

Entrepreneurs' personal network usage and the performance of young firms: evidence from an emerging market

Network usage and performance of young firms

711

Mishari Alnahedh and Abdullatif Alrashdan

Department of Management and Marketing, College of Business Administration, Kuwait University, Kuwait City, Kuwait

Received 21 September 2020

Revised 2 January 2021

14 January 2021

Accepted 15 January 2021

Abstract

Purpose – While most extant research focused on different dimensions of the entrepreneurs' social network such as the size and quality of the network, the focus of this paper is on the extent to which entrepreneurs utilize their personal network with suppliers, competitors, customers, and government officials to support the operations of their ventures. This paper also takes into account the effects of industry level determinants that can influence the relationship between entrepreneurs' personal network usage and young firms' performance.

Design/methodology/approach – The paper employs confirmatory factor analysis and moderated hierarchical multiple regressions on a sample of 246 young firms in Kuwait.

Findings – The results indicate that entrepreneurs' personal network usage is positively associated with young firms' performance. The results also reveal that industry dynamism strengthens this relationship, while in hostile industries the relationship between network usage and young firms' performance becomes weaker.

Originality/value – The present study provides insights into how the extent of utilization of an entrepreneur's personal network affects the firm's performance. Furthermore, by unpacking how industry dynamism and industry hostility influence the entrepreneurs' ability to reap benefits from their personal networks, this paper enriches the research on the role of industry factors in the performance of young firms.

Keywords Personal network usage, Entrepreneurship, Industry dynamism, Industry hostility, Young firms

Paper type Research paper

Introduction

Management scholars have underscored the advantages that entrepreneurial firms can access through the extent and the reach of their founder's social network (Aldrich and Zimmer, 1986; Engel *et al.*, 2017; Mayanja *et al.*, 2019). Entrepreneurial firms rely on their social and personal network to acquire scarce resources (Barney, 1991), capture organizational endorsement (Stuart *et al.*, 1999) and enhance their learning (Gulati, 1999). Within that network, the entrepreneur's personal network is viewed as strong ties that are often characterized with a high level of trust, emotional support and social inclusion and bonding (Granovetter, 1973, 1985; Ostgaard and Birley, 1996; Vosta and Jalilvand, 2014). Even with these advantages, research has shown that entrepreneurs vary in how they maintain and utilize their personal networks in a way that supports their businesses (Teixeira *et al.*, 2019; Vissa and Bhagavatula, 2012).

In emerging markets, the benefits of the founder's personal network are even more prominent (Burt, 2019) as they integrate within the culture such as *Guanxi* in China, *Wasta* in the Middle East and *Compadrazgo* in Latin America (Velez-Calle *et al.*, 2015) and usually indicate the degree of trust and personal connections within an entrepreneur's personal network. Using Kuwait as the context of this study, we investigate the effects of the founders' personal network usage on the performance of their venture. While most extant research focused on different dimensions of the entrepreneurs' social and personal networks such as the size and quality of the network, the focus of this paper is on the extent to which



entrepreneurs utilize and use their personal network with suppliers, competitors, customers and government officials to support the operations of their ventures.

We also take into account the effects of industry-level determinants that can influence the relationship between entrepreneurs' personal network usage and young firm performance, namely industry dynamism (Dess and Beard, 1984) and industry hostility (Zahra and Covin, 1995). We hypothesized that an entrepreneur's personal network usage is even more rewarding in dynamic industries, as these networks build a sustainable foundation for the firm's customers and suppliers at highly dynamic conditions. In contrast, entrepreneurs who rely on their personal networks in hostile industries may become more prone to loss-aversion due to their social bond with the firm, which hinders their decision-making (Jiang *et al.*, 2018). Using survey data on 246 young firms that are based in Kuwait, we provide support for our proposed arguments.

This study contributes to the literature in three important ways. First, we contribute to the extant research on the entrepreneur's personal network (Ostgaard and Birley, 1996) by extending the focus from the structure of personal network to the mechanism and intensity of utilizing the networks, and how that affects the firm's performance. Second, we enrich the research on the effects of industry factors on the performance of entrepreneurial firms (Zahra and Covin, 1995) by unpacking how industry dynamism and industry hostility influence the entrepreneurs' ability to reap benefits from their personal networks. Third, we extend the literature on the entrepreneurial social networks in emerging markets (Burt, 2019), and the Middle East more specifically (Huang *et al.*, 2013), by empirically investigating the effects of personal network usage on the performance of Kuwaiti entrepreneurial firms.

Literature review

Extant research on networks in new ventures and small- and medium-sized enterprises (SMEs) has increasingly studied how entrepreneurs have benefited from social networks, both inter- and intra-organizational networks, to improve the performance of their ventures (Zhang, 2010). The social networks connected to the focal firm can come from the founder's own network, the networks of the managers, the employees' networks, the board networks or the extensive networks of advisers. Whereas all of these social networks can be utilized for resource or information acquisition (Martins, 2016), the focus of the current study is specifically on the formal and informal personal networks of the founder. Our use of entrepreneurs' personal network here builds upon the distinction between inter-organizational and personal networks by O'Donnel *et al.* (2001) that "in personal networks the 'actors' are individuals who are linked to each other informally, whereas in inter-organizational networks, the 'actors' are organizations between whom the links are formal" (p. 754). Entrepreneurs often form direct and indirect interpersonal ties with external economic agents and employ their personal networks to access resources, build reputation, learn about the market and locate a competitive position in the industry (Teixeira *et al.*, 2019; Zhang, 2010).

Entrepreneurs' personal network usage and firm performance

Entrepreneurial firms reap numerous benefits from the extent and structure of the founder's social network (Aldrich and Zimmer, 1986; Granovetter, 1985). Such networks are prominent sources of competitive advantage (Barney, 1991; Burt, 1992) that extends well beyond the young firm's inception and reflects on its subsequent operations, growth and even survival (Zou *et al.*, 2010). Prior work has underlined the separate effects of different dimensions of an entrepreneur's social network, including network size, structure, centrality and strong and weak ties (Stam *et al.*, 2014). Given these dimensions, entrepreneurs vary in how they manage

these networks and how much value they exploit from these resources (Shu *et al.*, 2018; Vissa and Bhagavatula, 2012). Despite these benefits, the effects of entrepreneurs' personal networks on the young firm's performance remain inconclusive due to its dependence on the entrepreneurs' usage of their networks, differences in industry conditions, and other contextual factors (Stam *et al.*, 2014).

The extensive usage of entrepreneurs' personal networks, while brings substantial benefits, may expose the inherent complexities and problems associated with the network usage. In addition to the risk of negative information being transferred through the network, the embedded social relationships of the entrepreneur can suffer as a result of overusing the personal network (Zhang, 2010). The literature on the performance effects of the entrepreneurs' personal network usage demonstrates a positive sign. In a qualitative study using in-depth interviews with second-generation, British-born Pakistani female entrepreneurs, Mitra and Basit (2021) found that the usage of personal networks has a positive impact on the entrepreneur's growth aspiration. The contextual influences of a tight Muslim ethnic minority community exacerbate the crucial role of interpersonal trust in the entrepreneur's personal network, and this trust (or mistrust) is dependent on the extent of the personal network usage. Martins' (2016) study of 121 manufacturing SMEs in Spain revealed that network usage, whether as knowledge and information source or to influence the environment, has a positive effect on entrepreneurial orientation development and firm's sales growth. These results are consistent with the findings of Teixeira *et al.* (2019) who found that the usage of both strong and weak ties benefits the resource-constrained small hotel ventures, especially at the startup stage, to facilitate their growth, but the mobilization of such networks is a dynamic process that changes throughout the lifetime of a startup.

