions regarding entrepreneurial choice in new venture creation have been discussed by many entrepreneurship scholars (inter alia Shane and Venkataraman, 2000; Alvarez and Barney, 2007; Gartner, 1985; Bird, 1992; Timmons, Spinelli and Tan, 1994). A leading entrepreneurial theory dealing with learning in uncertain environments is effectuation theory (Fisher, 2012; Welter and Kim, 2017). It is not known whether ‘ordinary’ entrepreneurs can learn to become “Effectual Experts”, or whether it is reserved to what Arendt et al. (2015) call exceptional “outlier entrepreneurs.” This research therefore addresses this gap with an exploratory qualitative study of ordinary entrepreneurs exploring their decision-making process in venture creation process and asking whether as they learn, they become more effectual.

Method

This research uses an exploratory qualitative methodology to iterate the initial heuristic. We choose a single small-scale case study (Drever, 1995) of the craft beer industry, characterized by cooperative interactions between entrepreneurs (Mathias et al 2017; Frid et al, 2018). We use semi-structured interviews (Rand, 2009) to gather data around our model’s process, learning and choice variables. Twelve entrepreneurs were interviewed, one interview lacked sufficient depth for validity purposes. We distinguished seven novice entrepreneurs without prior venturing experience and expert entrepreneurs (Auto et al., 1993). Data was prepared by coding interview transcripts following a codebook setup by two coders, one effectuation research expert and one novice. Coders coded individually, comparing transcripts and resolving differences mutual discussion to produce the authoritative coding.

Results and Implications

In total, effectuation approaches were used 104 times whilst causation was used 113 times. The results of the Fisher’s exact test show no significant differences between novice and expert entrepreneurs in overall use of effectuation versus causation, nor in the different stages. Our research demonstrates novice entrepreneurs using effectual strategies, depending on the venture positioning, fitting Reyment et al (2015)'s hybrid decision. Novice entrepreneurs’ approaches gradually shift over time, suggesting a learning process rather than the existence of discrete categories. More consideration is required for hybridity and fuzziness, learning and transitions in categorical definitions of entrepreneurial strategic decision-making.

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SUMMARY

STARTUP FIRM VALUATION IN FINANCING rounds:
THE EFFECT OF INVESTOR COMPOSITION

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Principal topic

How startup firms are financed has become a central issue to scholars and policy makers alike, as early funding is found to have substantial implications for the survival, growth and performance of young firms. One element in the financing process concerns how to value young firms. During a firm’s lifetime, several situations arise when its value has to be determined. One is when investors, such as venture capitalists (VCs) or business angels (BAs), show an interest to provide capital. Some ventures receive multiple rounds of funding from external investors, whereby firm values must be set at each occasion. Valuation is of vital importance for the entrepreneur, the investors as well as the venture. Still, the valuation of startup firms is considered the most misunderstood part of the investment process. This study seeks to contribute to the understanding of company valuation through the investigation of how, and why, the valuation of startup firms changes from one investment round to another.

Method

Our sample consists of an unbiased homogenous sample of 520 high potential Swedish firms from establishment and forward. Our main objective with this report is to follow the 170 externally equity financed firms and study how they were funded across 778 rounds, how the valuations change over time and what determine possible valuation shifts. We use panel data analysis in order to predict change in valuation across time.

Results and implications

Descriptive results reveal the following: 170 (32.7 percent) out of 520 of the most innovative startup firms in Sweden got at least one significant investment, i.e., over 499 MSEK, over the study period. The average number of rounds per startup firm is 5.4, ranging from two to 16. The average investment size per firm is 23.3 MSEK. It is 2.5 years to the first investment and then approximately one year between follow-up rounds. Firm performance has a limited impact on subsequent valuations despite previous theorizing. Instead, there is a “deal” effect. Investment size, valuation, and type of investor in previous rounds have a positive effect on both size of the subsequent round and valuation. Firm valuation and the ability to attract large investment sizes are undoubtedly affected by entrepreneurs’ earlier behavior, including their management of investors and investment situation. This support a path dependency tendency in the financing of startup firms.

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SUMMARY

DOING GOOD OR DOING WELL? THE INTERPLAY BETWEEN PRO-SOCIAL ATTITUDES AND INDUSTRY NORMS IN DEVELOPING NEW VENTURE IDEAS

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Per Davidsson, Queensland University of Technology, Australia

Principal Topic

What factors make individuals willing to start more socially vs. predominantly profit-seeking ventures? Currently, the motivations behind social entrepreneurship remain under-theorized, despite its importance. This study addresses this gap by examining the interplay between personal and contextual factors in the emergence of social enterprises. For this, we draw on institutional theory and on Davidsson’s (2015) arguments about the importance of examining antecedents and consequences of the characteristics of new venture ideas. We theorize that the degree of social orientation of the idea is determined by personal factors such as attitudes and experience, but also by external conditions such as the institutional norms present in the environment.

Method

Making use of previous research asserting that pro-social motivations might supplement traditional self-oriented motivations in encouraging social entrepreneurship, we hypothesize that the higher the pro-social attitudes of the entrepreneur, the more socially-oriented the new venture idea.

However, despite pro-social attitudes being universal human motives the vast majority of new ventures have profit as their main goal. Institutional theory states that mimetic and coercive isomorphism can explain why business founders, despite their pro-social attitudes, adopt standard practices such as profit orientation. Thus, we put forth that the stronger the profit-maximization norm is perceived to be in the target industry, the less socially oriented the new venture idea. Similarly, the stronger the profit-maximization norm is perceived to be, the smaller the influence of pro-social attitudes on the social orientation of the new venture idea.

Drawing on the literature on human capital, we further theorize the greater the entrepreneurs’ work experience in the Third Sector, the more socially oriented the new venture idea. Moreover, the greater work experience in the Third Sector, the weaker the influence of the perceived profit-maximization norm will be on the social orientation of the new venture idea.

We used data from two survey studies to test of our hypotheses. In Study 1 we administered a survey instrument to 197 postgraduate students, while in Study 2 we relied on a sample of 103 active entrepreneurs.

Results and Implications

First, we hoped to have contributed to the literature on social entrepreneurship by demonstrating how individual- and industry-level factors influence the degree of social orientation of new venture ideas. Second, by focusing on an important characteristic of new venture ideas, namely their degree of social orientation, we input to future research on the “entrepreneurship nexus”, reducing the current over-emphasis on the characteristics of the entrepreneurial agent alone. Lastly, as concerns institutional theory, our study answers calls for empirical research on the micro-foundations of institutions, by exploring the constraining effect of dominant institutions on the attitudes and motives of social actors.

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SUMMARY

EVALUATING THE SOCIETAL IMPACT OF PROSOCIAL ORGANIZING:
ENVIRONMENTAL ENTREPRENEURS AND VALUE CREATION

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Principal Topic

Scholars suggest that transitioning towards sustainability amidst rising environmental challenges is only possible with dramatic clean energy innovation and adoption across multiple sectors globally (Lenox & Chatterji, 2018; Hall, Daneke & Lenox, 2010; Howard-Grenville et al, 2014). Existing research streams observing facets of such activity and outcomes, e.g. entrepreneurial entry of clean energy firms, rarely ask questions regarding the impact of their organizing (Wry & Haugh, 2019). The predominant emphasis has been on improving organizational performance or understanding institutional contexts that impact entry processes (York & Lenox, 2014).

While it is important to understand the factors that influence entrepreneurial entry, what is now needed is an examination of whether such entry is in fact diminishing the negative environmental impacts. Recent scholars have called for research that explore how entrepreneurial entry can create ecological value (Thompson, Kiefer & York, 2011). In this paper, we explore the extent to which clean energy companies are integrating renewables as a fossil-fuel replacement within the economic system, and thereby creating ecological value.

Method

Using prior literature and longitudinal data on energy-based emissions from International Energy Agency (IEA) and Energy Information Administration (EIA), we create a measure of ecological value creation, defined as the differences in mix of sectoral clean energy at various levels over time. Firm entry has been collected from the Cleantech i3 network, spanning data from 1974 to 2016 representing 12,532 clean energy technology firms. We model the main effects of the role of environmental entrepreneurs’ entry on regional ecological value creation, controlling for the effects of interventions, such as growth of conducive institutions through relevant public policies.

Results and Implications

The analyses provide general support to the positive relationship between entrepreneurial entry ecological value creation – although this effect is contingent on a set of institutional factors. Contributing to new and novel empirical estimations, the study allows scholars to extend the field by asking and quantitatively testing further questions. In integrating such perspectives, the current study provides conceptual clarity to the nature and determinants of sustainability outcomes and environmental entrepreneurs’ role (George, 2016; George et al, 2016; George, Schillebeeckx & Liak, 2015; Hall, Daneke & Lenox, 2010; Howard-Grenville, et al, 2014)

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SUMMARY

ENTREPRENEURIAL LEARNING FROM FAILURE IN HIGH-TECH FIRMS IN CHINA

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Principal Topic

New product development (NPD) projects are crucial to high-tech start-ups. However, failures are more frequent than successes, due to the highly uncertain nature of NPD projects, especially those cultivating cutting-edge technology to develop novel products and enter nascent markets. How entrepreneurs learn from NPD failures and ensure that lessons are learned towards subsequent projects is a key differentiating factor.

Prior entrepreneurship literature recognizes that failures can serve as a fundamental learning experience for entrepreneurs, but also points out that not all failures are equally adept at enabling learning and not all entrepreneurs are equally versed in learning from failure. This is the starting point of our study, and we focus on exploring the reasons why some entrepreneurs are more able to learn from failures than others? Prior literature does not provide convincing and conclusive evidence on these questions. We argue for an integrated approach to understanding how entrepreneurs can turn failure into a fundamental learning process. Learning from failure takes place when the nature of failure experience is examined in conjunction with entrepreneurs’ error orientation.

Method

A survey was conducted among 1812 high-tech firms compiled by Shanghai Science and Technology Committee in China. A total of 237 valid responses from NPD project leaders were received, an effective response rate of 13.08%. Non-response bias and common method bias were not significant, and reliability and validity were satisfactory.

Results and Implications

Our results show that the volume of failure experience negatively affects learning from failure, and their negative relationship is weakened as error competence increases. In contrast, the volatility of failure experience positively affects learning from failure, and their positive relationship is weakened as error strain increases. The results suggest that understanding entrepreneurial learning from failure requires a more nuanced examination of not only the nature of failure experience but also entrepreneurs’ individual error orientation, which functions like an on-off switch of learning from failure. Our study contributes to the entrepreneurship literature, especially entrepreneurial learning from failure, by bringing together the experiential learning theory and the error management perspective in psychology.

