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**Track:** Understanding Entrepreneurship and Innovation – Theory Building

**Title:** The changing nature of entrepreneurial networks in the start-up phase and beyond

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**Abstract:**

Gibb and Davies (1991, p.295) stated already in 1991 that “[t]here is considerable evidence to demonstrate that the nature of the networks of the entrepreneur change[s] as the business develops: but there is little evidence as to how these [networks] change as the business grows and how the changes impact upon the potential for growth. This is a fruitful area for research”. Although there have recently been many studies on this topic (e.g. Hite and Hesterly 2001; Elfring and Hulsink 2003; Lechner and Dowling 2003), this issue is still unsolved as Hoang and Antoncic (2003, p.167) in their review of network-based research in entrepreneurship state that “Many questions remain regarding how network content, governance, and structure emerge and develop over time. To support this initiative, more longitudinal and qualitative work is required. Theory building in this field would benefit from a greater integration between process- and outcome-oriented research.” In this paper we will contribute to the debate on network dynamics, by focusing on the changing nature of entrepreneurial networks in the start-up phase and beyond, i.e. survival and early growth. Our aim is to explore and explain the changing nature of young firms during their life course, and to come to a theory of young firm network dynamics.

We focus on two aspects of entrepreneurial networks, namely the social and the spatial nature of ties in the egocentric networks of entrepreneurs and their firms; the so-called socio-spatial embeddedness of entrepreneurial firms. So the first research question is:

- 1. To what extent and how does the social and spatial nature of young firm networks change during their life course?*

After we have gained insight into the changing nature of young firm networks, we also want to explain the differences between different types of firms and different types of entrepreneurs. Regarding the firm, we especially focus on the size (self-employed, small, and medium-sized firms), growth (stable, moderately growing, and fast-growing firms), and strategy of the firms, and on the industrial and regional environment of the firms. Regarding the entrepreneur, we take into account the prior education, work experience and some demographic characteristics like age and sex. So our second research question is:

2. *How does this change differ between different types of firms and how can this be explained?*

Our empirical analyses are based on a young firm panel with 313 new firms and a sample of (33) young fast-growing and small firms in the Netherlands. Both samples include longitudinal data (on the first five, and the first ten years respectively) on the characteristics of the entrepreneur, the firm, and its environment.

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