

“WHO EXCHANGES WHAT WITH WHOM?” – THE ROLE OF SOCIAL CAPITAL AMONG ENTREPRENEURS

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1. Introduction

According to Shane and Venkataraman (2000) the domain of entrepreneurship is a connection between opportunities and enterprising individuals. There is a lot of literature that suggests that personality and demographic factors as well as psychological variables may explain why some become entrepreneurs and some do not (Shaver-Scott 1991, Brockaus 1980, Low-MacMillan 1988). Other researchers have underlined the importance of networks and social capital (Aldrich-Zimmer 1986, Burt 1992, Adler-Kwon 2002).

An entrepreneur is always a part of an economic and social network and the creation of the business is the outcome of many influences. The critical elements of the network are nodes, (members) and links (relationships) (Gartner 1988, Burt et al. 1994, Lipnack-Stamps 1994). A broad consensus exists among organisation and entrepreneurship scholars that networks play a central role in a company's growth (for example Larson-Starr 1993, Hoang-Antonic 2003, Aldridge 2004) and that network relationships are necessary for the survival and growth (Jarillo 1989, Gulati 1998, Hite-Hesterly 2001).

Several studies have also shown that entrepreneurs are those persons with a wide range of casual contacts (Aldrich-Zimmer 1986, Birley 1985, Nahapiet-Ghoshal 1998, Ruef et al. 2003, Aldrich-Carter 2004). Several studies have shown that social capital contributes to resource acquisition (Birley 1985, Honig 1998, Baron-Markman 2002). Jarillo (1989) mentions networking as a way of getting resources they do not control. According to Baron-Markman (2002) social capital build on contacts and good reputation assists entrepreneurs to access contacts.

This paper discusses the importance of social capital. There is growing empirical evidence that social capital contributes to both political and economic development in the society. Putnam (2000) argues that social capital has a forceful, even quantifiable effect on many different aspects of our lives. These quantifiable effects include lower crime rates (Putnam 1993, 1995), better health (Wilkinson 1996), improved longevity (Putnam 2000) better educational achievement (Coleman 1988), greater levels of income equality (Wilkinson 1996, Kawachi et al. 1997), improved child welfare and lower rates of child abuse (Cote and Healy 2001), less corrupt and more effective government (Putnam 1995) and enhanced economic and business achievement (e.g. Fukuyama 1995, Saxenian 1994, Knack-Keefer 1997, Petersen et al 2000, Helliwell-Putnam 2000 Temple 2001).

Although researchers categorize entrepreneurship differently they all agree that research in entrepreneurship should concentrate with the early stage: how opportunities are detected and how new companies are created. A recent study (De Carolis-Saparito 2006) suggested that more research is needed to show how social capital and personal factors may influence entrepreneurial behaviour. This could have implications for entrepreneurial research. The contribution of social capital theory in understanding the entrepreneurial intention remains still rather underexplored.

2. Social capital

2.1 Different types of capital

In economics capital has been described as a resource available for a person or an organization and it is used for maximizing profits. The notion of capital can be traced to Marx (1995/1867, 1885, 1894). To him capital is the surplus value captured by capitalists who control production means. In economics capital has been described as a resource available for a person or an organization and it is used for maximizing profits. Resources can be either nonhuman or human (Sewell 1992). Nonhuman resources are physical, naturally occurring or manufactured, while human resources are both physical and non-physical, for example knowledge. Both types of resources are unevenly distributed.

One of Nobel Prize winner Gary Becker's scientific contributions is the theory of human capital. According to Coleman (1990) this is probably the most original development in the economics. The theory is formulated as a set of rate of return functions from human capital investment. This capital

is created when a person's skills and capabilities are augmented. Education and working experience can also be capital as they raise earnings (Becker 1964/1975, Lin 1999, 2001). Human capital is considered as an attribute of individuals and comprises a stock of skills, qualifications and knowledge, whereas social capital is generally considered an attribute of communities. Putnam (1995) notes that human capital refers to individuals but social capital refers to connections among individuals and the social networks and the norms of reciprocity that arise from them.

Bourdieu (1989) defines culture as a system of symbolism and meaning. Bourdieu sees education and training as human or cultural capital. According to him this capital is in the hands of the dominant class. The dominant class urges its culture by engaging in education which moves its symbols and meanings into the next generation. This definition bears traces to Marx (Bourdieu 1989; Anheier et al. 1995). Cultural capital exists in various forms: knowledge, skill and qualifications, (Bourdieu 1986, Anheier et al. 1995, Everett 2002, Lin 1999, 2001). Anheier et al. (1995) make a distinction between incorporated and symbolic cultural capital. Incorporated cultural capital is education and knowledge and symbolic cultural capital stands for cultural and moral values and standards.

