How Entrepreneurs use Social Networks in their Business
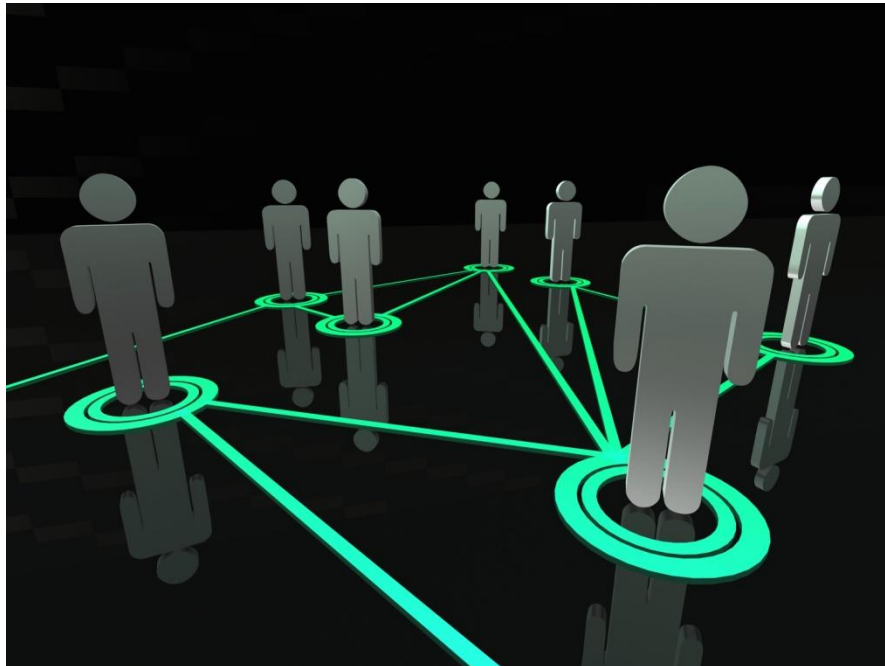
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Abstract

Every individual have aspirations to be successful in life and to make it big one day; the approach may differ from people to people, nevertheless ultimately individuals resort to becoming an entrepreneur. However, it is not a simple task to become a businessmen, it takes lots of effort, resources or capital (labor, financial, technology) and other things that may be deemed as important. For the purpose of gathering these aforementioned resources, entrepreneurs engage in social relationships (network) to gain access to information that may ultimately lead in the acquisition of such resources. In most literature, it has been suggested that the activation or use of social relationships (networks) is primarily done in the establishment phase. Therefore, the objective of this paper is to disapprove such notions and further investigate the phenomenon of social networking and social capital. As the field of entrepreneurship is quite big, the study was de-limited to just restaurant owners. Through the process of primary investigation (reflexive methodology), it has been unearthed that restaurateurs profusely use their social network in their daily running of the establishment, and not just in the establishment phase.

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1. Introduction

This chapter presents background information on the topic (social networking) under discussion. The problem background focuses on entrepreneurs and entrepreneurship, networking and social capital which provide a foundation for the research problems. The chapter ends with the aim and objectives of the paper and also provides a brief outline of the rest of the study.

1.1.   What is Entrepreneurship?

The field of entrepreneurship has been quite relatively researched and the likely cause could be the generous contributions it makes to public policy goals, such as economic growth, creation of employment, innovation in technology, enhancement of productivity and structural realignments (Shane 1996). There could be many more other reasons for studying / researching entrepreneurship but the goal here is not to explain 'why' but 'how' aspect of entrepreneurship. Generally speaking, people would be more interested in knowing how the process of entrepreneurship initiates or what the activities of an entrepreneur are. If we are to define what an entrepreneur is, then the definition would be a "person who owns, launches and assumes the risk of an economic venture[1]", as defined by Gartner et al, (1994, p 6). It may also include people who have bought an existing business (Gartner, et al. 1994). This definition is very simple, easy to understand, straightforward and is applicable to all kinds of entrepreneurs – social, serial, and lifestyle[2].

However there are also other definitions of entrepreneur, a more prevalent definition is by Schumpeter where he defines entrepreneur as a person that innovates, introduces new technologies, increases efficiency, productivity and creating new products and services, thus seeing the entrepreneur as a catalyst of economic change (Deakins and Freel 2009). Few examples of entrepreneurial behaviors could be seeking and utilizing opportunity, taking calculative risks, being responsible for, and ownership of things and many more (Bridge, et al. 2009).

Moving further, the entrepreneur is just an actor in the entrepreneurship process, where entrepreneurship is defined "as an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goals and services, ways of governing markets, processes, and raw materials through organizing efforts that previously had not existed" (Shane and Venkataraman 2000, p 218) Another definition is where in which entrepreneurship is defined as a process where individuals "use organized efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what

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[1]Oxford Dictionary defines venture as a business enterprise, typically one that involves risk
[2] Please look at http://en.wikipedia.org/wiki/Entrepreneur#Types_of_entrepreneurs

resources are currently controlled" (Kobia and Sikalieh 2010, p 110). However, Frank H Knight (2002) writes that entrepreneurship has other aspects that need to be considered and they are risk and uncertainty. An entrepreneur takes risk because there are lots of uncertain elements associated with the new innovation, for e.g. how will the consumers react to a new invention, what is the right price for that product, hence a lot depends on the market conditions.

The process of entrepreneurship can be initiated by any individual provided he/she is creative, skillful, and resourceful and determined enough to tackle any obstacles. There are many sets of attributes and behaviors that can be attributed to entrepreneurship, and such attributes forms the backbone of the enterprise culture. However, in an article by Gibb (1987), he discusses various other components of enterprise culture, and he mentions that one of those components are the entrepreneur's (social) network, comprised of independent business, family contacts and other links that reinforces familiarity and provides opportunities related to market entry; and Sally Caird (1992) also mentions (social) networking and contacts as one of the frequently cited example of enterprise competency. Enterprise competency is another vast concept that requires a different investigation, but it generally means 'everything', referring to the array of necessities needed by an enterprise or entrepreneur. Therefore, it can be summed up that social networking is a key integral aspect of entrepreneurship.

Ljungrenn and Kolveried (1996) did a study on the gender aspect of entrepreneurship, which is not relevant here, however, they surveyed or found out to what extent or how much the networks of each person (male & female) supported them in their setting up of enterprises/venture. They discovered that though women may have much stronger social networks than men and that women could compensate for limited knowledge and experience by organizing and rallying support from their networks. One thing that can be learned from this particular study is that (social) networking and contacts can be very useful and crucial for entrepreneurs, regardless of their gender, ethnicity, etc.

In such a difficult world, a social network can bring stability to entrepreneurs in many ways, such as assisting in getting access to information, finances, knowledge, market insights, etc, not only related to business they can also aid by giving moral support. One example given in the book (Bridge, et al. 2009) is where an owner gets introduced to bankers and other money lenders through the help of their existing contact(s). In addition, these social networks are not fixed and it can be utilized or set in motion according to different needs. As per requirement of the enterprise, entrepreneurs can use networks and bring specific contacts that he/she feels can contribute to that cause or objective, and also family members play an important part in decision making. Thus, it can be concluded that these contacts are social capital for the entrepreneur and the enterprise.

Furthermore, social capital can be defined as "features of social organization such as networks, norms, values and trust, which assist coordination and cooperation for mutual benefit" (Putnam 1993, p 2). Social capital allows entrepreneurs to gain knowledge and business resources from

social networks and relationships, which eventually may be the catalyst for achieving competitive advantage. For instance, private or special access to resources or distribution channels of a large retailer, grants conveniences in purchasing and access to valuable information (Davidsson and Honig 2003).

1.2. Problem Background

There are many reasons why individuals become entrepreneurs; it could be to earn money, to make a difference to community / environment or simply passionate about it or to fulfill a lifelong dream. Whatever the reason maybe, it is not a joke or a simple task in just becoming an entrepreneur or to start a business, the individual needs lots of resources such as capital, labor, technology/ technical know-how, and many other things. To acquire such assets, entrepreneurs extensively use their social networks to obtain access to these kinds of resources and also use contacts in decision making and sharing ideas. Entrepreneurs usually develop and maintain social networks during the initial establishment phases of a firm and also running the business in the early phases of entrepreneurship (Greve and Salaff 2003). However, not much is mentioned about what happens to such (social) networks and contacts when the business comes out of the early stages of establishment or introduction and moves on to other stages of business such as growth, maturity or even in decline phase. Also it does not cover the development aspect of networking, as to how entrepreneurs develop and build such networks. Therefore, on the basis of the research by Greve and Salaff, it is imperative that also the aspect of networking in other phases of business lifecycle is looked upon, though Greve and Salaff suggests otherwise, they prefer to look into the network composition of different male and female entrepreneurs / the gender view of networking.

Normally, the registration procedure and the bureaucratic formalities are the first hurdles an entrepreneur, e.g. restaurateur faces before the business is legally open for commercial business. The level or the intensity of the barrier is dependent on a lot of factors, such as how much acquainted the individual is with the system and the related regulations, the intellectuality of the individual, fluency of the native language, and many other similar aspects. In addition, lack of credibility with investors or customers, inadequate funding, tax law changes, taking time to understand the market or industry, are other examples of problems faced by most restaurateurs in Sweden. At first glance, the restaurateur is at a dilemma over on how to tackle such problems and a bigger headache is to who to get in touch with regarding such problems. However such problems generally transpire at the beginning, complexities faced in the latter stages include lack of customers, reinvigorating the cuisine (hiring a new chef), and so forth. Therefore, a networking predicament arises for the restaurateur where he/she has to search for new contacts with the help of existing ties and adding members that would ultimately contribute to the survival of the eatery.

1.3. Research Questions

Therefore, the research question or the problem formulation would be to investigate and explore the following two things:-

- How entrepreneurs develop these so called social networks, and
- How entrepreneurs make use of their social networks in other phases[3] of the business lifecycle

1.4. Scoping

The field of entrepreneurship is quite vast, or rather there are many entrepreneurs / businessmen in the world, and that it would be an improbable task to look into all kinds of entrepreneurs. Thus, to delimit the study, the social networking of restaurateurs[4] – individuals owning and managing restaurants, would be looked into.

1.5. Aim

The aim of the study is to show the readers on the use of networking by entrepreneurs in the establishment phase and also to illustrate that entrepreneurs continue to use networking beyond that particular stage. Other probable aims of the study could be to portray the benefits arising from the usage of such social networks, and also to assist academics, researchers or students in understanding this phenomenon in the field of restaurateurs.

1.6. Structure of the Thesis

In principle, the sole motive of writing this paper is to tackle the issues outlined before and also to fulfill the aim mentioned above. The model in figure 1 gives an overall picture as to how the paper is structured and what to expect in the upcoming chapters. **Chapter 1** deals with the introduction of the paper, discusses the initial thoughts of the researcher and presents the aim of the thesis. **Chapter 2** is about the methodology of the paper and gives a detailed description of

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[3] According to Michael Porter, a business or an industry goes through several phases such as Introduction, Growth, Maturity, Decline and Extension.
[4] The origin of the word comes from the French word 'Restaurateur'

how the research process was carried out. **Chapter 3** is where the literature review is done and what previous researches have revealed in the field of entrepreneurial networking and attempts. **Chapter 4** deals with the conceptual framework or the chapter where relevant theories are presented that would aid readers to understand the phenomena better. **Chapter 5** deals with the empirical findings and the presentation of data using primary data sources. **Chapter 6** is the analysis and discussion of the findings, and finally **chapter 7** is the conclusion where a generalization is made and shown how such findings can be applied to the entire population. Suggestions and recommendations for future researches are also made in this chapter.