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SUMMARY

WHEN DOES AN ENTREPRENEUR NOTICE CHANGE IN ENVIRONMENT?
MODERATING ROLE OF COGNITION AND GENDER

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Principal Topic

Environmental changes undercut the appropriateness of developed routines (Dowell and Swaminathan, 2006; Ruef, 1997) leading to accentuated or attenuated performance (Haveman, 1992; Haveman, Russo, and Meyer, 2001; Meyer, 1982; Sine and David, 2003). Furthermore, it could lead to a change in opportunity belief (Bradley, Aldrich, Shepherd and Wiklund, 2011). However, such a change in opportunity belief as a result of a change in the environmental factors is only possible if an entrepreneur notices those changes.

This study aims to evaluate how an entrepreneur’s cognition and gender affect his/her ability to notice a change in the task environment. Maula, Keil, and Zahra (2013) highlight two factors that enable firms to notice changes in the environment: the type of change (discontinuous vs incremental) and industry ties. Furthermore, Shepherd et. al. (2017) argue organizational factors affect the ability of an individual to notice an environmental change. Depending upon the nature of change, various factors can affect whether an entrepreneur notices change in the environment.

Method

Environmental change will be broadly classified into two groups i.e. incremental change and discontinuous change. We will use convenience sampling for a pilot test. We will use entrepreneurship students as our sample. The minimum sample size we require for our study is 300, assuming a moderate effect size. We expect to complete the data collection process by the end of November 2018.

To test our hypothesis, we plan to randomize environmental change by randomly assigning participants to either incremental environmental change or to discontinuous environmental change. Furthermore, we will randomize cognition by randomly assigning some individuals to intuition condition and others to deliberate reasoning condition. This procedure helps to establish causality (Antonakis et al. 2010).

Furthermore, we will use the LAVAAN R package to conduct a Covariance Based Structural Equation Modeling Approach (CSA). In addition to providing the estimates, this approach tests the model invariance to understand if the measurement models across the groups are comparable (Qureshi and Compeau 2009; Cheung and Rensvold 2002) and it allows the identification and measurement of errors.

Results and Implications

We expect the entrepreneurs using their intuition to notice incremental changes and entrepreneurs using deliberate reasoning to notice discontinuous changes. However, we expect the degree of relationship to be different for males and females. This study highlights an important yet relatively under focused phenomenon.

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SUMMARY

ENTREPRENEURIAL ECOSYSTEM, ENTREPRENEURIAL ORIENTATION AND INCUBATOR PERFORMANCE: EMPIRICAL EXAMINATION FROM FRANCE

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Jeffrey Covin, USA

Principal Topic
In the field of entrepreneurship, entrepreneurial ecosystem (EE) offers a better understanding of the entrepreneurial context. Entrepreneurial orientation (EO) is also a central concept, defined as a propensity for risk-taking, innovation and proactivity, mainly tested on entrepreneurs, start’ups or large organizations, but not on business incubators. Incubators are evolving organizations that support tenants, business creation, and economic development. As key players of the EE, incubators play an intermediary role by establishing a bridge between tenants and their external environment. While the evolving nature of the EE pushes incubators to implement a real action strategy and develop risk-taking, proactive and innovative behaviors, incubators still lack establishing their own strategy and EO. Previous studies focus on incubator performance (IP) and efficiency, but they neglect to explore the EO as driver of IP. Hence, this study aims to test the links between incubator’s EO, EE and IP by exploring the following research question: How does the EO of business incubators impact their performance within the EE?

Our theoretical framework is built upon EO, EE and IP literatures. We assume that incubators EO has a positive impact on IP. The originality of this assumption is related to incubators knowing that previous research focused on tenants and their EO. Furthermore, we assume that the EE has an impact on incubators EO and IP. Previous studies highlighted the link of environmental elements with firm’s EO. This work contributes to these studies by linking the EE (which is broader than the firms’ environment – through adding cultural and relational elements to environment specificities) with incubator’s EO.

Method
To address this issue, we conducted a quantitative survey during October 2015 and February 2016, based on 179 collected questionnaires. Measurements were selected from the existing literature and were adapted to the context of business incubators.

Results and Implications
Our results reveal significant positive relationships between incubator’s EO and performance. We also found that the entrepreneurial and relational dimensions of the EE impact the EO and IP. These results lead the way of discussions connecting the firm’s EO and the EE. This study is the first to empirically test incubator’s EO and IP. It shows how incubators are key players to maintain a sustainable EE through their EO. This work spurs further research into testing the links between EE, EO, and IP and providing useful contributions to the existing literatures on EE and EO.

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SUMMARY

DOES PROXIMITY TO BANKS BRIDGE THE FINANCIAL AND ENTREPRENEURIAL GAPS?

Cynthia Sin Tian Ho, KTH Royal Institute of Technology, Sweden
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Principal topic

Overtime, bank branches are becoming more geographically concentrated in metropolitan areas. The disappearance of banks could potentially be unfavourable to entrepreneurs in the countryside as both proximity to banks and personal relationships are very important for small businesses to get access to credits (Petersen and Rajan, 2002). The objective of this paper is to explore spatial patterns and covariates of new firm formation as well as the development of the banking infrastructure in Sweden. In particular, this paper aims to investigate the importance of proximity to bank branches on the formation of new firms in Swedish municipalities.

Method

A simple linear global model is first estimated as a base model. Geographically weighted regression (GWR) extends the ordinary linear regression by considering the spatial variation of the relationship between response and predictor variables as well as the spatial dependence of regional data. New firm formation per capita is calculated by averaging the number of new firms per 1000 people in the labour force in a three-year period, with the consideration of a one-year lag to mitigate endogeneity problems. Eight predictors variables of new firm formation are used in this study. Separate analyses are conducted for 2007 and 2013 at the municipal level. Spatially constrained multivariate clustering is also applied to the dataset to group municipalities with similar conditions, with the consideration of space constraints. 5 clusters are obtained from the cluster analysis.

Results and Implications

The GWR model has better explanatory power compared to the global model. Mostly positive relationships with new firm formation are shown for human capital level, proportion of foreigners living in the municipality, firm density and industry diversification index. Whereas, mostly negative relationships are shown for establishment size, unemployment rate, industry specialisation and weighted mean distance to the nearest bank branches. Proximity to bank branches has been shown to have a significant positive effect, especially in the southern part of Sweden. The implications of our findings can contribute to policy making. By clustering regions with similar conditions, it is easier to tailor fit and test the effectiveness of policies that aims to improve the entrepreneurial conditions in the region.

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SUMMARY

CRITICAL THEORY: WHEN TOO CRITICAL BECOMES A BARRIER FOR ASPIRING ENTREPRENEURS WITH DISABILITIES

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Principal Topic

In this study, we empirically explore the relationship of barriers to entrepreneurship and self-perceptions of people with disabilities by asking: does self-perception of entrepreneurs with disabilities increase as more programs and support are provided to them? In answering this question, we expand currently identified barriers (Rizzo, 2002; Foster, 2010; Kitching, 2014, Renko et al., 2015) to include disability service providers and advocates for people with disabilities and how these relate to self-perceptions of entrepreneurs with disabilities. Specifically, we invoke self-efficacy instrument from Chen, Greene, & Crick (1998) to gain insights into the correlation between type of barriers and supports.

Method

We collect data in a two phased approach. In phase one, we collected data via 5 case studies in Syracuse, NY. Data collection also included secondary data sources such as business plans, brochures, program annual reports, entrepreneurship program reports, and curriculum information. The case studies were used to inform the data collection process of survey questionnaire used in the phase two. In phase two, we collected data via 190 surveys taken by entrepreneurs with disabilities nationwide. The survey data was used to test our hypotheses using the Ordinary Least Square (OLS) regression (dependent variable = self-perceptions). Each variable is created by averaging across a set of Likert-scale type questions in the survey that purport to measure a particular concept, such as self-perception.

Results and Implications

Chen, Greene, & Crick (1998) divide their self-efficacy instrument into five categories: marketing, innovation, management, risk-taking, and financial control. We use the overall self-perception score and the five categories, and also create two separate categories: self-perceptions about skills, and self-perceptions about strategy and goal-setting abilities. The preliminary results indicate that barriers and challenges experienced currently by entrepreneurs with disabilities significantly diminish their self-perception about entrepreneurial ability, both overall, and across specific categories of self-perception. The initial results indicate that the assistance received from various entrepreneurship programs and disability service providers positively impacts self-perception of entrepreneurs with disabilities. We find that the overall perceptions about pursuing and recommending entrepreneurship are positive related to strong self-perceptions, particularly regarding risk-taking, comfort with identifying as a person/entrepreneur with disability, and external support and programs.

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SUMMARY

TO GET OUT OF THE BUILDING OR NOT? THAT IS THE QUESTION

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Principle Topic

Entrepreneurs are frequently advised to “get out of the building” and consult with customers before any serious efforts to develop a new product or service are undertaken so they can understand what customers really want/need and test the assumptions underpinning their offering. Despite the popularity of this thesis, evidenced by the extraordinary success of the “business model canvas,” “customer discovery,” and “lean startup” movements, there is little empirical evidence to support it. We hypothesize that while involving customers during product/service development will help entrepreneurs create offerings customers are willing to pay for, this benefit is offset by the time it takes to engage them. We further hypothesize that these benefits (increased likelihood of making a sale) and costs (decreased speed to making a sale) are magnified when market uncertainty is high.

Method

We test our hypotheses with the PSED II. We operationalize our dependent variables as whether or not the entrepreneur made a sale and the time between the business idea and the first sale, customer involvement as whether the entrepreneur talked with customers before or after the product/service was completed/ready for sale, and uncertainty as how many customers (none, some, all) would see the product/service as new/unfamiliar. We analyze the data using weighted moderated logit and Heckman regression, controlling for gender, education, race, age, industry experience, start-up experience, household income, social/economic motive, and geographic location.

Results and Implications

We find support for our hypotheses that involving customers is positively related to making a sale, but negatively related to the speed it takes to do so, and that both relationships are exaggerated when market uncertainty is high. Taken together, our results suggest that while the adoption of the widely-advocated “get out of the building” method does seem to increase the likelihood that an entrepreneur will develop an offer that is demanded in the marketplace, particularly where novel offers are concerned, its use does come at the expense of increased development time, a luxury which may not be available to all entrepreneurs due to the resource constraints they tend to face.

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SUMMARY

SHARED VISION AND RESOURCE RECONFIGURATIONS IN ENTREPRENEURIAL TEAMS: THE MODERATING ROLE OF JOINT WORK HISTORY

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Principal Topic

A shared vision is a core element of collective leadership in new ventures. However, little is known about the influence of a shared vision on reconfigurations of entrepreneurial teams, although these can be critical for venture growth.

