



Internet Based Networking Websites (IBNWs) & Entrepreneurship

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Abstract

New technologies are changing the way entrepreneurs network. Internet Based Networking Websites (IBNWs) are re shaping the process in which we network and communicate with one another, on a personal and also on a professional level. The biggest example of this is the incredible rise of IBNWs such as Facebook and LinkedIn that together hold more than 300 million users. This is a very new form of networking where individuals are able to communicate and connect with an almost limitless amount of people, regardless of their geographical location. The more traditional forms of networking are seen as phone calls and face to face communication, while in the last two decades email has also been incorporated into a common and professional form of networking for the purpose of business. Since IBNWs are a new form of maintaining relationships, for our thesis we have decided to address the question of how IBNWs affect the process of networking during the development of ventures.

In the thesis we explore the concepts put forward by authors such as; Granovetter, Hoang and Antoncic, Aldrich and Zimmer, Deutsch, Sonnenberg among others. In addition we used the structure used by Hoand and Antoncic to create a framework when analyzing the networking process though IBNWs. This framework is split in to three categories: Network structure, governance, and content. Using a qualitative interpretivist approach we have developed an extensive case study and we have interviewed ten entrepreneurs from a wide array of industries and locations. To help us analyze the data retrieved we have also interviewed an expert in the field of business and internet landscaping. The aim of the study is to generate a new framework for networking in the 21st century in light of the IBNW boom. The findings demonstrate that IBNWs are being used widely by entrepreneurs, but mainly for advices and information or in other words, providing low commitment content. We have concluded that IBNWs are perceived as an informal cold and weak form of networking and maintaining business networks and if relationships where to progress to higher levels of commitment then entepreneurs will turn to more traditional ways of network maintenance such as face-to-face meetings.

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Chapter 1 – Introduction

1.1 Choice or Research:

As business students we have studied the importance of networks when it comes to run a business. We understand that networks are an important support for an entrepreneur venture, which help the entrepreneur to reduce risks by providing information and other valuable resources. Moreover, both of the researchers have developed a strong international mind set and have developed expense networks in different regions around globe after living, working and studying in different countries such as China, England, Brazil, Argentina, Costa Rica, Ecuador and Sweden. These international experiences combined with our business backgrounds reinforced our perspective that the world is becoming more interconnected and that countries and companies are every day more interconnected among different regions across the globe.

Although during our business studies we were exposed to theoretical background related to networking business and entrepreneurship we found that there is still research to be done in the area of networks, networking and Internet based networking websites. The fast rising of IBNWs cannot be ignored and we strongly consider that new literature is needed in order to further understand the effects of IBNWs in the entrepreneurial activities of the XXI century. Moreover, since we have lived in a variety of countries we wish to understand how are these networking portals are cutting borders and contributing to the global business realm.

1.2 Research Question

The question this thesis addresses is related to how Internet Based Networking Websites (IBNWs) are affecting the process of networking in the development of ventures, therefore our research question will be stated as it follows;

How do IBNWs affect the process of networking during the development of ventures?

In order to answer this question we have chosen to deeply explore how entrepreneurs from various regions and cultures are using IBNWs in the process of networking for business. Moreover when we refer to IBNWs in this thesis we will be referring to those social networking web platforms that allow users to communicate and interact with each other, web platforms such as; Facebook, LinkedIn, Orkut, Asmallworld, Friendster, among other websites that allow you to build and maintain a virtual network of contacts. In other words, IBMWs can be described as websites where users can join networks organized by cities, workplace, schools, regions and connect and interact with other people (Casteleyn, J, Mottart, A, & Rutten, 2009 pp439).

1.3 Problem Background:

There is a lot of studies done on the matter of networks, networking and entrepreneurship and there is an increasing attention paid by academics to use social business networks to

illustrate that networking is related to a new venture success (Ostgaard, A and Birley S. 1996 pp37). There are various studies that refer on the importance of networks in order to achieve a venture's success and it is most likely that everyone who has been exposed to a business education or has been working to develop a business has heard this term more than once. Business researchers and specialists argue that interpersonal and interorganizational relationships are a media through which actors gain access to a variety of resources held by other actors and that the key benefit of networks for the entrepreneurial process is the access they provide to information and advice. (Hoang & Antoncic, 2003, pp.169).

It is very common for an entrepreneur to reach to his/her closest friends or family for these advices, information or even for economical support. When doing so they are approaching the members that are closest to him, members who they trust. This trust is the perception of the probability that other agents will behave in a way that is expected (Gambetta, 1988 pp.213-237) and such perception will tend to be more solid within the members within your close network. So we understand that networks are based on trust and that an entrepreneur will tend to trust, hence rely more on those individuals which whom they share closes ties. Through a previous experience working with the development of a business idea in Sweden where non of us had a close and solid network to get support, advices and information from, we understood the importance of networks, networking for the development of a business, hence the choice of our research topic.

There is vast amount of literature and theoretical explanations that define networks and networking. The two researchers Hoang and Antoncic (2003) for example, divide a network in three components; content, governance and structure. The relation within these components will define how relationships crosscut within actors, how trustworthy are members within your network and how are the resources exchanged within these actors. However there are other such major theorists in the field of networking whose concepts we will use to better explore the field of networking, such as; Aldrich and Zimmer, Granovetter, Dubini, Schoncheck, and many others.

Although we found this study appealing for an entrepreneur's formation, we would like to deepen this research by analyzing how new technologies are affecting the way entrepreneurs relate, hence the flow and exchange of information, advices and the way ventures and entrepreneurs are connecting with each other. According to the Internet World Stats, by December 31 of 2000 there where 360,985,492 Internet users and on the year 2010 the number raised to 1,966,514,816 (Internet World Stats, 2010), this is a little bit more than all of the population of India and two times the population of Brazil combined, connected through the world wide web.

Now-a-days there are close to two billion people connected on the World Wide Web. IBNWs such as Facebook, Myspace, LinkedIn, Hi5, Twitter, Orkut are among the most visited sites on the world wide web, and this is why it is important to consider the question:

How do IBNWs affect the process of networking during the development of ventures?

The boom of IBNWs is a recent phenomenon and therefore there is still research to be done in this field. If we take Twitter for example (a real-time information network), the question is whether strong relationships can be built with 140 characters? Furthermore can these websites facilitate the way entrepreneurs exchange content and to what extent can a contact established within these websites be trusted? The purpose of this research is to address the question above, hence resulting in the generation of a new theory on the relationship between IBNWs and entrepreneurial networking.

Chapter 2 – Literature review in the field of networking and IBNWs

2.1 Overview of Networking

Networking has always been part of social interaction and plays a vital role in business creation and development, as it acts as a media through which information can be shared and learned (Dubini & Aldrich, 1991). However this has not always been seen as the case. Only until recently entrepreneurs have been seen as independent actors, separate from the environment and other social phenomena, very much an objectivism view. This view has evolved to a more constructivism approach where entrepreneurs are very much party, and contributory, to the trends and social phenomena of their environment. This tie between the entrepreneurs and their social environment is seen through the network of connections between the actors. (Hoang & Antoncic, 2003, pp.170). This view is further supported by the research Aldrich and Zimmer (1986) who argue that the social environment is composed by the actors within and that although entrepreneurs have their own businesses they operate within a network of people. While it is also seen that the entrepreneur is “embedded in a social network that plays a critical role in the entrepreneurial process.” (Hoang & Antoncic, 2003, pp.168).

As defined by Chell and Baines (2000, pp.196) networking is an action used to develop and maintain contacts for the purpose of business development. This is further supported by Schoncheck (2000, pp.897) who defines the practice of networking as developing relationships with others so as to advance your business. As we can already see there is much focus on ‘developing’ a network and thus the relationships within, so as to acquire the resources necessary to expand business operations. Furthermore, this places emphasis on individual communication, which is the distribution of “information, knowledge, and wisdom among people.” (Netravali, 2000, pp.7). This distribution of resources (information, knowledge and wisdom) is what is essential to new firms and their survival or subsequent failure (Burt, 1992, pp.57-91). The communication between individuals can be seen with friends, friends of friends, other distant connections, whether strong or weak ties, and can provide insight in to new opportunities, information and a means by which to obtain resources. However what we must initially differentiate is the difference between the networking process and a network itself. A network is the “patterned relationships between individuals, groups, and organizations.” (Steier & Greenwood, 1999, pp.148) while we have already seen that the process of networking is the active behaviour of individuals to establish, maintain, and expand their relationships (Schonscheck, 2000, pp.899).

2.2 - Categorisation of Networks

For centuries there has been literature conducted on networking and process of, even the great philosopher Aristotle, as cited in Schonscheck (2000), took time to talk of ‘friendships’ and the different forms of friends accumulated throughout one’s life. Aristotle talked of three types of friends; the complete friend, the incomplete friend of utility, and the incomplete friend of pleasure. The first, the complete friend, is what we view as the modern day use of close friend, someone whom loves you and whom you love in return. The incomplete friend of pleasure is merely a person used for pleasurable activities however the

relationship holds no emotional ties. Lastly is the incomplete friend of utility, which is what we may refer to today as a business network where persons help and use each other to further their business venture. This concept is expanded upon by Aristotle saying that once the benefits of the 'incomplete' friendship are gone the friendship will also die. This view is supported by Schoncheck (2000, pp. 908) who comments that networks are made and kept by providing value to others and once that value is no more the relationship cannot be maintained, and "If you're stingy about providing insight and sharing resources, you'll soon find yourself cut from the loop" (Baskerville, 1993). As we can see, to develop and maintain a network, or 'incomplete friends of utility' we must be ready to provide the necessary help to others so as to get help from them, and it is often the case where one must be prepared to provide the initial help so as to create the relationship and only in future will the benefits of the relationship be found (Hardling, 1996).

Birley (1985, pp.107-117) on the other-hand found a different method in which to categorize networking activity and created the theory of formal versus informal networking. The informal network is seen as those close to you; your friends, family, and business acquaintances, while your formal network is that of banks, accountants, and lawyers. It was found that entrepreneurs relied much more heavily upon the informal networks they had developed than on their formal networks, and that your initial, current informal network is what is used to find and meet the people necessary to start a business venture. Thus your first steps in the networking process takes place within your current relationships and are developed through this median (Macdermott, 1995, pp.58). However this reliance is seen to extend past the creation of a venture and to the long-term survival of the business.

However this theory of formal and informal relationships does not take into account how these relationships are perceived by the actors, and therefore the approach taken to the partners involved. Deutsch (1990, pp.46-47) however has found another form in which to look at networking and the benefits of the process, and indeed which forms of networking provide the most effective results. Thus cooperative versus competition networking. This theory takes in to account the approach each actor within a network takes toward the networking process and the relationships provided within.

The cooperative approach sees people as believing their goals are positively linked to one another, and that as one persons gets closer to achieving their goal then the other person in the relationship will consequential move closer to attaining their own goal. This approach leads to greater connection with those involved in the relationship and thus a greater flow of information. This ties in with Aldrich and Zimmer's (1986) approach to networking in which the effectiveness of a relationship is reflected by the amount of trust between the partners, and this trust is much more exaggerated between those in a cooperative relationship then those in a competitive approach. This trust leads to more transparency between partners, problem solving discussions, and a more influential relationship in general. This in turn makes a cooperative relationship more beneficial than a competitive approach as both parties involved are considered to succeed from the relationship. (Deutsch, 1990. pp.46-47)

The competitive approach on the other hand sees people as believing that their goals are negatively influenced by that of others. In this situation an actor sees that the success of his/her goal will interfere with the others. Competitive views lead to reduced communication and information sharing, which in turn leads to low productivity and ineffective networking (Deutsch, 1990. pp.46-47). This is disagreed upon by Sonnenberg (1990) who says that although mutual advantage may not be the goal of networking it is still the price that must be paid so as to succeed with the process. In this case Sonnenberg may not see persons as cooperative or competitive but instead forced to help each other if benefit is to arise from the relationship. In this sense Sonnenberg's approach can relate to Deutsch's third option of the persons with the view that their goals are independent from that of others and therefore the success of the goal is unrelated to the success or failure of another's. In this case although neither cooperation nor competition is involved, but instead a relationship can be seen as the trade between two parties for content of value.

Finally, we will look in to the structure of networking put forward by Hoang and Antoncic (2003) who talk of actors within networks. In their theory networks are defined by the set of persons, or actors, and the set of linkages between these actors. Within this theory they describe three different elements of networking; the nature of the content being exchanged, the governance mechanisms within the relationships, and finally the network structure. To answer the research question we have chosen we will look further in to this structure later in the paper.

According to Aldrich and Zimmer (1986) networking is a form through which persons gain access to a variety of resources held by others, and this is done through not only interpersonal networks but also the networks formed through organisational relationships. As we can see here this definition is similar to the ones mentioned previously where there is much focus on the relationships formed, and the development of these relationships so as to receive the benefits of the network (Dubini & Aldrich, 1991, Chell & Baines, 2000, Schoncheck, 2000).

