Beyond Physical Boundaries
A qualitative study of the entrepreneurial use of Social Networking Sites

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ABSTRACT

In the past decades technology has changed the way people interact. With the introduction of the Internet, new forms of communication have been developing and changing the ways people relate and create relationships. These new forms of communication provide the users the possibility to elude time and geographical constraints, therefore allowing them to always be connected. In recent years new Internet applications known as Social Networking Sites have gained popularity and gained users from all around the globe. They have become an important platform to maintain existing relationships, but also to create new ones.

This growing interest of people in social networking sites has developed a need, from different types of companies, to create strategies to be noticed in these networks. However, most of, the few, literature that can be found, is related to how globally known companies’ use these tools, and which benefits and constraints they have found on using them for the organization (van Zyl, 2009); and little or no literature can be found on how an entrepreneur uses SNSs for company development and resource acquisition. In other words, there is a research gap in the literature for understanding how entrepreneurs shape their networks in order to gather important resources that can help them create, improve and develop their venture. The purpose of this study is to analyze how entrepreneurs use electronic social networks, as a tool to find acquaintances, create business relationships and manage these relationships over time to gain social capital and shape an effective business-network that can complement or expand their ‘real world’ networks. Based on previous research and literature three main areas of study, that could be related to traditional networks, were determined: network structure, strength of ties, and development of rapport. From these elements a conceptual framework was developed, on which a comparison of the concepts from traditional networks to electronic was made.

Through the use of a qualitative research design and a processual analysis approach, ten semi-structured interviews were conducted with entrepreneurs who use social networking sites for their business, and who could present and identify advantages and disadvantages of using these sites as a business tool. The data was analyzed through a grounded theory method, where axial codes were further collapsed or expanded to generate sub- categories and categories that would help explain the processes being studied. These data, as a result of the analysis, rendered two models of understanding; the first one presenting how both networking processes (Face to Face and Electronic) interrelate with one another to enhance the overall network management, and the second suggesting an on-line networking process which can help enable rapport and enhance information flows within an on-line network.
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CHAPTER 1 : INTRODUCTION

This chapter introduces the background to why electronic network relationship creation is a relevant topic to study. The problem discussion highlights how the study of this topic enhances previous studies within the field of entrepreneurial networks. Following, the specific aim of this thesis is noted through the definition of the research questions, and purpose. Finally, a disposition of the thesis can be found in order to give the reader a clear organization of the thesis.

1.1. BACKGROUND

Social networking, through electronic media such as Facebook, Xing, and LinkedIn, has become part of everyday life. Just walk into a student hall or library and you can see a number of people in a social electronic site “updating” on what their network “friends” have done. Since their introduction on the World Wide Web (www), Social Networking Sites or SNS have fascinated and attracted millions of users, especially young people (Kettles & David, 2008). SNSs developed and acquired new applications that allow their users to interact by other means than just text messages; and can also be differentiated from other Computer-Mediated Communication (CMC) and similar web-applications like Youtube, because SNS users’ main focus is not to make and accumulate friendship connections, but rather developing some type of network relationship (Beer, 2008).

Even though many web applications with networking aspects may present similarities in their structure and user applications, such as profiles, tagging and ‘friending’ (Boyd & Ellison, 2007; Beer, 2008), the “cultures” that arise within the different SNS networks are varied (Leitner & Grechenig, 2008). This increased and assorted use of SNSs has created a need for researchers from diverse fields, such as sociology and economics, to study how these “virtual networks” shape and change users relationships, perceptions and needs (Boyd & Ellison, 2007). The study of SNSs, to date, have mainly focused on the study of internet relationships (Utz, 2010), development of trust (Sørensen, 2009) and creation of social capital (Ellison, Steinfield, & Lampe, 2007), in the sociology field; and on maintenance of face-to-face (FtoF) relationships (Ploderer, Howard, & Thomas, 2008) and development of social structures (Wellman, et al., 1996), in the management field. Yet, the research on how users employ SNSs is still young (Boyd & Ellison, 2007).

SNSs research can be said to have two main starting points: traditional network theory and social capital theory. Especially for the entrepreneurship field, the study of networks is of utmost importance due to the fact that entrepreneurs are embedded in their social environments and therefore, their actions are influenced by the network they possess (Aldrich & Zimmer, 1986). In other words, an entrepreneur’s success can be highly dependent on the types of relationships they have with their acquaintances. Therefore, the study of how entrepreneurs get different resources such as information, capital, skills, and labor, in order to start and develop their business activities (Greve & Salaff, 2003) has increased over the years.

These relationships further develop into networks of personal relationships. The relationships that are created inside these networks (both direct and indirect) can be described as social structures which in turn act as social processes (Hansen, 1995). In other words, these networks become a medium for the entrepreneur to access different types of resources (Nielsen, Klyver,
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Evald, & Bager, 2009) and the relationships between the actors differ according to the strength of the ties between them (Granovetter, 1973)

Because entrepreneurs need others to effectively carry out their entrepreneurial process (Nielsen et. al, 2009); the study of how entrepreneurs use their already existing relationships to create networks has become a relevant subject in the entrepreneurship field. Larson and Star (1993) presented a network model that describes the processes used by entrepreneurs to detect ‘resource providers’, from their existing relationships, and develop those relationships to create an organization. Greve and Salaff (2003), explain how these relations evolve in different manners according to the business stage (start-up, development, growth) in which the entrepreneur is in. Therefore, depending on the resources that a relationship with others may bring to the company, it will be added to a specific network category. In other words, people that have a social relationship with the entrepreneur become part of their social network; these social networks can be further evolved into business networks.

The network contacts that lead to actual resources needed for the entrepreneur’s success can be described as an entrepreneur’s ‘social capital’. Lin (1999; 35) describes social capital as “resources embedded in a social structure which are accessed and/or mobilized in purposive actions”. In other words, social contacts in an entrepreneur’s network become social capital when they can contribute to specific entrepreneurial goals (Burt, 1992). Therefore, in order for networks to aid the entrepreneur, trust must be present in all levels of the network. In brief, effective networks consist of trustful relationships (Granovetter, 1985) where the entrepreneur can play a key role by establishing an important position in the network members (Sabatini, 2009).

1.2. PROBLEM DISCUSSION

Traditional social network research has focused on entrepreneurial ‘face-to-face’ network development and maintenance, and their relation to social capital theory. Social capital developed through trustful relationships is a key ingredient to an effective network (Nielsen et. al, 2009). Networks have become important allies for entrepreneurs. Hoang and Antoncic (2003) mention that a network’s importance is not only related to the start-up phase of the entrepreneurial process, but to the entire life-cycle of the organization. Greve and Salaff (2003) concluded that the type and size of the networks created by entrepreneurs differ, depending on which stage of the business creation and development the entrepreneur is in. Furthermore, in its majority, social network research agrees that networks are an important medium through which the entrepreneur can access different types of resources such as information and advice (Hoang & Antoncic, 2003; Granovetter M., 1973; Greve & Salaff, 2003; Lin, 1999; Nielsen et. al, 2009)

However, in recent years technology has changed the way people interact. As stated by Castells (2009) “(...) digital networking technologies, characteristic of the Information Age, powered social and organizational networks in ways that allowed their endless expansion and reconfiguration, overcoming the traditional limitations of networking forms of organization to manage complexity beyond a certain size of the network.” (Castells, 2009: xviii). New forms of communication, in the form of social network sites, have been created over the Internet, and relationship creation has eluded geographical constraints. Even though many CMC applications have been created, since the introduction of ‘virtual communities’, in the Internet, SNSs have become one of the main web-applications used during the past decade. SNSs, primarily, allow individuals to support and maintain their existing off-line (FtoF) networks; yet they also allow the possibility
of engaging in new relationships. Further, SNSs have presented a growing popularity, and have increased scope of influence of information shared within them (Subramani & Rajagopalan, 2003), which has led many corporations to invest time and money in promoting and advertising SNS (Boyd & Ellison, 2007).

Nevertheless, it is important to notice that SNS are mainly organized around people and not interest (one of the main differences to older CMC applications), therefore the main actor in an SNS will be the individual creating the network (Boyd & Ellison, 2007). Furthermore, SNS allow entrepreneurs to expand their already existing networks to other countries and maybe even into other business fields. For example, LinkedIn became known for being a professional oriented networking site, where people could get connected both personally and professionally, and create network relationships of collaboration rather than competition (Boyd & Ellison, 2007). Further, there are many SNS that have been and are being created as this thesis is being written, each one with its own characteristics and focus to attract different types of users. These differences within users lead to a need for a broad scope of research in order to determine (1) why individuals use or not use SNSs (Boyd & Ellison, 2007); (2) how, because of their lack of physical contact within members, SNSs affect already established paradigms such as friendship definition (Beer, 2008), and how it affects the creation of social capital and development of rapport between the relationships. And (3) how SNS usage and information flows can help a company develop. It is in this last area that this thesis will focus on.

Although some literature exists on the benefits and constraints of using SNSs in an organization (van Zyl, 2009), there is little or no literature that presents how an entrepreneur uses SNSs for company development and resource acquisition. In other words, there is a research gap in the literature for understanding how entrepreneurs shape their networks in order to gather important resources that can help them create, improve and develop their venture. For the purpose of this thesis, I will focus on creation and management of “effective networks”. Because the term “effective” can be interpreted differently by each reader, I will define effective networks as those who provide the entrepreneur with resources (tangible and intangible) which can aid the entrepreneur to improve and develop his company. To the author’s knowledge, how these social network sites help the entrepreneur create an effective business-network, has not been explicitly studied.

Further, the vast majority of literature found on SNSs belongs to the information technology (IT), psychology and sociology fields, therefore many of the literature found does not directly focus on companies and how they are affected by this new means of communication; as stated by Beer: “At the moment we can see a direction emerging for the study of SNS in which capitalism becomes this analytic given, present in part in the descriptions, but remaining for the large part absent, especially in the analysis” (Beer, 2008: 524). Therefore, this thesis will provide further research into the business context of SNSs, taking into account an element, which has not fully been considered in already existing literature, which is the entrepreneur.
1.3. RESEARCH QUESTION

Even though the study of SNSs is still growing, research on public use of SNSs can be more easily found than that of business use. The literature focuses mainly on how established organizations make use of public or private SNSs. However, very little, or no, literature can be found referring to entrepreneurs and how they can leverage from the use of these networks. Therefore, in order to make a contribution to the literature, this thesis will focus on answering the following research questions:

- How do entrepreneurs shape their electronic-networks into effective business-networks?
- How can social capital, through the development of ‘electronic’ acquaintances, help entrepreneurs to develop their organization?

1.4. PURPOSE

The aim of this thesis is to analyze how entrepreneurs create and manage relationships, within social electronic networks, that can enhance their FtoF networks, for their company’s development.

This purpose and the research questions will be further specified in Section 4.4.

1.5. DISPOSITION OF THE THESIS

| Chapter 1: Introduction | introduces the background to why electronic network relationships creation has been chosen as a study topic. It provides the reader with basic information to contextualize the topic being discussed |
| Chapter 2: Research paradigm | presents, not only the choice of subject, but also the point of view and paradigms with which the thesis is constructed and how they affect the methodological process. It also explains how the secondary sources were selected, and the role it has in this thesis |
| Chapter 3: Theoretical framework | introduces the reader to the different concepts and theories of social capital and network creation, important to achieve the aim of the thesis |
| Chapter 4: Literature review on SNS research | shows the current literature and studies involving Social Networking Sites. The chapter will have a similar structure to the previous one, in order show how the concepts of social capital and social networks are perceived through Computer-Mediated Communication applications. |
| Chapter 5: Methodological framework | presents the how the mechanisms for data collection were designed, how the research sample was selected, and how the analysis of the data was approached. The chapter will also present an overview of how the research was conducted. |
| Chapter 6: The data and the analytical process | introduces the entrepreneurs who participated in the research. It also presents an in depth description of how the data collected was analyzed. Also the quality and trustworthiness of the study will be discussed. |
| Chapter 7: Understanding the processes | presents in a narrative manner the most relevant data collected though the qualitative study |
| Chapter 8: The process of transferring FtoF networking on-line | In this chapter, the analysis of the data presented in the previous chapter is conducted. The aim of the analysis is to answer the research questions presented in Chapter 1. The chapter ends with the presentation of a theoretical model that helps explain how the process of creating and managing ‘effective’ business networks on-line is shaped. |
| Chapter 9: Concluding thoughts | presents a brief overview of the main findings of this research and how they have contributed to the research field. It presents the conclusions derived from the analysis of the data; the perceptions on the future of SNS networking and suggestions for future research. |
CHAPTER 2 : RESEARCH PARADIGM

This chapter is aimed to present, not only the choice of subject, but also the point of view and paradigms with which this thesis is constructed. Furthermore, how these preconceptions affect the methodological process will be presented. The chapter also explains how the secondary sources were selected, and the role of prior literature in this thesis.

2.1. CHOICE OF SUBJECT

The idea of this research topic originated last year when reading a newspaper article called: “E-networking: creating contacts that work”. The article mentioned that some companies were beginning to look at SNSs such as Facebook and LinkedIn as sources for marketing and networking, but that specific purposes for the latter one were needed in order to succeed. Yet, the article never went further in terms of SNS networking. I was intrigued on how entrepreneurs could use SNSs as a networking business tool, and as I started researching different academic journals about the topic I found very little information about it; yes, information on web marketing and viral marketing through the use of e-mails was found, but not a clear definition of how entrepreneurs (or established businesses) were using and could use SNSs to create relationships with other types of company stakeholders, not only potential customers, and for company improvement.

However, the buzz about SNSs and Social Media keeps increasing as different news companies, such as CNN, BBC, TIME Magazine, and other local newspapers around the world, have reported on the different impacts social media has in different settings, and especially for businesses. Still, many people may think, that because SNSs have been portrayed to have so many risks adhered to them, they are not and will not become an interesting medium for companies to handle their business networking.

Social Media is ‘in vogue’ in the business world. Not only because it is, usually, free to use them, but because it is one of the fastest growing phenomena of our time. Therefore, it provides in one place what companies have always searched for: unlimited contact with the world at low cost. As I see it, this ‘cost free’ aspect of SNSs is the most important part when relating to entrepreneurs. Since many entrepreneurs have limited economical resources at the beginning stages of their company, SNSs provide access to different markets without requiring high investments. In my eyes, the potential that SNSs can have as a resource tool for entrepreneurs will depend how SNSs are used. It is not just about being an active member in the network but also about creating strategies to meet the people who seem interesting for the company’s needs. However, some drawbacks might also exist. It is due to all of this that I chose to study how entrepreneurs create and manage the networks created within SNSs and how they differ from their creation of traditional networks.

2.2. MY VIEW OF THE WORLD: PARADIGMS AND RESEARCH PHILOSOPHY

It has been greatly argued that the narrative, research design and analysis, used to develop a thesis or research project, are impacted by the author’s view on life. Ethnicity, gender, age and experience create different belief systems which lead authors to have particular views of the

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world that surrounds them, and which are represented by ontologies, epistemologies and methodologies (Denzin & Lincoln, 2003). Therefore, as argued by Denzin and Lincoln “(...) the way a researcher writes his texts is framed within a set of paradigms” (Denzin & Lincoln, 2003, p. 9). It is this set of paradigms and assumptions that shapes the rhetoric used by the author and shapes his or her understanding of the world (Van Maanen, 1995), which (from my point of view) can be set either in black and white, or in shades of gray. Furthermore, paradigms, assumptions and beliefs are part of the everyday life of a researcher and therefore cannot be evaluated as being right or wrong (Guba & Lincoln, 1994), rather can be set as the perspective from which the text was written. In other words, “(...) the researcher approaches the world with a set of ideas, a framework (theory, ontology) that specifies a set of questions (epistemology) that he or she then examines in specific ways (methodology, analysis)” (Denzin & Lincoln, 2003, p. 30).

Therefore, because these aspects will always influence the researcher, it can be argued that observations in a study will never be objective (Denzin & Lincoln, 2003), meaning that data and facts are constructed through the interpretation of a socially situated observation ( Alvesson & Sköldeberg, 2009, p. 1). Consequently, understanding the researcher’s stand point will provide a comprehensive view on his or her reasoning and given statements. In the following sections I will present my research stand point, and will explain how it might influence this thesis.

2.2.1. Ontology and Epistemology

Different paradigms, of how a researcher views and perceives the world, have been described by a series of authors (i.e. Guba and Lincoln (1994), and Alvesson and Sköldeberg (2009)). From the different established paradigms there are some have become the most recognized within qualitative and quantitative research, these are: positivist and social constructivist paradigms. These two paradigms are opposite to each other. On the one hand, positivists believe on a reality which cannot be modified (ontology), and therefore observations must be true or false (epistemology); on the other hand, constructivists believe that reality is created through social interactions (Cohen, Duberley, & Mallon, 2004), therefore each group of individuals has a different perception of how reality is constructed.