Building on social capital theory, we argue that a shared vision reflects cognitive social capital triggering both stability and change in a venture’s structural social capital - its entrepreneurial team. Since resource reconfigurations are also affected by relational social capital, we suggest that a shared vision’s impact on team changes is contingent on teams’ joint work history. First, we propose that a shared vision signals goal consensus and facilitates teamwork, making cofounder exits less likely. Second, we expect that a shared vision provides direction towards knowledge requirements, increasing teams’ endeavors to embrace external stimuli and add executives. Third, we posit that teams investing in the complex shared vision development process will leverage existing knowledge and prevent high configuration costs, avoiding team reconfigurations. Finally, we hypothesize that a joint work history intensifies the stabilizing effect of a shared vision by allowing teams to reuse joint routines for leading the new venture, hence reducing their need for cofounder exits and/or executive entries.

Method

We test our hypotheses with survey data of 136 cofounded ventures. For data analysis, we employ a series of probit regressions and plot the interactions. A two-stage Heckman and an instrumental variable probit model indicate that sample selection and endogeneity are unlikely.

Results and Implications

We find that a shared vision reduces the likelihood of cofounder exits and concurrent exits and entries while a joint work history further reduces the probability of executive entries and concurrent exits and entries.

Illustrating the critical role of shared vision for steering entrepreneurial team reconfigurations in new ventures, we advance research at the nexus of entrepreneurship and leadership. We further add to the team changes literature by showing that the chosen leadership tool and prior work history jointly affect team stability. Demonstrating how the interplay of cognitive and relational social capital influences changes in the venture’s structural social capital, we advance literature on social capital in new ventures.

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SUMMARY

ADHD, ENTREPRENEURIAL SELF-EFFICACY AND OPPORTUNITY RECOGNITION

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Principal Topic

In this paper, we attempt to explore an underlying psychological mechanism through which mental disorders impact entrepreneurship, striking a more balanced approach to our understanding of mental health and entrepreneurship. Specifically, we examine a relationship where one neurological disorder, ADHD, may fall short in specific entrepreneurial context, opportunity recognition (“the cognitive process (or processes) through which individuals conclude they have identified an opportunity”) (Baron, 2006, p. 107).

Method

We examine our hypotheses with 179 working adults who have never started a business. Using Stata 14.0, structural Equation Modeling (SEM) with Maximum Likelihood estimator (ML) was conducted to analyze the data. Path analyses showed that ADHD at Time 1 is negatively associated with entrepreneurship self-efficacy Time 2 (b = -0.38, p < 0.05), and entrepreneurship self-efficacy (ESE) at Time 2 is positively associated with opportunity recognition at Time 3 (b = 0.33, p < 0.01). The results are consistent with Hypothesis 1 and Hypothesis 2.

To test the potential mediating effect of ESE Time 2 on the relationship at between ADHD at Time 1 and recognition at Time 3, we specified a structural model containing a direct effect from ADHD at Time 1 to recognition at Time 3 and an indirect effect through entrepreneurship self-efficacy at Time 2. Results indicated that the direct path from ADHD at Time 1 to recognition at Time 3 was nonsignificant (b = 0.05, 95% CI = [-0.13, 0.22]) and the indirect path through ESE Time 2 was significant (b = -0.13, 95% CI = [-0.26, -0.002]), suggesting that ADHD reduced ESE, which in turn led to higher opportunity recognition. Thus, Hypothesis 3 was supported.

Results and Implications

While the entrepreneurship context might provide a person-entrepreneurship fit (Wiklund, Yu, Tucker, & Marino, 2017), individuals with ADHD tendencies are less likely to feel capable recognizing opportunities. Entrepreneurship should be encouraged as vocation along with education and resources that instill entrepreneurial efficacy.

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SUMMARY

THE DECISION-MAKING OF CROWD INVESTORS

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Principal Topic

Crowd investors (i.e., investors in equity crowdfunding) have emerged as a new class of equity investors. Yet, we still know surprisingly little about the strategies they employ when evaluating investment opportunities, and how these strategies impact their subsequent investment performance (Mochkabadi and Volkmann, 2018; Stevenson et al., 2018). We focus on the broader class of information search heuristics (Gigerenzer and Gaissmaier, 2011; Simon, 1992), and examine the investment performance implications of selecting and prioritizing informational cues that confirm (i.e., the confirmation heuristic) and disconfirm (i.e., the disconfirmation heuristic) crowd investors’ initial beliefs about a crowdfunding campaign (Hart et al., 2009; Klayman and Ha, 1987). We propose that the use of these heuristics affects the ability of investors to identify and select high-quality investment opportunities, conceptualized as investments in firms that subsequently survive (i.e., do not go bankrupt), and investments in firms that subsequently raise a large amount of external financing.

Method

We employ two complementary sources of data, survey data provided by investors on a European equity crowdfunding platform, and archival data on the investment behavior of these investors. Our sample includes 476 investors that invested at least once in an equity crowdfunding campaign. We measure the confirmation and disconfirmation heuristics with two newly-developed 4-item scales (both scales have $\alpha = 0.82$) (survey data). We employ two dependent variables (archival data): whether an investor contributed to at least one firm that a. subsequently survived, and b. subsequently raised a large total amount of funding.

Results and Implications

We found supportive evidence that crowd investors search and prioritize information depending on their initial beliefs about a campaign, by engaging in the confirmation and disconfirmation heuristics. However, the investment performance consequences of engaging in these two heuristics are more nuanced. More specifically, we found that confirmatory search helps investors select firms that survive after the initial crowdfunding campaign, while disconfirmatory search helps investors select firms that manage to raise a large amount of fundraising (over multiple fundraising rounds from diverse sources of finance).

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SUMMARY

EVALUATING COMPULSORY ENTREPRENEURSHIP EDUCATION ACROSS PRIVATE AND PUBLIC HIGHER EDUCATION INSTITUTIONS IN NIGERIA

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Andrew Greenman, Nottingham University Business School, United Kingdom,
Kevin Amess, Nottingham University Business School, United Kingdom

Principal Topic:

The logic behind entrepreneurship education is that it can stimulate entrepreneurial intention which potentially leads to innovative entrepreneurship. However, evidence examining the effects of entrepreneurship education on entrepreneurial intention raises two critical issues. First, the effects of contextual factors—such as whether a course is elective or compulsory, or university type is public or private—and experiential pedagogy—teaching practices within and outside the classroom that engage students in learning by action and reflection—are not fully understood. Second, novel impact indicators for assessing entrepreneurship education are required to understand the antecedents of innovative entrepreneurship. We propose intention to innovate.

Method:

We use pretest-posttest research design and structural equation modeling on a survey of 361 students, comparing one public and two private universities in Nigeria to evaluate the impact of compulsory entrepreneurship courses and the role of experiential pedagogy on intention to innovate, relying on the theory of planned behavior. We assess experiential pedagogy through out-of-class-experiences and engaged-faculty constructs.

Results and Implications:

We find that: (a) regardless of university type—public or private, out-of-class experiences and engaged-faculty generate positive behavioral control and attitude towards entrepreneurship; (b) out-of-class-experiences significantly increases intentions to innovate; (c) behavioral control mediates the relationship between out-of-class-experiences and changes in intention to innovate; (d) surprisingly, university type has no direct significant effect on the students intention to innovate.

To our knowledge, we present the first study to investigate intention to innovate as a novel impact indicator of the effects of compulsory entrepreneurship education using the theory of planned behavior. We present evidence of the decisive role of out-of-class-experiences and the mediating role of perceived behavioral control in the development of innovative intentions which is a precursor to innovative entrepreneurship. By this, our results contribute to the field of innovative entrepreneurship and specifically, to the conversation about how to train innovative entrepreneurs. Also, our results show strong support for the theory of planned behavior. Finally, our findings also have practical implications for entrepreneurship educators and policymakers.

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SUMMARY

ARE YOU PART OF THE CROWD?
THE ROLE OF SOCIO-DEMOGRAPHIC AND CONTEXTUAL CHARACTERISTICS FOR CROWDFUNDING AWARENESS

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Sophie Manigart, Ghent University, Belgium

Principal Topic

By drawing on small financial contributions gathered from a large group of individuals residing on the Internet – i.e. the "crowd" – entrepreneurs are able to collect funding and receive society’s feedback regarding their products or services. Yet, who are the individuals that provide this crowdfunding remains largely unclear.

While research has devoted substantial efforts to analyzing the success factors of crowdfunding campaigns, significantly less is known about the supply side. Specifically, we lack a basic understanding of the extent to which people are aware of crowdfunding, and the characteristics underlying this awareness. However, answering these questions is pivotal, as for entrepreneurs identifying and consecutively “tapping the right crowd” is crucial for the success of their crowdfunding campaigns (Belleflame et al., 2014).

This study aims to increase our understanding of the supply side of crowdfunding by focusing on individuals’ crowdfunding knowledge. A key antecedent of an individual’s investment behaviour is his/her financial literacy. Therefore, if we want to understand crowdfunding behavior, we first need to investigate what determines an individual’s knowledge of crowdfunding. Integrating information processing theory with insights from financial literacy and institutional theory, we hypothesize that an individual’s socio-demographic (sex, age, education, and income) and contextual characteristics (cognitive, normative, and conducive environment) will affect his/her crowdfunding awareness. Moreover, in line with information processing theory, we expect that men and women will differ in how they select and process information about contextual characteristics.

Method

We test our hypotheses using individual-level survey data of 1,042 working age individuals from Flanders, the northern and Dutch-speaking part of Belgium. We analyze our data using a two-stage Heckman selection approach and a logistic regression.

Results and Implications

The findings reveal that the majority of respondents have heard about crowdfunding (74%), yet among them only a small share can properly name a crowdfunding platform or a campaign (9%). We find that individuals’ crowdfunding awareness differs considerably depending on their socio-demographic and contextual characteristics, and that women tend to derive their crowdfunding awareness to a larger extent from the contextual characteristics than men. Our study brings important contributions to the crowdfunding literature and implications for practice.

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SUMMARY

GIMME SHELTER: THE IMPACT OF REGIONAL ENTREPRENEURIAL ECOSYSTEM QUALITY ON STARTUP SURVIVAL

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Principal Topic

There has been growing interest in understanding the emergence and dynamics of regional entrepreneurial ecosystems (REE). Most research on REE has largely been theoretical or conceptual, informed by anecdotal accounts, or by qualitative inductive studies. As such, we currently lack empirical evidence that verifies whether the quality of a REE actually matters for startup performance. It is currently unclear which characteristics within a regional EE actually drive startup performance, what is the relative impact of these characteristics, and how these contextual characteristics relate to individual and firm-level characteristics for startup performance. This study fills this gap in the literature using a longitudinal panel of startups.

