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Social Capital and Entrepreneurship: A Schema and Research Agenda

Eric Gedajlovic
Benson Honig
Curt B. Moore
G. Tyge Payne
Mike Wright

This introduction to the special issue considers past and current research on “Social Capital and Entrepreneurship” to develop a schema and an associated research agenda. With the general goal of establishing social capital as a foundational theory of entrepreneurship, we discuss how future research can utilize social capital perspectives across levels of analysis and contexts to explain a wide variety of entrepreneurship phenomena.

Introduction

Scholars have argued that a more integrative understanding of entrepreneurship, which combines individual (e.g., psychological, personality, and demographic characteristics) with environmental perspectives (e.g., sociological, economic, institutional, temporal), is needed to fully advance entrepreneurship as an independent field of study (e.g., Baker, Gedajlovic, & Lubatkin, 2005; McMullen & Shepherd, 2006; Murphy, Liao, & Welsch, 2006; Sarason, Dean, & Dillard, 2006; Zahra & Wright, 2011). Toward this end, scholars have begun to recognize and articulate the idea that entrepreneurs and entrepreneurship are socially situated. Indeed, there is a growing awareness that the social environment interplays with individuals and organizations to drive opportunity discovery, evaluation, and exploitation (e.g., Corbett, 2007; De Carolis & Saporito, 2006).

With an increased appreciation for the importance of social relationships in entrepreneurship, there is a need for more comprehensive and integrative theories that can drive future research efforts. As such, we view social capital as one such foundational theoretical perspective (Murphy, 2011) that not only has the potential to inform entrepreneurship,

Please send correspondence to: Eric Gedajlovic, tel.: +1 (778) 782-9203; e-mail: etp@gedajlovic.com, to Benson Honig at bhonig@mcmaster.ca, to Curt B. Moore at curt.moore@ttu.edu, to G. Tyge Payne at tyge.payne@ttu.edu, and to Mike Wright at mike.wright@imperial.ac.uk.

but also to be informed by entrepreneurship research. Essentially, we argue that social capital is uniquely situated to address the integrative theoretical needs of entrepreneurship scholars because it helps explain processes and outcomes of social interactions at multiple levels of analysis and across a diverse set of situations and contexts (De Carolis & Saporito, 2006; Jack & Anderson, 2002; Kim & Aldrich, 2005; Lin, 2001; Payne, Moore, Griffis, & Autry, 2011).

Social capital generally represents the value embedded in the social relationships of individuals or collectives (Adler & Kwon, 2002; Payne et al., 2011). Specifically, Nahapiet and Ghoshal (1998, p. 243) define social capital as the “sum of actual and potential resources embedded within, available through, and derived from the network of relationships possessed by individuals or social units.” As such, social capital is applicable to numerous phenomena of interest to entrepreneurship scholars, and has been used to examine various entrepreneurship-related concepts, variables, and constructs, including entrepreneurial intent (e.g., Liao & Welsch, 2005), creativity (e.g., Perry-Smith & Shalley, 2003), growth and performance (e.g., Maurer & Ebers, 2006), innovation (e.g., Tsai & Ghoshal, 1998), family business enterprise (Carr, Cole, Ring, & Blettner, 2011), and new venture financing (e.g., Gopalakrishnan, Scillitoe, & Santoro, 2008). Such works bolster the notion that the acquisition and management of social capital plays an *essential* role in the entrepreneurial success of both individuals and collectives, which includes both new ventures and established organizations (Baron & Tang, 2009; Ireland, Hitt, & Sirmon, 2003).

While interest in social capital within the entrepreneurship literature has increased over the last decade, our understanding of how social capital relates to entrepreneurship remains incomplete. With this introductory article (and more broadly with this special issue), we aim to promote social capital as a foundational theory of entrepreneurship by improving our appreciation and awareness of social capital and entrepreneurship research; we also hope to stimulate more rigorous and sophisticated research in the future. To achieve these goals, we develop and discuss a schema of social capital and entrepreneurship, which is visually presented in the model labeled Figure 1. In the course of exploring the schema, we describe the complexities and nuances associated with the social capital perspective, as well as the large number of possibilities for future research. Specifically, we discuss: (1) movement and flows through the social capital and entrepreneurship (SC-E) model; (2) the inherent multi-level nature of social capital, along with related implications for research; and (3) the impact of context on relevant phenomena and relationships. Throughout this discussion, we highlight general problems of interest, identify gaps in knowledge, and make suggestions for future research.

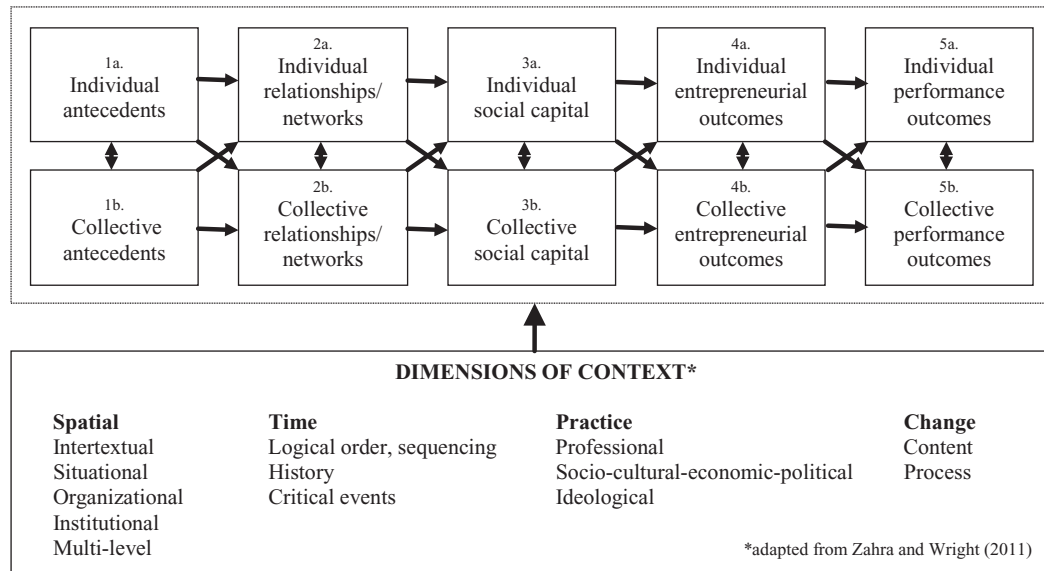
The SC-E model also serves as a framework through which the papers contained within this special issue are organized and discussed. The papers presented were selected from 35 initial submissions that responded to our open call. The papers that survived initial rounds of reviews were presented at a conference held at Simon Fraser University, Vancouver, Canada in April 2012 with the aim of developing them further toward publication. The final six papers chosen, which are discussed more fully toward the end of this article, underwent additional rounds of editorial reviews.