I do not consider myself to be a pure positivist nor a pure social constructivist. However, I do feel to have an influence from both; this because I believe that there is a “real” reality (Guba & Lincoln, 1994), such as that presented by positivists, but I do not believe that it cannot be changed or influenced by the interactions of people. In my perception, these social interactions transform the collective reality rather than the individual reality, in other words, I reject the unchangeable aspects of the reality presented by positivists, and the relativistic aspect of reality presented by social constructionists. An example of this could be my approach to network management. A network is composed of several actors, each of which adds and subtracts information from it; every time the actors modify what they give to the network, they not only alter their own network area, but the whole. In other words, the whole network is changed by an individual’s actions, not just part of it. For the purpose of this thesis I will analyze social actions and evaluate how they create processes, rather than verify already established hypotheses, and therefore will need to express my narrative in terms which may have a relativistic connotation; this will not be easy since I tend to express myself in terms which could be considered more positivist than constructivist. For example, I tend to speak of averages and in very quantitative terms, even in cases where I am evaluating more qualitative aspects. However, I don’t think this will affect in any case the quality of the narrative presented in this thesis, especially since I am aware of this weakness.
From the different paradigms that I found while researching, I could be described as a realist constructionist (Alvesson & Sköldeberg, 2009, p. 33). Realist constructionists believe that the constructions of reality are a process of social action independent of the “real” world but which can ultimately transform it (the ‘real’ world); however, they provide non-human actors such as machines, capabilities to influence the social processes without human interaction. In other words, for realist constructionists the ‘social’ aspect of the constructions does not mean that they consist of social interactions, but the construction process itself is a social act in which several individuals participate and co-construct one main reality (Alvesson & Sköldeberg, 2009, p. 33). I chose this paradigm because of the way I perceive the world; as explained earlier I see social interactions as main factors of change in already established realities. Therefore, even though some actions are inherent in the human being, and many of them can be done unconsciously, or without even being learned from socialization; some of these actions are modified by constant socialization. In other words, I do believe that social interaction can modify behaviors and therefore realities; however, I do not believe that these changes will be perceived in a different manner by each of the actors, creating a relative reality within the social process; rather that it will change the common reality which was previously established.

Additionally, because of the post-modern roots of the paradigm that describes me, it could be said that I have a constructive understanding of knowledge; this means that, within my epistemological beliefs, social actions between actors play an important role in knowledge creation and modification. Some of these social actions are conversation and narrative; these two are always present in human interaction and communication and play an important role in the creation and distribution of knowledge (Kvale & Brinkmann, 2009).

2.3. RESEARCH APPROACH

The aim of this thesis is to analyze how entrepreneurs create and manage relationships, within social electronic networks, that can enhance their FtoF networks, for their company’s development. Literature on how individuals create relationships and networks, and how these are managed over time has been found, suggesting that a deductive approach could be formulated. However, in the literature found on SNS research; these theories have not been applied to the specific context being studied in this thesis, nor in a similar one, suggesting that an inductive approach could be applicable. However, because the theories were used to analyze the empirical findings and to further develop, or improve, the research mechanisms, a data process similar to processual analysis (Pettigrew, 1997) would provide the expected iteration of deduction/induction needed to be able to reach the thesis aim. Processual analysis could be deemed relevant for this study because it consists of a series of cycles between deduction and induction, where deduction plays an important role in structuring the research, especially because it produces foresight about the primary purposes, themes and questions which could be inductively approached (Pettigrew, 1997, p. 343); therefore, this is the approach which better describes how the theory and empirical findings mix in this thesis. Also, processual analysis goes hand in hand with the method chosen for data analysis, which will be further explained in section 5.4.

As processual analysis entails, the recognition of patterns during the empirical study will go hand in hand with the theory, or deduction process (Pettigrew, 1997, p. 339). Even though both theories and empirical data will intertwine, the connections between them will be flexible,
especially since the objective is not to seek theory validation, rather the discovery of how and why social aspects occur (Van Maanen, Sørensen, & Terence, 2007). Therefore, the use of a research approach that encompasses both the use of theories and inductive processes comes as a natural choice.

For the definition of which research design was appropriate to fulfill the aim of this thesis the following aspects were considered: (1) the objective of the research, (2) characteristics of the research, and (3) how the empirical findings would be used (Malhotra & Birks, 2007, p. 70). First, the objective of the research is to understand how and why entrepreneurs use SNSs; second, a flexible research process, that would allow interpretation of different data, will be used, and a small sample will be analyzed. Finally, the empirical data will be compared to the literature findings in order to improve the data gathering techniques. These answers allowed me to choose an exploratory design over a conclusive design. Meaning, that even though the thesis does have an established starting point (research questions and aim), the data collection will be done in an exploratory manner; therefore allowing new information, which was not initially considered for the research, to arise. This new information enhances the data collection process, and helps the researcher gather better data that will enrich the analysis and discussion of the latter (Charmaz, 2006).

In order to achieve the aim of this thesis and answer the research questions both secondary sources (theories) and primary information (empirical evidence) were used, Figure 1 presents a summary of the different research stages and what was aimed with each one of them. However, only the first part of the table will be considered in this chapter, while the methods for data collection and analysis in the empirical part will be further described in Chapter 5.

**FIGURE 1: RESEARCH APPROACHES FOR THE LITERATURE REVIEW AND EMPIRICAL STUDY**

- **Networks**
  Searching for theories regarding network creation and management

- **Social Capital**
  Searching for social cues important for establishing F2F relationships

- **SNS**
  Searching for differences between ‘real world’ relationships and traditional networks, with ‘virtual’ ones. And the current uses of SNS use from companies.

- **Theories**

- **Previous Studies**

- **Empirical study: Interviews**
  - Searching the *hows* and *whys* of SNS usage by entrepreneurs
  - Analyzing these findings in terms of social capital and network theory in order to answer the research questions
Sections 2.3.1 and 2.3.2 will further elaborate on how the approaches, presented in Figure 1, were undertaken. They will provide the reader with a better understanding of why these approaches were selected and how they influence the research process as a whole.

### 2.3.1. LITERATURE SELECTION

In the following chapters, both a theoretical framework (Chapter 3) and a literature review (Chapter 4) are presented. The theories for the theoretical framework were selected from the literature review made on traditional network theory, social capital and SNS literature. However, no relevant theories were found from the SNS literature. These theories and previous studies constitute the foundation of the conceptual framework that is presented in section 4.4.

The secondary sources used for the literature review were collected through the Umeå University Library’s database, The Web of Science and Google Scholar. The search for articles within the journals of the database consisted of keywords such as: networks, network management, social capital, social networks, social media, and electronic networks, among others. Other articles were indirectly found in the reference lists provided by the already found articles.

The use of scientific articles, pertaining to well renowned academic journals such as: Academy of Management, Computer-Mediated Communication, and The Scandinavian Journal of Management, among others, was of main importance. This because, these types of literature have a greater credibility to them and enhance the study presented in this thesis. However, other sources such as books, websites and conference proceedings were also utilized for this thesis. In the case of SNSs, because there is little published in this area, the majority of the literature used for this thesis consists of conference proceedings which were found through Google Scholar. I am aware that conference proceedings have not yet been scrutinized and therefore there is less certainty to the value of the data; however, there were few, or none, published articles that directly focused on the use of SNSs by organizations.

### 2.3.2. METHOD SELECTION

The focus for this thesis is on ego-centered networks, in other words, entrepreneur’s networks that are not contained within a single network structure (Greve & Salaaff, 2003). As will be stated in Chapter 3, entrepreneurial networks present structural diversity between business, friendship, and relationship-ties. In other words, entrepreneurial networks can be seen as a complex interrelation of varied social and professional relationships, which are mainly bounded by trust (Anderson, Jack, & Dodd, 2005). Therefore, the study cannot be reduced only to entrepreneurs with a specific network structure. Additionally, since the objective of the study is to understand how entrepreneurs (agents) benefit from the creation and management of networks through use of SNSs, rather than how the network members (institutions) are affected by the entrepreneur, the perspective of the study can be defined as being taken from the agent’s point of view. In other words, the study will focus on the how and why of specific social actions, or behaviors, are taken by an agent (entrepreneur), what results come from these actions and if they are dependent on any other variable or factor (Pettigrew, 1997).

Further, to be able to answer the research questions proposed in section 1.3, and to reach the aim of the thesis, a qualitative method rather than a quantitative method was chosen. As the literature states: “Qualitative research is a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible” (Denzin & Lincoln, 2003, p. 4); therefore, a qualitative study was a better fit for gathering the
information. It allowed me to perceive the view of the participants and study the ‘how’ and ‘why’ behind their SNS use. In other words, the flexibility of a qualitative research allows me to follow emerging leads (Charmaz, 2006), therefore, helping me adapt questions in order to better understand the entrepreneur’s actions. Furthermore, the social aspects involved in relationship creation and management require an unstructured approach (Maxwell, 2005). This doesn’t mean that the interviews will not have a defined structure, rather that quantitative studies would present too rigid structures for evaluating these social aspects. To put it more simple, a quantitative study would only allow me to determine whether the way I think that entrepreneurs use SNSs for business purposes is correct or not, and will not permit me to analyze beyond that (Maxwell, 2005). And, since I am interested in studying what processes they do in order to create an effective network, I cannot limit the research area to my own preconceptions. I also cannot rely on already proposed theories for exploring this subject, since there are none yet published. I am aware that some authors (i.e. Boyd and Ellison, (2007); Beer (2008)) have criticized the high amount of SNS studies that are qualitative in nature; and have argued the need for more experimental and quantitative research in the field. However, this high amount of qualitative research can be explained through the ‘newness’ of the study field and the need to further understand how it evolves.

2.3.3. DESCRIPTION OF THE RESEARCH PROCESS

This section will explain the process which was created to carry out the aim of this thesis. Figure 2 is a graphic representation of this process, and will help as a visual aid for the reader to better understand how the iterations between data and theory, described in section 5.4, were done.

As explained before, my preconceptions of the world will be part of how I approach and evaluate the data; therefore they are the starting point to how the research process was conceived. Another important starting point is the existing literature on the research subject (refer to Figure 1). Reviewing this literature allowed me to understand and highlight the research gap (O’Donnell & Cummins, 1999) for which this thesis was envisioned; it also allowed me to identify key issues and concepts which lead to already established theories that allowed me to have a better understanding of the topic. This understanding increased once these key topics found on the theories were linked through the use of a concept map. These key concepts were evaluated under the light of the literature relevant to the topic, but which didn’t have any developed theories. The connections between these two generated a conceptual framework which could guide what

Inspired by O’Donnell and Cummins (1999) Figure 1 p.84
content would be used in the data collection tool and how the structure would be constructed. It is important to highlight that these models are not static, since the analysis of the data collection can lead to modifying or refining the way the models link or present key concepts, in some cases new concepts can also be added. These concepts must be viewed and compared both with the concept map and the conceptual framework that were previously created. This comparison allows understanding if the desired level of saturation for the existing concepts had been reached and which new concepts had emerged and should be included in the data collection tool. This process can be seen in Figure 2, through the loops linking the data analysis with the concept map and conceptual framework; as can be interpreted, the data was analyzed at the same time of the data collection, therefore, allowing the sample to grow until a level of saturation (refer to section 5.2) or level of understanding has been reached. Finally, a new descriptive model, based on the analysis of the data and the previous conceptual framework will be created in order to present a better understanding of the social phenomenon being studied.
CHAPTER 3: THEORETICAL FRAMEWORK

This chapter introduces the reader to relationships, network theory and social capital theory, while the following chapter will present the literature review on electronic networks. Models developed by previous studies will be presented in order to provide a further understanding into how relationships create social capital that evolves into networks. At the end of this chapter, a concept map linking the main concepts from the theories will be developed in order to provide a starting point for the conceptual framework that will be presented at the end of Chapter 4; where how the main concepts of social capital and network theory are related will be presented.

3.1. NETWORK THEORY

A basic description of a Network would be of an interconnected net consisting of nodes and connections (O'Donnell, Gilmore, Cummins, & Carson, 2001). When this mathematical figure is translated into a social context, hence to create a social network, the nodes become the individuals and the connections are translated into relationship ties (O'Donnell et al., 2001). In a more entrepreneurial context, Hansen (1995) describes networks as social structures which encompass relationships between entrepreneurs and network members, and among the members themselves; or as O'Donnell et.al (2001) define it “The network (...) consists of a series of direct and indirect ties from one actor to a collection of others” (O'Donnell et al., 2001: 749). It is because of the relationships that comprise a network that they (networks) have become an important aspect of entrepreneurial literature and studies; especially since they are considered as necessary mediums which help encourage repeated exchanges within the members, in order to sustain cooperation involvement (Rauch, 2001), and approach resources which are important for establishing a business (Johannisson, 1988; Burt, 1992; Hansen, 1995; Nielsen et. al, 2009). In the following sub-chapters the concept and theories involving social networks will be further described. In addition, the perspectives that will be considered into this thesis, from the network theory, will be explained.

3.1.1. SOCIAL NETWORKS

In a nutshell, social networks are structures formed from relationships (Johannisson, 1988; Hansen, 1995), which provide important resources for an entrepreneur (Burt, 1992; Hansen, 1995; Nielsen et. al, 2009) and have become a relevant topic of interest for entrepreneurship research (Klyver & Hindle, 2007). Nevertheless, even though network theory has a high impact on entrepreneurship theory, the study of networks began from research made in the sociology field through the analysis of social capital. The concept of Social Capital will be further explained in section 3.2

Social network research began with the study of how social contexts, in which an entrepreneur is embedded in, reflected on entrepreneurial decisions. Initial empirical findings showed that entrepreneurial decisions were highly connected to the social context in which the entrepreneur was in (Granovetter, 1985; Nielsen et. al, 2009). These results, switched the view of the entrepreneur from a purely individualistic economical actor to a social actor (Aldrich & Zimmer, 1986; Granovetter, 1973; Lin, 1999; Greve, 1995; Burt, 1992; Klyver & Hindle, 2007). Moreover, studies of social relations and structures (networks) helped evaluate how they can aid, or constrain, the diffusion of resources necessary to the entrepreneurial process (Greve, 1995). A network becomes the means for exchanging ideas and resources (Nielsen et. al, 2009)
and the people with whom the entrepreneur interacts with, within that network, will affect the way the entrepreneur performs (Klyver & Hindle, 2007). In other words, through the use of social networks, the entrepreneur can ratify his environment (Johannisson, 1988) in order to gain important resources, such as support, knowledge, and access to resource channels (Greve & Salaff, 2003). This effective use of resources, which allows the identification of entrepreneurial possibilities, is what gives social networks their importance; through them an entrepreneur can have access to redundant (Burt, 1997) and non-redundant information (Brüderl & Preisendörfer, 1998; Burt, 1992; Burt, 1997).

As already mentioned, network theory has focused on how networks, and hence, the relationships within them, aid an entrepreneur to connect with knowledge and resources that exist outside the entrepreneur’s business setting (Anderson & Jack, 2002). It has also focused on determining how these relationships are managed throughout the entrepreneurial process (discovery/creation, start-up, running the new venture); especially, since the type of information and resources an entrepreneur can have access to, and the effectiveness of it, will depend on the individual’s position within the network (Aldrich & Zimmer, 1986; Johannisson, 1988; Burt, 1997; Anderson & Jack, 2002). Because the network is conceived as a social structure which facilitates the interchange of information and resources (Greve, 1995), the position of the entrepreneur in this structure will depend on his social background and the trustworthiness the individual possesses (Burt, 1997). Burt (1997) evidenced that an individual’s success in a network will depend on the individual’s ability to identify opportunities and coordinate the appropriate type of people to develop those opportunities; therefore, the entrepreneur must try to become a ‘hub’ in the information flows within the network (Burt, 2007). Nevertheless, the professional characteristics, and the position of the individuals within the network are also important aspects of the structure which can influence the quality and quantity of available information for the entrepreneur (Greve, 1995). In other words, the way an entrepreneur structures and manages the networks will either constraint or improve the flow of relevant and useful information for his company development.

3.1.2. RATIONAL VS. EMBEDDED PERSPECTIVES

Even though network theorists agree that networks can be a valuable source of information for entrepreneurs, they disagree on which type of relationships are more beneficial to an entrepreneur, and what should be the most effective network structure. Therefore, the literature on network management divides into a rational, or an embedded perspective (Anderson & Jack, 2002; Nielsen et al., 2009). The rational perspective has what Granovetter (1985) calls an ‘over-socialized’ view of the entrepreneur; in other words, it determines that an entrepreneur’s network can be changed and optimized depending on the resources needed by the entrepreneur (Nielsen et al., 2009) and members will likely be changed over time. On the other hand, in the embedded perspective, the network cannot be changed at will; they are part of the entrepreneur’s past and therefore are ruled by un governable conditions (Nelson, 1989; Nielsen et. al, 2009). In other words, in the rational perspective the entrepreneur can choose his own network, while in the embedded perspective the network chooses the entrepreneur (Rauch & Watson, 2005).

