



Toward a dynamic process model of entrepreneurial networking under uncertainty



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ABSTRACT

Although research has begun to acknowledge the strategies by which entrepreneurs form and maintain network ties, most efforts to date present an incomplete picture of entrepreneurs as heroic network architects who search, plan, and pursue contact with targeted ties. Herein, we briefly review this nascent literature, argue that it has so far overlooked alternatives in favor of an overly planned and instrumental perspective, and consider the implications of incorporating the notion of uncertainty into investigations of how entrepreneurs engage in networking. We therefore take a novel perspective on entrepreneurial networking and theorize about how entrepreneurs act when desired ties cannot be identified in advance, networking outcomes cannot be predicted, and ongoing social interactions fuel the emergence of new objectives. Overall, we add important insights to the literature, as we flesh out a dynamic networking process that unfolds alongside efforts to create a new venture. We then discuss how this model, which highlights distinctive elements such as altruism, pre-commitment, serendipity, and co-creation, can stimulate a broader research agenda focused on the inquiry of networking agency under uncertainty.

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1. Introduction

“Call it the Law of Unexpected Utility. By definition, you cannot know when you meet someone today where that person will land tomorrow. If you make every decision by asking ‘What will I get in return?’ you’ll miss out on these moments of serendipity”.

[Grant (2015)]

Surging research interest in what entrepreneurs do to shape their personal networks signifies scholars' efforts to break away from earlier deterministic accounts of tie¹ formation (for a review and critique see Emirbayer and Goodwin, 1994; Gulati and Srivastava, 2014; Hoang and Antoncic, 2003; Porter and Woo, 2015; Stuart and Sorenson, 2007). Entrepreneurs are no longer seen as passive actors “hemmed in by the inertial forces of prior network structure” (Vissa, 2012: 492) but rather as reflexive agents who “actively shape their approach to tie formation through thoughtful agency” (Hallen and Eisenhardt, 2012: 36). For instance, research provides robust evidence that entrepreneurs' networking strategies (Baker et al., 2003; Hallen and Eisenhardt,

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¹ We use the terms “tie”, “contact”, “relation”, and “stakeholder” interchangeably to refer to the alter with which the entrepreneur (ego) is establishing a social and/or business connection.

2012; Ozcan and Eisenhardt, 2009; Zott and Huy, 2007) as well as their constituent networking actions (Vissa, 2012) represent distinct mechanisms driving the creation and discovery of opportunities, the mobilization of resources, and the formation of inter-organizational partnerships.

To date, however, scholars who have adopted this agentic view (e.g., Hallen and Eisenhardt, 2012; Hite and Hesterly, 2001; Stuart and Sorenson, 2007; Vissa, 2011; Zott and Huy, 2007) have also inherited a stifling assumption, namely, that entrepreneurs are goal-driven and planned in their attempts to efficiently target and maintain specific valuable connections (Emirbayer and Mische, 1998; Klyver et al., 2011; Porter and Woo, 2015). For instance, Stuart and Sorenson (2007: 211) contend that “most entrepreneurs and young ventures are strategic in their formation of relations”, while Vissa (2011) applies Ajzen’s (1991) theory of planned behavior to argue that potential ties are screened based on a priori matching criteria, and Hallen and Eisenhardt (2012) introduce efficient networking strategies by which entrepreneurs deliberately target desired ties. Current discussions of agency in entrepreneurial networking therefore echo traditional theories of entrepreneurial action in presenting an instructive—yet incomplete—picture of entrepreneurs as heroic architects who strategically search, plan, and pursue their pre-defined goals (Alvarez and Barney, 2007; Baker et al., 2003; Sarasvathy, 2001; Shah and Tripsas, 2007).²

Concurrently, the assumptions required by such “design-precedes-execution” models have been the subject of increasing criticism, particularly because they refer to entrepreneurial agency, that is, action in the presence of *uncertainty* (Alvarez and Barney, 2007; Baker et al., 2003; Burns et al., 2015; Klyver et al., 2011; McMullen and Shepherd, 2006; Sarasvathy, 2001; Sarasvathy, 2008). Rather than acting on risky situations in which only the probabilities of likely decision outcomes are unknown, for entrepreneurs, even the information needed to anticipate the outcomes themselves is frequently unavailable (Alvarez and Barney, 2007; Knight, 1921; McMullen and Shepherd, 2006). In a nutshell, entrepreneurial action under uncertainty is often the equivalent of “chasing an invisible moving target” (Huang and Pearce, 2015: 3). Hence, to the extent that networking processes are embedded in venturing processes, they are bound to involve unpredictability, goal ambiguity, and an interactive environment that keeps changing with every action (Alvarez and Barney, 2007; Burns et al., 2015; Miller, 2007; Sarasvathy, 2008).

