Introduction

Alain Fayolle, Sarah L. Jack, Wadid Lamine and Didier Chabaud

1. INTRODUCTION

By its very nature, entrepreneurship is processual and social (Aldrich and Zimmer, 1986). Even if these two observations are now largely consensual (Gedajlovic et al., 2013; Hoang and Antoncic, 2003; Slotte-Kock and Coviello, 2010), we observe a paradox. This observation about entrepreneurship was explicitly made very early on in the field in the seminal work of Aldrich and Zimmer (1986: 3), who emphasized ‘two essential issues that research on entrepreneurship must address: (1) entrepreneurship is a process and must be viewed in dynamic terms rather than in cross-sectional snapshots; and (2) entrepreneurship requires linkages or relations between key components of the process’. However, recent work by Slotte-Kock and Coviello (2010: 48) considered that ‘the entrepreneurship literature has only just begun to investigate how network relationships are developed and transformed’.

The chapters in this book consider two essential issues relating to entrepreneurship: process and the social dimension. In dealing with these issues, this book aims to go ‘one step beyond’ (Lamine et al., 2015) with the aim of enhancing knowledge and understanding about these issues and so contribute to a better appreciation of the connection between the entrepreneurial process and social networks.

This introduction sets out some of the foundations we feel are relevant for a more social dynamic perspective of entrepreneurship. Thereafter, we show how each chapter contributes to this subject and helps shed light on our understanding. Four overarching themes emerge from these chapters. These have been used to organize this book into its various sections. The first focuses on the classic analysis of the evolution of social networks across the diverse phases of the entrepreneurial project. The second addresses the issue of formal networks and shows how, while these (1) appear to be important to sustaining an entrepreneurial project and (2) constitute an important issue for public policy, they have been
Entrepreneurial process and social networks

under-explored. The third theme deals with the issue of context. While for some time context was neglected, recent years have shown a growing interest in this topic because it enables us to arrive at a better understanding of the success of entrepreneurial projects, whether in developed or less-developed countries. In the final section, we separate those works that seem to focus on the theoretical challenges of the analysis of social networks.

2. ENTREPRENEURSHIP PROCESS AND SOCIAL NETWORKS: SOME MILESTONES

Since the work of Aldrich and Zimmer (1986), numerous studies have aimed to shed light on the dynamic interplay of social networks and the entrepreneurial process. Considering that, as researchers, we are all standing ‘on the shoulders of Giants’, it nevertheless seems interesting to track some specific steps that have been crucial to the development of our research questions and empirical understanding. As some surveys exist that are particularly stimulating and well arranged (Hoang and Antoncic, 2003; Jack, 2010; Slotte-Cock and Coviello, 2010; Martinez and Aldrich, 2011; Gedajlovic et al., 2013), our aim here is not to provide another one, but rather to point to some milestones in the development of the topic, before proposing a tentative integrative view.

Some Steps in the Literature

If Aldrich and Zimmer (1986) were among the first to insist on the need to consider the relationship between both process and social networks in entrepreneurship, the attention that followed showed a real enthusiasm by others to learn more about this connection. Following Granovetter (1973), their paper provides an insightful discussion of social networks that resonates with the works of Burt (1982, 1992), characterizing entrepreneurs as being ‘between structural holes’, even if Burt depicts an individual as having a rational view of the management of networks. We observe that these works have been followed mainly by papers that try to track the respective impact of strong versus weak ties on diverse dimensions of entrepreneurship (discovery of opportunity, exploitation of opportunity etc.). For instance, several studies emphasize the importance of social networking or of social resources for entrepreneurs (Hansen, 1995; Johannisson, 1998). Others emphasize the importance of social networks on the performance of the venture (Brüderl and Preisendorfer, 1998), on the number of business opportunities (Hills et al., 1997), or the
respective impact of weak and/or strong ties on the discovery of opportunities (Singh et al., 1999).

A further step is made in the papers of Butler and Hansen (1991) and Larson and Starr (1993), this last one proposing ‘a network model of organization formation’. Larson and Starr’s (1993) work is mainly conceptual, but points to the possibility of ‘network crystallization’, which can be seen as a way to create teams from social networks (Chabaud and Condor, 2009). Hite and Hesterly (2001) also provide a stimulating treatment of the evolution of social networks of entrepreneurs, emphasizing the possible differentiation of phases that are led by strong ties and others driven by weak ties. What is especially stimulating about both these papers is that they insist on different uses of ties (and social networks) across the diverse phases of an entrepreneurial project, but also they point to the possibility of the changing nature of ties: if at the beginning of the relationship ties are weak, a persistent relationship can lead to the development of a strong tie. Conversely, initial strong ties mobilized to obtain financial resources can become weak ties. This is especially the case when an entrepreneur is faced with new challenges and does not have the time needed to maintain the former strong ties. In both cases, it seems that we depict the entrepreneur as someone influenced by the nature of the needs of his/her project. However, an entrepreneur who has ‘so many ties, so less time’ (Hansen et al., 2001) has not enough time to maintain all those ties that exist within his/her social network.

But if these papers are stimulating, they share the nature of conceptual papers (with the exception of Butler and Hansen, 1991). So, do they fit with reality? Are their hypotheses verified by the observations of real entrepreneurs? It seems to us that some empirical work has also been interesting because it shows that it is difficult to build conceptual papers without empirical content. And also, as Slotte-Cock and Covielo (2010) emphasize, there is a lack of papers that directly address the issue of entrepreneurial process. This is one of the interests of this book. By providing multiple empirical analyses through a variety of approaches, the chapters help us to arrive at a better understanding of the dynamic connection between social networks and entrepreneurial processes.

