

The paradox of resource access: influence on location decision comprehensiveness and new venture performance

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Abstract

Purpose – This research aims to theorize how a critical factor, resource access, can paradoxically impact the comprehensiveness of venture location decision processes and the relationship between decision comprehensiveness and new venture performance. To do so, the authors focus on nascent entrepreneurs' venture location decision processes and introduce resource access as a double-edged sword.

Design/methodology/approach – In this conceptual article, the authors draw from the strategic decision-making and resource mobilization literature to theorize about the new venture location decision-making process and its performance implications.

Findings – By uncovering the paradox of resource access, the authors propose that high levels of resource access create a paradoxical situation in which nascent entrepreneurs are less likely to use comprehensive decision processes when their benefits are at their greatest.

Originality/value – This work contributes to entrepreneurship research on new venture location and resource mobilization in three important ways. First, the authors advance the literature on nascent entrepreneurs' location decision-making processes by introducing "location decision comprehensiveness" as a decision process construct and juxtaposing it with resource access to uncover the entrepreneurial decision-making process. Second, the authors develop a more nuanced theorization of the location choices made by nascent entrepreneurs instead of relying on generalized conclusions drawn from well-established corporations' location decisions. Last, the authors extend the literature on resource mobilization in entrepreneurship by shedding light on the paradoxical aspect of resource access. While previous research has emphasized the favorable effects of resource access on new venture processes and outcomes, the authors contend that it can also negatively impact entrepreneurs' ability to make effective decisions.

Keywords Decision comprehensiveness, Resource access paradox, Venture location decision, Decision process, New venture performance

Paper type Conceptual paper

Introduction

Business location decisions are critical during the startup process because they impact venture survival and success (Brush *et al.*, 2008; Pownall, 2003). Poor location decisions have been cited as key drivers of new venture failure in the first few years after launch (Schaefer, 2021). Furthermore, where new ventures' location could impact labor markets, inform regional development and result in other important macro-level outcomes, such as



technological advancement, infrastructure development and tax amendments (Brush *et al.*, 2008; Ferreira *et al.*, 2016).

A vast body of existing business location research is based on location theory (North, 1955), which was initially built on the assumption that managers of large established companies make business (re)location and/or internationalization decisions based on full-fledged cost-benefit analyses of mainly economic factors that lead to profit optimization (Alonso, 1967; Blair and Premus, 1993; Moses, 1958). Even though this line of research later evolved to acknowledge managers' bounded rationality in making business location decisions, it has mainly remained silent about managers' decision-making "processes" (Ambos *et al.*, 2020; Maitland and Sammartino, 2015). Instead, it has extensively examined variables, including firm-level (e.g. firm's network) and country-level factors (e.g. political and legal environment) that impact where firms locate their international activities (Clark and Sudharsan, 2020; Li *et al.*, 2018). In entrepreneurship literature, despite the mutual impact of business startups and communities (Minniti, 2006; Toma *et al.*, 2014), to date, only few publications have addressed the topic of new venture location (Cruz and Teixeira, 2023; Kolympiris *et al.*, 2015; Larsson *et al.*, 2017), compared to the striking record of publications about large companies' internationalization, and relocation strategies (e.g. Li *et al.*, 2018, 2023; McMullen *et al.*, 2016). Among the few publications on the subject in entrepreneurship research, there has been a tendency to examine individual- and location-level correlates of where new ventures are located and sometimes their subsequent business outcomes (e.g. Carias *et al.*, 2023; Cruz and Teixeira, 2023; Dharmasankar and Yoo, 2023; Kolympiris *et al.*, 2015; Orhan, 2023; Vedula *et al.*, 2019). Therefore, new venture location decisions, especially what underlies the process of making these decisions, have remained under-studied in entrepreneurship and large established firms' literature (Pe'er *et al.*, 2008; Simaras *et al.*, 2021).

Comprehensiveness, a well-established construct in strategic decision-making process literature, represents the extent to which senior executives follow rational approaches to making strategic decisions (Samba *et al.*, 2021). This construct which is also referred to as procedural rationality (Simon, 1976), is defined in our work as the extent to which entrepreneurs collect and systematically analyze relevant information to make a new venture location decision (Forbes, 2007; Fredrickson and Mitchell, 1984; Glick *et al.*, 1993). The purpose of our research is to theorize how a critical factor, *resource access*, can paradoxically impact the comprehensiveness of venture location decision processes and the relationship between decision comprehensiveness and new venture performance. Therefore, we seek to propose answers to the following questions: (1) how does resource access impact the likelihood that entrepreneurs use comprehensiveness in making location decisions? and (2) how does resource access moderate the relationship between location decision comprehensiveness and venture performance outcomes? In responding to these questions, we surface an important paradox to explain how increased resource access tends to discourage entrepreneurs from using comprehensive analysis, whereas comprehensive analysis could be most effective when resources are accessible.

Our work contributes to new venture location and resource mobilization in entrepreneurship research in three important ways. First, to shed light on nascent entrepreneurs' location decision-making processes, we introduce the "location decision comprehensiveness" as a decision process construct and juxtapose it with "resource access" (Elbanna and Child, 2007b; McMullen *et al.*, 2016; Pe'er *et al.*, 2008; Riedl *et al.*, 2013). This helps paint a more realistic picture of the entrepreneurial decision-making process instead of making a one-fits-all assumption that entrepreneurs react homogeneously to environmental stimuli, such as incentives that intend to attract new ventures to certain locations (Gonzalez *et al.*, 2019).