Even though both perspectives have empirical evidence to back them up, there is no ground to suggest that either one of them could be wrong; on the contrary, the literature suggests that both perspectives are used by entrepreneurs when structuring and managing their networks (Nielsen et. al, 2009). This relates to the fact that social networks are not static structures; they are the result of social interaction (Granovetter, 1985; Burt, 1992; Burt, 1997; Greve & Salaff, 2003).
and therefore are comprised of both perspectives. This means that the embedded relationships will always exist within the entrepreneur’s network; yet, it doesn’t mean that these embedded relations cannot be used in a rational way. In other words, even though the network has both types of relationships, they can still be molded and activated according to the entrepreneurial needs.

For the development of the empirical study to achieve the aim of this thesis, the mixture of both perspectives will be taken into account. Especially since many entrepreneurs will not relate to the literature’s definition of these terms and in most cases will just create a network without being aware of how it was conformed; and because of its social aspects, many entrepreneurs will be unaware of the differences between embedded and rational relationships, especially since the term ‘friend’ can have a different connotation depending on the individual.

3.1.3. STRUCTURAL DIVERSITY IN NETWORKS

The dichotomy of rational and embedded perspectives is not the only discussion held on network literature on how networks should be constructed. Another noted difference in network theory and literature is whether the individuals who belong to an entrepreneur’s network have heterogeneous or homogeneous characteristics (Nielsen et al., 2009). To have heterogeneous contacts means that the network consists of people in different industries, areas and specialization; while homogeneous contacts would be in the same area of interest as the entrepreneur. Therefore, an entrepreneur with a homogeneous network is more likely to have access to a reduced amount of information, since the contacts within it will most likely receive the same type of information (Burt, 1997; Nielsen et al., 2009). On the other hand, an entrepreneur with a heterogeneous network will be able to receive information from different sectors and areas which will allow him to perceive new opportunities (Burt, 1997; Nielsen et al., 2009).

It can then be inferred that in order to possess an effective network, an entrepreneur must have a diverse network, and therefore a mixture of both homogeneous and heterogeneous contacts must be present in order to attain a broader range of information and resources (Burt, 1997; Nielsen et al., 2009). As it will be seen in section 3.2.2, structural diversity in the form of the strength between network ties, will lead to an effective network (Granovetter, 1973), because it will allow the entrepreneur to access information from individuals who are not directly tied to his network through what Burt defines as ‘secondhand brokerage.’ In other words, it can be said that there is not a unique way of structuring a network, and therefore, each structure will depend on the entrepreneurial needs.

Further, Klyver & Hindle (2007) concluded in their study of network management, in different stages of the entrepreneurial process, that entrepreneurs have similar tendencies towards structuring their network. They presented empirical results showing that entrepreneurial networks change according to the problems and resources an individual is confronted with during the different entrepreneurial stages. As can be seen in Figure 3, structural diversity in entrepreneurial networks is more important during the opportunity search and in the young business stage.
According to their results, entrepreneurs who look for opportunities (stage one) will need access to different kinds of information which can help them evaluate whether the idea is worth implementing or not; while in the young business stage (stage three), the entrepreneur will need access to information that he and his closest acquaintances do not possess, leading the individual to increase the size and variety of the network. On the other hand, during the start-up stage (stage two), the entrepreneur is most likely to have an homogeneous network; therefore relying on close acquaintances such as family members and close friends, due to the fact that in this stage high levels of trust are expected from the entrepreneur.

3.2. SOCIAL CAPITAL AND NETWORKS

Social capital is argued to be the value generated for an individual within a social network, and can be defined as a set of productive resources (Burt, 1992) that serves as a channel for beneficial social (or economic) interaction (Anderson & Jack, 2002). It is also a stepping stone which helps define how successful network interactions happen (Cooke & Wills, 1999). Social capital includes many aspects of social behavior: trust, social ties, and values are some of these aspects which become a set of resources embedded in relationships (Tsai & Ghoshal, 1998).

3.2.1. THE DIMENSIONS OF SOCIAL CAPITAL

The literature refers to social capital as having three dimensions: structural, relational (Anderson & Jack, The articulation of social capital in entrepreneurial networks: a glue or a lubricant?, 2002) and cognitive (Nahapiet & Ghoshal, 1998). The structural refers to the sum of social interactions (relationships) within a social structure (network), and the relational to the direct relationships which are mainly characterized by developing high levels of trust and trustworthiness (Anderson & Jack, The articulation of social capital in entrepreneurial networks: a glue or a lubricant?, 2002). The cognitive dimension refers to the shared values, paradigms and common understanding of norms within a network (Nahapiet & Ghoshal, 1998). These three dimensions of social capital can be directly linked to the social network theory. The structural dimension relates to the rational network approach, since it encompasses different types of relationships within a network; while the relational and cognitive dimensions relate to
the embedded network approach, since the rules and moral are part of the environment in which an entrepreneur is embedded (Anderson & Jack, 2002).

According to Granovetter (1992) the embeddedness of social capital can be structural or relational. The structural refers to the location and position of an individual’s contacts in society; which, as stated in section 2.1.2, will provide different advantages to the individual or the company depending on where the location of the contact is in a network (Tsai & Ghoshal, 1998), or as stated by Adler and Kwon “social capital is the resource available to actors as a function of their location in the structure of their social relations” (Adler & Kwon, 2002: 18). The relational refers to assets that become foundations for these relationships, like trust and trustworthiness (Tsai & Ghoshal, 1998); especially since social capital is embedded in networks of interpersonal relations, which are formed of mutual relations and based on mutual recognition (Anderson & Jack, 2002).

Tsai and Ghoshal (1998) examined the relationships between the three dimensions of social capital and how they influence exchange of information and resources that promote value creation and innovation within companies. They concluded that all three dimensions had significant effects on resource exchange, and that therefore creating social capital inside a company would eventually lead to value creation and increased product innovation. Tsai and Ghoshal (1988) pointed out that, even though the three dimensions are important for value creation, the relational dimension is the only one strongly related to the other two dimensions (structural and cognitive); therefore inferring that social relations are needed in combination with individual relations and social paradigms in order to have a broader range of information and resources to access. Figure 4 depicts Tsai and Ghoshal’s findings.

**FIGURE 4: A MODEL OF SOCIAL CAPITAL AND VALUE CREATION**

Source: Tsai & Ghoshal (1998):466
3.2.2. THE ROLE OF STRONG AND WEAK TIES IN ENTREPRENEURIAL NETWORKS

Within the network theories and literature, two types of network ties can be identified: strong and weak ties (Granovetter, 1973). The discussion found within the network theorists is whether strong ties or weak ties, between the contacts in the network, hinder or help to create an effective network. Even though the discussion is also sustained in network literature, the studies of this dichotomy can be greatly seen within social capital studies. Strong ties in the network represent the individuals with which the entrepreneur has constant interaction and therefore with whom he develops a close relationship (Anderson, Jack, & Dodd, 2005), usually friends and family members (Nielsen et al., 2009). On the other hand, weak tie networks consist of distant relationships (on an emotional level) which can then be ’activated’ in a not so frequent manner; there relationships are usually defined as business associates (Anderson, Jack, & Dodd, 2005).

The previous presentation of strong and weak ties could be linked to the rational or embedded perspectives described in section 3.1.2. Strong ties can be encompassed within an embedded perspective, where the contacts know each other well and develop trustful relationships. Because of their high trust levels; strong ties are found to provide information which is well focused on the entrepreneur’s needs and is often not commercially available (Anderson, Jack, & Dodd, 2005). Nelson (1989) argues that the use of strong ties may reduce disruptive behaviors within networks and organizations because they increase loyalty and trust (Nelson, 1989). On the other hand, Granovetter (1973, 1985) argues that the problem within embedded networks and strong ties is that such structures, even though they encourage trust within the members, may have higher risks for malfeasance. He states that the greater the level of trust within a network, the easier the case of malfeasance (Granovetter, 1985). Another problem found in the literature about strong ties, is that the individuals (family and friends) tend to be in the same circles, therefore offering the entrepreneur redundant information that may not go beyond of the entrepreneur’s scope (Burt, 1992; Anderson, Jack, & Dodd, 2005).

Weak ties are more representative of a rational network perspective. Weak ties can be contacted as a necessity of resources arises without a need for continuous interaction; and because many of the contacts don’t know each other (Anderson, Jack, & Dodd, 2005), the information provided is non-redundant for the entrepreneur (Burt, 1997). Burt (1997) defined weak ties as ‘structural holes’; his Structural Hole Theory describes how social capital can act as function of brokerage opportunities within a network; In other words, how, in a social network, a person can act as a broker between contacts that have never met before (Greve, 1995). The way these holes can be covered is by developing social capital. As Anderson and Jack (2002) describe it, social capital is a bridge-building process that links individuals; therefore networks become a series of bridges that link numerous and varied individuals (Anderson & Jack, 2002: 207). Consequently, a bigger network will translate into bigger social capital embedded in it; therefore, it is more likely to improve an entrepreneur’s ability to identify and develop opportunities (Burt, 1997).

Even though the main literature divides into one side or the other, some authors also present the possibility of a combined use of both strong and weak ties. Anderson and Jack (2002), for example, stress the fact that creating linkages within strong and weak ties may provide access to privileged information that can lead to the creation of opportunities. While, Sabatini (2009) determined, through his empirical study, that depending on the needs, individuals or entrepreneurs will have different network structures to help them acquire the resources that can
cover these needs. Sabatini distinguishes, three types of social capital (1) bonding social
capital, such as strong family tie networks; (2) bridging social capital, formed through strong
and weak tie relationships; and (3) linking social capital, which is formed within weak ties
(Sabatini, 2009) Because of their similarity with network theory, in other words their similarity
with the type of information that can be gathered from the contacts within the network, these
forms of social capital, described by Sabatini, can be directly linked to what Burt (1997)
defines as contact types: (1) Cohesive contacts, who provide the entrepreneur with redundant
information due to the fact that they all are strongly connected to each other, and therefore have
access to the same type of information; (2) Equivalent contacts, who also provide redundant
information. Even though they link the entrepreneur to third parties, creating what Burt defines
as ‘structural equivalence’ in the network, they are still within the same area of action of the
entrepreneur, therefore having access to similar information; and (3) Non-redundant contacts,
who provide the entrepreneur with additive information. These contacts are separated by
‘structural holes’ and are linked through the entrepreneur. The contacts of each side of a hole
circulate in different flows of information, therefore providing the entrepreneur with a richer
context (Burt, 1997: 340).

In brief, the structure of the network and the management of contacts and relationships within
them will aid or constrain the redundancy of the information and the benefits to the
entrepreneur (Burt, 1997). Therefore, for the empirical study of this thesis, the ambivalent use
of both strong and weak ties will be adopted for the construction of the Interview Guide. The
reason for this, as explained in section 3.1.2, is because relationship ties are part of social
aspects developed by an entrepreneur which, in their majority, are developed in an unconscious
manner. Therefore, I agree with the literature, that both types of relationship ties are needed to
develop an effective entrepreneurial network (Granovetter, 1973; Anderson, Jack, & Dodd,
2005).

3.2.3. GATHERING SOCIAL CAPITAL

Because social capital comes from relation interaction, it can also be defined as ‘networking’
capital (Anderson & Jack, 2002). Contacts that lead an entrepreneur to successful results are a
key component to their network; they can be considered as the entrepreneur’s social capital
(Burt, 1992).

Anderson and Jack (2002) define social capital formation as “a process of negotiating to embed
the self into an appreciative relationship with another” (Anderson & Jack, 2002: 201). They
studied experienced entrepreneurs and how they created relationships (rapport). They describe
the development of social capital as an accumulation of knowledge about each part involved,
creating a space for an appreciation of what each one does and is. Figure 5 shows the most
common ways that entrepreneurs engage in relationships that will generate social capital.
Because Anderson and Jack’s study was only on experienced entrepreneurs, they point out that
the process followed by a nascent entrepreneur may have big variations. They conclude from
their study that social capital both creates and develops networks, helping established
relationships to be fruitful and productive for both parts, and consequently facilitating
interactions and flows within the network structure.
When comparing Anderson and Jack’s model (Figure 5) with Tsai and Ghoshal’s model (Figure 4), it can be seen how they can complement one another; Anderson and Jack depict the initiation of the process for building rapport, which concludes with the sharing of social capital. While Tsai and Ghoshal do not examine how social capital is created within relationships, but rather how the number of interactions, social aspects and strength of ties interrelate within a network to increase the amount of information, derived from social capital, that an entrepreneur can have access to in order to improve value creation for the company.

3.3. CONCEPT MAP

Because linking the main concepts from the theories of networks and of social capital can be confusing. Figure 6 represents how I perceive the interrelation between the concepts of network theory with those of social capital theory. In other words, this figure only clarifies concept relation, and will be used as a tool for designing the conceptual framework that will be presented at the end of Chapter 4.
I have linked all of the concepts that, according to the literature, should be present in an effective entrepreneurial network. Therefore, concurring with the literature, that an effective network should possess elements of social embeddedness (embedded perspective) and strategic (rational perspective) action (Granovetter, 1973). Strong and weak ties provide an entrepreneur with different types of information (Burt, 1997) and therefore can also provide different types of social capital (Sabatini, 2009). These social capital differences provide the entrepreneur with a broader spectrum of his surroundings and allow him to access broader types of information which can help him improve the business. This framework will be further used at the end of Chapter 4; as a guideline to contrast how social capital is created within SNSs and what it represents for SNS users; as well as point out differences and similarities within on-line and FtoF network creation and management, which will lead to the creation of a conceptual framework that can be used as the guideline of the study.
CHAPTER 4: LITERATURE REVIEW ON SNS RESEARCH

This chapter presents the current literature and studies involving Social Networking Sites. The chapter will have a similar structure to the previous one, in order show how the concepts of social capital and social networks are perceived through Computer-Mediated Communication applications. At the end of the chapter, a conceptual framework presenting the main research concepts will be introduced.

4.1. A BRIEF OVERVIEW OF SNS EVOLUTION

Even though SNSs have gained popularity in the last ten years, they have been used since the late 1970s as tools for distribution of information and cooperation within members of specialized groups, such as: investigation researches (Wellman et al., 1996). Yet the major known SNSs of today did not appear until 1997 (Boyd & Ellison, 2007).

Boyd and Ellison, in their article ‘Social Networking Sites: Definition, History and Scholarship’, have introduced to the SNS literature, the history of SNSs over the years. This has been of great importance to recent literature since it provides scholars with an encapsulated global perception of how SNSs have evolved. Even though, as argued by Beer (2008), Boyd and Ellison’s definition of an SNS is limited because they do not consider them to be used for networking purposes; the fact that they have presented a history of SNS should be credited (Beer, 2008). It is because of this literature highlight that Boyd and Ellison’s paper is highly quoted in recent SNS literature, and therefore will also have strong influences in parts of this thesis, especially those regarding SNS evolution.

As presented by Boyd and Ellison (2007), most Social Networking sites did not actually start as such. The majority of public SNSs began as topic-oriented on-line (virtual) communities and only had basic sharing functions such as instant messaging or E-mail (Boyd & Ellison, 2007: 213). These early communities, e.g. ICQ, allowed friends to connect and chat via a real-time application, but the friends in one person’s community were not visible to others (Boyd & Ellison, 2007). Although dating sites such as Match.com already allowed users to create public profiles, the first recognizable Site with SNS features would be SixDegrees.com (launched in 1997). This site maintained user profiles which could be searched by other users, yet only allowing e-mail communication (Boyd & Ellison, 2007), as opposed to the current social networking model, which allows users to have active real-time communication through the Website. After the launch of SixDegrees.com, a boom in SNS started. Figure 7 presents a timeline of the emergence of SNSs.
The timeline only shows the most renowned SNSs that have emerged, yet many others have been created during the same time period (Boyd & Ellison, 2007). Today many of the SNSs presented in Boyd and Ellison’s time line do not exist, while others have gained enormous popularity among users (Figure 8); therefore, a more thorough study of creation and disappearance of Sites over the years will provide a more comprehensive view of SNS. Nevertheless, the timeline created by Boyd and Ellison highlights just how quickly SNSs are gaining importance and becoming part of everyday life (Beer, 2008).
This adaptation of SNSs into the mundane, the growth of the Internet and the evolution of online networking applications, have led to one of the most important changes within Internet usage and WWW content (Gneiser et al., 2009): the evolution of users from passive information consumers into active content producers and distributors (Leitner & Grechenig, 2008: 187). In other words, individuals are exchanging information in a more active way (van Zyl, 2009), they are increasingly creating the content found on the WWW themselves (Gneiser et al., 2009), and as a result rewriting the rules of social and business interaction.

4.2. SOCIAL NETWORKING SITES (SNS)

Social (Electronic) Networks can be resembled to a computer network (Figure 9). While a computer network is a number of machines interconnected through a set of cables, a social (electronic) network is a set of individuals, companies, or social entities that are connected both by a set of socially-meaningful relationships, and a computer network (Wellman et al., 1996; Wellman, 1996).

