

Entrepreneurial Resource Acquisition through Indirect Ties: Compensatory Effects of Prior Knowledge

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This study investigates when indirect ties, in which a referrer appears between an entrepreneur and a resource owner, can enhance the likelihood of resource acquisitions for starting a new venture. The authors argue that when either resource owners or referrers possess a greater level of prior knowledge about a venture's technology or product, information asymmetry problems arising from weak component ties decline, enabling resource owners to evaluate the venture better. On the basis of survey data from 378 high-tech entrepreneurs, the analysis shows that resource owners' prior knowledge, but not referrers', compensates for limited information in weak component ties better than in strong component ties.

Keywords: *social networks; entrepreneurial resource acquisition; indirect ties; prior knowledge*

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