Second, our work responds to calls for more nuanced theorizing of nascent entrepreneurs' location decisions instead of generalizing findings from large established firms (Cruz and Teixeira, 2023; Kolympiris *et al.*, 2015; Larsson *et al.*, 2017). This is very important because liabilities of newness and smallness set new ventures apart from established organizations in their capacity for systematic environmental scanning, information gathering and processing (Atuahene-Gima and Li, 2004); hence, to truly understand nascent entrepreneurs' location decision processes, we need to develop theories that apply to them. To reach this goal, we rely on Stam's (2007) finding that entrepreneurs make venture location decisions differently throughout their ventures' lifecycle to reason that our proposed relationships apply mainly to nascent entrepreneurs who make a venture location decision for the first time and usually under time and other resource constraints.

Finally, we contribute to the resource mobilization literature in entrepreneurship by highlighting the paradoxical nature of resource access. In contrast to past research that has predominantly focused on the positive impacts of resource access on new venture processes and outcomes (e.g. Klyver and Schenkel, 2013; Liao *et al.*, 2008; Marshall *et al.*, 2020), we argue that resource access has a "dark side" that can hinder entrepreneurs' effective decision-making. We have done so by shedding light on an interesting paradox that resource access imposes on nascent entrepreneurs' new venture location decision-making process.

In the following sections, we provide the theoretical background and our propositions before we discuss our work's theoretical and practical implications. Our main proposal in this conceptual work is that while resource access decreases the likelihood that nascent entrepreneurs use decision comprehensiveness in making venture location decisions (Proposition 1), it increases the usefulness of location decision comprehensiveness by strengthening the relationship between decision comprehensiveness and venture performance (Proposition 2).

Theoretical background

New venture location decisions

The location of business is important because it determines the likelihood of business success through access to favorable conditions, such as labor, markets and infrastructures (Brush *et al.*, 2008; Lamb and Sherman, 2010). Although location research in large and established firms has a well-established track record, specifically in the manufacturing industry with a focus on their relocation/expansion decisions (Charney, 1983; Goerzen *et al.*, 2013; McMullen *et al.*, 2016), it has only recently attracted the attention of entrepreneurship and small business scholars' attention (Larsson *et al.*, 2017; Pe'er *et al.*, 2008).

Our review of location decisions in entrepreneurship research reveals that in most published papers, researchers have used large-scale archival data to examine few individual-level and predominantly location-level correlates of new venture location patterns (post location decision), with very little attention being paid to how nascent entrepreneurs make such decisions. Below, we provide an overview of this research.

Individual-level determinants of new venture location decisions. Past research findings indicate that nascent entrepreneurs' individual characteristics determine where they locate their new ventures. For example, McMullen *et al.* (2016) showed that entrepreneurs' political value impact how they perceive location attributes as favorable. Furthermore, on one hand, Heblich and Slavytchev (2014) showed that academic entrepreneurs locate their ventures near their universities to leverage their social ties in accessing knowledge resources. On the other hand, Kolympiris *et al.* (2015) findings based on a large dataset of biotechnology firm births demonstrate that older academic entrepreneurs are more open to locations away from their parent universities due to their extensive social networks and career stage flexibility.

According to the findings of another research on Spanish founders of knowledge-intensive ventures, their choice of rural versus urban locations was influenced by their priorities. In this regard, they chose to locate their venture in rural spaces when their focus was more on their personal (vs. business) priorities, such as quality of life (Lafuente *et al.*, 2010). In addition, research on graduates of Swedish institutions of higher education shows that 63% of them have located their ventures in their university region, especially if they have a supportive social network in that location (Larsson *et al.*, 2017). Wright *et al.* (2008) showed that in search of resource complementarity, Chinese returnee entrepreneurs with human capital (patents) prefer to locate in non-university science parks in their home country.

As explained above, different individual-level factors influence new ventures' location, including entrepreneurs' age, career stage, human and social capital and political values.

Location-level determinants of new venture location decisions. Past research shows that location attributes may also explain new venture location decisions. For example, academic entrepreneurs gravitate toward places with knowledge resources (Kolympiris *et al.*, 2015). Similarly, Cruz and Teixeira (2023) showed that location attributes, including environmental openness to creativity and the regional stock of human capital, impact the location choices of entrepreneurs in creative industries. Based on Lafuente *et al.* (2010)'s findings, entrepreneurs may be unwilling to locate in areas with low social acceptance toward entrepreneurship. Based on Simarasl *et al.* (2021)'s findings, highly educated immigrant entrepreneurs consider local business costs and government support to make location decisions. Similarly, McMullen *et al.* (2016) found that local support services and cultural resources make locations more attractive to entrepreneurs. Orhan's (2023) findings in the lodging industry reveal that urban spatial structure, including proximity to city centers and the surrounding neighborhoods' reputation, impacts hotel location decisions. Based on Dharmasankar and Yoo (2023)'s findings, city-level minimum wages impact the retail and hospitality entrepreneurs' location decisions.

An area of research at the intersection of business location and entrepreneurship research that has attracted considerable scholarly attention is agglomeration externalities. Empirical findings in this area also show that new ventures in manufacturing and high-technology industries are more likely to locate within clusters of similar or related firms to benefit from knowledge spillover and resource sharing (Arauzo-Carod, 2021; Artz *et al.*, 2016; Cissé *et al.*, 2020; Kalnins and Chung, 2004).