Method

To create a time-varying measure of REE quality, we collected a variety of metrics. We measured human capital using the percentage of the population with a college degree, supportive culture using ethnic diversity and community social capital, access to finance using the availability of venture capital financing, government grant funding, and small business loans, innovation capacity using the number of patents per capita, and formal support organizations using the number of universities, incubators, and accelerators per capita. These items were then combined into a single time-varying REE quality index factor. We then joined the REE quality index measure to firm-level data from the Kauffman Firm Survey (KFS).

Our findings confirm that higher quality ecosystems shelter startups, while startups in weaker ecosystems are more likely to fade away and fail. We also observe that the different components of the REE have heterogeneous impacts on startup performance. Specifically, we find that a REE’s human capital, innovative capacity, and access to finance are important for the performance of novice entrepreneurs, while a supportive entrepreneurial culture and formal support organizations are equally beneficial for both novice and serial entrepreneurs.

Results and Implications

Our study complements existing conceptual and qualitative studies on REE. We also make a secondary contribution to the literature on the determinants of startup failure. Lastly, our work provides entrepreneurs with practical guidance on resources within the REE that they are most likely to benefit from.

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SUMMARY

A CROSS-COUNTRY STUDY ON THE EMERGENCE OF FINTECH ENTREPRENEURSHIP

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Principal topic

Understanding the emergence of new industries and why they develop more rapidly in some countries than in others should be a core subject in entrepreneurship but research on this matter remains relatively neglected (Forbes and Kirsch, 2011). The aim of our study is to increase our theoretical and empirical understanding of variation in fintech entrepreneurship across countries. For this purpose, we use an institutional economic perspective, which underscores the importance of factor markets and institutions in shaping entrepreneurship (Acs et al., 2017; Holmes et al., 2016; Li and Zahra, 2012). Wan and Hoskisson (2003: 28) highlight that “factors are used to produce goods or services (that is, they are used for transformational activities), whereas institutions are used for the exchange of inputs and outputs with other firms (that is, for transactional activities)”.

Method

In our study, the unit of analysis is the country-year. Using Dealroom, we constructed a dataset covering the number of fintech start-ups in 87 countries for the period 2009-2017. We supplemented our dataset with variables from other sources (e.g., The World Bank, The World Economic Forum). Econometrically, we use quantile regressions. These regressions allow us to observe the impact of factor markets, institutions and their interactions across countries with different fintech entrepreneurship levels. Accordingly, we move beyond the current approach in entrepreneurship research that models the average effect of factor markets and institutions on entrepreneurship. Our approach takes into account that specific factor markets, institutions, and their interactions may have a different effect in countries with different entrepreneurship levels.

Results and Implications

Our results indicate that a more developed venture capital industry (i.e., a key factor market) has a positive impact of fintech entrepreneurship but this positive effect is stronger for countries that already have a higher level of fintech entrepreneurship. We point to several institutions that mitigate the smaller impact of the venture capital industry in countries with a lower level of fintech entrepreneurship. The results of our study will further allow governments to obtain a clear picture of the underlying factors that promote fintech entrepreneurship.

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SUMMARY

ENTREPRENEURIAL ACTION AS A VEHICLE FOR PERSONAL DEVELOPMENT

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Principal topic

Recent research has started to explore how the engagement in entrepreneurship can be a vehicle for the personal development of individuals (Powell & Baker, 2014; Williams & Shepherd, 2016). According to Rindova et al. (2009), entrepreneurial action can help people to overcome internally or externally located constraints and increase perceived freedom and autonomy. Despite the value of extant studies, they reveal little about the process how exactly entrepreneurship is helpful for people in vulnerable situations. In this research, we aim to fill this gap by seeking an answer to the following research question: How can entrepreneurial action be instrumental to the personal development of individuals who face serious constraints?

Methods

We worked hand in hand with a youth care organization in Flanders (Belgium) that aims to strengthen youth who are facing enduring and complex types of adversity. To ground our theory in data, we primarily collected ethnographic data through participatory observation (Hammersley & Atkinson, 2007) in the youth care setting. Narrative and semi-structured interviews (Jovchelovitch & Bauer, 2000; Spradley, 1979 [2016]) with staff and youth were used as secondary resources. All data were coded and interpreted following accepted methods for inductive theorizing from qualitative data (Corbin & Strauss, 2015; Gioia, Corley, & Hamilton, 2013).

Results and Implications

Our current findings indicate that when enduring multifaceted constraints cannot be overcome, there is a way for youth in risk situations to bypass (not solve) these constraints through entrepreneurial action. By engaging in entrepreneurial action, youth can experience a movement along three dimensions: (1) from the self to the other, (2) from consuming to creating, value from resources and (3) from a focus on the present to a focus on the future. Such movements can be facilitated if the opportunities for entrepreneurial activities are created and systematically redefined by others to acknowledge the real position of the youth across the three dimensions.

Through this theorizing, we contribute to theorizing on the transformative potential of entrepreneurship (Rindova et al., 2009; Tobias et al., 2013) by highlighting the value of the process rather than the outcome of entrepreneurial action. We also generate important insights for practitioners who aim to promote entrepreneurship in youth care settings.

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SUMMARY

SUCCESS FACTORS OF INTERNAL CORPORATE VENTURE TEAM PERFORMANCE: A META-ANALYSIS

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Principal Topic

With Internal Corporate Venture Teams (ICVTs), firms aim to explore new business opportunities that its existing teams are unable to accomplish (Burgelman, 1983). Several studies have been conducted on teams in the context of corporate entrepreneurship and innovation such as innovation project teams (Weiss, Hoegl and Gibbert, 2011) or cross-functional teams (Slotegraaf and Atuahene, 2011). When studying ICVTs, scholars (Covin et al., 2016; Crockett, McGee & Payne, 2013) drew their attention to various team-firm-level inputs, team processes and emergent states. However, empirical results of these studies remain equivocal. Consequently, our main research question is “Which team-firm-level inputs, team processes and emergent states are success factors for ICVT performance?”

Method

We relied on established meta-analytic procedures by Hunter and Schmidt (2004) and tested a set of 23 independent variables as potential success factors for ICVT performance. A random effect model was used to measure the corrected mean effect sizes. To correct for measurement and sampling error, we drew on formula by Hunter and Schmidt (2004). The final sample consists of 70 studies (N= 8’731 teams). Besides identifying success factors for specific outcomes, subgroup analyses were performed to investigate whether relationships differ substantially depending on rating source (team member, team leader or manager rating) or measurement differences of key constructs (e.g., functional diversity).

Results and Implications

Our analysis reveals interesting results on both the team- and product-level. For example, functional diversity viewed as key driver in innovative teams (Hirunyawipada and Paswan, 2013) remains unrelated to team innovativeness but is positively related to new product novelty. From a theoretical perspective, this finding suggests that the benefits of functional diverse teams only become evident when measuring its impact on the product- rather than team-level of analysis. Comparing different leadership styles, our subgroup analysis also demonstrates that managers and team members agree on the indispensable role of transformational leadership. However, they highly disagree on the importance of participative and transactional leadership for performance. Whereas managers prefer transactional over participative leaders, the opposite is true for team members. This finding suggests that future research should consider that the evaluation of a determinant as success factor highly depends and varies with a rater’s perspective.

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SUMMARY

INVESTIGATING THE EMANCIPATORY POTENTIAL OF IDENTITY WORK AMONG WOMEN ENTREPRENEURS

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Principal Topic

Prior studies have uncovered difficulties and disadvantages for women entrepreneurs, among others, regarding opportunity identification and resource acquisition (Gupta et al., 2014; Kanze et al., 2018). Further, women entrepreneurs often need to engage in identity work in order to manage their female gender role alongside a male-prescribed entrepreneur role (Diaz & Welte, 2013; Marlow & McAdam, 2015). Defying such inequalities by creating their own business may in turn enable feelings of emancipation (Alkhaled & Berglund, 2018; Barragan et al., 2018). Yet, the possibility for emancipation is very much context-dependent and has been found to sometimes even bear negative consequences (Al-Dajani et al., 2015; Jennings et al., 2016). Hence, in this study, we strive to better understand how female entrepreneurs navigate being a woman, and to unravel how they exploit its emancipatory potential.

Method

We conducted a qualitative study with 25 women entrepreneurs in and from Latin America (Guatemala and Costa Rica). We identified entrepreneurs that are female and that have started their own venture within the last 8 years through purposeful sampling (Patton, 1990), and carried out semi-structured interviews with each of them personally (30-80 min.). For data analysis, we conducted multiple rounds of coding (Miles et al., 2014) while simultaneously considering literature on women’s entrepreneurship, identity work, and emancipation.

Results and Implications

We show that women entrepreneurs, embedded in traditional but changing societal gender norms, experience both positive (e.g. networks, public attention) and negative sides (e.g. lack of respect, conflict of role expectations) of being a woman entrepreneur. Both sides may result in a sense of emancipation by provoking positive associations with being a woman or a drive to counter gender issues respectively. As a result, these women feel empowered to enact their transformational agency (e.g. act as role model, support other women) to further fuel a change in societal gender norms.

By uncovering positive sides, as well as positive outcomes stemming from the negative sides of being a woman entrepreneur, we contribute to entrepreneurship literature on emancipation (Rindova et al., 2009). Further, we highlight the role of context in navigating gender, thereby adding to literature on embeddedness of entrepreneurs (Jack & Anderson, 2002).

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SUMMARY
CAPTURING THE ATTENTION OF SMALL INVESTORS IN EQUITY CROWDFUNDING: AN EYE TRACKING EXPERIMENT

Xavier Walthoff-Borm, Ghent University
Silvio Vismara, University of Bergamo
Vincenzo Buttìcè, Politecnico di Milano

Principal topic

Equity crowdfunding has recently emerged as an appealing funding method because of its inclusionary nature, delivering new investment opportunities to a big new pool of small investors (Bruton et al., 2015; Cumming et al., 2018, 2019; Nambisan et al., 2018). Equity crowdfunding also introduced an "electronic" change of early-stage investments, transforming the way investment opportunities are presented to prospective investors. That is, equity crowdfunding platforms provide investment information simultaneously creating an information-rich environment. This increases the complexity of the investment assessment for small investors (Mahmood et al., 2018). Moreover, they typically lack the required knowledge, incentives and power to conduct a due diligence (Ahlers et al. 2015; Cumming et al. 2019). Our limited understanding of the investment behaviour of small investors is unfortunate considering they are central to the function of this type of market. By contrasting small potential investors with different levels of financial literacy, we investigate whether and how small investors with different financial literacy differ in their attention to information cues. We choose financial literacy because it is the first step towards financial inclusion (Grohmann et al. 2018). To address our research question, we draw on prior theory and research on identity and attention. The central argument in Simon’s theory of decision making (1947) is that individuals have limited attentional capability, which results in their bounded capacity to be rational in their distributed attention. We propose that small investors with different financial literacy levels have different schemata and cognitive structures to process information at different cost.

