

## Something for the weekend

By Linda Anderson

When deciding where to locate their fledgling venture, entrepreneurs tend to opt for their home regions. But does this choice help or hinder the development of their start-ups?

While some might consider it a good idea because the entrepreneurs understand the locality and the social connections around, others suggest that by remaining close to family and friends an entrepreneur hurts his or her performance because these social ties dissuade them from locating where there are other, more favourable economic locations.



More

### FOCUS ON RESEARCH

[The importance of decisions](#)

[Can you influence the fates?](#)

[Do company CSR policies mitigate against bad news?](#)

[The more time you give, the more time you have](#)

But [research](#) by Olav Sorenson, a professor of management at the [Yale School of Management](#), and Michael Dahl, of the department of business studies at Aalborg University, has found that establishing a start-up where you were born, or where you have lived for a long time, wins hands down.

“Ventures perform better – survive longer, generate greater annual profits and cash flows – when their founders locate them in their home regions where they have deep roots of family and

friends,” says Prof Sorenson.

The pair suggest that the effect is similar to that of having prior industry experience. They suspect that having deep roots in a region can benefit entrepreneurs in a number of ways, principally in helping to raise capital and also in recruiting the personnel needed to begin these ventures.

The paper, Home sweet home: entrepreneurs’ location choices and the performance of their ventures is published in *Management Science*.

### Editor's Choice

#### MBA BLOG



With their MBAs under their belts, graduating bloggers reflect on their time at business school

#### WOMEN AT B-SCHOOL



A weekly online interview with women at business school. This week: Elissa Ellis-Sangster

### Ask the experts Q & A

1. Financial Training 2012
2. Jobs Clinic 2012
3. Executive Education 2012
4. Entrepreneurship 2012
5. Online Learning 2012

### More from Business Education

1. Business school profiles
2. Meet the Deans
3. Material world: MBAs in luxury management
4. A healthy balance: joint MBA and medical degrees
5. Financial judgement: lawyers learn the value of an MBA

### Latest headlines from Daily Finance

[Walmart Shares Down as International Growth Slows](#)  
[Facebook, Groupon Join Today's 52-Week Low Club](#)