A Schema of SC-E

A schema is an organized structure of knowledge about a concept that guides “the processing of new information and the retrieval of stored information” (Fiske & Linville, 1980, p. 543). As such, a schema can act as a data reduction device enabling better

Figure 1

A Schematic Model of Social Capital and Entrepreneurship



negotiation of complex and ambiguous issues or problems (Balogun & Johnson, 2004; Fiske & Taylor, 1991). The following discussion describes an initial schema (Labianca, Gray, & Brass, 2000) of the SC-E domain in an attempt to assemble and organize the various tenuously connected ideas in the extant literature. Generally, we see the SC-E model, as shown in Figure 1, flowing from left to right: antecedents lead to relationships/networks, relationships/networks lead to social capital, social capital leads to entrepreneurial and performance outcomes. Of course, this model is incomplete in that it does not demonstrate all possible constructs or relationships. However, the model does parsimoniously present the key topics found in the extant literature and helps illustrate many possibilities for future research. Our schematic model demonstrates that social capital can serve as a foundational theory of entrepreneurship and how it may be more effectively applied.

Social Capital

While a number of influential conceptual and empirical contributions to the area of social capital have been made, studies have utilized social capital inconsistently and in limited ways (Adler & Kwon, 2002; Payne et al., 2011). In particular, scholars have criticized social network research for failing to measure intervening mechanisms that link relationships with outcomes (e.g., Anderson, 2008; Lin, 2001). Indeed, in both the conceptual and empirical literatures on social capital, there is looseness and imprecision in how constructs are conceived and operationalized; this is true for both the general literature and those studies specifically examining entrepreneurship. So, while scholars may be generally consistent in the basic definition of social capital—resources embedded within the relationships between actors—how social capital is actually operationalized and modeled in research varies greatly.

Entrepreneurship researchers need to be exceptionally clear when distinguishing between the various constructs (i.e., discriminate validity). Failure to distinguish social capital from its antecedents and consequences is a serious issue because it can lead to tautological theorizing and empirical tests. Such lack of clarity also works against the identification and evaluation of the micro-processes linking social capital antecedents, both catalysts and retardants, with social capital and its outcomes across individuals and collectives. Most notably, there is a common practice to refer to social capital in terms of the nature of the relationships through which resources are expected to be derived (for exceptions, see Tsai & Ghoshal, 1998, and Seibert, Kraimer, & Liden, 2001). In this respect, resources such as knowledge, information, goodwill, and trust stem from relationships among individuals or collectives, while frequency of interaction, kinship, or number/strength of ties leads to those resources. In Figure 1, the actual resources are referred to as social capital (Boxes 3a and 3b), while Boxes 2a and 2b represent the nature of the relationships providing those resources and related processes. For instance, Boxes 2a and 2b could represent static views of dyads or networks, as well as encompass the change or development of those relationships.

Two primary perspectives of social capital have been utilized in the extant literature (Adler & Kwon, 2002; Davidsson & Honig, 2003), and our schema, following Lin, Cook, and Burt (2001), generally views them as complementary. The bonding perspective, which is principally grounded on Coleman (1988), views social capital's value to business enterprise as emanating from strong, repeated social connections that result in norms of reciprocity yielding trust. From this perspective, social capital is a collective good that results in increased sharing and solidarity among actors in the network collective that would be otherwise unattainable (Coleman, 1990). Hence, social capital (e.g., information, trust, and norms) functions as an intermediary between the webs of relationships and the recognition of opportunities, financing of ventures, innovative discoveries, or new market prospects (Boxes 4a and 4b), which ultimately lead to more concrete performance outcomes, such as profitability (Boxes 5a and 5b). From a negative perspective, what Coleman refers to as network closure may yield environments where individual freedom of action is limited due to the rigid enforcement of social norms. For instance, Kern (1998) attributes the strong bonding ties between German firms and their established suppliers as an institutionalized, cultural impediment to radical innovation because these firms are slow to adopt innovation from outside their existing interfirm relations.

In contrast to the bonding perspective, the bridging perspective builds on Burt (e.g., 1982, 2000, 2007) to suggest that the external connections of a focal actor lead to nonredundant resources (i.e., social capital) and, ultimately, to positive outcomes (Boxes 4a, 4b, 5a, and 5b). In fact, Burt (1982, p. 34) refers to an actor who bridges structural holes as "an entrepreneur in the literal sense of the word—a person who generates profit from being between others." Burt's perspective is commonly examined with network studies that measure social structure in terms of centrality, redundancy, density, strength, and the bridging of structural holes to facilitate the diffusion of asymmetrical information (Kilduff & Tsai, 2003).

Other perspectives of social capital follow similar yet somewhat distinct views from that of Coleman or Burt (e.g., Bourdieu, 1986, 2005; Granovetter, 1985; Lin, 2001, 2002; Putnam, 1993, 1995, 2000). For instance, while Putnam focuses more on trust and affiliation, Bourdieu views social capital at the field level in terms of both financial and informational resources, activated through a relational network providing competitive advantage (Bourdieu, 2005, pp. 194–195). Oftentimes, these different perspectives are used in tandem with Coleman's perspective, Burt's perspective, and/or each other. For entrepreneurship and family business scholars, Nahapiet and Ghoshal's (1998)

multidimensional view of social capital is commonly utilized; the three dimensions of social capital are relational (e.g., trust, norms, and obligations), structural (e.g., ties and relationship configurations), and cognitive (e.g., shared values, common language). Such a multidimensional view is useful in that it recognizes and differentiates multiple forms of social capital—a concept we advocate as well. However, following our schema, the structural dimension may better reflect the sources of social capital while the relational and cognitive dimensions reflect social capital resources. Tsai and Ghoshal (1998) and Pearson, Carr, and Shaw (2008) seem to support this perspective. In these studies, the structural dimension is treated as an antecedent to both the cognitive and relational dimensions, while the cognitive dimension is an antecedent to the relational dimension. As such, these dimensions represent both the nature of the relationships or networks of an entity (i.e., structural dimension) and the resources derived from those relationships (i.e., cognitive and relational). Further, some social resources may precede other social resources. For example, a shared vision or language (i.e., cognitive social capital) may lead to the development of trust (i.e., relational social capital).

Overall, there appears to be an ongoing problem with conceptually and empirically differentiating between social capital in terms of resources and the nature of the relationships that endow those resources. It is likely that this issue exists because social capital is not readily amenable to objective quantitative measurement (e.g., Adler & Kwon, 2002). In other words, it may be that evaluating social capital's "worth" or "value" is extremely difficult. One problem is that social capital may provide an opportunity that is only conditionally exploited. Further, there is no way to determine if a stock of resources (e.g., knowledge) can be fully attributed to network relationships. As some scholars have noted, it is particularly difficult to precisely delineate where social capital and human capital separate from one another (e.g., Lester, Hillman, Zardkoohi, & Cannella, 2008). However, the persistent dismissal of social capital as something that cannot be measured or examined independently is a significant criticism of entrepreneurship social capital research.