Method

In this 2 (low vs high financial literacy) x 14 (information categories cues) eye tracking experiment design, 48 participants evaluated an equity crowdfunding campaign while their eye movements were recorded. We find that the high financial literacy group pay significantly less attention to most non-financial information cues. Further, both groups prefer to process financial information, however participants with high financial literacy spend significantly more time and concentration on financial information cues.

Results and Implications

Our study is the first to provide a complete and more complex picture of how equity crowdfunders actually process information. The study’s finding has important implications for policy design, entrepreneurial signaling, and improving equity crowdfunding platform interfaces.

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**SUMMARY**

**DECONSTRUCTING ENTREPRENEURIAL GROWTH: LESSONS LEARNED FROM THE LARGEST IPO COHORT, THE CLASS OF 1996**

*Theresa M. Welbourne, The University of Alabama, USA*

*Joshua V. White, The University of Alabama, USA*

**Principal Topic**

Entrepreneurial firms go public with explicit intentions to grow. However, although Initial Public Offerings (IPOs) are efficient mechanisms for raising much-needed capital, and executives of entrepreneurial firms spend countless hours marketing their companies and their post-IPO potential to prospective investors, many firms fail not long after ringing the opening bell. To better understand this paradox, our research deconstructs the 20-year growth profiles of the largest IPO cohort ever, the class of 1996. We aim to uncover commonalities of high growth companies, while illuminating potential causal factors of post-IPO business failure. IPO’s are imprinting events (Beckman & Burton, 2008), whereby successful companies enhance pre-existing founding conditions, leadership norms, culture, and missions to better cultivate internal environments for long-term growth. Our research combines qualitative and quantitative analyses to expand the imprinting view of IPOs within an entrepreneurial context. Specifically, we assess the lifespan of post-IPO companies to answer questions about which companies survived and why. The Class of 1996 is a robust and representative sample of IPO companies in general. Consequently, we draw broad conclusions about the drivers of organizational growth based upon our comprehensive review and analysis of this cohort, their successes, and their failures.

**Method**

We developed a comprehensive database of firm-level information for 802 of the 872 companies that went public in 1996. We began with prospectus coding in 1996 and continued to build upon this work through a variety of means over the next 20 years. In 1997, we distributed surveys to each firm’s top management team, achieving a response rate of 34%. Moreover, we conducted interviews with top executives of surviving companies at significant milestones (e.g. 10 years, 15 years, etc.). Rather than test specific hypotheses, we endeavor to build theory through iterative data collection and comparison. Therefore, we employed a grounded theory approach to fully leverage the insights gleaned from our mixed methods data collection.

**Results and Implications**

As of December 2016, only 100 firms were still alive in their original form (not acquired) and were trading on a major stock exchange. In general, survivors operated with a high degree of structural cohesion, which supports previous research in this area. Moreover, successful firms grew their cash and sustained their core human capital assets despite volatility. Overall, our results indicate that surviving firms operate with a high sense of urgency and exhibit a high sense of ownership at all levels within the organizational hierarchy.

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SUMMARY

PAY NOW OR LATER: AN INVESTIGATION OF THE CONSEQUENCES OF ECONOMIC VERSUS SOCIAL SOURCES OF HELP FOR ENTREPRENEURS

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Timothy P. Munyon, University of Tennessee, USA
Robert F. Fuller, University of Tennessee, USA

Principal Topic

Entrepreneurs face a variety of challenges when opening and growing their new ventures (Williams et al., 2019). Although research suggests that entrepreneurs rely on social exchanges to gain needed assistance via their social networks, economic sources of help are often available and may act as a viable substitute. Yet, although both social and economic sources of help are available to entrepreneurs, a tension exists between these two sources as they affect entrepreneurs and their ventures. Specifically, one path relies on social exchanges, which are bounded by a generalized norm of reciprocity (Gouldner, 1960), while the other is based on economic transactions (Williamson, 1981) where reciprocity obligations are not present. Thus, social exchanges, which necessitate the investment of future resources, can be characterized as a normative stressor due to reciprocity obligations (Bolino, Turnley, Gilstrap, & Suazo, 2010). However, economic exchanges require the investment of determinant (and, for entrepreneurs, scarce) financial resources (de Meza & Southey, 1996). Unfortunately, little is known about the differential help-seeking strategies, and how they affect entrepreneurs and their ventures. To shed light on these deficiencies, this examines the relationship between the sources of help, entrepreneur work tension, firm performance, and closure intentions.

Method

Using survey data from 225 entrepreneurs over two time periods, we tested our model using moderated mediation analyses (Hayes, 2013). Independent variables include the source of help for the entrepreneur, categorized as social or economic; entrepreneur work tension; and firm performance. The dependent variable for this study is venture closure intentions.

Results and Implications

This research tested how the source of help that the entrepreneur seeks out impacts both work tension and firm performance. The results from this study demonstrate that both work tension and firm performance intervene in the relationship between sources of help and the decision to close entrepreneurial ventures. The present study contributes new information about the potentially important role of the type of help that entrepreneurs seek out for assistance with the problems they encounter when developing their ventures.

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SUMMARY

WHEN ADHD HELPS AND HARMs IN ENTREPRENEURSHIP: AN EPIDEMIOLOGICAL APPROACH

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Lars Alkærsg, Technical University of Denmark (DTU), Denmark
Danny Miller, HEC Montreal, Canada

Principal Topic

We adopt an epidemiological approach to the study of ADHD and entrepreneurship and relate a professionally made ADHD diagnosis to fact-based entrepreneurial behavior and performance. Based on prior research, we develop hypotheses suggesting that individuals with ADHD more likely enter entrepreneurship at a younger age and alone; they exhibit lower performance in self-employment and less likely persist in self-employment than individuals without ADHD. We further propose that living with a romantic partner and education moderate the relationship between ADHD and performance.

Method

To test our hypotheses, we built a unique longitudinal dataset combining different registers from Statistics Denmark. We combined data on all new ventures and their founders in the period 2004 to 2013 with individual employment data, firms’ financial records, data on medical treatments and diagnostics performed by hospitals, general practitioners, and specialists (including whether or not a person has an ADHD diagnosis), and data on prescription medication received by the individual. These sources were merged by Statistics Denmark and fully anonymized prior to release. This results in a population of 87,587 new ventures founded by 136,850 individuals (157,884 person-year observations). In order to test our hypotheses, we ran a number of logistic (for the binary team size variable) and OLS regressions.

Results and Implications

We find no evidence that the ADHD diagnosis conveys any advantages in entrepreneurship per se. Rather, it seems that having an ADHD diagnosis seems to be a liability in entrepreneurship. However, this perception changes when we consider the extent to which people have accomplished fundamental things in life; entrepreneurs with ADHD that are in stable romantic partnerships and have completed higher education, actually perform better than non-ADHD entrepreneurs. We make important theoretical contribution by embracing this bi-valent view about the merits of ADHD in entrepreneurship, arguing both its advantages and disadvantages. We refer to the motivational, social and creativity talent advantages that benefit certain "underdogs" (Miller & Le Breton-Miller, 2017), and investigate several proxies for such talents in the form of education and marriage that may turn the liability of ADHD into an asset. Last, we are able to achieve unusual rigor in connecting a rigorously established clinical condition with objectively confirmed personal achievement and behavior.

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SUMMARY

DO VENTURE CAPITAL OPERATING TEAMS OPERATE? AN ANALYSIS OF THE EFFECTIVENESS OF OPERATIONAL EXPERT TEAMS IN VENTURE CAPITAL FUNDS

Julian Woköck, RWTH Aachen University, Germany

Principal Topic

Based on their success as an asset class, Venture Capital Firms are either good at screening for the right companies or providing substantial support and value-add beyond the provision of financial capital - or a combination of both. Post investment, research has confirmed the positive effect of active intermediation and monitoring on VC portfolio company outcomes. While the positive influence of social and human capital of individual VC partners on portfolio companies is established, extant literature does not recognize the heterogeneity in the organizational forms of VC firms. Aside from the investment teams, recent years have seen a proliferation of expert roles, which solely focus on providing value-add activities to portfolio companies. We, therefore, aim to answer the question of whether VCs with dedicated operational expert teams have a stronger identifiable intermediation/value-add effect.

Method

Our study is based on the CrunchBase dataset that includes the team setup and the functional roles of U.S. VC funds combined with their investment activity for the years 2000-2017. Following Greenwood & Gopal (2017) we use matched-sample methodologies to overcome the limitations of endogeneity common in the entrepreneurial finance setting. Our approach compares portfolio companies of VCs with an operational expert team with several counterfactual ventures with high business proximity. The business proximity is calculated via generative topic modeling based on the approach of Shi et al. (2016).

Results and Implications

The analyses of our dataset show a positive association between the existence and functional breadth of operational expert roles in VCs and the ability of their portfolio companies to acquire funding resources. These results are stable when controlling for various other characteristics of the VC such as age, investment experience and status. While earlier studies have frequently considered VC participation as a binary outcome, our research sheds light on the question of “what aspects of VC involvement influence the outcomes of new ventures that have already partnered with venture capitalist firms” (Ragozzino & Blevins, 2015). Our results are highly relevant to entrepreneurs, which must decide on which VC firm to partner with when searching for financing.

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SUMMARY

TRANSLATING CELEBRITY INTO VALUE - THE EFFECT OF INVESTORS' SELF-PROMOTION ON NEW VENTURE RESOURCE ACQUISITION

Julian Woköck, RWTH Aachen University, Germany
David Bendig, RWTH Aachen University, Germany

Principal Topic:

Past research has explored the value of signals in indicating unobservable quality and future potential of new ventures. Here affiliations with investors constitute especially valuable signals in the form of "prestige capital" which imparts an endorsement that allows ventures to differentiate themselves. However, previous studies missed examining the volitional management of such endorsement signals by investors themselves. We investigate whether investors can deliberately steer the level of their signaling prominence and thus the strength of their endorsement effect. We propose that if investors are aware of the benefits of their affiliation, increasing this endorsement/certification is a reasonable pathway of adding value to the ventures in their portfolio. Thereby we extend the theory on value-add and certification effects of investors by showing how the deliberate enhancement of endorsements translates into real economic value. By employing matched-sample methods, we add to the long-lasting discussion on untangling investor intermediation, certification, and selection effects.

Method:

This study builds upon a proprietary dataset containing the Twitter activity of US business angels. We combined this data with the CrunchBase dataset and employ matched-sample methodologies with coarsened and propensity scores. Our approach compares every venture with celebrity investor backing with several counterfactual ventures with high business proximity in terms of business model, product, market, and team. To calculate business proximity scores, we employ generative topic modeling algorithms on the venture descriptions in the CrunchBase dataset.

