ENTREPRENEURIAL CLIMATE: THE ROLE OF ONLINE SOCIAL NETWORKS IN THE ENTREPRENEURIAL ECOSYSTEM (INTERACTIVE PAPER)

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ENTREPRENEURIAL CLIMATE: THE ROLE OF ONLINE SOCIAL NETWORKS IN THE ENTREPRENEURIAL ECOSYSTEM

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Principal Topic

Entrepreneurial climate encompasses the entrepreneur’s entire functional environment including opportunities, skills creation and social support. When entrepreneurs attempt to launch ventures in areas which are geographically isolated or in which entrepreneurial climate is perceived negatively, entrepreneurs have difficulty finding resources and services typically used by small business owners.

Treadway, Hochwater, Kacmar, and Ferris, (2005) define networking ability as the ability to develop contacts and relationships for the purpose of exchanging information or resources in an effort to further a career or business venture. This particular construct allows us to examine the entrepreneur’s capability in creating network ties, which may be difficult in geographically isolated areas where entrepreneurial climate may be perceived as negative.

Methodology/Key Propositions

In this study a sample of 555 entrepreneurs’ responses were analyzed using regression models to test both the potential mediation and moderation effects of the use of online social network ties. The results will give us insight into the role of online social network ties and methods of overcoming resource acquisition obstacles. In turn, this information elucidates challenges faced by the entrepreneur and brings to the forefront the role of the Internet in providing supplemental network connections for those lacking social capital.

Results and Implications

This study highlights the growing importance of development activities offered by local chambers of commerce, universities and small business development centers (SBDC) for those entrepreneurs attempting to launch ventures in locations which are geographically isolated or are located in areas where there is little access to support resources.

In terms of networking ability, practitioners may find it useful to know that networking ability tends be lower among geographically isolated entrepreneurs, especially when entrepreneurs are minorities. Low networking ability means that individuals have difficulty in creating useful network connections for the purpose of starting or maintaining a business. What this means for practitioners is that a larger effort must be made to become more active in the local business community in addition to attending local of chamber of commerce events, SBDC networking events and charity events held by local business owners. For those whom these activities are unavailable locally, an effort has to be made to participate in these activities perhaps in a neighboring city or town.

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