Hypotheses development

Entrepreneurs' personal network usage

The entrepreneur's personal network is viewed as a group of strong ties that may include family, friends and direct business contacts (Granovetter, 1973, 1985; Ostgaard and Birley, 1996). Due to the unique attributes of these ties, scholars have examined their effects on different aspects of an entrepreneurial firm's operations (Vissa and Bhagavatula, 2012). These personal networks play an important role in connecting the entrepreneurial firm with future customers, suppliers and government officials, which reflect on that firm's growth (Acquaah, 2007; Stam *et al.*, 2014). Further, the entrepreneur's personal network is an excellent source of scarce and valuable resources and information (Martins, 2016) that often accentuate the firm's competitive advantage in the market (Burt, 1992).

In emerging markets, the entrepreneurs' personal networks are not only beneficial to the performance of entrepreneurial firms but often necessary for their survival (Burt, 2019; Zengyu Huang *et al.*, 2013). Different cultures have different names for these personal networks, which are particularly important for multinational firms. For instance, in China, such personal networks are often referred to as *Guanxi*, and considered an important requirement for firms that want to enter the Chinese market (Dunfee and Warren, 2001). In the Middle East, these personal networks are usually referred to as *Wasta* and also reflect trust, personal favors and family connections within the entrepreneur's social network (Hutchings and Weir, 2006). In Latin America, such personal networks are referred to as *Compadrazgo*, which literally translates to co-parenthood, which indicates the high level of interpersonal trust in these relationships (Velez-Calle *et al.*, 2015). In all the above examples, such personal ties indicate the quality of the entrepreneur's network, which directly reflects on their business practices in these markets.

According to the transaction cost theory (Williamson, 1985), market transactions are exposed to the risk of opportunistic behavior that is inherent in different types of transactions

between exchange participants. For example, opportunistic behavior by a customer that licenses technology from the firm can jeopardize the competitive advantage that the entrepreneurial firm enjoys over its competitors (Hill, 1990) which hinders that firm's performance over time. To control exposure to these behavioral uncertainties, scholars have emphasized the role of trust as an effective mechanism to reduce opportunism in market transactions (Gulati and Nickerson, 2008). Specifically, the trust from the personal network usage can reduce the transaction costs that may result from the excess negotiations, monitoring and enforcement of contractual agreements between the entrepreneurial firm and its business counterparts. Further, while entrepreneurs may face pressure to behave opportunistically to secure their short-term gains at the risk of larger economic losses, the intensive usage of the entrepreneur's personal network can reduce the probability of opportunistic behavior in new ventures (Jiang *et al.*, 2018). Considering these transactional benefits, entrepreneurs who more intensively use their personal networks when conducting their businesses can expect to achieve higher performance.

In their paper, Jiang *et al.* (2018) emphasized that the usage of entrepreneurs' personal networks establishes a strong social tie between the entrepreneurs and their newly established ventures. These social bonds often reflect on the entrepreneurs' commitment toward the firm's success and greatly reduce their tendency to behave opportunistically when the venture performs poorly (Jiang *et al.*, 2018). Furthermore, such personal networks are often a prime source of candid business advice and emotional support for entrepreneurs which further bolster their commitment toward the venture's success (Arregle *et al.*, 2015). In emerging markets, these personal networks can also compensate for the effects of weaker institutional protections in these markets (Khanna *et al.*, 2005), which is particularly important for the entrepreneurial firms that operate in these environments. Considering these effects, we propose the following hypothesis:

H1. Entrepreneurs' personal network usage is positively related to firm performance.

The role of the industry's conditions

Scholars have underscored the firm's industry as a source of environmental uncertainty that directly reflects on the entrepreneur's actions (Knight, 1921; McMullen and Shepherd, 2006). Such environmental uncertainty is often characterized by fluctuations in consumer behavior, changes in government regulations, intensified competition and innovation (Amit and Schoemaker, 1993; Bower and Christensen, 1995; Khanna *et al.*, 2005) which all influence the entrepreneurial firm's operations. In such environments, social networks often play a critical role in alleviating such uncertainty by providing the entrepreneurial firms with efficient and inexpensive access to information that reflects on the performance of these firms (Engel *et al.*, 2017). To underline a more holistic view on the relationship between the founders' personal network usage and the entrepreneurial firm's performance, our argument integrates the moderating effects of two important industry-level determinants – the industry's dynamism and hostility.

While both of these industry-level factors are expected to influence the environmental uncertainty (Dess and Beard, 1984; Zahra and Covin, 1995), each one of these determinants is expected to have separate effects on the value that the firm extracts from the founder's personal network. For instance, industry dynamism is defined as the degree, frequency and magnitude of change in the entrepreneurial firm's industry (Richard *et al.*, 2019), which determines the market demand for the firm's products and the stability of its supply-chain activities. Because of this, the degree of industry dynamism may reflect on the firm's relationship with its stakeholders, most notably its suppliers and customers. In contrast, the industry's hostility is defined as the extent of the competition intensity, lack of opportunity and the uncertainty related to competition, product and market in a specific industry (Zahra

and Covin, 1995). Therefore, industry hostility is more related to the level of competition within the industry, which limits the entrepreneurial firm's ability to take investment risks. Accounting for these differences between the two industry-level constructs, the following section investigates their separate moderation effects on the value that entrepreneurs extract from their personal network usage.

Industry dynamism. Industry dynamism is viewed as the main source of environmental uncertainty. Industry dynamism is often represented by the degree, frequency and magnitude of change in the entrepreneurial firm's industry (Richard *et al.*, 2019). In environments characterized by rapid changes and fluctuations in consumer behavior, standard production processes, effective marketing strategies, government regulations, competitive dynamics or successful configuration of the firm's activity system, information about these changes is critical to the performance of industry players. Firms that compete in dynamic industries continuously seek new insights and update their information about market changes. Whereas there exists population-level learning about industry changes, not all firms operating within the industry have the same access to that learning. Accumulated knowledge that reflects changes in suppliers' quality, bargaining power or prices may not be equally accessible to all competitors in the focal industry, where the accessibility is dependent on the ability to utilize one's personal network with the suppliers.

In highly dynamic industries, entrepreneurs who are efficient in utilizing their personal networks often have stronger connections with suppliers, customers and government officials (Stam *et al.*, 2014), which reflect on the stability of their operations in these conditions. Further, these entrepreneurs generally have greater access to valuable information that aids their search for new opportunities (Engel *et al.*, 2017; McMullen and Shepherd, 2006). In contrast, entrepreneurs who lack the foundation of a personal network in dynamic industries are typically exposed to the disadvantages of environmental uncertainty and the unpredictability of demand, particularly in emerging markets where institutional protections are weaker (Burt, 2019; Khanna *et al.*, 2005). Thus, we posit the following:

H2. Entrepreneurs' personal network usage has a stronger effect on firm performance in highly dynamic industries.

