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SUMMARY

STRUCTURAL AND RELATIONAL DETERMINANTS OF RESOURCE ACQUISITION AMONG ENTREPRENEURS IN RURAL AND URBAN AREAS: A MULTI-LEVEL INVESTIGATION

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Principal Topic

Using survey data collected in Uganda, we investigate how resource acquisition is determined by structural characteristics of entrepreneurs’ networks and relational characteristics of entrepreneurs’ relations, and how these determinants depend on the context in which entrepreneurs are embedded.

This study aims to make two original contributions to entrepreneurial network theory. First, most previous studies on entrepreneurs’ networks focus on one level of analysis – either the structural level or the relational level. In this multi-level study, we investigate simultaneously whether kinship, business ties and multiplex ties affect resource acquisition (relational level) and whether network size and network density affect resource acquisition (structural level).

Second, this study investigates how resource benefits of networks depend on entrepreneurs’ rural or urban residence. Rural settings and relations within these settings resemble the ideal type gemeinschaft: Entrepreneurs are embedded in secure unchanging groups, whereas solidarity is often based on kinship ties. In contrast, urban settings resemble the ideal type gesellschaft: Entrepreneurs are embedded in dynamically changing groups. Solidarity is more calculative; it originates from the interdependences and the complementarities between people.

In this study we argue that in static rural settings entrepreneurs will benefit more from weak ties and small heterogeneous networks, while in dynamic urban settings entrepreneurs benefit more from strong ties and small dense networks.

Method

Our data comprise a large sample of entrepreneurs, defined as self-employed, in Uganda. This sample is perfectly suitable for studying resource acquisition as most entrepreneurs in Uganda are embedded in a resource sparse environment. The data were collected using face-to-face interviews. We used a name-generator to measure entrepreneurs’ social networks. As our data are multi-level data with ties (N=3366) being nested within entrepreneurs (N=697), we used hierarchical linear modeling (multi-level analysis). Our dependent variable is the amount of tangible resources obtained from the network.

Results and Implications

Results reveal an effect of both structural characteristics of entrepreneurs’ networks and relational characteristics of the dyadic relations between entrepreneurs and their alters on entrepreneurs’ resource acquisition. Furthermore, and most interestingly, the empirical results were consistent with most of our hypotheses that entrepreneurs embedded in an urban area benefit most from dense, homogeneous networks, whereas entrepreneurs embedded in a rural area benefit most from sparse, heterogeneous networks.

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