

SPECIAL ISSUE:
Social Capital, Entrepreneurship & Entrepreneurial Ecosystems

Guest Editors:

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Abstract

The role of social capital in entrepreneurship has become an increasingly prominent topic in business literature, and the debate about pros and cons has become increasingly complex. In this special issue, we have looked for empirical and conceptual articles that could provide for a unique perspective on the role of social capital in the birth and the development of entrepreneurship and entrepreneurial ecosystems.

The selected contributions draw on diverse frameworks and methodological approaches as the authors have expertise in different disciplines (i.e., management, organisational studies, sociology), and the case studies focus on different geographical contexts such as Italy, China, UK, Indonesia and Poland. In detail, the papers scrutinise and challenge the existing studies on social capital with a focus on the following specific topics: i) social relationships, conviviality and social capital, ii) social capital and entrepreneurial success, iii) migrant entrepreneurship and iv) social entrepreneurship.

Keywords: *Social Capital; Conviviality; Social Relationships; Migrant Entrepreneurship; Social Entrepreneurship*

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EDITORIAL

The role of social capital in entrepreneurship has become an increasingly prominent topic in business literature, and the debate about pros and cons has become increasingly complex (Casson and Della Giusta, 2007; Light and Dana, 2013; Ramadani and Dana, 2013).

As per the definition of Bourdieu (1986), social capital describes circumstances in which entrepreneurs can use membership in a community and networks to secure economic benefits. This formulation treats social capital as an attribute of an individual that cannot be evaluated without knowledge of the society in which the individual operates (Putnam *et al.*, 1994; Sobel, 2002).

Relationships of firms within regions has been explained through concepts such as industrial districts (Becattini, 1990) and clusters (Porter, 2003). Both streams consider social relations with a community and the actors of the territory, as a fundamental element of the birth and success of enterprises. In the recent past, the economic geography of clusters has been changing, with new clusters developing in some locations (Bresnahan *et al.* 2001) and some old clusters, facing intense pressure because of globalisation, which loosens ties with territorial roots.

Recently, the entrepreneurial ecosystem has emerged as a popular concept to explain the birth of high-growth entrepreneurship within regions. Entrepreneurial ecosystems can be defined as “the union of localised cultural outlooks, social networks, investment capital, universities, and active economic policies that create environments supportive of innovation-based ventures” (Spigel, 2017). However, ecosystem literature is still underdeveloped.

One aspect that needs particular attention is the link between ecosystems and the talents and endowments distinguishing a territory, the so-called *genius loci* (Pellegrini *et al.*, 2015).

Social capital includes personal relationships, trust and bonds of various kinds (emotional, cultural, social, institutional and economic) that allow entrepreneurs to benefit from positive externalities. The personal relationships can take the form of informal relationships with family and friends. This networking, specifically in an initial phase, is particularly important to bring intangible resources and competence of various kinds, such as technological, commercial, administrative and organisational capabilities, that a single entrepreneur hardly owns (EIU, 2016; Romano *et al.*, 2017). Also, relations with the community and the territory are equally important because they can facilitate the procurement of financial resources, through mechanisms such as crowdfunding (Giudici *et al.*, 2018).

Furthermore, strong relationships with a local community and business network are even more crucial in shaping small businesses and family firm innovation activities. Historical roots and emotional attachment might also

become a source of ideas and knowledge, whose recombination with new technologies or new meanings leads to unique innovations (De Massis *et al.*, 2016).

Finally, a further aspect to analyse and deepen is whether social capital is the glue that decrees at a meso-level, the success of local public-private initiatives (Lerro and Schiuma, 2008) thanks to the form of governance and territorial social responsibility promoted by networks of local actors, public and private, who are oriented towards sustainable development (Demartini and Del Baldo., 2015).

In the light of the previous considerations, contributions to this Special Issue address, but are not limited to, the following questions/topics:

- What we have learned from existing studies, and what questions deserve further consideration?
- Does social capital still matter for the spur of entrepreneurship?
- What are the boundaries of social capital in entrepreneurship?
- What are the pre-conditions that favour/hinder the development of social capital?
- Does social capital (really) affect entrepreneurial success?
- How has today changed the concept of belonging to a (territorial and virtual) community for entrepreneurs?
- Is it possible to reproduce an entrepreneurial ecosystem, or should it be designed and built on the local entrepreneurial resources?
- What is the role that public administration can play in favouring the economic development of territory by leveraging on social capital?

