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The influence of gender upon social networks and bootstrapping behaviours

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ABSTRACT

This article analyses the influence of gender upon networking and bootstrapping behaviour drawing on a sample of entrepreneurs in the early stages of business start-up in the context of deprived communities in a developed economy. Whilst the data confirms the importance of bootstrapping for all new ventures, gender differences are identified in the use of strong and weak ties to support bootstrapping activities. A number of variations are subject to gendered influences; in addition, men and women make differing use of brokers. We also note a number of broad similarities between the bootstrapping and networking activities of women and men which dispel notions of essential gender differences thus, responding to calls to use positivist research to challenge, rather than axiomatically seek confirmation, of assumptions of essential female entrepreneurial deficiency.

1. Introduction

Accruing appropriate and diverse entrepreneurial resources is critical to ensure effective new venture creation; those who draw on a varied and rich pool of resources during the start-up period are more likely to found sustainable firms with growth potential (Aspelund, Berg-Utby, & Skjevdal, 2005; Khaire, 2010). However, contextual factors such as location, space and time affect the type, nature and quality of resources available to entrepreneurial actors (Bruton 2010; Zahra, Wright & Abdelgawad, 2014). In addition, ascribed social characteristics mitigate how individuals access vital entrepreneurial resources (McAdam, 2012; Marlow, 2014). We recognise the effect of contextual and socially ascribed factors when focusing upon the influence of gender upon access to entrepreneurial resources by drawing upon a sample of female and male entrepreneurs starting new ventures in a developed economy. This broad focus is analytically narrowed *via* an investigation of how gender influences networking activities which enable the accrual of entrepreneurial resources through bootstrapping to support new venture creation (Anderson, Drackopoulou-Dodd, & Jack, 2010; Jones, MacPherson, & Jayawarna, 2014; Khaire, 2010).

Our perspective is informed by literature suggesting that when establishing new ventures, gender influences the nature and effectiveness of networking activities (Coleman & Robb, 2015). For example, there is evidence that networks dominated by women are likely to be smaller and lower in density, range and tie-strength (Hill, Leitch, & Harrison, 2006; Martin 2001); however, women are more adept at informal networking (Bogren, von Friedrichs, Rannemo, & Widding, 2013). As social networks are embedded within and reflect gendered stereotypes, those dominated by women echo negative valuations associated with femininity (Fine, 2010) and so, command lower value and credibility. This in turn, limits access to and accrual of entrepreneurial resources (Greve & Salaff 2003; Marlow & McAdam, 2013). Thus, analysing how gendered differences in social networking and bootstrapped resource accumulation impact upon venture creation and sustainability remains an important area of enquiry (Neergaard, Shaw, & Carter, 2005; McAdam 2012).

It is acknowledged that social networks are a key mechanism for acquiring entrepreneurial resources (Anderson et al., 2010). Given liabilities of newness and smallness (Aldrich & Auster, 1986) however, most novice entrepreneurs face specific challenges in accessing formal provision of resources (Jones et al., 2014). Accordingly, bootstrapping – which denotes resource accrual through informal pathways – is likely to be adopted (Winborg & Landström, 2001; Coleman & Robb, 2015). Using data from over 200 nascent entrepreneurs who participated in a UK support programme for novice entrepreneurs (Rouse & Jayawarna, 2006) we test a series of hypotheses related to the influence of gender on resource acquisition, bootstrapping and social networks.

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Accordingly, the underpinning research questions informing this discussion examine: do women and men follow different bootstrapping resource acquisition strategies and to what extent do gendered stereotypical characteristics influence the choice of such strategies? In addition, we investigate how different resource acquisition strategies are influenced by the gendered nature of entrepreneurial networks.

The context for our study is that of deprived communities within the UK. In particular, we draw on data from a group of entrepreneurs on a programme seeking to promote enterprise in deprived areas. Thus, this study is of relevance to analyses of entrepreneurship in developed economies but we add to this literature when exploring how deprivation contextualises this debate. Additionally, we explore the tensions arising from this context where, on one hand, entrepreneurship is posited as an option to create one's own job where formal employment is scarce but on the other hand, the challenges of accruing entrepreneurial resources for new venture creation are magnified by a matrix of deprivation factors (Rouse & Jayawarna, 2011). Transposing the arguments for alternative resourcing strategies for nascent entrepreneurs (Jones et al., 2014) to the context of deprivation suggests that bootstrapping will be a critical activity given the scarcity of formal resources available for disadvantaged entrepreneurs. Moreover, it is essential to analyse the influences of other negative ascriptions, such as those of gender upon women, and broader social class, to explore the diverse nature of deprivation within both the social and economic environment. The paper commences with an analysis of resource acquisition strategies in new firms; this is followed by an evaluation of the influence of gender on entrepreneurship – how this shapes resource acquisition patterns – and the nature of social networks. Next, we describe our sample, research methods and data analysis techniques which include ANOVA and hierarchical linear regression. Finally, we discuss the outcomes of the empirical analysis and conclude by considering the implications of the study.