Results and Implications:

We can confirm our primary hypothesis: The attention select investors receive because of their social media celebrity status leads to endorsement effect for their portfolio companies. This endorsement supports the acquisition of resources in the form of securing follow-on funding. Further initial evidence suggests that this relationship is moderated by the investment focus and experience of the respective investor. These results let us presume that focused and experienced investors are better able to establish heightened positive perceptions among relevant stakeholders. For investors, our research indicates an inherent value in managing one’s brand and recognition in the ecosystem. In turn, ventures might consider not only the financing and value-add capabilities of their investors but also their endorsement/certification ability.

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SUMMARY

UNDER PRESSURE: THE MITIGATING EFFECT OF ANTIOXIDANTS ON
OXIDATIVE STRESS-RELATED HEALTH CONSEQUENCES AMONG SELF-
EMPLOYED

Marcus Wolfe, University of Oklahoma, USA

Principal Topic
There has been a growing amount of scholarly interest in the relationship between work and stress
(Colligan & Higgins, 2006), with specific attention being given to the association between self-
employment and entrepreneurial careers and individual well-being (for a review of this topic, see
Stephan (2018)). To improve the validity of the measurement of stress in this rich body of
literature, we draw on a direct biological manifestation of stress, that is a biomarker of oxidative
stress, to test whether self-employed individuals with higher levels of oxidative stress realize
poorer health outcomes. Evidence has shown that continued oxidative stress is one of the primary
antecedents to chronic inflammation, which in turn could mediate several chronic diseases (Reuter
et al., 2010). Although there are several factors that can contribute to oxidative stress, such as
smoking (Cano et al., 2010) and dietary habits (Noeman et al., 2011), it has also been shown to be
associated with certain key work factors that are closely linked to self-employment and
entrepreneurial occupations.

Method
For the purposes of this study we focus on two of the most prevalent conditions throughout
Western society, namely diabetes and cardiovascular disease. Oxidative stress has long been
linked with diabetes (Kivimäki et al., 2015; Piconi, Quagliaro, & Ceriello, 2003), with evidence
suggesting that oxidative stress might also play an important role in the development of
complications as a result of diabetes (Beisswenger et al., 2005) such as the likelihood of
developing coronary heart disease (Stephens et al., 2006). Moreover, oxidative stress is believed to
be one of the key factors associated with triglyceride levels and atherosclerosis (Bakker et al.,
2000), which is one of the primary antecedents to cardiovascular disease (Kavey et al., 2003).

Results and Implications
Our findings indicate that while there is a significant positive relationship between oxidative
stress and triglyceride levels for self-employed individuals, the relationship between oxidative
stress and glycohemoglobin levels was not significant for those who are self-employed.
Furthermore, with increasing oxidative stress among self-employed individuals, higher levels of
antioxidants lower glycohemoglobin and triglyceride levels. Extending on recent research on the
physiological biomarkers associated with workplace stress (Chandola et al., 2010), our findings
support previous research regarding the link between oxidative stress and triglyceride levels
(Bakker et al., 2000). This could provide at least one potential mechanism to explain why previous
research has suggested that self-employment might prove detrimental with regards to individual
health (Rietveld, van Kippersluis, & Thurik, 2015).

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SUMMARY

WHO IS THE TECHNOLOGY ENTREPRENEUR? THE IDENTITIES AND BEHAVIORS OF TECH VENTURE FOUNDERS

Shari LS Worthington, Worcester Polytechnic Institute, USA

Principal Topic

Early decisions by a venture founder can have a lasting impact on future outcomes of the firm, such as products created, industries served, and customer needs addressed (Bird, 1992; Mathias, Williams, & Smith, 2015). These decisions are influenced by the entrepreneur's idiosyncratic role and social identities, which are based on motives, values, goals, and history (Cardon, Glauser, & Murnieks, 2017; Murnieks & Mosakowski, 2007; Fauchart & Gruber, 2011; Carsrud & Brännback, 2011).

Goals are mental representations of behaviors or outcomes associated with positive affect that determine a person's actions (Dijksterhuis & Aarts, 2010). Setting goals increases performance at the individual, team, and organizational level (Locke & Latham, 2002; Latham & Locke, 2007). Values, a subset of goals, are broad, relatively stable goals that guide perceptions, attitudes, and behaviors over time and in different contexts (Allport, 1961; Schwartz, 1992).

Goals and values can be applied to the entrepreneurship context in the form of entrepreneurial motivation, which we define as the short- and long-term goals an entrepreneur seeks to achieve through the perceptions, attitudes, and behaviors associated with business ownership (Robichaud, McGraw, & Roger, 2001). Entrepreneurial motivation guides decisions about engaging in activities related to venture creation and development that are congruent with the individual's values (Holland & Shepherd, 2013). This can help explain why different people facing similar situations may make diverging decisions and take alternate actions.

While prior research shows that entrepreneurs are motivated to launch new ventures to fill a heterogeneity of needs, from financial success to self-realization (Lasso, Mainardes, & Motoki, 2018; Edelman, Brush, & Manolova, 2015), few entrepreneurship studies have attempted to align these factors with the psychological literature (Holland & Shepherd, 2013; Clarke & Holt, 2010). Schwartz (1992) explored the roots of human motivation by proposing and testing a theory of the structure of human values that includes 10 motivational types of values that can be found in all societies.

Method

A founder identity classification is created based on Schwartz's motivational types aligned with reported goals of experienced technology founders.

Results and Implications

Interviews of and archival data from founders were analyzed using fuzzy set qualitative comparative analysis (fSQCA, Ragin, 2008) of six motivation/goal super conditions: (a) power/financial success, (b) achievement/innovation, (c) hedonism/people & organization, (d) universalism/social cause, (e) self-direction/independence, and (f) stimulation/solving big problems.

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SUMMARY

NAVIGATING THE ENTREPRENEURIAL JOURNEY:
BALANCING GOAL-DIRECTED AND SERENDIPITOUS NETWORKING

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Anne L.J. Ter Wal, Imperial College Business School, UK & ETH Zürich, Switzerland
Namrata Malhotra, Imperial College Business School, UK

Principal Topic:

It is widely recognized that entrepreneurs need access to social capital to promote the success and growth of their business, yet extant literature offers divergent perspectives on how entrepreneurs build and leverage their social capital. Whereas entrepreneurship scholars portray entrepreneurs as “network makers” who use deliberate, goal-directed tactics and strategies, network scholars rather see them as “network takers” who serendipitously accumulate connections primarily through structural influences outside of their control. In a bid to bridge the gap between both perspectives, this study seeks to uncover the networking behaviors of entrepreneurs.

Methods:

Given limited theory on how entrepreneurs balance goal-directed and serendipitous networking behavior, we used inductive methods combining interviews and participant observation in the London region. In particular, we conducted 28 interviews with mid to late-stage tech entrepreneurs, industry experts, and investors, and in parallel, attended over 40 networking and industry events.

Results and Implications:

Our study reveals that entrepreneurs desire to place themselves in environments – which we label networking arenas – where they can engage both in high-agency targeted networking activities and embrace unexpected opportunities from open-ended networking. Entrepreneurs achieve this either by manipulating existing networking arenas – harnessing capacity for targeted actions in inclusive arenas or preserving capacity for the unexpected in exclusive arenas– or by creating new networking arenas altogether. By shedding light on the role of network making and network taking in entrepreneurs’ attempts to build social capital for their business, our study contributes to building behavioral theories of networking that offer a balanced perspective on the role of agency and structure in the pursuit of social capital.

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SUMMARY

BETTING ON THE UNKNOWN: A REAL OPTIONS REASONING PERSPECTIVE ON THE ROLE OF UNCERTAINTY IN ENTREPRENEURS’ INTERNATIONALIZATION DECISION MAKING

Jiaju (Justin) Yan, The University of Tennessee, USA
David W. Williams, The University of Tennessee, USA

Principal Topic

A fundamental assumption of entrepreneurship theories is that entrepreneurs operate in uncertain environments (Knight, 1921; McMullen & Shepherd, 2006; Townsend et al., 2018). In this era of de-globalization, uncertainty plays an increasingly prominent role in entrepreneurs’ internationalization decision-making processes. Yet, extant international entrepreneurship (IE) research (McDougall & Oviatt, 1996, 2000; Reuber et al., 2018), lacks theoretical explanations for how entrepreneurs can go beyond managing uncertainty to leveraging uncertainty. To account for the need for additional theory on leveraging uncertainty, and doing so over time, we apply real options reasoning (ROR) to entrepreneurs’ internationalization decision making (McGrath, 1997; McGrath & MacMillan, 2000). ROR provides decision-makers with a robust and coherent way to leverage uncertainty and offers superior decision outcomes through an “act and see” approach. By integrating IE and ROR research, we answer the questions: How, and under what conditions, do individual decision-makers apply real options reasoning to leverage uncertainty through decision-making in the context of entrepreneurial internationalization?

Method

We employ a mixed methods approach comprised of two interrelated studies. The first study employs a randomized, multi-stage experiment, incorporating both between- and within-subject comparisons, in accordance with a 2x2x2 design in which subjects evaluate two host country opportunities (between subjects) with two uncertainty levels at two time points (within subjects: Time 1 and Time 2 decisions). This design was modeled on prior entrepreneurship research using experiments in which subjects evaluated two different scenarios (Grégoire & Shepherd, 2012; Lerner, 2016) while engaging in sequential multi-stage decision-making (Wood et al., 2017). The second study utilizes a qualitative, verbal-protocol methodology (e.g., Grégoire et al., 2010; Williams & Grégoire, 2015) that asks entrepreneurs to ‘think aloud’ when making the decisions outlined in the first study.

Results and Implications

Preliminary results provide initial support for our proposed hypotheses. Our studies have strong implications for both theory and practice of entrepreneurs’ internationalization decision-making process and post-entry performance outcomes. In particular, our studies offer a more nuanced understanding of how entrepreneurs take on uncertainty and leverage it for venture success. They contribute to international entrepreneurship literature by offering a real options reasoning perspective of entrepreneurial internationalization.

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SUMMARY

WHAT SHOULD SOCIAL ENTREPRENEURS SIGNAL? IT DEPENDS: THE MODERATING EFFECT OF GENDER ON SOCIAL IMPACT ACCELERATOR SELECTION DECISIONS

Shu Yang, Baruch College, USA
Romi Kher, Baruch College, USA
Scott L. Newbert, Baruch College, USA

Principal Topic

Given the resource-poor condition of most social startups, they often require external resources in order to survive and grow. One such source of resources is the social impact accelerator (SIA), which are designed to help startups generate social/environmental impact and financial returns. Although research on traditional accelerators has proliferated in recent years, little is known about how SIAs make cohort admission decisions. Drawing on signaling theory, we hypothesize that SIAs are more likely to accept social startups that send signals communicating their economic and social credibility. Yet, because signals are valuable only in how they are interpreted by the receiver, we also draw on gender role congruity theory to hypothesize that the influence of these signals is strongest when they are congruent with the stereotypes associated with the lead founder’s gender.