Our review reveals that the community-level constellation of favorable political, social and economic factors promotes entrepreneurial entry into locations (Isenberg, 2010; Roundy *et al.*, 2018; Schäfer and Mayer, 2019).

As shown above, most past research on venture location decisions has focused on the individual- and location-level factors that lead to certain location decision outcomes (where ventures are located), with very little scholarly attention paid to the "process" of making these decisions (Ambos *et al.*, 2020; Maitland and Sammartino, 2015). Before we shine light onto this understudied aspect of venture location decisions, we discuss the literature on decision comprehensiveness, an important process-related variable that could apply to how nascent entrepreneurs make location decisions.

Decision comprehensiveness

Decision comprehensiveness is a construct that represents procedural rationality and acknowledges the bounded rationality of human decision-makers (Simon, 1976, 2000). Comprehensiveness refers to the degree of systematic efforts put into selecting and evaluating decision criteria, environmental scanning, alternative generation and analysis in

making critical organizational decisions (Forbes, 2007; Fredrickson and Mitchell, 1984). Decision-making processes are more comprehensive if decision-makers rely on extensive data collection, qualitative and quantitative analysis, or predictive models in making critical strategic decisions (Dean and Sharfman, 1996; Elbanna and Child, 2007a). Even though most research on decision comprehensiveness has been conducted in large and established companies, it has recently attracted scholarly attention in entrepreneurship research (Forbes, 2005b; Friedman and Carmeli, 2018; Pe'er et al., 2008). Comprehensive decision processes have been shown to impact entrepreneurs' self-efficacy, new venture decision quality, innovativeness, capacity to change and performance (Carr et al., 2021; Forbes, 2005b; Friedman and Carmeli, 2018; Friedman et al., 2016).

In the decision-making literature, comprehensive processes have been shown to result in several benefits. For instance, decision comprehensiveness mitigates cognitive biases or misperceptions that could negatively impact decision outcomes (Idson et al., 2004; Nickerson, 1998). Similarly, comprehensiveness is highly desirable for understanding and navigating complex environments (Kukalis, 1991). However, a comprehensive decision process requires many resources, which might not be easily accessible, especially to smaller firms (March, 1997; Mitchell et al., 2016). Furthermore, information overload from extensive analysis (Karia et al., 2020) has been associated with what Langley (1995) refers to as "paralysis by analysis" (p. 63). Lastly, environmental uncertainty may render comprehensive decision-making impractical because in fast-paced environments, decision conditions and criteria may change rapidly. A carefully considered decision today might not necessarily be relevant tomorrow (Atuahene-Gima and Li, 2004; Miller, 2008).

Although comprehensive decision processes have been investigated from different perspectives, empirical evidence about the decision comprehensiveness–outcome link has supported a positive effect. Recent meta-analytic work has confirmed a positive relationship between decision comprehensiveness and various decision- and firm-level outcomes, such as decision effectiveness and profitability (Samba et al., 2021). Similar aggregate positive effects have been reported by meta-analytic work on extensive planning (Miller and Cardinal, 1994) and information elaboration (Samba et al., 2018), two constructs that are related to but distinct from comprehensiveness.

As previously discussed, comprehensive decision processes are linked to positive firm outcomes. However, following comprehensive approaches is resource-intensive and can pose challenges, particularly for nascent entrepreneurs with limited resources. In the following section, we introduce resource access, including financial, human and social capital, before we further discuss past research on the impact of resource access on entrepreneurial outcomes.

Entrepreneurs' resource access

Resource mobilization is at the heart of entrepreneurship. Resources are tangible or intangible assets that entrepreneurs use to explore entrepreneurial opportunities and act on them (Clough et al., 2019). In this work, we define resource access as entrepreneurs' identification of specific resources and ways to bring them to their new ventures (Clough et al., 2019). Before presenting the latest research on resource access's positive and negative impacts on new ventures, we review the literature about the three types of resources: financial, human and social capital. These resources widely support entrepreneurial actions and are crucial for new venture survival and success in various industries and locations (Clough et al., 2019; Liao et al., 2008).

Financial Capital. Entrepreneurs tend to rely on different sources of financial capital, such as their savings, family wealth, loans from friends, acquaintances, or banks, angel investments, venture capital, or crowdfunding sources to meet their venture needs (Aldrich and Cliff, 2003; Manolova et al., 2006). Financial capital is crucial to entrepreneurs' success

(Cooper *et al.*, 1994; Rosenbusch *et al.*, 2013) because it determines their access to other resources, such as technology and talented labor (Clough *et al.*, 2019). Furthermore, financial capital enables entrepreneurs to act upon and implement identified opportunities, including developing new products and services and promoting them to potential customers (Bastie *et al.*, 2013; Liao *et al.*, 2008).

Human capital. Human capital refers to entrepreneurs' knowledge, skills and abilities from their education or experience in general or specialized domains (Coff, 2002; Reuber and Fischer, 1999). Research on entrepreneurs' human capital suggests that knowledge and skills shape entrepreneurs' cognitive schemas and mental models that govern their ventures' strategic decisions and entrepreneurial behaviors related to the identification, evaluation and execution of business opportunities (Baron and Ensley, 2006; Gaglio and Katz, 2001) that further influence their ventures' performance (Crook *et al.*, 2011; Davidsson and Honig, 2003; Estrin *et al.*, 2016; Hambrick and Mason, 1984).