The first element, the nature of content being exchanged, places emphasizes on what exactly is being exchanged between actors in networks, and what resources can be accessed through these networks. Tichy (1981) identifies four types of resources: information, goods and services, expressions of affect or emotional support, and political influence. This is a topic that will be discussed in more depth later in the thesis. The second element focuses on the governance of the relationships between the actors, the central point being on trust between partners so as enhance the quality of the content being exchanged. This brings us back to the theory of competitive versus cooperative networking (Deutsch, 1990. pp.46-47), where trust is seen as a mutual form of governance, or even a cooperative form, where there is trust on both sides of the relationship in terms of fulfillment of an responsibility. Again this is seen as a very critical part of networking if there is to be an effective relationship, and an enhancement of the quality of the content being exchanged, and this is fulfilled by the fact that both parties consider that success is mutually inclusive. (Aldrich and Zimmer, 1986)

The third element of Hoang and Antoncic's theory on the structure of networking is that of network structure that focuses on the "dynamics of social structures and their impact on entrepreneurial phenomena." (Hoang & Antoncic, 2003, pp.170). This element is

concerned with how the network is constructed and how the players within are positioned, as this position will in turn have an affect on the relationships between the actors. This structure within networks is made up of patterns of relationships with both direct (strong) and indirect (weak) ties that bind the actors (Deutsch, 1980, Hoang & Antoncic, 2003, Jack, 2005, Granovetter, 1973, Dubini & Aldrich, 1991). These ties then impact how resources are exchanged between parties and thus the outcomes of the business benefits. This network structure is also mentioned by Steier and Greenwood (1999) who define direct and indirect relations as how frequently individuals interact with one another and in what manner the relationship was established (kinship, old friend, new contact, etc.). Furthermore is the concept of centrality within the network. This concept looks at an individuals ability to access resources through both their indirect and direct links (Johannisson, 1994). Both of these concepts are similar to Granovetter (1973) who characterises the strength of tie by the combination of time, emotional intensity, and reciprocal services.

As mentioned above, the network structure is viewed in two ways, the direct relations and the indirect relations between individuals and organisations. Jack's (2005, pp.1236) article on networking brings to mind the similar concepts of strong and weak ties, which implies what it is coined. According to Granovetter (1973) strong network relationships carry high levels of personal interaction with high frequency, while on the other hand you have weak ties which are less personal and are useful in providing strategic advantage for resource availability (Granovetter, 1973). This said we must understand that both strong and weak ties are important within the network of an entrepreneur. It is argued by Starr and MacMillian (1990) that strong ties are more vital during the start-up period and early stages of operations, however that entrepreneurs will then expand their network to include more and more weak ties to obtain information on business leads.

Weak relationships are important for business means as they are considered heterogeneous ties and therefore provide a vital ingredient in allowing and enabling the flow of information between those not only in your field of business or knowledge but also those found outside your social or industry cluster, and thus a broader and more diverse set of links to resources. Although weak ties may not provide quality relationships, the strength of this type of tie is found in its heterogeneous nature and its ability to connect an individual to other social systems. More contacts can mean more contact to valuable information, exposure to new innovation, and more referrals from other businesses; this in turn brings to mind the well-known platitude "it is not what you know but who you know." Although Schoncheck, in his 2000 article (pp.899), chose to rephrase the saying to "its not who you know, but who knows you." This is then supported by Steier and Greenwood's (1999, pp.149) second usage of network size, which does not point out the advantage of having many connections, a large network, however the importance of the number of links an individual or organization has to different sets of clusters of information and resources (Burt, 1992, Dubini and Aldrich, 1991). However in Steier and Greenwood's first usage of network size they emphasize the need to diversify between 'personal' and 'extended' relationships. This ties in more closely with the theory of strong and weak ties. In this concept personal networks refer to "those persons with whom an entrepreneur has direct relations" (Steier & Greenwood, 1999, pp.149) while they then refer to extended networks as relations an organization has with the external world. (Steier & Greenwood, 1999, Dubini and Aldrich, 1991)

However there are also many benefits seen from strong network ties, and they relate much more to the issues of trust as mentioned previously. The benefits gained through strong ties is seen by the nature of the goods exchanged, and that is; “it is cheap; it is more trustworthy because it is richer, more detailed and accurate; it is usually from a continuing relationship and so in economic terms it is more reliable.” (Jack, 2005). While weak ties focus on the broadening of the proverbial ‘benefit links’, strong ties focus on the quality of the benefits received.

2.3 The Purpose of Networking

General Help

There are many purposes of why people network and in what ways they perceive a relationship can benefit them in achieving advantage for them professionally and/or organizationally. As mentioned above there are many ways to perceive a relationship and how it can benefit you, and even if you perceive a relationship as competitive or cooperative networking is about participants coming from various backgrounds but with common goals and interests so as to meet others that can help push forward their motives. In this way networking is about giving yourself up to others with the knowledge that by helping others you will be able to reap the benefits of the established relationship later in time. So although as an individual you may not have to goal of mutual advantage but instead the realization is that mutual advantage is often the price of the practice, and that you will most likely have to help others before receiving help (Sonnenberg, 1990, Hardling, 1996, Baskerville, 1883)

Conduits of information

This moves us on to the first purpose of networking, which is in this case that networking acts as conduit of information. This is the first of Tichy’s (1981) four resources accessed through networks and is considered the most important. This also brings to mind another platitude “Knowledge is power.” And keeping abreast of trends, market movements, innovation, changes in laws and regulations, and other important information can provide insight in to possible prerogatives of advantages. This is mentioned in Shi’s article (2010, pp.276) that relates to the manufacturing industry and argues that early innovation and market entry leads to positive impacts on a firm’s market share. This is further argued by Poletti, Engelland, and Ling (2011, pp.29), who continued to say that those who enter a market first will prosper for an extended period of time and enjoy more profitability. (Burt, 1992, pp.57-91)

Cross boundary disciplines (Bringing knowledge together)

A second purpose of networking can be obtained through the joining of various different disciplines. This is often seen within large firms where different departments coordinate their activities so as to induce innovation and creative thought. However it can also occur outside a firm, within a network, or clusters, or teams, which bind actors together from varying industries and disciplines so as to “empower the individuals within the team.” (Lipnack & Stamps, 1993, pp.10). This ‘empowerment’ promotes innovative behaviour

when actors involved recognize the possible potential of bringing together distant conceptual realms, find ways in which they can be connected in an advantageous manner, and work together to make them a reality. (Joyce et al, 2010, pp.60)

Reputation and legitimacy

Networks can even provide a company with reputation and legitimacy (Burt, 1992, pp.57-91). This may sound like a superficial reason however this can often be the case from being friends with influential individuals to having a network connection to another firm in the industry. If one were to be unsure about a firm's legitimacy to only find out that their firm has strong connections with another larger and more established firm then it can help provide the necessary reputation to allow more business. This can most extraordinarily and recently be seen in China. In China companies are willing to hire Caucasian persons for up to a few months, paying relatively high prices for the 'western' image, so that they may act as business partners for the firm. Although in this case it is all about the Chinese concept of face, to have foreigners as business partners, or as connections gives the company a certain status, and implies money and influential, western, connections and therefore a more powerful business. (Farrar, 2010)

Support and motivation

According to Schoncheck (2000, pp. 897) one of the main benefits of networking is the support that is available from other actors. This support can be vital to some entrepreneurs when starting a business, not only for the emotional support and encouragement so as to maintain long-term motivation, but also the available advice that can be retrieved from others whom have been in the same situation or from the same industry. This continual support system can be the difference between the survival and failure of a business as it can lend the strength and knowledge necessary to overcome obstacles. This would be seen more readily in networks with strong ties (those who are closer to you on an emotional level) and interpersonal relationships, as considered by Macdermott (1995, pp.58) where your initial and current relationships such as family and friends will provide you with the support needed.

Tangible Goods and services

Although this benefit received through networking is considered less often, it can be achieved as a form of trade. Tichy (1981) describes this as one of the four resources exchanged through networking. As we have seen so far, and as we have implied through the thesis until now is that the benefits received from networking are intangible resources that help propel one's business further toward its goals whether from an individual connection or an inter-organisational relationship. Another form of a services provided is that of investors. The process of networking allows you to be in contact with those who can either provide audience or put you in touch with others that could be interested. This will be discussed in more depth later in the literature review.

Political influence

Even though political influence can be discovered through networking (having someone in political power with whom you have a relationship with) it can also act as a metaphor for other possible positions of power from which influence can be drawn from. An obvious case of this point is that of lobbyists in the American society who are able to gain political influence over certain policies and regulations so as to gain more business advantages. (Tichy, 1981)

2.4 Networking in Entrepreneurship

It is argued by Aldrich and Zimmer (1986) that networking plays a critical role in the process of entrepreneurship as the entrepreneur him/her-self is “embedded” in the social and professional network. These networks have been mentioned above as the formal and informal networks discussed by Birley (1985) and how these two types of networks are heavily relied upon in the process of starting a business and can actually be the difference between success and failure to those starting a new venture. (Steier & Greenwood, 1999, pp.147). From these networking a person must be able to gain all the resources they need so as to pursue their goal of business development. As seen above in *‘The purpose of Networking’* an entrepreneur can discover a multitude of various benefits from networking and the relationships gained from the process. This development of formal and informal, strong and weak ties, can substantially increase the reach of opportunity for information and resources, and help multiply what they can offer and receive from their ‘direct’ ties. (Dubini & Aldrich, 1991, pp.305-313)

The entrepreneurial process consists of many distinct and varying activities such as identifying possible opportunities, acquiring the necessary resources, and the fundamentals of business creation. However amongst all these are the connections an entrepreneur must have so as to realize these activities, and therefore networking. In the beginning stages of business creation it seems an entrepreneur benefits greatly from the information flows provided by his or her network, this is making use of networking as a conduit of information (Hoang and Antoncic, 2003, pp.169). This is further supported Bridge (2003) who argues that the entrepreneur is defined by his or hers drive to seek opportunities and to creatively coordinate the resources available in the pursuit of profit. This is essential the use of networking in the entrepreneurial field, which is to coordinate all parties in a network and use the resources available from the network to creatively address the market place.

Networking is essential for an entrepreneur to build contacts, knowledge and confidence, which in turn is vital for the mobilization of resources so as to pursue opportunities that present themselves. This ‘mobilization of resources’ can be seen in many ways from the involvement of raising money, labour, and/or advice and support during the beginning stages of a venture. “Entrepreneurship is thus inherently a net-working activity.” (Dubini & Aldrich, 1991, pp.305-313). And to continue this thought of ‘coordination’ we can also look at the bridging of fields and departments to utilize and integrate activities. Johannisson and Monsted (1997) associate the entrepreneur with “creating new network patterns of economic activity through the interactive realization of innovation or by bridging supply

and demand, or, more generally, with integrating fields of activities that have so far been separated.” (Johannisson and Monsted, 1997, pp.112). Already we can see a common theme presenting itself and that the connection between what defines an entrepreneur and what defines networking. The papers thus far discussed upon have often mentioned how these two definitions go hand-in-hand, and fundamentally what an entrepreneur is a person who can successfully coordinate his network in a creative manner so as to produce a business that can tackle the market place.

Entrepreneurs, and already established ventures, run their independent businesses in their particular industry, however they operate within a network, intentionally or not. The network is used by the business so as to perceived opportunities, test concepts and, as mentioned previously, coordinate resources possibly available so as to advance their position, and in the case of the entrepreneur, create a new venture (Aldrich & Zimmer, 1986, Gillingham & Loucks, 1982). From the beginning a network will be used to supply one of the various purposes mentioned above. One of the purposes of networking, which was touched upon in ‘Goods and service’ is the access to investors. Steier and Greenwood (1999) conducted a study in to the apparently “invisible field” of angel investors and how networks and relationships affect the potential amount of investors, and chance of investment in a venture. However the reliance of networks is not constrained to the start-up stage, nor does it become less important with larger and more established businesses. The entrepreneur will continually rely on the information, advice, and support networks can provide. The type of resource a person gets from their network may depend on how established a business is, however the importance of ties is always there (Hoang & Antoncic, 2003, pp. 169). Actually, as firms continue to grow and form new relationships, and maintain others, they develop a network of both direct and indirect relationships. This inter-firm networking plays an important role in innovation and organizational creativity. This in turn brings us back to crossing boundaries between disciplines to exaggerate information coordination and thus inducing innovation.