Method

Our data is drawn from the Global Accelerator Learning Initiative, which collects data from entrepreneurs during and after applying to SIAs. Our sample consists of 2,324 social startups that applied to 123 SIAs globally in 2016 and 2017. Our dependent variable is whether or not the startup was selected by the SIA. Our independent variables are whether or not the startup received equity investment (economic signal) or philanthropic investment (social signal) prior to applying to the SIA. Our moderator variable is the gender of the lead entrepreneur. We control for sector, objectives, legal status, social motive, intellectual capital, financial goals, age, prior management experience, and entrepreneurial experience. We analyze the data using a mixed-effect probit model, supplemented with marginal effects and contrast analyses.

Results and Implications

Our results support our hypotheses that, while SIAs are more likely to accept social startups that send signals communicating their economic and social credibility, the influence of these signals is strongest when they are congruent with the stereotypes associated with the lead founder’s gender.

While this result seems to indicate a balanced effect of gender bias, a closer inspection reveals that gender congruency actually benefits men more than women, thereby highlighting the complex and uneven effect of gender bias on the signaling process.

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SUMMARY

ENTREPRENEURSHIP, SELF-CARE AND WELLBEING

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Principal Topic

While many people find entrepreneurship exciting and rewarding, it can be very demanding. Research in health psychology shows that individuals can influence their own wellbeing by engaging in positive or negative self-care. Health-enhancing behaviors such as exercise and meditation are important for dealing with stress and increase wellbeing. Conversely, health-deteriorating behavior such as smoking and drinking deteriorates wellbeing. While these relationships are well established in many populations, they have yet to make their way into the entrepreneurship realm. Entrepreneurship may present a particularly interesting context because entrepreneurs have the autonomy to flexibly plan their time and activities, potentially allowing them to engage in extensive self-care behavior. However, time pressure and stress can also encourage taking shortcuts such as drugs and alcohol, which can temporarily relief stress but has negative long-term effects on wellbeing. In this paper we explore entrepreneurs’ wellbeing, and in particular how it is influenced by self-care behaviors. Building on the biopsychosocial model of health psychology, we pose hypotheses regarding the relationship between entrepreneurship and self-care behavior on the one hand and wellbeing on the other.

Method

We designed an online survey and collected data from a sample of 329 nascent and 412 established entrepreneurs. Self-care behaviors were measured by asking respondents how often in a week they engage in the following activities: getting enough sleep, exercising for at least 30 minutes, meditation/yoga, religion and spiritual practice, having 2 or more alcoholic drinks, smoking, using drugs, and eating unhealthy food. Wellbeing was measured by Diener et al.'s widely-used 5-item life satisfaction scale. OLS and bootstrapped mediation tests were used.

Results and Implications

We found that first, compared to practicing entrepreneurs, nascent entrepreneurs have less sufficient sleep and exercise, practice less yoga or meditation, but use more recreational drugs. Further, self-care behaviors including sleep, exercise, yoga/meditation, smoking (less) and drugs (less) are conducive to the sense of well-being. Nascent entrepreneurs have lower levels of well-being partly because of the lack of self-care. Our research shows the different work environment of nascent vs. established entrepreneurship and how such environment may lead to psychological and behavioral consequences. We also highlight what entrepreneurs can do in their everyday life to promote the mental health in this uncertain and stressful journey.

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SUMMARY

CHILDHOOD ADVERSITY, RESILIENCE AND CAREER SUCCESS: THE MODERATING ROLE OF ENTREPRENEURSHIP

Wei Yu, National University of Singapore, Singapore
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Principal Topic

Anecdotal evidence suggests that many successful entrepreneurs, like Howard Schultz, Oprah Winfrey and Meg Whitman, are troubled by adverse childhood experience of poverty, abuse and parental neglect. In a recent WSJ article, the author even found that among the 400 high achievers studied (many of them were entrepreneurs), a notable 75% come from a very disturbed childhood. This raised the question of why childhood adversity, a generally negative experience with negative adult outcomes, could potentially be an asset in the entrepreneurship environment. Building on Dienstbier's model of psychophysiological toughness and person-environment fit perspective, we argue that a moderate level of childhood adversities would lead to enhanced resilience, which then contribute to career success. Moreover, entrepreneurship moderates the relationships, such that entrepreneurs are the ones who have innate characteristics to bear and benefit from childhood adversities and that resilience is much more beneficial in a stress-provoking environment of entrepreneurship, compared to regular careers.

Method

We tested our hypotheses using the MIDUS (Midlife Developmental in the United States) data, which is a high-quality longitudinal data randomly surveying U.S. population on comprehensive areas of health and wellbeing. Child adversities were measured by a comprehensive set of items covering childhood SES, parental abuse and family composition. We measured resilience using the residual method, regressing personal well-being on a set of life stressors (e.g., work stressors, family stressors, health stressors) and getting the residual term as the resilience score. We measured career success using personal income, i.e., respondents’ salary level. Finally, respondents were coded as entrepreneurs if they indicated being self-employed, and non-entrepreneurs if they indicated being regularly employed. OLS regression and bootstrapping method for mediation analysis were used.

Results and Implications

We find that childhood adversities have an inverted U-shaped relationship with a person’s resilience, which in turn enhances career success. Further, these relationships only establish in the sample of entrepreneurs. No such relationships are found for regular employees. Our study help unpack the myth between childhood adversities and entrepreneurship. Instead of painting a rosy picture for childhood adversities, we show that only entrepreneurs can potentially benefit from such adverse experience with their innate characteristics. Childhood adversities can create great entrepreneurs, but only for entrepreneurs.

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SUMMARY

NEW BUSINESSES GROWTH: TESTING GENDERED VS. GENDER NEUTRAL PERSPECTIVES USING KAUFFMAN FIRM SURVEY DATASET

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Principal Topic

The main purpose of our study is to enhance our conceptual understanding of continued entrepreneurship and the role of gender in it. To achieve this purpose, our more specific objective is to investigate the explanatory power of gender-neutral psychological theories and gendered social feminist theories to understand better how growth intentions are formed and how they lead to realized growth. By seeking to full this objective, our study responds to several calls on behalf of such conceptual development, and rather than just providing empirical findings, our study responds calls for theory-driven investigations. In addition, our empirical investigation and the analyses are designed to allow us to compare women and men in similar situations to detect whether gender differences appear or disappear in terms of explaining growth intentions and realized growth.

Method

To test our model, we used a private database of the Ewing Marion Kauffman Foundation, called Kauffman Firm Survey (KFS). This database includes longitudinal data collected by the foundation every year until 2011 on a sample of 4928 firms founded in the United States in 2004.

Results

We observed no gender differences in growth intentions and realized growth in our matched sample. These preliminary findings suggest that when explaining growth intentions gender-neutral psychological theories seem to do a better job than gendered theories. Also, when explaining realized growth, gender-neutral theories, such as TPB (Ajzen, 1991), seem to arrive to better result.

The predictions of gendered social feminist theories seem to get to less strong support from comparable cases of women and men lead firms. At the same time, gendered social feminist theories seem to explain well why women create different kinds of firms than their male colleagues. This might reflect the fact that women have different experiences, and pursue different kinds of goals than men.

As research on women entrepreneurs needs a new direction-following Ahl’s (2006) advice - we contribute to the discussion by investigating the importance of gendered and gender neutral theories in explaining growth intentions and realized growth.

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SUMMARY

ENTREPRENEURIAL PASSION AS ANTECEDENT OF EFFECTUATION – WHY SOME ENTREPRENEURS ACT MORE EFFECTUAL THAN OTHERS

Dennis Zeiler, WHU – Otto Beisheim School of Management, Germany

Principal Topic

The new venture creation process is associated with constantly recurring uncertainties. In these environments, entrepreneurs cannot rely on past data in order to forecast and plan future developments. Effectuation has emerged as one key decision heuristic in such uncertain settings, based on the five orientations of means, partnerships, affordable loss, contingencies, and control (Sarasvathy, 2001). Scholars have validated effectuation as an effective strategy tool under uncertainty that is used by expert entrepreneurs and fosters innovativeness (e.g., Mauer, 2008; Dew et al., 2009; Coviello et al., 2013). Most scholarly research around effectuation has focused on the concept itself and various outcomes. However, not all entrepreneurs base their strategic decisions on the effectuation logic (Arend et al., 2015). It is largely unclear why entrepreneurs differ in their effectual behavior and which individual-level factors are responsible for these differences. Based on identity and self-regulation theories (Burke, 1991; Carver, 1998), emotions such as passion affect individual behavior. This study introduces two types of entrepreneurial passion as antecedents of different effectuation dimensions. Concretely, it is predicted that passion for inventing will be positively associated with experimentation, flexibility, and affordable loss while passion for developing will be positively associated with flexibility and pre-commitments.

Method

The research is based on an online-survey with German entrepreneurs. Entrepreneurial passions for inventing and developing were measured using the items developed by Cardon et al. (2013). Effectuation was measured in the four dimensions of experimentation, affordable loss, flexibility, and pre-commitments, based on the scale developed by Chandler et al. (2011). Multiple hierarchical regressions were employed to validate the hypotheses.

Results and Implications

The analyses provide support for some of the hypotheses. Entrepreneurial passion for inventing was indeed significantly positively associated with experimentation and flexibility, but not with affordable loss. Entrepreneurial passion for developing was positively correlated with pre-commitments, but not with flexibility. These empirical findings clarify that the specific type of passion plays a relevant role with regard to decision-making strategies. The use of effectuation dimensions appears to be a reflection of individually desired identities. Thereby, this study also advances research on entrepreneurial passion, illustrating that passion is closely linked to strategic decision-making.

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SUMMARY

CAN THE TUNE OF THE PASSION ORCHESTRA SOOTHE ENTREPRENEURS’ SUBJECTIVE STRESS PERCEPTION? AN EMPIRICAL INVESTIGATION

Dennis Zeiler, WHU – Otto Beisheim School of Management, Germany

Principal Topic

Entrepreneurs have to deal with many stress factors such as recurring uncertainties and long work hours (e.g., Cardon et al., 2012). While scholars agree that stress has significant negative effects on various levels (Baron, 2008), there is surprisingly no consensus whether entrepreneurs experience high or low levels of stress. Some scholars argue that entrepreneurs feel high levels of stress due to the challenging environment (e.g., Uy et al., 2013). Other scholars state that persistent entrepreneurs develop effective coping mechanisms that lead to a low stress perception (Baron et al., 2013). According to the transactional theory of stress (Lazarus & Folkman, 1984), the subjective evaluations of stressors determine whether stress is experienced. Individual emotions such as passion are important factors with regard to this evaluation (e.g. Cardon et al., 2009). Drawing from these findings, this study empirically examines the relationships between three different types of passion, the so-called passion orchestra (Huyghe et al., 2016), and subjective stress perception among entrepreneurs. Specifically, it is predicted that harmonious passion and entrepreneurial passion for founding will be negatively associated with stress perception, while obsessive passion will be positively associated with stress perception.