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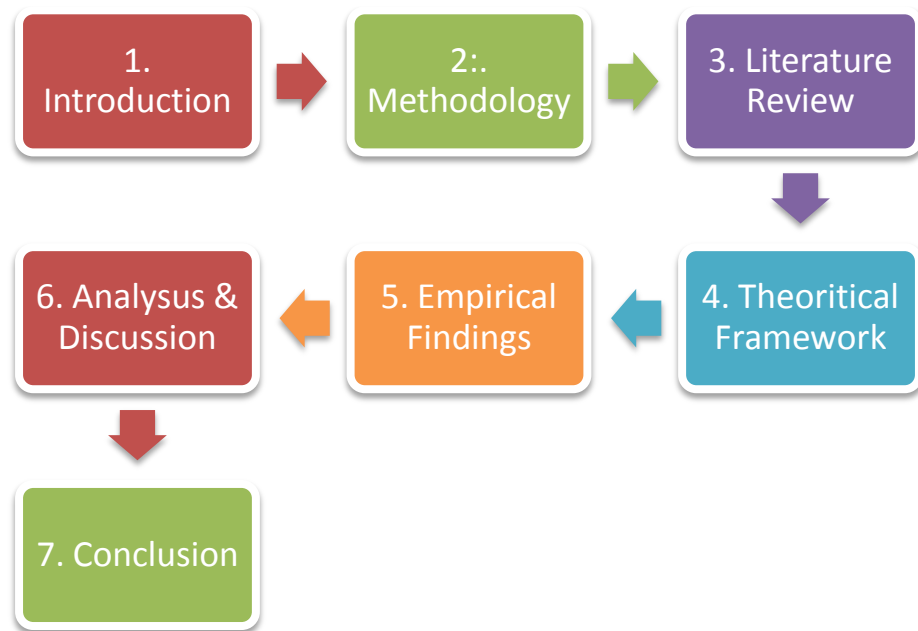
Figure 1 Outline of the thesis

2. Methodology

The chapter starts off with an explanation and discussion of the various methodological approaches available for this kind of study and the reasons behind the selection of the particular approach. The chapter ends with a summary of the respondents and the selection criteria.

2.1.   Exploratory Research

This paper is more inclined towards an exploratory study[5] where the networking activities and the development of such social networks of an entrepreneur will be further investigated. The purpose of this paper is to specifically look at how entrepreneurs use their social networks in running an establishment and to what extent their actions are embedded in the social structure. Hence, to serve this purpose, a qualitative approach (reflexive methodology) has been taken for data collection, where various restaurateurs in the Uppsala and Stockholm area were interviewed.

A likely reasoning for choosing such an approach is through literature work, where most renowned researchers in the field of entrepreneurship network have called for more qualitative work (Hoang and Antoncic 2003; Greve and Salaff 2003; Curran, et al. 1993) so that it can provide deeper and further dynamic theories or explanations of this networking phenomenon. By choosing a qualitative approach, it aids flexibility and allows looking for the underlying causes of the entrepreneurial actions and looking at the dynamics of the network. Moreover, the objective of the research is more of understanding rather than measurement of networking and embeddedness.

Reflexive Methodology has two basic characteristics – careful interpretation and reflection. Interpretation refers to the importance for the researcher to be aware of the theoretical assumptions, the language and pre-understanding of the empirical material before forming or making any opinions of reality (data analysis). Whereas reflection means that a particular empirical data might have various dimensions and so all other angles of interpretation have to be considered before the data synthesis and analysis (Alvesson and Sköldberg 2000). Thus, these two aspects of reflexive methodology basically mean critically examining the empirical data, where the empirical material is nothing more than interpretations of reality, where good care and reflection is needed. Most often in other methodological approaches, the interpretations and reflection are not very significant and quite limited, but here it is quite important as empirical part is the core of most qualitative research.

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[5] It is a kind of research where the idea is to familiarize with the issue and the study answers the 'why', 'how', & 'when' facts of the social phenomena. It is also a feature of 'Grounded Theory'.

2.2.   Qualitative Research

In qualitative research, it is assumed that data guides the researcher to understand certain phenomena and develop theory. One particular method that is used for primary data collection is the use of qualitative interviews, where the interview is loosely structured and the range of the discussion is quite broad (adding flexibility) however within the respective topic area. The interview here is seen as a technique for tapping subjects (interviewees) on their knowledge about their experiences and for social practices. Thus, my aim is to adopt a 'reflexive pragmatism' view on the interview / methodological process. This reflective approach is centered on working with alternative views of interpretation and vocabularies and further reinterpreting the favored lines of understanding through the systematic involvement of alternate points of departure. Defined in a different way "Reflexive Methodology makes explicit the links between techniques used in empirical research and different research traditions, giving a theoretically-informed approach to qualitative research" (Alvesson & Sköldberg, 2000, p 5).

2.3.   Qualitative Interview

An interview is seen as a complex social event that requires a theoretical understanding because many theoretical viewpoints are discussed and spoken about. So, without a sizeable theoretical background, the interpretations are on risky grounds, thus it is a main component of the reflexive pragmatic approach. A reflexive methodology two benefits:-

- The notion of data reveals reality is avoided.
- Creativity of interpretation of the empirical material

The basis of reflexivity approach is that the researcher produces interpretation on the basis of empirical data gathered by conducting interviews and then also challenges these interpretations, so that alternate meanings can be derived thus avoiding biases. There are mainly three styles through which interviews can be carried out, and these are as follows (Alvesson 2003):-

- Neo-positivism: The idea here is to establish a context free truth about reality through interview and so the interview conversation is viewed as a means for transmitting knowledge.
- Romanticism: The strategy is to adopt a genuine human interaction, building and establishing trust / rapport/ commitment with the interviewee. This approach does have plenty of advantages and it allows getting deeper further understanding of the subject's conceptualizations.
- Localism: Here the plan is to put emphasis on the social context of the statements being made in the interview by the discussant.

In the article written by Mats Alvesson (2003), the author defines an interview as an empirical situation that can be studied but should not be seen as a tool for collecting data on something that is outside this empirical situation. A qualitative interview is distanced far from a questionnaire format interview and thus it is freely controlled, varied, and open though relevant to the area under discussion. The discussant here in this research process is considered to simply portray accounts / versions or to have a dialogue based on his/her experience or rather by cultural inference.

Mats Alvesson (2003) proposes eight metaphors' or conceptualizations that should be accounted for during the process of qualitative interview. Each of these eight metaphors has different kinds of influences on the various aspects of the interview process or on the subject being studied on.

2.4.   Reflexive Methodology

Most researchers would be quick to reject the use of qualitative interviews as the sole technique in empirical collection process, but it would be unwise to do so, and there are various advantages that will be discussed later. Mats Alvesson (2003), suggests taking a 'reflexive pragmatic' approach to the research interview where he states that "the researcher is part of the social world that is studied, and this calls for self exploration and self examination". This is a method where particular emphasis is given on the interview scenario that includes all the participants and the dialogue. Reflexivity basically means making mindful and repeated attempts in studying the subject matter from various points of view and also to avoid or neglect using a single biased standpoint and terminology. There are always different aspects one can use for interpreting a subject and challenge pre-existing conceptualizations with different angle and vocabulary.

For instance, take Coca-Cola™ or Coke as an example. According to the oxford dictionary (online version), it is defined as a "carbonated non-alcoholic drink", whereas I would define it as a means of quenching ones thirst. Therefore, the idea is to be more aware that there is more than one way of de-coding / understanding something and by having such an approach enables researchers to stay clear of traps (from in-conceived ideas of the interviewee)[6] and to produce rich and varied results.

On the other hand, pragmatism means the keenness / ability to delay the doubts one can have and still make the best use of the empirical material in hand. This attitude reflects on the fact that time, space and patience is limited. Hence there is a need to make conciliation between reflexive ideologies and to deliver knowledge. Therefore, one has to be flexible and bear in mind that the knowledge produced may differ from what was intended to be at the beginning of the process.

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[6] Example of the political action metaphor, where the interviewee may unconsciously depicts narrations / experiences which may be political influenced.

Thus to incorporate a 'reflexive pragmatic' approach, a quite broad and varied theoretical understanding of the interview is needed and also to have a flexible approach involving alternate streams of thinking and interpretation.

2.5.   Types of interviews

Generally, there are three kinds of interviews – structured interviews, semi-structured interviews and unstructured interviews which researcher's uses extensively to collect primary data from the field of the research area (Kajornboon 2008).

In structured interview, the questions are prepared beforehand and each interviewee is presented with the same set of questions in the same order. This is done to ensure that the responses can be reliably aggregated so that the data can be analyzed, compared and decoded with ease. However one problem with structural interview is that it is very rigid and if it is strictly followed and use as the sole guideline, then it is difficult to go deeper and probe for causes of an answers, hence this method does not allow a researcher to go to the root of the problem however this approach is quite often chosen by new inexperienced researchers (David and Sutton 2004)[7].

Whereas semi structured interview does not have a rigid guideline but has a set of themes and a range of issues that the researcher intends to discuss about and the order of questions depends on the course of the interview. It is a technique where the choice of the question and the timing is left to the discretion of the interviewer and also further clarification can be posed and so the obvious advantage is that the researcher can go deeper into a particular response (Corbetta 2003)[8]. Finally, unstructured interview is the most flexible of all and the interviewer has full discretion to ask whatever he/she sees as fit to ask and the aim of this technique is to encourage the respondent to be frank, honest and to give as much detail as possible. This type of interview is very useful when little or no knowledge exits about the topic (kajornboon 2008).

However, in this paper a combination of all the three structures has been used and the different characteristics are considered when interviewing entrepreneurs. So it can be said that no one particular type of interview pattern has been used in any instance and this has been done intentionally to make full use of all the three types of interviews. However, it should also be mentioned that different circumstances arose during each interview session that too contributed to the use of such a system.

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[7] Page 160
[8] Page 270

2.6.   Ethnography

In the initial phases of the research process it was quite evident that just interviews would not be sufficient enough to generate the degree of data required to have a full understanding of the influence of networking ties to the daily running of the establishments. Though interviews did generate a fair amount of data regarding networks and the use of networks by each individual, it was not clear as to how these ties are developed, and also how each decision is embedded in the social structure. As a result, ethnographies were used to observe how entrepreneurs operated in the business place.

Ethnography is a form of research that allows researchers to go inside the minds of the interviewee to have a better understanding of his/her motivations, values, meanings and logics that govern his/her action (Curran and Blackburn 2000)[9]. By definition, it is a scientific research strategy where the intent is to provide a detailed description of everyday life and practice. An ethnographic insight is formulated through close exploration of several sources of data. On the basis of these data sources, a researcher can form a cultural frame of analysis (Hoey 2011). Other people have defined ethnographies as a set of methods that involves direct participation in people's lives for a lengthy period, collecting relevant data to the focus area of the research. Though, the use of interviews is quite common in ethnography, the most prominent one is 'direct first hand observation' (Garson 2008).

2.7.   Inductive Reasoning

Inductive reasoning or behavior, by definition is the use of models or a method where the full understanding of the problem is missing. It is very open-ended and exploratory, in particular at the beginning of the study and it is a logical process used in deriving a conclusion that originates from a known premises or something that is observed to be true (Trochim and Donnelly 2006). An example of inductive behavior is during a game of chess, where a player studies the layout of the board and then recalls the opponent's previous moves to determine a pattern and then based on this pattern forms a judgment and strategy on how to make his/her next move. The obvious advantage of this approach is that it helps in dealing with complications, constructing simple plausible models that can be coped with and also dealing with ill-definedness / lack of definition (Arthur 1994).

Thus, the strategy adopted in this paper is reasonably similar to the inductive reasoning, but not quite the same as some modifications has been made as depicted in figure 2. Another approach that could have been adopted is 'Deductive reasoning' however it has not been considered

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[9] Page 113

because theories builds up a speculative stamp which heavily influences the outcome and thus contact with the empirical base is lost; and in extreme cases, if testing is undertaken then the empirical data are pushed by force into the categories of the theory (Glaser and Strauss 1967).

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│Literature│> │Observations│>│Intepretations│>│ Theory │>
│ Review   │  │   and    │  │    and   │  │          │
│          │  │Interviews│  │Reflections│  │          │
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Figure 2 Methodological Approaches / Strategy

Literature review is the step where knowledge or rather background information on a particular topic is acquired from journal articles and other sources of secondary data. To assure that emerging categories or reflections is free from biasness, theories and concepts will not be divulged at this stage. Then, observations and interviews of various entrepreneurs in the field of restaurant and food catering are carried out. Based on the narratives of the restaurateurs, reflections and interpretations of these narratives are done which is further aided by concepts and theories found in the literature. At the end of the research process, hopefully generalizations is formed that will help researchers and fellow students.