Social capital. Social capital refers to the advantage entrepreneurs gain from their network ties and membership in different social networks (Davidsson and Honig, 2003; Portes, 1998). These advantages include access to information, knowledge and other resources that are otherwise out of reach (Gibbs *et al.*, 2018; Putnam, 1995). Entrepreneurs' network ties include their strong relationships with family members (Aldrich and Cliff, 2003) and friends (Kotha and George, 2012), in addition to their weak relations with colleagues, suppliers, investors and others who facilitate their access to various resources (Casson and Giusta, 2007). While strong social ties help to build and maintain trust in dense networks, weak ties connect entrepreneurs to individuals and resources that otherwise would not be accessible to them (Burt, 2001). Finally, social capital helps entrepreneurs identify and implement business opportunities (Nieto and González-Alvarez, 2016).

In the following section, we review the influence of resource access on entrepreneurial outcomes. We describe that most prior work has focused on the positive impacts, with very few attempts to uncover the negative influences of resource access on entrepreneurial outcomes.

Resource access and entrepreneurial outcomes

Resource access has been extensively studied in the entrepreneurship literature (see Clough *et al.*, 2019). Considering the positive impact, having access to various resources (financial, human and social capital) is an important predictor of new venture creation, success and entrepreneurial well-being (e.g. Ardichvili *et al.*, 2003; Davidsson and Honig, 2003; Klyver and Schenkel, 2013; Liao *et al.*, 2008; Marshall *et al.*, 2020). Past research findings show that resource access impacts startup decisions, including opportunity recognition, for instance, through promoting managerial risk-taking and experimentation (George, 2005). Access to certain resources creates synergies and helps entrepreneurs access other types of resources (Belso-Martinez *et al.*, 2013; Zhang, 2015). In addition, resource access allows flexibility and coping during hardships (Pal *et al.*, 2014).

Regarding the negative effects of resource access, empirical evidence suggests that resources can become restrictive by obliging entrepreneurs to conform to resource holders' espoused norms and expectations (De Vaan *et al.*, 2019; Simarasi *et al.*, 2022). Furthermore, resource access has been shown to limit the founding teams' flexibility and openness to new ideas (Ruef *et al.*, 2003). Excessive resource access is also likely to make the organization ambivalent toward the environment (Bourgeois, 1981; Christensen and Bower, 1996; Henderson and Clark, 1990; Leonard-Barton, 1992; Patzelt *et al.*, 2008); it may encourage wasting of resources over unnecessary projects (Barnett and McKendrick, 2004); and even promote ineffective management practices (Shapiro and Stiglitz, 1984).

Following an overview of prior research on new venture location decisions, decision comprehensiveness and resource access, we elaborate on our propositions regarding the diminishing effect of resource access on the likelihood of using comprehensive location decisions ([Proposition 1](#)) and how resource access can strengthen the relationship between decision comprehensiveness and venture performance ([Proposition 2](#)).

Propositions

Focusing only on the positive or negative influences of resource access will give us an incomplete picture of its impact on entrepreneurial processes. Furthermore, in dealing with contradictory forces, the best outcomes can be achieved when the tensions are fully understood, and the contradictory influences are considered simultaneously ([Lewis, 2000](#)). Therefore, in this work, we theorize about the conflicting effects of resource access and propose that it can cause paradoxical tensions in the venture location decision process. On the one hand, as we will argue below, resource access decreases the likelihood of nascent entrepreneurs' use of location decision comprehensiveness, for instance, by tempting them to use heuristics (e.g. shortcuts in decision-making) or to rely on intuitive hunches instead of following a comprehensive process. On the other hand, we argue that resource access can enhance the usefulness of comprehensive decision processes, strengthening its positive influence on new venture performance.

Resource access and the likelihood of “use” of location decision comprehensiveness

Making a venture location decision is a difficult task for nascent entrepreneurs because it involves considering several different factors, such as costs of doing business, competition and one's lifestyle preferences, among others ([McMullen et al., 2016](#); [Simarasl et al., 2021](#)). Empirical evidence suggests that in the face of complex or ambiguous decision situations, entrepreneurs may give up comprehensive analysis and use different means to diminish decision complexity and reach a more simplified and manageable problem to solve ([Gilbert-Saad et al., 2018](#)). To mitigate the complexity, they may predominantly rely on decision variables that they perceive as more salient ([Dane and Pratt, 2007](#)), including resource access, which is a constant challenge for nascent entrepreneurs and, at the same time, a critical factor for starting a venture ([Clough et al., 2019](#)). In this paper, we propose that in making new venture location decisions, nascent entrepreneurs' access to various resources impacts the likelihood that they use a comprehensive decision process to make a venture location decision. Specifically, we explain how nascent entrepreneurs' access to financial, human and social capital makes them less likely to use a comprehensive process in selecting a location for their venture (See [Proposition 1](#) in [Figure 1](#)). This approach that seemingly helps entrepreneurs save time and money can jeopardize their location search process, swerving it from the comprehensive investigation it deserves. Below, we explain our arguments in more depth.