Social capital exists as relations and it can be transferred only in an indirect form, as an integrated part of a person or a thing (Portes 1998). Social capital is a complementary to human capital and it can be seen as a special kind of personal resource (Coleman 1988). According to Bourdieu (1989) all forms of capital can be converted into economic capital. Social capital influence not only intellectual capital (Coleman 1988, Nahapiet-Ghoshal 1998) but also the economic performance of the firm (Baker 1990, Nahapiet-Ghoshal 1998).

2.2 Contemporary authors on social capital

As a phenomenon social capital is not new. The idea of social capital has its roots in political science: Alexis de Tocqueville, Emile Durkheim and Max Weber (Woolcock 1998). The first one to use the term social capital was L.J. Hanifan in 1916. He used the concept in the context of education to explain the importance to community involvement for successful schools (e.g. Woolcock 1998, Putnam 1995, Social Capital 2005). The concept has its roots in 1960's in sociological research that paid attention to community and family (Jacobs 1961, Granovetter 1973). Jane Jacobs was the first scholar to use the term “social capital” in its current sense in 1961. She made an analysis of city neighbourhoods. (Putnam 1995). The early scholars (Loury

1977, 1987; Ben-Porath 1980) looked at the phenomenon through social relations. Loury studied labour markets and Ben-Porath the networks of the French elite. In 1980's several sociologists such as Bourdieu (1986), Coleman (1988), Lin et al. (1981) and Loury (1987) explored the concept. The majority of the literature dates back to 1980's, to the works of Pierre Bourdieu, James Coleman and Robert Putnam that are the most often cited authors for the basis of contemporary discussions on social capital.

It was Bourdieu (1986) that brought the concept of social capital into present-day discussion. Coleman's work was an important shift from Bourdieu's individual outcome to outcomes for groups, organisations and institutions. Coleman was also the first to subject the concept to empirical scrutiny and develop ways of operationalising it for research purposes. Putnam (1993, 1995, 2000) took the concept out of academia into a wider media. The context of Bourdieu's work was within critical theory of society. Coleman (1988) and Putnam (1993) used a normative approach and Burt (1998) and Lin (2001) brought the network approach to the concept.

One way of building a theory around social capital is to look at social capital as a set of resources that are linked to membership. The focus on this approach is on social networks that provide a group resource. These resources result as economic rewards. Bourdieu focuses on family and group relationships and social capital is a resource that is generated through these. Bourdieu's definition of social capital was egocentric. He defines social capital: "the aggregate of the actual or potential resources which are linked to possessions of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition" (1986, 248) and it is "made of social obligations, which is convertible, in certain conditions into economic capital" (1986, 243).

The second focus has been on social capital as a resource that has its roots in family relationships. These relationships enable people to increase their human and capital and to gain economic rewards. James Coleman who was a sociologist with connections to economics draw together both sociology and economics in his definition of social capital: "it is defined by its function; it is not a single entity, but a variety of different entities having characteristics in common: they all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure" (Coleman 1990, 302). Coleman conceptualised the aspects of social structure that facilitate economic transactions. According to Coleman, social capital can take on three forms; firstly obligations and expectations, secondly the capacity of information to flow through the social struc-

ture and thirdly the presence of norms accompanied by effective sanctions. Coleman (1988) also extended the scope of the concept from Bourdieu's analysis of the elite to relationships of non-elite groups.

The third focus accentuates the trust and reciprocity between people that facilitate collective action in terms of economic and political development at regional and national levels. One of the most well known theorists within the social capital paradigm is Putnam. He, along with Woolcock (2001), is considered to offer the most concise definition of social capital. They share a "lean and mean" approach which focuses on social networks. Another difference between Putnam and his predecessors is that, whereas Coleman and Bourdieu consider social capital an attribute of the individual, Putnam has developed it as an attribute of communities.

Putnam (1993) returned back to de Tocqueville but was also influenced by Coleman and he saw the significance of associations and civic community. Putnam's background was in political science and this view brought some important aspects to the concept of social capital. Putnam sees social capital as "features of social networks, norms and social trust that facilitate coordination and cooperation for mutual benefit" (1995, 67). According to Putnam (2000) social capital is both a private and a public good because. Woolcock (2001) sees it only as a classic public good.

Fukuyama (1995) is most well known for his integration of social capital and trust and from working within an economic framework. Fukuyama followed in Putnam's footsteps as his research focused on behavioural variables and attitudes; trust, norms and values. According to Fukuyama social capital is "the ability of people to work together for common purposes in groups and organisations" (1995, 10). A few years later (1999) he used the following definition: "social capital is an instantiated informal norm that promotes cooperation between two or more individuals" (1999, 1).