Antecedents and Relationships/Networks

While there are problems with the conceptualization and operationalization of social capital (Boxes 3a and 3b) relative to relationships and networks (Boxes 2a and 2b), we understand less about the antecedents (Boxes 1a and 1b) that promote the establishment or development of relationships and networks and, therefore, social capital. In other words, social capital research often ignores the factors or processes that lead to the development of relationships. Understanding how to develop and promote these antecedents would undoubtedly be useful to entrepreneurship scholars and educators. Unfortunately, the relationships and networks that lead to social capital resources are frequently taken as static, unchanging, and without costs.

Some scholars have addressed antecedents to social capital, although we argue there are numerous areas for future research. For example, De Carolis and Saporito (2006) suggest that social attributes, along with cognitive traits, precede the ability to recognize opportunities. Additionally, founding team attributes have been suggested as antecedents to legitimacy, which is a social capital resource; legitimacy then leads to the development and commercialization of new technologies (Packalen, 2007). In family business research, family-based social attributes are argued to promote information access and associability, which then improve performance outcomes for family firms (Gedajlovic & Carney, 2010; Pearson et al., 2008). Other research has further identified individual characteristics of entrepreneurs as antecedents to building social relationships such as social competence (Baron & Markman, 2003; Zhang, Souitaris, Soh, & Wong, 2008), self-monitoring (Oh &

Kilduff, 2008), and human capital (Mosey & Wright, 2007). Together, these studies suggest the importance of understanding what antecedents lead to the formation and utilization of relationships/networks such that beneficial resources are accrued.

The broader literature is replete with studies that examine how relationships are derived and what drives the formation and development of relationships (e.g., Sorenson, Folker, & Brigham, 2008). Some domains examine the value gained from those relationships, but are not considered to be social capital. For instance, the research on reputation and status in the entrepreneurship (e.g., Dimov, Shepherd, & Sutcliffe, 2007) and management (e.g., Jensen & Roy, 2008) literatures investigates antecedents to specific types of network relationships and structures. So while such studies are not classified as social capital research, they can be utilized to better inform social capital research in entrepreneurship.

Outcomes

Several entrepreneurship studies have examined the social capital to performance relationship at the individual, group, and organizational levels (e.g., Baron & Markman, 2003; Fischer & Pollock, 2004; Maurer & Ebers, 2006; Packalen, 2007; Yiu & Lau, 2008). However, as with the general social capital literature (Anderson, 2008; Lin, 2001), outcomes are typically explained by the nature of relationships or networks rather than including the intervening resources that ultimately lead to outcomes. For instance, one particularly relevant area of inquiry considers individual networks' (e.g., families or ethnic groups) influence on early stage activities in the entrepreneurial process, such as making the decision to start a business (e.g., Davidsson & Honig, 2003) or become self-employed (e.g., Jack, 2005). Such studies do, however, identify a number of relevant entrepreneurial outcomes at both the individual and collective levels of analysis (Boxes 4a and 4b), including the identification of habitual entrepreneurs (e.g., Wiklund & Shepherd, 2008), innovation (e.g., Subramaniam & Youndt, 2005), and new venture creation (e.g., Patel & Fiet, 2009). These outcomes can also be linked to more conventional and objective performance outcomes such as efficiency, sales growth, and profitability (Davidsson & Honig, 2003; Honig, 1998), which are depicted as Boxes 5a and 5b.

While the basic ties between social capital and outcomes seem relatively straightforward, social capital may also have negative implications for entrepreneurial and performance outcomes. More accurately, the costs of developing and managing certain network relationships may be myopia-inducing shared values and restrictive obligations, which limit the range of opportunities that may be effectively discovered and pursued. Also, certain configurations of social relationships may also result in negative outcomes given the costs associated with the acquisition and management of relationships. Further, they can lead to the prevalence of monopolies and/or corruption, what George Plunkitt famously referred to as "honest graft" (Riordon, 2004). From a configurational perspective and using such statistical techniques as cluster analyses or fuzzy sets, there are opportunities to better understand how the various networks are configured and how these influence resources and subsequent outcomes (e.g., Kilduff & Tsai, 2003; Short, Payne, & Ketchen, 2008). For example, there may be network configurations that are equifinal—having equivalent outcomes although possessing different structural or relational attributes (cf. Payne, 2006).

Overall, researchers have tended to ignore the negative implications of investing in social relationships and the real possibility of costly, but unproductive (or even destructive) social capital that leads to negative returns. Although the "dark side" of social capital

has been discussed, little research has specifically examined this important issue. However, there is arguably more research on the negative implications of social capital within the entrepreneurship literature than in the broader field of management. For example, Molina-Morales and Martinez-Fernandez (2009) find a curvilinear relationship between trust and innovation, suggesting limitations to the number of strong ties an actor can maintain. Also, Maurer and Ebers (2006) demonstrate that while inertia can turn social capital into a liability, firms can realize higher levels of performance by continually adapting the configuration of their social relationships. Further, Gottschalk (2009) has done work on entrepreneurship and organized crime, providing a window to how social capital may operate in the institutional structures of illegal businesses, and Putnam (2000) refers to the considerable social capital of the Ku Klux Klan. We argue that understanding the potential dark side of social capital is an area where entrepreneurship can inform the broader literature.

Multi-Level Considerations

Payne et al. (2011) classified the source of social capital according to internal and/or external ties. Internal ties refer to the relationships within the social structures of a collective (i.e., group or organization), while external ties are relationships that span boundaries to other individuals or collectives. But while entrepreneurship research utilizing the social capital concept is growing, and some research even traverses internal versus external delineations (e.g., Davidsson & Honig, 2003; Honig, 1998; Stam & Elfring, 2008), very few studies (if any) examine multi-level phenomena. In this regard, scholars have principally limited their research to a single level of analysis, failing to fully recognize that social capital can have different antecedents, alternative meanings, and varying effects at different levels.

In terms of Figure 1, we note the absence of studies that consider cross-level phenomena such as how an organization's structure (Box 1b) impacts an individual's relationships/networks (Box 2a) or how an individual's relationships/network (Box 2a) influences team-level knowledge (Box 3b). Indeed, any of the relationships in Figure 1 represented by arrows between the individual level and the collective level represent potential areas for multi-level research. However, relationships may also exist across levels of collectives (e.g., teams and organizations or organizations and communities), although this is not specifically shown in the schematic model for the sake of parsimony. Cross-level relationships are particularly evident when examined from a dynamic perspective. For instance, institutional structures can both influence and are influenced by group networks and may even create new institutions that drastically alter individual conceptions of trust (Ostrom, 2009).

As a consequence, the absence of multi-level research is concerning, especially given past calls for it (e.g., Hitt, Beamish, Jackson, & Mathieu, 2007). However, this limitation closely mirrors the broader organization science and management literatures. Some promising opportunities for entrepreneurship scholars to address this lacuna are discussed in the research section of this article.

