

SUMMARY

PRIOR BUSINESS EXPERIENCE AND START-UP SUCCESS; THE MODERATING ROLE OF HELPERS EXPLORED

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Principal Topic

The prior functional business experience of an entrepreneur is shown to have a positive impact on entrepreneurial outcomes. Multiple arguments have been made that explain this positive relation. For example, entrepreneurs with more functional business experience are believed to be better skilled, to be more reputable and have wider networks in place when starting a business (Campbell, 1992; Kim, Aldrich and Keister, 2006; Reuber and Fischer, 1994; Westhead, Ucbasaran and Wright, 2005). In the current paper we want to create a more precise understanding on the network argument that influences the relation between functional experience and start-up success (Aldrich & Zimmer, 1986; Lockett, Ucbasaran & Butler, 2006). More specifically we focus in depth on the role that key helpers play in the very early stages of the start-up process. We hypothesize that the relation between the functional business experience of a nascent entrepreneur and subsequent start-up success is moderated by the use of helpers during the start-up process. Hereby we study (1) the effectiveness of helpers for nascent entrepreneurs with a variety of experience levels in general and (2) the actual network properties that can explain helper effectiveness for nascent entrepreneurs with a variety of experience levels (when nascent entrepreneurs do use helpers).

Method

The data for this study were obtained from the PSED, a longitudinal database of individuals who were in the process of starting businesses. A detailed description of the background and methodology of the PSED data set can be found in Reynolds (2000).

Results and Implications

Our results show that the functional experience of the nascent entrepreneur has a significant positive impact on start-up success. Added to this we find that this direct impact is strongly moderated by the use of helpers. Entrepreneurs with more experience relatively benefit more from helpers than entrepreneurs with less functional business experience. Next to the effectiveness of helpers we also looked into the actual network properties between helpers and the nascent entrepreneurs (for those nascent entrepreneurs that made use of helpers). Hereby we find that the actual network properties between helpers and nascent entrepreneur do not explain helper effectiveness in the early stage of the entrepreneurial process for entrepreneurs with a variety of experience levels.

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