Industry hostility. Entrepreneurs who heavily exploit their personal networks with external stakeholders build greater social bonds with their venture which makes them loss-averse when they expect their business to fail (Jiang *et al.*, 2018). The likelihood of business failure for entrepreneurial firms increases in hostile environments. Industry hostility refers to the extent of the competition intensity, lack of opportunity and the uncertainty related to competition, product and market in a specific industry (Zahra and Covin, 1995). Zahra and Bogner (2000) underscored that industry hostility negatively influences the firm's innovation and discourages entrepreneurs from making risky decisions. Because of their high loss-aversion, entrepreneurs who rely on their personal networks may avoid taking risks in hostile business environments (Jiang *et al.*, 2018). Such loss-aversion is expected to influence the firm's ability to innovate and build a competitive advantage in these hostile conditions, which then reflects negatively on the firm's performance. Moreover, sharing confidential or know-how information with network partners can pose a threat to a competitive advantage in relation to a firm's rivals in a hostile environment. Thus, we propose the following:

H3. Entrepreneurs' personal network usage has a weaker effect on firm performance in highly hostile industries.

Figure 1 summarizes our proposed conceptual model.

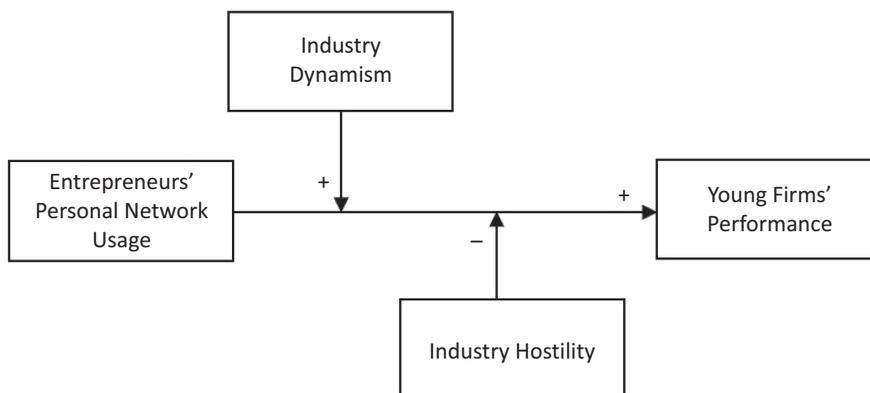


Figure 1.
Conceptual model

Methodology

Sample and data

To collect data, we developed an online survey that was administrated on a sample of local entrepreneurs in Kuwait. The survey was developed in English and was forward and backward translated to Arabic by two expert translators. We adopted the definition of young firms as those that have been operating for ten years or less since establishment (Veugelers and Schneider, 2018). We used a convenience sample of entrepreneurs who founded a privately owned business that has been operating for a maximum of ten years. A pilot test was performed on 30 entrepreneurs to examine the clarity and effectiveness of the survey instruments. The pretest results ensured the clarity of the survey questions. Dropping incomplete surveys left us with 246 complete and useable surveys.

Table 1 shows the breakdown of the sampled firms in terms of firm age, size and primary industry. About 74% of the firms have been operating for four years or less, indicating that most firms in our sample are very young. Firm size distribution shows a concentration of smaller firms with 10 employees or fewer. The small firm sizes are expected for the young firms in our sample. It does not come as a surprise that about one-third of the sampled firms operate in the food and beverage industry. Over the last five to ten years, restaurants continued to be the most popular startups in Kuwait. Between the years 2013 and 2018, more new restaurants were opened than there had been over the previous 60 years between 1952 and 2013 (Al-Qabas, 2018).

Measures

Firm performance. We measured the performance of our sampled firms employing a composite measure of multiple self-reported scaled items that capture broad dimensions of the young firm's performance. Specifically, we asked founders to rate the performance of their ventures as compared to competitors in terms of sales growth, profit growth, net profit margin, cost control and production efficiency, and growth in market share. Respondents rated their venture performance on a seven-point Likert-type scale that ranged from 1 "much worse" to 7 "much better." We then averaged the respondents' ratings on the above five items to arrive at a single performance measure for each firm. To examine the validity of the performance measure, we performed confirmatory factor analysis (CFA) using Stata 15 and produced the structured model's fit statistics which showed satisfactory values ($\alpha = 0.86$, CFI = 0.996, RMSEA = 0.042, LTI = 0.993).

	Frequency	%	Cumulative %	Network usage and performance of young firms
<i>Firm age (years)</i>				
≤ 2	102	41.46	41.46	
3–4	80	32.52	73.98	
5–6	32	13.01	86.99	
7–8	19	7.73	94.72	
9–10	13	5.28	100	717
<i>Firm size (number of employees)</i>				
1–5	114	46.33	46.33	
6–10	58	23.59	69.92	
11–50	60	24.43	94.35	
51–100	7	2.85	97.2	
Over 100	7	2.85	100	
<i>Industry</i>				
Food and beverages	86	34.96	34.96	
Crafts and arts	14	5.69	40.65	
Sports and fitness	8	3.25	43.9	
Agriculture and livestock	8	3.25	47.15	
IT and computer	11	4.47	51.63	
Entertainment, music and film	6	2.44	54.07	
Fashion, clothing and accessories	21	8.54	62.6	
Printing and publishing	3	1.22	63.82	
Furniture	4	1.63	65.45	
Real estate and constructions	6	2.44	67.89	
Consulting and training	11	4.47	72.36	
Maintenance and repair	6	2.44	74.8	
Other	62	25.20	100	

Table 1.
Organizational characteristics

While an objective measure of firm performance, such as return on investment and revenue growth, is unbiased and more accurate than our subjective measure, the vast majority of entrepreneurs whom we approached in the pilot test refused to report confidential quantitative performance indicators, with the very few who agreed providing unrealistic and positively biased figures. This is not surprising with entrepreneurs in emerging markets who strive to maintain the confidentiality and secrecy of their operations and performance. Nevertheless, a self-reported multi-item subjective performance measure for small firms has been consistently shown to be highly correlated with and provide similar effect sizes to archival objective measures (Partanen *et al.*, 2020; Stam *et al.*, 2014).

Entrepreneurs' personal network usage. We followed Acquaah (2007) and Jiang *et al.* (2018) and measured entrepreneurs' personal network usage by capturing the extent to which, in running their new ventures, entrepreneurs relied on personal connections with external stakeholders, namely customers, suppliers, competitors and government officials. The Cronbach's alpha for entrepreneurs' personal network usage scale was 0.67.

Industry dynamism. Dynamism of an industry indicates the degree of instability, turbulence and unpredictability of change (Dess and Beard, 1984). To capture industry dynamism, we adopt items used by Schilke (2014) and asked respondents to report the extent to which they agree with five statements about their industry dynamism and instability on a seven-point Likert-type scale. For example, respondents rate their agreement with whether environmental changes in their industry are unpredictable. All five items are listed in Table 2, and the Cronbach's alpha for the industry dynamism scale was 0.80.

