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A CONFIGURATION STUDY BASED ON PERFORMANCE OF NASCENT VENTURES

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ABSTRACT

This research provides explanations for the reasons why one group of entrepreneurs start a venture early, while a second group starts later to create their venture. It also considers what factors contribute to some entrepreneurs quitting the venture early while others quit later. There is a dearth of studies that have explicitly considered the performance for both starting and quitting over time from the same dataset. There are methods limitations when analysing nascent entrepreneurs developing new ventures which are limited by a focus on mainly regression analyses. Research is sparse for uncovering types of new venture by examining similar contexts of new venture performance from a multidimensional view. Data from a sample of nascent entrepreneurs (people in the process of setting up a venture) were analysed over a six-year period. An initial sample of 1135 nascent entrepreneurs was drawn from a US dataset, and then the second, and last years' interviews were used to assess their progress. There were 690 early starters amongst this group and 248 respondents were later starters. There were 219 respondents who quit their venture early compared to 51 who quit their venture later. The thesis focuses on explaining the relative importance of a variety of factors affecting performance for new ventures by explaining causal relationships beyond the correlation analyses perspectives. These factors are organised in terms of Gartner's (1985) framework of new venture creation. This framework suggests that start-up outcomes depend on the characteristics of the individual(s) starting the venture, the organisation that they create, the environment surrounding the new venture, and the process by which the new venture is started. The research also considers the strategy which is not part of Gartner's framework but considered important to understanding performance outcomes for nascent entrepreneurs. The research applies the method fuzzy sets qualitative comparative analysis (fsQCA), (Ragin, 2008) to compare nascent entrepreneurs and explores links between various configurations of attributes known as domains and new venture performance which is a contribution to knowledge on new ventures performance. This is important as the method provides better explanations of the combination of sets necessary to create recipes for performance. The results show for both early and late starters that when high need for achievement is coupled with better access to financial resources, and the absence of external support, then starting a new venture is likely to occur. This suggests that for nascent entrepreneurs, they need to have entrepreneurial personality trait need for achievement which is a

trait showing the propensity to be entrepreneurial, or be engaged in entrepreneurial activities and a clear access to financial resources. External support is not as relevant to starting new ventures when financial resources and need for achievement are present. The overall findings for configurations based on early versus late quitters suggest that unlike the later quitters, early quitters were limited in relation to financial resources and external support. The early quitters had a high need for achievement, at least moderate levels of specific human capital, limited external support and limited access to financial resources. In contrast, the late quitters had higher levels of specific human capital, higher levels of entrepreneurial intensity but limited external support which suggests that they were able to quit later because they had other options, such as other ventures or employment available to them.

Keywords: new venture performance, qualitative comparative analysis, configurations, asymmetry, new ventures, fsQCA

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The research focuses on explaining the combination of factors affecting new ventures performance for those who start and those who eventually quit their venture from survey data. The Panel Study of Entrepreneurial Dynamics (PSED) in the United States was used for this research project. The survey focuses on new ventures and collected information on the respondents who were in the process of creating new ventures. I would like to thank the team of researchers and funders who made this data available to a wider audience by disseminating the data on the PSED website.

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