2.8.   The Sample and Research Techniques

For this research, an appropriate sample size for this qualitative study is one which adequately answers the research question (Marshall 1996). The goal of this study is not to make generalizations based on the empirical findings but rather to unearth the issue of networking in restaurant owners and to explore how networking is done in various stages of the entrepreneurship. The issue in sampling is not 'the size' but on the depth of the information acquired through various respondents, thus requiring a flexible, iterative approach to sampling and data collection.

The sampling technique that was used for the purpose of empirics was based on the combined strategy of two sampling techniques – convenience and theoretical sampling. In the early phase of data collection, interviewees were firstly chosen on the convenience sampling strategy, where selections are made on accessibility / ease of access. Though there are known drawbacks of this strategy as highlighted by M N Marshall in his article 'Sampling for qualitative research' (Marshall 1996) that it produces poor quality data and lacks intellectual credibility. The rationale

in choosing this strategy at first was to garner an understanding of restaurateurs' networking aspect and to find themes or categorical properties of networking that would be useful in future interviews.

In the latter stages of the data collection, respondents were chosen on the basis of theoretical sampling (Straus 1987) ; (Alvesson and Sköldberg 2000), a technique where the "analyst decides on analytic grounds what data to collect next and where to find them". Theoretical sampling compels the analyst in building interpretative theories from the data emerging from the field and then choosing a new sample to further examine and elaborate on this premise. The process of theoretical sampling has two major steps, where the first step is to minimize the difference among the groups by identifying similar themes and properties, and in the second step, maximize the difference by looking deeper into the aforesaid categories and formulating a substantial theory. Hence, other respondents were preferred on the emerged properties so that the characteristics can be validated and also to consider the links, associations and relationship of emerging categories. Therefore, it can be said that the process of data collection was controlled by emerging theories and allowed ideas to be refined (Jack 2005).

The first sets of respondent were firstly identified primarily through personal and local knowledge and contacts. The initial two respondents were used as preliminary interviews to recognize and verify emerging subject matter. The latter three respondents were used by getting referees from the prior interviews and these interviews were used to fully explore the issues under investigation. As mentioned earlier in scoping, restaurateurs or restaurant owners are the focus of the research areas to explore social networks and ties. To serve this objective, restaurants in the vicinity of Stockholm and Uppsala Centrum were preferred (Table 1 gives an overview of the respondents). However due to condition of anonymity and prior agreement; actual names of the respondents have not been used in this research.

Table 1 Respondents

No.	Entrepreneur	Activity	Year Established	Background & Experience
A	Goh Yu Chong	Thai	1998	Has prior experience from working in Thailand
B	Mrs. Panyawai	Thai	1994	Went to Culinary School in Sweden
C	Arshpreet Singh	Indian	Early 2000's	Graduate Studies
D	Mrs. Wei	Sushi	1990	No prior knowledge
E	Shamol	Indian	2002	Have experience in retail business

For collecting data both formal and informal interviews was extensively used to gather data, and where possible ethnography was used. Ethnography allowed rich deep contextual information to be collected from a wide range of primary sources and it provided a guiding framework for the research. Information about the history and background of each respondent and the business concerned was sought from non-entrepreneur sources. These notes represented a resource for comparison with, and triangulation of the emerging research themes addressed the broader theoretical issues.

Data collection took place over a 2 month period, which involved repeated visits to the locality in which the respondents and their firms were located. Some of the interviews were taped and transcribed whereas in others notes were taken in a pad. The length of the interviews varied between 30 – 75 minutes. In structured interviews, the questions asked was not in any specific order but was dependent on the context of the actual situation[10] (Gummesson 2000). In semi-structured or informal interviews, the areas under investigation were discussed and the flow of conversation was not interrupted (semi-structured interview), however in some instances, specific questions was asked to get more clarity. Most often, these interviews would be held in the establishment itself, or at any other location prearranged by the individual. Informal interviews allowed a richer and deeper appreciation of how respondents operated and particularly relevant because they helped to triangulate by seeking additional clarification and looking at things from a different angle (Stake 2005).

Throughout this process, interview probes[11] were used to ensure that the participator was not being led in anyway and confirm that the information received from respondents reflected the actual situation.

2.9.   Data Analysis

Unlike quantitative data analysis, there is no standardized approach to the analysis of qualitative data. There are basically four approaches that correspond to the strategies of data collection. So, the strategies are (Saunders, et al. 2007):-

• Understanding the characteristics of language

• Discovering regularities

• Comprehending the meaning of text or action

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[10] Theoretically, I did aim to ask questions in a specific order, however, due to unavoidable circumstances, in most cases I resorted to this approach.
[11] A probe is a question asked by the interviewer to help clarify a candidate's response or ensure the candidate has provided enough information.

• Reflection

The first two categories require a great deal of structure, a formalized set of procedures to follow and also the data has to be analyzed deductively. Whereas the other two categories are very flexible, loosely formatted and information analyzed by inductive reasoning.

The purpose of a qualitative paper is to identify the essences and then to reveal those essences, and not to amass all the data one can (Wolcott 1990). From the data collected, themes emerged by comparing entrepreneurs responses through several processes namely constant comparative method (Alvesson and Skölderg 2000) and analytic induction (Glaser and Strauss 1967). Quite an ample amount of data was generated through the research process and this data had to be sorted out before it could be analyzed. The data collected through interviews were collated, transcribed and written up and organized in case study approach (Eisenhardt 1991). These cases were then analyzed and compared to determine categories, themes that could aide in the explanation of this phenomenon. During this process, the patterns and the casual relationships were identified and hence the findings are conforming to the research questions stated in this thesis.

3. Literature Review

This chapter is about the contribution of various researchers to the field of entrepreneurship & social networking and articles written on the subject matter and in what way does that results shape this study.

3.1.   Past literature on Social Networking

The entrepreneurial process or entrepreneurship is heavily dependent on social network where entrepreneurs are driven by opportunity seeking behavior and not by a simple desire to invest resources (Stevenson 1984). Entrepreneurs are always on the lookout in seeking highest profit maximization and they can only achieve this by exploiting and capitalizing on opportunities coming their way. One way of sensing and making the most of opportunities is by tapping into ones social network, where a social network is thought to be an actual set of links of all kinds amongst a set of individuals (Mitchell 1973; Brass 1992). Another scholar to identify the importance of social structure was Mark Granovetter (Granovetter 1985) who said that social relations are embedded in the economic action / behavior of individuals or firms. In literal sense, embedded means to be fixed firmly and deeply in a surrounding mass or to be an integral part of a surrounding whole (Oxford Dictionary).Granovetters' embedded theory points out an idea that economic relations between individuals or firms are rooted in actual social networks and do not exist in an abstract idealized markets. Granovetter also acknowledges that trust and malfeasance may become an issue but explains that networks of social relationships among people may actually discourage malfeasance. He gives an example that people guide their choices based on past actions with people and continue to deal with those they trust.

Aldrich and Zimmer (1986) propose an alternative perspective of entrepreneurship where he views it as embedded in networks of continuing social relations. He implies that through this complex network of relationship, entrepreneurship is either facilitated or controlled by linkages between entrepreneurs, resources and opportunities. Howard introduces several theories and concepts of social networks that are used and adopted by several other academics (Shane 2000), (Greve and Salaff 2003).Hence it can be inferred that entrepreneurship is a social role embedded in a social context, where decision making and other entrepreneurial activities are embroiled in the social structure of the respective entrepreneur. What this means to this paper is that social networks are quite relevant and important in the research of entrepreneurship and thus the relationship of social networks to entrepreneurship needs to be further investigated to have a fairer understanding of the phenomenon.

Social relations have been seen as a key integral element in the establishment phase of any business or enterprise and in an article by Greve and Salaff (2003) explains the role and usage of network activities in the establishment of the business. He discusses several aspects of building social structure and the development of social relations by entrepreneur in the establishing phase

and he stresses that individuals use social relations to get advice and resources to launch a business. An important fact pointed out in this article is that entrepreneurs may have ideas and some knowledge and competence to run the business but they also need further assistance to produce and deliver goods or services (Teece 1987) which they often find from their personal and professional contacts. This paper is more of a quantitative paper where they interviewed about 600 entrepreneurs who were in their establishment phase and then they used statistical methods (ANOVA analysis) based on their findings to prove their hypothesis. The conclusion they come to is that social relations plays an important role in establishing a firm, and entrepreneurs use their social capital to access resources, and the paper also survey on how each phase of the establishment process requires different kind of networking. In addition entrepreneurs need to build social networks, and that cultural differences do not play a major role in networking.

One of the key benefits of networks to individuals is the access they provide to information and advice which are necessary in the establishment of an institution or organization (Freeman 1999). In a paper by Sue Birley (1985), where it studied the extent to which entrepreneurs interacts with their expanded networks within his/her respective network during the start up of a new firm. The focus of the paper is to understand the elements involved in the process of creating a new firm and to identify what triggers the individual to start a new firm. Birley states that the individual's previous employment helps him in providing a model for the new firm and the advices and information he receives broadens his options, in which he seeks resources of equipment, space and money. She points out that it is during this stage the ability to build networks is crucial, where the development of contacts and networks is the prime factor in determining the success of any new firm (MacMillan 1983). The paper listed two types of networks from where the entrepreneur can draw resources − the formal and informal. The formal includes all the local, state or federal agencies, such as banks, accountants, lawyers, etc. The informal network consisted of family, friends, peers, colleagues. From the research it became conclusive that entrepreneurs are fairly reliant upon their network of both formal and informal contacts as a primary source of help when assembling the elements of the new firm or enterprise. Birley defines an efficient network is one where the entrepreneur's needs are diagnosed and passed around the system until the requisite needs or demands are met, regardless of where the entrepreneur started. An inefficient network would lead to poor advice and information that may prove to be counterproductive.

Taking this research further, Eric Hansen (1995) in his paper wrote that the network size of the entrepreneur may be positively linked to the commencement of a new business / firm and its subsequent performance. He also mentioned that it is not simply or solely the size of the entrepreneurs' total social network that is important in the process of launching new organization; the size of the subset of people involved with the entrepreneur is as important as his direct formal and informal contacts. He reasons that the size of the social network and its subsets are positively related to first year organizational growth. He defines organizational

growth as having four pre-founding events or properties (intentionality, resources, exchange & boundaries) that are necessary to constitute a new organization. These events could be easily translated into the phases of development that Greve mentions in his paper, where he talks about the role of networks in the development phase of an organization. However, Hansen's paper is about the co-relation between organizational growth and size of network. He measures first year organizational growth by looking into the number of employees appointed by the firm, where the employment of the first employee signifies the closure of the establishment process and marks the commencement of the firm. The firm or organization grows as it hires more staff which really signifies that the firm is growing, as hiring a new employee can only be possible when the company is making profits (sales = revenue) and expansion becomes a necessity (Hansen 1995).

These subsets of people are called action sets, and hence when an entrepreneur attempts to gain access to a resource in the social network, he/she activates an appropriate group of people (and in turn each activated member activates his/her subset and so on until the goal is either achieved or discarded); the group of people involved in attaining the goal is called the entrepreneurial action set (ibid, pg 9). The paper reveals three variables concerned with Action Set, and these were – (i) Size (the number of people who cooperates), (ii) Degree (the extent to which each are interconnected within the network) and (iii) Frequency (how often subset members interact with each other). It further infers that adding new members to the network would not be very fruitful unless the added member is totally integrated into the structure and processes of the action set (ibid, pp 8-10).

A similar hypothesis is also proposed by Granovetter in his article 'The strength of weak links' (Granovetter 1973) who proposes that weak ties enable reaching populations and audiences that are often not accessible via strong ties. His research deals with analyzing the strength of connection between individuals in a social network. His purpose was to investigate the weak ties, a connection between individuals via a third person. The strength of a tie is often understood to be a combination of the amount of time spent, the emotional intensity and intimacy attached to the tie.