Inter-firm networking is required for the development of a business as a small firm is most certainly not going to possess, internally, the amount or range of knowledge and ability needed to adopt to market changes, technological advances, or merely to stay in the loop of governmental change. (Schilling & Phelps, 2007, pp.1116)

“Hence, the ability to acquire suitable external expertise when needed either from professional (e.g. consultants, solicitors, accountants and enterprise support officers) or informal advisors (e.g. family members, friends and former colleagues) becomes a competitive factor in itself.” (Koutonen, T, Zolin, R, Kuckertz, A, and Viljamaa, A, 2010, pp.189)

Networking as an entrepreneurial behaviour essentially provides the entrepreneur and the firm greater access to a larger and broader array of information and resources. Networking is about establishing connections with individuals and organizations so as to gain insight in to possible opportunities, create a more innovative atmosphere, allow as much cross disciplinary collaboration, and to have the ability to chose any path needs to be taken in order to obtain a market advantage. These connection are what help entrepreneurs develop

their businesses to a level that would not have been possible without the support of other individuals and firms for what ever resource was required. The entrepreneur may have his/her independent business, but he/she is still part of a network, how the entrepreneur uses that network will determine the success of the business. (Schilling & Phelps, 2007, pp.1113)

2.5 Modern Social Networks

During our research we will differentiate three essential components of networks. The first component is the content of the network or the resources that actors have gained through interpersonal and inter-organizational relationships. The second component is network governance or the trust between these relationships and the third component is the network structure or the pattern that emerges from the crosscutting ties. (Hoang & Antoncic, 2003, pp.168-172). During our interviews and our literature research we will analyze the changes of networking using these three different components as a basis. These three components emerge as key elements in models that seek to explain the process of network development during entrepreneurial activity and the impact of networks on entrepreneurial outcomes (Hoang & Antoncic, 2003, pp.166). The purpose of our research is to compare how these components have shifted due to the emerging of new communication channels with a special emphasis to social networking web platforms such as Facebook and LinkedIn. Before proceeding we consider that its important to differentiate the two key terms. When we refer to 'networking' we denote the action by which an owner-manager develops and maintains contacts for trading and business development purposes. Networking, has come into vogue to describe new forms of contemporary organizations, large and small, as the boundaries around firms come to be seen as less sharp than was once assumed (Chell & Baines, 2000, pp.196).

Just two decades ago it used to be hard to know and measure how are people connected with each other, therefore understanding how are people connected with each other was hard to measure. Moreover individuals were mostly aware of their direct relations to someone else and it was harder for them to know how they related to someone in a second or third degree (that means the friend of your friend). From a researcher's point of view, collecting social-network data was traditionally hard, requiring extensive contact with the group of people being studied; and, given the practical considerations, research efforts have generally been limited to groups of tens to hundreds of individuals. Today social interaction in online settings, on the other hand, leaves extensive digital traces by its very nature. At the scales of tens of millions of individuals and minute-by-minute time granularity, we can replay and watch the ways in which people seek out connections and form friendships on a site like Facebook or how they coordinate with each other and engage in creative expression on sites like Wikipedia and flickr. We can observe a news story suddenly catching the attention of millions of readers or witness how looming clouds of controversy gather around a community of bloggers (Kleinberg, 2008, pp.66).

Johanson and Vahlne (2009) refer to social networks as the family, friends, and acquaintances with whom the entrepreneur relates to primarily on a social level. Since social network sites allow you to connect to people whom you might not know but whom

you share a common interest, this research will consider those individuals whom an entrepreneur does not have a personal contact with, but still interacts via social network sites as part of their network. We consider that social networking sites such as Facebook.com, Twitter.com, LinkedIn.com among others are changing the way entrepreneurs relate to their stakeholders. Moreover we consider that the contacts made through these web platforms are helping them to gather resources to aid their business. Since it has been argued that through the interaction with stakeholders on Facebook and other social media applications, organizations seek to develop relationship with important public (Waters, Burnett, Lamm, & Lucas, 2009, pp.103) we will consider those publics as part of the entrepreneur's network, but we will analyze mainly through interviews to which extent are the ties between the public an entrepreneur relates through these portals and the entrepreneur in terms of network content, governance and structure.

2.5.1 About some popular IBNWs

Before proceeding we will briefly describe how two main IBNWs, these are Facebook and LinkedIn. We consider these two sites to be of great relevance in our research since Facebook is the social network site with most users and LinkedIn is the professional social network with more users. Social media sites are built around few commonalities; personal collections, tagging and tag clouds and ways to track other people's accounts, either through 'friending', RSS, watch lists or all of the above (Rethlefsen, 2007, pp.130). Facebook could be rapidly described as a web portal where users can join networks organized by cities, workplace, schools, regions and connect and interact with other people (Casteleyn Mottart & Rutten, 2009, pp.439). In this web portal, people can easily add other individuals to their network (upon their friend request authorization). Furthermore individuals can choose to like or dislike certain groups organized by topics in common and also choose to follow companies such as Heineken that has over 1,281,580 followers. LinkedIn on the other hand is a service designed specially to connect business colleagues and networks. It operates in much the same way as Facebook, by building relationships by degrees and it also offers public and private groups (Rethlefsen, 2007, pp.129).

A social network is a configuration of people connected to one another through interpersonal means such as friendship, common interests or ideas (Coyle & Vaughn, 2008, pp.13). Facebook and LinkedIn can be categorized as such because they allow friends or people with common interests to connect through a "friendship" request. From the entrepreneurial and business perspective that concerns us, we wish to know how these connections, friendships and sharing of ideas are affecting the reach for support, contacts and other resources an entrepreneur might find of use in to carry on with its venture. Since the entrepreneurial process involves gathering of scarce resources from the environment, and such resources are usually obtained through the entrepreneur's personal network that provides the entrepreneur with support, contact, and credibility (Ostgaard & Birley, 1996, pp.37).

We live in a time where networking is no longer just a matter of attending a monthly meet & greet but is also about tweets, Facebook posts, blog-entries, online chats and Linked In communications (Hughes, 2010, pp.78). Those Facebook post, blog entries and online chats

affect directly or indirectly your network governance, trust and also your network structure. Social networks have become prevalent in the age of the Web. With interfaces that allow people to follow the lives of friends, acquaintances and families, the number of people on social networks has grown exponentially since the turn of this century. Facebook, LinkedIn and MySpace, to give a few examples, contain millions of members who use these networks for keeping track of each other, “At the scales of tens of millions of individuals and minute-by-minute time granularity, we can replay and watch the ways in which people seek out connections and form friendships on a site like Facebook or how they coordinate with each other and engage in creative expression on sites like Wikipedia and Flickr” (Kleinberg, 2008, pp.66). These millions of people who are interconnected thanks to a web platform are interacting with each other for different purposes, fun, job searching, contacting clients, promoting a certain product, spreading out news through a feed or just keeping themselves informed of what is going on in their friends lives.

If social network platforms like Facebook allow millions of people to associate within each other by groups of interest and affinity then could it be easier for entrepreneurs to find trustworthy partners through the use of these network platforms? For instance let's assume that we are building a business related to the development of solar panels, then how much value could we obtain as an entrepreneur by contacting people within groups related to solar and renewable energies and what is the most appropriate social network platform to seek for business partners? According to Hempel (2010) LinkedIn has become a new way for people to research clients before sales calls, ask their connections for advice allowing individuals to see how other professionals are performing before making a first contact. But it is not only individuals trying to research clients or seek for jobs the ones who use these sites.

Up until now we have focused our literature in networking and sites like LinkedIn and Facebook. But there are other social networking web sites out there. Twitter for instance a platform that allows you to post a feed (or a tweet) using 140 characters or less has become a big thing for companies, and now a days fortune 500 companies are using this networking platform in order to contact and engage with stakeholders. In a research about how fortune 500 companies are using Twitter made by Rybalko & Seltzer demonstrated that Twitter feeds tend to target different publics compared with those targeted by the websites, they discuss that Twitter is used to post messages that are primarily directed at either an unspecified general audience or specific Twitter users, and that companies use different online tools to reach different publics (Rybalko & Seltzer, 2010, pp.340).

Finally, we find important to mention an IBNW that claims to be based in trust, which objective is to maintain and expand the network among trusted friends and business partners (Langenberg & Schellong, 2007, pp.2). Asmallworld is an exclusive invitation network where membership is confined to a relatively small group of people who travel in the same elite, often moneyed, social circles (Holahan, 2007). This network provides forums where trusted friends can exchange secret tips and information as well as goods and services that go from vacation homes to collaborations (Langenberg & Schellong, 2007, pp.7). In this network you can find posts that advertise a 15-hour flying time on a 14-seat bombardier jet for the bargain price of \$75,000 (Crittelle, 2004). This social network claims

to be kept among trusted people, in this network you are not allowed to add someone that you don't know and you are encouraged to decline friend request from unknown people since they will instantly gain access to your network. More than three friend request declines will lead you towards the expulsion from this network. This network illustrates the degrees of separation you have among another members, this means that if you receive a message from one of the members within Asmallworld –also known as ASW- you are able to see through whom you are connected to that person.

2.5.2 Networking & IBNWs

Networking, from an entrepreneurial perspective, is an action that can be used to find support in contacts during the business development process (Chell & Baines 2000, pp.199) and as stated by Schoncheck (2010, pp.904) networking contributes to develop relationships with others so as to advance your business. This said we can't ignore how modern networking platforms shifting the way contacts are maintained and relationships are being constructed. As a general picture, today people spend on Facebook over 700 billion minutes per month and there are more than 500 million active users login in to Facebook in any given day (Facebook, 2011).

Internet and social networking sites are changing the way we connect and the way we express our identity, influencing on the way we relate and interact with others. There is no longer the need to chat with someone in order to have an idea of what is going on in their lives, if you wish to know more about his working experience and professional goals you can read their LinkedIn profiles and if you wish you wish to know what is going on in these persons lives you can briefly browse through their Facebook pictures and even post comments on them or state your like/dislike of a picture or a comment. We live in a time where Facebook profiles have become carefully chosen tokens of identity (Casteleyn, Mottart & Rutten, K, 2009, pp.440).

We live in a time where people can access to these Internet portals through their mobile phones, and as they leave a meeting with someone outside your network, they could instantly look for the persons within the meeting and add them to your social network "friends". Today there are more than 200 million active users currently accessing Facebook through their mobile devices (Facebook, 2011), tweeting about their latest business meeting as they take a taxi to the office. Additionally, LinkedIn (a professional social network web platform) has more than one hundred million professionals around the world as March 2011 and as January of 2011 LinkedIn counted with executives from all Fortune 500 companies as members (LinkedIn 20011). How do these numbers reflect on the practice of networking?

The data provided above leads us to think of the world as a place where people are more interconnected than ever and since business environment is viewed as a web of relationships (Johanson & Vahlne, 2009, pp.1), we can assume that social networks are a positive contribution when it comes maintain these relationships. Social network sites are not only affecting the way we connect, but they as mentioned before are affecting the way we spend our time. Many social networking sites are already ranked among the most visited

sites on the web. Today, pure social networking sites like MySpace and Facebook, along with specialized social networking services like YouTube, Flickr, Digg, and del.icio.us rank amongst the United States and the world's favorite places to go on the Web (Rethlefsen, 2007 pp119). This means that in terms of web visits, people are spending more time looking to what other people are posting than reading the news at cnn.com. What Internet has changed is the manner and scope that we connect (Hayes, Ruschman & Walker, 2009, pp.109). LinkedIn operates the world's largest professional network on the Internet with more than 100 million members in over 200 countries and territories (LinkedIn 20011). This means that 100 million individuals from over 200 countries around the world could be potentially connected. Moensted (2010) argues that the networking strategy does not reduce simply to forming alliances, but involves many forms of collaboration and exchange.

In this matter, we find important to highlight that the fact of "Friending" (referred in this research as the act of adding someone as a friend on your social media site) someone online is not the same as being a close friend of that person, in reality social networking friends may be personal friends, acquaintances, co-workers, classmates, celebrities, or even commodities. Musicians in particular have made use of sites like MySpace to promote themselves, increasing their reach into pop culture by accepting as many friends as possible. MySpace has become such a massive marketing tool for musicians that there are even online guides teaching musicians how to make the most of MySpace (Rethlefsen, 2007, pp.120). This means that just because an individual or an organization is listed within your friends it does not mean that those individuals share a close relationship nor that there is trust among them. Under this perspective a friend connection cannot be viewed as an alliance, and the importance on the network would not rely on the amount of "friends" or acquiesces on your social network web platforms but more of how profound is your relation with those individuals.

As mentioned previously we will focus our research analysis on the changes within what Hoang and Antoncic (2003) define as network content, governance and structure, and how these components have changed due to social network sites like Twitter, LinkedIn and Facebook. The content of a network refers to the relationships within the networks, which provides the entrepreneur with access to information and advice (Hoang & Antoncic, 2003, pp.169), in this research we will seek to understand how is the use of social network sites helping current entrepreneurs to build new relationships with other individuals who might be of help for the development of their businesses such as a supplier in China or finding an expert on a certain matter on the research lab of a foreign university.