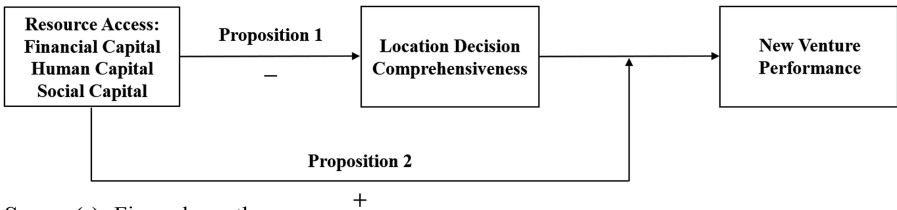


Figure 1.
Theoretical model

Source(s): Figure by authors

Although *financial capital* is an important resource for a new venture, overreliance on its possible role in business success may distract entrepreneurs from paying attention to other important decision criteria (Linder *et al.*, 2020). We argue that, at least initially, most entrepreneurs meet their venture's financial capital needs through bootstrapping with personal savings or borrowing money from family and friends (Grichnik *et al.*, 2014). Since family and friends usually give their cash due to goodwill and support (not financial gain motives), entrepreneurs may not feel the need to explain and justify their decisions, including location decisions, to anyone (Forbes, 2005a). Hence, they may go about the location decision-making process without comprehensively considering all the feasible alternatives. Similarly, when entrepreneurs depend on financial capital from investors and venture capitalists, they may become overly biased toward locations that investors are more willing to invest in or toward where they may have proximity to venture capitalists (Cannone *et al.*, 2014; Kolympiris *et al.*, 2015); hence, the likelihood to use comprehensive location processes diminishes as a result of increased financial capital access. In both cases, nascent entrepreneurs' access to financial capital inhibits them from following comprehensive decision processes.

Human capital serves as a knowledge corridor for entrepreneurs who rely on their knowledge, skills and abilities to make various venture decisions, including where to locate their business (Reuber and Fischer, 1999; Ronstadt, 1988). Entrepreneurs' existing knowledge and experiences, especially those related to specific locations, are likely to serve as guiding heuristics that may replace their extensive search for unfamiliar but potentially beneficial location alternatives (Brixy *et al.*, 2013; McMullen *et al.*, 2016). Past empirical evidence suggests that experienced entrepreneurs are less likely to search for opportunities effectively (Marvel, 2013). Furthermore, they are more likely to undermine opportunities outside the scope of their existing knowledge (Haynie *et al.*, 2009). This stems from humans' tendency to fall back on what is known because familiarity breeds predictability, giving individuals a sense of control over their venture success (De Carolis *et al.*, 2009; Rosburg *et al.*, 2011). Although this may come naturally to entrepreneurs, it may lead them to ignore unfamiliar locations that may benefit their businesses. Consistent with our argument, Stam (2007) found that entrepreneurs tend to locate where they have more information and knowledge about. Likewise, this may partially explain why individuals are more likely to launch their ventures where they were born, went to college, or worked for a few years (Carias *et al.*, 2023; Larsson *et al.*, 2017). Although entrepreneurs' past knowledge and experience may be relevant in certain situations, excessive emphasis on one's knowledge and experience will limit their openness to a comprehensive search for other plausible locations. In other words, undue stress on what they already know leads entrepreneurs to rely on less systematic decision-making approaches, such as intuition, which heavily draws from an entrepreneur's past experiences (Dane and Pratt, 2007).

In addition to the liabilities of newness, entrepreneurs' time and other resources are limited (Stinchcombe, 1965). As nascent entrepreneurs, they may not know exactly how much and what resources are needed to start a venture (Thomas, 2018). Therefore, they are more prone to cognitive biases that lead them to rely mainly on their *social capital* to seek support for their ventures. For instance, under the stressful and ambiguous circumstances of making a location decision for the first time, they may naïvely assume that their network ties are readily willing and capable of effectively supporting their ventures' various needs (Nebus, 2006). This may steer entrepreneurs toward locations where they think they have a supportive social network or can be connected to support and other resources through their ties (Stam, 2007). Even though the convenience and efficiency benefits of relying on social connections may apply, they usually come at the cost of preventing entrepreneurs from searching for other valuable information that may help them make a more informed location decision (Powell and Smith-Doerr, 1994). This may become more restraining as entrepreneurs tend to

trust their social network, even when their ties do not appear to have the motivation and ability to offer reasonable support (Adler and Kwon, 2002; Burt, 2002; De Carolis *et al.*, 2009; Lin, 2000). Therefore, social capital access limits entrepreneurs' efforts in conducting a comprehensive location decision process. Putting all these arguments together, we theorize that:

- P1. There is a negative relationship between financial, human and social capital access and comprehensiveness of location decisions, such that higher levels of resource access decrease the likelihood of using comprehensive location decision processes.

Resource access and the “usefulness” of comprehensive location decisions

As argued in Proposition 1, entrepreneurs' resource access diminishes the likelihood of using location decision comprehensiveness. To theorize about the influence of resource access on the usefulness of location decision comprehensiveness (proposition 2), we choose new venture performance as the outcome construct (See Figure 1). Performance is among the most widely studied constructs in organization science (March and Sutton, 1997; Miller *et al.*, 2013) and strategic decision-making literature (Meissner and Wulf, 2014). This is due to business researchers' and practitioners' interest in uncovering how to maintain or enhance organizational outcomes (Singh *et al.*, 2016). This has become even more critical in entrepreneurship, where 50% of new ventures underperform and close down in their first five years (Camberato, 2020). By focusing on new venture performance in this study, we also join the ongoing scholarly dialogue on the performance implications of new venture location (Dahl and Sorenson, 2012; Ryu *et al.*, 2023).