Granovetter interviewed several people to find out how social networks are used to secure new jobs, and he found out that most of the jobs were found through weak acquaintances. Such a pattern resembles a chemical bondage where weak hydrogen bonds hold huge water molecules together, which are again held themselves together by strong covalent bonds (see illustration below)(Granovetter 1983).
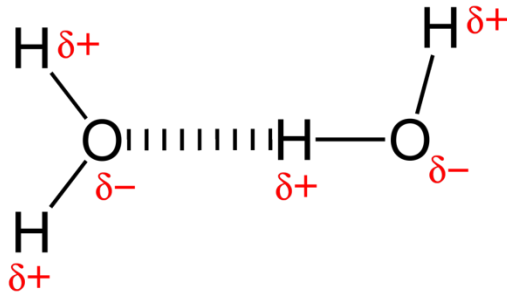
Figure 3 Hydrogen bonding in water

According to Granovetter, he views the society in a similar manner, where strong and weak ties hold several members of society together (Barabasi 2003). He proposed a 'weak tie' hypothesis in which he said that if two individuals are randomly selected (A and B), from a set / group of people (A, B, C, D, E …), of all the persons with ties to either or both of them, then, for example that A is strongly linked to B and C both, a tie between B and C exists and is always present (as depicted in figure 4) (Granovetter 1983).
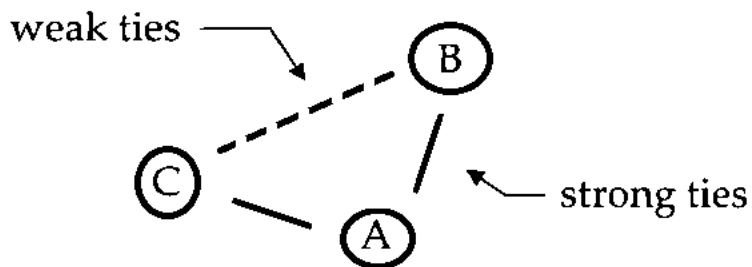
Figure 4 Weak - Strong tie (adopted from Granovetter 1973)

Hence the "weak tie hypothesis" puts forward the concept that cluster of social structure will form, being bound primarily by "strong ties", and that "weak ties" will operate as the crucial bridge between any two densely knit clumps of close friends. Throughout his work, he has highlighted the importance of acquaintances in social networks and argues that the only thing that can connect two social networks with strong ties is a weak tie (Granovetter, 1973 pp 1363; 1983 pp 202).

Interestingly most researches on network are dominated by the use and application of Granovetter's strong and weak hypothesis (Aldrich, et al. 1987); (Hills, et al. 1997) and though this hypothesis has become a reputable paradigm, issues have risen over its applicability and at demonstrating the real use and value of each tie. Keeping his paper as the base, Sarah L Jack extends on his work and demonstrates the real value and significance of these different ties, something which Granovetters' paper lack. Sarah ascertains that though there has been extensive research on networking, there is a lack in understanding about what really goes on within a network (Jack 2005). This paper shows an alternative view on the strength of a tie, which is

reflected by the type of information made available, the usefulness of the relationship at a specific point of the entrepreneur and the degree of the trust and honesty preset in the connection (ibid, pg 1250). Another alternative view that she proposes that it is in fact the strong ties' that provides the link into other social structures to gather information and key resources, thus strong tie are acting as nodes supplying and sustaining the business (ibid, pg 1252). However, the paper does concedes that both strong and weak tie are equally important for proper utilization and effectiveness of a network as each tie is unique and offers distinct and different resources.

The contributions the social relations / networks grant access to the entrepreneur are often termed as 'Social Capital'. These are social capital because the information, advice or other kinds of help that they provide to the entrepreneur can be used in making key decisions that might put their establishment in a favorable position. Most academics tend to share a core idea that social network have value. Similarly, the same way a screwdriver (physical utility) or university education (human capital) can influence productivity, social contacts also affects productivity of groups, individuals, or even enterprises (Putnam 2000).

One of the first occurrences or definition of the term social capital was found in an article written by L. J. Hanifan (1916) who defined social capital in the context of social cohesion and personal investment in the community. He defines social capital when he explains that "*if an individual comes into contact with his neighbor and they with other neighbors there will be an accumulation of social capital, which may immediately satisfy his/her social need and that might also bear a social potentiality sufficient to the substantial improvement of living conditions in the whole community. The community as a whole will benefit by the cooperation of all its parts, while the individual will find in his associations the advantages of the help, the sympathy, and the fellowship of his neighbors*" (Hanifan 1916, p 130).

In the context of entrepreneurship, social capital are those intangible assets or resources that the entrepreneur obtains or is provided by the contacts he/she is associated with in their respective social structure. Entrepreneurs need information, skills, labor, capital and other kinds of resources, though some of these things are already held by the entrepreneur, for the other things he/she attains it by accessing his/her own social network. The contacts or persons that are able to meet the actor's goal or help them in achieving their target, those contacts become 'Social Capital' for the entrepreneur and to the firm as well (Portes 1998).

There have been quite a number of researches on the significance of networks, and the social capital inherent in them, for the creation of new business enterprises (Burt 1992; Aldrich and Zimmer 1986; Adler and Kwon 2002). Most of these papers highlight that entrepreneurial opportunities is made possible by providing timely, quality and relevant information to the entrepreneur. Social capital is the direct result of the frequent interaction of the social structure of several individuals who are either a formal or informal contact. Hence, questions may arise on the possibility of social capital and personal factors influencing entrepreneurial behavior (De Carolis and Saparito 2006). The network thus becomes a resource supported by social capital,

which constitutes an intangible asset. Social relations may begin as extremely personal, but through time, most likely it would stretch to include a variety of contacts beyond the close family and close friends. A small network consisting of just individual or direct contacts may become a constraint for the entrepreneur and the firm unless reinforced by a wider external network (Cope, et al. 2007).

However, one problem that I have with most papers or researches is that they just mention how important social relations is for individuals when starting a new business but it does not mention in what ways does it plays an important role after the organization has been established. As a reader I would like to know that too, what contributions the social network makes to the entrepreneur after the establishing process of the business and how useful are those contributions. Another question that arises from all such academic papers is that whether the entrepreneur himself ignores the social relations that he/she has built over time or is it that the entrepreneur becomes complacent and thinks that his social relations can play no part. From the literature, there is little evidence on the role of networking in the post-establishment phase. Such thoughts have driven me to further research the field of social networking and entrepreneurship, especially once the firm has been established.

Various and several key concepts and variables of entrepreneurship have been touched upon in the literature review, the key ones are:-

1. Social Embeddedness
2. Networking / Social Relations
3. Social Capital
4. Network composition
5. Organizational growth

4. Theoretical Framework

This chapter examines the applicable theories related to the field of entrepreneurship and networking. The entrepreneurial process is introduced first and then the characteristics and dimensions of networks.

4.1.   Foreword to entrepreneurship

Entrepreneurship is the mere act of being an entrepreneur, undertaking innovation, investment and business insight in an attempt to transfer resources into economic goods and services (tangible or intangible). This may result in the formation of a new venture or a part of revitalizing existing organizations in response to the rising opportunities (Shane 2003). Entrepreneurial process is not just a mere task of starting a new venture, it is much more elaborated and a dense system which requires lots of effort and dedication. By definition, entrepreneurial process consists of all the functions, activities and actions associated with meeting opportunities and creating organizations to pursue them. The entrepreneur needs to go through several steps before establishing a firm. Sometimes, people get a business idea by coincidence (chance encounter) or through sheer dedication and deliberate search (Bygrave and Zacharakis 2010). If the entrepreneurial process could be illustrated in a diagram, it would look similar to figure 5. However it is totally a different matter whether to go through the entire process as it depends on several factors such as alternative career prospects, peers, friends & family, availability of resources, and the most important the current state of the economy. These variables or the external environment could have both positive and negative influence on the process.
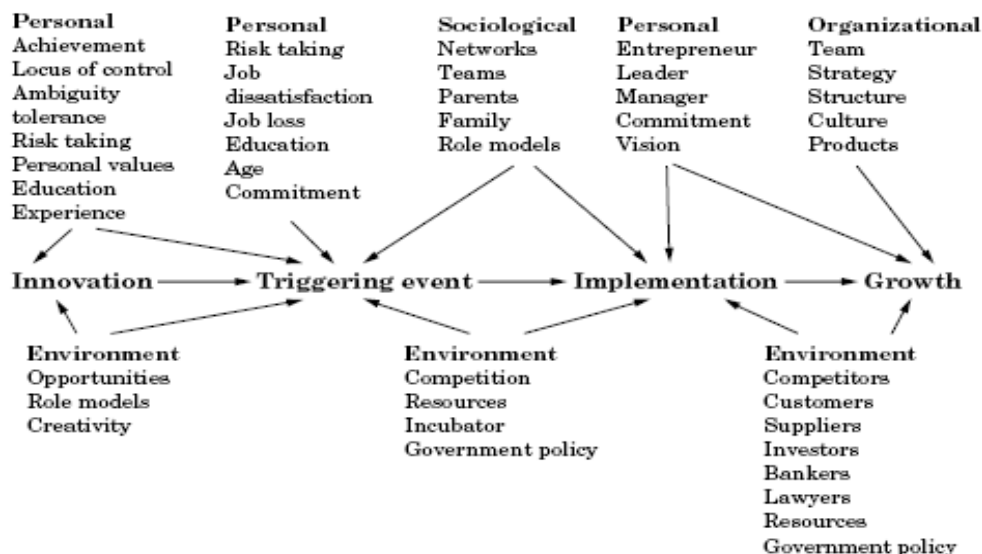

Figure 5 A model of the Entrepreneurial Process (adopted from Moore 1986)

Most of the people who become entrepreneurs must have a spark off moment, as to what made them think that they need to become an entrepreneur that leads ultimately to the creation of new organization. There could be various reasons for people becoming entrepreneurs, like the person has no better career prospects or a service employee sensing an opportunity and wants to utilize it before the window closes. Take the example of Shamol[12], a chef working in Indian Garden. During his employment career, he came across an opportunity which he didn't want to lose, and thus decided to become an entrepreneur and open a new restaurant / catering services. For some people, becoming an entrepreneur might be a deliberate and intentional occupational option. In a study done in 2002 by Inc 500, which comprised of 500 companies, the study revealed that 57% of the founders got their idea for the new business enterprise in the industry they worked in, while 23% of the new ventures were operated in a related industry (ibid, pg 51). So it can be inferred that about 80% of new potential firms are founded in industries that are same or closely related to the entrepreneur's previous experiences. The entrepreneur process depicted in figure 5 is not just about completing the stages, but it is also about how the entrepreneur handles the environmental forces and also what characteristics or attributes an entrepreneur must possess in order to successfully complete each phase. Also the external influences / environmental factors are equally important that the entrepreneur needs to consider. For instance, in the current economic downfall, people would have to be very careful with their investments, so the economic situation of the state / country is a very important environmental factor to consider.

4.2.   Entrepreneurial Model

An alternative view of the entrepreneurial model is quite similar to this but not quite the same, where the author states that the formula of starting a contemporary venture is embodied in the entrepreneurial process, which involves four distinct phases – (i) identification and evaluation of the opportunity, (ii) development of the business plan, (iii) determination of the required resources, and (iv) management of the resulting enterprise (Hisrich, et al. 2005).

4.2.1. Identification and Evaluation of the Opportunity
This model goes straight into the fray of establishing a firm with opportunity identification and evaluation, which is often cited as the most difficult step. Similar to the earlier entrepreneurship model by Bygrave, the process starts by thinking about the business idea which might range from indentifying a need of the customers to buying an existing establishment. Generally, most good business prospects do not appear straight away but instead result from an entrepreneur's awareness to potential ideas or in some extreme cases might be the outcome from established formal mechanisms (e.g. surveys, periodical study, etc) to identify potential opportunities (ibid, pg 51).

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[12] One of the entrepreneurs interviewed for this study.