Woolcock (Woolcock 1998, Woolcock-Narayan 2001) developed a multi-level model of social capital. He took into account the distinction between bridging and bonding social capital by developing it with a third factor, linking (2002). According to Woolcock social capital is (1998, 153): "the information, trust and norms of reciprocity inhering in one's social networks".

Portes (1998) lists the downside of social capital as the exclusion of outsiders, restriction on individual freedom and a downward levelling of norms. By the latter, he means situations in which a group is in opposition to mainstream society. Portes: "the ability of actors to secure benefits by

virtue of membership in social networks or other social structures" (Portes 1998, 6).

Nahapiet and Ghoshal (1998) developed a definition of social capital with the distinction between three dimensions: structural, relational and cognitive, and discuss the highly interrelated nature of the features they discuss. According to them (1998, 243) social capital is: "the sum of the actual and potential resources embedded within...the network of relationships possessed by an individual or social unit. It is both the network and the assets that may be mobilised through the network".

Adler and Kwon (2002) identified that the core intuition guiding social capital research is the goodwill which is a valuable resource. As such they define social capital as "the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor" (2002, 23).

The following chapter discusses in detail what is meant with social relations, networks, values and norms and their value to entrepreneurship.

2.3 Why could social capital be valuable to entrepreneurs?

Albert Shapero and his colleges (1975) spent years trying to find out why people leave the security of corporate life working for someone else and choose entrepreneurship. According to Shapero an entrepreneur has a need for independence and a vision to exploit opportunities. Familiarity breeds confidence, the model can be your parents, relatives, colleagues or former classmates. But that is not all that he/she needs. Societies founded on networks of trust and co-operation can help to realise human potential. There is a growing awareness in the economic literature of the importance of social networks and trust in supporting ventures (e.g. Aldrich-Zimmer 1986, Baker 1990, Uzzi 1996; 1997, Gulati 1998). The old saying "It's not what you know, it's who you know" summarizes well the wisdom of social capital.

What types of social relations turn into social capital? Granovetter presented the thesis that a specific type of weak tie, the bridge tie, is more instrumental for access to information than strong ties (Granovetter 1973). Granovetter defines a bridge as a tie that links two networks with each other that otherwise would not be connected. A strong tie between two individuals increases the likelihood that their other contacts, friends and colleagues will be introduced to one another (Granovetter 1973). The bridge

tie forms the access to new networks and increases the size of the network. A strong tie between two individuals increases the likelihood of other contacts. If an individual is connected to others only through strong ties, the network will be restricted and the ties are overlapping, i.e. ties are connected to the same set of individuals. This phenomenon is described by Burt (1992) as redundant ties. Strong ties are less advantageous to carry new information than are weak non-redundant ties. New information tends to be less new if a group is highly interconnected (Granovetter 1973). All members and relationships are not equally important (Granovetter's weak ties) and their value may change over time. It has been shown that involvement in several casual networks, i.e. weak ties, can be advantageous/useful (Granovetter 1973, Reynolds 1991). Strong ties re-enforce cohesion. Cohesive groups create norms and influence individuals' choice of action (Granovetter 1973, Coleman 1988). Granovetter (1973) reasons, that the building of strong ties involves more commitment. The more cohesive the group is, the greater amount of interaction is demanded. This will less the interest to external ties, and vice versa. Networks that are made of strong ties are more mobilization oriented and networks with non-redundant ties are more information oriented. In 1985 Granovetter introduced his concept to economic research and criticized the functionalists of lack of social relationships' impact.

Coleman (1988) describes social capital as obligations and expectations, information channels and social norms. To Coleman social capital was comparable to the concepts of financial, physical and human capital. According to him social capital can facilitate to productive activity as well as physical and human capital (Coleman 1988, 1990, 2000). According to the theory of rational action, every actor has control over certain resources. Social capital can be seen a special kind of personal resource. Social capital is a neutral part of relationships between and among individuals. By sharing information individuals can create social capital to others as well (Coleman 2000). Social capital can be applied for different purposes given different contexts, and therefore can be structured in different ways (Coleman 1990).

Burt refers to social network as a form of social capital parallel to human capital. Just as human capital can be defined as the combination of skills and knowledge a person has, social capital is the diversity of relationships a person has (Burt 2001). According to Burt, a network is not only a device to receive resources, but also a device to create resources such as other networks, that in turn create new resources and opportunities. “Your social capital gives you opportunities to turn a profit from the application of human capital” (Burt 1992). More “open” networks, with many weak ties

and social connections, are more likely to introduce new ideas and opportunities to their members than closed networks with many redundant ties. A group of individuals with connections to other social worlds is likely to have access to a wider range of information. It is better for individual success to have connections to a variety of networks rather than many connections within a single network. Similarly, individuals can exercise influence or act as brokers within their social networks by bridging two networks that are not directly linked, called filling social holes (Burt 1992).

