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ENTREPRENEURS' TIE FORMATION: A MULTIPLE-CASE INDUCTIVE ANALYSIS (INTERACTIVE PAPER)

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≈ INTERACTIVE PAPER ≈

ENTREPRENEURS' TIE FORMATION: A MULTIPLE-CASE INDUCTIVE ANALYSIS

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Principal Topic

Notably lacking from the social network literature is explicit attention to processes of network formation and development. Processes of tie formation are generally conceived in an evolutionary approach—variation, selection, retention (Parkhe et al. 2006; Slotte-Kock & Coviello, 2010). Although relevant, the evolutionary approach may fail to account for specific strategies and practices of tie formation such as actors' intentions and strategies when forming ties. Recent studies argue that entrepreneurs intentionally engage in constructing their social networks, however it is unclear whether these strategies are done in a consistent way or if the process is contingent on entrepreneurial needs related to the specific situation. Moreover, the relationship between intentions of forming ties and actual ties formed is a rather unclear topic in tie formation.

Method

Relying upon data taken from interviews that re-occur roughly on a monthly interval, we developed an outline of how entrepreneurs use their existing social network and how and when they decide to form new ties with individuals who may impact their entrepreneurial performance. Specifically, we examine the data for the processes of tie formation, and we look to help further flesh out why new ties are formed beyond the entrepreneur's existing social network. The three entrepreneurs chosen to participate in this study are in the process of launching or have recently launched high-tech, high-growth ventures within the Nashville, Tennessee community.

Results and Implications

We find that within existing networks actors purposefully search for efficient access to resources, but in contrast, new ties generally emerge as a sub-product of multiple actors interacting with different objectives. An exception to this is when entrepreneurs are searching for specific contacts within a chosen technology area affecting their venture. In his foundational work on social capital, Burt (1992) acknowledges that network resources cannot be fully controlled by one actor because they are by nature relational—these resources depend on what others are willing to do for another actor. With our study, we explore the strategies and practices entrepreneurs engage with to create relationships and hence we explore why entrepreneurs achieve or fail to achieve the creation and development of those relationships.

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