The topic of network governance should be studied in order to understand the role of trust in the entrepreneurial and business development activity. Network governance refers to the trust between the members within the network. Trust is an important component in the entrepreneurial process since allows both parties to assume that each one will take actions that are predictable and mutually acceptable (Hoang & Antoncic, 2003, pp.170). If companies for instance are hiring using social network platforms such as LinkedIn this means that they express a certain trust that the platform works in providing a company with competent individuals to fit the company's search profile. On the other hand, if there are over 100 million users using LinkedIn can it be assumed that individuals trust that this

social network site will provide them with desirable and trustworthy professional contacts? This is the direction where numbers are currently pointing, as mentioned by Hempel (2010) now a days the database of LinkedIn is composed by million of members that log on to create profiles, upload their employment histories, and build connections with people they know and even people whom they don't know that, for example could be a reference of someone.

Going back to network structure, which relates to the pattern of direct and indirect ties between actors, the different the position within a network structure the different the impact of resource flow (Hoang & Antoncic, 2003, pp.170-171). During this research we intend to understand how are social network sites are contributing to the expansion of an entrepreneur ties between different actors. Now a day through social network sites an entrepreneur can see who is directly connected to their network and also see who is indirectly connected to their network (on a second or third degree). If network size is the extent to which resources can be accessed, are the resources an actor can access (Hoang, & Antoncic, 2003, pp.166) are modern social network platforms really increasing the amount of resources available for entrepreneurs?

In April 2006 Facebook opened its registration process to organizations and more than 4000 organizations joined in less than two weeks (Waters, Burnett, Lamm & Lucas, 2009, pp.102). These organizations where already inside this social network and users from around the globe could access their pages, post comments on their Facebook walls and discuss with other people topics of common interest shared through posts in these organizations feeds. With an average of 250,000 people registering to use Facebook daily organizations cannot ignore the networking phenomenon (Waters, Burnett, Lamm, & Lucas, 2009, pp.102). The fast expansion of Internet and user growth of social networking sites are changing the way we relate, the way organizations reach stakeholders and the way stakeholders interact with organizations. But although social network sites are connecting millions of people under a .com (call it Facebook.com or LinkedIn.com) the human touch is still a must for networking business owners (Hughes, 2010, pp.78).

The underlying assumption of social network theory is that through personal networks, entrepreneurs can gather access to critical resources, which for a variety of reasons the new firm does not possess internally (Ostgaard & Birley, 1996, pp.45). The research intends to explain how has networking changed due to new means of communication, hence understanding how has social networking sites altered the access entrepreneurs have to such resources. Furthermore we wish to understand to which extent are relationships maintained merely online and to which extent is "human touch" needed to deepen trust within the parts. Networks contain trust, which as described by Anderson & Jack (2002) are a "glue and lubricant" that holds network together. If trust is a key factor that keeps networks together and an important asset for every entrepreneur, then we should also seek to understand what is shifting within the trust patterns due to social networking sites. According to Welter and Smallbone (2006) personal trust may depend on the characteristics of a group such as an ethnic or group affinity and it also occurs in bilateral (business) relationships, often long-standing ones where persons have come to know each other. In both cases, they assume that the partner/friend will not behave in a way that is detrimental to the relationship even when

there are no written or explicit rules set out.

The concept of IBNWs targets the development of online communities where individuals have the ability to connect and interact with each other on a much higher scale. These individuals have the ability to form “social networks” and set up contacts with individuals they would like to get to know for either professional or personal reasons that they otherwise be unlikely to connect (Hayes, Ruschman & Walker, 2009, pp.109). But if Networking is the active process of one intermediary putting other intermediaries into circulation, involving a balance of resources in order to gain access to new knowledge and people while simultaneously collaborating as mutual obligation to protect them and form alliances (Moensted, 2010, pp.17). The question that arises is how is the ability to connect and interact with each other shifting in these sites, opened to the public as Facebook.com or closed by invitation only as Asmallworld.com. Are these sites really allowing people to gain access to new knowledge. Moreover are actors within these social networks mutually collaborating in order to protect and nurture their relationships?

It is undeniable that people thought the world is more interconnected because of the web and the growth of social network sites. The way we relate with others is shifting and the way we make and maintain relationships as well. Today we can find more similarities with someone sitting on the other side of the world that shares the same interests as you in a certain topic that your best friend. Social Networks are enabling the creation of new communities, are changing the way head-hunters seek for employees and the way we express our identity. The question is how are these factors affecting the way businessmen and entrepreneurs relate. Are entrepreneurs exposed to more resources viewed as advices, useful information or even partnerships because of the facility to seek people with common interests that these sites bring and the facilities to see the degrees of connection you have with such individuals? We are living in an era where people can be owners of their own communication channels, where a youtube video can generate more views than a show from a mainstream TV station. We should pay attention to these factors, because today a single blog entry or a video in youtube are able to jeopardize the image of an entire company for good or for bad, inspire movements and move the masses towards a specific action.

2.6 Choice of theories

During the literature review we have explored the field of networking with a focus on the entrepreneurial process and how modern technologies, in the form of IBNWs, aid individuals and organisations. Within this literature we delved in to the works of Hoang and Antoncic (2003) who have provided a clear structure for comprehending the process of networking and the structure of the network. As mentioned above the three elements are: structure, governance and content. We have chosen this structure as it incorporates many of the other concepts and theories explored (Figure 1.), and yet at the same time it divides the field in to three neat sections, which can be used to further analyse our research data, so as to identify how each of one of these components influences an entrepreneurial process of networking.

Figure 1 – framework for theory development

Hoang & Antoncic's framework of networking	Connecting concepts
<p>Structure: “Network structure is defined as the pattern of direct and indirect ties between actors.”</p>	<p>This element is concerned with how the network is constructed and how the players within are positioned, as this position will in turn have an affect on the relationships between the actors. (Deutsch, 1980)</p> <p>Strong and Weak Ties (Granovetter, 1973) Strong network relationships carry high levels of personal interaction with high frequency, while on the other hand you have weak ties, which are less personal and are useful in providing strategic advantage for resource availability. However what we must realise here is that neither one is better then the other and that in fact it is important to maintain both your strong relationships and your weak.</p> <p>Direct and Indirect Relationships (Dubini & Aldrich, 1991) This focuses on the number of links an organization has. These are either direct, personal, links with whom they have a direct relation with, or an extended network, with whom they have an indirect relation with.</p> <p>Centrality (Johannisson, 1994) This concept looks at an individuals ability to access resources through both their indirect and direct links. It questions how central a person is within his/her network and their “reach” within so as to ‘tap’ the necessary persons and resources possibly available to them.</p> <p>These ties then impact how resources are exchanged between parties and thus the outcomes of the business benefits.</p>
<p>Governance: “Trust between partners is often cited as a critical element of network exchange that in turn enhances the quality of the resource flows.”</p>	<p>Competitive vs Cooperative Networking (Deutsch, 1980)</p> <p>The cooperative approach sees people as believing their goals are positively linked to one another, and that as one persons gets closer to achieving their goal then the other person in the relationship will consequential move closer to attaining their own goal.</p> <p>The competitive approach on the other hand sees people as believing that their goals are negatively influenced by that of others. In this situation an actor sees that the success of his/her goal will interfere with the others.</p>

Content: “Interpersonal and interorganizational relationships are viewed as the media through which actors gain access to a variety of resources held by other actors.”	Innovation Bind actors together from varying industries and disciplines so as to “empower the individuals within the team.” (Lipnack & Stamps, 1993). This ‘empowerment’ promotes innovative behaviour when actors involved recognise the possible potential of bringing together distant conceptual realms, find ways in which they can be connected in an advantageous manner, and work together to make them a reality. (Joyce et al, 2010)

Chapter 3 – Methodology

3.1 Our Qualitative Approach

We have chosen to use the case study design as our research template. This was decided as we are conducting a very detailed and intensive analysis of a single case – entrepreneurs of the 21st century (2011) period, and how they use IBNWs to aid their networking process. Therefore we will be adopting an extensive case study where multiple interviews from a wide array of regions will be conducted within a singular case (entrepreneurs of the 21st century). Another reason a case study design was chosen is that as researchers we will be using the study to accomplish the aim of generating a theory from our collected data (Bryman & Burgess, 1999a). Within this aim is to provide, at the end of the research, an in-depth elucidation of our topic which is given by a case study as it is a research strategy that focuses on trying to grasp the dynamics that are present within a single setting – entrepreneurs of the 21st century (Bryman & Burgess, 1999a). This means that we will be taking an idiographic approach, as opposed to nomothetic, as the data collected will be representative to a specific time and field (Bryman & Bell, 2007).

In aid of building our own theory from this research we have created the framework as seen in Figure 1. above where we have used the structure of Hoang and Antoncic's framework and the concepts of other authors to construct to provide a modified framework in which to analyse our results. This was done because the three elements (Structure, governance, and content) discussed by Hoang and Antoncic provide a great overview of the subject of networking however it does not go in to the detail that some of the other authors offer within the categorisation of the elements. To take an example, the concepts of strong and weak ties (Granovetter, 1973), direct and indirect relationships (Dubini & Aldrich, 1991), and centrality (Johannison, 1994) are all very important concepts within networking and all revolve around the element of structure (Hoang & Antoncic, 2003). The logic behind this method is that the theories and concepts within Figure 1. will help us in the collection and analysis of case data, and from this case data we will be able to generate new theory on how entrepreneurs use IBNWs for the purpose of business networking.

By using a case study so as to research in to the field of modern networking in relation to entrepreneurship we will face certain strengths gained from the processes when building our theory from the results, as well as some weaknesses. One of the main strengths of using a case study to generate a new theory is that it is more likely to build a theory that is original. This originality comes from the creative insight obtained from the combinations of contradictory evidence that often arises within a case study. One of the myths of conducting a case study is that the researchers involved will be limited by their preconceptions, however this is not true as the “constant juxtaposition of conflicting realities tends to “unfreeze” thinking, and so the process has the potential to generate theory with less researcher bias than theory built from incremental studies or armchair, axiomatic deduction.” (Bryman & Burgess, 1999a).

Another advantage gained by using a case study to generate a theory is related to the fact that the process of generating a theory is so closely tied to evidence collected during the

research process which means that the theory will be very much consistent with the original observations made. “This intimate interactions with actual evidence often produces theory which closely mirrors reality.” (Bryman & Burgess, 1999a).

However there are weaknesses seen by generating theory from case studies. First, because case studies are very much in-depth and therefore obtain vast amounts of very detailed data it is very tempting to use all the data collect to generate a theory, which in the end will be overly complex. Where according to Bryman and Burgess (1999a) the sign of a good theory is one that is generated while using the essential data and not clouding the theory with irrelevant detail.

Lastly, it is often seen that building theory from case studies leads to “narrow and idiosyncratic theory.” (Byrman & Burgess, 1999a). This is because the theory is generated from a very ‘idiosyncratic phenomenon’, - a very peculiar situation – and therefore the researcher is unable to increase generalising strength of the theory.

The qualitative approach was chosen because the methods of quantitative research do not provide the same deep understanding of social phenomena that can be reached with the use of qualitative methods (Silverman, 2000, pg. 89). With a qualitative approach we will be taking an interpretivist stance as our epistemological position which will give us the opportunity to look at the social world and try gain an understanding of it through the examination of those who participate within it. In this study we are conducting qualitative research in to the entrepreneurial setting, focused on the field of networking, and have done so by examining the opinions and experiences of entrepreneurs before and after the launch of mass internet networking websites (e.g. Facebook, Twitter, ASmallWorld, MySpace, etc) and with these results explore how and the modern networking tools affect the process of networking and elements within. This inductive approach will give us the opportunity to analyse the relationship between theory and research, and finally develop our own theory on this topic (Byamn & Bell, 2007).

To add to this, the qualitative approach has allowed us to take an ontological position described as constructionist. This position “implies that social properties are outcomes of the interactions between individuals, rather than phenomena ‘out there’ and separate from those involved in its construction.” (Bryman & Bell, 2007). With this position we are able to construct a better understanding of the social dynamics and interactions between the players within the entrepreneurial field by analysing our findings with the understanding that those individuals involved within the social paradigm are those that construct it.

When following this strategy the most appropriate form of data collection is through the method of semi-structured interviews with a small amount of respondents, however in great detail. This form of data collection is most used when trying to interpret the meanings and functions of human actions, such as in our case where we will be trying to explore how Internet based networking websites affect the process of networking in the business environment and how this has affected the entrepreneurial process of starting a venture. With this form of data collection we have been able to assemble a rich set of results to help

in the production of a theory to explain the actions of entrepreneurs in this particular field of networking.