The central proposition of social capital theory is the resources, positions and goodwill available to individuals can be mobilized through social networks (e.g. Lin 1981, Bourdieu 1986, Burt 1992). Therefore networks of relationships form a valuable resource for the conduct of social affairs and give its members social capital. Much of the capital is embedded within networks (Nahapiet-Ghoshal 1998). As a set of resources rooted in relationships, social capital has many different attributes: structural, relational and cognitive. Social capital is the sum of the actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual or a social unit (Nahapiet-Goshal 1998, Lin 1999). In other words, social capital is a feature of the social structure, not of the individual actors within the social structure.

One of the classic questions in social theory is how social relations affect behaviour and institutions. For a long time a majority of sociologists, anthropologists and political scientists said that economic behaviour is embedded in social relations but that it has become more autonomous with modernisation, economic transactions are no longer defined by the social obligation of those transactions but by calculation of individual gain. Some economists have also recognised the importance of trust, since institutional arrangements cannot alone prevent fraud or force (e.g. Granovetter 1985, Coleman 1988, Gulati 1998, Aldrich 2004). According to the embeddedness argument the role of social relations and structures, or networks, of such relations generate trust. Individuals prefer transactions with other individuals of known reputation. This information is not only cheap but people trust their own information best (Granovetter 1985). The notion of economic action is embedded in social structure has revived debates about the positive and negative effects of social relations on economic behaviour. Granovetter's idea of embeddedness is an attempt to introduce into economic systems social relations that can give its own effect to the functioning of economic systems. (Coleman 2000)

An entrepreneur is always a part of an economic and social network and the creation of the business is the outcome of many influences. The critical elements of the network are members and relationships (Gartner 1988, Burt et al. 1994, Lipnack-Stamps 1994). A broad consensus exists among organisation and entrepreneurship scholars that networks play a central role in a company is growth (for example Larson-Starr 1993, Hoang-Antonic 2003, Aldridge 2004) and that network relationships are necessary for the survival and growth (Jarillo 1989, Gulati 1998, Hite-Hesterly 2001). Previous research (Shane-Stuart 2002) has found that entrepreneurs with ties to investors had a lower likelihood to failure. Shane (2003) refers to social ties and social status as factors that can increase the interest towards entrepreneurship. According to him social position is a person's relationship to other members and social ties is the connection to other members. Social networks must be seen as vital assets to an entrepreneur. Therefore an entrepreneur needs skills, capital and labour through actual as well as potential resources that can only be accessed through networks (Hite 2005, Hite-Hesterly 2001). For example Burt (1992) describes social capital as a resource that can create entrepreneurial opportunities to some but not for others. Both entrepreneurship (Aldrich-Zimmer 1986, Uzzi 1996, Walker et al. 1997) and social capital literature (Burt 1992, Adler-Kwon 2002, Nahapiet-Ghoshal 1998, Tsai-Ghoshal 1998) have drawn attention to the importance of networks and connections in new venture creation.

2.4 What is meant with social capital in this paper?

The working definition is emerging in an interdisciplinary literature and refers to networks, norms and cooperation between individuals and groups. Some work measure trust (e.g. Coleman 1988,1990, Burt 1992, 2000; Lin 1981,1999) as a part of social capital but this study looks at trust as an outcome of social capital (e.g. **Woolcock 2001 and Lorenzen 2007**). By providing a concise working definition of social capital, this paper analyses why it is important for entrepreneurial intentions and therefore also to policy-makers and regional development.

Social capital, like other forms of capital, is productive and makes it possible to achieve something. Social capital is a variety of entities, defined by its function. Social capital depends on trust: obligations will be repaid and that obligations are held. Another important form of social capital is information, which is a vital component for entrepreneurial opportunities (Shane-Venkataraman 2000). Also norms can be seen as a form of social capital (Coleman 1988, 2000). Markman and Baron (2003) also mention resources that are available through organizational positions. Adler and

Kwon (2002) underline the importance of goodwill that is available through actors' social relations. Reciprocity, people's ability to work together for a common purpose, has also been defined by Coleman (1988) as dimension of social capital. Portes (1998) shares this view and describes social capital "as the accumulation of obligations from others according to the norm of reciprocity" (1998, 7). Social norms refer to norms and sanctions that guide human behaviour by rewarding some forms of behaviour and sanctioning others.