Variable	Question	References
Firm Performance $\alpha = 0.86$	<i>How would you rate the performance of your firm in comparison to your competitors on each of the following dimensions ("Much worse" [1] to "much better" [7])</i> Sales growth Profits growth Net profit margin Market share growth Cost control and production efficiency	Partanen <i>et al.</i> (2020), Kellermanns and Eddleston (2006)
Entrepreneurs' personal network usage $\alpha = 0.67$	<i>To what extent do you use your personal ties with the following stakeholders to secure resources, stabilize environments, get information and support the survival of your firm? ("Very little" [1] to "very much" [7])</i> Customers Suppliers Competitors Government officials	Jiang <i>et al.</i> (2018), Peng and Luo (2000), Acquaaah (2007)
Industry dynamism $\alpha = 0.80$	<i>Indicate your agreement with the following statements about your industry ("Strongly disagree" [1] to "strongly agree" [7])</i> Marketing practices in our industry are constantly changing Environmental changes in our industry are unpredictable The modes of production/service change often and in a major way The environmental demands on us are constantly changing In our environment, new business models evolve frequently	Schilke (2014)
Industry hostility $\alpha = 0.61$	<i>Indicate your agreement with the following statements about your industry ("Strongly disagree" [1] to "strongly agree" [7])</i> The failure rate of firms in my industry is high Customer loyalty is low in my industry Severe price wars are characteristic of my industry Attractive market opportunities are scarce in my industry	Anderson <i>et al.</i> (2015) Covin and Sleiven (1989)

Table 2.
Survey instruments

Industry hostility. Industry hostility refers to unfavorable industry conditions driven by fierce price-based competition, changes in industry cycles or government actions (Covin and Slevin, 1989; Zahra and Garvis, 2000). Consistent with prior research (Anderson *et al.*, 2015; Covin and Slevin, 1989), we measured industry hostility with four items and assessed the respondents' agreement on a seven-point Likert-type scale that ranges from strongly disagree to strongly agree, as detailed in Table 2. The measure covers the price wars, attractive market opportunities, failure rates and customer loyalty dimensions of industry hostility. The Cronbach's alpha for the industry hostility scale was 0.61, showing satisfactory internal consistency and reliability (Johnson, 2007).

Control variables. We controlled for several entrepreneur-level and firm-level characteristics that have been shown to affect the performance of new ventures and

young firms. At the firm level, we controlled for *firm age* in years to partial out the effects of the liability of newness and learning advantage of newness (Bai *et al.*, 2020). In parallel with prior research that studied young firms' performance, we controlled for *firm size* measured by the natural log of the number of employees and the primary major *industry* in which the firm competes (Partanen *et al.*, 2020; Zahra *et al.*, 2000). At the entrepreneur level, we include an individual's demographic controls that include the entrepreneur's *gender* (1: female, 0: male), *age* and *age-squared* (Storey, 1994). *Marital status* was included as an additional control (1: single, 2: married, 3: divorced, 4: widowed). We also controlled for the founders' level of *education* using a dichotomous variable indicating whether the founder is a college graduate. The entrepreneurship literature provides evidence that an entrepreneur's experience in starting new ventures affects the performance of subsequently founded firms (Stuart and Abetti, 1990; Toft-Kehler *et al.*, 2014). Therefore, we controlled for *prior entrepreneurial experience* by adding the number of new ventures previously built by the respondent as a control variable (Delmar and Shane, 2006). Similarly, founders with longer work experience tend to outperform less experienced founders (Neville *et al.*, 2014). Hence, we asked respondents to report the total number of years of full-time employment to control for the entrepreneurs' *work experience*. Finally, we included as a control variable *entrepreneur parents*, a categorical indicator of whether the entrepreneur has neither, either or both parents who once started a business.

Common method bias

We addressed the threat of common method bias by undertaking several remedial procedures. First, we assured respondents to protect their identities and keep their responses anonymous. Second, in line with the recommendations by Podsakoff *et al.* (2012), we pre-tested our survey questions with five respondents and modified some questions to eliminate any confusing, vague or ambiguous items. Third, respondents had no idea about the detailed objectives of the research study nor about the proposed conceptual models. We added questions and items to the survey that are not relevant to the study, making it difficult to guess the research questions. Furthermore, we separated the survey items for the dependent variable on separate screens from the independent variables and mixed their order, a procedural approach that has been recommended as a remedial strategy to reduce common method bias (Podsakoff and Organ, 1986). Fourth, common scale properties are minimal as the dependent variable, the independent variable and industry moderators use different question formats and anchor labels (Podsakoff *et al.*, 2012). Finally, specifications of the tested regression models include difficult-to-visualize interaction effects between industry moderators and the main independent variable. Taken together, the above procedures help mitigate the risk against common method bias caused by using single informants for each firm.

To test for the presence of common method bias in our data, we conducted Harman's single-factor test using our dependent, independent and control variables (Podsakoff *et al.*, 2003; Podsakoff and Organ, 1986). The 14 variables of our study were entered into a principal component analysis that resulted in six unrotated retained factors, with eigenvalues greater than 1.0. Only 18.1% of the variance was accounted for by the largest factor, and the six factors collectively explained 65.9% of the variance.

Analyses and results

We tested our hypotheses using moderated hierarchical multiple regression with robust standard errors. The variance inflation factors (VIF) for all the study variables are below 4.0, showing no evidence of a multicollinearity problem.

Results

Table 3 presents the descriptive statistics and pairwise correlations for all variables. On average, firms have been operating for 3.5 years and have two employees working in the firm. As for the surveyed founders, 37% are females, with an average age of 33. On average, founders have 8.5 years of full-time work experience.

Table 4 reports the results of our hypotheses tests. Model 1 includes control variables only. Hypothesis 1 proposes that entrepreneurs' personal network usage is positively related to the performance of young firms. Model 2 tests hypothesis 1 and offers support for the hypothesis. The coefficient of the main effect of personal network usage is positive and significant ($\beta = 0.152, p < 0.01$). This finding agrees with prior studies that investigated this hypothesis in other countries (Martins, 2016; Zhang, 2010).

Model 3 shows the results of hypotheses 2 and 3. The coefficient of the interaction between personal network usage and industry dynamism is positive and statistically significant ($\beta = 0.151, p < 0.001$), supporting hypothesis 2. Hypothesis 3 states that environmental hostility moderates the positive relationship between personal network usage and firm performance, such that for firms competing in a hostile industry the relationship is weaker. As shown in model 3, the interaction of industry hostility with personal network usage is both negative and significant ($\beta = -0.107, p < 0.05$). To facilitate interpretation, the interactions are graphed in Figures 2 and 3. As hypothesized, industry dynamism strengthens the relationship between entrepreneurs' personal network usage and firm performance. Figures 2 and 3 show the effect of personal network usage and firm performance at different levels of industry dynamism and industry hostility, respectively.