The introduction of Web 2.0 technologies has presented Internet users with new and innovative methods of social interaction such as wikis, blogs, tagging, social bookmarking and social networking (van Zyl, 2009). In between all of these new web-applications, Social Networking Sites (SNS) have created a public phenomenon. “No other genre of web services has had such high expansion rates like the social networking sphere” (Leitner & Grechenig, 2008: 187). One of the key success factors that have launched the popularity of SNS, is that they offer broad communication possibilities to individuals, by supporting user interaction and Data exchange (Leitner & Grechenig, 2008).
But what is a Social Networks Site? Definitions of these web-based applications can vary according to the author and the field in which it is being analyzed. The main definitions are either based on the basic user properties offered by SNSs (e.g. Boyd & Ellison, 2007), or on the specific use given to SNSs by their subscribers (e.g. Rooksby, et al., 2009). Definitions will also depend on the terminology used by the author, especially since studies on SNSs and CMC applications have been done by different fields of study, including: communication research, media studies, sociology, and cultural studies, among others. SNSs can be referred to as Web 2.0 technologies, Social Media, user generated content, Enterprise 2.0, virtual communities and Computer-Supported Social Networks (CSSN). Each one of these terms holds a different definition and technologies associated with it (see Table 1 for terminology definitions). Because of these different terms associated with SNSs, Beer states: "it makes sense to try to come up with a term that captures a broad sense of what is happening in on-line cultures" (Beer, 2008: 519).

As can be seen in Table 1, some authors, like Boyd and Ellison, define a social network based on how it allows users to present themselves and their network to others; while others, like van Zyl, define it based on what it allows the users to do, in other words the functionality of the site for the user to manage and create a network. Further, some definitions include SNSs as incorporating Web 2.0 technologies in their use, while others include them as a form of Web 2.0 technologies.
TABLE 1: TERMINOLOGY RELATED TO SNS LITERATURE

<table>
<thead>
<tr>
<th>Author</th>
<th>Terminology</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellman, et al. (1996)</td>
<td>CSSN</td>
<td>“When computer networks link people as well as machines, they become social networks, which we can call computer-supported social Networks” (Wellman, et al., 1996: 214)</td>
</tr>
<tr>
<td>Rheingold (2000) in Kettles and David (2008) page 1</td>
<td>Virtual Communities</td>
<td>“groups that participate in computer mediated communication’”</td>
</tr>
<tr>
<td>Wasko and Faraj (2005)</td>
<td>Electronic Networks</td>
<td>&quot;(are) a self-organizing, open activity system focused on a shared practice that exists primarily through computer-mediated communication” (Wasko &amp; Faraj, 2005:37)</td>
</tr>
<tr>
<td>Boyd and Ellison (2007)</td>
<td>Social network site</td>
<td>“web-based services that allow individuals to (1) construct a semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their view of connections and those made by others within the system’ (Boyd &amp; Ellison, 2007: 211)</td>
</tr>
<tr>
<td>Rooksby, et al. (2009)</td>
<td>Web 2.0 or Social Media</td>
<td>“(…) generally refers to websites that allow people to easily write, or interact with web content, as well as read it (…) The term was coined to contrast new web technologies with earlier read-only web sites. It refers more so to a cluster of web technologies than to particular features” (Rooksby, et al., 2009: 34)</td>
</tr>
<tr>
<td></td>
<td>Enterprise 2.0</td>
<td>“The use of Web 2.0 and social media applications in organizations” (Rooksby, et al., 2009: 35)</td>
</tr>
<tr>
<td>Van Zyl (2009)</td>
<td>Social Networking 2.0</td>
<td>“applications or web sites that support the maintenance of personal relationships, the discovery of potential relationships and should aid in the conversion of potential ties into weak and strong ties, by utilizing emergent Web 2.0 technologies” (Van Zyl, 2009: 909)</td>
</tr>
</tbody>
</table>

Despite these definition differences, the literature does agree that SNSs have become an important medium to establish and maintain relationships (Gneiser, Heidermann, Klier, & Christian, 2009). There is also a growth in SNS related literature that encompasses different fields of study. Since the introduction of Web 2.0 technologies, the literature that has emerged shows that research is being mainly focused on what social networking is, how social networks
are distributed, why they exist and the associated risks to using SNSs (van Zyl, 2009). Further, as can be seen in Table 2, research on the use of SNS, and their applications, as a business tool is just beginning to emerge (Kettles & David, 2008).

**TABLE 2: SUMMARY OF ARTICLES WITH RESEARCH OF SNS IN BUSINESS**

<table>
<thead>
<tr>
<th>Author</th>
<th>Conducted Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subramani and Rajagopalan (2003)</td>
<td>Proposed an organizing framework for viral marketing strategies. Their framework was based on previous marketing theory and highlighted various behavioral mechanisms such as knowledge sharing and influence in online social networks</td>
</tr>
<tr>
<td>Kettles and David (2008)</td>
<td>Evaluated the potential business values of Social Network Technologies (SNT) within internal SNS. They develop a model that companies can use to evaluate which SNTs are valuable investments for an organization.</td>
</tr>
<tr>
<td>(Richter &amp; Koch, 2008)</td>
<td>Undertook a survey to obtain an overview of SNS usage in Germany and validate the basic functionalities of (public) SNS that can be applied to company’s internal SNS.</td>
</tr>
<tr>
<td>van Zyl (2009)</td>
<td>Through a literature review, identified benefits and risks associated with the application of Social Networking as a knowledge management tool in businesses. She also identifies the main reasons for and against SNS use within an organization.</td>
</tr>
<tr>
<td>Richter and Reimer (2009)</td>
<td>Performed an exploratory study between IBM Corp., Accenture Ltd., and SAP AG; in order to better understand potential and possible ways of using SNS within the company’s Intranet.</td>
</tr>
<tr>
<td>Skeels and Grudin (2009)</td>
<td>Studied attitudes and behavior of SNS users to determine social and work uses of these sites. They mainly focused on the use of Facebook and LinkedIn among Microsoft employees.</td>
</tr>
<tr>
<td>Dhokalia and Durham (2010)</td>
<td>Measured the effect that the creation of a Facebook page, of an established company (in this case a Café Chain), would have on customer behavior and loyalty</td>
</tr>
</tbody>
</table>

Table 2, presents some of the recent research on the use of SNSs in business. As can be seen, some of the research has focused on the use of internal SNS rather than public ones. This can be due to the fact that many companies have banned access to sites such as Facebook, Twitter and YouTube because they consider them a source of time wasting (Rooksby, et al., 2009). Skeels and Grudin (2009) did study the use of public SNSs, and found positive as well as negative outcomes from using sites like LinkedIn and Facebook. They found benefits such as creating and strengthening ties (Facebook), and building and maintaining professional networks (LinkedIn); and drawbacks such as time wasting, security issues and probable disclosure of confidential information (Skeels & Grudin, 2009). These negative aspects of SNSs create worries within organizations. From my stand point further research is needed to evaluate the probability of these risks happening; or as Rooksby et al. state: “(...) the benefits and the drawbacks of allowing public social network sites in the workplace are extremely difficult to evaluate. People use these sites in different ways, and the benefits people find in them, such as the creation and strengthening of ties, are difficult to measure.” (Rooksby, et al., 2009: 8).
Further, the few research found, on how companies use SNSs (whether public or internal) for their development, can be attributed to the young age of the study field. From my perspective, some of the current research, even though it is focused to specific industry sectors, can be applied to various types of companies; still, I find that there is a lack of literature directly involving entrepreneurs, and young companies, with the use and appropriation of SNTs and SNSs for company development.

The growth of networking sites could be compared to the growth of the Internet per-se. Internet usage has had an exponential growth since its introduction to the public. As can be seen in Figure 10 Internet gains millions of new users every year.

The Internet has created a ‘Global Village’ in which many networks (virtual communities) can interact and intertwine (Blanchard & Horan, 1998). SNSs have become a means through which the users of these, once isolated, communities can interact. They have gained high expansion rates thanks to their, mostly, free of cost subscriptions (Gneiser et al., 2009) and their communication and user collaboration applications (Leitner & Grechenig, 2008). Their user friendly networking applications have allowed different generations to access them. In other words, SNSs are not aimed only at the younger, tech-savvy, generations, but, as can be seen in Figure 11, have increased the number of adult users.
This high growth rate has made SNSs gain an increasing economic importance (Gneiser et al., 2009); especially because they have been credited with not only providing individuals with mechanisms to expand social contacts and maintain relationships (van Zyl, 2009) with other remotely located individuals (Richter & Riemer, 2009), but also accelerate business processes, improve customer relations and improve knowledge sharing within the company settings (van Zyl, 2009). This becomes an incentive for conducting the research topic for this thesis; especially, since it can increase the understanding of how entrepreneurs can leverage on the different applications offered by SNS to build-up and maintain an effective network, and acquire important resources for their company’s development.

4.3. RELATIONSHIP TIES AND SOCIAL CAPITAL IN SNS

Section 3.2 presented how social capital is created within relationships and networks, this section will present how social capital is created within electronic networks. Even though the theories presented in chapter 2 are still valid when applied to SNSs, it should be taken into account that some changes to them might occur. For example, due to the lack of physical social interactions between individuals, and the possibility to overcome time and spatial restrictions, people who are considered isolated in FtoF relations, could develop on-line social capital through their virtual social networks (Sum, Mathews, Pourghasem, & Hughes, 2008). Moreover, the use of SNSs in a business environment is different from that of a purely social, ‘friending’ aspect.

For the purpose of this thesis, the uses, risks, benefits, constraints and limitations that SNSs present to the development of social capital, in business relationships and networks, will be emphasized. Nevertheless, because of the limited amount of literature found on SNSs in a business context, some of the literature regarding social capital development for individual networks will also be considered; especially because this literature has more research within the creation of social capital in on-line settings. Some of the research and studies that involve SNSs in an organizational context or as a business tool have already been presented, but because the research done of SNSs for personal networks will also be considered, an overview of the
‘friending’ literature is appropriate in order to contextualize the reader. Table 3 presents a small selection of SNS related literature:

**TABLE 3: SUMMARY OF ARTICLES ENCOMPASSING STUDIES ON PUBLIC SNS FEATURES AND USE**

<table>
<thead>
<tr>
<th>Author</th>
<th>Main Research Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blanchard &amp; Horan (1998)</td>
<td>Evaluate how computer-mediated communication and virtual communities affect concepts linked to social capital such as norms and trust; and the possible effects on the privatization of leisure time</td>
</tr>
<tr>
<td>Wasko &amp; Faraj (2005)</td>
<td>Applied theories of social capital to examine how individual motivations and social capital influence information and knowledge contribution in online networks</td>
</tr>
<tr>
<td>Ellison, Steinfield, and Lampe (2007)</td>
<td>Developed a quantitative study within undergraduate students in order to evaluate the formation and maintenance of social capital through the use of Facebook</td>
</tr>
<tr>
<td>Hargittai (2008)</td>
<td>Surveyed a diverse group of young adults in order to evaluate what differences SNS users from non-users. She particularly focused on the use of Facebook, MySpace, Xanga, and Friendster.</td>
</tr>
<tr>
<td>Utz (2010)</td>
<td>Examined how the information posted online by different sources such as: self, friends and system; influence the perceived popularity, communal orientation, and social attractiveness of an individual in an SNS</td>
</tr>
</tbody>
</table>

As can be seen in Table 3 the creation and management of social capital and presentations of self are important research aspects. This can be a result of the many fake identities that can be found on-line (Hargittai, 2008) due to the lack of ‘real’ presence, which influence how the information is exchanged and the social cues for establishing relationships. Some of the studies (e.g. Ellison, Steinfield, and Lampe (2007), and Hargittai (2008)) found that which SNSs are chosen by the users and what they use them for depends on different features such as: age, gender, nationality, among others.

It has been argued that the limited, or lacking, social presence within SNS users works against the maintenance of socially-close strong ties (Wellman, 1996), and facilitates the creation of weak ties (Blanchard & Horan, 1998). However, research has shown that SNSs can sustain strong, intermediate and weak ties (Wellman, et al., 1996), and as research suggests, most SNSs are used for self-presentation (Utz, 2010), building new relationships, and maintaining contact with friends and acquaintances (Ellison, Steinfield, & Lampe, 2007). The self-presentation, or impression formation, is said to be easier in on-line environments than on F2F contacts (Utz, 2010); this because of the lack of social presence, which fosters equality of status between the individuals in the SNS (Blanchard & Horan, 1998), allows social interaction to be more inhibited (Wellman et al., 1996) and constant (Blanchard & Horan, 1998). The lack of social presence also induces to a lack of social queues; therefore age, gender, race, ethnicity, status and mood are not relevant in order to engage in an on-line relationship (Eldred & Hawisher, 1995).

In other words, SNSs have developed their own norms and structures regarding relationship creation (Wellman et al., 1996); on-line connections, in their majority, are created based on
specific interests, ‘real world’ encounters, or referrals (Wellman, 1996). It also creates a more informal type of interaction, which, according to Wasko and Faraj, can be beneficial within a business context because there are no hierarchy constraints or formal rules; therefore, the knowledge flows within the organization can increase (Wasko & Faraj, 2005). As a result, SNSs are said to be good mediums for knowledge management. This is why some companies are investing in creating their own internal SNSs in order to facilitate knowledge flows between geographically dispersed coworkers (van Zyl, 2009).

Even though both strong and weak ties can be found within an SNS as well as in FtoF networks; the density of these relationship ties within the SNS will depend more on the age of the individual and the motivation for maintaining the network. Ellison, Steinfeld, and Lampe (2007) found that a vast number of teenage Facebook users do not use it for meeting new people, but for maintaining and solidifying offline connections. However, when studied closer, many of these, already existing, offline relationships never had the characteristics of embeddedness that could place them as strong ties within a FtoF relationship (Ellison, Steinfeld, & Lampe, 2007). Therefore, the lack of physical, social and non-verbal exchange of information (Blanchard & Horan, 1998) allows individuals to maintain weak tie offline relationships which in the ‘real world’ would most probably disperse, and would not provide social capital (Blanchard & Horan, 1998).

The strength of the relationships held within SNSs and the interactions between the actors help develop social capital within the network. Blanchard and Horan, studied the effects of, geographically dispersed vs. physically based, SNSs on social capital. One of their conclusions is that SNSs have a positive effect on social capital when they can increase network density and facilitate the spread of information (Blanchard & Horan, 1998: 298). Ellison, Steinfeld and Lampe (2007) presented empirical data showing an association between the use of Facebook and the three types of social capital (refer to Section 2.2.2) described by Sabatini (2009). This empirical data presented by Ellison et.al. confirms Granovetter’s (1973) statement that effective networks must contain both weak and strong ties, since according to their (Ellison et.al.) findings the strongest source for social capital in Facebook is in the form of bridging social capital (Ellison, et.al. 2007). Blanchard and Horan (1998) argue that one of the main contributions that SNSs make into development of social capital comes from the ‘equality of status’ between the members; which in turn increase member participation, encouraging exchange of information and social support between the network members (Blanchard & Horan, 1998).

Because Blanchard and Horan’s study was done at such early stages of SNSs (1998), in their results they present geographically dispersed SNSs as providing less density between the networks. In other words, they state that the lack of ‘real’ contact between the individuals in the networks hinders the creation of social capital. However, recent research like the one conducted by Richter and Riemer in 2009, reflect that companies are turning to SNTs to aid them on the social capital creation and information flows within geographically dispersed coworkers. Therefore, it can be said, that perceptions on the use of SNSs for creation of social capital has evolved with the introduction of more varied communication applications within SNSs.
4.4. CONCEPTUAL FRAMEWORK

As was previously described, this chapter ends with the presentation of the conceptual framework (Figure 12) that will be used as a guide to conducting the research. Therefore, Figure 12 illustrates how I perceive that the theory concepts, presented in Chapter 3, relate to how individuals use and manage electronic networks. It will provide a guideline to the design and analysis of the research study, since it will help create a clear picture of what needs to be taken into consideration for achieving the aim of the thesis (Maxwell, 2005).

The creation of this conceptual framework began with the disaggregation of the two research questions into the main topics which, according to my view, needed to be analyzed. Therefore, the first question was divided into four themes: (1) who is part of these networks?, (2) how are relationships created and managed on-line?, (3) which results have been obtained by using these networks?, and (4) which further expectation exist from the entrepreneurs in SNS usage?. Further, because I perceive social capital to be developed through a social process, question two was disaggregated into two further questions, which mainly relate to understanding how this process of creation of social capital is developed: (1) which are the key elements considered when engaging in a relationship on-line?, and (2) what are main attitudes and actions that would make the others share their information (process for generating social capital). This disaggregation of the research questions into these sub-questions, helped generate a clearer understanding of which missing pieces would be needed in order to reach the research aim. Also, it provided a guideline to generate possible connections between the concepts presented in section 3.3 in a way that would allow answering all of the proposed questions.

FIGURE 12: CONCEPTUAL FRAMEWORK
The interconnections between the different concepts presented in this framework are intended to be flexible. In other words, no direct linkages between the different aspects in the networks are created; rather questions that might aid the understanding of these possible linkages are posed. This will help provide a broader view of what is being analyzed and allow room for new information, rather than constraining the study into a set of established hypothesis that need to be validated.