3.2 Specific Data Collection Methods

We chose to do a semi-structured interview where we have a list of questions on fairly specific topics to be covered (in this case modern networking in entrepreneurship) but we will give the interviewee leeway in how to reply. Since we are doing qualitative research we decided to use this type of interview, where we are interested in the detailed and rich answers obtained (Bryman & Bell, 2007). Interviews are also useful because they delve in to the experiences of the interviewees, which is exactly the data we will be collecting. Our results will reflect the experiences of those who have started businesses in last decade - the era of online networking (Silverman, 2000, pp.103). Although we will arrive to the interview with a list of questions, the questions might not follow on exactly in the way outlined or scheduled (Bryman & Bell, 2007). The question we want to answer in this paper is how do modern Internet based networking websites effect the process of networking during the development of ventures? With this said we think that an appropriate way to collect information is by actually interviewing entrepreneurs that have established their ventures during the social Internet networking boom, and to record this experience with focus on their view on these networking websites in aid of their business development.

Qualitative research often helps us to generate data that can provide in depth insight into a question with long descriptive narrative perspectives rather than relying on statistical tables (Silverman, 2000, pp.8). However, in many instances it is seen as extremely important, if not vital to the research, to quantify the data in order to draw conclusions from the qualitative data. Researchers have criticized that the quantification of qualitative data eliminates the very qualities that make qualitative data distinct (Bryman & Bell, 2007). The main idea behind the concept of quantification is to turn the qualitative data, of words or images, in to numbers. Looking for emerging patterns can help us to the quantification of the qualitative data. In our case, there are many ways in which to analyze the data retrieved from our primary sources experiences and we have chosen thematic analysis to analyze the data we obtained from our research.

The most essential data to be gathered in this research is the experience obtained by entrepreneurs in relation to the process of networking when starting their venture and the methods used to establish and maintain these networks. Because these entrepreneurs have already started up their ventures we will be able to question them on the processes that they used so as to highlight how and why they use certain methods of networking in relation to the persons they are networking with. It is very important to know how entrepreneurs of 2011 use other forms of networking too (such as email, face-to-face, etc) so as to have better understanding of the importance and usage of the Internet based networking websites in comparison to these forms.

To support the data that we will collect we will make use of relevant concepts on the topic of networking that can be applied to the study. For these secondary sources we have chosen several theories from various authors, however all of which fit within the framework put

forward by Hoang and Antoncic (2003). This framework will help us organize and analyse the results in to three different variables, i.e. network structure, governance, content (Fig 1). However for further support our results we have also interviewed an expert in field of business and the Internet landscape – Professor Luigi Proserpio from the department of management and technology in Bocconi University, Milano, Italy. With the use of Luigi's professional expertise in the Internet landscape with relation to business we will be prepared to analyse the data retrieved, and thus helping us answer how IBNWs affect the process of networking during the development of ventures.

Sampling and Participants:

As mentioned we will be using semi-structured interviews as our main method of collecting data. In total we will be conducting 10 interviews with entrepreneurs who have started businesses in the last five years. The interviewees will be participants from all around the world and of varying ages. The interviewees will be established through our own personal networks.

The interviews will be conducted over skype (video chat) without a time limit, and will be recorded – both video and audio – and transcribed for later analysis. Some of the entrepreneurs were found through the help of Uminova, a local facility in Umea, Sweden, that provides help and support to starting entrepreneurs, while the majority of the entrepreneurs were found through our own personal contacts, or network.

3.3 Data Analysis Method – Thematic analysis of Qualitative research

We chose thematic analysis since it's a method that deals with qualitative data that involves the creation and application of data coding by categories. The data analyzed in this thesis will be the interviews. Thematic analysis is a method for identifying, analysing and reporting patterns (themes) within data. It organizes and describes data set in (rich) detail. (Braun & Clarke 2006 pp6). Problems with thematic analysis might arise if we are not clear when analysing the data, or the assumptions informed in the analysis and this can impede other researchers carrying out related projects in the future to use our work and data on their studies (Attride-Stirling, 2001). For these reasons, clarity on process and practice of the method is vital (Braun, V, & Clarke, V 2006 pp7). The categories we will analyze in this research are content, structure and governance of social networks.

3.4 Ethical Considerations

Ethical considerations addresses the questions of how should we treat the people with whom we conduct the research and which activities we should or should not engage in our relations with them (Bryman & Bell, 2007 pp132-135). During this research we will always avoid harming the integrity of the interviewees and thought the interview we will reassure with our interviewees what part of the information they have provided us with can or cannot be published in our thesis. We should make sure that we have the authorization of the interviewees to publish their names and other information we gather during our interview that they might feel sensible of sharing, before we publish the information on our reports. During our research we should be aware if whether we are harming the participants in any way, if we are invading their privacy or if we lack consent to reveal some of the information they have provided us with. Furthermore when writing the report we should make sure that no deception is involved and no miss interpretation of the information provided by the interviewees (Bryman & Bell, 2007 pp141-142).

Secondly we should avoid miss-lead the data collected, avoiding deception, which can occur when researchers represent their research as something other than what it is (Bryman & Bell, 2007 pp.141-142). The whole purpose of the ethical considerations is to avoid to cause any harm to the participants and invade their privacy, which could cause our interviewees any sort of conflict such as jeopardize his/her career or future employment or cause him/her any kind of stress (Bryman & Bell, 2007 pp.139-140). During this research we will strictly follow ethical codes and follow their guidelines in order to avoid any damage to the interviewee's integrity.

3.5 Problems and Limitations of study

The number of persons interviewed is a hard choice, as generalisability must always be weighed against feasibility. In our case we have been able to collect data from a sample of ten entrepreneurs and although we understand that this number of respondents does not represent the field of entrepreneurship nor networking, it has provided extremely in-depth data on the nature of networking in the Internet based networking website boom for entrepreneurial activity. Our choice of methodological techniques has allowed this gathering of detailed data that will further allow us significant analysis of the process in question. From the data collected quotes will be used to provide valuable support to the summary of the empirical observations so as to add voice to the text and help us with the analysis (Walcott, 1990).

In this thesis we chose to retrieve the data and information from interviews. We chose to do semi-structured interviews in this thesis, which implies that we will keep a list of questions on specific topics to be covered, but the interviewee will also have flexibility to reply the questions (Bryman & Bell, 2007). The semi-structured interview will allow us to follow a certain pattern of questions during the interview and at the same time will give the interviewee freedom to focus on topics or matters that they consider to be more important during the interview.

A semi-structured interview can cause some problems. The first problem we could face when we conduct a semi-structured interview is related to the time spent during the interview. Since as mentioned beforehand, in this kind of interview we allow the interviewee to freely expand themselves during the answer of the questions, we could run the risk of focusing less time to other important questions in the interview. Moreover, we assume that most of the interviewees have other activities, therefore the interview should also be thought out to be answered in a limited period of time, informed to our interviewees before we conduct the interview. Personal interviews are time costly. For this reason we will limit have to limit the amount of interviewees, therefore we will have to narrow down the amount of interviewees to a few, hence this Thesis will be limited to the response of Entrepreneurs in limited industries, in limited regions of the globe.

The second problem we can face during our interview are factors related to the tone of voice and interpretation, the way the question is rephrased, inadequate note taking and even gender and appearance of the interviewee, which may lead to errors or biases (Minter, E. 2003). Since we intend to gather information from entrepreneurs located outside Sweden through Skype, other factors such as poor bandwidth connection or bad microphone reception could have an impact on the collection of data. On the other hand when conducting the interviews within Sweden, factors such as conducting the interview in a non-native tongue of the interviewee, such as English may limit the vocabulary used to answer our questions, limiting the expansion and deepening of the questions the semi-structured interview seeks to achieve from the interviewees.

This brings us to another obstacle, related to problems in the matter of interpretation. There are occasions where interpretation may affect data collection. Since interpretation is based on the interviewee and interviewer experiences, such experiences can affect the interpretation of the questions or answers. The second interpretation problem arises, when collecting the data since the interviewee will answer each question with what they believe the interviewer is asking, which might differ from what the interviewer actually wishes to know. Lastly there is the interpretation of the answers by the interviewers. All that is answered by the interviewees in this thesis will be verbally communicated and this communication is subject to interpretation. This is especially more affluent in our study as we will be conducting the research in English, which is not the native language of some people being interviewed and might affect the data collection by a lack of the participants aptitude in describing their experience (Denzin & Lincoln, 1998, pp.29).

The third problem we could encounter is that interviewees could be reticent to some answers, or the answers will not be as relevant to our research topic as we expected (Bryman & Bell, 2007). This can compromise the gathering of our information in certain topics and from an ethical perspective (which will be discussed later) we will respect the interviewee's sensibility. In order to avoid such problems we will ensure before and during the interview that the interviewee feels comfortable with the topic being addressed during the interview and that they are completely capable of understanding what we are saying and we are capable of understanding what they are saying.

We are aware that during our study we could face contextual limitations that can arise from ignoring important details during the interview. Details during an interview are often important, because the details provide an account of the context within which the interviewee behavior takes place (Bryman & Bell, 2007). Since some of the interviews we will do take place overseas, problems of context might arise. To avoid such problems us the interviewers and the interviewees will do the interview in a place isolated from external sound that could compromise the questions and answers that take place during the interview.

We consider that the emotional context is an important aspect of the interview, this is the tones, the attitudes and behavior of the interviewee and the interviewer during the interview. Emotional context is expressed with an oral component, such as intonation of voice, pauses, sighs, and laughter, which cannot be transcribed accurately in to a written record. The interview is only fully experienced by the research at the time, then the record of the event must be pulled from memory (Bryman, A. Burgess R. 1999c). Moreover since the emotional context of the interview as well as the nonverbal communication are very important during an interview and tape records do not capture well audio (Bryman, A. Burgess R. 1999c), we will use special software in order to record with a high quality sound and video, thus obtaining a better understanding of the interview context and the emotional context during the interview.

Chapter 4 - Empirical observations: Qualitative results

In order to analyse the qualitative data collected we have made use of the thematic analysis method so as to identify patterns within the research data. Appendix 1 shows the sample of entrepreneurs from which our data was taken. A total of 10 entrepreneurs were interviewed and as shown in appendix 1 we were able to obtain data from an international population with person from, and operating in, various different countries, this in turn will hopefully reflect an international perspective in our results and therefore be much more generalisable.

Furthermore, after much communication and coordination with the Univerisy of Bocconi, Milano, Italy, we were able to conduct an interview with an expert in the business and the Internet landscape from the Department of Management and Technology. This data will help us in the process of triangulation, as we are able to not only see through the eyes of the entrepreneur, but to get a better understanding of the field and results with the help of the insights provided by the professor.

The trouble with collecting qualitative data is that you end up with vast amounts of detailed and in-depth data. Therefore the task here was to take all this data and be able to take those parts, which have significant contribution to the research and then summarise the results for the paper. However among the summaries we have also included raw data so as to show evidence of and support the summaries.

IBNWs for the purpose of business - Question 1

When asked whether or not Internet based networking websites (IBNWs) were used for the purpose of business respondents all, save one, answered yes. This was not a surprising result for us; however it is when asked to expand upon this answer do we receive mixed responses from the interviewees. The majority of the respondents answered saying that IBNWs played an important role in their business networking process, from maintaining contact with strong ties to networking through the connections of those you are already friends with. IBNWs were also used as to connect with those in their industry with one respondent saying:

There are many sites that I use, such as alibaba.com, that provide a platform to network with those in my industry [Supplier], and I use these to target my particular business I am after. Since starting up my business I have found, slowly, which sites are best to find contacts for certain goods I need.

Another adding:

Yes. I believe that they are very important and they have a strong effect, especially when you are able to use them to obtain the contact of people you don't know, or people within your friend's networks.

These answers both show the importance these entrepreneurs place on IBNWs and how they help in the pursuit of finding those you do not have contact with. As mentioned above,

there are those who did not find that IBNWs played an important role in their business process, with one saying that his industry was very small and most of his networking was done face-to-face however he was developing his online networking presence as his clientele increased.

Channels of maintaining business networks - Question 2

Question two was very illuminating for us as we touched upon the subject of network maintenance and the methods used. On the face of it the respondents were very much divided upon the matter with the majority not placing much value in IBNWs when maintaining their networks. However when asked to explain certain methods of maintenance and their choices the results became more clear and much more agreed upon. Those who did answer that IBNWs was their most frequent form of network maintenance went on to say such things as:

I use Facebook most often to maintain my contacts, it's easy and I can reach a lot of people if I need to. However, for my personal relationships, or if I were to maintain contact with an important supplier, then I would email or set up lunch some time.

Most people are suspicious of mass communication [Spamming on IBNWs]; it seems cheap and is more a form of advertising than networking. So although I do use these sites (IBNWs) most frequently to talk to my contacts, I have realised that people will respond to the most personal form of communication which is most often a phone call.