Robustness tests

We ran additional analyses to test the robustness of our results. First, we used an alternative definition of young firms by including only firms that have been running for five years or less. Results from the regression analyses on the alternative sample of 204 firms were similar to the results observed from the original sample. Second, to further check the robustness of our findings, we utilized median quantile regression (Yu et al., 2019) to test whether our results are influenced by outliers. The findings remain consistent.

Discussion

Building on the extant research on entrepreneurial social networks, this study investigates how entrepreneurs' personal network usage, through the firm's direct connection with customers, suppliers, competitors and government officials, contributes to the firm's performance. We theoretically proposed and empirically found, using a sample of entrepreneurs in Kuwait, that entrepreneurs who extensively used their personal networks to aid their business were more capable of enhancing their firm's performance. This result sheds light on the role of personal network usage as an important capability that influences how entrepreneurs capture value from their social network. Based on our sample, we found that entrepreneurs who were more active in utilizing their networks accentuated the growth of their businesses, a finding that further confirms the role of *Wasta* in the Kuwaiti business environment (Hutchings and Weir, 2006). The findings of our study of entrepreneurs in Kuwait are consistent with other studies of SMEs in Spain (Martins, 2016), high-tech entrepreneurs in Singapore (Zhang, 2010), and small ventures in the tourism industry in Brazil (Teixeira et al., 2019).

Our results also show that the relationship between personal network usage and entrepreneurial firms' performance varies depending on industry conditions. First, we found that the effects of the founders' personal network usage became stronger in highly dynamic

Variables	Mean	Std	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1) Firm performance	5.24	1.03	1.00												
(2) Firm age	3.54	2.31	0.11	1.00											
(3) Firm size	1.88	1.13	0.23*	0.40*	1.00										
(4) Gender	0.37	0.48	0.00	-0.08	-0.31*	1.00									
(5) Marital status	1.61	0.55	-0.15*	0.16*	0.10	0.02	1.00								
(6) Age	32.75	8.84	-0.18*	0.28*	0.18*	0.01	0.43*	1.00							
(7) Prior entrepreneurial experience	1.40	1.48	-0.10	0.11	0.11	-0.13*	0.04	0.19*	1.00						
(8) Entrepreneur parents	1.64	0.87	0.04	-0.04	-0.02	0.07	-0.02	-0.14*	0.01	1.00					
(9) Education	0.64	0.48	0.10	-0.10	0.01	0.18*	-0.05	0.06	0.01	0.01	1.00				
(10) Work experience	8.49	7.49	-0.16*	0.25*	0.17*	-0.04	0.34*	0.81*	0.22*	-0.09	0.04	1.00			
(11) Industry dynamism	5.51	1.07	0.20*	-0.07	-0.01	0.03	-0.03	-0.04	-0.05	0.06	-0.05	-0.05	1.00		
(12) Industry hostility	4.92	1.10	0.15*	0.11	0.06	0.04	0.14*	0.15*	-0.05	0.05	-0.04	0.09	0.51*	1.00	
(13) Personal network usage	4.43	1.20	0.20*	-0.02	0.05	0.01	0.03	-0.03	0.07	0.03	-0.05	0.00	0.10	0.17*	1.00

Note(s): $N = 246$, * $p < 0.05$

Table 3.
Descriptive statistics
and pairwise
correlations

	Dependent variable: Firm performance					
	Model 1		Model 2		Model 3	
	β	(SE)	β	(SE)	β	(SE)
<i>Firm controls</i>						
Firm age	0.050	(0.033)	0.053	(0.031)	0.058	(0.030)
Firm size	0.230***	(0.068)	0.219***	(0.065)	0.212**	(0.064)
Industry	0.002	(0.013)	0.006	(0.013)	0.006	(0.013)
<i>Entrepreneur controls</i>						
Gender	0.102	(0.139)	0.076	(0.135)	0.075	(0.134)
Marital status	-0.168	(0.122)	-0.178	(0.119)	-0.173	(0.121)
Age	-0.051	(0.043)	-0.052	(0.041)	-0.059	(0.042)
Age ²	0.000	(0.000)	0.000	(0.000)	0.001	(0.000)
Prior entrepreneurial experience	-0.053	(0.038)	-0.065	(0.037)	-0.067	(0.036)
Entrepreneur parents	0.001	(0.088)	-0.001	(0.085)	-0.014	(0.086)
Education	0.249	(0.141)	0.270*	(0.136)	0.258	(0.135)
Work experience	-0.005	(0.011)	-0.007	(0.011)	-0.009	(0.011)
<i>Independent variables</i>						
Industry dynamism	0.157*	(0.070)	0.158*	(0.069)	-0.490*	(0.233)
Industry hostility	0.074	(0.069)	0.047	(0.068)	0.507*	(0.251)
Personal network usage			0.152**	(0.053)	-0.179	(0.238)
<i>Interaction effects</i>						
Network usage × industry dynamism					0.151***	(0.050)
Network usage × industry hostility					-0.107*	(0.054)
Constant	4.733***	(0.868)	4.207***	(0.859)	5.814***	(1.240)
R ²	0.187		0.217		0.239	
ΔR^2			0.030		0.052	
F-test	5.624***		6.607***		6.340***	
Note(s): N = 246, Robust standard errors between parentheses; ***p < 0.001, **p < 0.01, *p < 0.05, + p < 0.10						

Table 4.
Hierarchical multiple regression results

industries, as founders capture greater benefits from their personal networks in the form of a sustainable relationship with customers, suppliers and other parties (Stam *et al.*, 2014). Second, we found that the positive relationship between personal network usage and firm performance turned negative in hostile industries. In such hostile environments, entrepreneurs who built stronger social bonds with their personal networks were more likely to become loss-averse (Jiang *et al.*, 2018), which hinders their ability to innovate and to take appropriate levels of risk. In turn, this eventually has a negative impact on the entrepreneurial firm's competitiveness in these hostile environments.

This study contributes to several research streams in the entrepreneurship literature. First, the study enriches our understanding of how the entrepreneur's personal network contributes to firm performance (Ostgaard and Birley, 1996) by focusing on how entrepreneurs utilize and use their personal networks. Second, the study also investigates the effects of industry-level boundary conditions, namely dynamism and hostility (Zahra and Covin, 1995), to unpack their effects on the outcomes of personal network usage. Third, this study advances our knowledge on the role of entrepreneurial social networks in emerging markets (Burt, 2019) by empirically investigating the effects of personal network usage on the performance of Kuwaiti entrepreneurial firms.