An Integrative Proposal

In other work, Lamine et al. (2015) propose four dimensions that coevolve over time (see Figure I.1). This model emphasizes the necessity to consider four building blocks. The classical view emphasizes the need to take into account the entrepreneur–opportunity nexus (Shane, 2003) or the dialogue between the entrepreneur and his/her project (Bruyat and Julien, 2001)
and the need to follow it over time. However, Lamine et al. (2015) show the need to (1) have a more inclusive view of the entrepreneurial project, one that takes into account artefacts; (2) specify the social networks and their connections with each dimension over time; and (3) take into account the cultural and institutional context, as this can drastically affect each element of the process, and offers some infrastructures and/or governance mechanisms that will influence the entrepreneurial journey.

This integrative model is heuristic, guided by the dimensions we suggest should be taken into account. Choosing to focus on partial elements will produce only partial results and no ‘general theories’ or ‘general conclusions’. In this way, a research programme arises that promotes the development of studies that will articulate the diverse dimensions and their coevolution across time and will test what variables, mechanisms or processes will be important to understanding the entrepreneurship phenomenon. Also, this will lead us to understand much more the ‘nuts and bolts’ required for entrepreneurship (see Elster, 1989) and so be more effective than providing a general theory (Shane, 2003).

3. PART I: THE EVOLUTION OF NETWORKS ACROSS ENTREPRENEURIAL STAGES

This topic is a ‘classical’ one. Very early on, scholars considered the evolution of social networks during the entrepreneurial project (Butler and
Hansen, 1991; Larson and Starr, 1993; Hite and Hesterly, 2001). Four chapters address this issue, either looking at the possible diversity of social networking across time or studying the reorganization of networks before (or after) a critical event. They question if (and how) social networks evolve across the entrepreneurial stages, the nature of these networks (weak or strong ties, family or professional) and how they can change in the process. They even notice that sometimes professional and personal networks overlap. Moreover, they enable us to think about the respective role networks play in changing a project and the impact of the change of relationships on this journey.

Tammi Redd, Michael Abebe and Sibin Wu’s chapter (Chapter 1) questions if an ‘entrepreneurs’ social network composition differs significantly across different stages of the entrepreneurial process’, differentiating between opportunity identification, organizing, stability and growth stages. To do so, they elaborate hypotheses by using social network and resource dependence theories, and realize a (cross-sectional) survey of over 2151 participants (obtaining 592 responses). Variables were measured using a 7-point Likert Scale and PSED Scale measurements.

They expected that there would be a difference in the number of strong ties (Hypothesis 1.1) and the number of weak ties (Hypothesis 1.2) between different stages of the venture creation process. But, if Hypothesis 1.2 is supported, finding ‘a significant difference . . . between the three stages of the venture creation process in the number of weak ties possessed in the social network’, Hypothesis 1.1 is rejected: ‘there is no significant difference in the number of strong ties possessed across the three venture creation stages’.

Redd et al. also test for significant differences across the three stages for weak ties and find that ‘The post hoc analysis shows that, for the significant hypothesis, the only two stages which do not differ at $\alpha = 0.05$ in the LSD analysis are the Organizing Stage and the Growth and Stability Stage. However, through further analysis of the means plots for the total of weak ties for the sample, it is evident that with each stage of the venture creation process the total of weak ties has an upward trend.’

Redd et al. ‘found that no differences exist across the stages of venture creation in terms of strong ties as these relationships may be easier to maintain over the long term. We also found that the number of weak ties in an entrepreneur’s social network tends to increase as the entrepreneur passes through the stages of entrepreneurial development. This perhaps suggests that there are resources offered by weak ties that cannot be obtained through maintenance of strong network ties.’ Also, the authors observe that, whereas Larson and Starr (1993) as well as Hite and Hesterly
Entrepreneurial process and social networks (2001) lead us to think that networks can rapidly change and experience a great deal of evolution, in their study reported here it is shown that (1) strong ties are probably more stable than we think, and (2) logically (?) they are easier to create, less costly to maintain and easily moved, but weak ties move and change faster.

This leads to analysis of both (1) the networking behaviour of entrepreneurs, as well as their relational competence (Baron and Markman, 2000), and (2) the modus operandi of networks. If we generally think that an entrepreneur can extend ties in order to obtain information and resources, and if we also think that ties are costly to maintain or manage, we also have to think that ties can lead to other ties, that is, that an entrepreneur can leverage some ties, using some to create new ones. On these questions, Chapter 2 (de Beer et al.) and Chapter 3 (Chabaud and Ngijol) probably provide complementary views.

In Chapter 2, Marianne de Beer, Gerald Mollenhorst and Veronique Schutjens analyse the dynamics of social networks of Dutch entrepreneurs in residential neighbourhoods. Observing the lack of longitudinal studies of social networks of entrepreneurs, they decided to use data from two waves (2008 and 2013) of a Dutch panel of 214 entrepreneurs (197 usable answers) from the Survey on the Social Networks of Entrepreneurs (SSNE1 and SSNE2), located in 161 residential neighbourhoods of 40 Dutch municipalities.

De Beer et al. specifically use the name-generating method to collect data to explore ‘both network size change and network composition change. Network composition is analyzed on three dimensions: (1) family versus non-family network contacts; (2) local versus non-local network contacts; and (3) overlap between business-related and private-related network contacts’. All these themes are important in generating a better understanding of the networking behaviours of entrepreneurs across time. Also, this stimulating initiative enables De Beer et al. to shed light on the global evolution of networks and on the network composition of entrepreneurs, but also to test the impact of several dimensions, internal (age of the firm and of the entrepreneur, market orientation – whether local or not) as well as external (location change) ones.