Contextual Influences of the SC-E Schema

Previous entrepreneurship research suggests important contingencies or boundary conditions related to SC-E. In Figure 1, we label these externalities as "Dimensions of Context" following Zahra and Wright (2011). While full coverage of these various

contexts is beyond the scope of this article, we do recognize the complexities that are involved in their treatment. Hence, we specifically discuss three broad contextual areas that we reason to be particularly applicable: organizational contexts, institutional contexts, and temporal contexts.

Organizational Contexts. Since entrepreneurial organizations take on many forms and represent a heterogeneous population (Chesbrough, 2000), it is essential that research exploring SC-E phenomena accounts for the effects of organizational context. In this regard, small and large firms may discover, evaluate, and act upon opportunities in different ways (Cao, Gedajlovic, & Zhang, 2009), and have different types of social and other forms of capital at their disposal (Nahapiet & Ghoshal, 1998). Similarly, corporations, private firms, venture capital-funded firms, and family firms also may be usefully differentiated in terms of the nature of their entrepreneurial processes and forms of capital available to them (Dimov & Gedajlovic, 2010; Hoffman, Hoelscher, & Sorenson, 2006; Wright, Hoskisson, Busenitz, & Dial, 2000; Zahra, Hayton, & Salvato, 2004). Moreover, not all entrepreneurial ventures are geared toward commercial outcomes, making understanding social entrepreneurship of great practical significance and the focus of much scholarly attention in the recent past (e.g., Moss, Short, Payne, & Lumpkin, 2011). The organizations pursuing such noncommercial ends differ in many ways from those that pursue for-profit ends (Mair & Martí, 2006), but are also quite heterogeneous themselves in terms of the opportunities they pursue and the amounts and types of resources they have at their disposal (Zahra, Filatotchev, & Wright, 2009; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). Thus, the relationship between SC-E in these organizations represents fertile and largely uncultivated ground for management scholars.

Institutional Contexts. Institutional context warrants greater attention in SC-E research because levels of institutional development play an important role in determining the range and types of opportunities that potential entrepreneurs may act upon (Baker et al., 2005) as well as the degree to which social capital is necessary because of the absence of well-developed financial and market infrastructures (Khanna & Yafeh, 2007). Rates and trajectories of institutional change are undoubtedly also important factors that influence the sorts of opportunities available to be acted upon (Carney, Gedajlovic, Heugens, Van Essen, & Van Oosterhout, 2011), as well as the value of social capital relative to other sorts of resources and capabilities in pursuit of those opportunities (Peng & Luo, 2000). As a consequence, it is important that investigators of SC-E be mindful of how institutional contexts may moderate hypothesized relationships. In this respect, we encourage researchers to strive to incorporate aspects of institutional theorizing into their research and conceptual models, rather than simply mentioning them as boundary conditions in the concluding sections of their papers.

Indeed, we believe that SC-E scholarship can be advanced by considering how their interrelationships vary within and across institutional contexts. In this regard, Baker et al.'s (2005) framework proposes that: (1) divisions of labor (cf. Weber, 1978) including role structure (Shane, 2000) and social stratification (Baker, Miner, & Easley, 2003; McVey, 1992) determine *what* entrepreneurial opportunities are discovered and *who* discovers them, (2) the opportunity costs (Baker & Aldrich, 1996; Begley & Tan, 2001) and appropriability regimes (cf. Teece, 1986) in an institutional context determine (Carney & Gedajlovic, 2002; Claessens, Djankov, Fan, & Lang, 1999) *why* some opportunities are favorably evaluated and others are not, and (3) that the amounts and types of resources available (Saxenian, 1994; Scott, 1996) in an institutional context determine *how* favorably evaluated opportunities are acted upon.

While it seems apparent that the amounts and types of social capital present in a particular institutional context play an important role in shaping role structures, opportunity costs, appropriability regimes, and the amounts and types of resources available, few prior studies have considered them. We call for such research and reason that scholars who incorporate such considerations into their research design can contribute to entrepreneurship theory and practice by providing richer and more satisfying answers to Baker et al.'s (2005) *what, who, why, and how* questions, which lie at the core of the field of comparative entrepreneurship.

Temporal Contexts. The preceding discussion suggests that the selection of an appropriate temporal context represents a critical issue in social capital research. In this respect, social capital is not well suited to cross-sectional analyses (Payne et al., 2011) because it is not a resource that is acquired over a finite time horizon (Gedajlovic & Carney, 2010). But like many other valuable assets, social capital is developed by individuals and collectives over long periods of time, sometimes decades or even centuries (cf. Collins & Porras, 1994; Dierickx & Cool, 1989), as in long-established family firms (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010). Indeed, short-term transactional type relationships of the sort that may be measured over finite time periods are in many ways the antithesis of, and counterpart of, social capital (Fukuyama, 1995; Peng & Luo, 2000). Moreover, the influence of social capital on entrepreneurial activities is likely reciprocal in nature insofar as social capital is logically both an antecedent and consequence of entrepreneurship (cf. Carney & Gedajlovic, 2002). As such, it seems apparent that the relationship between SC-E needs to be situated within an appropriate temporal context such that theory building and empirical investigations address these relationships in a coevolutionary manner.

How might this thorny task be dealt with? Conceptually, research at the intersection of entrepreneurship and social capital needs to adopt alternative temporal perspectives, such as a life cycle perspective, which accounts for reciprocal effects, as well as changes over time. Hence, Greiner's life cycle model (Greiner, 1972) may represent a useful anchor for exploring the relationship between SC-E in a coevolutionary way. In Greiner's model, organizational growth is delineated into six distinct stages: growth through creativity, growth through direction, growth through delegation, growth through coordination, growth through collaboration, and growth through extraorganizational solutions. According to Greiner, each stage of growth is characterized by distinctive processes and critical tasks that set the stage for subsequent periods of growth. In an analogous manner, the modalities of SC-E and the nature of the interplay between them differs across Greiner's life cycle stages. In this respect, Greiner's model provides a useful framework which could: (1) lead to the identification and exploration of key SC-E processes at particular evolutionary stages, (2) promote the exploration of how such processes change over time, and (3) provide the basis for understanding and specifying the boundary conditions of theories and empirical findings.

The life cycle notion of social capital can also be extended further to consider the maturity, decline, reconfiguration, and recovery phases of entrepreneurial ventures. Studies show that growth of entrepreneurial ventures is often erratic (Delmar, Davidsson, & Gartner, 2003) and actions may be required to turn around declining ventures that may involve the jettisoning of some existing social capital and the creation of new links, for example through the development of new boards of directors (Zahra, Filatotchev, et al., 2009), which may pose major challenges. Further, applying an entrainment perspective may help with understanding the cyclical and reciprocal nature of how organizations adapt to temporally driven contexts (Perez-Nordtvedt, Payne, Short, & Kedia, 2008).

