



Networking entrepreneurs[☆]

Antonia Rosa Gurrieri^{*}

University of Foggia, DSGP, Largo Papa Giovanni Paolo II, 1, 71100 Foggia, Italy



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ABSTRACT

In a cluster and in a network the figure of the entrepreneurs appear as an apparatus of social relations and cooperation. We believe that entrepreneurial networks are key elements for a cultural quality system, but recent literature tends to not consider the social flow (internal) of spillovers produced by these (entrepreneurial) networks. The purpose of this paper is to stress the role of entrepreneurs through a conceptual map that relies upon strategic entrepreneurial networks. We suggest to fill a theoretical gap in entrepreneurial literature, and make the figure and role of entrepreneurial networking team emerge with a strategic role for creating opportunities and new social knowledge. From our interpretation appears what is still unexpressed or not well explicated in literature: the entrepreneurial team and its natural attitude in producing social knowledge.

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1. Introduction

The strategic capabilities of entrepreneurial knowhow could lead the transition from a generic cluster-based system to a strategic system. In such a process a key role is played by dynamic agglomeration economies which, through the co-localisation of entrepreneurial networks, favour a continuous, quick and intense exchange of organisational, technical knowledge and ideas, thus affecting the performance of the firm.

Production line or long network structures, or rather those characterised mainly by formal and informal relations between entrepreneurs, highlight the transition from a network reality to a social one. In fact, one unit with fairly limited resources and capabilities is not able to deal with competition. Thus, collaboration is essential and knowledge circulation is the key strategic factor. In fact, knowledge plays an important role in the survival of the cluster within agglomerations. In both the cluster and network there is a shared knowledge base between entrepreneurs.

One of the known effects associated with the process of knowledge is specialisation which, in turn, favours the transfer of specific know-how and comparative advantages (Garcia-Vega, 2006) between units. Dasgupta and David (1994) and Lindell and Whitney (2001) suppose that knowledge, as a coordination mechanism, is linked to socio-organisational aspects. Moreover, Cantner

and Graf (2006) introduce informal know-how transfer, when referring to reciprocal (multilateral knowledge transfer) and complementary relations typical of the co-operation between players.

There are different levels of knowledge from regional dynamic capability spreading spatially and asymmetrically to open innovation.

Knowledge is spread through geographical proximity that often strengthens co-operation between productive units. However, know-how, which is codified and not cumulative, can be acquired by everyone, even externally, in the form of explicit knowledge. Instead, in networks, knowledge is codified and incremental (socio-historical) and is transferred through the relations between agents. Church and Gandal (2004) believe that knowledge adoption in a network is linked to the 'effects of the network' ("... if the value increases in the number of other adopters that join the network by purchasing compatible products", p. 4) which can produce positive advantages for the size of the local system and its growth.

In all these interpretations knowledge is related with and it is essential for the entrepreneur.

The aim of this work is to stress the role of entrepreneurs, through a conceptual map that relies upon strategic entrepreneurial networks. Moreover, in order to advance the study of strategic entrepreneurial networks, we focus on a research gap that has yet to be fully explored. In particular, the figure of the entrepreneurial networking team emerges and there exists a natural attitude to produce opportunities and new social knowledge. Moreover, these actions move towards a strong definition of the network's boundaries which are natural barriers defined in a social trajectory.

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^{*} Tel.: +39 0881 58 22 46.

E-mail addresses: antoniariosa.gurrieri@unifg.it, antonellagurrieri@gmail.com

The work is organised as follows. We first analyse knowledge production and diffusion especially through existing cognitive interrelations either in a cluster or in a network. A synoptic schema leads us to prefer the network structure as a valid vehicle for producing social knowledge spillovers. We then discuss some characteristics that emerge in determining both the predominance of the social network and the existence of natural barriers. Finally we outline some limitations in developing future research.

2. The importance of knowledge in the agglomeration of strategically co-organised firms

Based on Maskell and Kebir's (2009) intuition, clusters are always related with the existence argument/"what" (economic and social benefits), extension argument/"how" (diseconomies connected with clustering exceed their geographical position) and exhaustion argument/"why" (erosion of economies).

For academics the concept of clusters and networks often tend to overlap¹ (Cooke, 2001). The former (Dyer, 1998; Levinson and Asahi, 1996) study knowledge circulation in order to understand the typical positive effects in co-operative relations while the latter (Boschma, 2005; Howells, 2002) study knowledge circulation as a means for improving proximity.

According to Brown and McNaughton (2003) and Fernhaber et al. (2003) it is possible that a cluster is formed 'accidentally' while a network is formed 'rationally', or rather, as the result of an intentional decision both by a potential entry firm to the cluster and those networks already localised in the area. Diversity, therefore, is the dissimilar level of concentration. Clusters are usually made up of units of a limited size which operate independently (atomistic), while networks consist of firms of different sizes in which entrepreneurs are usually historically and socially linked. However, in a cluster, evidence of networks and relations with local networks has been found. In both networks and clusters, knowledge is the strategic element.