Regardless of the mechanism used by the entrepreneur to generate a business idea or ideas, each of the opportunities identified needs to be carefully examined and appraised. At this stage, majority of the entrepreneurs would not have access to formal mechanisms to evaluate their business idea, so the only best option available is to discuss it with people in their social network. It is no surprise that often the best advices are from potential consumers, business associates, technical people and people in the distribution system. This evaluation phase is possibly very crucial as it notifies the entrepreneurs of the resources required against the potential returns from the investment. Another aspect of evaluation is considering the risk factor and accounting for the external environment – market, competition, technology, and many more. Lastly, the opportunity must fit the personal skills and goals of the entrepreneur and he/she provides the essential time and effort required to make the venture succeed.

All of such activities mention above would fall under a coordinated plan called 'opportunity assessment plan', that comprises of a description of the product / service (business idea), assessment of the opportunity, and list of the resources needed to transform the idea into a feasible business enterprise.

4.2.2. Development of the Business Plan

To realize the full potential of the idea, it is imperative that the entrepreneur writes a detailed business plan. By definition, a business plan is a formal document containing a set of business goals or objectives, reason for their coexistence and a detailed plan or scheme in reaching those aforesaid goals and objectives (Longnecker, et al. 2006). It could also include background information about the firm, the entrepreneur or the management team. A business plan's primarily function is to guide individuals within the firm to be aligned with the firm's goals and strategies and to aid in the development of relationships with outsiders who could help the company achieve its goals (ibid)

Once the initial phases are complete, the latter two phases becomes the vital organ of the operation. It might be relatively easier to come up with a business idea, but it is twice as hard in trying to make the business successful.

4.2.3. Determine the resources required

Consequentially it is imperative for the entrepreneur to gather resources (finances, labor, etc) before the start up of the firm. Some resources are more critical than others and so the entrepreneur should assess and identify what resources are required for the commencement of the business and also the resources necessary depends on how to beat the competition. Take the example of Southwest Airlines; it needed airplanes that enabled them to operate at low cost. They were able to buy four brand new aircrafts (Boeing 737s) and coupled with that, they provided reliable services at an affordable price. Now Southwest Airline is one of the most successful domestic airline in the United States (Bygrave and Zacharakis 2010). Hence, any resources that are critical to the operations must be obtained immediately while other resources that are just bare necessities may be sought thriftily.

Acquiring the requisite assets in an appropriate time while giving up less control (ownership stake) is very essential, as the business develops more funds will be needed to finance the growth of the venture. So it is quite important that the entrepreneur retains ownership as much as possible in the start-up stage. Understanding the resource supplier needs, will enable the entrepreneur to acquire resources at the lowest possible cost and the least loss of control.

4.2.4. Managing the enterprise

Once the resources are acquired, it is time to implement the business plan that the entrepreneur devised earlier in the entrepreneurial process. A key to this step is in understanding the operational problems and tweaking them to bring maximum output. It is also in this phase that a management style and structure is established and identifying key variables for success. Also a control system needs to be instilled so that any problem can be quickly identified and solved.

As seen in the literature review, social networking may play a vital role in the entrepreneur process described above. In most instances, social networks play an inspirational role during the idea (opportunity) creation phase and also help in the evaluation of the idea. Not only this, social networks provide access to information, advices and suggestions in the resource acquisition phase that ultimately results in the entrepreneur coming out top of the competition. However, for the entrepreneur to be able to really reap the benefits of the network, the social network needs to be diversified and wide, so that the entrepreneur can gather different kinds and aspects of information. Social networks are not just beneficial for information exchange but also for discovering others' personality and background. Moreover, through sharing of explicit and implicit knowledge and shared experiences can help the entrepreneur in overcoming difficulties in the acquisition of obligatory resources (Anderson and Jack 2002).

4.3.   Characteristics of Social Network

The key in understanding entrepreneurship through social networks is by looking at the individualistic view of relations or transaction among two people. A relation may comprise or contain some features such as (i) the transfer of advice or information from one person to another (communication content); (ii) the goods / services exchanged among the two people (exchange content), and (iii) the expectations each of the persons have of each other due to some particular trait he/she possess (normative content). To measure the strength of the tie, the frequency and cooperation of relationships between the two individuals has to be accounted for to see if it is a strong or a weak tie (Aldrich and Zimmer 1986).

Relationships between a couple of individuals (customers, entrepreneurs, suppliers, investors, etc) regardless of the content and their social role can be extended and persons can be included in

the network in ways that would expand a unit of analysis indefinitely. Network theorists therefore have come up with features that help to explain social networks and to set up boundaries – role set, action set and network (Aldrich and Zimmer 1986).

4.3.1. Role Set

It consists of all those persons with whom the entrepreneur (focal person) has direct relations. A role set is a situation where a person having a single status may have more than one role attached to it. For instance, a student has one role as a pupil, one as a school library user, and another as a member of a faculty (Merton 1957). If we take the example of an entrepreneur, then his/her roles would be of a partner, venture capitalists, supplier, distributor, or even family member. Interestingly a conflict of interest arises which is produced by differing expectations from members from the entrepreneurs role set. The entrepreneur is at the center of demands from various people from the role-set, such as the expectations from spouse that some time will be spent at home versus requests from business partners that weekends be used to close a business deal. Hence, entrepreneurs need to manage and adopt strategies to resolve such conflicts or else such conflicts could act as a hindrance for business success.

4.3.2. Action Set

It consists of a number of people who have formed a brief union for a specific purpose. This concept is often used by anthropologists who find a specific behavior as a tool of reference to study social change. Most research on action set examines the purposeful behavior of an entire aggregate of persons, where it has been found that 'action set may be centered on the behavior of one individual' (Aldrich and Zimmer 1986).

4.3.3. *Network*

It is defined as the 'total number of people connected by a certain type of relations and is built by finding the ties among all the people in a population, regardless of how it is organized into role-sets and action-sets (Aldrich and Zimmer 1986).

4.4. Critical Dimension of Networks

Networks have six dimensions that are useful in social analysis – density, reachability, centrality (Aldrich and Zimmer 1986, pg 13), size, focus and composition (Baker 2000, pg 41-56).

4.4.1. *Density*

It refers to the depth of ties between persons and is calculated by comparing the actual number of ties present in the network to the potential number that would occur if everyone in the network were connected to everyone else. The easiest measure of density is just by counting either the presence or absence of a tie, though most complicated measures would also include the strength of a tie. Density is expressed in percentage, calculated by looking at the number of actual

relationships among alters in a network (Aldrich & Zimmer 1986). For e.g. in figure 7, Pat's network density equals 100% (as all of the alters are connected to each other), whereas Liz's density equals to 0% (as none of her alters connect each other). A high density of connections indicates that the network contains redundancy (Baker 2000).

4.4.2. *Reachability*

It talks about the distance or the path between two persons, or rather the notion of being able to get from one vertex to another vertex shown in directed graphs. People can be ranked by how many intermediaries a path travels before the person is indirectly linked with another person. In an experiment to study indirect ties in connecting distant individuals, participants were asked to send a letter to a specified person, but the letter has to be channeled only through persons known to the sender. The result showed that 48 % of the competed chains passed through three central figures before reaching the actual target (Travers and Milgram 1969). This study shows that two random individuals may have the potential to know each other personally, only if these two people looked in their specific network.

4.4.3. **Centrality**

The central point in an entrepreneur's network may be determined by the total distance from a focal person to all other persons, and the total number of people who can contact the focal person. The more persons that can be reached and the shorter the distance to these persons, the centrality point are higher for the focal person (Freeman 1978). People who have extensive ties to different parts of the network can play a major role in the entrepreneurial process, acting as the communiqué between different individuals, serving as a broker to a inclusive third party dealings or to be a role model for other people in the network (Bygrave and Zacharakis 2010).

4.4.4. *Size*

It is quite self explanatory; it refers to the size of the network. However, it should be noted that the mere size is not important, in some respects the structure of the network matters more that the size. This means the arrangement of the ties is more important that the number of ties. For instance look at the two networks shown in figure 7 and 8, both the persons have the same number of contacts, but the connections among connections are absolutely dissimilar.

4.4.5. *Composition*

This reflects the demographics features of the contacts in the network, for instance, age, gender, ethnicity, religion, and many more similar characteristics.

4.4.6. *Focus*

It highlights the extent to which the networks are concentrated in certain areas, activities or interests. For example, if most of the relationships in a network are work related, then the focus is on work or vice versa. There are basically three sub-genres (focus areas) which are – Work vs. Family, Global vs. domestic, and affiliations' (groups, clubs, etc). These three areas of focus really identifies whether the network is focused internally or externally.

4.5. Network Construction

Entrepreneurs can expand their network by adding more and more contacts, by making more cold calls (random calls to prospective clients), affiliation with more social clubs (Lion club, etc), attending more social functions (weddings, cultural events, etc) or socializing at pubs, bars, to raise the chances of meeting new people. The process is illustrated in the following figure, where the original four contacts in 'network A' helps to double the contacts in 'network B' and quadrupling it in 'network C' (Burt 1992, pg 16).
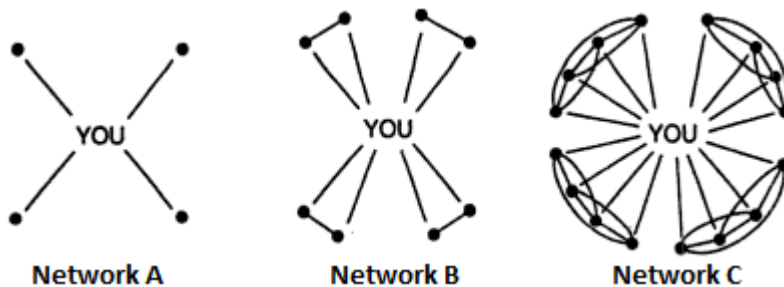

Figure 6 Network Expansion (adopted from Burt 1992)

However, increasing the network size would be unjust and counterproductive if the added people do not bring diversity to the network. The additional members should not be deemed redundant, meaning that the contacts do not lead to the same set of people, hence offering the same information benefits (Baker 2000). For instance consider two six-contact networks, one sparse (Liz) and the other dense (Pat), where the sparse network has less direct contacts whereas the dense network is all about strong direct relations (see figure 7 for the illustration). Both time and energy is needed to maintain the four relationships (network). As the sparse network has no direct relations, no single individual has direct ties with other members of the network, thus it provides more information benefits as it reaches information in various areas of social activity. On the other hand, in the dense network each relationship put the entrepreneur (focal person) in contact with the same people reached through the other contacts of the network. Therefore, the dense network is inefficient as it returns less diverse information for the same cost as that of the sparse network (Burt 1992).
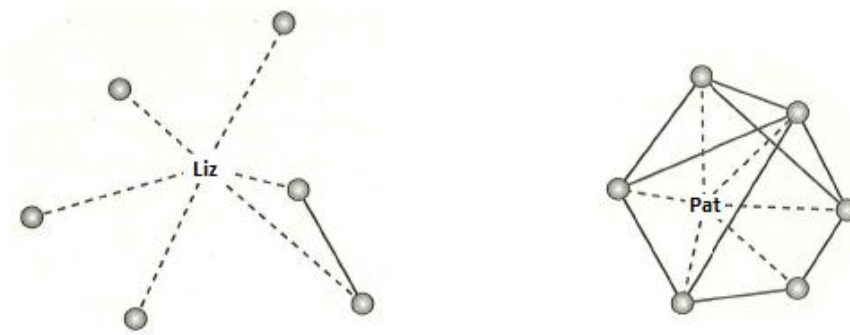
Figure 7 Examples of egocentric networks (adopted from baker 2000)

Many entrepreneurial opportunities may arise from the network, especially when there are many structural holes or gaps. By definition, a structural hole is a relationship of non-redundancy between two contacts (Baker 2000). The structural hole or gap between groups does not mean that people in those groups are unaware of one another, they are simply too busy with their own activities to be concerned about the other group/s. For example, the hole in the network acts like a buffer, the same way an insulator works in an electric circuit (Burt 1992).
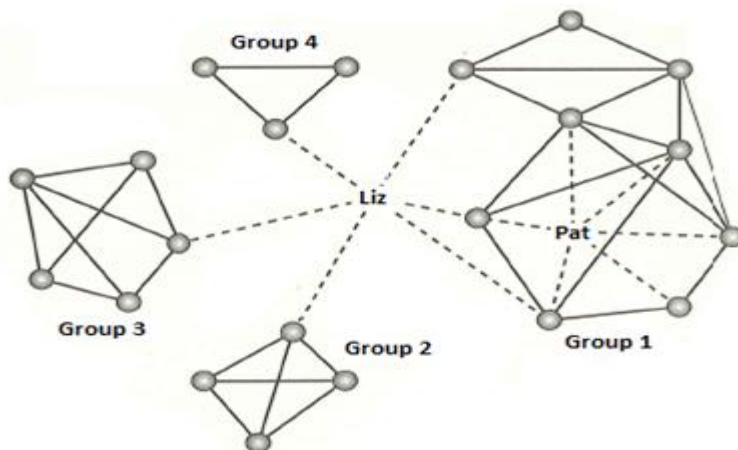
Figure 8 Example of a complete network (adopted from baker 2000)

Consider figure 8 as an example of a complete network, where the two networks of Liz and Pat are merged into one network diagram, where in group 1, all of the ties are directly related to Pat. Liz has ties with group 1, but she also has ties that extend to other groups in the network in which Liz acts as the bridge connecting other unrelated groups (group 2, 3 & 4). All these illustrations confirm the basic principle of networks, that if there is fewer connections among connections, the more likely the network would be also large. The network of Liz is more inclined towards an entrepreneurial network where she is likely to get hold of the information quickly, hence identifying opportunities much quicker than other entrepreneurs.

