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DIRECT AND MODERATING EFFECTS OF TOP MANAGEMENT TEAM CHARACTERISTICS ON STRATEGIC ENTREPRENEURIAL BEHAVIOR AND PERFORMANCE OF SMALL ICT VENTURES (SUMMARY)

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SUMMARY

DIRECT AND MODERATING EFFECTS OF TOP MANAGEMENT TEAM CHARACTERISTICS ON STRATEGIC ENTREPRENEURIAL BEHAVIOR AND PERFORMANCE OF SMALL ICT VENTURES

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Principal Topic

Entrepreneurship and strategic management are both concerned with growth and wealth creation (Hitt & Ireland, 2000; Hitt, Ireland, Camp & Sexton, 2001). Although both fields have developed largely independently, they both aim at explaining how firms adapt to environmental change and exploit opportunities (Venkatraman and Sarasvathy, 2001). Strategic entrepreneurship reflects both entrepreneurial opportunity-seeking actions and strategic advantage-seeking actions (McGrath and MacMillan, 2000; Hitt and Ireland, 2000). Top management teams (TMT) are critically important for exercising strategic entrepreneurship. They have the final responsibility for selecting the firm's strategies (Hambrick and Mason, 1984). Particularly in start-up firms, the influence of top management teams on strategic directions and eventually on their firm performance is especially significant (West & Meyer, 1998). Despite scholars recognize the importance of both strategic entrepreneurship and top management team influence in understanding the performance of start-up firms, little empirical work has combined both views. In this paper we examine the relative impact of top management team characteristics on the relationship between strategic entrepreneurial behavior and start-up firm performance.

Methods

Data was drawn from a sample of 139 ICT firms that were founded between 2002 and 2004. For each firm we collected the data using questionnaires among two members of the start-up team. The final sample consisted of 57 firms. Strategic entrepreneurial behavior was defined as a set of opportunity-based management practices. For the TMT characteristics we examined the TMT tenure, age and educational and TMT cognitive conflict diversity. The dependent variable, firm performance, was regressed on strategic entrepreneurial behavior and TMT characteristics.

Results and Implications

Results show a strong positive support for the contribution of strategic entrepreneurial behavior and cognitive conflict on firm performance. Concurrently we found that age diversity was negatively related to firm performance. Furthermore we found that age diversity was negatively moderating the relationship between strategic entrepreneurial behavior whereas educational diversity was positively affecting this relationship. The study contributes to the entrepreneurship literature by taking into account the top management team characteristics and strategic entrepreneurial behavior and how they interact to shape start-up performance.

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