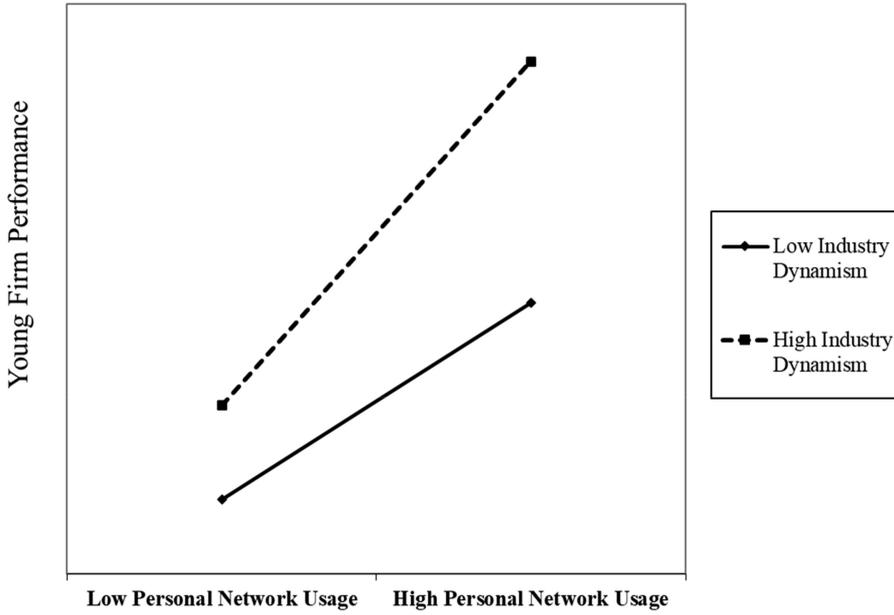


Figure 2.
Interaction plot of
entrepreneur's
personal network
usage with industry
dynamism

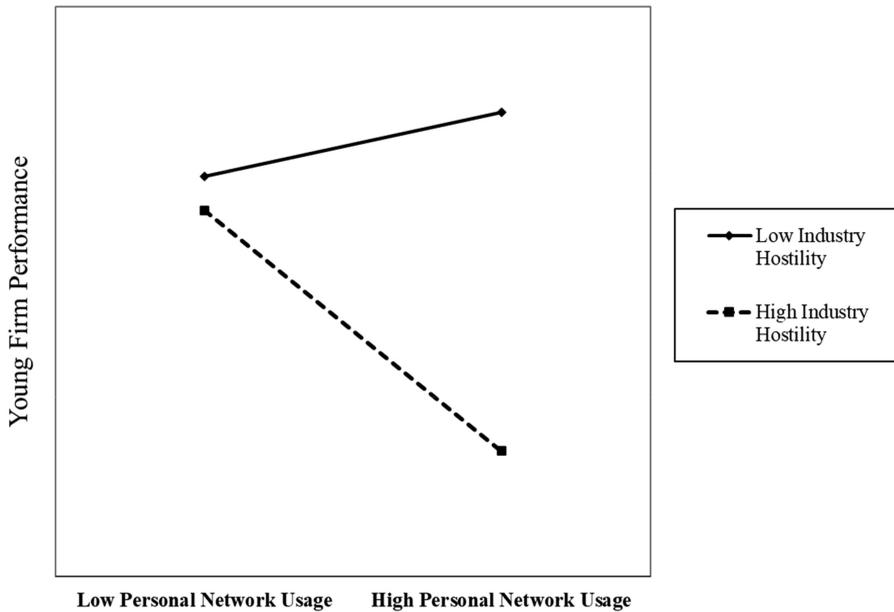


Figure 3.
Interaction plot of
entrepreneur's
personal network
usage with industry
hostility

Limitations and directions for future research

As with any research study, the findings of this study are also exposed to a few limitations. The first limitation pertains to our measure of firm performance. We measure a young firm's performance through the founder's perception of her business as it compares with other competitors in the industry. This operationalization may not precisely capture the actual performance and our study can be improved by adopting a more accurate objective measure such as net income, sales growth rates and the growth in the number of employees. Second, the cross-sectional design of this study limits the possibility to establish a cause and effect relationship (Langfred, 2007). A longitudinal design can advance our understanding of the causal effect of entrepreneurs' network usage in young firms. Another concern for our study is relative to our sample. First, this study employs a convenience sample which limits the generalizability of the results and poses the threat of sampling bias. We tried to minimize the potential risk of sampling error by covering a diverse range of entrepreneurs' characteristics (demographics and background) and young firms' profiles (industry and size). Second, our sample may suffer from survivorship bias as we only tested operating ventures. We approached the founders of a few failing startups, but they were either reluctant to fill out the survey or provided unrealistic responses to the firm performance, biasing the performance measure that is based on the entrepreneur's perception.

Future research can extend the results of this study by investigating other industry conditions that may moderate the relationship between personal network usage and young firm performance. For example, industry munificence can reflect the level of inducements in the market that may encourage entrepreneurs to further utilize their personal networks to support their operations. Scholars may also extend the findings proposed in this study by applying a cross-country design to understand how the strength and efficiency of a country's formal institutions amplify or attenuate the benefits of using entrepreneurs' personal network with these institutions to support the survival and growth of their ventures (Batjargal *et al.*, 2013).

Conclusion and practical implications

The empirical findings presented in this study stress the role of an entrepreneur's personal network usage as a critical organizational capability that directly contributes to an entrepreneurial firm's performance, growth and survival. We found that entrepreneurs who were effective in how they use their personal networks acquire strategic benefits that reflected on their firm's operations marketing, and overall competitiveness. Furthermore, we found that the strategic value from these personal networks is sensitive to environmental elements. For instance, entrepreneurs in hostile industries may not benefit from relying too much on their personal networks as these bonds may influence their ability to make risky decisions, such as investing in new product development. In contrast, founders may benefit more from their personal networks in dynamic industries, as these personal ties can enhance the consistency and sustainability of their operations in these environments.

In Kuwait, we found that a founder's personal network usage is associated with better performance, which complements the extant research on the effect of *Wasta* on an entrepreneurial firm's growth and survival (Hutchings and Weir, 2006). Such finding creates important practical implications to Kuwaiti entrepreneurs to enhance the value that they extract from their personal networks, particularly in volatile and hostile environments. Further, these findings create future opportunities for scholars to unpack the individual effects of different personal ties (e.g., family, friends, direct business contacts) to further examine how these ties influence the founder's ability to utilize their *Wasta* and accentuate their performance. In conclusion, this study draws attention to the role of personal network usage as an organizational capability for entrepreneurs in emerging markets.