In Proposition 1, we suggested that entrepreneurs are less likely to use comprehensive location decision processes as resource access increases. In contrast, in Proposition 2, we argue that higher levels of resource access enhance the usefulness of the comprehensive process in achieving better venture outcomes, such as profitability and survival, by strengthening the positive relationship between location decision comprehensiveness and venture performance outcomes. In other words, we propose that *when* nascent entrepreneurs combine their resource access with the fruits of a comprehensive location decision process, they achieve better venture outcomes.

To do so, we ground our arguments in support of Proposition 2 in two well-established and widely accepted perspectives regarding the advantages of comprehensiveness in decision processes and the benefits of resource access: First, high levels of comprehensiveness in decision-making lead to higher quality decisions, more effective implementation and ultimately higher performance outcomes (Meissner and Wulf, 2014; Samba *et al.*, 2021). Entrepreneurs' efforts in a comprehensive decision process, including data collection from multiple sources, increase their sense of decision ownership, control and commitment to action (Day, 1994; Eisenhardt, 1989; Eisenhardt and Bourgeois, 1988; Samba *et al.*, 2021) and result in better implementation and improved venture outcomes. In essence, employing highly comprehensive location decision processes helps entrepreneurs develop a more accurate understanding of location characteristics (e.g. customers, suppliers and workforce) which is necessary for building and operating their venture successfully in a particular location (Forbes, 2007). Second, high levels of resource access provide nascent entrepreneurs with the means to run their operations more effectively, thereby fostering a sense of optimism and entrepreneurial self-efficacy (March and Olsen, 1976; Marshall *et al.*, 2020; Staw *et al.*, 1981). This increased sense of capability empowers entrepreneurs to overcome obstacles and pursue their goals more persistently.

Based on these two premises, we explain how resource access and comprehensiveness can interact to improve venture outcomes. That is, higher levels of different types of resource

access combined with higher levels of decision comprehensiveness improve new venture outcomes.

Financial resources are considered important drivers of entrepreneurial success (Cooper *et al.*, 1994; Rosenbusch *et al.*, 2013). The juxtaposition of financial capital access with the knowledge and wisdom gained from a comprehensive investigation enables entrepreneurs to acquire appropriate resources for effective operations of new ventures. For example, entrepreneurs can rely on their higher purchasing power to better use their knowledge of alternative facilities for rent or purchase (obtained from a comprehensive analysis); hence, securing a suitable retail outlet or manufacturing plant that meets their ventures' strategic goals (e.g. Gupta and Mittal, 2010). In addition, their deep knowledge of location gained from a highly comprehensive decision process, combined with financial capital access, allows them to efficiently attract and hire better employees, managers, lawyers and business consultants with the necessary technical skills and local knowledge to support them in running their ventures (e.g. Burton *et al.*, 2018; Kehoe and Wright, 2013). Furthermore, with financial capital, entrepreneurs can leverage the knowledge about local customers' needs and desires obtained through an extensive decision process. This way, financial capital combined with a deep understanding of customers in a location enables them to employ customized and effective marketing and promotional strategies to significantly enhance the prospect of new venture success (e.g. Teixeira *et al.*, 2018). Thus, we propose that financial capital access allows entrepreneurs to reap better benefits from comprehensive location decision-making. In other words, the positive relationship between comprehensive location decision-making and venture performance becomes stronger in the presence of higher financial capital access.

When entrepreneurs combine their human capital (e.g. education and work experience) with the knowledge gained from an extensive analysis of location options in a comprehensive process, they are better able to formulate competitive strategies that enable the new venture to outperform its competitors (e.g. Von Gelderen *et al.*, 2000). Also, synergies from the combination of entrepreneurs' human capital with the refined and deep understanding of the location gained through a highly comprehensive decision process make it possible to design and execute organizational architecture, such as organizational structure, culture, control and governance systems, that aligns with competitive strategies; hence, leading the new venture to superior performance (e.g. Gomez-Conde *et al.*, 2023). Therefore, we propose that entrepreneurs increased *human capital access* (e.g. knowledge, skills and abilities) enhances the usefulness of comprehensive location decision processes, enabling them to run their new ventures more effectively to achieve better venture performance outcomes.

Entrepreneurs can seek advice from their social network to better understand the knowledge resulting from a comprehensive decision – making process. When entrepreneurs integrate the counsel sought from their social network with the knowledge obtained from a comprehensive process, they can run their ventures more smoothly. For example, entrepreneurs' social networks can connect them with other resource holders in the selected location, helping them use the knowledge from the comprehensiveness process to serve their new ventures' goals (Casson and Giusta, 2007; De Carolis *et al.*, 2009). Furthermore, entrepreneurs who follow a highly comprehensive analysis and compare various location options as part of their location decision process have more likely searched for and identified prospective business partners (e.g. local suppliers) in the selected location. Knowledge about local players, combined with increased social capital access, streamlines new ventures' collaborations with local stakeholders in the entrepreneurship ecosystem. In addition, endorsements made by social ties give more agency and legitimacy to nascent entrepreneurs to run their ventures effectively (e.g. Mukul *et al.*, 2022).