4.6.   Conceptual Framework

There is ample proof that social relations or rather the social network of entrepreneurs is found to be of great value and immense contributor to the *entrepreneurial process* and to the entrepreneur itself (Casson and Giusta 2007). Entrepreneurs acquire vast and varied types of resources (both tangible and intangible) from their networks that not only help them but allow entrepreneurs to utilize such resources to gain competitive advantage over their rivals. At the end of the day, it all comes down to 'survival of the fittest'[13] – sustaining all forces (external or internal) to remain successful in the end. The most common benefits arising out of networks for restaurateurs are acquiring resources and a critical source of labor. Furthermore, the background and motivation (that drives the entrepreneurial spirit) also needs to be looked to assess whether it is significantly influential to the process.

Literally, the entrepreneurial process consists of all the activities relating to the establishment of a firm – ranging from idea generation to the eventual commencement of the firm, and to its subsequent growth. In every process, the social network is a likely source of social capital that facilitates and affects the handling of each phase. The *characteristics* of the network influence the arrangement of the network; where arrangement means how many formal or informal contacts the individual has, whether the network has weak or strong ties, the mere size of the network, and many other *dimensions* of the network. The dimensions have also been explained in earlier sections; such dimensions aid in the analysis and assessment of the network. These both aspects of networks are interrelated. A theoretical framework (figure 9) is adapted from a similar study that investigated the impact of social ability to the generation of social capital, and also accounted the entrepreneurial background and his relative network (Blad 2008). The *background* refers to the individual's set of skills or entrepreneurial traits that he/she possess.
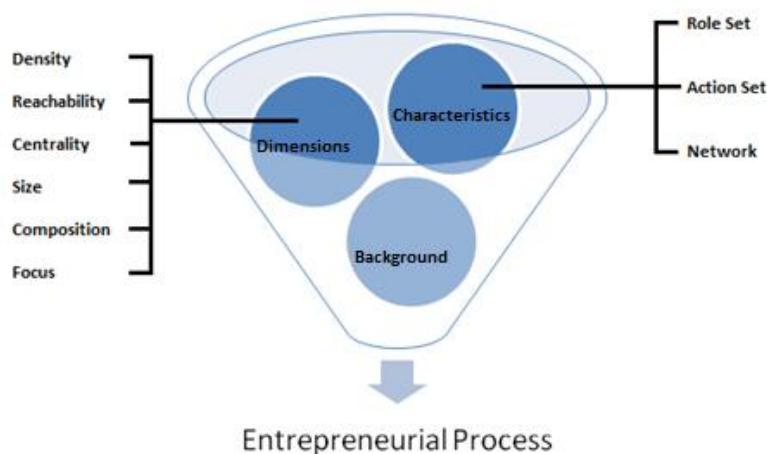

Figure 9 Conceptual Framework (adopted from Blad 2008, p 31)

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[13] A famous quotation commonly used by Herbert Spencer (who coined the term) and Charles Darwin

5. Empirical Findings

This chapter presents the findings from the empirical process of five interviews with restaurant owners / entrepreneurs who manage their establishment in Sweden. It deals with facts and data focusing on issues such as the networking aspect (how these individuals developed or manage relationships), their personal background, the process of establishing the business, and finally it covers the creation of social capital.

5.1. Entrepreneur 'A' (Goh Yu Chong), Restaurant: Wok n Roll Thai restaurant in Södertälje, Stockholm.

Introduction

Mr. Chong owns and manages a Thai food restaurant with a seating capacity of 30 people in the vicinity of Sodertalje, Stockholm. The restaurant is open from Tuesday's to Sunday's and the restaurant serves food during lunch (as buffet) and also offers dinner (as full course). In addition to these in-house services, the restaurant also offers catering and take-away services to customers. The restaurant process starts in the morning with the preparation for the lunch buffet, where the ingredients and food are prepped and ready to serve. Then the restaurant is closed for two hours to clear the lunch menu, cleaning the tables, and then the kitchen preps food and ingredients for the full course dinner and take-away. The ingredients and the raw materials (groceries) are ordered from a retailer in Stockholm on a weekly or fortnightly basis, depending on the inventory or storage level.

His previous experience in relation to the restaurant industry was working as a waiter back in Thailand and also in an eatery here in Stockholm. However he always had a knack of cooking and would occasionally help out in the kitchen behind the owners back. During those years he picked up some pointers about cooking and developed his culinary and food preparation skills.

Chong's always had an interest in giving a restaurant, and this interest became into reality when a shop at Södertälje was up for sale. The asking price was reasonable and with help from some family members back home, he was able to gather the financial resources to open a restaurant in the then vacant place. He noticed that there was a surge in demand for Thai food in Stockholm, and as there was an opportunity in place he decided to open a restaurant in the spot.

He found the location just by mere coincidence; he had just moved there and was just getting acquainted with the area when he came across the sale sign of the shop. Chong adds "I spoke with several people around the locality and inquired with my neighbors about the shop and the Centrum". The decoration had to be done completely new as the previous one was not suitable for a restaurant. Some of the equipment (stoves, dishwasher, etc) was bought from another closed restaurant; which he came to know about from another person that used to work there (I

didn't know him personally, just through facebook). Some decorative items and other cultural ornaments were sent from Thailand by my relatives there.

Social capital at various stages of the business

At the *start up*, my contacts with various people helped me a lot in getting the paperwork done; especially I was not fluent in Swedish. As for suppliers, those were found through the internet and cross checking with friends. However in the latter stages, I had to change the suppliers, as I went for quality and fresh suppliers. This change was particularly instigated by the head chef and other staff in the kitchen, as it would help in getting more quality conscious customers.

There is quite a big Thai community in Stockholm and though he occasionally skips some occasions, he is still known by quite a number of other Thai people, who were crucial in helping to spread the name of the restaurant (publicity).

When asked about the activation of social networking, he says "To be fairly honest, I accessed my contacts and friends more when I was setting up the restaurant but that does not mean I do not access it now, but definitely the level of intensity is relatively marginal". When asked about the importance of social capital to him and his enterprise, his response was that he valued relationships and social capital rather highly.

In the end, he talks about how easy it is in developing social network in Thailand. It is because it is where you have finished school / university, is raised from childhood, so you get to know people on a very personal level and the relationship is quite intimate. Therefore, by the time you are in the market (be it for a job or to be an entrepreneur) you already have a preexisting social network (consisting of family, friends, relatives, peers, etc) that can aid in your endeavors. Whereas the scenario in Sweden is quite different, as it is your adopted country, everything begins from scratch with minimal help from outsiders, though the Thai community was very helpful in the beginning, and continues to be a big contributor to my business. I was only able to build a successful network after working for several years and becoming comfortable with the culture and language.

5.2. Entrepreneur 'B' (Mrs. Panyawai), Thai Restaurang in Västerbotten County

Introduction

Mrs. Panyawai's first job in Sweden started her stay in Sweden with a part time job as a housekeeper and studied Swedish at the same time. Also during those times, she also took some

culinary courses at a school in Stockholm. Her first step as an entrepreneur was buying a food truck and selling Thai food and snacks in social events, like football matches, new years' eve celebration, etc and also went to smaller districts. Soon after, the business was not faring well and she realized that the earnings were not enough to support her family. Then she decided to set up a restaurant (100 seating capacity), located in Västerbotten County. The restaurant is usually open from Monday to Friday offering both Swedish and Thai cuisine. In addition, Thai massage was offered to customers upon prior reservation.

She does most of the cooking, and she personally handled (prep) the Swedish food preparation herself, while her Thai colleagues cooked the Thai food. Most of the food supplies would come from a Thai wholesaler in Sundsvall and all other groceries come from Swedish retail stores (such as ICA, Coop, etc).

Social Capital at various stages of the business

Mrs. Panyawai's needed a high capital investment in order to set up the business; hence a significant portion of the investment came from a bank while the remaining amount was borrowed from her father (step). The location of the restaurant was searched by looking at advertisements in different medias (internet, newspaper, TV, etc). The spot she found was useful as it needed little decoration (as it was an old cafeteria), however much kitchen equipments and supplies had to be bought. Though most of such activities were done alone, suggestions and advices were taken from peer and close friends. Due to high expenditure level and taxation, most of the work in the restaurant was done by her and because of this, she relied a lot less from her social contacts, in respect to recruiting and volunteering.

The suppliers were known to her before (while she had the food truck business) and she didn't spend much time in the acquisition of raw suppliers. The best part she says is that due to good relations she often receives discounts and delivery on credit. The restaurant is well known among the locals and most of them are regular customers while some are seasonal, only coming in for special occasions. The good thing about having regular customers is that advertising is already taken care of, in the form of word- of-mouth which is the most cost effective scheme. However advertising in social media and advertising in internet is also undertaken. Also, her friends, family, and other members of the network aid her in luring customers to the eatery.

Most of her social contacts are developed by attending social gatherings and religious events at temple. She felt embarrassed to ask for help from the Thai community (as she has too much of self pride), however she feels that the Thai community can help her in employing part time staff (that would help her to address the high expenditure). However she does sometimes gets help from friends in giving massages to customers.

Being a woman, she is quite an achiever on her own terms without much help from others; she feels that individualism is much more important than the strength of the social network. However, quite now and then she receives moral support and encouragement from her close friends and they often look after the place when she is sick.

5.3. Entrepreneur 'C' (Arshpreet Singh), Indisk Restaurang in Stockholm

Introduction

Currently he works as an interpreter and has a small restaurant business in Stockholm. His intentions were to finish his graduate studies and go back to India. However, while he was studying he got a part time job in a restaurant, so that he can support his stay in Sweden. However, as days passed he got accustomed to the Swedish living condition and the social security system, which are not available back home.

Thus, after working for several years, he managed to establish a restaurant in the greater region of Stockholm. He already knew how popular Indian cuisine is among the Swedish population and did notice that restaurants generated a lot of cash flow if managed properly. However, he did ask for opinions and suggestions from his friends, well-wishers, and other industry professionals before venturing out and continues to seek their guidance whenever he's confused or in need of inspiration. He then with a help from a friend (partner), opened a restaurant. The restaurant is a small one, capable of seating 25 people at once, and is open 7 days a week from 11:00 to 19:00. The location is near corporate offices and a hospital, so most of the customers come at lunch. In fact, since most customers come at lunch, the focus is predominantly more on lunch, and hence reduced the opening hours, effectively reducing expenditure and employing part-time waiters. In response to the owners' role, he says 'My partner would be at the cash counter (Kassa) and I would be in control of the kitchen'.