Method

Online surveys were completed by a sample of entrepreneurs in Germany. Harmonious and obsessive passion were measured with adapted items from Vallerand et al. (2003). Entrepreneurial passion for founding was measured using items by Cardon et al. (2013). Stress perception was measured with the Perceived Stress Scale by Cohen (1988). Hierarchical regression analyses were used to test the hypotheses.

Results and Implications

The analyses confirm the initial hypotheses for harmonious and obsessive passion. However, contrary to expectation, entrepreneurial passion for founding was in fact positively correlated with stress perception. This surprising finding indicates that even though passionate entrepreneurs enjoy founding a company, they experience higher levels of stress, which may create negative long-term effects. The specific type of passion seems to represent a relevant factor when it comes to stress. Thereby, this study provides a novel explanation to the inconsistent findings regarding stress perception among entrepreneurs. Additionally, it sheds more light on potential negative effects of passion, which merit more scientific attention by scholars.

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SUMMARY

MAKING THE MOST OF OPPORTUNITIES: BALANCING CAUSATION AND EFFECTUATION FOR BETTER PERFORMANCE

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Principal Topic

Venture performance is shaped not just by the decision-making strategies that entrepreneurs employ, but also by the opportunities that the venture exploits (Choi et al., 2008). Because entrepreneurs' decision-making logics are context-dependent (Alvarez & Barney, 2005, 2007) and different opportunities pose different context, which could lead to the shift of decision-making logic. So far, however, few studies have empirically explored the role of opportunities plays as a contingent factor in influencing new venture performance. Current literature also does not provide a clear explanation of the possible conditions that trigger the shift in decision-making strategies and how such changes influence venture performance. Taking causation and effectuation as orthogonal, we address the issue by proposing a model of the interactive effect of causation and effectuation that is contingent on higher order opportunity (HOO).

Method

We test our hypotheses on a sample of 138 survey responses from founders and upper management personnel of newly established manufacturing and service companies in China. We used the ordinary least square with robust standard errors to analyze the data.

Results and Implications

The results indicate that the interactive effects of causation and effectuation conditions on HOO can influence venture performance either positively or negatively. When HOO is low, the interactive effect is positive. However, when the HOO is high, the effect turns to be negative. In particular, with HOO is high, more effectuation can harm the positive effect of causation has on venture performance. Our finding is different from the results of previous interactive effect studies on causation and effectuation (Smolka et al., 2016; Yu et al., 2017). The interesting differences imply that entrepreneurs need to take opportunities into account while adopting decision-making strategies for their ventures. This research highlights the role of opportunities in the shift of decision-making logic and demonstrates that opportunities at a higher order level may serve as one possible contextual factor that impacts the relationship between causation-effectuation and venture performance. Our findings also offer new insights into the strategic decision-making literature and supply empirical evidence to show the impact of hybrid decision-making on venture performance.

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SUMMARY

AGE AND ENTREPRENEURSHIP: NUANCES FROM ENTREPRENEUR TYPES AND GENERATION EFFECTS

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Principal Topic

The literature on the relationship between age and entrepreneurship has been inconclusive. This study for the first time examines this relationship by extending the occupational choice literature to eight entrepreneur types and four generational modification effects in the United States. The eight or four contrasting pairs of entrepreneur types are novice versus non-novice entrepreneurs, opportunity versus necessity entrepreneurs, full-time versus part-time entrepreneurs, and incorporated versus unincorporated entrepreneurs. The four generations are Traditionalists, Boomers, Gen-Xers, and Millennials.

Method

Multilevel mixed-effects logistic regression models are estimated to examine the age effects in entrepreneur type propensities. Monthly U.S. Current Population Survey and the U.S. Bureau of Labor Statistics (BLS) metropolitan area unemployment rate for local economic conditions for the years 2006-2016 are used to test three hypotheses respectively on (1) age trend in entrepreneurial propensity, compared to being workers, (2) age trend on each pair of entrepreneur type propensities, and (3) generation modification effect on the age effects. To test Hypotheses 1 and 2, we adopt a series of binomial multilevel mixed-effects logistic regression models. To test Hypothesis 3, we adopt Hierarchical Models for the Age-Period-Cohort Effects (HAPC). Generational modification effects are compared for the same ages across neighboring generations by the HAPC models.

Results and Implications

We find that entrepreneurial propensity rises with age until around 80. The propensity of novice (versus non-novice) and unincorporated (versus incorporated) entrepreneurs has a U-shaped age trend dipping around age 60, while the propensity of full-time (versus part-time) declines since age 30s. The propensity of incorporated (versus unincorporated) entrepreneurs declines from ages 44 to 51 for Gen-Xers, but not for Boomers; this propensity also declines faster for Boomers than for Traditionalists from ages 63 to 70.

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SUMMARY

OWNERSHIP STAKE DIFFUSION IN ENTREPRENEUR TEAMS:
POWER OF SIMILAR BUT DIFFERENTIATING OWNERSHIP SHARES

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Dan Gerlowski, University of Baltimore, USA

Principal Topic

On entrepreneurial teams, relative ownership shares impact individual reward structures, control, cohesion, and entrepreneurial owner-operator team productivity. Previous research has identified the importance of equal ownership shares even if these arrangements lead to inefficiencies. This study is the first to empirically consider the opposed efficiency and equality dimensions of entrepreneurial teams, by finding n-shaped increasing then decreasing returns to relative ownership shares on net income for entrepreneurial teams.

Method

Relying on the unique confidential Kauffman Firm Survey (KFS), we estimate a set of fixed-effect panel data models at the individual entrepreneur level and a set of hierarchical multilevel mixed-effects models at both entrepreneur and firm levels. A rich set of control variables, arising in the literature, are included in the analyses. The investigation includes firm level controls: size, industry, owner operator equity, venture capital involvement, firm age, intra-firm racial diversity. Also included are entrepreneur level controls: hours worked, age, and demographic/ethnic information.

Results and Implications

All estimates suggest that, controlling for firm size, at low levels of ownership stake diffusion, increasing ownership concentration increases net income up to a point; after that point increasing ownership concentration reduces net income. There is a consistency between the fixed effect estimations and the hierarchical multilevel mixed effects models regarding firm effects. The later modelling technique highlights individual owner operator characteristics. Firm scale, size of owner equity investment, racial diversity, prior experience, and age positively impact net income while venture capital negatively impacts firm net income.

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SUMMARY

SOCIAL CAPITAL IN A SYNDICATE INVESTMENT PLATFORM – EFFECTS ON SYNDICATE LEAD PERFORMANCE

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Kun Fu, Loughborough University London, UK
Mathew Hughes, Loughborough University, UK

Principal Topic:

As an innovative form of entrepreneurial financing, equity crowdfunding syndicate characterized as individual investors ("backers") using online platforms to co-invest with notable investors ("syndicate leads") who are angel investors or institutional investors. Our study uses social capital theory to examine the effects of syndicate leads' social capital within and beyond the platform on syndicate leads performance. This study offers two contributions to the literature. First, based on the categories of internal and external social capital (Adler & Kwon, 2002), we propose a more fine-grained portrait of social capital by introducing syndicate platform and non-syndicate platform social capital and demonstrate their interaction effect. Second, we build upon multidimensional social capital theory and distinguish syndicate leads' social capital into structural (ties), relational (trust), and cognitive (common ground) aspects (Nahapiet & Ghoshal, 1998).

Method:

We test our hypotheses on a sample of 179 syndicate leads on AngelList, where we capture their performance and syndicate platform social capital. We capture non-syndicate platform social capital from professional social network LinkedIn.

Results and Implications:

We find that syndicate platform social capital exerted a positive effect on syndicate lead performance, whereas non-syndicate platform had no effect. Surprisingly, we find their joint effect have a negative impact on performance. We argue that due to time constraints and resource limitations, syndicate leads face obstacles to function the two kinds of social capital together. (Barroso-Castro, et al., 2016; Cuevas-Rodriguez, et al., 2014).

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SUMMARY

DO LONELY ENTREPRENEURS PERFORM POORLY? LONELINESS, PASSION AND VENTURE PERFORMANCE

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Principal Topic

Loneliness is a negative emotion experienced by many entrepreneurs due to the lack of confidant at work, the need to hide their weaknesses from key stakeholders, and the pursuit of solitary activities that limit entrepreneurs' social interactions (Gumpert & Boyd, 1984). High loneliness increases entrepreneurs' stress and burnout (Akande, 1994; Fernet et al., 2016) and has also been argued to impair venture performance (Gumpert and Boyd, 1984; Fernet et al., 2016). Despite the prevalence and negative impact of loneliness, research on entrepreneurs' loneliness is still very limited. The few existing studies largely focus on the individual outcomes of entrepreneurs' loneliness. Less scholarly attention has been given to the firm outcomes of entrepreneurs' loneliness and the factors that may moderate the relationships. Since many entrepreneurs invest heavily in their work, hold key decision making positions, and exert important influences on the action, processes, and strategic direction of their ventures, it is valuable to investigate whether entrepreneurs' loneliness may impact venture performance. Furthermore, it would be meaningful to examine the factors that weaken this relationship. In this paper, we draw on broaden-and-build theory (Fredrickson, 1998) and particularly focus on the moderating role of entrepreneurs' passion in the relationship between entrepreneurs' loneliness and venture performance.

Method

To test our hypotheses, we surveyed 192 Chinese entrepreneurs whose businesses were 8 years or younger. Our results show that entrepreneurs' loneliness is negatively related to venture performance. More importantly, passion moderates this relationship such that it becomes weaken when passion is high than when it is low.

Results and Implications

Our research makes three contributions. First, we enrich the existing limited literature on loneliness in the entrepreneurship context and bring more nuanced theoretical understanding of the relationship of entrepreneurs' loneliness with venture performance. Second, by revealing the interaction effect of entrepreneurs' loneliness (a negative emotion) and passion (a positive emotion), we extend emotions research by showing how positive and negative emotions can co-exist to influence entrepreneurial outcomes. Third, our research demonstrates the regulatory benefit of passion when it co-exists with a negative emotion, entrepreneurs' loneliness. We thus extend our knowledge about the role of passion in the entrepreneurial process.

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