Mediating and moderating correlates and socio-economic factors in firm creation among nascent entrepreneurs

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Abstract
Entrepreneurship, the creation of new ventures and firms, has been hailed as the engine that drives an economy. The creation of new firms for example, results in innovation, new products, added market competition and employment, contributing to economic growth, productivity and overall performance and thus the need to understand the correlates of Firm Creation (FC). The firm creation process includes (a) the decision to initiate the creation of a new firm, (b) the organization and identification of resources to establish the new firm, or gestation/start up process and (c) the establishment of an operational new firm.

Research has found that a close relationship exists between the nascent entrepreneur’s entrepreneurial orientation traits and market orientation. Further, a market orientation suggests that an entrepreneur would make decisions as a response to Market Intelligence (MI) and Market Intelligence Gathering (MIG). Other variables such as Social Capital (SC), Relational Capital (RLC) and Structural Capital (STC) and the entrepreneurs Cognitive Capital (CGC) have been found to be significant.

Extant studies of how MO, EO and MIG affect FC have been limited to the firm level. However, this study differs from extant studies is that it will be the first to explore, in part, the market orientation construct at the individual entrepreneur level during the pre-startup phase, or gestation period of the firm creation process. Previous work by the authors found that (Knox, Austin and Egbe, 2015 and Egbe & Knox 2014) Entrepreneurial Orientation by itself is not sufficient to lead to Firm Creation. In this study, we also investigate the effects of Race, Gender, Education, Age and other socio-economic variables as correlates of FC. We found significant relationship between these socio-economic variables and firm creation.

This study used logistic regression models to assess the effects of market intelligence generation (MIG), entrepreneurial orientation (EO), structural capital (STC), relational capital (RLC), and cognitive capital (CGC) at the individual level of firm creation (FC).