In this special issue we looked for empirical and conceptual articles that could provide for a unique perspective using diverse theoretical and methodological approaches for examining the role of social capital for the birth and the development of entrepreneurship and entrepreneurial ecosystems. We think to have reached our goal and we hope to meet the readers expectations in publishing no five papers that not only offer an answer to the above-mentioned questions but what is more, they do it from with a wide array of perspectives. Hence, the selected contributions draw on diverse frameworks and methodological approaches as the authors have expertise in different disciplines (i.e., management, organisational studies, sociology), and the case studies focus on different geographical contexts such as Italy, China, UK, Indonesia and Poland.

In detail, the papers of this special issue scrutinise and challenge the existing studies with a focus on the following specific topics: i) social relationships, conviviality and social capital, ii) social capital and entrepreneurial success, iii) migrant entrepreneurship and iv) social entrepreneurship. The main aspects and emerging findings outlined in the papers included in this special issue will be briefly presented below.

As far as the first theme is concerned, the impact that social relationships

can have on human affairs is widely recognised, but it is important to ask which factors and reasoning underlie this widespread belief and whether this can still be recognized in the definition of social capital.

Simone Guercini, Matilde Milanese and Silvia Ranfagni in their paper titled “Conviviality in entrepreneurial communities: main results from an exploratory research”, investigate the phenomenon of conviviality, as related to social capital, in entrepreneurial communities and how it makes social relationships a context for developing business relationships and recognising entrepreneurial opportunities.

In a nutshell, in the authors’ analysis, social capital is defined as a sum of social obligations that accumulate over time; it acts as an engine to mobilise resources. In the meantime, together with social obligations, trust also constitutes a social capital resource. Drawing on these premises, the authors argue that conviviality is an interdisciplinary and multifaceted concept that can be related to sharing, free collective spaces, socialisation and embeddedness.

To explore these concepts, the authors present empirical research based on emblematic cases of Italian entrepreneurial communities from the textile-clothing industry, located in Italy and China. At the same time, the methodology adopted includes both qualitative (in-depth interviews, case analysis) and text-mining techniques for the analysis of qualitative data. Their findings shed light on the mechanisms that conviviality can trigger and the drivers of these mechanisms. In detail, the emerging results clearly demonstrate that an empathy-based mutual trust is the strategic resource that conviviality is able to produce. Finally, the authors wonder how the trade-off between the mutual knowledge that rituality favours and the propensity to develop collective businesses should be run. They believe, in fact, that conviviality contains specific interactive mechanisms that, if properly managed, are capable of creating new spaces for collaboration between businesses, and it is on these mechanisms that they intend to concentrate their future research.

In the same stream of research, Simon Bridge’s paper, titled “Can social contact help enterprise – and is that Social Capital?”, explores what aspects of social relationships can be relevant to enterprise and then questions whether it is social capital.

First, the author, through a narrative technique, identifies ways in which social relationships can affect entrepreneurship. These examples show how different impacts from inter-personal connections can be a crucial factor in business and outline that social contacts can provide a wide range of benefits, or sometimes hindrances that can impact enterprise as follows: sourcing relevant information; acquiring support and/or resources; trust facilitating beneficial transactions; gaining encouragement; control and pressure to conform, etc.

This list has close parallels with the different elements of social capital identified by the 'Concise' project (Kay, 2003) as benefits for enterprise that are potentially available thanks to social contact and summarised into the following three categories:

- Trust, social networks and reciprocity/mutuality;
- Shared norms of behaviour and shared commitment and belonging
- Effective information channels.

However, the author, adopting a critical approach aims to deepen the argument and wonders what social capital truly is, especially in this context, in line with Putnam's definition (2000: 21) of 'Social capital — that is, social networks and the associated norms of reciprocity — comes in many different shapes and sizes with many different uses.'

In an attempt to provide a further perspective on this dilemma, Simon Bridge offers an analogy and suggests that the different potentially relevant but non-fungible aspects of social capital can be considered for successful enterprise, quite like "the role vitamins play in a healthy diet" (Bridge and O'Neill, 2018). Then he concludes that social interaction can be very relevant for enterprise and could be called social capital if it is acknowledged to have different, non-fungible components. Therefore, it should be recognised and used and/or taught in an enterprise context, and the 'vitamin' interpretation of social capital could be appropriate and helpful in this case.