This flexibility will not only aid the construction of the interview guide, but the analysis process of the data collected. A flexible conceptual framework will allow me, as the researcher, to not be constrained to a ‘one road’ understanding of the network process, but to be able to use all types of information that I can gather from the interviewees as leads to a better understanding of the process. It will also allow modifications in the data gathering mechanism, and may lead to a modification of the current conceptual framework to a more accurate representation of ‘reality’.
CHAPTER 5 : METHODOLOGICAL FRAMEWORK

This chapter presents how the mechanisms for data collection were designed, how the research sample was selected, and how the analysis of the data was approached. The chapter will also present an overview of how the interviews were conducted.

5.1. DATA COLLECTION: A QUALITATIVE APPROACH

"The qualitative interview is a uniquely sensitive and powerful method for capturing the experiences and lived meanings of the subjects’ everyday world.”
(Kvale, 1996: 70)

As mentioned in section 2.3.2 a qualitative approach was chosen for conducting the empirical part of this thesis. This because it is the best approach in order to understand how entrepreneurs use SNSs as a business tool, and how, through these, they create and manage relationships that can help them improve their business.

From the array of qualitative techniques that exist, interviews were selected for data collection. Interviews permit the researcher to follow up on the subject’s answers, helping gather new information that will further develop in to new angles and points of view for the topic being researched (Kvale & Brinkmann, 2009); they also allow room for interpretive inquiry, therefore, allowing the different interviewees to express and explain their own experiences in order to provide the interviewer with a broader scope of the processes (Charmaz, 2006) involved in SNSs usage for effective network creation. In the words of Kvale and Brinkmann, “Interviews (…) seek to chart aspects of the subjects lived world” (Kvale & Brinkmann, 2009, p. 106).

5.1.1. SEMI-STRUCTURED INTERVIEWS

Because there are different types of interviews (structured, open, semi-structured, and groups) that could be used for this research I, again, turned to my aim to determine which would be the most appropriate one. I am interested in understanding how entrepreneurs create and manage effective networks through the use of SNSs, therefore, the how’s and why’s of entrepreneur’s social actions within their networks are a key aspect for my study, therefore, the type of interview selected should have a structure, but at the same time provide enough room for the interviewees to express their points of view, and allow the interviewer (me) to follow up on interesting new information proposed by them (the entrepreneurs). This analysis led to the selection of a semi-structured interview. Semi-structured interviews provide an open and flexible structure, which will allow a conversation flow between interviewer and interviewee (Kvale & Brinkmann, 2009); it also allows the interview to have an established structure, without limiting the scope of investigation. In other words, new questions which were not in the interview guide (refer to section 5.1.2) can be brought up in order to generate a greater understanding of what the interviewee is expressing. The design of the interview questions was guided by the conceptual framework presented in section 4.4.

The interviews depended both on current recollection and retrospective narrative of key actions and actors that are, and have been, part of the entrepreneur’s networks (both FtoF and electronic). As stated before, the open structure of the interviews allowed me to follow up on
the interviewee’s answers; this helped me to touch as many as possible of the relevant areas, presented by the interview subjects, on relationship and network formation.

5.1.2. THE INTERVIEW GUIDE

The interview guide, also referred as ‘the script of the interview’ by Kvale and Brinkmann, contains an outline of the topics that need to be addressed during the interview (Kvale & Brinkmann, 2009, p. 130). The interview guide designed for this thesis (see appendix 1) was guided by the conceptual framework (Figure 12) presented in section 4.4, and had a general outline similar to the thesis disposition: from face-to-face networks to social electronic networks. The questions for each of these topics were aimed to be open-ended, The questions aimed to be in a day-to-day language which could prompt the interviewees to generate rich descriptions and examples on the topic being addressed (Kvale & Brinkmann, 2009, p. 133). Follow-up questions such as or “why do you consider this important?” or “how did you approach this issue?” were also pre-designed in order to help me, as the interviewer, to keep in mind important issues that needed to be addressed. Probing questions, such as “can you please elaborate on that?” or “can you please give me an example of …?” and specifying questions such as “How could you have improved that result?” or “earlier you mentioned…, how does that apply for this case?” were introduced when further clarification, or new uncharted topic had been introduced by the entrepreneur and further understanding would be of relevance to the analysis of the collected data.

It is important to highlight, that the interview guide was just used as a guideline tool of topics and areas that wanted to be explored with the research, and was not used in a strict manner. In other words, the overall outline of topics was followed, however no two interviews were the same; the probing and follow-up questions could differ according to the entrepreneur’s answer on a specific subject, therefore expanding the knowledge base already created with the literature and with previous interviews.

The interview guide was also tested previous to conducting the actual interviews. This test provided time estimation on the duration of the interviews, which was one of the main factors analyzed by entrepreneurs before agreeing to being interviewed; and a revision of terms which could be confusing or would lead to a specific answer. The interview guide was never presented to the entrepreneurs, so that they would not have prepared static answers ready for the different questions, and would answer in a more natural manner.

5.2. DEFINITION OF RESEARCH SAMPLE

In order to reach the aim of this thesis, understanding the ‘how’s and ‘why’s of SNS usage for business networking purposes by entrepreneurs is needed. This is why an explorative qualitative method such as semi-structured interviews was chosen as a data gathering tool. Furthermore, the definition of the research sample plays an important role so that the data gathered will yield sufficient information that will allow a detailed analysis of the topic being studied.

5.2.1. SIZE OF RESEARCH SAMPLE

Based on the research method selected, the population selected for the study (entrepreneurs) and the specific characteristic needed from this population (the use of SNSs for business networking purposes), the individuals chosen for the sample selection were deliberately selected to reflect particular features of the selected group (Ritchie, Lewis, & Elam, 2003, p. 78). This type of sampling is also defined as purposeful sampling (which will be explained in section 5.2.3). This type of sampling is characterized by having a small research sample,
which may vary according to the researcher’s needs. Kvale and Brinkmann (2009) propose a method selection of 10 +/- 5, therefore determining that samples can vary from 5 to 25 individuals. However, the number of subjects will ultimately be determined as the gathering of information is done. This means that interviews were conducted until a point of saturation was reached (Kvale & Brinkmann, 2009) and the new information obtained by the each additional interviewee yield very little or no new knowledge (Ritchie, Lewis, & Elam, 2003). The size of the research sample can also be evaluated by determining the heterogeneity or homogeneity of the population to be studied. In the case of this empirical study, the focus is on entrepreneurs who use of SNSs as a business networking tool, therefore, a homogeneous nature of the population was established.

Even though it could be argued that the whole population of entrepreneurs cannot be considered as homogeneous, Sarasvathy suggests the creation of subcategories within the population of entrepreneurs. She argues that each subcategory will become homogeneous under certain parameters and heterogeneous along others; therefore allowing researchers to identify and analyze variations and commonalities within the specific subgroups (Sarasvathy, 2004, p. 712). In other words, numerous subgroups within a population of entrepreneurs could be created in order to generate homogeneity in the sample.

The homogeneity will depend on specific research parameters, such as ‘entrepreneurial stage’, ‘type of industry’, ‘age’, ‘gender’, ‘cultural background’, among others. In the case of this thesis, the in the main research parameter is the use of SNSs as business networking tool; because this is the main selection parameter for sample selection, the homogeneity of the sample used for this study can be said to rest upon this. Therefore, the sample will be homogeneous when evaluated from the point of view of their networking tools, and will be heterogeneous when evaluated from the entrepreneurial stage, industry or gender of the entrepreneurs. The homogeneity attributed to the research sample also suggests that a small sample will be more appropriate for the research (Ritchie, Lewis, & Elam, 2003, p. 84), since it will be likely that their similar characteristics will lead to similar answers and quickly lead to a saturation point.

5.2.2. SELECTION CRITERIA

Based on the population to be studied, a set of research criteria were established in order to determine the most appropriate respondents for the study. In Table 4 each criterion is presented next to the reasons why they are deemed important for determining the sample.

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Reason of Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurs must use any type of SNS for business networking purposes</td>
<td>This is the most important criterion since the aim of the study is to analyze the use that entrepreneurs give SNS to find, create and manage relationships that will aid them in the development of their company.</td>
</tr>
<tr>
<td>They must have an established and running company</td>
<td>In order to understand if SNSs aid entrepreneurs in their company development, understanding the differences and similarities between their F2F networks and their virtual ones plays an important role. Therefore, the entrepreneurs needed for this thesis need to also develop their business activities in the ‘real’ world.</td>
</tr>
<tr>
<td>They must be comfortable speaking either English or Spanish</td>
<td>This criterion relates directly to me, since these are the two languages that I am more comfortable speaking in. Therefore, in order to achieve establish rapport between interviewer and interviewee, both must feel comfortable with the language being spoken. This will translate into accessing valuable data-rich information (Charmaz, 2006) that would not be presented by the entrepreneur if he/she would feel uncomfortable.</td>
</tr>
</tbody>
</table>
The previous criteria determined which type of informants would be needed to fulfill the aim of the study and find an answer to the proposed research questions. However, because it had also been theorized that an entrepreneurs network differs depending on the entrepreneurial stage they are in (refer to section 3.1.3), entrepreneurs were also sought out to be in different stages of their company development. This would allow mapping their networks to gather evidence of the differences and similarities within their different entrepreneurial stages, as well as within their FtoF and electronic networks. Further, seeking out entrepreneurs in different industry sectors will also allow mapping of differences within industry use, both of SNS chosen as in relationship management. In other words, the different criteria were set in order to look for a balanced sample of businesses from which processes could be compared even though they belonged to different industry sectors, but which gave sufficient heterogeneity to the sample so that the data would be enriching to the overall study.

Further, once the characteristics of the sample were determined, different sampling methods were studied to determine the most appropriate one to find the respondents. From these different methods, one was selected to determine the entrepreneurs for the research sample: purposive sampling.

5.2.3. SAMPLING METHOD

Purposive Sampling (Gummesson, 1991), was used to determine the initial individuals that would be contacted for the research study. Purposive sampling, or judgment sampling, means that the interviewees were chosen because they fit a particular characteristic needed in order to better explore and understand the topic being studied (Ritchie, Lewis, & Elam, 2003, p. 78). This is why, as described in section 5.2.2., one of the selection criteria was that the entrepreneurs used SNSs for their business.

The use of purposive sampling also ensures that the relevant characteristics being studied are covered in the sample, and that within each of the key criteria, diversity is included (Ritchie, Lewis, & Elam, 2003, p. 79). Also, because the individuals selected are considered key informants or specialists in an area, their context-specific knowledge regarding the issues being studied provide significantly valuable and rich information on the topic studied (Maxwell, 2005). As described by Patton, the “logic and power of purposeful sampling lies in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research, thus the term purposeful sampling” (Patton, 1990: 169). This type of sample selection was chosen because it allows greater flexibility in the types of individuals being sought out. It also helps determine which of the potential interviewees are more relevant for the analysis of data. This type of sampling also facilitates the creation of analytic categories (Charmaz, 2006) which, as will be seen in section 5.4, facilitates the data analysis.

Initially three business incubators, from Umeå city, were contacted: Uminova, Entrepreneur Centrum and BIC Factory. The choice of these incubators rests on the following two criteria; first, they provide access to a broad number of entrepreneurs in different industries and stages of their entrepreneurial development. And second, by contacting the entrepreneurs through their incubators there might be a higher chance of obtaining the interview. However, gaining access to entrepreneurs, even through their use of their incubators, was easier said than done. Many of the contacted entrepreneurs did not use SNSs in their businesses, and others simply had no time available for conducting the interview; some suggested having the interviews in June or July, which because of the time constraint that the thesis has, was impossible from my
part. In total, three interviews were obtained from this first selection, and therefore another way of contacting the entrepreneurs had to be devised.

As a next step, I therefore went to the Internet to seek out entrepreneurs; it seemed as an appropriate way since the use of CMC tools was one of the main components of the research. First I wrote to other business incubator type web pages such as young entrepreneurs of Sweden, however no answer was received. Then I decided to go to the source of my investigation, companies who had their pages on SNSs, but because I only use Facebook, the search had to be limited to that specific SNS. Therefore, I searched for companies which were either on my network, or my friend’s networks and sent them a message explaining what I was studying and asking them if they would allow me to interview them. It is important to highlight that, because I was born and have lived in Colombia for most of my life, many of my Facebook friends are also Colombian, which led me, in its majority to contact Colombian entrepreneurs. This more specific search led to four more interviews. However, as I felt that these interviews were still few and would not lead to information saturation, yet another approach was taken: e-mailing people in my network that could refer me to their friends who had a company and used SNSs as a business tool. By using this approach a total of six companies were contacted and a total of two interviews were obtained.

All in all, a total of ten interviews were conducted. After analyzing the data gathered from the different interviews (refer to section 5.4), it was determined that the number of interviews was appropriate; especially since, due to the qualitative nature of this study, it is not intended to be representative of a specific population, rather to provide understanding of a social phenomenon (Ritchie, Lewis, & Elam, 2003, p. 83).

5.3. COLLECTING THE DATA

“How you collect your data affects which phenomena you will see, how, where, and when you will view them, and what sense you make of them”

(Charmaz, 2006: 15)

As described in the previous section the data was collected through ten interviews. Six of the interviews were conducted through Skype, three face-to-face, and one via telephone. Each interview was recorded on tape and lasted from 45 minutes to one hour. During the interviews notes on how the interviewees answered the questions, such as pauses, laughs, and stress in intonation, among others, were taken.

5.3.1. ABOUT THE INTERVIEWS

The interviews were collected within a one month period, and the total sample consisted of six women and four men, for a total of ten interviews. As stated before only three interviews were conducted face-to-face, one was conducted via telephone and the remaining six via Skype. Unfortunately not all of the interviews could be conducted face-to-face due to distance issues.

As stated by Kvale, face-to-face interviews have greater advantages than those conducted via telephone or the Internet (Skype), because the interviewer can easily perceive non-verbal communication signs, such as face and hand expressions as well as body language, which can help in the later interpretation of the respondent’s answers (Kvale, 1996). However, these
advantages were not lost by using Skype. Since this tool provides with the possibility to have a live feed view of both parties involved, though the use of a web camera, the sense of a face-to-face interview is maintained, and therefore, these non-verbal queues could still be detected by the interviewer. The biggest difference between face-to-face and Skype conducted interviews is that depending on the speed of the internet connection, break-ups in communication can occur, which leads to breaking important lines of thought that were being addressed at that moment. These types of interruptions are unlikely to occur when conducting face-to-face interviews.

Data collection through the semi-structured interviews was aimed at understanding the networking processes and relations involving both FtoF networks and SNS ones; a particular focus was on how FtoF networks differ from those created via SNS use, and the particular advantages that SNS relationships could provide entrepreneurs that FtoF relationships couldn’t.

Each interview was conducted with the entrepreneur (or one of the entrepreneurs) who founded the company. Before the interview started I briefly described that I was studying entrepreneur’s networking behavior, making it clear that no specifics on their company creation or on their products or services would be used as part of the research data. In total nine interviews were recorded and transcribed verbatim; in the remaining interview detailed notes, which included sentences copied verbatim, were taken throughout the interview due to a technical problem with the recorder. As explained by some authors, (Kvale, 1996; Kvale & Brinkmann, 2009; Charmaz, 2006) this situation is not ideal, because by focusing on which notes to write I could be missing important queues which could lead me to make new probing questions that could help me enhance the data.

Also, some informal conversations were had with the entrepreneurs before and after the interviews were conducted. This helped develop rapport (Legard, Keegan, & Ward, 2003, p. 143) with them and would gain insights into further information that they left out, or forgot, during the formal interview. These conversations allowed me to further understand their perceptions and point of view (preconceptions) from where they provided the answers to the formal interview. However, the only data reported in the data analysis section (refer to Chapter 1) belongs to quotations abstracted from the transcripts done of the formal interviews. For the interviews conducted in Spanish, a translated version of the original statement is the one presented. Because I am comfortable speaking, writing and reading both English and Spanish, the translation of these quotes should not affect the quality of the data, since their translation was made in order to keep the original sense of the answer.

5.4. DATA MANAGEMENT

Each interview was recorded and transcribed verbatim and further analyzed through a grounded theory method. This method was chosen because it is in line with the processual analysis approach that was described in chapter 2. Grounded theory allows the researcher to shape and reshape the data collection, therefore, as a result creating a more refined data set (Charmaz, 2006, p. 15); this means that the researcher must pay attention, not only, to what the interviewees say, but also to how they say it. This may provide new information that was not initially looked for, but that can improve the final outcome of the research. In brief, grounded theory was chosen for data analysis because it allows the researcher to break down,
analyze, interpret and organize the data in a categorical manner; this will allow the researcher to capture the fullness of the actions included in the process being studied, it permits easier comparisons of data in order to find similarities and differences, and can lead the researcher to sampling new, or missing, data that can enhance the overall results of the study.