2. Entrepreneurial resourcing and bootstrapping

There is an extensive literature exploring the challenges facing novice entrepreneurs during the period of new venture creation (see Jones et al., 2014). Given the lack of a track record at start up, there are substantial legitimacy problems for new firms (Lounsbury & Glynn, 2001; Zott & Huy, 2007; De Clercq & Voronov, 2009) which generate uncertainty regarding potential returns on invested resources. Given the constraints on formal investment arising from such uncertainty, novice entrepreneurs are more likely to pursue bootstrapping activities (Coleman & Robb, 2015). Bootstrapping refers to the informal access of resources which may, or may not be owned or controlled by the entrepreneur. Harrison, Mason, and Girling (2004: 308) define bootstrapping as; 'imaginative and parsimonious strategies for marshalling and gaining control of resources'. This definition is further elaborated by highlighting two forms of bootstrapping strategies; first, raising financial capital without recourse to formal debt or equity providers by using personal credit cards or cross-subsidising from other activities. Second, strategies to secure various resources at little or no cost such as withholding salaries, loans from family and friends, sharing equipment, obtaining advance payments, using free family labour, bartering for goods and services et cetera (Ebben & Johnson, 2006 provide a more exhaustive list). For the successful realisation of bootstrapping tactics, novice entrepreneurs have to draw on their social networks to leverage access to such resources at less than market rates. Winborg and Landström (2001) define this as 'socially oriented bootstrapping'.

Theoretical explanations for the association between bootstrapping and firm performance draw on resource dependency theory (Pfeffer & Salancik, 1978) and constraint theory (Leibenstein, 1976). According to the former, organizations do not own or control all the resources necessary for their survival and long-term success is conditional on the ability to manage dependency on external providers. Thus, initiatives are required to seek and maintain control over critical relationships and contacts in the external environment. According to the latter, firms that face resource limitations seek innovative ways to use alternative resources. For example, informal sources of funding are pursued when formal debt or equity options are unavailable. Whilst successfully attaining formal investment is a critical legitimacy signal for new firms, such investment is inevitably subject to strict conditions and monitoring (Zott & Huy, 2007). Bootstrapping however, can offer greater flexibility in terms of diverse sources of finance, how it is used and critically, when and how it is repaid (Ebben & Johnson, 2006). This flexibility provides relatively rapid access to the diverse forms of resources necessary to meet new and unexpected business demands in periods of uncertainty; bootstrapping can therefore, act as a critical survival strategy (Bhide, 1992, 2000). In addition, as Timmons (1999, 39) notes, bootstrapping introduces 'a discipline of leanness' which forces more diligent reflection upon financial issues and axiomatically, successful bootstrapping places the firm in a stronger position to acquire future formal investment (Coleman & Robb, 2015). Conversely, bootstrapping can be risky given the lack of formal agreements or contracts such that various resource providers may demand unreasonable or unexpected returns (Patel, Fiet, & Sohl, 2011). Plus, it can also be very costly – as in the case of one of the most pervasive forms of bootstrapping – credit cards (Coleman & Robb, 2015).

Although there are advantages and disadvantages to bootstrapping with considerations for both sides of the debate, it is evident that social networks are critical conduits to acquiring bootstrapped resources (Coleman & Robb, 2015; Jones et al., 2014). A number of authors note the transition from strong ties (family and close friends) to weaker ties (friends of friends and professional contacts) as newer firms become more established (Elfring & Hulsink, 2008; Larson & Starr, 1993; Smith & Lohrke, 2008). Social networks are however, shaped by gendered norms (Bogren et al., 2013). Accordingly, stereotypical gendered assumptions attached to individuals within networks influence their status and legitimacy; this then impacts upon the efficacy and reach of networks which, in turn, enable or constrain, bootstrapping strategies (Carter, Brush, Greene, Gatewood, & Hart, 2003). Thus, we focus specifically upon how gender and associated stereotypes critically influence this social network-bootstrapping nexus, for as Lindgren and Packendorff (2009, 34) argue, 'social structures on different levels have a major impact on individual agency'.

3. Bootstrapping practices within the context of social deprivation

The UK and international enterprise policy has been aligned with the concept of social inclusion that rest on the assumption that enterprise is a valid pathway back into work (SBS, 2004). Following this policy, strenuous efforts has been made by successive governments trying to match level of entrepreneurial activity among those considered to be disadvantaged with those of more affluent cohorts (Greene, Mole, & Storey, 2008). This policy position draws on a discourse of enterprise as an open route to opportunity (Scase, 1992) and assumes that disadvantaged groups can start viable businesses with little support. It underplays considerable accumulated knowledge about the contingency of business success on the application of capital resources, including finance (Montgomery, Johnson, & Faisal, 2005; Parker & van Praag,