Putting all these arguments together, we propose that when entrepreneurs have better access to financial, human and social capital, they can take advantage of a comprehensive location decision-making process to operate more effectively in the new location and achieve

higher venture performance. In contrast, limited resource access can hinder entrepreneurs from effectively leveraging the benefits of a comprehensive decision-making approach, with detrimental effects on their venture outcomes. In other words, resource access positively moderates the influence of the comprehensiveness of location decision processes on venture performance.

- P2. Resource access moderates the relationship between location decision comprehensiveness and venture performance. For entrepreneurs with higher financial, human and social capital access, the positive relationship between using comprehensiveness and venture performance becomes stronger.

Discussion

Theoretical implications and avenues for future research

In this work, we posed two questions that guided our theorizing. The first question asked how resource access impacts the likelihood that nascent entrepreneurs use comprehensive approaches in making location decisions. Based on our theoretical arguments, we proposed that access to financial, human and social capital reduces the likelihood of nascent entrepreneurs using comprehensiveness in location decision-making. We rely on [Stam's \(2007\)](#) finding that entrepreneurs make venture location decisions differently throughout their ventures' lifecycle to reason that our proposed relationship applies mainly to nascent entrepreneurs who make a venture location decision for the first time and usually under significant time and other resource constraints.

The second question asked how resource access changes the relationship between location decision comprehensiveness and venture performance outcomes. We proposed that higher levels of resource access strengthen this positive relationship by making comprehensive analysis more useful for venture outcomes, allowing entrepreneurs to benefit better from the outcomes of comprehensive decision-making.

Theoretical contributions

Our first contribution revolves around introducing the "comprehensiveness" construct to explore the understudied *process* of new venture location decision-making. The simplistic assumption in most research on new venture business location decisions is that nascent entrepreneurs passively and homogeneously react to regional stimuli and local incentives to attract them to specific locations. In our work, we challenge this assumption by theorizing about the process of entrepreneurial location decision-making. For instance, even though we know from past research that resource access, including government support, proximity to knowledge assets, or closeness to entrepreneurs' social capital, may play a role in where they establish their ventures ([Heblich and Slavtchev, 2014](#); [Lafuente et al., 2010](#); [Pe'er et al., 2008](#); [Simarasl et al., 2021](#)), our knowledge is limited regarding the process these entrepreneurs follow in choosing their desired new venture locations. For instance, we do not know the extent to which the entrepreneurs examined in past research followed a comprehensive decision process to ultimately narrow down their alternatives to locations with government support, knowledge assets, or where they had family and friends.

Our unique juxtaposition of resource access and location decision comprehensiveness helps interpret past research findings more precisely and reveals unexplored intervening mechanisms or boundary conditions. For instance, the common thread in our work and that of [McMullen et al. \(2016\)](#) and [Simarasl et al. \(2021\)](#) is that these studies all recognize the relevance of extensive and systematic analysis in entrepreneurs' location decision-making. Our work takes their research further by specifying how a theoretically driven construct, resource access, plays a paradoxical role in the extent to which location decision

comprehensiveness is used by decision-makers and how entrepreneurs can benefit from the positive impact of decision comprehensiveness.

The second contribution is our theoretical emphasis on the location decisions of nascent entrepreneurs, which broadens the scope of entrepreneurship research beyond its predominant reliance on insights derived from large established firms (Cruz and Teixeira, 2023; Kolympiris *et al.*, 2015; Larsson *et al.*, 2017). We build on McMullen *et al.* (2016) findings and concur with Pe'er *et al.* (2008) argument that it is unreasonable to generalize location decisions and behaviors of large firms to entrepreneurial ventures. With the luxury of access to resources such as business consultants and analysts, relocation and internationalization decisions in established firms are more likely to be made through systematic and participatory decision processes (Fredrickson and Mitchell, 1984; Kukalis, 1991). Contrarily, location decisions in new ventures are usually made by a solo founder or a small co-founding team who engage in this process for the first time and under uncertain and stressful circumstances (Pe'er *et al.*, 2008; Thomas, 2018). Furthermore, with technological advancements, small entrepreneurial firms such as the born globals have become more agile in pursuing global opportunities (Etemad, 2022). In comparison, large established firms may be more sluggish and ambivalent about pursuing global opportunities due to the strategic liabilities stemming from their elaborate domestic operations (Arend, 2004). Therefore, location decisions have become even more critical for new ventures as they face a significantly larger number of location alternatives than their domestic markets. Our work is among the first to theorize the nuances involved in the new venture location decisions of nascent entrepreneurs.

Our third contribution pertains to theorizing the paradoxical nature of resource access. The entrepreneurship literature has mostly examined the positive outcomes of resource access for entrepreneurial efforts (Klyver and Schenkel, 2013; Liao *et al.*, 2008; Marshall *et al.*, 2020); however, there is an emerging body of research on the resource curse effect (Farzanegan, 2014; Marvel, 2013) that investigates the mixed blessings of resource access; therefore, our work contributes to this stream by looking into both the positive and negative sides of resource access in one theoretical model. We build on past work about the importance of managerial discretion in determining whether resource access positively or negatively impacts firm outcomes (Baker and Nelson, 2005; Desa and Basu, 2013). We theorize that in addition to factors such as resource nature and type (George, 2005) and resource recombination and reconfiguration (Baker and Nelson, 2005; Kwong *et al.*, 2019), the “how” that underlies entrepreneurs’ use of resource access during the decision process may restrict or enable their entrepreneurial actions and outcomes.