The authors make a number of empirical observations, including:

- Network average size did not change significantly between 2008 (3.79) and 2013 (4.05).
- Regarding network composition: (1) ‘the average number of contacts that may provide practical help has grown significantly from 1.90 in 2008 to 2.18 in 2013. This growth is especially apparent in the category of practical help for business purposes in particular, as this
number increased significantly from 0.61 to 0.83 on average; (2) ‘the average number of local network contacts has increased as well: while in 2008 the entrepreneurs reported 0.91 local network contacts on average, this number increased substantially to 1.20 in 2013’. This led the authors to determine that, ‘over time, the neighbourhood became a more important arena for network contacts of the entrepreneurs’. Note also that this observation is valid even if the firm is not commercially orientated locally.

- Role overlap, that is, the fact that the entrepreneur uses the same contact for business as well as private purposes, is important:
  (1) ‘role overlap is present within entrepreneurial networks as on average 1.1 network contact gives support for both private and business purposes. Role overlap is found to be more important for entrepreneurs with a small network than for entrepreneurs with larger network, which is to be expected as the former group had to compensate for their limited network size by getting support of the same people for different purposes. At the entrepreneurial level, we found that the role overlap between 2008 and 2013 decreased for older entrepreneurs and for entrepreneurs who already had a great deal of overlap in their networks; (2) ‘the proportion of network contacts with “role overlap” is smaller among entrepreneurs with larger networks’. This suggests that those with relatively small networks to a certain extent compensate for a potential lower amount of available support with an increase in role overlap. Next to network size, the other factors included in the analysis show only that older entrepreneurs reported a relatively small number of network contacts for business purposes and relatively many network contacts for private purposes.

Didier Chabaud and Joseph Ngijol’s chapter (Chapter 3) considers the impact of entrepreneurs’ social networks at the beginning of the entrepreneurial journey – that is, during the formation of business opportunities. Their point of departure is the relative under-analysis of this topic; they note that, ‘although social network theory (SNT) has been repeatedly applied to entrepreneurship, it is symptomatic that the review undertaken by Slotte-Kock and Coviello (2010) on social networks shares only one common reference with the review undertaken by Short et al. (2010) on opportunities’. After reviewing the literature on the diverse phases of the formation of opportunities (i.e. discovery of business ideas, evaluation, obtaining resources, social network management mode), they provide an empirical study that considers six cases of innovative venture creation in the service sector. This study enables them to show:
Entrepreneurial process and social networks

- the central role of strong ties in the formation process of opportunities, weak ties being activated by relying on strong ties (‘leverage’), confirming for these innovative projects the leverage effect emphasized by Jack (2005);
- that management of a social network is observed and the relational competence of the entrepreneur (Baron and Markman, 2000) plays a role in the formation process. Moreover, a learning process is observed that shows that relational competence varies across the stages of the formation process.

Moreover, the necessity to take into account the fact that the formation process of opportunities is not linear, but much more complex, is also emphasized. Chabaud and Ngijol argue that this relationship is not a linear process (Shane, 2003); their study demonstrates the need to take into account the coevolution of social networks and business opportunities (Lamine et al., 2015; Jack et al., 2008), rather than thinking of a linear process (Shane, 2003).

Lise Aaboen and Frida Lind, in Chapter 4, wonder ‘how start-ups can overcome the loss of all their customer relationships through repositioning’. This question matters because start-ups can be frequently confronted with the difficulty of the end of a business relationship, sometimes with their few (or first) customers. Faced with this, how can they react? Their question is also important because Slotte-Kock and Coviello (2010) show interest in connecting the social network and business network literatures, but the business network literature generally emphasizes the persistence of ties.

To deal with this question, Aaboen and Lind use a longitudinal case-study approach that arises from a former study realized with 22 start-ups in order to understand ‘their development and how they developed their first customer relationships’ (see Aaboen et al., 2012).

Investigating the repositioning by three firms showed the breakdown of commercial relationships; Aaboen and Lind find that ‘Even though they did not necessarily return to the exact same actors or (potential) customers, all three firms repositioned through returning to the history in the sense that they again sought a context they was part of in earlier phases for initiating new relationships. For two of the start-ups this context was a development context, while it was more of again selling to a certain market segment for the third start-up.’ In this way, Aaboen and Lind emphasize that history really matters, as ‘network structures that have been previously useful may be remembered and used again later. Furthermore, Greve and Salaff (2003) argued that the successful transition between development phases for an entrepreneurial firm depends on the ability to develop their network and on the initial network position.’
This first set of chapters (Part I) provides interesting views on the evolution of social networks across time. They enhance our view of the way social networks evolve over time, by providing some new observations regarding the role of overlap between networks (De Beer et al.), recourse to history in the face of critical events (Aaboen and Lind) and also confirming the role of strong ties, including their leverage effect (Chabaud and Ngijol) and relational competences (Redd et al., Chabaud and Ngijol).

At the same time, the necessity to look deeper into the tie content and to appreciate the ‘costs’ of maintaining and developing networks also appears to be important, opening new perspectives and avenues of thought.

If all scholars agree that entrepreneurs are embedded in social networks, they have – on this topic – mainly studied the networks of the entrepreneur from an individual perspective by looking at the (entrepreneur’s) ego-centred network. Even if it has been possible to differentiate between the nature of the relationship (weak or strong ties, business or family ties and so on), it would be interesting to look at formal networks and their impact.

4. PART II: FORMAL NETWORKS – A NEW RESEARCH AGENDA?

As early as 1985, Birley took into account the role of formal networks, including ‘all the local, state and Federal agencies, such as banks, accountants, lawyers, realtors, Chamber of Commerce, or the Small Business Administration (SBA)’ (p. 109), even if her observation was that entrepreneurs did not really know them, and that they were not very efficient. In 1991, Dubini and Aldrich insisted on the necessity to distinguish between the personal (ego) network and the extended networks of the entrepreneur, that is, those connected to collectives and referred to as ‘within firms (intra-firm relations) or between firms (interfirm relations)’ (p. 305), opening the way to extend the research agenda. More recently, Parker (2008) provided an economic analysis of ‘formal business networks comprising voluntary groupings of entrepreneurs who share knowledge and experiences between themselves’ (p. 627) and considered that this topic is under-analysed. Lefebvre et al. (2015) and some of the authors of the chapters collected in this part of the book seem to agree. Before emphasizing the content of these chapters, it is important to shed some light on the apparent paradox of a topic that is both important and under-analysed.