It is important to highlight that grounded theory has developed over the years different schools of thought. Therefore, the epistemological base will change depending on the school you choose to follow, which in turn presents different implications for the research study (Babchuk, 2009). For this thesis, I decided to follow one of the new representatives of grounded theory research, Kathy Charmaz, rather than the traditional representatives (forefathers) of the field: Glaser and Strauss (1967) and Strauss and Corbin (1990). This decision was taken because both set of authors, present very positivist/ post-positivist discourses in their analysis methods; presenting specific guidelines that need to be followed in order to, according to them, gain reliability and confidence in the data similar to that of applying a quantitative method. Charmaz (refer to Charmaz (2006) Constructing grounded theory), on the other side, presents a constructivist approach to the method. For example, Charmaz views grounded theory as a set of flexible set of principles and practices which aim at helping interpret the gathered data. In her perspective, the data gathered will be a result of interactions between researcher and interviewee, while for Glaser and Strauss the researcher has to be careful not to be influenced by the interviewee’s perceptions or previously found studies.

As stated in the previous section each interview was transcribed and coded almost immediately after the data was gathered, this in order to be in line with the data analysis method. Charmaz describes coding as “the process of defining what the data are about (…) coding means naming segments of data with a label that simultaneously categorizes, summarizes and accounts for each piece of data” (Charmaz, 2006, p. 43). This initial coding of the data allowed me to understand similarities and differences between the entrepreneur’s network and his or her processes to manage contacts in both types of networks. This first analysis of the data also allowed comparisons between the different data segments and with the data obtained in the following interviews (Charmaz, 2006). This provided a more comprehensive understanding of what was being done by entrepreneurs when creating and managing their networks, and how it was being done, in order to further enhance the interview guide and gain better insights from the following interviewees. Even though the process of transcribing the data can be seen as a laborious and time consuming activity, it was an efficient way of creating new insights into the collected data, especially since, because of my inexperience as an interviewer, some information might not have been fully grasped while conducting the interview. These changes reverted back to the conceptual framework and to the interview guide, in order to analyze what was missing in the initial analysis.

As stated before, the interviews were recorded and transcribed verbatim. Following the transcription, the coding process started. As suggested by Charmaz (2006) the coding process was constructed in two phases. First, each line of the interview was analyzed and named; then, a focused, selective phase where the most significant initial codes are used to sort, synthesize, integrate and organize the data (Charmaz, 2006, p. 46). After the transcription a line-by-line coding (Charmaz, 2006, p. 50), or micro-analysis as defined by Strauss and Corbin (1998, p. 57), was conducted. This type of coding allows identifying implicit concerns as well as explicit statements (Charmaz, 2006, p. 50), as well as creating narratives from the different answers provided by the interviewees, which further help to refocus following
interviews. The initial codes were later grouped into a ‘main’ category through the use of, what Strauss and Corbin (1998, p.123) denominated, axial coding. The axial codes, as described by the authors, allow the researcher to put the fractured data, created with initial coding, to be bridged back together into a coherent whole (Charmaz, 2006, p. 60). However the approach taken to create the axial codes was not the one presented by Strauss and Corbin, but that of Kathy Charmaz. The difference between both is that the first relates to very formal procedures on how and what to look for in the data, while Charmaz suggests to allow the data to guide you; this will lead to generating sub categories and categories from the different experiences presented in the data, and presenting how the researcher made sense of the data collected. The creation of these categories and sub-categories was helpful to present how the different data related to each other (Charmaz, 2006). An example of how the codes were developed into their related categories can be seen in Table 5.

TABLE 5: EXAMPLE OF LINE-BY-LINE AND AXIAL CODING

<table>
<thead>
<tr>
<th>Question code</th>
<th>Transcript excerpt</th>
<th>Initial Codes</th>
<th>Axial coding</th>
<th>Related category</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-01</td>
<td>“I started myself, and later my sister and brother in law got involved in the business […] I also belonged to a [specific interest] group, and might have had similar problems or needs, so [they] can help me when specific situations arise […] they provide me with advice, or help on whom or where to contact someone who can help”</td>
<td>family help, specific network contacts, gain advice and help</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-04</td>
<td>“[we asked ourselves] what kind of people did we know and are there anyone who can [help us], we started to see in our network […] people were very honored to be asked because that means that you actually labeled them as people that you appreciate”</td>
<td>previous relationships, use the network, people who have knowledge, creating unexpected relationships</td>
<td>Different relationships that provide help</td>
<td>Creating Network Relationships</td>
</tr>
<tr>
<td>E-07</td>
<td>“My brother has helped me since the idea creation […] but I have gotten help from asking people I know, with the luck that someone knows someone [who can help me] and so on, that is how I have found most of the contacts needed to get the company up and running”</td>
<td>family help, people in the network, someone knows someone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-08</td>
<td>“Before we started this company we had been consulting […] [all of our previous relationships] were necessary for starting this company […] it was a mixture of the previous contacts that we knew [in our previous jobs] with the new ones we had from the business world”</td>
<td>colleagues, previous clients, close network</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As can be seen in Table 5, each interview was coded line-by-line and the different codes were compared to each other in order to identify differences and similarities within the data, which lead to grouping them into a code that expressed the relationships between the data. Once the first three interviews were coded and compared with each other, the codes were grouped into different categories or sub-categories. According to Charmaz (2006) these categories should be brought up as the data is being analyzed and links in between the different concepts are created. The categories, subcategories and links that are created should present how the researcher made sense of the data (how he/she understood it). In the case of this thesis, the categories and subcategories were created trying to follow Charmaz’s advice; therefore, many of the categories are named after in vivo codes brought up by some entrepreneurs, and which could describe the characteristics of the other entrepreneur’s answers. In vivo codes refer to special terms used by the interviewees during their narration and can “serve as symbolic markers of participants’ speech and meanings” (Charmaz, 2006, p. 55).

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4 The stress on ‘main’ is made because these categories will later transform into more specific categories and subcategories. The ‘main’ categories referred to in this part are grouping categories which relate directly to the thesis structure that will be further presented in Figure 13.

5 The text inside the brackets “[ ]” was added by me in order to summarize information stated by the interviewees. To see the full Table refer to Appendix 3.
However, because of my inexperience with the method of grounded theory, I did need a basic structure to guide me through the process. In other words, the categories which were developed (refer to Appendix 4 (A-D)) through the analysis and comparison of the line-by-line and axial codes (refer to Appendix 3(A-E)), were related back to the theories and literature in order to easily compare the concepts to their theoretical implications. Therefore, the presentation of the categories (or empirical findings) will maintain a similar structure to the one presented in the theories and literature review sections. In other words, the presentation of the codes will first address the concepts regarding network theory, such as: management of the networks (rational vs. embedded perspectives) and structural diversity. It will continue with social capital concepts: strong and weak ties and gathering social capital. And will end with the SNS appropriation of these concepts for creating and managing relationships, as well as the process to develop rapport via the Internet. Figure 13 depicts how the thesis structure helped to organize the different categories developed while analyzing the data.

### MAIN CATEGORIES DEVELOPED FROM THE DATA ANALYSIS

- Developing relationships
- Approaching help
- Changing the network
- Defining relationships
- Keeping it interesting
- Defining social electronic networks
- Using SNS for the business
- Discovering differences and similarities

### THESIS STRUCTURE

#### 3.1. Network Theory
- Creation and management of social networks
- Rational vs. Embedded perspectives
- Network’s structural diversity

#### 3.2. Social Capital
- Strong and weak ties (types of information)
- Creating and gathering social capital

#### 4.3 SNS Literature
- Types of relationships contained in an SNS created network
- Developing social capital with on-line acquaintances

**FIGURE 13: ORGANIZATION STRUCTURE OF THE MAIN CATEGORIES**

The related categories presented in Table 5, were compared to the thesis structure and redefined into broader main categories (left side of Figure 13). These new categories allowed me to create clearer relationships between the data, while maintaining a coherent narrative to explain the entrepreneurs’ networking processes. These narratives will be presented in the following chapters.
CHAPTER 6: THE DATA AND THE ANALYTICAL PROCESS

This chapter introduces the entrepreneurs who agreed to be interviewed for the research. It also presents an in depth description of how the data collected with the interviews was analyzed using the grounded theory method. Also the quality and trustworthiness of the study will be discussed.

The previous chapter presented a description on how the empirical data was collected, as well as an introduction to how the data was analyzed, providing a general overview of the data analysis method. In this chapter a more in depth description of how the data was approached and analyzed is presented. A description of the data gathered through the interviews will be made, plus how these data relate in order to create categories and subcategories within the analysis. Finally, the results and implications that this method of analysis had for this thesis will be discussed.

The chapter will begin with a brief overview of the entrepreneurs who agreed to be interviewed, and will continue with an explanation of the different stages developed to carry out the data analysis. After the stages are described, the main findings that were reached through them will be presented.

6.1. ABOUT THE ENTREPRENEURS

The analysis of the data will be presented in a more impersonal level; this to be able to focus the analysis more on what, how and why something was said. However, some aspects of the entrepreneurs, such as education or professional backgrounds, will be taken into consideration at certain points of the discussion as probable cause factors for a specific answer or action. These background aspects will not be directly linked to the entrepreneurs, but rather mentioned in a general manner in further chapters. With this being said, Table 6 presents a brief overview of the entrepreneurs. The characteristics presented in the Table are consistent with the selection criteria presented in section 5.2.2.

<table>
<thead>
<tr>
<th>Interview code</th>
<th>Gender</th>
<th>Age</th>
<th>Nationality</th>
<th>Industry Sector</th>
<th>Interview conducted in</th>
<th>Entrepreneurial stage</th>
<th>SNSs used</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-01</td>
<td>Female</td>
<td>30</td>
<td>Colombian</td>
<td>Accessories</td>
<td>Spanish</td>
<td>Stage 3</td>
<td>Facebook</td>
</tr>
<tr>
<td>E-02</td>
<td>Female</td>
<td>32</td>
<td>Colombian</td>
<td>Tourist Attraction</td>
<td>Spanish</td>
<td>Stage 3</td>
<td>Facebook</td>
</tr>
<tr>
<td>E-03</td>
<td>Female</td>
<td>28</td>
<td>Colombian</td>
<td>Restaurant</td>
<td>Spanish</td>
<td>Stage 2</td>
<td>Facebook</td>
</tr>
<tr>
<td>E-04</td>
<td>Female</td>
<td>30</td>
<td>Swedish</td>
<td>Consulting</td>
<td>English</td>
<td>Stage 3</td>
<td>Facebook</td>
</tr>
<tr>
<td>E-05</td>
<td>Female</td>
<td>29</td>
<td>Colombian</td>
<td>Apparel</td>
<td>Spanish</td>
<td>Stage 2</td>
<td>MySpace</td>
</tr>
<tr>
<td>E-06</td>
<td>Female</td>
<td>28</td>
<td>Swedish</td>
<td>Business Incubator</td>
<td>English</td>
<td></td>
<td>LinkedIn</td>
</tr>
<tr>
<td>E-07</td>
<td>Male</td>
<td>30</td>
<td>Colombian</td>
<td>Technology</td>
<td>Spanish</td>
<td>Stage 2</td>
<td>Facebook</td>
</tr>
<tr>
<td>E-08</td>
<td>Male</td>
<td>34</td>
<td>Swedish</td>
<td>Consulting</td>
<td>English</td>
<td>Stage 3</td>
<td>Facebook</td>
</tr>
<tr>
<td>E-09</td>
<td>Male</td>
<td>25</td>
<td>Swedish</td>
<td>Accessories</td>
<td>English</td>
<td>Stage 1-2</td>
<td>Facebook</td>
</tr>
<tr>
<td>E-10</td>
<td>Male</td>
<td>31</td>
<td>Swedish</td>
<td>Technology</td>
<td>English</td>
<td>Stage 1-2</td>
<td>Twitter</td>
</tr>
</tbody>
</table>

**TABLE 6: GENERAL INFORMATION OF INTERVIEWED ENTREPRENEURS**
As was stated in section 5.3 a total of ten entrepreneurs agreed to being interviewed for this research, each entrepreneur was given a code according to when the interview was conducted (first row of Table 6), therefore E stands for Entrepreneur, and the number for which interview it was (the numbering sequence was not defined by the order in which the entrepreneurs agreed to the interview, but in the order that the interviews were actually conducted). I chose to use these codes rather than the entrepreneur’s names, first to maintain confidentiality of their companies, and second to provide a higher degree of relevance to the answer than to the person.

Five of these interviews were conducted with Colombian entrepreneurs and the other five with Swedish entrepreneurs. Even though this 50/50 distribution of entrepreneurs was not purposely sought out, but rather appeared as an interesting coincidence, it did come to an advantage in order to evaluate differences and similarities among entrepreneurs immersed in different political, social, and cultural settings.

However, other categories such as: industry sector, were not completely left to chance. As it was presented in the selection criteria (section 5.2.2) different industry sectors were sought out, in order to achieve a balanced sample of companies. In all cases, I had access to the different companies’ web pages, and could evaluate from them which industry they belonged to. Therefore, once a company agreed to be interviewed I could look for companies in a similar sector to invite (even if they did not provide the same types of products or services).

In the case of the entrepreneurial stage (refer to section 3.1.3), the majority of the companies were either in stage 2 (Start-up stage) or stage 3 (young business stage) but only one was still in the transition from stage 1 (discovery stage) to stage 2. Here, it might be important to add my interpretation of the different stages. For me, a discovery stage is before the company is created as such, however, it can linger on for a while in the start-up stage of the entrepreneur; the reason for this is that when the company is just being created, new research, advice and ideas will still help transform the final version of the company that the entrepreneur is creating. The start-up phase is during the first year of the company, when still many changes can be done to the (forgive the redundancy) set-up. And finally, a company in a young-business stage is one which has been in operation between two and five years. Clarifying these definitions is important, since the concept can vary from person to person.

Finally, E-06 does not have a description of business stage, since it was conducted with one of the Incubators contacted in the city of Umeå. Therefore, the company has already passed the main stages being analyzed in this research. This incubator was chosen because they are also using SNSs to help improve their help network to the entrepreneur’s who work with them. Even though this interview does not hold the specific characteristics that were specified in section 5.2.2 it provided with data rich information from a specialist point of view. However, the person I interviewed is also an entrepreneur and also explained to me differences on how she manages her own business contacts and the ones for the incubator; this is why the interview is being analyzed in the same way as the others are.

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6 Even though in section 5.2.3 I refer to the entrepreneurs as being regarded as specialists in the topic being studied; I regard the incubator as a specialist on the entrepreneurs’ needs and behaviors. However, because the incubator uses a similar process to create and manage their contacts within the SNS they use, no special treatment was given to the data collected to this interview.
6.2. MAKING SENSE OF IT ALL

As it has been described in previous sections of this thesis, I embarked on a learning journey with already established notions and pre-conceptions of what I should look for. However, I could not be blinded by them, and was on the constant lookout for new aspects I had not previously considered when initiating my research. The use of grounded theory allowed me to have an open mind when conducting the interviews and analyzing the data, the method forces you to see past of what has been said, and perceive it in a way that will encompass the meanings and interpretations that is in that sentence. It allowed me to force myself to see past my preconceived knowledge and look for other information that would improve the overall understanding of the process being studied. In the following paragraphs I will explain how the analysis of the data was conducted in order to provide the readers with an understanding of the overall process.

As stated before, each interview was transcribed right after it had been concluded. After transcribing the interview, the finished text was re-read and coded line by line. The initial coding was aimed at understanding the overall meaning of each sentence and to link it to specific actions. Further, these main codes were gathered into concepts. These concepts were derived from the conceptual framework (Figure 12) presented in section 4.4. Then the different concepts found in each interview were compared and gathered into main categories. Some of the concepts were maintained as sub-categories, while others were maintained just as data.

The first three interviews were the ones who led to the initial shifts in the interview guide and the conceptual approach, and focus, that I had given to some of the questions. The first set of categories was developed from the comparison of codes between these initial interviews. However, comparison between the data of these interviews and further interviews was still made to develop new categories, and identify missing concepts that would help answer the research questions. Also, during the interviews some questions would arise depending on the entrepreneurs’ answers, which could also lead to new categories and concepts.

The initial coding of the interviews rendered almost 80 codes (for the first three interviews). The codes were then analyzed from the process point of view; in other words they were grouped by actions or events that belonged into the different processes that were being studied. The grouping process was guided both by the concepts presented in the conceptual framework (Figure 12) and the theoretical structure of the thesis (left side of Figure 13).

The next step was to design a way to visually present the codes and categories. Initially a table which could refer the codes and categories back to the question was created (see Appendix 3)\(^7\). This allowed the process of creating categories to be directly derived from the data, and also helped perceive gaps within the data. These gaps were filled in two different ways. First new questions were added to the interview guide. For example, in the initial interview guide a question regarding which SNS the entrepreneur used was established, however, as the interviews advanced many of them referred to the same type of site. This created a new question: why, out of the different array of SNSs that currently exist, do you use [specific SNS mentioned during the interview]? (refer to Appendix 2 for a full list of questions added to the interview guide). Second, the question was also sent to the already interviewed entrepreneurs in order to yield richer and more complete data set.