This paper defines social capital as follow:

"Social capital consists of networks, norms, relationships and values that shape the actor's social relations as well as the society's social interaction".

Networks relate to the objective behaviour of actors. Shared norms, values and understandings relate to the subjective dispositions and attitudes of individuals and groups. Attitudes, values and knowledge are transmitted from generation to generation. There fore shared norms and values enable people to communicate and make sense of common experiences. These norms, values and understandings create an atmosphere, which result in trust. There is trust among family, colleagues, neighbours and institutions. In order to create an effective network you also need "strangers" – weak ties according to Granovetter (1973) or structural holes according to Burt (1982). Social capital allows individuals, groups and communities to resolve collective problems more easily. Norms of reciprocity and networks help ensure desirable behaviour. In the absence of networks and trust individuals tent not to be interested in co-operation because others can not be relied to act in a similar way. This paper sees trust as the outcome of social capital, not a component of it. This view is shared by e.g. Woolcock (2001) and Lorenzen (2007). According to Woolcock (2001) it is important for any definition of social capital to focus on its sources rather than consequences, i.e. on what social capital is rather than what it does.

Social capital refers to connections between individuals; social networks and norms of reciprocity and trustworthiness that arise from them. Issues of cooperation, trust, relationship and mutuality are at the core of the concept of social capital. Social capital stems, in part, from the availability of a shared belief system that allows participants to communicate their ideas and make sense of common experiences. Such communicative abilities allow common world-views, assumptions and expectations to emerge among people and facilitate their joint action. Shared norms are part of the life and they also facilitate ways of negotiating sharing and understanding.

3. Intentions and the theory of planned behaviour

Studies of entrepreneurial intent have been dominated by Ajzen-Fishbein’s different models of theory of reasoned action and theory of planned behaviour (1975, 1980, 2005) in social psychology, Bagozzi’s (1990, 1992) framework in marketing and Shapero-Sokol’s framework (1982) (Krueger et al. 2000).

Albert Shapero and Lisa Sokol (1982) created a model for entrepreneurial event (Figure 1). This framework emphasizes the following:

1. Situation
 - An accelerating event that can be both negative and positive
2. Perception of desirability
 - Culture, family, colleagues, mentors
3. Perception of feasibility
 - Financial support, models, mentors and partners

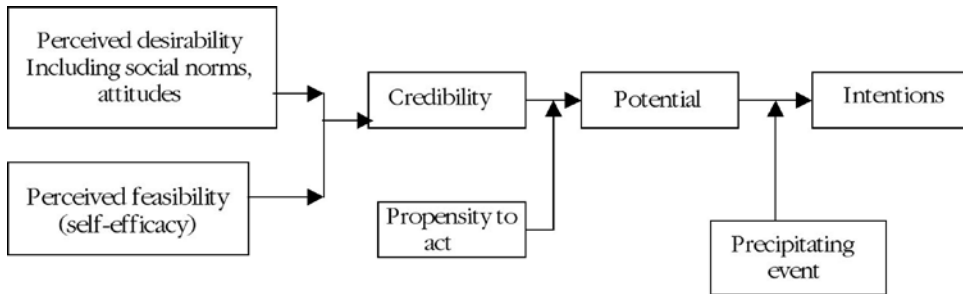
This concept separates the entrepreneur from the entrepreneurial event. Perception of desirability and feasibility are products of cultural and social environments: if the social environment values formation of new ventures, innovation and risk taking, people will seriously consider this alternative. Perception of desirability has an impact on the entrepreneurial event through the individual value system and is dependent on the social system, family, mentors, colleagues and education. Perception of feasibility is according to Shapero-Sokol (1982) dependent on financial support and partners. If a nascent entrepreneur knows the right persons it may provide funding, skills and contacts. This is closely related to social capital (Birley 1985, Honig 1998, Baron-Markman 2003, Brännback et al. 2006)

Bird (1988) developed Shapero’s model with a framework where the intentional process is in the focus. Every entrepreneurial idea begins with inspiration but intention is necessary to implement the idea. In this model rational (goal directed) and intuitive (vision) thinking interact with the personal and social context. Her concept of entrepreneurial intention opened a new arena to theory-based research. Boyd-Vozikis (1994) revised Bird’s model by including the concept of self-efficacy. Self-efficacy can explain the development of entrepreneurial intention and the circumstances where intention are or may be translated into action.

Kruger and Brazeal (1994) studied how perceived self-efficacy affect opportunity recognition. According their findings it is not so much the skills

and resources but the perception of the situation and perceived competence that affect the behaviour. Krueger-Brazeal propose a model which combines Ajzen's theory of planned behaviour and Shapero-Sokol's model of entrepreneurial event (Figure 1).