Several causes probably explain this. First, there has been a great deal of work on business networks and inter-organizational networks, specifically in the field of strategic management (Gulati et al., 2000; Breschi and
Malerba, 2005; Gulati, 2007), and this can lead scholars to think that the issue is more connected to strategy than to entrepreneurship. Also, entrepreneurship scholars want to understand the entrepreneurial journey of the entrepreneur, and somewhat naturally tend to focus on their ego-network. In this situation, scholars frequently introduce some questions regarding participation of a club, business association or business incubator structure. But these formal networks are only one kind of network (see, e.g., Chapters 2 and 3). In this way, the objective is to depict the global view rather than to look closely at the formal one. Some results on formal networks are sometimes mentioned. Elfring and Hulsink (2007) emphasize that business incubation can be a contingency or mediating variable. The objective is to understand the way entrepreneurs manage their network and/or networking behaviour (Burt, 1992), even if the analysis of the structure (and properties) of the whole network is also important (Burt, 2005). In this way it can probably be stated that entrepreneurship scholars overemphasize the influence of the ego-network on the analysis of the structural or complete network. Also, it is not easy to depict the complete network of a set of entrepreneurs in order to analyse – and compare – their properties and network strategies; this needs a collective research programme. Last, but not least, definitions and characterizations of formal entrepreneurial networks are diverse, probably not leading to a unified core of knowledge. Quoting Birley (1985), Dubini and Aldrich (1991) or Parker (2008), we can also refer to ‘business associations’ (Bennett, 1998), ‘formal business and occupationally-based professional (OBP) networks’ (Lawton Smith and Romeo, Chapter 5 in this volume; 2011), ‘learning networks’ (Bessant and Francis, 1999), and even more global forms such as clusters (Porter, 1990) or industrial districts (Marshall, 1890)!

The topic seems nevertheless very important. First, some studies argue that structures like business incubators can have a networking effect, and so need to be deeply scrutinized (Hansen et al., 2000; Chabaud et al., 2004; Bollingtoft and Ulhøi, 2005), even if their effect can sometimes be negative. Also, formal networks are increasingly perceived to be like a public-policy tool. This has led some scholars to adopt a more restrictive view than Parker (2008), and consider that by their very nature formal entrepreneurial networks are ‘policy-led organisations aimed at sustaining entrepreneurship development at a regional or national level by providing participants with a practical means to increase the variety and number of their social contacts within the entrepreneurial community (hence their social capital)’ (Lefebvre et al., 2015, p. 500), or that “‘learning networks’ [are] primarily set up by a third party’ (Bessant and Francis, 1999: 377). As Lefebvre et al. (2015, p. 500) remind us, ‘evidence exists that SMEs entrepreneurs value formal peer networks more than any other policy-led
formal business networks dedicated to business support (Sexton et al. 1997; Chell and Baines 2000)." Davidson and Honig (2003, p. 322), on the other hand, emphasize the important role of these networks: ‘The weaker tie (bridging) social capital variable “member of a business network” was consistently important and significant in predicting gestation activity at the start of our screening, and the pace during the following 18-month period. It was also a very strong predictor of having a first sale or in being profitable, where most other variables failed to show an influence.’

So, in editing this book, we considered it was important to collect chapters on the topic of formal networks. One main view seems particularly important: understanding the ‘what’ (characterizing the formal networks), the ‘why’ (their reasons and impact) and the ‘how’ (their modus operandi and their properties). Each of the chapters provides stimulating views on these. The first two chapters in Part II address these formal networks. The chapter by Helen Lawton Smith and Saverio Romeo (Chapter 5) provides an interesting global view, explaining both the ‘what’ and the ‘why’. Claire M. Leitch, Richard T. Harrison and Frances M. Hill (Chapter 6) also shed light on the ‘why’ regarding formal women entrepreneurs’ networks created by governments. Chapter 7, by Christophe Leyronas and Stéphanie Loup, provides a kind of ‘bifocal view’ by investigating closely ‘how’ a formal network would operate. Their view focuses on an organized business network that emphasizes the role of governance of the network.

Helen Lawton Smith and Saverio Romeo (Chapter 5) aim to contribute to ‘a better understanding of the formation and utilization of various types of formal networks in different places’. To do so, they emphasize ‘three different logics relating to their formation, utilization and outcomes’:

1. network logics: why individuals/firms engage in particular kinds of networks;
2. networks as a service: what individuals/firms seek to procure from these networks; and
3. networks as a resource: what value do they provide?

But, beyond the theoretical identification of these logics, Lawton Smith and Romeo’s empirical study used 221 formal networks in the Oxfordshire to Cambridge arc in the UK. They provide information on the number and types of networks in Oxfordshire and gather data on the use of networks, using an online survey. Participating in formal networks is an important way to access new clients and boost business collaboration, and, even if their results are somewhat different from what members initially anticipated, they suggest that ‘investment decisions on participation based on
“calculative trust” (Bennett, 1998) and “network capital” (Huggins 2010) paid off’. Also, the authors emphasize ‘a three-stage process in the development of network density: (1) a rise in the number of networks; (2) institutionalization of networks; and (3) rationalization and consolidation’, and discuss the importance of formal networks to local dynamics.