Research Challenges and Suggestions

As identified in the discussion of the SC-E schema, a number of research challenges pervade the field. However, these challenges bring about many opportunities for future research. First, we see opportunities to better differentiate between social capital resources (e.g., knowledge, information) and their sources, which are the relationships held by individuals or collectives (e.g., Tsai & Ghoshal, 1998). Also, there are opportunities to conceptually explore and empirically examine the antecedents that lead to relationships and networks and, ultimately, social capital. Moreover, there are possibilities for research that examines the linkages between relationships, social capital resources, and outcomes, particularly those that consider the costs and benefits of the relationships or networks. Furthermore, multi-level opportunities abound; a plethora of research questions can be derived from the many relationships shown in Figure 1 that cross between the individual and collective levels; and many others exist between alternative levels of collectives (e.g., teams and organizations). Finally, these processes and relationships can and should be considered relative to the various dimensions of context discussed by Zahra and Wright (2011). Table 1 gives a number of more specific research questions along these more general research statements; the questions are organized according to the SC-E schema, as illustrated in Figure 1.

Determining appropriate research questions is only one challenge. Perhaps the more difficult challenge for entrepreneurship researchers involves the choices regarding methods and statistics. For while theory determines appropriate constructs and boundaries, methods and statistics facilitate the testing of theory and “enables communication within the discipline and across related disciplines” (Dean, Shook, & Payne, 2007, pp. 601–602). Indeed, the very ambiguity associated with much of the SC-E research is created by the difficulties associated with methods and statistics. Therefore, in addition to considering some key research opportunities associated with the SC-E schema, we also highlight some basic methods and statistical analyses options for future research.

Differentiating Social Capital From Relationships/Networks

The entrepreneurship literature is replete with studies that examine various types of relationships or network structures, which are labeled as “social capital.” However, as previously noted, little attention has been given to measuring the actual resources accrued from social relationships or networks. Additionally, while several studies utilize lagged dependent variables and longitudinal designs, there is minimal attention devoted to understanding how social relationships and/or social capital change across time.

These two gaps highlight challenges in the present literature, but also offer a number of opportunities for future studies. Specifically, entrepreneurship researchers should pay explicit attention to the discriminant validity of social capital by assessing the degree to which the resources attained through social relationships are distinct from network structure (e.g., network closure, structural holes) or relationship characteristics (e.g., strong vs. weak ties). Furthermore, social capital resources should be clearly differentiated from human capital or resources derived from other sources. In such efforts, archival data alone may be of limited use in terms of capturing aspects of social capital resources that are differentiated from characteristics of antecedent relationships/networks. Indeed, endogeneity, sample selection bias, and structural autocorrelation are all inherent problems in network research (Carpenter, Li, & Jiang, 2012). Therefore, using surveys, mixed methods designs, or statistical techniques such as two-stage least squares models are potential avenues to overcome some of the difficult challenges in social capital research.

Table 1

Research Questions

	Antecedents and relationships/networks	Relationships/networks and social capital	Social capital and outcomes
Individual level	How do social relationships configured over time? What factors impact this process?	How do various forms of relationships influence the amounts and types of social capital resources available to entrepreneurs?	How does social capital influence the processes through which entrepreneurial activities are evaluated and acted upon?
	Do ethnicity, gender, and religion influence relationship development and network configurations? How?	How do various relationship and network configurations influence the learning, knowledge retention, and capability development of individuals?	Under what conditions does social capital improve/diminish an entrepreneur's ability to discern between ultimately successful versus unsuccessful opportunities?
	What cognitive styles impact the establishment of bonding or brokerage ties?	For nascent entrepreneurs, what types of social capital are derived from strong versus weak ties?	How does social capital affect decision-making time and capital resource acquisition?
Collective level	How does corporate governance influence the development of social capital?	What network structures are related to social resource orchestrations?	For a top management team, how are opportunities created, identified, and/or exploited?
	How does organizational identity influence the nature of relationships between individuals and groups within the organization, and between organizations?	What are the potential sources of synergy and destructive conflict between types and levels of social capital?	What is the relationship between social capital and social entrepreneurship?
	How do organizational policies and budgets influence the alliances entered into by the organization?	At different stages of the entrepreneurial venture, what types of social capital are derived from various relationships such as with venture capitalists, underwriters, and investment bankers, and how does it evolve?	Does social capital emanating from internal or external groups matter more or less to firm survival and performance?
Multi level	Do individual entrepreneurs' network ties and social capital differ from team entrepreneurs? How and why?	How do individuals, groups, teams, organizations, and communities influence the social capital of each other?	How does social capital at higher or lower levels impact the set of entrepreneurial activities that are discovered and acted upon by a focal collective?
	How do individual differences in skills and knowledge influence network structures within teams?	How do internal organizational networks create shared values (i.e., cognitive social capital)?	How does governing board social capital act as catalyst or retardant in the opportunity development and resource orchestration process of business units?
	How do communication and information systems influence cross-unit brokering?	How do corporate-level acquisitions affect business-unit knowledge transfer?	How does social capital at different levels of analysis (i.e., individual entrepreneur, firm, and industry) relate to entrepreneurial behaviors and outcomes?
Context	How do industry norms impede or promote the development of interorganizational relationships?	To what extent does social capital move from catalyst to retardant over the life cycle of the firm, industry, or network?	How do social capital resources facilitate or impede growth in emerging markets? And, in particular, collapsed states and regimes?
	How do compressed time frames influence the decisions of entrepreneurs regarding size and scope of network relationships?	How do changes in relationships and networks influence the stocks of social capital resources?	How does the relationship between social capital and innovation vary according to context (e.g., institutional, social, spatial, ownership type)?
	How do cultural factors affect an entrepreneur's ability to create relationships, particularly outside of ethnic groups?	Does the value of social capital decay over time, and is it necessary to always reinvest in relationships?	How do the various forms of managerial social capital developed in emerging and developed economies affect internationalization strategies?

Antecedents of Relationships/Networks and Social Capital

While social capital research is centrally about understanding the resources embedded within, available through, and derived from social relationships, we know relatively little about how such relationships are developed and managed. It seems apparent that we must better understand relationships and networks to more fully understand social capital. To that end, a vast literature on networks can be more fully utilized to examine SC-E phenomena.

The networks literature generally discusses two main forces that influence how social networks develop and evolve (Carpenter et al., 2012). First, the current structure of the network of relationships, as structured within a broader context, influences the development of future network structures in a path-dependent way (e.g., Gulati & Gargiulo, 1999). Although potentially informative to entrepreneurship research, the deterministic nature of this force may make it seemingly less informative or applicable than the second force, which is more choice-oriented. The second force is that of actors, or decision makers representing actors (e.g., groups or organizations), who can shape social networks according to strategic initiatives or desired benefits. For example, interorganizational ties developed through interlocks or other tie mechanisms can be used to gain access to skills or knowledge (e.g., Powell, Koput, & Smith-Doerr, 1996). As discussed by Luo (2003, p. 1316), such “managerial networking seeks returns of economic capital and social capital, requiring an appropriate identification of opportunities to add value to the organization.”

