

6-11-2011

HOW DO EXECUTIVES' EXPERIENCES INFLUENCE STRATEGY AND PERFORMANCE? AN EMPIRICAL ANALYSIS OF ENTREPRENEURIAL TEAMS IN RESEARCH-BASED SPIN-OFF COMPANIES (SUMMARY)

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Recommended Citation

Tietz, Rigo (2011) "HOW DO EXECUTIVES' EXPERIENCES INFLUENCE STRATEGY AND PERFORMANCE? AN EMPIRICAL ANALYSIS OF ENTREPRENEURIAL TEAMS IN RESEARCH-BASED SPIN-OFF COMPANIES (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 31: Iss. 5, Article 4.

Available at: <http://digitalknowledge.babson.edu/fer/vol31/iss5/4>

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≈ SUMMARY ≈

HOW DO EXECUTIVES' EXPERIENCES INFLUENCE STRATEGY AND PERFORMANCE? AN EMPIRICAL ANALYSIS OF ENTREPRENEURIAL TEAMS IN RESEARCH-BASED SPIN-OFF COMPANIES

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Principal Topic

Entrepreneurial teams in research-based spin-off companies face specific constraints for establishing sustainable ventures. They often lack managerial and entrepreneurial skills, because the scientists themselves are typically the founders and managers. For this reason, the compositions of the entrepreneurial teams are likely to change over time and involve experienced external entrepreneurs and managers (Franklin et al., 2001; Vanaelst et al., 2006). This study analyzes the characteristics and compositions of executive teams in research-based spin-offs. Drawing on an upper echelons framework (Hambrick and Mason, 1984) executives' prior professional experiences are expected to have an essential impact on organizational outcomes such as strategy and performance. According to effectuation and causation theory (Sarasvathy, 2001) experienced entrepreneurs are more likely to rely on intuitive reasoning, whereas entrepreneurs without prior experiences presumably tend to plan more systematically and analytically.

Method

The data for this quantitative empirical study was obtained from 161 German spin-off companies and collected between 2008 and 2010 using different sources of information. First, a survey was conducted addressing technology transfer officers to gather information about companies which spun off from their organizations. The findings were triangulated with data from desktop research on company websites and external databases. The second survey was mailed to the managing directors followed by reminders and telephone calls to all non-respondents leading to a final response rate of 32.6 %. Secondary data of 37 companies confirm the reliability of the used measures.

Results and Implications

Multiple regression analyses report a positive impact of previous entrepreneurial and industry work experience on the intensity of strategic planning activities, whereas prior management experience was found to be insignificant. On the other hand, executive teams with joint experiences within the spin-off itself emphasize planning significantly less. The more external managers have joined the spin-off and replaced the founding owner managers the more the team focuses on formal planning. These findings confirm empirically previous research on life-cycle-stages and entrepreneurial team development in academic spin-offs, but broaden the discussion regarding effectuation and causation theory. Furthermore, the empirical results indicate a positive relationship between strategic planning and growth which corresponds with the strategic management literature.

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