Figure 1: Krueger-Brazeal (1994)



This model pays attention to the environment and the support in form of information, role models as well as emotional and psychological support. Resource availability, a supporting community and communication about success stories increase feasibility. They also pay attention to the meaning of perception: what entrepreneurs perceive is often more important than the reality.

Ajzen and Fishbein formulated the theory of reasoned action (TRA) which is originated from the social psychology setting in 1975 and modified in 1980. TRA suggests that a person's behavioural intention depends on the person's attitude about the behaviour and subjective norms. Attitudes are the sum of beliefs about a particular behaviour weighted by evaluations of these beliefs

The core three components in TRA are:

1. intention/behavioural intention

Behavioural intention is a function of both attitudes toward a behaviour as well as subjective norms toward the behaviour

2. attitude

3. subjective norm

Subjective norms look at the influence of people in one's social environment on his/her behavioural intentions. The beliefs of people, weighted by the importance one attributes to each of their opinions, will influence one's behavioural intention

According to a traditional definition the concept of attitude has three components: a cognitive, an affective and a behavioral (Shaver 2005). The cognitive attitudes represent one's beliefs about the attitude object. The affective component is evaluative, describing a person's own reasons for having a certain attitude. The third component represents what Fishbein and Ajzen (1975) describe as behavioral intentions, a person's favorable or unfavorable manner toward an attitude object.

In this model attitudes and subjective norms are hypothesized to be determinants of behavioural intentions. Intentions are the cornerstone, the moderator, and attitudes affect behaviour indirectly through intentions (Fishbein and Ajzen 1975). Attitude toward a behaviour or object is the sum of beliefs about the object (Shaver 2005). Behaviour is determined directly by one's intention to perform the behaviour. The best predictor of behaviour is intention, which is a person's readiness to perform a given behaviour and it is seen as an antecedent of behaviour. Intention, in turn, is influenced by attitude and subjective norm. Subjective norm is seen as a combination of perceived expectations from relevant individuals or groups (Fishbein and Ajzen 1975).

Ajzen and Fishbein noticed that actions are interfered by internal and external forces, non voluntary behaviour. Internal factors can be skills, abilities, knowledge and planning. External factors are time, opportunity and dependence of other people we cooperate with (Ajzen and Madden 1985). In order to observe this phenomenon they introduced the theory of planned behaviour (Ajzen-Fishbein 1985, 1987, 1991; Ajzen 2006).

The theory is identical to TRA except a new antecedent, perceived behavioural control which refers to people's perceptions of their ability to perform a given behaviour. The more resources an individual think he/she possesses and the less hinders he/she observes, the greater should the perceived control over the behaviour be (Ajzen-Madden 1985). The more favourable the attitude, the subjective norm and the greater the perceived control, the stronger should the person's intention to perform the behaviour in question (Ajzen and Fishbein 1985, 1987, 1991).

The way from perceived behavioural control to behaviour is expected only when perceived behavioural control corresponds moderately well (Bagozzi 1992) or can be seen as a substitute (Ajzen-Madden 1985) to actual control over internal and external factors that affect behaviour. Bandura's (Bandura 1982, Ajzen-Madden 1985) concept of self-efficacy beliefs, a person's ability to perform behaviour, is very similar to perceived behavioural control.

Several attempts, most of them unsuccessful, (e.g. Ajzen-Fishbein 1977) have been made to predict behaviour from verbal measures of attitude (Ajzen 1982, Ajzen-Madden1985). As a result many psychologists (e.g. Ajzen 1982) have concluded that attitude is moderated by the presence of variables as motivation, values, habits, experience, norms and expectations.

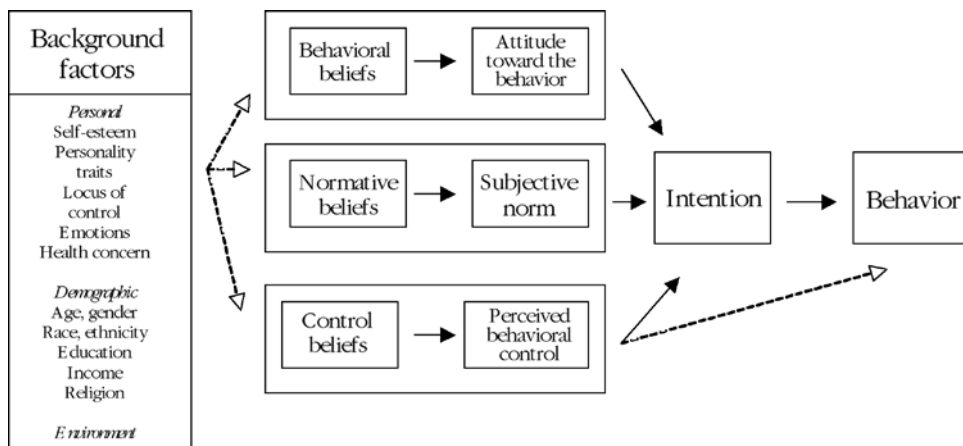
A lot of research in social psychology supports the predictions of TPB. The theory has influenced entrepreneurship mainly in theorizing (Shaver 2005). Krueger and his associates have used TPB in their research (Krueger 2000, Krueger-Brazeal 1994, Krueger et al. 2000).