In Chapter 6, Claire Leitch, Richard Harrison and Frances Hill present their study on women entrepreneurs and networking as social exchange. Whereas many studies focus on informal networking, Leitch et al. address ‘three questions: what are women’s motivations for participating in formal business networks and what are their expectations of such participation? What networking behaviours do they engage in, especially regarding the initiation, development and maintenance of contacts and relationships? What are the potential and actual benefits which they perceive to accrue from networking?’ These questions are important, as female entrepreneurship requires increasing attention, and studies of public institutions promote formal networks dedicated to female entrepreneurs in order to develop women entrepreneurship. Thus this chapter enhances understanding of the topic, and the effectiveness of public policy in relation to this topic.

For their study, Leitch et al. conduct in-depth interviews with 18 female entrepreneurs involved in formal networks. Eight are inexperienced, early-stage entrepreneurs whose businesses are less than three years old, whereas ten have businesses older than three years. Also, the entrepreneurs can be part of women-only networks, mixed-gender networks, or both. This enabled Leitch et al. to contrast observations according to these elements, and consider if there are differences among populations. Also, a specific choice is made by these authors: they focus only on women, in order to take into account the diversity of women entrepreneurs’ practices, instead of focusing on the differences between men and women. This seems particularly suitable, as specifically addressing diversity among women is most important (Aldrich, 1989; Foss, 2010).

Their observations are interesting. Leitch et al. emphasize that ‘social exchange is key to entrepreneurial networking and entrepreneurs’ networks involve not only dyadic but also collective relationships, which are reflected in direct, productive and generalized exchange’. They show that, ‘even within the context of formal networks, women identify these as structures of mutual dependence within which reciprocal rather than negotiated exchanges take place. While some participants engage in network membership with a clear view of the expected benefits that might accrue, for most this is overlain by a belief that network participation confers membership of a community, which enhances social solidarity, trust and cooperation.’

Also, their observation ‘suggests that for early-stage entrepreneurs,
intangible benefits tend to relate to personal development, while for more established entrepreneurs these are to do with both personal and business development, indicating some change in focus over time (Leitch et al., 2009; 2013). Here again, entrepreneurs’ networking seems to evolve with time and the development of the firm.

Last, these observations enable Leitch et al. to conclude that establishing formal ‘women-only’ networks will have only an indirect and long-term effect on efficiency, as women seem to valorize the collective dimension and discuss common problems specific to them.

In their chapter (Chapter 7), Christophe Leyronas and Stéphanie Loup’s objective is to provide a better understanding of the collectives, or collective strategies, in which there is ‘joint mobilization of resources and the formulation of joint actions within communities of organizations’. But, if ‘the question of “why?” has been dealt with at some length, the question of “how?” and therefore of its operation remains open’. So they propose to look ‘inside the black box of relations’, in order to:

- distinguish between coordination and cooperation: ‘cooperation involves an exchange of resources whose objective is to increase access to both resources and expertise; coordination means pooling or exchanging resources at a given time without any increase in the stock of resources or expertise of the companies in the relationship. Unlike cooperation, coordination does not generate new resources/skills in the companies themselves’;

- examine a single case study of a collective, that of the association ‘Les Artisans Réunis’, in the French city Revel, which involves 17 companies in the (artistic) furniture sector, including cabinet-makers (creators and restorers), ironworkers, upholsterers and stained-glass specialists. In their case study they follow a three-step approach, with a first set of interviews focused on the context and the global history of the association, a second set to collect data exploitable by sociometrics techniques, and a last set that enables them to qualify the ties between actors. Data were dealt with using UCINET software, which enables them to elaborate graphs of relations, and to complete the picture through in-depth analysis of the content of the relationships established between the members of the Association.

Comparing the graph of relations and a matrix of the content of all the dyadic relations (with 45 dyadic projects) between firms of the Association enables Leyronas and Loup to state that, ‘while structural analysis is a promising approach for analysing how the strategies and positioning
of companies (centrality) in the collective enable them to derive certain benefits (access to information, power etc.), it does not really help us to grasp the nature of the collective as such, and especially the link between the individual and the collective. In fact, having an in-depth view of the content of relations between members is necessary in order to understand the potential, the content and the dynamics of the collective. In the Revel case, for instance, even if relationships seem important, it appears that they are mainly of a technical kind and constitute a way to coordinate by sharing resources, rather than of a cooperative kind. Most of the members are not really involved in the collective project; nor do they try to develop collective resources and projects.

So, in this chapter, Leyronas and Loup offer an interesting depiction of a collective action and lead us to think about the interests and limits of methods used to analyse it. They also point to the difficulty of creating a real cooperative strategy that would create new resources for members and provide a kind of collective strategy.

Moreover, they develop a new way of thinking about the evolution and the analysis of networks of entrepreneurs. On the one hand, they insist on the need to look at the real content and motives of ties between individuals and/or organizations, and, on the other hand, they emphasize the interest (and difficulty) of creating collective strategies between SMEs. If the coordination of actors is (relatively) easy to observe, it is much more difficult to create a cooperative strategy.

These complementary chapters offer, in our opinion, ways to extend the research agenda on entrepreneurial processes and social networks of entrepreneurs. By providing richer analysis of the interplay of an entrepreneurial project and social networks across time, they open the way to new questions and even methodological choices. Questions such as the origin (auto-organization of third-party creation), *modus operandi* and governance mechanisms of formal networks must be studied in order to understand their impact on the entrepreneurial project, but so too must the collective (government, local authority, business association, groups of entrepreneurs) involved in the formal network, as well as methodological choices, because analysing formal networks can be done at different levels, from the formal network (see Leyronas and Loup, who analyse the whole network) to a region, as in Lawton Smith and Virahsawmy’s analysis of the Oxfordshire to Cambridge arc, and, between these, analysis of the use of formal networks made by some populations of entrepreneurs (Leitch et al.). Also, the methods used can be diverse, from the classical analysis of ego-networks to the analysis of complete networks.
PART III: CONTEXT – A BENIGN NEGLECT?