Here we can see that although there were some respondents that used IBNWs as their most frequent form of network maintenance a pattern was seen in the data that emails and phone calls were the most common form of maintaining contact, as these were the most professional and personal forms of communication. However one respondent phrased it quite nicely saying:

It is very difficult to start cold again and again; Facebook is a method for me to keep my contacts warm so when I need them it is much easier to give them a call.

The influence of IBNWs in setting up a business - Question 3

For the third question there was a similar disparity in results as seen in the previous question where on the surface it would seem that the respondents disagreed upon the influential position IBNWs have taken in the start up of their companies. Nearly half of the respondents said that they used other methods of networking when trying to find initial clients and/or business partners during the start of their venture. And nearly all of the respondents mentioned how they used many close, or 'strong', connections during the beginning stages of business development so as to get a foothold in the industry. This was a common pattern in the results, however when asked how they used IBNWs during this development the words 'cost efficiency' and 'free' often came up. One respondent said:

100% yes. They are an important tool to a new business or SME. They are crucial as your business is starting from nowhere with little capital and these tools are usually free and takes little effort to setup.

Two respondents talked of how IBNWs help entrepreneurs establish their venture over night by connecting them to hundreds, if not thousands of persons online, and instantly. Another used the words 'ripple effect' whereby creating your presence online will reach more and more people everyday as persons mention it online.

IBNWs reduce the barriers of entry to reach a multitude of customers and potential business interests, and with almost no effort nor cost.

This quote (above) was taken from a respondent who also did not believe that IBNWs helped to a large degree in their business development as most of their original clients and/or business interests came from their original close network of friends and family, or at least in the networks of those close. However as seen, the entrepreneur still recognises the benefit of the IBNWs in establishing an online presence that provides recognition and a large net for potential clients and business interests, albeit a weak net.

Networking via IBNWs - Questions 4/5/6/7

The next set of questions all revolve around the same topic of communication with others via IBNWs. The purpose of these questions were to delve in to how business relations are started in light of IBNWs and thus if initial contact is made through the sites or if they are simple modern mediums of communications once a relationship had progressed. The majority of the respondents answered that they had been contact via IBNWs for the purpose of business, however never anything requiring much trust. An example of this would be for advice. As a respondent said:

Yes, I have been contact on only a couple of occasions and these were for advice when someone was coming to my country to start a venture or another asking for advice about the business culture here. Mainly advices though on the local environment and the local situation when doing business abroad.

Yes, on a first instance. But as relationships continue to grow I change the way I keep in touch with these networks and start to use phone calls and e mails.

As we can see here as examples relationships that start via IBNWs will generally start with minimal content exchanged such as advice, and in another instance suggestions on business matters. Also from the above quotations the results have pointed out how even if a relationship were to start via an IBNW they will almost always move away from that medium if the relationship were to grow to a more serious business relationship. While for question five when asked if respondents had been introduced to another via an IBNW the results were reversed with all but one of the respondents saying no. Those were initially said yes then went on to say:

I did not connect with the person online completely cold [with no previous contact]. In most cases my friend will either introduce me personally or at least give me their email, or even cc' me in an email to introduce me. The often I follow up by adding them on Facebook.

There was a similar result for the sixth question, which asked whether the respondents had introduced someone to another via an IBNW. The pattern amongst the respondents was that this sort of introduction in business was mostly done face-to-face, phone, or email (the majority mentioning email). One of the respondent is part of a Facebook 'group' where the members help each other by using each others networks to find persons they are looking for in relation to business. In this example the IBNW (Facebook) is used as a medium to communicate with other 'group' members however the respondent said that the introductions were still made with more traditional methods of communication (phone, email).

The last of this set of communication question is the seventh that asked the respondents if they had contacted someone they didn't know via an IBNW. Although the majority said yes some answered no saying that they had not felt the need to do so as of yet. However the ones that had, said that the contact made was for small content exchanged as had been done to them also (others had contacted then via an IBNW) and therefore when they made contact with the person it was for general advice and suggestion, and therefore in almost all occasion they had a positive experience. However one respondent did say:

Yes, when trying to get press coverage I identified writers and managed to get contact information through Facebook, which sometimes is the only way to contact them at a first instance. In one particular case I contacted a writer, and she put me in contact with someone at AOL walletpop.com that then went on to publish an article on my business that went very much viral.

Reliance on close and strong contact - Question 8

The purpose of question at is to find out how entrepreneurs maintain contact with their personal and close contacts (e.g family and friends) and within this, how much do they rely on them for business purposes. Whether or not the respondents rely on their close contacts is not as important as the method in which they maintain these contacts. The question is phrased this way so that we differentiate between simply social and for business. Many of the respondents said that their business did not rely on their close contacts, however those that did said:

We do rely on family and friends as contacts. Because in the nature of our business, trust is very important and trust can better be obtained from close friends and family references.

Our business development has been done in a basis of family and friends and the network started to flow on this basis. I believe that friends and family are the basis of our networks...

Furthermore those that did rely on their close contacts for business purposes went on to describe that IBNWs were key to maintaining these contacts in the most frequent form as it is an informal and easy way of staying in contact, even with those abroad. However it was still agreed upon that the best and most effective way of maintaining these contacts were the more traditional methods of phone calls and face-to-face interaction. Here is an example of one of the respondents' answer:

Facebook is a great way of maintaining close relationships, especially over seas, but face-to-face is the best way to maintain the strongest of connections. Although I use Facebook the most frequently, as its easy, I still think phone calls are better and Skype too. Though as I said face-to-face is the best.

Reliance on relationships establish via IBNWs - Question 9

When asked how much does your business rely on contacts gained though networking via IBNWs, and how do you maintain contacts, eight out of ten interviewees responded that they do not rely heavily on social networking websites for maintaining their networks, nor for networking purposes. However, we found out that they do rely in other methods of communication such as Black Berry Messenger to keep contact with their clients and providers, but mainly that they still rely on traditional methods of networking in order to add more contacts to their networks and in order to maintain their networks. Interviewees responded:

Corporations don't usually ask for big orders though LinkedIn or Facebook. I use a lot of Black Berry Messenger (BBM). BBM is a main thing for my business since I can take a picture of a new product and send it to a customer and they will most certainly open my message at the moment it is sent. Not like emails where customers can choose to delete them or not open them, stock them at a folder without ever reading what is in there.

All of the contacts that have been relevant for my business where gained though phone calls, friends and family references and personal visits.

Facebook keeps the weak connections warm, not much else.

On the matter of how much their business relies on IBNWs, most of the interviewees answered that they use it to create customer awareness of their product not for networking reasons. Eight out of the ten entrepreneurs interviewed had an active Facebook account for their business and the other two were in the process of creating an account. It is important to clarify that although they possessed an account on Facebook they used it for promotional purposes, they highlighted that they don't keep contact with their clients, providers or important contacts through IBNWs. As mentioned by some of the interviewees:

We use Facebook to generate customer awareness, It's amazing how one 'post' allows information to be distributed for a great audience and the potential it has to find someone who may be interested in your business.

I think that Facebook groups are important for marketing and promotional reasons but, when it comes to strengthen or maintain a relationship with an important client or provider I prefer to arrange a meeting. Social networks are in my opinion not very professional, face-to-face meetings on the other hand show that you are really interested in doing business with someone.

Although the majority of the respondents answered that their business does not rely heavily on social networking websites, most of them agreed that in certain situations these websites can be useful to find information of a client or provider they would need to get a hold of or a brief look into their “curriculum”, but once the first contact is established the relationship evolves to a personal level. Moreover, interviewees responded that sometimes they use a contact within social networks to start a conversation with someone within a certain organization and though that contact, contact someone else within that organization. According to two of our interviewees:

Once the relationship is established and as the contact grows in importance, the relationships go to another level, usually evolving in a specific order, that is: from the first contact via a social network, to email to a personal meeting.

Getting in touch with that initial person is important as it does allow us to open the door to a vast number of opportunities. However, this is usually not the person we deal with for a long duration of time, we will usually ask for a referral from them and work with someone else within that organization.

Other interviewees told us that even though, their company does not rely on social networking websites for contact maintenance or networking purposes, they use IBNWs to get a glimpse at their competitors and understand their “authority in the market”. Most of the respondents mentioned that IBNWs allows them to briefly check on what their competition is doing, products they have launched and that they also keep a close look at how many followers their competitors have on their “fan” pages. One of the interviewees highlighted the importance of profiles in IBNW to understand what advantages they can gain over their competitors. An Interviewee responded:

Through IBNWs we are able to see someone’s profile and level of authority within a company and we are able to work that as an advantage for us.

Although all of the entrepreneurs we interviewed were familiar with Facebook, possessed a personal Facebook account and eight out of ten had a page for their business, the majority of them only used IBNWs for marketing and promotional purposes, not for expanding or maintaining their networks. We found out that when it comes to maintaining their networks most of the entrepreneurs interviewed choose traditional methods such as face-to-face meetings. As mentioned beforehand, eight out of ten interviewees responded that they do not rely in social networking websites for keeping contact their networks.

Industry and inter-industry communication - Question 10.

In our interviews we asked the entrepreneurs, if IBNWs have helped them in the process of meeting relevant business contacts inside and outside your field or industry. We found out that seven out of the ten entrepreneurs interviewed have not met people in or outside their industry through IBNWs. However all of them are aware that though IBNWs they have had the ability to find and contact individuals from different industries or fields in case they should need to get a hold of them. As answered by one of our interviewees:

You are more creative when you know you have more access to a bunch of skills. Social networks allow you to be more creative because the access to other people is much easier.

Most of the interviewees still meet people inside and outside their industry through traditional methods such as meetings or references gained through a friend or a family member. On the other hand interviewees responded that a webpage is essential for making contacts with people inside and outside their industry since within WebPages you have all the information needed to contact a company such as a phone number, email addresses and even the physical address of the company. Moreover through a company webpage you are able to read relevant information about the company. One interviewee said the following:

I mainly use e-mails and traditional ways of contacts. WebPages though have been of great help since most of the time I am able to obtain all the contact information I need from a company browsing through their WebPages.

In this question we found out that in some cases business relationships are first established in person and that in rare cases they evolve to IBNWs, but as mentioned beforehand, when contacts become important and the topic in discussion is especially relevant for the business the way of maintaining contacts is taken off the IBNWs and replaced by emails, phone calls and face-to-face meetings. As answered by two of our interviewees:

Social Networks have not helped me to find persons outside of my industry. Even if I used Facebook to make a connection with some new, the initial referral is made personally.

Social Networks [IBNWs] have not helped me, most of the time I meet someone inside or outside my industry in person and then I continue the relationship through IBNWs. However the initial meeting is in person.

Four of the ten entrepreneurs interviewed said that they have used IBNWs for networking purposes with companies and individuals inside and outside their network responded that they have done so since IBNWs allow them to have a direct access to the person they wish to contact. One of the respondents commented on the importance of IBNWs to expand its business overseas and also providing them with new contacts they have used to keep their business competitive. As responded by two of our interviewees;

IBNWs are very important. The good thing about Social Networks [IBNWs] is that you can easily gain a contact of someone your friend knows through this networks. Social Networks

[IBNWs] allow you to go directly to the person you wish or need to reach, regardless if the person is inside or outside your industry.

It has helped tremendously; It has helped us to open new markets for our business. IBNWs are essential for work purposes, making relationships and to our success. If we were to rely on connection methods of the early 90s then our business wouldn't run. Therefore, it is crucial that we use tools such as this to keep competitive. And we do rely on it a lot.

Although most of the interviewees have not contacted people inside or outside their industry for business purposes an entrepreneur we interviewed pointed out that through social networks such as LinkedIn, and a special group created for executives in his industry, he has been able to reach persons within his industry for advice and information. Most of the entrepreneurs we interviewed responded whether they use social networks or not for networking purposes, they belong to special groups related to their industry within social networks such as LinkedIn. An interviewee responded;

Through LinkedIn I was invited to join a closed group, specially created for executives in the online dating industry where we share advices and information, but that is as far as it goes, what I mean is that I haven't added them to my network, nor have I contacted anyone within this group for business reasons, not yet at least.

IBNWs and trust - Questions 11

The interviews followed with the question if entrepreneurs feel trust issues when establishing or maintaining a relationship via IBNWs. As a general answer all entrepreneurs interviewed responded that they do not maintain important business relationships through IBNWs. In this matter, entrepreneurs use IBNWs as an initial approach or a 'gateway' (starting point) towards a contact, then as the first contact is established and the relationship grows in terms of importance for their businesses the relationship tends to develop through other channels; emails, phone calls and face-to-face meetings. Moreover, all of the entrepreneurs interviewed commented that they won't add anyone whom they don't know to their network before establishing a first contact. As responded by two of our interviewees;

I won't add someone I don't know and won't accept someone I don't know either into my network. If I have been referred to someone by some one I know, I might put that person on a limited list. You don't want randoms having every insight to my life.

