A TAXONOMIC APPROACH TO THE ENTREPRENEUR’S SOCIAL NETWORK: NEW INSIGHTS INTO RESOURCE ACQUISITION (INTERACTIVE PAPER)

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A TAXONOMIC APPROACH TO THE ENTREPRENEUR’S SOCIAL NETWORK: NEW INSIGHTS INTO RESOURCE ACQUISITION

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Principal Topic

Many entrepreneurship studies have focused on the role of social networks in the entrepreneurial process of transitioning from merely an idea to a functioning viable business (Katz & Gartner, 1988; Reynolds & Miller, 1992), while others have maintained focus on the acquisition of resources through social network contacts (Shane & Venkataraman, 2000; Aldrich & Zimmer, 1986). However, in the entrepreneurship literature pertaining to social networks there has been a disproportionate focus on cross-sectional studies which causes us to overlook the fact that networks are dynamic in nature, changing structurally over time (Doreian & Stokman, 1997).

This study seeks to present social network configurations that cause fit between network contacts created and resources needed in creating a viable business for each stage of the venture creation process. Specifically, this research will address the following question: What are the key differences in social network orientation across the venture creation process?

Method

In this study I have used a sample of 555 entrepreneurs including those in the nascent stage of the venture creation process in order to capture social network configurations at different business development stages. K-means Cluster Analysis is used as the statistical technique to group the respondents based on similarity of social network characteristics and network configurations. The resulting clusters reveal individual variables such as network size, strength of ties, resources obtained from tie type, etc. This analysis resulted social network configurations; one for each stage of the venture creations process (opportunity identification, organizing, and Growth/Stability).

Results and Implications

An implication of this social network taxonomy is that the social networks of entrepreneurs evolve as they mature and progress through the stages of the entrepreneurial process. Whereas studies of the past have not taken into consideration the stage of activity of each entrepreneur in creating social networks, this study includes a sample representative of several different levels of activity across the stages of entrepreneurship. The evolution and development of the social network as a flexible and ever-changing means of obtaining resources and how this means is dynamic in nature has been slighted in the literature. The identification of common social network configurations (relationship type, scope and objective of a network) gives us a deeper understanding of social network attributes that change over the course of the entrepreneurial process. This study is an extension of the knowledge in this area because it connects the notion of network dynamism to fluctuation of resources needed throughout the entrepreneurial process.

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