There is probably also (one more!) paradox in the literature on our topic. We should recall that Granovetter (1985) argued against undersocialized analyses of the economy, as well against oversocialized views. Social network theory appeared to be a solution to this problem, with an analysis that enables us to take into account individual and social forces. And, looking at the literature on entrepreneurs and social networking, we probably suffer the same kind of bias, with little insistence on the context and/or cultural and institutional forces that can affect the observations made about the behaviours of entrepreneurs. Appreciating context is of crucial importance if we are to have a deeper understanding of entrepreneurship (Zahra, 2007; Welter, 2011).

One of us (Sarah Jack) recently emphasized in a paper the need to look at community in order to understand entrepreneurial processes and social networks (McKeever et al., 2015). The various chapters of Part III enable us to shed light on the impact of context in order to understand social networking and entrepreneurial processes, with a specific insistence on cultural and institutional context (Bruton et al., 2008, 2010).

In Chapter 8, Christian Lechner puts into perspective various levels of action that can affect the entrepreneurial firm and provides a framework for analysis. Following chapters shed light on two important issues. The first element that has to be taken into account is family, and Anderson et al.’s chapter (Chapter 9) illustrates this well. The second element is the diversity of the cultural and institutional contexts. Mian and Qureshi (Chapter 10) look at social networking in the Middle East and North Africa, whereas Albert Lwango (Chapter 11) emphasizes specifics relating to social structures in Congo. Thus this part closes with an in-depth scrutiny of social networks in the African context.

In Chapter 8, Christian Lechner addresses the questions ‘Why do some firms perform better than others?’ and ‘Why do some firms survive and others not?’ To do so, he emphasizes the role of networks in the competitiveness of the firms and differentiates between three levels of effects on firm performance:

1. firm-level effects
2. firm-constellation effects
3. regional or national level effects.

At each of these levels the relational dimension has to be taken into account in order to understand the competitiveness of the firm. Lechner provides insights into each of these dimensions. This is particularly relevant if we
want to depart from a ‘firm-as-an-island perspective’, that is a view that considers the firm as an autonomous and isolated entity.

For Chapter 9 we decided to reprint the paper by Alistair Anderson, Sarah Jack and Sarah Drakopoulou Dodd. This chapter, originally published in *Family Business Review* in 2010, seemed to us particularly relevant in introducing the topic of context.

As Aldrich and Cliff (2003) put it, family has a ‘pervasive effect on entrepreneurship’. Here, Anderson et al. extend this ‘family embeddedness perspective’ by providing a two-step study to investigate ‘if, to what extent, and how entrepreneurs capitalized on resources embedded in the family, but beyond the formal traditionally defined boundaries of the family firm’.

A quantitative study carried out with a sample of 68 entrepreneurs enables them to show that around ‘a quarter of the most important network contacts in our survey were kin, and the majority of them worked outside the family’s company’. More importantly, a qualitative study conducted on a sample of 12 entrepreneurs emphasized that ‘most entrepreneurs made extensive use of family members in the running of the business’, whether there is or not a formal connection between the firm and the family member. Two aspects should be noted. First, these ties are characterized by the ‘high quality of the help provided, the heterogeneity of resources and viewpoints made available, and the rapidity of the service provided and its low or non-existent cost’. Second, there seem to be diverse configurations of the connection between the entrepreneur and his/her family. Family business seems a special situation and it is interesting that that some entrepreneurs want to preserve a complete distinction between them and the family.

So, from our point of view it is important to note that family must be taken into account when analysing the dynamics of the entrepreneurial project, whether studying family business, teams, or other arrangements. Also, family is an important context for entrepreneurs. Nevertheless, is this situation European (or even Scottish) centred, as Phan and Butler (2008) would say?

Two chapters will help us to provide a more complete picture. Mian and Qureshi (Chapter 10) provide an empirical study that enables us to observe if networking activities are the same among countries, whereas Lwango (Chapter 11) deepens the analysis by looking at the specific role of family in Congo.

In Chapter 10, Sarfraz Mian and Shahid Qureshi provide an exploratory study of social network structures of nascent entrepreneurs in MENA (Middle East and North Africa) countries. Their chapter is a contribution to an important debate: are social networks the same, and used in the same way, whatever the country? Or is there a cultural or institutional dimension
that influences the way entrepreneurs use their networks? Here, Mian and Qureshi propose to investigate this point by using data from the Global Entrepreneurship Monitor (GEM) project (2009–2011). Following Schott (2014), who distinguishes between private, work, professional, market and international advisory networks, they observe the way entrepreneurs’ networks differ among 15 countries, at the beginning of the project (start-ups or nascent entrepreneurs) and for established firms. Thanks to a hierarchical cluster analysis of network characteristics, they can distinguish three sets of countries that tend to have ‘similar structures of adviser networks’. Specifically, they show that nascent entrepreneurs ‘from factor-economy-driven countries tend to rely on family advisers more than other countries. Entrepreneurs from innovation-economy-driven countries, while still consulting with family advisers, are far more likely than start-ups from other countries to use advisers from the workplace, professional, market, and even international environments. Finally, start-up entrepreneurs from efficiency-economy-driven countries tend to use fewer advisers, of all types, than those from other countries.’ The observation made for operating entrepreneurs tends to be much more differentiated, leading them to observe that there is some country effect not necessarily mitigated by the development of the firm. So Mian and Qureshi’s chapter challenges non-institutional or a-cultural views of social networks.