Social Networks [IBNWs] are only the beginning of a relationship. When it comes to social networks relationships usually evolve from social networks to exchange of e-mails to a face-to-face meeting. You don't sign contracts through Social Networks and I wouldn't agree to sign a contract with someone who I have only maintained contact via social networking sites.

When talking about trust, all the interviewees agreed that they prefer to know the person they are contacting with personally. For this reason once the first contact is established via

an IBNW the relation often progresses through other ways of communication such as emails, phone calls and face-to-face meetings. Furthermore, some of the interviewees commented that in certain social networks such as Facebook, they prefer not to add a relevant business contact to their network since they are exposed to all of their personal information. In our results we also found that different IBNWs project different levels of trust. As responded by one of our interviewees:

I prefer knowing people who I do business with personally. On a social network such as Facebook, people are just too friendly and it is easy for them to project a fake personality, therefore I don't use these ties for something other than a certain advice here and there.

In some social networks I feel strong trust issues, but in other networks like Asmallworld for example, I feel more secure when establishing a contact.

In the matter of maintaining their business network, entrepreneurs vaguely rely on IBNWs. Nevertheless, we found out that relationships are being established through these online networks, but only as a first step in the relationship. Shortly after the relationship is established the entrepreneurs take the relationship outside the IBNW and turn to more traditional ways of maintaining the networks such as face-to-face meetings. In this question we also found out that an initial reference from a close friend or family member is important when contacting or being contacted by someone within this IBNW.

Content exchanged via IBNWs - Question 12

We have emphasized during our thesis the importance of networks in order for entrepreneurs to gain access to resources such as advice, financial support, investors, business proposals, among others. For this reasons we asked entrepreneurs, what is the nature of the content generally exchanged through relationships gained or maintained through IBNWs. As we found out previously, as a relationship grows in terms of importance entrepreneurs take their relationships to a more personal handling of the network leaving IBNWs. Nevertheless, most of our interviewees answered that they use IBNWs to gain access to a contact. As mentioned by one of our interviewees:

Social Networks is a good door opener to a later meeting. They are a good way to establish a first contact and get a glimpse on the person you are getting in contact. In several cases I have gotten references of specific people I need to contact for business purposes, however as I mentioned, social networks are just the first step in the relationship.

As a general answer, most of the entrepreneurs interviewed use IBNWs in search of advice, references and information and contact their networks using other traditional ways of networking like face-to-face meetings, when looking for other resources such as financial help. IBNWs are viewed as a superficial and non-professional way of keeping contact with strong ties, yet interviewees find it to be a useful media to rapidly contact weak ties, or people within their networks that have an expertise in a certain area that could help them with a quick advice or tip in their subject of experience. As one of the interviewees answered;

Social networks are good to maintain superficial relations they are not much use for anything other than advice

Cooperative vs. Competitive networking - Question 13

When asked to the interviewees if they find the relationships established through IBNWs are beneficial to one or to both parties most of the entrepreneurs responded that networking process though IBNWs is usually beneficial to both parties. Most of the entrepreneurs responded that they usually seek for advice when establishing a contact though IBNWs, they responded that in their perspective advices is beneficial to both parties since though one advice has the power of adding new contacts to their network, whenever they might need of a future advice. As answered by one of the interviewees;

Both. If I receive an advice or a contact of a provider or client that could be interested in my products the person that gave me that advice would be expecting my help in a future situation and I would be glad to do so, because it contributes to the development and to strengthen your networks.

Both, for the reason that numbers are power, this means that if someone reaches to me that person will become one more within my network and if you know how to use it they might help you on a future situation. In a network numbers matter since you never know who you will need to contact in a future.

Entrepreneurs use IBNWs mainly to exchange advices and to gain access to contacts and they perceive that the exchange of advices and information is of mutual benefit between both parties. We also found out that most of the entrepreneurs feel comfortable giving advices and information to other people through IBNWs since they feel confident the other parties will help them if they need future help. However this the content exchanged though IBNWs is only quick advice and information.

Chapter 5 – Analysing and discussing results, an in-depth study of IBNWs in the networking process.

For the purpose of correctly analysing the results gained through the interviews, we will rely on the framework developed through our literature review, which divides networks and the networking process in to three elements, these are; Structure, governance, and content. Structure as defined by Hoang and Antoncic (2003, pp.169-170) is “the pattern of direct and indirect ties between actors”, governance as “viewed as mainly the trust between the partners... which enhances the quality of the resource flows.” And finally content “... the media through which actors gain access to a variety of resources held by other actors.” (Hoang & Antoncic, 2003, pp.169-170). This framework structure is based on Hoang and Antoncic’s work, however we do not rely solely on this framework and instead we have brought in to account, as seen in the figure 1., the theories of some of the most influential academics in the field of networking. We would like to emphasis that although we have analysed the three elements separately we do understand that they are not independent of each other and in fact influence each other significantly.

To fully analyse the data we will triangulate the theories where we based our study (Framework in figure 1.) the information obtained from the interviewed entrepreneurs, and finally the one provided by the Professor. In this way we will be able to “cross-check the findings” (Bryman & Bell, 2007) and have the clearest results possible.

5.1 Network Structure

When the entrepreneurs where asked how much does their businesses networks rely on contacts gained though IBNW, eight out of ten interviewees responded that they do not rely in IBNW for maintaining their networks. Entrepreneurs responded that the important contacts for their businesses were gained though traditional ways of networking such as face to face meetings, friends or family referrals, but that they IBNWs to reach for simple or quick advices from people who their business does not rely much on. The interviewees mentioned the importance of Facebook when keeping weak connections warm, and that IBNWs are important, however that they still take a back seat against methods such as personal meetings.

Granovetter (1973) defined that strong network relationships carry high levels of personal interaction with on the other hand weak ties, which are less personal are useful providing an strategic advantage for resource availability (Granovetter, 1973). We found this statement to be true since as a general answer entrepreneurs perceived social networks as less personal means of communication, very useful when reaching for advices, information and a possible contact, but when the ties start to grow in terms of importance the relationship is generally taken to an offline stance, where face-to-face meetings become of main importance.

The results of out interviews show that when it comes to contacting or being contacted though IBNWs, entrepreneurs would usually add to their networks people whom they previously know or have been referred from a close relative or friend. From this perspective

we can state that strong ties with high levels of personal interaction (Granovetter 1973) have a direct influence on the weak ties, which entrepreneurs usually gain or maintain through IBNWs. Most of the time entrepreneurs contact someone with some kind of a connection or is connected through a second degree with one of his strong ties. As mentioned by one of our interviewees, he prefers doing business with those he knows personally, and at the very least someone who is a common friend of another.

Network structure as defined by Hoang & Antoncic (2003, pp.170) is the pattern of direct and indirect ties between actors. We found out that when it comes to IBNW indirect ties matter, especially since most of the IBNW allow people to see contacts in common and to what degree they are connected to the person they need to contact. Structure is concerned with how the network is constructed and how the players within are positioned, as this position will in turn have an affect on the relationships between the actors. (Deutsch, 1990. pp.46-47). Our results show that in IBNWs the position of actors in a network matters because entrepreneurs feel more comfortable when contacting people that are closer to their network. Entrepreneurs mentioned they prefer to use IBNWs like LinkedIn (or Asmallworld in some cases) when they need to contact someone for business or advices since they can actually see the degrees of separation between them and the person they wish to contact.

Our results showed that there are different levels of trust and usage depending on the IBNW. Although our research is focused in IBNW in general we found of relevant for the reader to briefly mention how entrepreneurs differentiate connections made through different IBNW. Our interviewees mentioned that they are resilient to expose their personal life to their business contacts and highlighted that they do not perceive Facebook as a professional way of maintaining their contacts. This said, we can state that the pattern-of-direct and indirect ties between actors that define structure (Hoang & Antoncic, 2003), change between different IBNWs, mainly because not all IBNWs allow you to see the degrees of separation you and the individual you are contacting have and also because ties established through Facebook are not relevant for business purposes as ties established through other IBNWs such as Asmallworld and LinkedIn.

5.2 Network Governance

In our literature review and consequent framework we have placed much focus on Hoang and Antoncic's definition of governance, which is essentially trust, as mentioned above, and to add to this is the theory of Competitive vs. Cooperative networking by Deutsch (1990. pp.46-47). Trust is "firm belief in the reliability, truth, ability, or strength of someone or something." (Oxford English Dictionary, 2011), and therefore we have set out to find how this trust is affected by IBNWs and how relationships established in this method are governed. Deutsch's theory of Competitive vs. Cooperative Networking on the other hand tackles how the persons in the process of networking perceive the relationship within. This about placing trust in whether or not they will, or even both parties, will benefit from the relationship.

The first issue of trust is brought forward by the third question that was asked which covers how influential IBNWs are when starting up their businesses. In this case the majority of the respondents relied heavily on IBNWs for the purpose of establishment and customer awareness however they did not rely on the sites for the development of clients or business partners where they instead focused much more on family and friends in their immediate network as it is not only more convenient but also more reliable. This was added to by the Professor interviewed who agreed heavily that there are major trust issues with starting a business relationship online. He went on to speak of how this is a difficult route to establish a strong relationship because “it is a cold method”. This is because you may not have any idea who the person is, whether they are who they say they are, whether or not they are reliable and therefore if you can trust them with any serious business dealings. One of the respondents went on to explain a story in which they were contacted by a person via an IBNW for the purpose of quotes on certain products – the respondent eventually found out it was a competitor of his who was checking out the competition and trying to undercut his prices. This is an example of why there is a sense of distrust when being contact via an IBNW.

The eleventh question, which asked the respondent directly if they felt there were trust issues when establishing, or maintaining, a relationship through IBNWs also supported this topic of trust. The results showed that although no important business will be conducted via IBNWs, persons were happy to ask and give advice and suggestions to unknown persons via IBNWs. This touches upon the element of content, however shows that people will trust others for a small purpose online by otherwise will not take important business any further on an IBNW. The most common comment on this was that persons were not comfortable making a business deal or negotiation unless there was face-to-face communication (dinners, lunches, drinks, meeting) or at the very least a set of personal emails and phone calls, as these are not only more personal, but also more professional. This shows us how traditional methods of networking are still the most important forms of establishing strong relationships, as these are the most trust worthy, and as we can see here we are connecting the element of trust with that of structure.

As mentioned in the results it is very common for IBNWs to be used as an initial “gateway” to contact another, however even before this there will normally be a time when the persons had met before. This is exactly why persons are a bit unsure about allowing others to join their online network when they are complete strangers, however if there is a previous meeting to refer then it is much easy – as the professor said contacting persons through IBNWs is cold and therefore slightly suspicious.

The second main issue of trust revolves from Deutsch’s theory discussed above. When asked whether the respondents perceive their relationships as beneficial to both parties, or simply for one. In this occasion we can see the same form of trust placed in IBNWs as traditional methods as the respondents agreed that these relationships were mutually beneficial. Although the amount of trust – the extent of content being exchanged between parties - may vary between traditional methods and using IBNWs, the perception of competition and cooperation in the networking process has stayed the same. This is an important finding as it emphasises the “gateway” analogy in that person are willing to help

each other for the easier part, but when developing the relationship other methods must be used.

5.3 Network Content

As according to Hoang and Antoncic (2003, pp.169) content is the resources that are gained through the relationships within ones network. A repeated response during our interviews when asked what is the nature of the content exchanged through the relationship established, or maintained, through IBNWs the respondents answered the only forms of content that was generally exchanged via the online community was in the form of advice, information, references, and suggestions. When asked to expand upon this most of the interviewees answered that these forms of content – advice, information etc – did not require any form of commitment of time or money, nor did it require them to place anything at stake. However as we found out, as the relationship development in terms of strength, the type of resources exchanged grows with the relationship and thus the channel of communication will move away from IBNWs and toward the more traditional forms of networking. Normally in the order of emails, phone calls and finally face-to-face meetings. As respondent said:

Social networks are good to maintain superficial relations they are not much use for anything other then advice.

Although entrepreneurs are aware that advice and other forms of shallow communication do not require any forms of commitment and therefore it is easy to receive and give via IBNWs, and since our results also point out that relationships via IBNWs are seen as mutually beneficial entrepreneurs are open to the communication as they know they can potentially benefit from future contact with that individual. This is for two reasons; firstly because the respondents have recognised that numbers in a network matter, even if they are weak as the relationship has already been established and therefore it is easy to reconnect with the person if a resource is needed. And secondly due to a large network that is geographically, industrially, and capably diverse it will empower their innovative and creative behaviour, as they know that they have the potential access to vast amounts of persons and their advice. This argument can be supported by Joyce et al (2010, pp.60) who says that this ‘empowerment’ promotes innovative behaviour when actors involved recognise the possible potential of bringing together distant conceptual realms, find ways in which they can be connected in an advantageous manner, and work together to make them a reality. (Joyce et al, 2010). In the words of our respondents:

You are more creative when you know you have more access to a bunch of skills. Social networks [IBNWs] allows you to be more creative because the access to other people is much easier.

