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Exploring entrepreneurs' social network ties: Quantity versus quality



Jeffrey M. Pollack^{a,*}, Matthew W. Rutherford^b, Anson Seers^c, Anthony E. Coy^d, Sheila Hanson^e

^a Management, Innovation, & Entrepreneurship Department, Poole College of Management, North Carolina State University, USA

^b School of Entrepreneurship, Oklahoma State University, USA

^c Department of Management, Emeritus, Virginia Commonwealth University, USA

^d Department of Psychology, University of South Florida, Sarasota-Manatee, USA

^e College of Business & Public Administration, University of North Dakota, USA

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ABSTRACT

We applied a new approach to the study of entrepreneurial networking groups—a social network perspective merged with team-member exchange (TMX) theory. This enabled us to take a unique look at how the *quantity* and the *quality* of entrepreneurs' social network ties impact networking performance. Entrepreneurs ($N=302$) in formal networking groups provided data about the quantity of their social ties (i.e., weekly interactions with group members), the quality of those relationships (i.e., team-member exchange), the actual number of members to whom they gave referrals, as well as from whom they received referrals. Our novel approach revealed a direct relationship between tie quantity and the two networking performance outcomes, while we observed no direct relationship between tie quality and the same outcomes. However, affective organizational commitment mediates this latter relationship between tie quality and networking performance. And, interestingly, we find that it is the quality of ties that more strongly predicts the mediator of affective commitment, not the quantity of ties. We discuss the theory-based as well as practical implications of our work and describe areas for future research based on these findings.

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1. Introduction

Entrepreneurship is a social endeavor in which individuals interact with others to help start, grow, and sustain emerging ventures (Ruef, 2010). Not surprisingly, research focused on entrepreneurs' social interactions is a central area of focus in the field. And, research findings—in both empirical work and theoretical musings—provide ample support for the premise that social network ties are beneficial for numerous entrepreneurship-related outcomes including opportunity discovery (Anderson, 2008), venture performance (e.g., Dubini and Aldrich, 1991; Vissa, 2012; Watson, 2007), as well as firm survival (Honig and Samuelsson, 2014).

For example, we know that social network tie quantity may maximize the availability of weak ties, invaluable for hard-to-anticipate opportunities, including innovations and new career employment opportunities (Granovetter, 1973;

* Corresponding author.

E-mail addresses: jmpolla3@ncsu.edu (J.M. Pollack), matthew.rutherford@okstate.edu (M.W. Rutherford), aseers@vcu.edu (A. Seers), coya@sar.usf.edu (A.E. Coy), sheila.hanson@und.edu (S. Hanson).

Krackhardt, 1987, 1996). And, even though seminal works described how an individuals' social tie utility *does not* depend entirely on the quality of relationships (Knocke and Yang, 2008; White and Watkins, 2000), we do know that tie quality is important in terms of social support as well as initial relationship formation (Kim et al., 2013; Ruef et al., 2003; Vissa, 2011).

Despite our growing base of knowledge related to social network ties, there are three questions which remain, unfortunately, relatively unexplored. First, as research has primarily focused on the in-bound benefits (i.e., benefits to entrepreneurs) of what social network ties can do, we know very little about what enables social ties to promote giving benefits (i.e., out-bound) versus receiving benefits. Second, we know very little about research models in which both quantity *as well as* quality are included. And, third, in models depicting both quantity and quality of ties, we have little insight into mediating mechanisms through which ties influence performance.

The present exploratory research addresses these three questions. Specifically, we (a) examine in-bound as well as out-bound outcomes for entrepreneurs, (b) include both quantity *as well as* quality of social network ties, and (c) model affective commitment as the mediating mechanism through which social network tie quantity and quality influence entrepreneurs' networking performance. To address these three questions, our work integrates past research indicating that a social network perspective holds promise for predicting individuals' performance (Borgatti and Foster, 2003) with work on how the *quality* of relational interactions between team members (i.e., team-member exchange) influences important reciprocal benefits among individuals in organizations (e.g., Ford and Seers, 2006; Seers et al., 1995).

2. Entrepreneurial networking

An increasing number of entrepreneurs are engaging in formal, entrepreneurial networking groups with the goal of growing business revenue—members, for example, in Business Network International (BNI) groups pay an annual fee to be involved and attend weekly meetings where they ask for, and receive, referrals to new potential clients (Ho and Pollack, 2014). This entrepreneurial networking, defined as "...forging new social ties that lead to information and resources, and, ultimately, increased value creation for the venture," represents a behavior (Pollack et al., 2015a, p. 817) that is central to the entrepreneurship processes of identifying, exploring, and exploiting opportunities (Gielnik et al., 2012; Rauch et al., 2016).

2.1. Quantity versus quality

Regarding the role of networking group interactions in enabling entrepreneurs' access to new clients, as well as providing access for others to new clients, we assert that quality is a critical issue. We proceed, in the following sections, to make the arguments that (a) entrepreneurial networking involves relationship building, and (b) relationship building is related to affective commitment which drives reciprocity in relationships.

2.1.1. Networking as relationship building

The process by which entrepreneurs extract information and resources from social ties is complicated. It is not, as many people think, as simple as paying annual dues, showing up at weekly BNI meetings (Ho and Pollack, 2014). Rather, one-to-one meetings with fellow networking group members are a critical step in the process. It is through these interactions that entrepreneurs build high quality relationships that then lead to referrals to potential clients—both in-bound as well as out-bound. In short, entrepreneurial networking is about building relationships—and, recent research that describes the nature of networking as building relationships holds promise as a way to advance the literature (e.g., Pollack et al., 2015a, 2015b; Ren et al., 2016).

One perspective that explores the quality of relationship interactions among individuals is team-member exchange (TMX) theory (Seers, 1989). TMX is typically used to examine reciprocal exchange relationships of ideas, assistance, communication, and support between team members (Seers, 1989; Seers et al., 1995). The growing TMX literature identifies TMX as a predictor of satisfaction, performance, citizenship behaviors, and commitment (e.g., Banks et al., 2014). Extant research regarding the quantity of entrepreneurs' social ties, and our novel theorizing about TMX and the quality of ties, lead to our first, exploratory, research question.

Research Question 1: *How do quantity (number of social ties) as well as quality (TMX) of social ties relate to entrepreneurs' performance in networking groups?*

2.1.2. The role of affective commitment

Ample evidence exists to support the prediction of a direct relationship between social tie quantity and networking performance. However, the relationship between social tie quality is more complicated. We posit, as described above, that networking is a relationship building process—accordingly, searching for a direct relationship between TMX quality with networking performance fails to capture the mechanism by which ties impact performance. We propose affective commitment as a mechanism by which ties contribute to improved networking performance (e.g., Cropanzano and Mitchell, 2005; Rusbult and Van Lange, 2003). Affective commitment, in an organizational context, refers to a person's emotional attachment, identification, and involvement within an organization (Meyer and Allen, 1997).

At the most fundamental level, entrepreneurs who hope to have productive networking relationships must forge those relationships both individually and with the networking group (Malewicki, 2005). Here, greater quantity and quality of network ties should positively predict commitment. Put differently, the more time and effort entrepreneurs' put into

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