References

- Acquaah, M. (2007), "Managerial social capital, strategic orientation, and organizational performance in an emerging economy", *Strategic Management Journal*, Vol. 28 No. 12, pp. 1235-1255.
- Al-Qabas (2018), *Established Restaurants in Kuwait for More than 5 Years than They Were Established in 52 Years*, Al-Qabas Newspaper, Kuwait City.
- Aldrich, H. and Zimmer, C. (1986), "Entrepreneurship through social networks", in Sexton, D.L. and Smilor, R.W. (Eds), *The Art and Science of Entrepreneurship*, Ballinger Publishing Company, Cambridge, MA.
- Amit, R. and Schoemaker, P.J.H. (1993), "Strategic assets and organizational rent", *Strategic Management Journal*, Vol. 14 No. 1, pp. 33-46.
- Anderson, B.S., Kreiser, P.M., Kuratko, D., Hornsby, J.S. and Eshima, Y. (2015), "Reconceptualizing entrepreneurial orientation", *Strategic Management Journal*, Vol. 36, pp. 1579-1596.
- Arregle, J.-L., Batjargal, B., Hitt, M.A., Webb, J.W., Miller, T. and Tsui, A.S. (2015), "Family ties in entrepreneurs' social networks and new venture growth", *Entrepreneurship: Theory and Practice*, Blackwell Publishing, Vol. 39 No. 2, pp. 313-344.
- Bai, W., Liu, R. and Zhou, L. (2020), "Enhancing the learning advantages of newness: the role of internal social capital in the international performance of young entrepreneurial firms", *Journal of International Management*, Elsevier, Vol. 26 No. 2, pp. 1-18.
- Barney, J. (1991), "Firm resources and sustained competitive advantage", *Journal of Management*, Vol. 17 No. 1, pp. 99-120.
- Batjargal, B., Hitt, M.A., Tsui, A.S., Arregle, J.L., Webb, J.W. and Miller, T.L. (2013), "Institutional polycentrism, entrepreneurs' social networks, and new venture growth", *Academy of Management Journal*, Vol. 56 No. 4, pp. 1024-1049.
- Bower, J.L. and Christensen, C.M. (1995), "Disruptive technologies: catching the wave", *Harvard Business Review*, Vol. 73 No. 1, pp. 43-53.
- Burt, R.S. (1992), *Structural Holes: The Social Structure of Competition*, Harvard University Press, Cambridge, MA.
- Burt, R.S. (2019), "Network disadvantaged entrepreneurs: density, hierarchy, and success in China and the west", *Entrepreneurship: Theory and Practice*, Vol. 43 No. 1, pp. 19-50.
- Covin, J.G. and Slevin, D.P. (1989), "Strategic management of small firms in hostile and benign environments", *Strategic Management Journal*, Vol. 10 No. 1, pp. 75-87.
- Delmar, F. and Shane, S. (2006), "Does experience matter? The effect of founding team experience on the survival and sales of newly founded ventures", *Strategic Organization*, Vol. 4 No. 3, pp. 215-247.
- Dess, G.G. and Beard, D.W. (1984), "Dimensions of organizational task environments", *Administrative Science Quarterly*, Vol. 29 No. 1, pp. 52-73.
- Dunfee, T.W. and Warren, D.E. (2001), "Is Guanxi ethical? A normative analysis of doing business in China", *Journal of Business Ethics*, Vol. 32 No. 3, pp. 191-204, doi: [10.1023/A:1010766721683](https://doi.org/10.1023/A:1010766721683).
- Engel, Y., Kaandorp, M. and Elfring, T. (2017), "Toward a dynamic process model of entrepreneurial networking under uncertainty", *Journal of Business Venturing*, Elsevier, Vol. 32 No. 1, pp. 35-51.
- Granovetter, M. (1973), "The strength of weak ties", *American Journal of Sociology*, University of Chicago Press, Vol. 78 No. 6, pp. 1360-1380.
- Granovetter, M. (1985), "Economic action and social structure: the problem of embeddedness", *American Journal of Sociology*, Vol. 91 No. 3, pp. 481-510.
- Gulati, R. (1999), "Network location and learning: the influence of network resources and firm capabilities on alliance formation", *Strategic Management Journal*, Vol. 20 No. 5, pp. 397-420.
- Gulati, R. and Nickerson, J.A. (2008), "Interorganizational trust, governance choice, and exchange performance", *Organization Science*, Vol. 19 No. 5, pp. 688-708.

- Hill, C.W.L. (1990), "Cooperation, opportunism, and the invisible hand: implications for transaction cost theory", *Academy of Management Review*, Vol. 15 No. 3, pp. 500-513.
- Huang, V.Z., Nandialath, A., Alsayeghi, A.K. and Karadeniz, E.E. (2013), "Socio-demographic factors and network configuration among MENA entrepreneurs Victor Zengyu Huang Anup Nandialath Abdulkareem Kassim Alsayaghi emine Esra Karadeniz Article", *International Journal of Emerging Markets*, Vol. 8 No. 3, pp. 258-281.
- Hutchings, K. and Weir, D. (2006), "Understanding networking in China and the Arab world: lessons for international managers", *Journal of European Industrial Training*, Emerald Group Publishing, Vol. 30 No. 4, pp. 272-290.
- Jiang, H., Cannella, A.A. and Jiao, J. (2018), "Does desperation breed deceiver? A behavioral model of new venture opportunism", *Entrepreneurship: Theory and Practice*, Vol. 42 No. 5, pp. 769-796.
- Johnson, R.A. (2007), *Applied Multivariate Correspondence Analysis*, 6th ed., Prentice-Hall, Upper Saddle River, NJ.
- Kellermanns, F.W. and Eddleston, K.A. (2006), "Corporate entrepreneurship in family firms: a family perspective", *Entrepreneurship Theory and Practice*, Vol. 30 No. 6, pp. 809-830.
- Khanna, T., Palepu, K. and Sinha, J. (2005), "Strategies that fit emerging markets", *Harvard Business Review*.
- Knight, F. (1921), "Risk, uncertainty, and profit", in Online Ed (Ed.), *Houghton Mifflin Company*, Hart, Schaffner and Marx, Boston, MA, Vol. 20.
- Langfred, C.W. (2007), "The downside of self-management: a longitudinal study of the effects of conflict on trust, autonomy, and task interdependence in self-managing teams", *Academy of Management Journal*, Vol. 50 No. 4, pp. 885-900.
- Martins, I. (2016), "Network usage, entrepreneurial orientation and their effectiveness on SMEs growth", *Journal of Entrepreneurship*, Vol. 25 No. 1, pp. 18-41.
- Mayanja, S.S., Ntayi, J.M., Munene, J.C., Kagaari, J.R.K., Balunywa, W. and Orobia, L. (2019), "Positive deviance, ecologies of innovation and entrepreneurial networking", *World Journal of Entrepreneurship, Management and Sustainable Development*, Vol. 15 No. 4, pp. 308-324.
- McMullen, J.S. and Shepherd, D.A. (2006), "Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur", *Academy of Management Review*, Vol. 31 No. 1, pp. 132-152.
- Mitra, J. and Basit, A. (2021), "Personal networks and growth aspirations: a case study of second-generation, Muslim, female entrepreneurs", *Small Business Economics*, Vol. 56, pp. 121-143, doi: [10.1007/s11187-019-00211-3](https://doi.org/10.1007/s11187-019-00211-3).
- Neville, F., Orser, B., Riding, A. and Jung, O. (2014), "Do young firms owned by recent immigrants outperform other young firms?", *Journal of Business Venturing*, Elsevier, Vol. 29 No. 1, pp. 55-71.
- Ostgaard, T.A. and Birley, S. (1996), "New venture growth and personal networks", *Journal of Business Research*, Vol. 36 No. 1, pp. 37-50.
- O'Donnell, A., Gilmore, A., Cummins, D. and Carson, D. (2001), "The network construct in entrepreneurship research: a review and critique", *Management Decision*, Vol. 39 No. 9, pp. 749-760.
- Partanen, J., Kauppila, O.P., Sepulveda, F. and Gabrielsson, M. (2020), "Turning strategic network resources into performance: the mediating role of network identity of small- and medium-sized enterprises", *Strategic Entrepreneurship Journal*, Vol. 14 No. 2, pp. 178-197.
- Peng, M.W. and Luo, Y. (2000), "Managerial ties and firm performance in a transition economy: the nature of a micro-macro link", *Academy of Management Journal*, Vol. 43 No. 3, pp. 486-501.
- Podsakoff, P.M. and Organ, D.W. (1986), "Self-reports in organizational research: problems and prospects", *Journal of Management*, Vol. 12 No. 4, pp. 531-544.
- Podsakoff, P.M., MacKenzie, S.B., Lee, J.Y. and Podsakoff, N.P. (2003), "Common method biases in behavioral research: a critical review of the literature and recommended remedies", *Journal of Applied Psychology*, Vol. 88 No. 5, pp. 879-903.

