

Superior entrepreneurial performance is not driven by technical knowledge

May 6 2009

Entrepreneurs in high-technology industries often have significant prior industry experience. A new study in *Strategic Management Journal* reveals that this experience is critical to their success. Surprisingly, however, it is mainly the non-technical knowledge that founders gain from their experience with prior firms that affects increased achievement at their new firms, rather than direct technical spillovers from the former parent to a new venture.

Aaron K. Chatterji, Ph.D., of the Fuqua School of Business at Duke University used financial and patenting data sources to assess the impact of industry experience on entrepreneurial performance and innovation in medical device start-ups.

The conventional wisdom is that "spawned" businesses commonly build on technical ideas for products and services that were developed within a former parent firm, either by "hiding" the ideas or because the former employer simply did not want to commercialize the goods and services. By contrast, Chatterji's work shows that the most important benefits for the spawned new ventures derive less from direct technical innovations at their former parent, but instead from a broader understanding of the industry context, including market and regulatory knowledge. This experience helps founders identify entrepreneurial opportunities and to target new goods and services in ways that achieve both market acceptance and meet regulatory needs efficiently and effectively. Thus, the most important experience derives more from critical contextual knowledge and less from technical developments at the former parent.

"This research will hopefully lead us to look at entrepreneurship in terms of individuals spawning from existing organizations with valuable market, technical, and regulatory knowledge," the author concludes. "If we think of entrepreneurship as an organizational phenomenon as much as an individual one, it might change the way we approach business strategy and inform the policies we craft to encourage economic growth."

Source: Wiley ([news](#) : [web](#))

Citation: Superior entrepreneurial performance is not driven by technical knowledge (2009, May 6) retrieved 7 May 2024 from <https://phys.org/news/2009-05-superior-entrepreneurial-driven-technical-knowledge.html>

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