Ajzen and Fishbein have recently (2005) modified TPB with new antecedents, normative and behavioural beliefs. Normative beliefs are the perceived behavioural expectations of important individuals and behavioural belief is the subjective probability that behaviour will produce an expected outcome.

This model (Figure 2) has the following assumptions (Ajzen-Fishbein 2005, p. 194):

1. Intension is prior to behaviour
2. Intension is determined by attitude toward the behaviour, subjective norm and perceived behavioural control
3. These determinants are a function of behavioural, normative and control beliefs
4. Behavioural, normative and control beliefs can vary and are dependent of different background factors

Figure 2: Ajzen-Fishbein 2005



4. Proposition

Social capital theory is particularly well suited to explain entrepreneurial intentions from the following concepts:

1. According to Burt’s (1992) concept of structural holes it is important to be linked with units that ate themselves unconnected
2. Granovetter’s (1973) concept of weak ties underlines the importance of having many narrowly defined links
3. Lin’s (1999) theory of social resources pay attention to the advantageous resources that are embedded in a network
4. Coleman’s (1988, 1990) theories of social capital

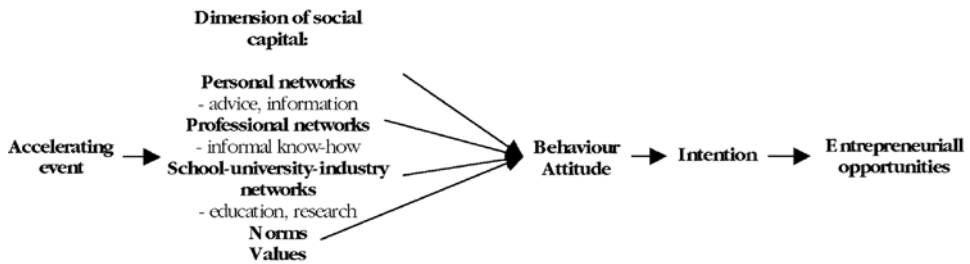
What is it that affects our behaviour? Both perception of desirability and feasibility have personal and social dimensions. Desirability depends on social norms, on having a supportive network. Feasibility depends on personal competence, self-efficacy but also on the environment, the collective network. If something looks like feasible it may make us believe that it is also desirable. What an individual see as desirable or feasible depends on their social and cultural environment (Shapero-Sokol 1982, Shapero 1985). Krueger’s several findings (Krueger et al. 2000, 2000) support Shapero’s framework. The intension models are widely used and tested (e.g. Ajzen 1985, 1991; Ajzen-Madden 1986, Krueger 1993, 1994, Krueger et al. 2000) but they still leave some questions about behaviour and the factors that influence it. Ajzen and Fishbein modified their model as recently as 2005. Their latest model presents background factors and normative and behavioural beliefs.

This paper suggests a new model which uses components of the existing models:

- accelerating event (Shapero-Sokol 1982)
- theory of planned behaviour (Ajzen-Fishbein 2005)

How can these variables affect attitudes? If an entrepreneur to be can use her/his and the environments social capital, can this have an affect on the desirability and feasibility of becoming an entrepreneur? There fore the relevance of social capital and different models of intention as described above leads to a following framework (figure 3) and propositions:

Figure 3: Framework for social capital and entrepreneurial intentions



Proposition:

1. In the presence of networks on personal, institutional and regional level the amount of opportunities as well as the ability and motivation to start a new venture increase
2. In the presence of mutual values both the motivation and ability to become an entrepreneur increase
3. The presence of norms increases security and trust that can also increase the perception of desirability and perception of feasibility