He became an entrepreneur not out of a passion for food or for cooking, but rather as a means of earning a living. He was an average student with not good family background, so his motivations of doing restaurant business were quite different from others. Most of the capital came from savings, and since the restaurant was small in size no additional bank loan was not necessary. Not much decoration was needed as it was a café before and hence more time and effort was given in preparing the menu and in advertising.

Social Capital at various stages of the business

At the start up, Arshpreet approached a friend who used to own a retail shop before. He was quite a businessmen and someone with whom he was comfortable with. 'He wasn't eager at first

but it took a bit of convincing, but I guess we had the same kind of understanding. Thus, the restaurant is registered as a partnership company, and most of the decision is made jointly. Most of the kitchen materials were purchased with the help of friends (chefs at other restaurants). As the establishment is small and open only during lunch, most staff was temporary and mostly friends or known people were hired who were in need of a second job.

The groceries and other food related supplies were bought as per requirement and none of the suppliers were permanent. This is done intentionally to be as flexible as possible and not to be tied down with just one supplier. And most of the supplies are bought on credit, as those shops are known to the owners.

As Arshpreet worked as an interpreter (multilingual in Punjabi, Hindi & English), dealing with mostly immigrants, he knows quite a lot of people from the Indian community, and he is also involved in a social organization set up by fellow Indians. He acknowledges that as he is well connected with various circles of people and groups, he has a constant source of recruitment (staff) and most importantly customers. Also, the purchase of most of kitchen equipments was helped by one of his clients, and he also helped him to get those equipments on credit. He quotes "I am indebted to this particular client because he knew I had little capital, so he became my guarantor so that I could buy the stoves & dishwasher on credit. This helped me a lot financially as I could spend that money on interior decoration."

Ashpreet say that most people have a misconception that you need money or capital only in the beginning, but that is wrong. The owner needs to have as much money in the growth phase as in the early start up phase, as there might be losses to bear. He says "I still had to pay for wages for staff and utilities bill even when the restaurant was not profitable." Hence, you still need to be in touch with most people regularly as you never know when you need help. "I needed quite a lot of money after the first year, as I had more dues than my earnings, and a friend of mine helped me in that regard". Ashpreet says that the employee turnover for restaurant business is quite high, so you do need to know people who can provide experienced staff in the shortest possible time. For instance - I lost three assistant chefs in the last two years (switched to become head chef), so it becomes quite hard to manage the kitchen alone.

 When asked to rate the importance of social capital, he answered – it is very important not just in the beginning but also in later stages. My friends from graduate school assist me a lot and because of them I also managed to form a close relationship with officials from a bank and a law firm, which will be quite useful in future.

5.4.   Entrepreneur 'D' (Mrs. Wei), Restaurant: Sushi Bar in Halmstad.

Introduction

Lin[14] is the daughter of the owner of a Sushi restaurant in Halmstad. Her mom opened the restaurant some 20 years ago in an effort to bring some additional income to the family. The restaurant was closed down six months back, because her mom got quite sick and her health deteriorated as days passed. Therefore, upon Lin insistence the restaurant was closed down, so that she could recuperate. She adds 'if my mom desires to have restaurant / eatery, then she can buy one once she is fully recovered. Running a restaurant is a 24/7 job and it takes a huge toll on your body'.

Lin mostly worked during summers and would help her mom out in running the business. The eatery is mostly focused on takeaways, and so the seating capacity is small and also the menu is not too much diverse.

Social Capital at various stages of the business

Most of the money used in setting up the business, were savings of both my parents, though the restaurant was registered in my mother's name and most of the responsibility lied with her. Though the financial requirements were taken care of, they needed help with other things, such as choosing a location, buying kitchen equipments & utensils, interior decoration, and so on. The location was selected without much assistance but needed help in negotiating with the seller. Lin adds 'At that time, we were quite unknown to outsiders, thus our neighbors and the Chinese community put out a good word for us, and that helped us to buy the spot'.

In the latter stages, the restaurant was particularly popular for takeaways, and so the recruitment policy was changed. Instead of permanent staff, only part-timers (skillful enough to handle the tasks) were employed. Most of the part-timers would be from Lin's school, and generally her friends would also help in making home deliveries. This greatly helped in reducing their operating expense.

Lin and her family would attend almost all the social gatherings in the neighborhood and also made every effort to get acquainted with new people. According to Lin, that was the best way to advertise and promote the eatery. Another promotion method they adopted was taking sushi to parties, in a bid to spark interest among potential customers.

They particularly received more help during the sale of the restaurant, in the form of finding potential entrepreneurs interested in buying a Sushi bar. They also received generous help from

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[14] Her daughter was the proxy of the interview as the owner was unavailable

her formal contacts (bank personnel) to make sure if the buyer's was reliable. In fact, they preferred that the restaurant was owned within the Chinese community (maybe because of sentimental reasons), and in the end the restaurant was bought by a fellow Chinese entrepreneur.

5.5. Entrepreneur E (Shamol), Restaurant: New India in Uppsala

Introduction

He has been in the business for about seven (7) years now. Not many details were given about his personal life, except that he was a chef at an Indian restaurant 'Indian Garden'. The restaurant was mostly set up by shamol's sole effort and he chose not to take help from his family as they are not financially solvent. Some friends did help him, mostly in acquiring finances for the restaurant. This restaurant (New India) has been established for a while now, but under a different ownership (I bought the place seven years back). In regard to consulting with contacts, not much had been discussed by the owner with other people. He says the reason for this is "I was always definitely certain of opening a restaurant, so the idea and the intent was firm and fixed".

Social Capital at various stages of the business

A friend of his helped in setting up the food menu and the chef is brought from India with some assistance from his friends. About maintaining relations with friends, he speaks to them once a weekend; while with others he meets them during cultural festivals.

His family has minimum influence over making decisions in restaurant matters and he has managed to keep relations separate, where contacts are seldom used for multiple causes. Like for e.g. the person giving advices on restaurant matter is different from people advising him on other personal matters. When asked about contact with financial institutions, he added that "I do have some banking relationships, but on a personal level. When I was starting, it was hard to establish a banking relationship because you have no background, no financial security, and no reference (no one to take liability of you). So, in the beginning I was not eligible for any bank loans, and so never had the chance to develop any relationship (a problem faced by most immigrants entrepreneurs)'. He further adds that 'if I ever have any plans of expansion then I would definitely take out a loan' as one does not need liquid cash.

Another thing that he adds is that there is an unofficial association / union among restaurant owners (especially by Bengali immigrants) where often people sit together and discuss various things, however this union is often among friends or known persons. The owners never discuss personal business matters but rather the externalities (economic recession, changing laws & legislation) affecting their business. As I migrated to Sweden my network is built mostly through work or by attending cultural and religious festivals and events. He adds on 'building a network beneficial for the business is quite difficult because you have to gain trust and loyalty which takes time and coupled with the fact that the culture, language, customs of Sweden are extremely different', thus settling down takes more time.

He further adds that maintaining a network is as hard as building it, as one has to be in regular touch with people. He suggests that trust, mutual understanding, and transparent communication as the major determinants of a successful relationship.

6. Analysis & Discussion

This chapter discusses the findings from the five entrepreneurs interviewed and a comparison or rather a reflection of these findings is shown with the theory introduced before. The chapter shows how social capital is developed and how entrepreneurs utilize their networks or ties for personal and business reasons. In the end of the chapter, the research problems are addressed and shown how the findings of the study differ from the literature.

6.1. Analysis of the empirical material

Social networking has been on the rise and it is incredibly prominent in today's modern world with the emergence of electronic network technologies such as email & instant messaging, cyberspace community / social media (for e.g. facebook, twitter, etc) and in general the worldwide web. We live and work in networks now more than ever before and so developing and utilizing social capital have become quite important. From the literature, it has been discovered that lots of information about networks and social capital already exists and recent researches illustrates a clear link between social capital and valued personal and business benefits.

Of all the restaurant owners interviewed, two of the owners have established a restaurant offering Thai and Indian cuisine respectively, while the remaining owners was serving Sushi food. Almost all of the individuals had previously worked in a firm that has been somehow involved in the food and catering industry, and possess significant practical knowledge about the industry. Relatively, the owners have activated and sought help from their existing social relationships or rather their network. The only thing that is the most common feature between all the interviewee's is that all of them are immigrants, foreigners settled in Sweden.

What is lacking or rather inadequate from the literature is the observation of how entrepreneurs develop these so called networks and how entrepreneurs make use of their social networks in other phases of the business lifecycle (for e.g. growth, maturity, etc). With the help of network theories[15] the findings would be analyzed to explore and investigate the two research problems[16] posed in the 'Introduction' chapter

6.2. Characteristics & Dimensions of Social network

The characteristics of social network of each entrepreneur are very important and understanding the nature of the network is the key in understanding how an entrepreneur utilizes it for personal and business gains. Comparatively all the entrepreneurs interviewed were single (Chong, Arshpreet & Shamol), so they had a single primary *role set* and that is of – investor / restaurateur, then a secondary role of a translator (Arshpreet), Chef (Chong) and Partner

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[15] Theories that are presented in the 'Theoretical Framework' chapter
[16] See page 3

(Shamol). As these entrepreneurs have a small role set, they are able to give full concentration to the business, and thus less conflict of interest arises. It can be argued that due to a narrower role set, these set of entrepreneurs were able to assign utmost priority to their business and hence capable of giving more time, effort and dedication. However the same cannot be said of the other two entrepreneurs (Mrs. Panyawai & Wei), because they have a wider or more role set and that consists of – restaurateur, mother, and wife. The wider the role set of an entrepreneur, the more he/she have to prioritize and split time and effort. Role sets' definitely affects the entrepreneurial capability, and influences business philosophy. One example can be given of the Sushi bar at Halmstad (owned by Mrs. Wei) where the business strategy is to have a smaller seating arrangement and focusing on take-away and by doing so enables her to split her time between the business and family. The role set of the entrepreneurs' also ascertains the type of relationship an entrepreneur has with his/her social contacts or ties.

In regard to *action set*, many entrepreneurs belong to some sort of a community or an association for specific purpose. The majority of the entrepreneurs are closely attached to their respective community consisting of fellow countrymen / compatriot, where they often organize social events, usually to commemorate a national occasion or for religious festivals such as Eid ul Azha, Chinese New Year, Visakah Puja (Buddha's Birthday) and so on. The sense of unity and belongingness is quite high among such kind of groups as membership is tied to nationality. Another type of union that also exist among restaurateurs (particularly among Indian restaurants) though such fraternities might be informal / unofficial. In such cases, restaurateurs' association to such communities helps to expand their respective social networks and in effect, increases their chances of exploiting opportunities or rather creating social capital. These communities are a big support to the restaurateur and largely are the important section of their network.

The *density* of the network of each of the restaurateur interviewed is quite concise as the level of interaction with their respective contacts / ties is largely made on a daily basis and also the bulk of the ties are not aware of the presence of each other and also do not know them personally. This is actually good for the restaurateurs as a low dense network actually means that the individual has access to more information and resulting benefits since it leads to diverse information. The majority of the interviewer's singed out the supplier, associates or partner, close friends as the most important component (alters) of their network. Each alters reaches out to their set of friends, which he/she can activate to enhance opportunities for the benefactor. For instance, the density of Arshpreet's network would not be redundant, as he has quite several role-set (graduate student, interpreter, and restaurateur) that provides him with different sorts of people. The figure below gives a glimpse of his network.
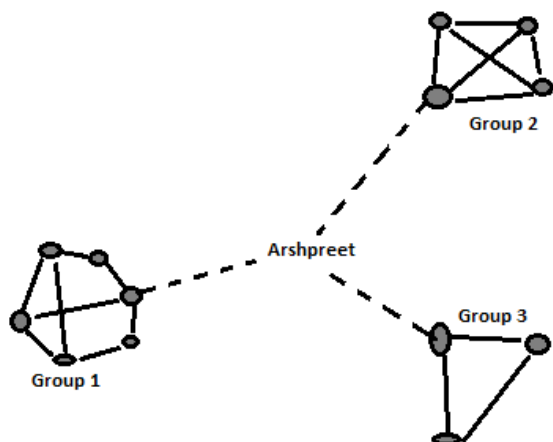
Figure 10 Arshpreet's complete network

In figure 9, group 1 consists of Arshpreet's close friends from the university where he completed his graduate studies, while group 2 represents his partners' network whereas group 3 refers to his clients from his work as a translator. Each of the groups' are separate and each group provides a wealth of social capital for Arshpreet. Almost every other restaurateur interviewed have a similar network diagram as in figure 9, and from the literature it has been seen that the less dense network is more beneficial for an entrepreneur (Baker, 2000, pp 46-47). For e.g. in Arshpreet's network each alter (in this case, it could be his partner, clientele, etc) has his/her own egocentric[17] network, and that provides a gateway to a larger world of networks. If each of the alter connects to the same set of people, then Arshpreet's reach into a wider broader world of network is constrained and as a result he receives less information about the market, industry, and so on.

