Chapter 5.6
A Framework Describing the Relationships among Social Technologies and Social Capital Formation in Electronic Entrepreneurial Networking

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ABSTRACT

E-commerce technologies—including online exchanges—focus heavily on transaction support. They are designed primarily to reduce transaction costs between suppliers, producers, distributors, and customers. Entrepreneurs however are not likely to realize the full business potential of e-commerce unless the transaction technologies are simultaneously supported by technology-enabled social learning networks used to stimulate the formation of social capital in its three primary manifestations. Toward that end this article argues that a number of Internet-based social technologies (e.g., email, chat, blogs, wikis, podcasts, etc.) can be used more effectively when it is understood that each technology offers different characteristics in support of the formation of different dimensions of social capital. This article presents a conceptual framework describing the capacities of various social technologies for supporting the formation of social capital. A primary thrust of the article is that alignment of a social technology infrastructure with the social capital requirements in entrepreneurial communities will facilitate the formation of electronic learning networks, enabling more collaborative and therefore more successful entrepreneurial communities.

INTRODUCTION

A number of entrepreneurship theorists have suggested that community-based entrepreneurial infrastructures critically influence the development and support of existing, new, and growing small businesses. These infrastructures include: 1) assistance to the owners, 2) physical and monetary resources, 3) information, and 4) knowledge (e.g., Tan, Tan, & Young, 1997; Van de Ven, 1993). Of particular importance in the present study is the development of infrastructures to facilitate information and knowledge acquisition and sharing among entrepreneurs in support of their business objectives (Huysman & Wulf, 2006; Swan, Newell, Scarbrough, & Hislop, 1999). We consider the potential benefits various Internet-based social technologies (such as e-mail, chat/instant messaging, blogs, podcasts, and others) provide to entrepreneurial communities. We are especially interested in the potential role of information technology in facilitating the cogeneration and sharing of tacit knowledge or "know-how" associated with effective utilization of an e-commerce cooperative network. Figure 1 below presents a visual conceptualization of an entrepreneurial information resource environment.

Feedback from recent e-commerce workshops conducted by one of the authors suggests that even among entrepreneurs who currently use some of these technologies in support of business operations, many of them feel the need to learn more about current technologies before adopting them or expanding their use. Understanding the diffusion of information technologies in entrepreneurial communities requires awareness of how the participants come to know about and develop individual as well as shared understandings about these technological opportunities. Research has emphasized the importance of social networks in entrepreneurial development (e.g., Aldrich & Zimmer, 1986). Accordingly, this article takes a social network perspective in discussing technology adoption among participants in an entrepreneurial community.

In fact, the article applies multiple, but related, theoretical perspectives in describing the relationships among social technologies, social capital, and entrepreneurial networks. The framework draws from the following theoretical perspectives: entrepreneurship as a network phenomenon, social capital theory, and small business information systems (SBIS) use. The next section details the theories relied on in generating the framework, with particular attention to the dimensions of social capital. Following that, we describe the network and information requirements associated with each dimension of social capital. We then present the framework describing how the characteristics of various social technologies support each dimension of social capital. In the forth section, the article discusses the implications of the framework as it might be applied in support of social capital formation in an emerging entrepreneurial community. Finally, we conclude

Figure 1. Entrepreneurial information resource environment