5. Conclusion

Why do certain people want to start their own company and others do not? Why and under what circumstances do these people start a company? Entrepreneurial spirit among Finns has retained low despite the fact that the Finnish environment for entrepreneurship has many positive attributes: a highly educated workforce, rapid economic growth, an advanced technology base, good infrastructure and positive attitudes towards entrepreneurship. Only 30 percent of all Finns consider entrepreneurship as an alternative career, as in USA the corresponding figure is 60 percent (Brännback et al. 2006). According to EU statistics 65 percent of Finns are employees, compared to an EU average of 50 percent (Eurobarometer 1997, 44.30VR). - It makes a strong sense to analyse the current status of entrepreneurial culture and propose new ways for stimulating Finnish entrepreneurial spirit, in order to create new companies for the country. This development could significantly support the Finnish economy

Social networks and social capital contribute to our understanding of who, why and how entrepreneurship is practised (Jarillo 1989, Hite 2005, Hite-Hesterly 2001, Larson-Starr 1993). Social capital theory tells us that

there is a network of social relationships that provide individuals with sources of information, i.e. information channels (Coleman 1988), and that there is a structural dimension of social capital that describes the overall pattern of connections between actors (Nahapiet-Ghoshal 1998). Most authors agree that social capital is dealing with certain aspects of social structure that enable social action (Adam and Roncevic 2003). Field (2003) wrote that social networks are a valuable asset. Interaction enables people to build communities, to commit themselves to each other and to knit the social fabric. It has been argued that a sense of belonging and the experience of social networks and relationships can bring great benefits to people.

Attempts to conceptualise social capital have resulted in the identifying different types and characteristics such as the distinction between structural and cognitive as well as bridging and bonding.

The ultimate question about social capital and intentions is whether the framework remains a useful way of thinking about entrepreneurial intentions. It is useful to keep in mind the problematic nature of the term social capital itself. It is not always easy to judge whether a set of relations are capital or not and if this kind of an investment has a desired outcome. The outcome depends on the structure of social relations, set of values and beliefs as well as the setting. Social capital must be seen as a process that produces an outcome.

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Abstract

This conceptual paper analyses why social capital is important for entrepreneurial intentions. The concept of social capital identifies a social component of factors that shape economic growth. It argues that social capital has an important role both on individual and regional level for entrepreneurial activity. The contribution of social capital theory in understanding the entrepreneurial intentions remains rather under explored. The trust they may be built between firms, networks and co-operative norms could facilitate a more rapid flow of information. This could have implications for entrepreneurial research. This paper does not attempt to treat all aspects of the concept of social capital. It is difficult to arrive to a precise definition of this term and this issue will be discussed. The working definition is emerging in an interdisciplinary literature and refers to networks, norms and cooperation between individuals and groups. Some work measure trust (e.g. Coleman 1988, 1990) as a part of social capital but this study looks at trust as an outcome of social capital (e.g. Woolcock 2001). By providing a concise working definition of social capital, this paper analyses why it is important for entrepreneurial intentions and therefore also to policy-makers and regional development. The intension models are widely used and tested (e.g. Ajzen 1985, 1991, Krueger 1993, Krueger et al. 2000) but they still leave some questions about behaviour and the factors that influence it. Ajzen and Fishbein modified their model as recently as 2005. Their latest model presents background factors and normative and behavioural beliefs. This paper also offers a discussion of how entrepreneurial intention models could be developed.

Riassunto

Questo paper analizza perchè il capitale sociale è importante per avviare un'attività imprenditoriale. Il concetto di CS si focalizza sullacomponente sociale dei fattori che danno luogo alla crescita economica.

Il contributo della teoria del CS nell'analisi dei fattori che possono generare imprenditorialità è ancora limitato. Questo studio non si pone l'obiettivo di tratteggiare tutti gli aspetti del concetto di CS, anche alla luce del fatto che è difficile giungere ad una definizione precisa. La definizione proposta emerge dall'analisi della letteratura prodotta sul tema nell'ambito di diverse discipline e fa riferimento ai networkss, alle norme e alla cooperazione tra individui e gruppi. Alcuni autori considerano la fiducia come un elemento costitutivo del capitale sociale (Coleman 1988, 1990), mentre nel nostro lavoro la fiducia è concepita come un prodotto del CS (Woolcock 2001).

Nello specifico questo paper analizza le relazioni tra Cs e le intenzioni di avviare un'iniziativa imprenditoriale e, di conseguenza quali sono gli aspetti più importanti per le potiche economiche e per losviluppo di un territorio. Sebbene diversi modelli che misurano la propensione ad avviare un'iniziativa imprenditoriale siano stati già proposti in letteratura (Ajzen 1985, 1991, Krueger 1993, Krueger et al. 2000), questo articolo suggerisce alcuni possibili interessanti sviluppi.

Jel Classification: M - Business Administration and Business Economics; Marketing; Accounting

Keywords (Parole chiave): Social capital, entrepreneurship, intension