The *reachability* aspect of each restaurateur's network is quite difficult to measure, however the distance is quite short if the relationship is direct. The distance would be closer depending on the closeness of the two individuals. For instance, in the network of Mrs. Wei, her reachability to her daughter (Lin) is very short. The shorter the distance between two contacts, the information will reach quicker, consequential allowing Mrs. Wei (or any other entrepreneur) to respond quickly and grasp the opportunity. For instance, Shamol's friend helped him in gaining access to a chef in India that apparently was crucial for the restaurant. The timing was very critical as other group / restaurants were also interested in him, and Shamol managed to contact him before others could. The decisive thing in restaurant business is the savory of the food that repeatedly lures customers to the eatery. Other factors such as interior decoration, customer service and pricing also play a part, but it is the quality of the food that attracts customers. Therefore, having fewer intermediaries between two connections is preferable.

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[17] By definition, egocentric means thinking of oneself, without regard for the feelings or desires of others; self-centered.

The *centrality* of all the restaurant owners in their respective social network quite depends on the characteristics of the focal (of or relating to the center or main point of interest) person. The people interviewed identified more than one person who is important in their social network. Out of all the individuals interviewed, almost all of them have a high centrality point. A high centrality point means the restaurateur is able to connect to a significant number of people at the shortest possible time.

The *size* of the network of every restaurant owner is fairly reasonable; however it is not the size but rather the structure of the network that has made the difference for the entrepreneurs. The type of relationship each entrepreneur shares with each tie and the outreach of each tie to further ego-centric networks is far more effective than just by having a large network. For instance, Chong needed help with the official formalities. A close friend of Chong knew a person who was familiar with the procedure, and then he persuaded that person to help Chong out. This is a typical example of a weak tie, a benefit being derived with the help of an intermediary. Therefore, it is not always a wise thing to have a large network, consisting solely of direct relationships (family, relatives, close friends, etc). Comparatively, most of the restaurateurs (with the exception of Mrs Wei) have a large network as all of them have prior work experience and knowledge in the relative industry (food & catering).

The *composition* of the network varies a lot and it depends a great deal on the restaurateur in question. The network composition of Shamol and Arshpreet is relatively similar because they have been in Sweden for a lesser period of time and established their restaurant in the same period (early 2000's). For example, network members would be of the same ethnicity, religion and of similar age. On the other hand, the network composition of the others' is quite different. The best blend of composition is of Mrs. Wei, as she has been in the business for the longest period (20 years) and also knows a range of people (Swedish, Chinese, Danish) and also has a diversity in age as well (her daughters' friends and classmates are also part of the network). Chong & Mrs Panyawi network composition is also diverse as both theirs' business has been established for a long time and in addition they have been working in Sweden prior to the establishment of their business.

Most of the restaurateurs' relationship is developed through work and thus the *focus* of the connection is work-related. Though the only exception is of Mrs Wei who's primarily role was of wife, mother, and so most of her acquaintances were developed by attending neighbors, family get-together, and different kinds of social events. Alternatively, Chong has some ties back in his homeland mostly his family, friends and former colleagues of his workplace, and thus, another aspect of his networking is that his relationships are globalized, while the rest of the restaurateur ties are domestic based.

6.3. How entrepreneurs develop Social Networks

Building a social network takes a lot of time and effort and it just cannot be developed overnight. It might be easy in meeting someone new and making new friends but it is entirely different to utilize these network members for personal or business gains. It certainly helps if you are doing business in the same place where you have been living all your life (or for a considerable time), for example places where you have been raised up since childhood, finished school/university or even the place of your grandparents. The advantage in that is that the individual in question already has a pre-existing social network established which he/she can take advantage of. As Chong in his interview has stated that it is much easier setting up business in one's homeland, as you don't waste time in developing a network worthy enough to support the entrepreneurs' business on a daily basis. However having said, it is not impossible to develop a network in one's adopted country.

From the empirics, it is broadly visible that the all of the individuals did some sort of work (in the same field) or education in Sweden before opening the restaurant. The only exception from the interviewee list that did not have much prior knowledge in the food business was Mrs. Wei. The work place is one of the ideal place to meet people, especially those people who are well connected and been in the business for several years. Through work, one not only gains knowledge and experience but also gets the chance to develop intricate relationships. From the empirics, it has been found that contacts developed from past work has been instrumental in setting up the business and continues to be a great source of social capital. For example, Chong bought kitchen equipments and utensils for his business from another closed down restaurant. This information and access to such stuff would not have been possible if he had not known the chef personally, a friendship from his early years in Sweden. Another example can be given of Arshpreet, whose work as a translator allowed him to make friends with important people, having a respectable egocentric network. This specific tie helped Arshpreet to acquire all kinds of supplies on credit (payment in installments), which is quite un-usual in second hand dealings. Therefore, the single-most important place to build is the workplace; besides network is one thing which is always changing as time progresses and it is never stagnant.

Another way of developing the network is by attending social gatherings organized by a variety of communities, forums, neighborhoods, and so forth. The most common approach adopted by restaurateurs is attending religious and national events organized by people from the same ethnicity. For instance, Mrs. Wei took sushi as samples to such events so that potential customers could taste the samples and grow enough interest to visit the restaurant. However, with the advent of social networking websites such as facebook, twitter, hi5, and other business forums, has opened another avenue for entrepreneurs to not only meet new people but also to attract customers and improving customer service by engaging in a dialogue with various stakeholders.

However one aspect of networking that has not been mentioned yet is the trust issue; trust is very important in a relationship. One of the underlying factors in building trust is to have a good mutual understanding between the two people. Sometimes good deeds done without the expectation of reciprocity enhances the relationship. The majority of the interviewers point out 'Trust' as an important element in having a long relationship.

6.4. How Entrepreneurs make use of their Social Networks in Other Phases of the Business Lifecycle

In the literature it has been found entrepreneurs primarily access their network in the early establishment phase of the business. In the empirics as well, it has been found that restaurateurs activate their network / ties and access them more in the initial stages of the entrepreneurial process. Nonetheless, it is also revealed that restaurateurs also access their respective network in other phases of the business. The most common example illustrated is the use of network for the purposes of marketing and publicity, using ties to spread the good name of the restaurant. A restaurant's main source of revenue is from customers, people who visit the restaurant on a regular basis. Therefore it is vital that restaurants have a steady flow of customers, so that it generates enough cash flow in order for the business to survive. Most entrepreneurs, especially restaurant owners are quite active in networking in the middle phases of the cycle and often requests network members to endorse the restaurant in public.

Other examples cited are the use of networking to secure further finances for business purposes, usually for expansion purposes, or when changing suppliers. Another key benefit of networks to the entrepreneurial process is the access to business information, advice, and solutions to problems, which is useful in all the phases of the business lifecycle. For example, Chong had to change his supplier as the goods he provided were not standardized and failed to meet the quality criteria of the restaurant. Then with the help of a friend he managed to find another supplier who was more reliable and professional. Furthermore, an additional benefit that the network provides is a constant source of recruitment of staff (chefs, waiters, etc) as the employee turnover in the restaurant business is quite high. For instance, both Arshpreet and Mrs. Wei regularly needs experience staff to the fill the void left by former staff members. The need of personnel for Mrs. Wei is even more as her business is more concentrated on takeaway, thus having a lesser requirement of permanent staff. So, her daughter and another close friend help her in finding part-timers.

Most immigrant entrepreneurs face difficulty in forming a formal network (consisting of people from government agencies, banks, law firms, etc) from where the entrepreneur can extract vital resources for their business. A probable reason for such a thing is that when individuals arrive from abroad (immigrants), they do not have any existing official identification or do not have

any credible institution that can sanction their background information (credit information, prior employment details, etc) and this makes it difficult for the federal agencies to trust them. This is one of the examples cited by Shamol of his lacking in securing a bank loan; however this still didn't stop him from accomplishing his dream. Though most entrepreneurs may not have prior formal networks at the time of establishment, they can still develop formal contacts once the business has been established and utilize such contacts at latter stages of the business. For instance, when Mrs. Wei used her relationship with bank officials to validate or confirm the credentials of the buyer and to oversee a large transaction. Therefore, it can be inferred that formal network is equally important as informal network especially when capital requirements are the hardest to gather.

7. Conclusion

This chapter presents the final comments of the study and the implications or how this study will benefit other people.

7.1. Closing Remarks

Almost every day, human beings are somehow embroiled in a relationship, and they are in regular contact, and human beings utilize these relationships (consciously or unconsciously) for either personal or business gains. The gain's that is received from that relationship is called social capital, a sort of capital or resources that is available in the network. These resources contain information, ideas, business opportunities, financial capital, emotional support and many more. However, these resources may remain hidden or remain inaccessible if the network is not well-built or properly managed. There are many journal articles, books, and other sorts of literature that have intensely covered this subject matter, and most have concluded that such networks bring vast amount of benefits to individuals. The literature also presents a business case for social capital – documenting hard evidence that social capital boosts business performance, and immensely helps entrepreneurs primarily in the establishment of the business.

This paper counters such claims by suggesting that social capital not only helps entrepreneurs in the establishment phase of the business, but continues to be a big contributor to its success also in the latter stages of the business. Nevertheless, the paper also makes it very conclusive that the activation and utilization of the social network is marginally more in the early stages (innovation phase) than in comparison to other stages. It would be fair to conclude that the use of network and utilization of social capital is equally important in other stages of the business, and one should not be ignorant and completely avoid using it in the latter stages. The single most propounding advantage of using network in other stages is that it helps restaurateurs in expanding their clientele and helps in the further expansion of the network, especially for entrepreneurs who are yet to formulate formal contacts.

This paper is a great supporter of Mark Granovetter's (1973) hypothesis that weak tie is far more effective than strong ties. Most restaurateurs gain access to information and resources through a network of friends of friends (an example of a weak tie structure). It is often all down to frequency of the contact and also about the quality and intensity of the relationship that marks the usefulness of that specific tie.

It is hoped that the paper is useful for academics, sociologists, and business scholars who wish to venture further in the field of social networking, an attempt to examine the different aspects of networking. The paper gives a slight glimpse of what the literature on networking is about and the major themes emerging from it. The paper shows that networking involves a social process that takes place over time. It is a process of recognizing common interests, acquiring knowledge

and experience of other individuals and building trust, thus indicating a need for a longer term perspective.

This study has implications for practitioners as well, as it demonstrates that the productive information and resources through social networks can counteract any constraints and also that social networks also enable an entrepreneur to tackle several difficulties. In many cases the dynamism, accuracy and relevance of the information received was crucial for the survival of the business and its subsequent development. The paper also shows a practical approach on how to develop their network and how to even expand it. Therefore, potential entrepreneurs should be conscious of the numerous advantages of using and developing appropriate networks regardless of the phase in which the business lies.

However, one aspect of networking that has not been investigated in this study is the negative influences or the unconstructive detriment to the entrepreneur process and to the restaurateurs itself. Therefore, forthcoming studies on the field should look into the negative aspect of networking and how it adversely affects the entrepreneurial process. Future research in the field of networking could also look into the influence of electronic social networking sites (such as facebook, twitter, etc) on networking and how much bearing does such site's have on the behavior of the entrepreneur.

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