From a social capital perspective, value represents the social capital embedded in the network of relationships being managed. However, having the desire to shape or enact the network does not ensure that the network can be configured in that preferred way; other factors or characteristics may serve as precursors to such network changes. For instance, entrepreneurship researchers utilizing social capital concepts have identified a number of individual characteristics (e.g., cognitive traits, social competence, self-monitoring) and collective characteristics (e.g., family relationships, founding team attributes) as antecedents to relationships and network configurations. Future research should continue to explore such relationships, incorporating both the intent to change networks and the attributes necessary to carry out the change. For instance, governance forms, policies, structures and processes, and communication systems of organizations could all potentially influence how relationships and networks are structured at both the individual and the collective levels of analysis. Future research should consider how social networks at one level (e.g., individual or team) influence another level (e.g., organizational or institutional), and vice versa, over time. Further, given the dynamic nature of the entrepreneurial environment, future scholarship should examine the conditions under which social capital is lost or dissipated.

The Dark Side of Social Capital

Entrepreneurship scholars have been critical regarding how network concepts are misused in organizational research and have identified limitations to specific forms (bridging vs. bonding) of social capital (e.g., Jack, 2005). For example, the value of bonding versus bridging forms of social capital has been demonstrated to vary based on the stage of a venture, such that social resources at one stage are more or less valuable than at other stages (e.g., Davidsson & Honig, 2003). Moreover, the value of social capital resources changes across time, where diminishing returns are associated with the number and strength of exchange relationships (McFadyen & Cannella, 2004; Molina-Morales & Martinez-Fernandez, 2009). Additionally, lack of social capital is an especially relevant area of study for entrepreneurship, as it is an aspect of liabilities of newness that characterize entrepreneurial ventures (Morse, Fowler, & Lawrence, 2007).

Negative consequences of social capital exist from both a deficit and a munificence standpoint. Criminals, terrorists, and gangs, which may be characterized as entrepreneurial in many respects, rely on social capital for the maintenance and expansion of their knowledge-intensive activities, as well as for recruitment, acculturation, and control (Gottschalk, 2009). From a theoretical perspective, too much bonding social capital can lead to closure whereby innovation and variation are stifled. For example, an extension of closure might include monopolistic environments with their resultant inefficiencies and arrested evolution.

Future research opportunities exist for the examination of subgroups, fields, and geographical and technological clusters that may be intentionally or accidentally resulting in closure. Other promising research would be to develop more insight regarding the role of time and stage of the venture on the negative effects of relationships/networks and social capital. For example, studies that utilize longitudinal data to model the effect of time, change in social capital, or capture changing contextual dimensions are especially relevant approaches for elucidating negative potentialities of social capital. Much of the longitudinal research in entrepreneurship that examines social capital is unable to incorporate dynamic change into their models because they often rely on the general linear model and incorporate variables to control for repeated measures across time. Random coefficient modeling and latent growth curve methods are statistical techniques that allow researchers to model and incorporate predictors for within- and between-group change, rather than simply controlling for time and within-group change. Such techniques could more readily tease out the benefits and costs of various network changes and their associated resources.

Multi-Level Models

Social capital perspectives, along with the data utilized to examine social capital phenomena, are inherently nested—individuals within groups, groups within organizations, organizations within networks (Payne et al., 2011). However, scholars have either not fully realized the nested nature of social capital or they have been reluctant to engage in such research due to difficulties with: (1) the conceptualizing of multi-level phenomena (Hitt et al., 2007), or (2) the analytical techniques needed for testing nested data (Kozlowski & Klein, 2000). To the latter point, traditional statistical techniques that rely on assumptions associated with general linear models (e.g., ordinary least squares linear regression) are oftentimes ill-equipped to handle multi-level models and may be limiting multi-level research even if multi-level theory is being appropriately developed.

Three multi-level model types can be applied to social capital research: (1) single-level models, where lower-level properties are used to represent higher-level constructs; (2) cross-level models that utilize independent and dependent constructs that are at different levels of analysis; and (3) homologous models, where constructs in a model are generalizable across levels (Kozlowski & Klein, 2000; Payne et al., 2011). While all types of multi-level modeling are rare, the most common form are those that examine the direct effect of one level on another, such as Shane and Stuart's (2002) study of the effect of founder relationships with venture investors on the funding of early-stage ventures. However, most authors fail to conceptualize their study as being at multiple levels of analysis, which may lead to improper treatment of the data and, potentially, erroneous conclusions.

Although not necessarily frequent, we note some studies that contain multi-level components using shared or configural components (i.e., single-level models) in the measurement of social capital. The major challenge for shared or configural approaches appears to be the conceptual relationship between lower-level data and higher-level constructs. However, empirical challenges also exist. For instance, most of this research

aggregates from lower-level data (e.g., individual-level data) by using the mean of variables, and generally does not appropriately report the degree to which the observations demonstrate restricted within-unit dispersion. Exceptional studies do exist, however, such as Tsai and Ghoshal's (1998) study which appropriately assessed the degree of agreement between multiple respondents (three key decision makers that completed surveys) for each organizational unit. Stam and Elfring's (2008) study is also an exemplar because they utilized individual respondents to create measures at the organizational level.

Finally, social capital research is situated as an especially useful paradigm with which to examine "frog-pond" models, which suggest that depending on the size of the pond (i.e., the context), the same size "frog" may be considered large or small (Payne et al., 2011, p. 505). This type of modeling would be especially useful in entrepreneurship research utilizing social capital theory and constructs to explicitly model the effect of context on lower-level variables and relationships.

Dimensions of Context

As discussed as part of our overall schema, social capital is a dynamic and multifaceted theoretical perspective influenced by a number of contextual factors. As part of our SC-E schema, we recognize the importance of the many dimensions of context and echo Zahra's (2007, p. 443) suggestion that "future studies can achieve greater rigor and relevance by paying more attention to the context of their investigations."

Zahra (2007) suggests three broad strategies for contextualizing entrepreneurship research, which refers to explicitly and effectively linking theory, research objectives, and phenomena. First, he suggests clearly delineating the boundaries of contexts. Multi-level modeling (i.e., hierarchical linear modeling [HLM]) is particularly suited for differentiating between the effects of various contexts. For instance, the effect of social capital on patent production could be differentiated from the effect of time, industry, organization, or other levels. Second, Zahra suggests that scholars should more often question the widely held assumptions associated with a given theory. As noted previously in this article, the costs associated with relationship and network management may lead to a negative association between social capital and various outcomes. Such an argument challenges the general assumption that social capital is always associated with positive outcomes and allows for more creative or innovative uses of the theory. Considering context, various contextual factors (e.g., time, industries, institutions) create situations where a given social capital resource has either a positive or negative effect (Svendsen & Svendsen, 2004).