The creation of innovation and knowledge presupposes a high level of tacit knowledge which circulates through the absorptive capacity of the subjects and the social capital of each unit and in the group that permits the identification, interpretation and exploration of new knowledge. Boschma and Lambooy (1999) maintain that, through closer individual cognitive communication, firms can quickly perceive and understand the mechanisms and characteristics of new knowledge. This relationship may conceal the danger of closure of the relative capacities as it creates routines between organisations and within the cluster. Nooteboom (2000) believes that increased cognitive distance creates communication problems, whereas a shorter one indicates a lack of intuition. Davenport and Prusak (1998) affirm that there are two levels of know-how transfer, or transmission (intra-organisational transfer, Brown and

Duguit, 1996) and absorption (inter-organisational transfer, Lei et al., 1997). The co-operative nature of relations between individuals facilitates its circulation, acquisition and transfer which are the prerequisites to form clusters and networks.

The circulation of knowledge within an agglomeration structure helps to create strong links between learning and innovation which become an externality (of knowledge) only for the firms that belong to the agglomeration. Baumol (2002) notes that a fundamental empirical regularity of high-growth economies is a firm's use of knowledge innovation as a competitive weapon. Therefore, we believe that entrepreneurs innovate to stay ahead or catch up with their competitors. Thus, entrepreneurs are either the source or the tool of knowledge. Networks are an excellent means of transferring and spreading knowledge through the shared cognitive and social and historical capacity of entrepreneurs.

The common features of clusters and networks are players and relations, while the inherent characteristics are different (Cooke, 2001; Rosenfeld, 2001).

For clusters or networks, the knowledge gatekeepers are the new forms of knowledge acquisition, circulation and reproduction (Allen, 1977), the evolution of which requires certain conditions including the production of spillovers, territorial co-localisation and the nature and types of proximity. In this way knowledge circulates and is reproduced.

Over the last few years the literature on knowledge circulation in clusters has increased. While it may be exhaustive and make use of different approaches, to date it is still difficult to find either a systematic analysis or a clear dividing line between the various teams of entrepreneurs in which knowledge circulates.

3. Cluster or network? The emergence of the figure of the social entrepreneur

Considering that networks can co-exist in a cluster, is it important to establish a distinction between clusters and networks?

Proposition 1. *The figure and the importance of entrepreneurs easily emerge evaluating the peculiarities of cluster and network.*

The concept of cluster, defined by (Porter, 1990, 1998, p. 78) as "...geographic concentrations of interconnected companies and institutions in a particular field", when applied to the vertical and horizontal relations (Cozzi and Spinesi, 2006a,b) between firms and institutions which are bound by specific ties, is characterised by:

- informal relations: a competitive type of relations, characterised by co-operation based on a collective vision (network). These are supported by knowledge acquisition and circulation through proximity (e.g. spatial);
- players: companies, individuals and institutions, even when localised in different areas.

With Porter's theory the figure of entrepreneur starts to emerge.

The resource-based theory (Barney, 1986; Alvarez, 2003) recognises the relevance and necessity of specific assets within the firm and considers the tacit aspects, mainly of a social nature, as a competitive advantage. The identification of complete, tacit and path dependence resources and capabilities seems to be the link in realising specific investments. In the same way the theory of transaction cost (Williamson, 1985), which centres mainly on the identification of general characteristics related to the company-market relationship and on a statistical-comparative type of analysis, highlights the need for smaller companies to innovate and for larger ones to distribute. On the contrary, the Austrian school and that of Schumpeter consider the single entrepreneur as the key element in competitive advantage, in contrast with the other two theories.

¹ Industrial districts are often considered as clusters. A district, however, is another type of agglomeration of enterprises specialised in established sectors: they are small or medium-sized and often operate in a niche market. Districts are different from other types of clusters due to their competitive advantage. This is determined by the key role played by the spread of tacit knowledge within the group. Brusco (1996) and Becattini (1989) have identified this as a valid alternative to the Taylor model, basing their theory on flexible specialisation and traditional sectors, the well-defined localisation and geographic concentration of small and medium-sized enterprises, the different types of positive spillovers, and mainly on the intentionally low level of innovation in the firms in the cluster. Spillovers, created by tacit forms of knowledge between firms, represent the competitive advantage for the districts in particular, and for the network in general, even though aspects such as the relationship between the division of labour and spread of knowledge produce different pathways and environments in which knowledge mechanisms are established. Moreover, within the district there is a Smith (knowledge from learning by doing) - Arrow (knowledge as a result of copying/repetition) type of relationship related to knowledge types that is complementary.

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