Both [in regard to which parties a relationship benefits via IBNWs] for the reason that numbers are power, this means that if someone reaches to me that person will become one more within my network and if you know how to use it they might help you on a future

situation. In a network numbers matter since you never know who you will need to contact in a future.

All in all, although the content exchanged through IBNWs is mainly advice, and other such resources, entrepreneurs are willing to give this advice and easily ask for it in return as it requires a minimal form of commitment and that it is mutually beneficial. Therefore this method is an easy way of gaining new contacts and maintaining others, which potentially may prove to be more useful in the future.

Chapter 6 - A new theory for IBNWs and entrepreneurial networking

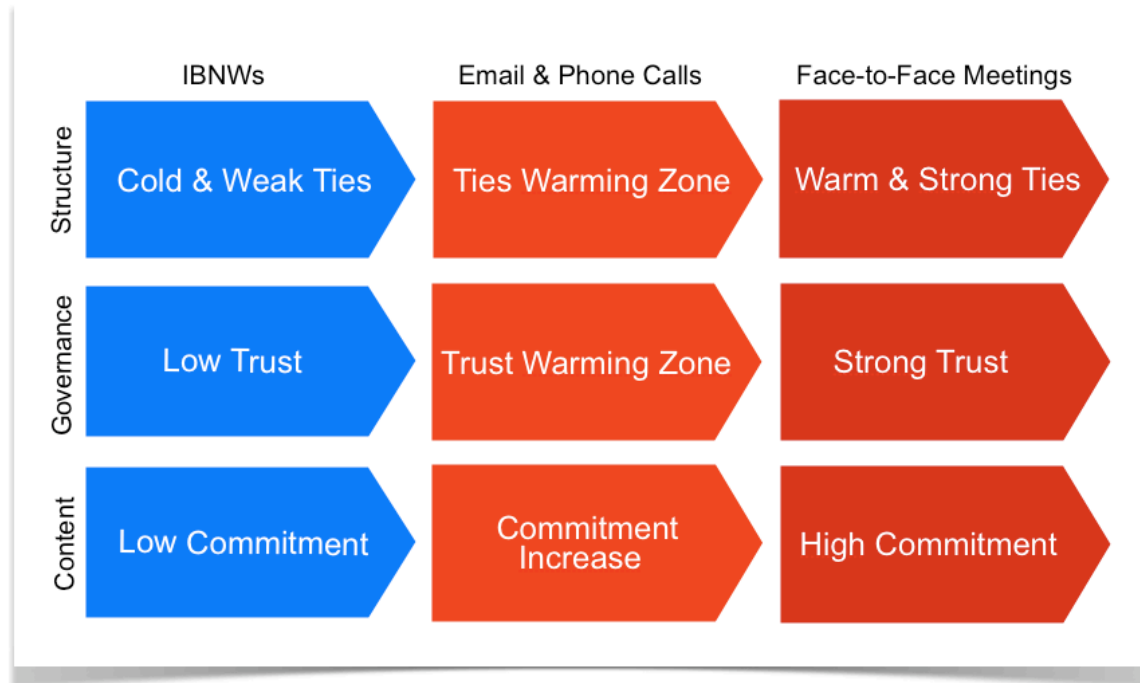


Diagram 1; The evolution of relationships established through IBNWs (Wayburne & Jara, 2011)

Through the results and analysis of the data collected, we have been able to draw a new theory on how entrepreneurs are using IBNWs for networking purposes and we have developed a framework (Diagram 1) to help explain this theory on a more didactic way which explains how the evolution of the relationships progress when using an IBNW as a starting point. With the help of the literature review within the field of networking and the help of an expert in the field (Professor Proserpio, from the department of Management and Technology, at the University of Bocconi) we have been able to analyse the data collected from the 10 entrepreneurs and construct an appropriate framework, which we will now explain.

In the framework shown above (Diagram 1) we divide the evolution of relationships between entrepreneurs in the terms of content, governance and structure, which we originally adopted as our framework to analyze our data. In the terms of structure, we found out that relationships that start through IBNWs will be a weak tie and the progression towards a strong tie will result in leaving behind IBNWs as the sole method of communication. This said relationships progress through phone calls, emails and for the strongest form of communication to face-to-face meetings. However this does not mean that when strong ties are achieved the previous methods of communication and network maintenance are not completely neglected. We have found that although strong ties are maintained through face-to-face IBNWs are still used for low content exchange. As mentioned by Luis Proserpio, professor on the Department of Management and Technology in Bocconi University (Milano, Italy);

Social networks [IBNWs] are good for maintaining weak ties among actors I don't see a strong relation between social networking [IBNWs] and strong ties. (Prof. L. Proserpio, personal communication, May 11, 2011).

From a governance approach, we have found a similar pattern of progressive connection in the relationships where trust tends to evolve from low levels in relationships maintained only through IBNWs to strong levels of trust when the entrepreneurs incorporate face-to-face meetings to the governance of their networks. This pattern shows a strong positive correlation with the structure of cold/weak and warm/strong ties, where cold/weak ties are related to low trust relationships and strong/warm ties are related to high trust relationships.

This correlation can be further analyzed from a content perspective, where low levels of trust represent low levels of commitment and as relationships evolve and ties strengthen the levels of commitment within an entrepreneurs network are higher. Moreover, the evolution of trust, commitment and ties are strongly related with the media upon which entrepreneurs relate. In this framework low commitment content is represented by such resources as advice and information and high commitment content is represented by such resources as business partnerships, financial support and other major business dealings. As said by one of our interviewees:

You don't sign contracts through Facebook

Chapter 7 – Conclusions

The question, which we addressed in this thesis, is ‘How do modern Internet Based Networking Websites (IBNW) effect the process of networking during the development of ventures?’ and based on our research we can conclude that IBNWs are affecting the way entrepreneurs relate, contact each other and manage their networks. However we found out that IBNWs are still perceived as an informal cold and weak way of networking and maintaining business networks. This perception has led to entrepreneurs using IBNWs as a ‘gateway’ (starting point) to reaching and finding contacts they would not normally be able to contact. The term ‘gateway’ is used because this method of networking is only the beginning of a business relationship, as the strength of the relationship increases entrepreneurs will use other forms of communication that are more synonymous with traditional networking such as emails, phone calls and the most important of all face-to-face meetings.

We decided to study networks using the elements of structure, governance and content. These elements served us as a guide to understand the strength of the ties between an entrepreneur’s networks, the levels of trust and also the content exchanged in the relationship between the entrepreneurs. We found out that in the matter of content, relationships established and maintained strictly through IBNWs (that is relationships that do not progress to other forms of communication) will not provide greater resources than ‘low commitment’ resources mentioned above (such as; advice and information). Moreover in the terms of ties IBNWs are useful to entrepreneurs for various reasons. To mention two of them first, since they allow an entrepreneur to have access to a vast amount of weak connections, regardless of the location of the contact and second since most of IBNWs allow an entrepreneurs to see how they are connected to someone they wish to contact and therefore they help in the establishment of the connection.

To sum up, IBNWs are affecting the way entrepreneurs are networking now a days (2011) but other means of communication are still the main mean of networking in the business world.

7.1 Implications to the Academic and Business World

Though the information we have gathered and analyzed in this thesis and the framework we have provided, we are able to show, in a didactical manner the evolution of relationships that are established through IBNWs. Since the information we have retrieved comes from entrepreneurs from different geographical spaces, the information can serve to any entrepreneur who wishes to understand how better handle their networks depending on the degree of commitment involved, trust and strength of the ties. Furthermore this thesis offers a description of the main IBNWs used by entrepreneurs in the networking process, a description of IBNWs and the use they are given in the networking process. This, we believe to be useful for those entrepreneurs that are not very familiarized with new means of communication specially IBNWs and wish to gain information on how they should handle their networks through this mean.

Chapter 9 – Further Research

In this thesis we have researched how entrepreneurs use IBNWs for networking and for maintaining their networks. We have used the a theoretical framework that explains networks in three main components; structure, content, governance, which we have used to answer our question on how modern IBNWs effect the process of networking during the development of businesses and ventures. Through our extensive research and an interview we were able to obtain with a professor from the Department of Management and Technology at Bocconi University we understood that there is yet further research to be done in how entrepreneurs from different age gaps use IBNWs for the process of networking during the development of the business. As mentioned by Luigi Proserpio:

There is a barrier between old and new entrepreneurs derived from their different visions of the world. As young entrepreneurs are tied to the virtual world and old entrepreneurs are tied to a more traditional view of the world (Prof. L. Proserpio, personal communication, May 11, 2011).

He added:

The difference between cold and warm media of communication will tend to disappear with the new generations (Prof. L. Proserpio, personal communication, May 11, 2011).

This is simply the integration of new technologies in to our social norms and therefore our methods of networking. A similar situation may have been seen with the introduction of Internet and emailing. These ‘new’ methods were eventually integrated in to society and business world, where, as Prof. Proserpio has said there is merely a gap in generation norms and it is very possible that we will see IBNWs become a ‘traditional’ method of networking in business. To conclude, we would suggest further research in to the social phenomena between the pre-IBNW generation and the IBNW generation over a longitudinal study so as to show the change in perception in concern with the use of IBNWs in business networking.

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Appendices

Appendix 1; About the Interviewees

Interviewee	Location	Industry	About
Interviewee A	Tokyo/Japan	Web Design	A young two year old venture of ten employees which focus on providing web design solutions for clients in Hong Kong and abroad.
Interviewee B	Boston/USA	Digital Payment Systems	After graduating from Massachusetts Institute of Technology (MIT) started a business in the field of Digital Payment and has currently developed the technology to provide paperless receipts, though their own payment platform in restaurants.
Interviewee C	Guayaquil/Ecuador	Petroleum Services	Focused on the petroleum industry the interviewee runs an SME that provides services to big petroleum companies established in Ecuador. The company has offices in Ecuador and also in the USA.
Interviewee D	Hong Kong/China	Interior Design	Very recent company that was started at the beginning of 2010. This is the persons second company and is only a three-

			person operation.
Interviewee E	Singapore	International Supplier	Supplier based in Singapore provides services to major retailers around Asia.
Interviewee F	Quito/Ecuador	Electric Generators & Supplies	After creating a business in the plastic bottling and plastic bags industry, he started up a business focused in providing electric generators and supplies to corporations from all sizes, including the Ecuadorian state.
Interviewee G	Quito/Ecuador	Chocolate Production	A three year old SME in the chocolate producing industry, recently started to produce corporate logos in chocolate acquiring clients such as Marriot Hotels, Sheraton Hotels, the Ecuadorian Minister of Tourism, Chevolet.
Interviewee H	London/UK	Design, Marketing, Branding	This entrepreneur founded a ten years old design, branding and marketing agency based, with clients such as; Reader's Digest, Tesco, MTV, Royal Mail. ESPN Classic among other important companies in and outside England.
Interviewee J	Atlanta/USA	Online Dating	Based on Atlanta this interviewee

			handles an innovative business in the billion dollar online dating industry. Although the company has only three years in the market it has rapidly grown to become one of the main companies in the Virtual Dating Assistance industry.
Interviewee K	Hong Kong/China	Fitness Equipment	Previous job in the fitness industry allowed the respondent to gain valuable contacts in the industry before starting own company in supplying to fitness companies.

Appendix 2; Interview Questions

IBNW = Internet Based Networking Website

1. Do you use IBNWs for the purpose of business?
2. How do you maintain your business networks? Phone, email, face-to-face, social networking website etc. Why?
3. Do you believe that IBNWs have contributed in an influential manner when starting up your business? And have they continued to do so in the development of?
4. Have you been contacted via an IBNW for the purpose of business?
5. Have you been introduced to a relevant business contact via an IBNW?
6. Have you ever introduced somebody to another via an IBNW for business reasons?
7. Have you contacted someone who you didn't not know via IBNW?
8. How much does your business rely on your personal/close contacts? E.g family and friends. And how do you usual maintain these?
9. How much does your business rely on contacts gained through networking via IBNW? And how do you maintain these?
10. How has IBNW helped you in the processes of meeting persons inside and outside your field/industry? Does it differ?
11. Do you feel trust issues when establishing, or maintaining, a relationship through IBNWs? – Trust is defined a being able to predict the result of a relationship in a positive manner***
12. What is the nature of the content that is exchange in concern with relationships gained through IBNWs? Examples – advice, business,
13. In the networking process do you often find the relationships established are beneficial to one party or to both?