The final strategy for contextualizing entrepreneurship research is stated as "recognizing key contingencies that influence relationships" (Zahra, 2007, p. 444). As shown in Figure 1, there are many different contextual factors that likely influence the relationships between the various constructs depicted by Boxes 1a–5b. Given the complexities associated with many of the relationships involving contingencies, conceptual and empirical alternatives to more traditional techniques, such as hierarchical regression modeling, may be warranted. For instance, random coefficient modeling and latent growth modeling techniques account for changes in independent and/or dependent variables. Further, moderated mediation techniques appear to be particularly applicable to many of the relationships discussed throughout this article. Moderated mediation—also referred to as conditional indirect effects testing—is particularly applicable to understanding how mediation effects differ within groupings. For instance, when testing whether knowledge mediates the relationship between network centrality and innovativeness at the individual level of analysis, one could determine if the effect size of this mediation is different between genders.

Papers in the Special Issue

The papers presented in this special issue are summarized in Table 2. Given our broad-based schema and research agenda, the papers within this special issue, of course, address only a small subset of the possible research opportunities. However, these papers do address a wide range of topics and utilize a broad variety of theories and methods. Some papers adopt a single theoretical perspective relating specifically to social capital, such as Nahapiet and Ghoshal's (1998) three dimensions of social capital (e.g., Saparito & Coombs, 2013). Other papers integrate different theoretical perspectives either combined with social capital theory, such as radius of trust theory (Estrin, Mickiewicz, & Stephan, 2013) and cultural capital theory (Light & Dana, 2013), or combine other theoretical perspectives such as institutional theory and signaling theory (Khouri, Junkic, & Deeds, 2013). The methodological and statistical approaches also vary greatly, including a multi-level cross-country study (Estrin et al.), a survey-based dyadic study (Saparito & Coombs), analysis of initial public offering (IPO) prospectuses (Khouri et al.), and a longitudinal, interview-based anthropological study (Light & Dana). Consequently, different analytical techniques are adopted including case analysis, regression modeling, HLM, and bivariate discrete choice multi-level modeling. We discuss each paper more fully in the following paragraphs so as to demonstrate how they fit within the SC-E schema developed in this article and highlight their contributions to the extant literature.

The paper by Estrin and colleagues (2013) examines the link between social and commercial entrepreneurship. Using an interesting multi-level approach, they consider the extent to which both social and commercial entrepreneurial entry are facilitated differentially by formal institutions in different countries. Their approach is interesting and important in the context of multicountry studies of social capital as they go beyond nation-level social capital theory which focuses on social capital as being grounded in long-lasting, difficult-to-change cultural traits by adding an emergent, bottom-up process of social capital creation. As a result, their study contributes to our understanding of multi-level relationships suggested in the SC-E model by examining the effect of collective social capital on individual entrepreneurial outcomes (Boxes 3b and 4a). To some extent, their study complements aspects of the Light and Dana (2013) paper because, although common indicators of nation-level social capital focus on cohesive networks that may exclude outsiders, social entrepreneurship may present a source of social capital with strong positive externalities. They find that strong rule of law that constrains arbitrary government action, facilitates exchange, and supports agency within a country results in a positive effect on social entry, which ultimately helps create the informal national institution of social capital. Social entrepreneurs can build collaborative relationships with stakeholders, bridging diverse social groups, and overcoming social exclusion by building new ties across social groups. Estrin et al. suggest that by undertaking other-regarding exchanges, social entrepreneurs enhance cooperative norms and weak-tie social capital, making it easier for commercial entrepreneurs to access new information, resources, and opportunities.

De Clerq, Dimov, and Thongpapanl (2013) explore how social capital can lead to an entrepreneurial orientation (EO) in a firm. Specifically, they examine how organizational social capital interacts with the firm's formalization to promote internal knowledge sharing and a subsequent EO. They find that higher levels of internal knowledge sharing relate to stronger EO and results from higher levels of trust and goal congruence. They also find that intensive knowledge sharing is more effective for EO at low levels of formalization. Their study usefully extends research showing that organizational social capital is instrumental in enabling cross-functional knowledge sharing by shedding light on the boundary conditions of its role particularly in the context of the degree of formalization of the

Table 2

Summary of Papers in Special Issue

Authors	Research question	Conceptual perspective	Data and method	Findings and conclusion
Estrin, Mickiewicz, and Stephan	How does the country prevalence rate of social entrepreneurship as an indicator of constructible nation-level social capital enhance the likelihood of individual commercial entry? To what extent are both social and commercial entrepreneurial entry facilitated differentially by formal institutions, namely strong property rights and (low) government activism?	Radius of trust theory (Fukuyama, 1995); bridging/weak ties; formal institutions	Global Entrepreneurship Monitor (2009) sample of 114,341 individuals in 47 countries plus institutional level measures; bivariate discrete choice multi-level modelling.	The country-level prevalence rate of social entrepreneurs has a significant positive effect on the likelihood of individuals becoming commercial entrepreneurs. In particular, a strong rule of law that constrains arbitrary government action, facilitates exchange, and supports agency was found to have a positive effect on social entry, ultimately helping to create the informal national institution of social capital. Individuals are less likely to become social entrepreneurs in countries with high average rates of commercial entrepreneurship.
De Clerq, Dimov, and Thongpapanl	How does social capital affect the firm's entrepreneurial orientation (EO)? Does the relationship between social capital and EO vary depending on the level of formalization in the firm?	Entrepreneurial orientation (EO); knowledge sharing and organizational social capital; formalization of organizational structure	Survey of 232 VPs/departments heads with commercial and technical functions in Canadian firms; moderated effect regression and path analysis.	Trust and goal congruence are positively related to the intensity of knowledge sharing, which is positively related to EO. The degree of formalization in the firm moderates the relationship between knowledge sharing intensity and EO, such that the knowledge sharing intensity-EO relationship is stronger at low levels of formalization.
Kreiser, Patel, and Fiet	How do founders manage changes in their network ties during firm founding? How do entrepreneurial intensity and social competence influence the relationship between change in network ties and firm founding activities?	Network tie strength; entrepreneurial capabilities	PSED-1 (Panel Study of Entrepreneurial Dynamics) sample of 163 founders; panel data analysis with tests for endogeneity.	An increase in tie strength is negatively associated with founding activities, while an increase in number of ties is positively associated with founding activities. Entrepreneurial intensity mitigates the negative relationship between an increase in tie strength and founding activities; while social competence reinforces the positive relationship between an increase in the number of ties and founding activities.
Khoury, Junkunc, and Deeds	How and under what conditions do multiple social capital signals from external ties impact IPO proceeds? How can social capital signals be interpreted according to (1) the absolute number of alliances, (2) being isomorphic to a dynamically understood precedent of alliances, or (3) being at a positive distance from this precedent, in order to yield varying IPO proceeds?	Signaling theory; institutional theory	Sample of 266 biotechnology IPOs from 1980 through 2006; OLS, Heckman two stage	Social capital signals are not additive. Underwriter prestige limits the positive reward of signaling greater social capital. These relationships vary according to the alliance's vertical position and socially constructed industry norms.
Light and Dana	To what extent does cultural capital provide a boundary condition to the role of network ties in facilitating entrepreneurship? Under what conditions does the social capital of the dominant group support or obstruct the entrepreneurship of the subordinate group?	Cultural capital; bonding and bridging ties	Interviews with 25 traditional subsistence hunters, commercial entrepreneurs, and local leaders among Native Alaskan Alutiq people in Old Harbor, Kodiak Island, Alaska during 2004-2010.	Bonding ties directly facilitates economic action <i>in general</i> , but not entrepreneurship in particular. In contexts of separation between ethno-racial components of the population, bridging ties are more difficult to develop than in more fluid social contexts, such that existing entrepreneurs' social networks are inadvertently closed to nascent entrepreneurs from the wrong side of the ethno-racial divide. Even though actors may have abundant social capital it promotes entrepreneurship only when supportive cultural capital is present.
Saparito and Coombs	How do bureaucratic systems influence social capital within the bank-SME relationship?	Nahapiet and Ghoshal's (1998) three dimensions of social capital	Matched surveys from 884 bank-SME dyads; HLM	Bank formalization is negatively associated with both relational and cognitive dimensions of social capital, while management continuity and customer orientation are positively associated with both dimensions.