With a different methodological setting, Albert Lwango, in Chapter 11, also contributes to this question. Gupta et al. (2010, p. 148) emphasize that ‘Ubuntu is the popular principle of indigenous African business which means “humanity to others”’, and Lwango provides an empirical study organized around a set of five interviews with three owner-managers of a family business, one founder, another engaged in succession, and the last who achieved succession ten years ago. This enables Lwango to shed light on the tension between the extended family and business development. If the creation of the firm is facilitated by the involvement of the extended family, and specifically by the role of the brothers of the founder, it seems that – with the transmission – the obligation changes, and the family business is influenced by the necessity to support the family. The author points out that, ‘although clan solidarity is an important factor for both creation of family businesses and of survival through periods of crisis, such solidarity is less and maybe a hindrance to business growth’. In this way, Lwango’s empirical study of family businesses in an urban area of Congo emphasizes the importance of looking at the connection between family and business in other institutional environments than those of developed countries. His ubuntu view seems to provide a modus operandi explaining some of the observations made by Mian and Qureshi: family matters!

These chapters emphasize the relevance and importance of context.
But they also show why context matters. In doing so, they engage with the current debate about the need for entrepreneurship and social networks to be studied in the contexts in which they occur (Batjargal, 2010; Fayolle, 2014; Stam et al., 2014; McKeever et al., 2015). What is also interesting about two of these chapters is that they look at entrepreneurial processes and social networks in parts of the world about which we have too little understanding – MENA and Congo. Thus they help expand our knowledge and understanding of different situations in different contexts too.

6. PART IV: DEBATES AND PERSPECTIVES – THEORETICAL CHALLENGES

In the last part of this book, we present two chapters that relate to radically different methodologies, but have a common objective: to interrogate the theories and conceptions of social networks and, in particular, of the entrepreneurial journey or project. The chapter by Jansen, Mauer and Brettel offers a stimulating analysis of social networks in the context of effectual entrepreneurs and reasoning (Sarasvathy, 2001, 2008), asking if we have to change our vision of social networks. The other, by Lamine, Fayolle and Chebbi, proposes to go back to a strong (French) sociological tradition – that of actor-network theory (Callon, 1986; Akrich et al., 1988a, 1988b) to shed light on the role of artefacts in the dynamics of networks.

Chapter 12, by Willem Jansen, René Mauer and Malte Brettel, is ambitious, emphasizing the need to reconstruct the analysis of social networks in the context of control-based entrepreneurship, that is, entrepreneurs who follow an effectual reasoning.

The authors put the literature in perspective and consider that ‘key theoretical contributions (Burt, 1992; Granovetter, 1973) assume an entrepreneurial behaviour that uses predictive planning, causal logic and the classical exploration–exploitation scheme (Holland, 1975). Despite the widespread assumption of the universality of this prediction-based approach, a growing body of studies reveals that expert serial entrepreneurs prefer an alternative control-based entrepreneurship approach. In this study, we use effectuation (Sarasvathy, 2001) as an exemplary prototype. In light of these discoveries, in this study we re-evaluate findings regarding entrepreneurial network structure and deepen the understanding of the interaction dynamics of entrepreneurs using control-based logic and their networks as well as their impact on venture performance.’

Jansen et al. make two key points. First, they emphasize that social networks are an important part of Sarasvathy’s framework, as effectual
entrepreneurs focus on available means; they ‘take a set of means as given and focus on selecting between possible effects that can be created with that set of means’ (Sarasvathy, 2001: 245). In this situation, available means are central, asking: ‘who I am’, ‘what I know’ and ‘whom I know’ (Sarasvathy, 2001; Sarasvathy and Dew, 2005a). ‘Consequently, social networks (“whom I know”) are essential in acquiring “new means” and “new goals” (Sarasvathy and Dew, 2005a). Although interaction with other market participants is regarded as “the very essence of the effectual process” (Dew et al., 2008: 50), research on intersubjective interaction remains sparse (Sarasvathy and Venkataraman, 2011).’ Second, Jansen et al. insist that, by its very essence, networking refers classically to tertius gaudens (Burt, 1992), that is, the fact that entrepreneurs take advantage of structural holes – of non-redundant networks. With effectuation, the authors argue that the nature – and essence – of networking is different. Instead of taking advantage of non-connected networks, the entrepreneur will close ‘the gap between disconnected others by bringing them together’, what Obstfeld (2005: 103) refers to as tertius iungens (the third who joins). So we obtain a very different picture of networking, with an entrepreneur who will use artefacts to discuss and connect with others, in order to create opportunities (Sarasvathy, 2008).

While Jansen et al. contrast these two views of networking, they go further by constructing a simulation model of effectual entrepreneurs. This enables them to show ‘how control-based entrepreneurship reorganizes social networks towards a dense web with few structural holes, high personal centrality and highly constrained stakeholders’. Their simulation experiments ‘regarding network position reveal a significant performance impact of the network position in general and the initial position in particular. Moreover, the analysis of development over time reveals that control-based entrepreneurship actively improves the network position over time. However, these developments are captured to varying degrees by established centrality measures. Although degree centrality is positively correlated with demand satisfaction, betweenness centrality is negatively correlated with performance.’

So, this chapter is stimulating and opens up a debate: does the literature miss the point regarding networking strategies? Does classical literature overemphasize tertius gaudens over tertius iungens? Do we need to reconstruct our views about the social networking of entrepreneurs?

Clearly, Jansen et al. provide an interesting chapter that will lead to further studies. If one can insist on the possible bias of the simulation model that is constructed, it seems to us that this model is nevertheless interesting: (1) it enables us to consider possible futures and consequences of effectual hypotheses by examining equilibrium trajectories connected
Entrepreneurial process and social networks

to theses hypotheses; (2) it provides an interesting way to put in perspective the classical views of literature (Aldrich, Burt, Granovetter) with Obstfeld’s (2005) view of social networking, leading to a more subtle analysis of social networking. Here, we think of diverse strategies of networking, of diverse modus operandi – with a tertius iungens orientation that leads to connect with others, and involving them in the project – and this can explain why we observe crystallization of social networks, with the creation of entrepreneurial teams (Larson and Starr, 1993; Chabaud and Condor, 2009).

