

## ≈ SUMMARY ≈

**ENTREPRENEURIAL ALLIANCE AND SOCIAL CAPITAL:  
BUILDING TESTABLE THEORY***Trish Corner**Faculty of Business, Auckland University of Technology, New Zealand**Kathryn Pavlovich**University of Waikato, New Zealand***Principal Topic**

Traditionally, researchers have defined entrepreneurship in terms of the entrepreneur – the individual who exploits a previously unnoticed opportunity. Entrepreneurship research thus focused on the attributes of the person and how these might be related to exploiting opportunities which others either didn't see or chose not to pursue. However, this individual level of analysis can prevent researchers from understanding entrepreneurial activity taking place at more collective levels of analysis. For example, concepts such as intrapreneurship (Burgelman, 1983) and entrepreneurial orientation (Dess, Lumpkin, & Covin, 1997) demonstrate researchers' interest in examining entrepreneurship at the organizational level of analysis. The current study extends this notion of entrepreneurship at collective levels of analysis by exploring the entrepreneurial activities of alliances between two companies. Lubatkin et al., (2001) call these types of partnerships reciprocal learning alliances and suggest they are more entrepreneurial in nature than alliances formed to transfer already existing knowledge.

Another limitation to the classic literature's focus on the individual entrepreneur is that it does not acknowledge the context within which entrepreneurship takes place (Shane, 2003; Shane & Venkataraman, 2000). Shane encourages researchers to view entrepreneurship as the nexus between the entrepreneur and the context within which opportunities are being identified and exploited. The current study explicitly acknowledges context by investigating the role social capital plays in engendering entrepreneurial activities within the studied alliances. In particular, we used the three dimensions of social capital identified by Nahapiet and Ghoshal (1998) -- structural, cognitive, and relational – as a broad framework to guide the research. The purpose of the research thus was to address the research question of how does social capital affect the entrepreneurial activities of reciprocal learning alliance partners.

**Methodology**

We studied the entrepreneurial activities of alliance partners by using multiple case design (see Yin, 2003). Such a design allowed us to follow replication logic whereby multiple cases are treated as a series of experiments, each case serving to confirm or disconfirm the inferences drawn from previous ones (Yin, 2003). Four alliance partnerships encompassing eight organizations were chosen as an initial sample to investigate the research question. Ninety minute semi-structured interviews took place with the owner-manager of each organisation. The recorded interviews were transcribed and a qualitative data analysis package, NVIVO, was used to facilitate analysis of this data. Each author independently analyzed the data using the dimensions of social capital as a framework. Each author developed a set of propositions summarizing how social capital affected the entrepreneurial activities of the alliance partners. These propositions were tested by comparing

them against the original cases and the other author's analysis. Our goal was iterating toward a theory which closely fit the data (Eisenhardt, 1989). A close fit between data and theory takes advantage of the new insights possible from the data and yields an empirically valid theory.

## Results

Case study lends itself to theory building therefore the following findings are reported as testable propositions below (Eisenhardt, 1989). The full length version of the manuscript presents these propositions in model form, appropriate for testing with a large sample within a nomothetic research design. Each of the following subsections presents propositions derived from each of the three of Nahapiet and Ghoshal's dimensions of social capital.

### Structural Results

Network ties were the most powerful structural property at work in the entrepreneurial alliances studied. In particular, network ties beyond the partnership such as connections to local universities or government organizations provided the benefits expressed in the first three propositions.

Proposition 1: The greater the parent company's network ties to third parties the more likely entrepreneurial alliances occur.

Proposition 2: The greater the entrepreneurial alliances' network ties to third parties the more likely the alliance develops the innovation capabilities needed to exploit opportunities.

Proposition 3: The greater the entrepreneurial alliances' network ties to third parties the greater the access to markets for their entrepreneurial products.

### Cognitive Results

The cognitive dimension reflects the extent to which entrepreneurial alliances construct a shared frame or mindset for their alliance. Analysis of the case study revealed three phases to this frame construction process as described in the following three propositions.

Proposition 4: Alliance partners that are able to "unfreeze" parent firms' frames are more likely to engage in entrepreneurial activities.

Proposition 5: Alliance partners that experiment with new frames for their joint venture are more likely to develop shared goals.

Proposition 6: Alliance partners that construct a new, shared frame for their partnership are more likely to exploit opportunities through testing prototype products and generating revenue streams through new products or services.

### Relational

The relational construct of trust was important in engendering entrepreneurial activity in the case studies. Trust included reliability with each partner being accurate about what they can deliver and about meeting deadlines in this delivery. A second aspect of trust included reciprocity,

which reflected partners communicate thoroughly about issues so that both sides understood issues and worked through them jointly as can be seen in the below propositions.

Proposition 7: The greater the reliability of alliance partners the longer the life of the entrepreneurial alliance.

Proposition 8: The greater the acceptance of reciprocity of alliance partners the greater the entrepreneurial activity of the alliance.

Proposition 9: The greater the willingness of partners to solve issues through communication, the greater the entrepreneurial activity of the alliance.

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