From a theoretical standpoint, this raises a simple but surprisingly overlooked question: *How do entrepreneurs engage in networking under uncertainty?* Or to paraphrase Sarasvathy (Sarasvathy, 2008: 70): How can entrepreneurs network strategically when the future is unpredictable? How can they intentionally target desired ties when their own goals are underspecified and/or their preferences unordered? And how can they plan tie formation when every networking action alters the information on which such plans are based?

In this article, we address these questions by suggesting that the extent to which entrepreneurs are indeed calculative and instrumental networkers is limited by the ubiquity of uncertainty as a critical boundary condition. In particular, we identify, evaluate, and challenge existing assumptions (Alvesson and Sandberg, 2011) by drawing on insights from “discovery” and “creation” theories of entrepreneurial action (Alvarez and Barney, 2007; Alvarez et al., 2013; Miller, 2007). We then consider the implications of incorporating uncertainty into investigations of how entrepreneurs form and maintain network ties. In doing so, we focus on effectuation (Sarasvathy, 2001)—a logic of action consistent with the assumptions of creation theory—to provide more detail about how entrepreneurs generally act under uncertainty. This combination of conceptual lenses (Okhuysen and Bonardi, 2011) allows us not only to draw parallels between how entrepreneurs network and a range of other entrepreneurial behaviors under uncertainty but also to flesh out an effectual networking strategy as a distinctively entrepreneurial process of endogenous network change.

Overall, our study contributes to both network theory and entrepreneurship theory by offering a novel conceptualization of entrepreneurial networking that does not only stipulates when or how networking *will* lead to entrepreneurial action (e.g., Autio et al., 2013), but rather that networking *is* entrepreneurial action. Whereas received networking studies have focused on how entrepreneurs may efficiently reach their goals by targeting desired ties, our model highlights how, under uncertainty, networking increasingly becomes an activity from which these goals emerge in the first place. In particular, this requires a more altruistic approach to interpersonal interactions and openness to unexpected contingencies as networking activities stimulate goal formation and transformation. We thus complement and extend current models of entrepreneurial networking with uncertainty as a critical boundary condition, which serves to illuminate a completely new angle on how and why entrepreneurs engage in networking (cf. Porter and Woo, 2015). In doing so we offer strong theoretical grounding for future research.

This contribution to theory stems from investigating a new angle of the under-explored origins of entrepreneurial networks (Stuart and Sorenson, 2007) and from theorizing about the highly relevant role of uncertainty in shaping networking processes (Alvarez and Barney, 2007; Burns et al., 2015; McMullen and Shepherd, 2006; Miller, 2007; Slotte-Kock and Coviello, 2010). This is in line with recent conceptualizations of networking as constrained agency (Bensaou et al., 2014; Gulati and Srivastava, 2014) and consistent with calls positioning the influence of cognition on networking behavior as an unusually promising avenue for inquiry (Casciaro et al., 2015; Hallen and Eisenhardt, 2012; Porter and Woo, 2015; Vissa, 2012). We also contribute to entrepreneurship research more broadly by highlighting an interactive and pro-social conception of networking (Shepherd, 2015) that challenges implicit assumptions (Alvesson and Sandberg, 2011) about why and how entrepreneurs create and maintain network ties. Finally, our work adds to research on the behavioral outcomes of effectuation as it relates to networking at the interpersonal level—an issue that has already triggered some lively debates (e.g., Arend et al., 2015; Goel and Karri, 2006; Karri and Goel, 2008; Read et al., 2015; Sarasvathy and Dew, 2008). We build on these contributions to provide propositions that scholars may use as

² This perspective is more generally referred to as the “classic model of entrepreneurship” by Shah and Tripsas (2007), the “discovery approach” by Alvarez and Barney (2007), “design-precedes-execution” by Baker et al. (2003), and “causation” by Sarasvathy (Sarasvathy, 2001).

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