Nevertheless, it seems to us that we need to refine the analysis. With the observation of the diversity of entrepreneurial reasoning, some scholars also point out that social competence is a specific matter to study (Baron and Markman, 2003), whereas others insist on the important networking differences between necessity and opportunity entrepreneurs (Tessier-Dargent, 2015). So we probably have to complete the simulation model with many more empirical studies in order to examine the diverse networking strategies of entrepreneurs.

Interestingly, Wadid Lamine, Alain Fayolle and Hela Chebbi convey a view that is probably reconcilable with that of Jansen et al., even if it comes from a different intellectual tradition. In Chapter 13 they propose to connect ‘actor-network theory and the entrepreneurial process’. Their main point is to emphasize the interest of actor-network theory to entrepreneurship, following the sociological point of view of Callon and Latour. Specifically, use of Akrich et al. (1988a, 1988b) is made in order to examine the crucial elements that explain the dynamics of the entrepreneurial project. In Akrich et al.’s view, it is necessary to take into account the micro-processes in force in the project in order to understand the success or failure of innovation, and particularly what they call ‘the art of interessement’ (1988a) and ‘the art of choosing good spokespersons’ (1988b). Innovation is never taken for granted and planified:

To understand success or failure, i.e., diffusion and its adventures, the idea that an object is only taken up if it manages to interest more and more actors must be accepted. To consider that the socio-economic context was known once and for all, as if it were possible to define the product outside of all interaction with it, is contrary to all that we know about innovation. Innovation is perpetually in search of allies. It must integrate itself into a network of actors who take it up, support it, diffuse it. (Akrich et al., 1988a: 203–4)

In this chapter, Lamine et al. transpose this actor-network theory of innovation – but also Bruyat’s theory – to the analysis of the entrepreneurial project, and they show how these can be useful and lead to new perspectives on the understanding of entrepreneurial dynamics. To do so,
they present a theoretical argument, and they develop an in-depth longitudinal case study of an innovative firm that has been followed for two years in order to emphasize the interest of this theoretical approach.

Their analysis enables them to explain ‘the dynamics of building a nascent entrepreneur’s socio-technical network’, insisting both on the necessity to put the social network at the centre of the analysis and to emphasize the role of technical artefacts in order to explain the dynamics. Doing so, they open the way for new research agendas and demonstrate the interest of deeper understanding of the entrepreneurial journey.

In both chapters, we observe that social networks are central to the entrepreneurial journey. But this centrality comes from the necessity to understand all the dimensions of this journey. It is not possible to focus on only one dimension – the entrepreneur, the project, social network or context – it is necessary to understand the interactions or co-construction of the whole project. In this way, it seems to us that integrative views become increasingly necessary to enhance our understanding of entrepreneurship.

Such an understanding will necessitate a mix of research methods, and deepen appreciation of the trajectories of the entrepreneurial project. It is also probably necessary to change our points of view, and if it will be difficult to use or elaborate ‘a general theory of entrepreneurship’, it will be necessary both to use theories, in the context of rigorous methods, and to lead to actionable knowledge.

In this way, we hope that readers will appreciate these diverse studies, and that these will demonstrate the interest of insisting on this ‘dynamic perspective’ of the entrepreneurial process and social networks. Moreover, we hope that these studies will give readers new ideas, stimulate debates, and help to develop this research programme.

7. CONCLUSION

Each chapter conveys its own view of the subject of entrepreneurial processes and social networks. But, as readers will see, an integrated picture emerges from these diverse chapters, with many nuances. So, in this book we offer an impressionistic view. As for these ‘paintings’, the reader can choose various strategies: reading the whole from beginning to end; or reading each part separately, as each provides a special view of the topic; or even each chapter (or detail) independently. The various parts of the book propose only one way (our way) of discovering much more about entrepreneurial processes and social networks. We hope that this book – and these chapters – will provide ideas and ways to understand, and to go beyond paradoxes and omissions.
NOTES

1. Notice that this book originated from the strong interest of colleagues who wanted to contribute to the special issue of *Entrepreneurship and Regional Development* (2015) devoted to the specific question of the connection between entrepreneurial process and social networks. Because it was impossible to publish all the papers, we decided to coordinate this book. We see it as a way to contribute to a further extension of knowledge and understanding. We are grateful to the authors for their valuable contributions and to the reviewers for their help and support; without them, it would have been impossible to produce this book.

2. Aldrich (2011: xiii) also points out that this paper ‘on entrepreneurship through social networks led to other invitations to present my work and I began to meet others in the entrepreneurship research community’.


4. ‘The firm was included in the sample only if the entrepreneur lived at the same address as, or within ten minutes walking distance from, his or her firm’ (Sleutjes and Schutjens 2012).

5. Note that the authors distinguish 25 types of relationships between the entrepreneur and others, which enables them to provide a fine-grained analysis.

6. Compare with the average 4.0 network contacts in 2013, of which 3.1 were for private purposes and 2.2 for business purposes.

7. Whatever the variables, regarding characteristics of the entrepreneur, of his/her social capital or ‘contact with an assistance agency’.

8. We quote from the English translation (published in 2002), rather than the French one.

REFERENCES


Baron, R.A. and Markman, G.D. (2003), ‘Beyond social capital: the role of
entrepreneurs' social competence in their financial success', *Journal of Business Venturing*, 18, 41–60.
Entrepreneurial process and social networks


Entrepreneurial process and social networks