\(^7\) Because the number of questions differed from interview to interview, only main questions (or those directly linked to the thesis structure presented in Figure 13) are presented in the table. These main questions were the only ones maintained through all of the interviews and therefore can be directly compared.
It might be important to point out that, even though an objective of the research was to map out the differences of the networks during the different entrepreneurial stages of the companies, there might be gaps in some of the gathered information. This is due to the fact that many of the entrepreneurs were already in the third entrepreneurial stage. Therefore, the mapping of their networks will be more accurate within their current networks; that is, how they maintain and develop relationships at the specific time this research was conducted. For the entrepreneurs in stages 2 and 3, only inferences on how they created and managed relationships in previous stages can be made from their retrospective narratives, but I am aware that some of the information might be missing or incomplete because it is easier to describe a current process than a past one.

After a comparative analysis of the coded data, both within each interview as with the others; further, the categories were again classified into three main characteristics: (1) who was part of the network (key contacts), (2) how the relationships were created and managed (network interactions), and (3) which results and expectations exist (evaluation of the tool). The processes were evaluated in order to understand the similarities and differences between how each entrepreneur develops them. The aim was to understand which actions or events could be caused by educational or cultural backgrounds, which were developed in a conscious or unconscious manner, among others. Further, I selected and identified the actions, which arose from the previous analysis, which appeared to explain the overall processes or creating ‘effective’ networks and gaining valuable resources. Finally, the results were organized into two theoretical frameworks, each aiding the answers of one of the two research questions presented in section 0, of Chapter 1.

6.3. RESEARCH TRUSTWORTHINESS

Determining the trustworthiness of a qualitative study is not an easy task. Especially, since the most common practice is to evaluate the data results from a positivist perspective. Therefore, many readers would expect this sections to analyze the validity of the data through demonstrating that it can be easily generalized, to other entrepreneurs who hold similar characteristics; the reproducibility of the data, whether another researcher, under similar circumstances, will find the same results (Strauss & Corbin, 1998); the reliability, and that the objectivity (neutrality) of the researcher (Lincoln & Guba, 1985) can be evaluated. However, this is not the case for this thesis.

The ontology that was adopted for this study is that of a world where realities are co-constructed between the different actors (refer to section 2.2.1). This means that the results of the interviews could be described as a form of ‘negotiated text’ (Fontana & Frey, 2003; Lincoln & Guba, 1985). In other words, the way this research was designed and conducted scientific neutrality (Charmaz, 2006) was not envisioned. Trying to understand, to the extent possible, how entrepreneurs act and perceive certain aspects of networking (both on-line and in the real world), requires both interviewer and interviewee to make assumptions (Fontana & Frey, 2003; Charmaz, 2006) about how the processes are constructed.

Therefore, before trying to determine the different aspects that will determine the trustworthiness of this study, it is important to understand that “researchers are not invisible, neutral entities; rather they are part of the interactions they seek to study and influence those interactions” (Fontana & Frey, 2003, p. 90). Interviews are more than just asking a question and recording an answer, they are a conversation between two people about a topic of interest (Kvale & Brinkmann, 2009, p. 192). In the conversation both parts (interviewer and
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interviewee) have an active involvement. The type of questions asked by the interviewer (Fontana & Frey, 2003), how he/she follows up on emerging leads will determine the course of the interview (Kvale & Brinkmann, 2009), and to which topics the interviewee will refer to; this is why the data resulting from interviews becomes the construction of a paired effort, where the interviewer becomes the co-producer (Kvale & Brinkmann, 2009) of the interview text. Finally, the presentation of the data analysis will reflect the researcher’s interpretative understanding of the process described by the interviewee (Hallberg, 2006), rather than being only a description and explanation of that process.

With the latter discussion in mind, and after reading various articles and books regarding the issues of validity and trustworthiness in qualitative methods, I decided to adopt the four criteria presented by Lincoln and Guba (1985): credibility, dependability, confirmability and transferability; plus the concept of usefulness, presented by Charmaz (2006, p.183).

Credibility is referred to as a concept that allows readers to determine whether the research was conducted or not in a scientific manner depends on how the researcher presents the findings; in other words, that the findings reflect truthfully what is being studied (Huzzard, 2000). As suggested by the literature, a number of triangulations techniques, for analyzing the data, were adopted for credibility purposes. As stated by Golafshani “engaging multiple methods, such as, observation, interviews and recordings will lead to more valid, reliable and diverse construction of realities” (Golafshani, 2003, p. 604). As stated in section 5.3, the interviews were recorded in order to provide full attention to the interviewees; however, notes when the entrepreneurs made intonation stresses, or hand gestures, were taken. Further, during the data analysis, different statements were taken into consideration and which opinions were shared by different entrepreneurs. In other words, that two or more entrepreneurs presented similar statements was necessary to develop concepts that could be analyzed and compared to the theories and literature. Nevertheless, it is important to highlight that the observation periods (personal or via web camera) were limited to the time provided by the entrepreneurs to conduct the interview; therefore ‘persistent observation’ and ‘prolonged engagement’ (Lincoln & Guba, 1985, p. 301) were not possible to accomplish. But, even though the ‘prolonged engagement’ was not possible, the creation of trust with the interviewees was accomplished by explaining from the beginning of each interview the purpose of the thesis, and that the specific company information would not be used as part of the data. The purpose of these explanations was to make the entrepreneurs feel confident that the research would not present confidential information of the company, thus creating mutual trust and providing the interview with a free conversation flow, rather than just me asking a question and receiving a straight forward and shortened answer.

Dependability entails that the researcher should track and audit every step of the research process; this audit trail should present a chronology of the activities that were developed, influences that could have existed in the data collection and analysis, and how the emerging themes and categories were created (Morrow, 2005). This has been attempted in Chapter 5 with the description of the research method, and also in section 6.2 of Chapter 6, with a detailed description of how the data analysis was conducted.

Confirmability refers to the neutrality of the researcher (Huzzard, 2000) and is based on the recognition that research is never objective (Morrow, 2005, p. 252). As was described earlier in this section the results of the interviews can be seen as a negotiated text between the interviewee and the researcher. Therefore, it can be understood that the motivation behind this
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study is based on the researcher’s preconceptions of the topic being studied. This is why, I have been clear, from the beginning of the thesis, which are my stand points on the topic and how they can influence the data; and why I presented an extended description of how the data was analyzed to reach the aim of the thesis.

The concept of transferability refers to the degree to which the findings can be generalized into the reader’s own context (Morrow, 2005, p. 251). However, it is important to understand that the generalization of the results cannot be achieved in a traditional sense; this because, the research methodology was chosen to provide an understanding of a specific process within a small sample of interviewees, rather than verifying established hypothesis that can be generalized to an entire population. Therefore, in order to provide the reader with bases to evaluate the transferability criterion, information of my preconceptions, the context from which the study was created, a basic introduction to the participants has been presented in the previous chapters. Further, how the interaction between me, as the researcher, and the interviewees, could affect the outcomes and presentation of the analysis was presented in this chapter. Also, the manner in which the data is presented should allow the readers to perceive patterns that would allow them to create judgments on which contextual similarities can be transferable to their own worlds. However, whether these actions helped me achieve this concept will be ultimately judged and determined by the readers.

Finally, the concept of usefulness refers to how the results can be used from an everyday world view (Charmaz, 2006, p. 183); in other words, to evaluate if the theory presented can contribute to the knowledge of readers in terms of explaining the process or sparking further research in the field. This aspect was undertaken through the presentation and description of a theoretical model, which was created from the theories grounded in the data, as well as a suggested model for conducting the process, at the end of Chapter 8; also, aspects of this thesis that could benefit from further research are described in Chapter 9.
CHAPTER 7: UNDERSTANDING THE PROCESSES

This chapter aims to present the data collected with the interviews. It is divided into two sections; the first, presents the data related to how entrepreneurs create and manage contacts in a FtoF manner. The second presents the interviewees’ own definition of SNS, and how they use them as another networking tool.

This chapter will present the different aspects of FtoF and electronic networking discussed with the entrepreneurs. It will provide the reader with an overall idea of how the interviewees structure and manage their networks both traditional and virtual. Further, in Chapter 8 and Chapter 9 the discussion on how the data relates to the theories and literature presented in previous chapters.

In this chapter the answers to the questions presented in the interview guide will be the main focus. The answers will be presented in a narrative form, so that the context in which they were expressed can be also perceived by the reader. For this purpose, the structure of the interview guide: starting from concepts related to network and social capital theory and finishing with perceptions and uses of SNSs (refer to appendix 1), was maintained through the development of this chapter; therefore, maintaining consistency with how the processes were described and interpreted during the interviews. The first part of the interview consisted of questions regarding network creation and management and also about creating rapport to gain access to important resources. The last section focused mainly on SNSs, how they were perceived and used by the entrepreneurs, and how the creation and management of relationships differed from that presented when talking about their offline relationships.

<table>
<thead>
<tr>
<th>Main Categories (Appendix 4)</th>
<th>Sub-categories (Appendix 4)</th>
<th>Axial Codes (Appendix 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating Relationships</td>
<td>Creating the Network</td>
<td>Everyone You Meet is Interesting</td>
</tr>
<tr>
<td></td>
<td>Changing the Network</td>
<td>Listen, Then Sell</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Growing the Network</td>
</tr>
<tr>
<td>Defining Relationships</td>
<td>Weak and Strong Ties</td>
<td>Defining Relationships</td>
</tr>
<tr>
<td>Developing Rapport</td>
<td>Managing Relationships</td>
<td>Creating Rapport</td>
</tr>
<tr>
<td></td>
<td>Maintaining Relationships</td>
<td>Managing the Network</td>
</tr>
<tr>
<td>Using SNSs for the Business</td>
<td>Use the One you Use</td>
<td>Using SNSs for the Business</td>
</tr>
<tr>
<td></td>
<td>Go Where the People Are</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Create Buzz</td>
<td></td>
</tr>
<tr>
<td>Developing Relationships On-line</td>
<td>Keep it Interesting</td>
<td>Be Innovative</td>
</tr>
<tr>
<td></td>
<td>Get People Involved</td>
<td>Show what you have to offer</td>
</tr>
<tr>
<td>Managing the Virtual Network</td>
<td>Advantages/Disadvantages</td>
<td>Managing the On-line Network</td>
</tr>
<tr>
<td></td>
<td>Developing Rapport</td>
<td></td>
</tr>
<tr>
<td>Discovering Differences and Similarities</td>
<td>Creating Contacts and Relationships</td>
<td>Open to Everyone</td>
</tr>
<tr>
<td></td>
<td>Managing the Network</td>
<td>Changing Attitudes</td>
</tr>
<tr>
<td></td>
<td>Developing Rapport</td>
<td>Efficient Use of Time</td>
</tr>
</tbody>
</table>

TABLE 7: SUMMARIZED RELATION BETWEEN MAIN CATEGORIES, SUB-CATEGORIES AND AXIAL CODES
It is important to highlight that Chapter 7 and Chapter 8 present a similar structure to that which is presented in Appendices 3 and 4. In other words, these two chapters will allow an understanding of how the codes were interpreted from the data. Therefore the main codes presented in Appendix 4: developing relationships, weak and strong ties and developing rapport; will provide the main structure for understanding both processes, of FtoF and SNS networking. However, in some cases, the sub-categories or the axial codes that directly refer to that main category will be the ones used to develop a better understanding of the actions or activities that are involved in a certain part of the processes. Table 7 presents the direct relationships between the main categories, sub-categories and axial codes, and also allows a better understanding of how the following chapters (Chapter 7 and Chapter 8) are constructed. It is important to highlight, however, that, as can be seen in Table 7, some of the axial codes were collapsed to create more abstract categories, while others were expanded, in order to provide a better understanding of the data.

7.1. ABOUT NETWORKING IN THE REAL WORLD

This section will present the different aspects discussed with the entrepreneurs about traditional FtoF relationships and networks. The section will begin by presenting how the interviewees describe the different relationships they have within their business networks; it will continue with a description of how entrepreneurs engage in business relationships and how their networks are managed over time.

7.1.1. CREATING THE NETWORK

In order to understand their network configurations, or who is part of their networks, the entrepreneurs were asked to describe how their company was started. This question was intended to grasp a complete view of which network relationships provided what type of help and in which point in time; this would allow me to map the different network configurations within the different entrepreneurial stages, plus understand the types of relationships involved in the network. It also allowed me to understand the context from where the company was started; in other words, their education background, knowledge gained from previous employments, among others. When answering this question, the majority of the entrepreneurs regarded their family members and ‘close’ friends as those who initially provided them with resources to start their companies. The resources mentioned went from intangible, like moral support or advice, to tangible, such as start-up capital or designs. The help received by these contacts created an important landmark in the entrepreneurs’ minds and, therefore, in many cases other people who were also involved in the network during the same time period were not remembered with the same preciseness. In other words, the majority of entrepreneurs tended to only mention the close relationships that helped them at the start-up phase of the company, and would only mention the other relationships after being prompted by a follow up question like: “did anyone else provide you with other types of help?” or when explaining which were the main challenges they had faced with the company and who had helped them resolve them (question 5 of the interview guide). The following quotes from different interviews are an example of this. The following statement was made by E-01(Accessories/ Colombia):

---

8 The emphasis (‘ ’) on close was added by me. As was stated in the theories, friendship is subjective to the person who is describing it. Therefore, I am interpreting the term ‘close friends’, as those that the entrepreneurs regard as long time relationships, where interaction is constant, and different resources are exchanged in both ways of the relationship. However, some people might also refer to a person who was part of his/her network at some point in time as a ‘close friend’.
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“I started myself, and later my sister and brother in law got involved in the business […] my sister showed me the business opportunity, and updated me on techniques and designs […] now both are fully engaged with the company, [they] got in to help when the number of production requests increased and now they are part of the company […] they help me to find solutions when challenges appear”

As can be seen, E-01’s immediate family provided her with different kinds of help. Therefore, they are the main ones that she recalls when thinking of people who have helped and provided her with different resources to improve her company. However, further in the interview she mentioned other types of contacts that she also considers important:

“[…] I also belonged to a [specific interest] group, and might have had similar problems or needs, so [they] can help me when specific situations arise […] they provide me with advice, or help on whom or where to contact someone who can help”

Another example is the following quote from Entrepreneur 07 (Technology/Colombia); who also recalled other sources of help after being probed with further questions:

“[…] I told my brother, he supported me and that is how the project got started […] [I also] started asking around, used free services from the chamber of commerce for the legal issues” further on he states “[…] for the topic of suppliers I asked some things to [former colleague], and with that I stated to create connections”

Only two of the entrepreneurs (coincidentally the two in the consulting sector) regarded, from the beginning, external relationships (outside the family and friends sphere) to have provided a great amount of help during their start-up phases. One of them described it the following way: “We had a lot of fears and we were, you know, we were really excited about the fact of starting our own business, but we were still humble to the fact that we were missing a lot of things such as experience and knowledge, and all these kind of things [but] we have never been to courses like those of entrepreneurs, and [what we studied] is not really entrepreneurish [sic], as you can say. You go to school to [learn], but you don’t start your own business! On the other hand, we didn’t really have anyone in my family or her family starting their own business, they are all academic people who work with academic stuff. So, we did something very new and untraditional starting our own business and what we did is that we collected people as mentors […] different people that had knowledge that we thought that would be good for us to have or to know and to have access to their knowledge. So with that it was more confident in a way to start our own business when we have collected these people.” (E-04: Consulting/Swedish)

The other interviewee, relied on their previous experience and contacts to help them start and finance the company: "Before we started this company we had been consulting [...] [all of our previous relationships] were necessary for starting this company [...] it was a mixture of the previous contacts that we knew [in our previous jobs] with the new ones we had from the business world" (E-08: Consulting/Swedish)

The way the initial networks are conformed plays an important role in the entrepreneurs’ overall development of the company. They are the ones which introduce him/her to the new business field in which they have decided to work in. And, if the people directly involved in the network are not familiar with something, they will refer the entrepreneurs to someone else who can help them.
Next, the entrepreneurs were asked to describe the biggest challenges they have had with the company and how they solved them. This question was strongly connected to the previous one, since it also allowed them to map out who provided help, and what the help was for. It became another mechanism to understand the network relationships and the resources they provided. In many of the cases the help came from ties which were not considered, by the entrepreneur, to be strong ones. This was strongly reflected in the following abstract from the interview conducted with E-04 (Consulting/Swedish): “In our case the majority of the help has come from these new relationships [...] because they have the knowledge we don’t have. It is not that our close relationships haven’t helped, they have! but we haven’t really needed them so much”. As can be seen, this answer strongly relates to how they approached the configuration of their initial network, which was presented in a previous quote.

In other cases, the help was both from close contacts and new relationships. E-05 (Apparel/Colombia) described it in the following way: “The designer [I hired] works in one of the companies with which I have previously worked with [while working in other companies], and by coincidence I met him at a party, told him my idea [and] he helped me conceptualize it [...] the lawyer is a friend of mine who has specialized in industrial property and brand registration”; while others, like E-10 (Technology/Swedish), relied mainly on those already established and well known relationships: "the contacts that have been friends from the beginning they have been the most important people that we talk to”.

