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WHICH SOCIAL CAPITAL DIMENSIONS DO ENTREPRENEURS NEED TO OVERCOME THEIR LIABILITIES? A METAANALYSIS OF CONTEXTUAL EFFECTS (SUMMARY)

Dietmar Grichnik
University of St. Gallen

Katrin Haug
Otto Beisheim School of Management

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Principal Topic

It appears on the surface that researchers agree on the positive effect of social capital on performance, because it offers access to new or different resources (e.g., Nahapiet & Ghoshal, 1998). However, when drilling deeper, we find indications that this depends on the context (Rowley, 2000) and social capital might as well have negative aspects (Gargiulo & Benassi, 1999; Adler & Kwon, 2002). The overall findings of empirical research investigating social capital performance effects are fragment and specific mechanisms remain opaque. We use a meta-analytic approach to assess the relationship of inter-organizational social capital with performance as well as those of its sub-dimensions (Nahapiet & Ghoshal, 1998) structural capital (overall pattern of relations) and relational capital (kind of relations). Moreover, we investigate moderators of the relationship that depict if social capital and its sub-dimensions are helpful in addressing liabilities of newness (Stinchcombe, 1965) and contrast these with their potential to address liabilities of smallness (Auster & Aldrich 1986, Baum, 1996).

Method

After conducting an extensive literature search with a review of more than 2,500 abstracts, we identified over 50 studies encompassing around 20,000 firms that meet our pre-defined eligibility criteria and were included in our meta-analysis. We employ a random effects model to calculate main effects and a mixed effect model for the bivariate moderator analyses.

Results and Implications

We find that social capital overall as well as its two sub-dimensions structural and relational capital to be significantly positively connected with firm performance. Furthermore, our moderator analysis reveals that this connection is stronger for new firms than established firms, however firm size appears to not moderate the tested main effects. This implies that social capital is especially beneficial for new firms addressing their liabilities of newness, in particular to overcome internal liabilities such as learning new roles, setting up routines, a lack of stable ties and trusted partners (Stinchcombe, 1965). In addition, our paper has a methodological contribution, as the meta-analysis allows uncovering how empirical research design differences impact research findings.

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CONTACT: Katrin Haug; katrin.haug@whu.edu; (T): +491737338122; (F): +497112553642; WHU – Otto Beisheim School of Management, Burgplatz 2, 56179 Vallendar, Germany.