The introduction of resource access as a construct that inflicts paradoxical influences on “the likelihood of use” and “the usefulness of” comprehensiveness also contributes to research on strategic decision processes. We have accomplished this by bringing together two sub-streams of research on antecedents of comprehensiveness (what affects the use of decision comprehensiveness) and also the moderators of comprehensiveness–firm performance (what makes comprehensiveness useful) (e.g. Elbanna and Child, 2007a, b; Fadol *et al.*, 2015; Meissner and Wulf, 2014). In other words, resource access exemplifies a construct that can create “lost opportunity” situations by limiting the use of comprehensive processes when the benefits of resource use are at their greatest.

Limitations and future research directions

Even though the theoretical nature of our paper is not necessarily a limitation, we invite future studies to examine our propositions through exploratory qualitative research and even experiments (e.g. conjoint analysis) or simulations where other important contextual factors, such as environmental turbulence and entrepreneurs’ characteristics, can be controlled for.

We considered parsimony an important strategy to maintain our proposed model as robust as possible, but this also posed a limitation as we decided to focus only on our focal constructs of interest. We acknowledge that other factors, such as entrepreneurs' individual characteristics (e.g. need for cognition and risk-taking propensity), may serve as moderators in our model (Carr *et al.*, 2021). Although we concentrated on the generic types of capital, including financial, human and social capital usually discussed in the entrepreneurship literature (Coff, 2002; Cooper *et al.*, 1994; Putnam, 1995), access to other types of capital, such as political capital, might also play a role in one's pursuit of location decision comprehensiveness (Ma *et al.*, 2016). In addition, another interesting question that needs to be addressed in future work is the paradox resolution. For instance, if an increase in resource access reduces entrepreneurs' "use" of but increases the "usefulness" of comprehensive decision processes, how can they maximize the benefits while at the same time mitigating the downsides? What are the characteristics of entrepreneurs who can navigate the paradox successfully? What boundary conditions mitigate the negative relationship between resource access and comprehensiveness? Promoting such conditions can minimize the paradoxical dynamics and create more alignments between the "likelihood of use" and "the usefulness" of decision-comprehensive processes.

As entrepreneurs gain experience, grow their ventures into more established firms and expand their social network in running new ventures in different locations, increased resource access may impact decision comprehensiveness differently. We suggest this topic be examined in future research. It is possible that passed the nascency stage, resource access increases location decision comprehensiveness or even exerts a non-linear impact on it. Finally, we also encourage future research to further investigate similar paradoxical constructs that can jeopardize effective decision-making by creating unintended consequences. We hope our theoretical work paves the way for future research in these areas.

Since decision-making processes have not been typically examined in research on established firms' relocation and internationalization decisions (Ambos *et al.*, 2020; Maitland and Sammartino, 2015), "comprehensiveness" can be a relevant construct to be studied in this context. Furthermore, it is possible to build on research about the restrictive and enabling impact of resource access on entrepreneurial outcomes (Ardichvili *et al.*, 2003; De Vaan *et al.*, 2019; Patzelt *et al.*, 2008) to examine how entrepreneurial self-efficacy and alertness mediate the relationship between resource access and location decision comprehensiveness.

Finally, the resource access paradox discussed in our study may be best understood when examined in a temporal frame (e.g. Hutzschenreuter and Kleindienst, 2006). Future empirical investigations can investigate the relationships among our proposed variables throughout time using time series and system dynamics analysis. We hope to spark further debate and integrative work that continues to unravel the understudied dynamics related to business location decision-making.

Practical implications

Our study raises awareness among entrepreneurs regarding the possibility of lost opportunities if they fail to employ a comprehensive decision-making process for location choices when the potential benefits are most significant. Our theoretical propositions help entrepreneurs make better business location decisions to drive higher venture performance outcomes by cautioning them about the double-edged nature of resource access. If nascent entrepreneurs do not intentionally and objectively consider the different ramifications of their resource access, they may become more prone to cognitive biases; hence, they will make less comprehensive location decisions. On the contrary, the unbiased and intentional consideration of the resources at their hand can potentially enable them and pave their

paths to making more comprehensive and consequently higher-quality location decisions that will lead to better venture performance outcomes. In addition, the insights from our work can be used to enhance the effectiveness of entrepreneurship education and mentorship programs. This is very important because training on business location decision-making is usually absent from the entrepreneurship curriculum in universities, incubators, chambers of commerce and entrepreneurship centers. To help aspiring entrepreneurs make higher-quality location decisions, these institutional actors should offer training and mentorship regarding the benefits of and how to make comprehensive decisions. In addition, educating entrepreneurs about how to make more comprehensive location decisions considering their resource access is crucial.

Conclusion

This paper illuminates the paradoxical role of resource access in new venture location decision processes. On the one hand, we theorized that nascent entrepreneurs are less likely to use comprehensive location decision processes when they have high resource access. On the other hand, when resource access is high, comprehensiveness is more useful for achieving better outcomes. In other words, we propose that *when* nascent entrepreneurs combine their resource access with the fruits of a comprehensive location decision process, they achieve better venture outcomes.

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Further reading

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