HLM, hierarchical linear modeling; IPOs, initial public offerings; OLS, ordinary least squares; VPs, vice presidents.

organizational structure. As such, their study provides important empirical and theoretical insights regarding how collective social capital resources (Box 3b), such as knowledge sharing within the firm, relate to collective entrepreneurial outcomes (Box 4b).

In their paper, Kreiser, Patel, and Fiet (2013) address the challenge faced by founders in dynamically (re)configuring their social capital to align with their specific resource needs at each organizational stage. Specifically, they explore the question of how founders manage changes in their network ties during firm founding and suggest that entrepreneurial capabilities in the form of entrepreneurial intensity and social competence may play important roles. Interestingly, they find that tie strength and the number of ties have different relationships with founding activities but that these relationships are affected differentially by entrepreneurial intensity and social competence. While entrepreneurial intensity mitigates the negative relationship between an increase in tie strength and founding activities, social competence reinforces the positive relationship between an increase in the number of ties and founding activities. Hence, their study identifies important contingencies (i.e., entrepreneurial intensity and social competence) that affect outcomes associated with specific types of individual relationships (Box 2a of the SC-E model).

The paper by Khoury, Junkic, and Deeds (2013) explores how social capital signals of alliance relationships are socially constructed and impact IPO proceeds. The authors theorize legitimacy as a kind of capital attained socially, which influences the relationship between external ties and entrepreneurial outcomes (Boxes 2b, 3b, and 4b of the SC-E model). Their study suggests that external relationships with alliance partners and underwriters are not additive signals of a firm's quality; rather, underwriter prestige is found to limit the positive reward of signaling greater external social capital through alliance relationships. Thus, their findings provide important insights regarding the role of institutional contexts in the valuation of social capital. Specifically, they identify penalties to social capital signals that fail to conform to industry-based and socially constructed norms, which factor into the relationship between social capital and acquisition of financial resources.

Light and Dana (2013) take a contrarian view, critiquing the prevalent notion that social capital universally facilitates entrepreneurship, as well as the assertion that social capital is used by powerful groups to constrain the entrepreneurship of subordinates (i.e., the suppression hypothesis). Pointing out the rarity in our field of studies examining ethnic and racial minorities, contrasted by the abundant social capital and lack of entrepreneurship in indigenous North American communities, they study the native Alaskan Alutiiq people, observing conditionality and the role of cultural capital in a group that has very high social capital but very limited entrepreneurship. Light and Dana show that without a business supportive habitus (Bourdieu, 1977) and commensurate cultural capital (Bourdieu, 1986), or the requisite bridging ties to either resources or external markets, an abundance of social capital fails to yield entrepreneurial consequences. Light and Dana also underscore the importance of supportive cultural capital in the social capital–entrepreneurship relationship. In doing so, their paper highlights an important theoretical aspect of the suppression hypothesis and the dark side of social capital, which further highlights key contextual issues identified in the SC-E schema presented herein. While literature shows that it fails in the case of middleman minorities, who succeed in entrepreneurship against vigorous dominant opposition, it is supported in the case of traditional subordinated minorities such as the Alutiiq, who fail to establish bridging relationships to the entrepreneurial commercial elite, despite an abundance of social capital.

Finally, Saparito and Coombs (2013) examine how bureaucratic systems influence social capital within the bank to small- to medium-sized enterprise (SME) relationships. Using a matched survey of the bank–SME dyads, they explore how aspects of bureaucratic processes have different influences on various dimensions of social capital. Their study

finds that bank formalization is negatively associated with both relational and cognitive dimensions of social capital, while management continuity and customer orientation are positively associated with both dimensions. This study offers a rare examination of the antecedents to the relationships (Boxes 1b and 2b of the SC-E model) that provide important resources for SMEs, particularly financial resources. As such, this research note addresses a noticeable gap in the extant literature.

Conclusion

Entrepreneurship researchers commonly lament the absence of good theory in the field (Phan, 2004; Zahra, 2005). We suggest that social capital theory, as described herein, is poised to partially fill the need for good theory in entrepreneurship and play a much larger role in understanding relevant phenomena. In this introductory article, our intention has been to move the entrepreneurship field forward by developing social capital theory and application through the development of a schema and associated research agenda. We look forward to a resurgence of research in this area.

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Eric Gedajlovic is the Beedie Professor of Strategy and Entrepreneurship at the Beedie School of Business, Simon Fraser University, Vancouver, British Columbia, Canada.

Benson Honig is the Teresa Cascioli Chair in Entrepreneurial Leadership at the DeGroote School of Business, McMaster University, Hamilton, Ontario, Canada. He is one of the editors of *Entrepreneurship Theory and Practice*, and also serves on numerous editorial boards in entrepreneurship and management.

Curt B. Moore is an Assistant Professor of Entrepreneurship and Strategic Management at the Area of Management, Rawls College of Business, Texas Tech University, Lubbock, TX, USA.

G. Tyge Payne is an Associate Professor of Strategic Management and Jerry S. Rawls Professor of Management at the Area of Management, Rawls College of Business, Texas Tech University, Lubbock, TX, USA.

Mike Wright is a Professor of Entrepreneurship in the in the Centre for Management Buy-out Research, Imperial College Business School, Visiting Professor at the University of Ghent, Past Chair of the Academy of Management Entrepreneurship Division and a Co-editor of *Strategic Entrepreneurship Journal*.

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