- Podsakoff, P.M., MacKenzie, S.B. and Podsakoff, N.P. (2012), "Sources of method bias in social science research and recommendations on how to control it", *Annual Review of Psychology*, Vol. 63 No. 1, pp. 539-569.
- Richard, O.C., Wu, J., Markoczy, L.A. and Chung, Y. (2019), "Top management team demographic-faultline strength and strategic change: what role does environmental dynamism play?", *Strategic Management Journal*, Vol. 40 No. 6, pp. 987-1009.
- Schilke, O. (2014), "On the contingent value of dynamic capabilities for competitive advantage: the nonlinear moderating effect of environmental dynamism", *Strategic Management Journal*, Vol. 35, pp. 179-203.
- Shu, R., Ren, S. and Zheng, Y. (2018), "Building networks into discovery: the link between entrepreneur network capability and entrepreneurial opportunity discovery", *Journal of Business Research*, Vol. 85, pp. 197-208.
- Stam, W., Arzalian, S. and Elfring, T. (2014), "Social capital of entrepreneurs and small firm performance: a meta-analysis of contextual and methodological moderators", *Journal of Business Venturing*, Elsevier, Vol. 29 No. 1, pp. 152-173.
- Storey, D.J. (1994), "New firm growth and bank financing", *Small Business Economics*, Vol. 6 No. 2, pp. 139-150.
- Stuart, R.W. and Abetti, P.A. (1990), "Impact of entrepreneurial and management experience on early performance", *Journal of Business Venturing*, Vol. 5 No. 3, pp. 151-162.
- Stuart, T., Hoang, H. and Hybels, R. (1999), "Interorganizational endorsements and the performance of entrepreneurial ventures", *Administrative Science Quarterly*, Vol. 44 No. 2, pp. 315-349.
- Teixeira, R.M., Andreassi, T., Köseoglu, M.A. and Okumus, F. (2019), "How do hospitality entrepreneurs use their social networks to access resources? Evidence from the lifecycle of small hospitality enterprises", *International Journal of Hospitality Management*, Elsevier, Vol. 79 No. December 2017, pp. 158-167.
- Toft-Kehler, R., Wennberg, K. and Kim, P.H. (2014), "Practice makes perfect: entrepreneurial-experience curves and venture performance", *Journal of Business Venturing*, Elsevier, Vol. 29 No. 4, pp. 453-470.
- Velez-Calle, A., Robledo-Ardila, C. and Rodriguez-Rios, J.D. (2015), "On the influence of interpersonal relations on business practices in Latin America: a comparison with the Chinese Guanxi and the Arab Wasta", *Thunderbird International Business Review*, Vol. 57 No. 4, pp. 281-293, doi: [10.1002/tie.21669](https://doi.org/10.1002/tie.21669).
- Veugelers, R. and Schneider, C. (2018), "Which IP strategies do young highly innovative firms choose?", *Small Business Economics*, Vol. 50 No. 1, pp. 113-129.
- Vissa, B. and Bhagavatula, S. (2012), "The causes and consequences of churn in entrepreneurs' personal networks", *Strategic Entrepreneurship Journal*, Wiley-Blackwell, Vol. 6 No. 3, pp. 273-289.
- Vosta, L.N. and Jalilvand, M.R. (2014), "Examining the influence of social capital on rural women entrepreneurship", *World Journal of Entrepreneurship, Management and Sustainable Development*, Vol. 20 No. 5, pp. 417-437.
- Williamson, O.E. (1985), *The Economic Institutions of Capitalism*, The Free Press, New York, NY.
- Yu, W., Minniti, M. and Nason, R. (2019), "Underperformance duration and innovative search: evidence from the high-tech manufacturing industry", *Strategic Management Journal*, Vol. 40 No. 5, pp. 836-861.
- Zahra, S.A. and Bogner, W.C. (2000), "Technology strategy and software new ventures' performance: exploring the moderating effect of the competitive environment", *Journal of Business Venturing*, Elsevier, Vol. 15 No. 2, pp. 135-173.
- Zahra, S.A. and Covin, J.G. (1995), "Contextual influences on the corporate entrepreneurship-performance relationship: a longitudinal analysis", *Journal of Business Venturing*, Vol. 10 No. 1, pp. 43-58.

- Zahra, S.A. and Garvis, D.M. (2000), "International corporate entrepreneurship and firm performance", *Journal of Business Venturing*, Vol. 15 Nos 5–6, pp. 469-492.
- Zahra, S.A., Ireland, R.D. and Hitt, M.A. (2000), "International expansion by new venture Firms: international diversity, mode of market entry, technological learning, and performance", *Academy of Management Journal*, Vol. 43 No. 5, pp. 925-950.
- Zengyu Huang, V., Nandialath, A., Kassim Alsayaghi, A. and Esra Karadeniz, E. (2013), "Socio-demographic factors and network configuration among MENA entrepreneurs", *International Journal of Emerging Markets*, Emerald Group Publishing, Vol. 8 No. 3, pp. 258-281.
- Zhang, J. (2010), "The problems of using social networks in entrepreneurial resource acquisition", *International Small Business Journal*, Vol. 28 No. 4, pp. 338-361.
- Zou, H., Chen, X. and Ghauri, P. (2010), "Antecedents and consequences of new venture growth strategy: an empirical study in China", *Asia Pacific Journal of Management*, Springer, New York, Vol. 27 No. 3, pp. 393-421.

About the authors

Mishari Alnahedh is an assistant professor of strategy and entrepreneurship at Kuwait University's College of Business Administration. He holds a Ph.D. in business administration from the Warrington College of Business at University of Florida and an MBA in strategy, finance and economics from the Booth School of Business at University of Chicago. Mishari's research has appeared on *Strategy Science* and *Journal of Developmental Entrepreneurship*, among other journals. Focusing on entrepreneurship, innovation and corporate strategy, his research examines the complexity and interdependency in a firm's activities, entrepreneurial finance and firms' change and growth strategies. Mishari Alnahedh is the corresponding author and can be contacted at: alnahedh@ku.edu.kw

Abdullatif Alrashdan is an assistant professor of strategy and international business at Kuwait University's College of Business Administration. Abdullatif holds a Ph.D. in business administration with concentration in management from the University of Connecticut. He also received an MBA from the State University of New York at Buffalo and a bachelor's degree in finance from Kuwait University. Prior to his graduate education, Abdullatif worked as a financial analyst in Kuwait and Bahrain. Abdullatif's research interests include international business, corporate governance and decision-making.