While the first two papers strive to offer new arguments to outline the boundaries of social capital in entrepreneurship and the pre-conditions that favour/hinder the development of social capital, the third paper, titled "The influence of social capital to entrepreneurial success", written by Hafiz Rahman, Primadona, Elfindri, aims to examine whether social capital is influencing the success of small and medium enterprises. It addresses a well-known question found in previous research, as many studies have found that social capital positively affects entrepreneurial success. However, these findings cannot be taken for granted or generalised on the basis of the mainstream literature but must be verified concerning the environment in which small businesses operate.

Using the quantitative approach, the study was undertaken in some regions in the West Sumatra Province, which are famous known in Indonesia as the centre of SMEs in embroidery and the weaving business, and it aims to measure the influence of social capital on SMEs entrepreneurial success, through the structural equation modelling (SEM) technique.

What is interesting is that their research found the other way round, that is to say, that social capital harms entrepreneurial success. This is a contradictory finding with previous studies elsewhere, which offer the starting point for analysing the reasons why. In this specific case, severe competition between SMEs in this business has been discovered as the major reason why social capital is no longer considered as an intangible asset that

can be used in business survival in the study context. The concentration of business and production location and the decreasing number of customers are believed to contribute to this more severe competition with the choices: “you die or I die”. This outlook has significantly led SMEs in this business to no longer pay attention to the importance of tying up the social capital between themselves—and as a consequence, trust, networking and the feeling of belonging to the same community, etc., do not generate potential benefits for enterprise and have no impact on business viability and development.

Thus, the conclusions of this paper outline that environmental conditions are extremely important and affect the real impact of social capital on enterprise and in doing so introduce the issue of social capital and entrepreneurial ecosystems developed by the fourth paper.

The fourth paper, “Supporting migrant entrepreneurship in entrepreneurial ecosystems: insights from Milan” by Daniela Bolzani and Lorenzo Mizzau, covers an emerging stream of research on entrepreneurial ecosystems with a focus on migrant entrepreneurship. From one side, existing literature on entrepreneurial ecosystems has stressed the necessity of the presence of diversified cultural, social and material factors in a certain territory, as well as their interrelationship (e.g., Spigel, 2017; Stam and Spigel, 2017). Heterogeneity, which favours the creation of complementarities and innovation, may lead to higher ecosystem performances (Qian *et al.*, 2013). On the other side, the organisation of relationships between actors (individuals and firms) is key to the performance of these actors. In fact, social networks in entrepreneurial ecosystems are based on the commonalities shared by the actors—e.g., shared language and culture, historical roots, etc. (Stam and Spigel, 2017).

In particular, there are ecosystems, including entrepreneurs from different nationalities, that are characterised by the co-presence of local as well as migrant entrepreneurs, who are at the same time locally present and culturally diverse from the host society (Berry, 1997). This is increasingly relevant in light of growing migration flows and opportunities for migrant entrepreneurship. To date, research has not sufficiently addressed how support services, such as incubators, assist migrant entrepreneurs.

Thanks to a qualitative work and focusing on the municipality and two different incubators based in Milan, Italy, the authors present insights related to Entrepreneurial Ecosystem features and policy implications. Their findings line up with previous literature by supporting the thought that policy and government, physical infrastructures, availability of markets, universities and a supportive culture are the main relevant factors that can play a positive role of attraction and retention of foreign migrant entrepreneurs. In fact, Milan has a proactive municipality that encourages entrepreneurship, innovation and also social inclusion. Moreover, the city has a

culture open to new ideas and innovation, and a history of entrepreneurial success; finally, the presence of universities, research centres and no-profit institutions provide positive synergies for the spur of entrepreneurship.

Finally, both in this paper and in the following one, the synergistic role of public, private and non-profit actors appears to be vital for fueling the social capital of communities and for the development of entrepreneurship.

In the last paper, titled “Social capital of social enterprises and the free market”, Anna Waligóra addresses the topic of social entrepreneurship. Social entrepreneurship is a kind of entrepreneurship initiative that aims at implementing solutions to social, cultural, or environmental issues and a social entrepreneur uses principle of entrepreneurship with the intent of creating social capital and not being essentially profit centered.

The author presents an analysis of the ability of social enterprises to create and deepen social and economic relationships based on the example of the Polish experience of social entrepreneurship. The paper carried out an analysis of existing literature on the relationship between social entrepreneurship and social capital. Her purpose is to combine knowledge about the capital-generating function of social enterprises and to formulate applications on how social entrepreneurship can affect the improvement of social capital. The conclusions also provide recommendations for actions in the area of social policy and building market relations of social enterprises and enterprises operating in the open market.

To conclude, the papers presented in this special issue offer interesting answers to the questions raised by our call. However, many highly topical issues remain open which can constitute a research agenda for the future.

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