7.1.2. CHANGING THE NETWORK

But no matter which contacts they rely on the most, they all agree that their network must be constantly growing to be able to meet or be prepared for the new needs or challenges that the company will face. The two best examples of how the entrepreneurs interpret their network growth were the answers provided by the two Swedish entrepreneurs working in the consulting sector:

“[the network has] become a larger crowd [...] and maybe today more than earlier on, the network consists of a higher proportion of people who have the power to make decisions in their organizations, [we also] grow through recommendations, so if people like what we do they recommend us to someone else” E-08

"there are all these different people, with different backgrounds, different personalities, stories, companies [...] know who these people are [...] how they can help you and how you can help them” E-04

However, it was my perception that, the changes in the network were more easily perceived by those in further stages of the company process. The ones in the beginning stages described either small but important changes within their network, for example E-10 (Technology/Sweden) mentioned the following: "the contacts that have been friends from the beginning they have been the most important people that we talk to. But we have increased our contacts, but the biggest difference is that we started collaborating with people and other companies, and those kind of contacts would have been interesting from the beginning”; or very few or no changes at all, as was the case with the statement given by E-09 (Accessories/Sweden): "The network hasn't changed so much, I guess because all of our friends are in [complementary] businesses that can help us [...] maybe what has changed is how they help us".
This awareness of a growing network also comes with an understanding of the different relationships that belong to the network and how they should be managed in order to maintain them over time. In other words, they are aware of what kind of relationships they have on their network and what they need to do to keep these relationships interested in their company in case they ever need their help. In the words of E-08 (Consulting/Swedish): “everyone you meet is important […] someone will always refer you to someone else who can improve your network […] it’s not how big your network is, but who is in it”

7.1.3. DEFINING RELATIONSHIPS

The relationships within the network were mainly divided into two types: friends and business acquaintances. And, even though the entrepreneurs regarded that both types of relationships had different characteristics, such as those described by E-02 (Tourist Attraction/Columbiaian): “[…] well friendship [could be seen] as not having a specific interest, but it might not be so responsible […] the business one, well there is a matter of contracts in between and in terms of times can be more ‘on-time’” or as they were described by E-10 (Technology/Sweden): “it’s more like, [business relationships] are regular work relationships, not much talk outside the business area. […] you don’t really discuss anything personal”. One of the main differences between both types of relationships was, as stated by E-03 (Restaurant/Columbia): “friendship has a more closer [sic] relationship, the ties are stronger”. They all concurred, that in the majority of the cases, and as the relationship becomes more constant, the business relationship will end up being transformed into a friend relationship; one of the most representative descriptions was the following, made by E-06 (Business Incubator): “when you create business relationships you always have something in common that are related [sic] to your business […] I think your relationships further on might be more of a friends so to speak, but you still have the business which is basically the grounds for the relationships […] [when talking about friendship] you basically have no demands on the other, you just do [things] for the other people, [there is] no demand to get anything back”. However, they also concur that, in order for these new friend relationships to still provide benefits for the company the rules must still be clear. In the words of E-07 (Technology/Columbia): “the business relationship must be managed like a friendship relationship, but focused on results and to the fulfillment of different established goals”.

7.1.4. MANAGING THE NETWORK

Managing the network starts by establishing criteria for creating relationships. When answering the question: Which are the most important aspects you consider when engaging in a business relationship?, the entrepreneurs were very clear on what they evaluated from the people they would engage in business with. The criteria varied according to the type of company the interviewees had and with whom they would create the relationships. Overall, the answers reflected the need to create trustful relationships in order for the entrepreneurs to gain the resources needed, in a timely manner; and to be able to maintain the relationships over time. Table 8 presents the answers given by the entrepreneurs to question 9:

As can be seen in Table 8, some of the aspects described by the entrepreneurs change according to the expectations that they have on the new business relationships; however, some characteristics such as: communication, reputation and reliability, which can be directly related to trust and trustworthiness, are recurrent in many of the answers.
When managing the network, the entrepreneurs also realize that not all people that belong to it will be needed all the time, but that it is important to acknowledge those relationships, just in case something changes in the company’s development, and the relationship goes from a dormant state to an active one. This could be directly implied from the following abstract from the interview conducted with E-06 (Business Incubator): “some business relationships are kind of ‘put on hold’ so to speak, because you are not doing business together, you are not on the same field or area and then maybe two or three years later you have something and you call them up, and it works a little bit like that when you are doing business. You are creating a network that is somewhat divided into a close network that you use almost on a daily or weekly basis, and then you have some outer boundaries that you are not using that often but that you can easily pick up, but you are not really close”. What is important to take into consideration is that these relationships cannot be totally quiet, they must be active in some way, as one was mentioned by E-10 (Technology/Sweden): “try to give them a call or invite them to a lunch once in a while”, or as stated by E-04 (Consulting/Sweden): “let them know you are thinking of them, that you have not forgotten”.

However, even though the majority opts for maintaining all of the relationships they can inside their network, some prefer to terminate some relationships in certain cases. As E-10 (Technology/Sweden) describes it, you terminate a relationship: “If you feel that the...
relationship, like the cost of keeping it maybe it’s higher that what you expect. If you feel that you can’t gain anything from it. I think it’s especially if you don’t feel an interest in what you are doing’.

7.1.5. MAINTAINING RELATIONSHIPS

So far the relationships have been created, defined and managed in order to get the best possible help from them. But these relationships must be fostered so that they can be equally effective and helpful towards the development of the company. The following questions in the interview asked the entrepreneurs what actions they take in order to maintain the relationships in their network active (refer to Table 9).

TABLE 9: ANSWERS TO QUESTION 10 OF THE INTERVIEW GUIDE

<table>
<thead>
<tr>
<th>Question</th>
<th>Interview code</th>
<th>Transcript excerpt</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-01</td>
<td>&quot;as I have been saying, communication is very important, because they know I am paying attention, they tell me what they need, what he people have said about the product, if they have had complaints. If you don't have any communication it is hard to maintain the relationship&quot;</td>
<td></td>
</tr>
<tr>
<td>E-03</td>
<td>&quot;respecting what you have agreed to do&quot;</td>
<td></td>
</tr>
<tr>
<td>E-04</td>
<td>&quot;you need to give something back [...] show the person in the relation that you are thinking of them, that you have not forgotten about them&quot;</td>
<td></td>
</tr>
<tr>
<td>E-05</td>
<td>&quot;I think that respecting what you have established, the pacts, and the fulfillment of all the different conditions that are established every time you engage in new business [...]this generates trust. And trust is the key for making relationships last. If you don't trust the other people involved in the business this leads to difficult situations and even for you to look for someone else in who you can actually trust&quot;</td>
<td></td>
</tr>
<tr>
<td>E-07</td>
<td>&quot;personally, I prefer to meet the people I work with face-to-face, whether it is a supplier, or someone who will give me a service (...) I like having that sense of integrity from the person, and you can only get it when you meet them, and then you feel you have a greater responsibility to each other&quot;</td>
<td></td>
</tr>
<tr>
<td>E-08</td>
<td>&quot;it is about offering something more than money for the services. Our values are to be about heart and not about money [...] go beyond the business relationships and end up as friends&quot;</td>
<td></td>
</tr>
<tr>
<td>E-09</td>
<td>&quot;do special events for the people interested in your company [key people in your company], show them the product [...] behave in a way that the key members of your network feel special&quot;</td>
<td></td>
</tr>
<tr>
<td>E-10</td>
<td>&quot;try to keep in contact, even if [you] decided not to pursue to work with them, keep them updated in what you do, if something changes you might need to contact them again&quot;</td>
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As it can be perceived from the answers shown on Table 9, one of the main focuses, when maintaining relationships, is on communication. By communicating with the contacts once in a while, it keeps them informed on how the company is developing. However, something particular in the answers is that they relate back to the answers to the previous question (refer to Table 8). In other words, entrepreneurs expect from their business counterparts the same that they can offer them in terms of trustful relationships, thus, determining trust as one of the main components to create relationships that can be easily maintained over time.

7.2. ON THE TOPIC OF SOCIAL NETWORKING SITES

After understanding how entrepreneurs network in the ‘real’ world, it was important to understand how they do it in the ‘virtual’ one. Therefore, similar questions, to the ones asked about traditional networks, were posed. Also, other questions relevant to the use of these sites were added. As a result, the data could be compared to understand differences and similarities between FtoF and on-line networking.
7.2.1. DEFINING SOCIAL NETWORKING SITES

Initially, in the interview guide, the entrepreneurs were asked to describe what they knew about SNSs. However, after the second interview, I noticed that the question was stated wrongly and therefore seemed vague, which in turn led the entrepreneurs to directly answer which SNSs they used. Therefore, the question was restructured to: “Could you define, in your own words, what an SNS is?” The answers to this question were highly related to how and for what purposes they used SNSs both personally and in their business.

Some entrepreneurs defined SNSs depending on the specific use they gave to them. E-03 (Restaurant/Colombia) for example referred to them in the following manner: “they are virtual spaces that allow you to create groups that have a similar interest to yours [I think] that it is an easy way to communicate with those people who are interested in your product”.

Others, like E-04 (Consulting/Sweden), defined them from their personal perceptions and expectations ”I think they are important and the future for us all [I think] that right now the most successful companies are those that are being open for their customers and showing what they do on line [we] have a blog and I think it is important for people to know who we are [as professionals]”.

They were defined by being compared to previous CMC tools such as e-mail, such as the definition made by E-02 (Tourist Attraction/Colombia) ”without social networking sites we go back into prehistoric times. They represent today's life, with them I can connect with a click to my friends, my contacts, my social network. Before it was mainly e-mail, which was not bad, but it was too limited” or like E-07 (Technology/Colombia), who compared them to other types of Web 2.0 applications, such as communities and forums ”it depends, one thing is Facebook, which is what is 'in' at the moment, but for me the community forums were always regarded as social networks. The forums are places where people have shared interests […] where you can share information, and what creates the bond and make you want to come back is sharing that knowledge that we have in common”.

But all their answers had something in common, at the end of the day, they all regarded SNSs to be “a big network through which we can reach a lot of people very easily”, as was stated by E-08 (Consulting/Sweden).

7.2.2. CHOOSING WHICH SNS TO USE

Further, when asked which ones where the ones they used, either for personal reasons or business purposes only three networks were mentioned: Facebook, LinkedIn and Twitter. From the three Facebook was the one used by the higher number of entrepreneurs. All but one (E-10) use Facebook. However, E-10(Technology/Sweden) mentioned that as his company grows, he will possibly link his personal web page to Facebook, the same way that he has linked it to Twitter. LinkedIn was only being used by two of the Swedish entrepreneurs (E06 and E-08), and Twitter was only used by those entrepreneurs working with technology related products (E-07 and E-10). And MySpace was used at some point by one of the entrepreneurs (E-05), but because she never used it for any business purposes will not be taken into consideration for the analysis of the data. Because the three SNSs used by the entrepreneurs are very different platforms, I would like to take a moment to briefly describe the main characteristics of each one of them:
Facebook was founded in 2004 (refer to Figure 7) and is currently the most popular SNS on the Internet. According to the statistics presented in their page, Facebook has over 400 million active users. It consists of a number of applications which can help the user connect with people they have previously met off-line, or to create new relationships based on mutual interests. The user can communicate with their network by uploading pictures, updating the status, chatting or sending e-mails. The first two communication options allow the users to also connect with contacts outside their own network, since their posts can be shared by their contacts, and therefore increasing the scope of information.

LinkedIn was founded in 2003; however it has not had the same adoption rate as that of Facebook, at the moment LinkedIn reports to have over 65 million members. A possible reason for this is that LinkedIn is that this SNS is not focused on the social aspects, but on the business aspects of networking. Therefore the networks created in LinkedIn will always have one thing in common: business. This SNS prides itself on being a professional networking community where “you make better use of your professional network and help the people you trust in return”.

From the three SNSs, Twitter is the youngest one. It was created in 2006 and it can be more precisely defined as microblogging. This means that the social interactions within the networks are created through messages consisting of 140 characters or less which are identified as Tweets. Twitter defines itself as a “a real-time information network powered by people all around the world”.

Three main reasons for using a specific SNS could be identified from the different interviews, these were: to use the one you already use; to go where the people are, to be able to contact more people in the long run; and to use the one that will help you create buzz. How these reasons were discussed will be presented in the following paragraphs:

- **Use the ones you use**
  When the entrepreneurs were asked the reasons why they chose Facebook, over any other SNS, for business purposes they all concurred that it was the most commonly used in their countries, and that it provides them with the ability to reach a wide audience. All of them referred to also having chosen Facebook for their business because they already had an established personal profile in it, which allowed them to easily add people that already existed in the business network, or friends who were interested in what they do or promote. E-04 (Consulting/Swedish) described her reasons in the following way: “Well Facebook is today the fastest growing social network. It is not as it used to be, only a fun page with crazy apps on the firewall. It is developing faster and faster. Also Facebook today is being used by most generations, youths to older. Everyone is on Facebook! Also Facebook is a very easy tool to be in touch with many people”. In the case of E-10, which was the only entrepreneur not using Facebook, his reasons for the use of Twitter were also the same as those presented by the other entrepreneurs. He had an already established knowledge on the use of that SNS and his personal account was also in Twitter.
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- Go where the people are
Some of the entrepreneurs showed some hesitance of whether SNSs did provide any types of results for companies, as E-08 (Consulting/Swedish) explained: “Everything about and surrounding social media is a real buzz, but no one presents hard facts on how much it really earns you […] since we cannot measure our real ROI [Return on Investment] we try not to spend a lot of time and money on them [but] It helps us to get more clicks on our own webpage, reach out and put out there what we want to show”. However, these same entrepreneurs still maintain a profile in the SNS, especially since in their perception it is still important to keep making their company be known; or as stated in the previous quote “helping them get more clicks on their own webpage”. In general, the entrepreneurs expressed that Facebook could be seen as user friendly which allowed them to have a clear communication with the ‘friends’ or ‘followers’ of their Facebook groups or fan pages.

This same approach of going where the people are was explained by the entrepreneurs using LinkedIn. In the words of E-06: “I know that if I need a specific provider, or if I am searching for a candidate for a job, I have better chances of finding them through LinkedIn”. In both cases the entrepreneurs felt that the SNS is not highly adopted in their country, but they use it because they have contacts that also use it and can provide references and referrals through it.

- Create Buzz
While the entrepreneurs using Facebook regarded it as an interesting marketing tool, and the ones using LinkedIn as an appropriate tool to meet and contact different people in other companies and industries; the ones using Twitter (both of the entrepreneurs in the technology sector) regarded it as a great tool to generate buzz. As described by E-07 (Technology/Colombia) “Twitter can be linked to your Facebook or LinkedIn account” which allows you to connect and update both sites at the same time; however they also defined Twitter as not completely being a networking site, since the communication is held in only one way. “you post Tweets and hope that others find your content interesting enough to re-Tweet them” E-10 (Technology/Sweden)

Further, the entrepreneurs were asked to describe the purposes for which they used the SNSs. As it can be seen in Table 10, the majority of them answered that they mainly used them for marketing and information purposes. Although all of them were aware that by being in SNSs people from all over the world can learn that the company exists and what it provides, only one of them (E-01) mentioned that she used it for internationalization purposes. Others use it as a customer evaluation tool of their services or products, and also to help them understand “what the customer wants” (E-09), by actively integrating their network relations with helping them determine the trends or design the upcoming products.

Facebook has two different ways for businesses to reach their networks: via groups or via fan pages. The difference between them is the way the company can contact their ‘fans’ or ‘group members’. A group has a limited amount of people who can join and members are contacted only via e-mail. On the other hand, fan pages update the whole network with just a status change, they allow the fans to repost these updates; they also don’t have a limit on the people linked to them. In other words “Groups are great for organizing on a personal level and for smaller scale interaction around a cause. Pages are better for brands, businesses, bands, movies, or celebrities who want to interact with their fans or customers without having them connected to a personal account, and have a need to exceed Facebook’s 5,000 friend capacity” (Greenstein, 2009)
Another use, that was popular within the entrepreneurs, was that of promoting events or sharing information. In the case of promoting events, they highlighted the fact that by promoting events through these pages people were easily added to them and in some cases forwarded the event to someone else who is interested in the topic. The following was described by E-06 (Business Incubator): “you put something out there and people share it, or try to contact you, even if you didn’t send it to them, because they think what you are offering are interesting”

7.2.3. CREATING AND MAINTAINING RELATIONSHIPS ON-LINE

The following step to understand on-line networking for business purposes was to perceive how the relationships were created and maintained within the electronic network. In the majority, if not all of the cases, the entrepreneurs, initially, invited their own personal contacts to join their business group or page; these contacts referred the page to their own contacts, and the people who found an interest, in the service or product, added themselves to the network; as these new contacts were added their news feed was updated, and other contacts were informed of this company’s page, thus creating a snowball effect. As described by E-03 (Restaurant/Colombia)”we added everyone we knew and had on our own personal Facebook networks, and the rest are referrals from friends, or referrals from customers”
However, some of the entrepreneurs stated that even though this had worked for promoting their company, it might not work for others. They suggested evaluating the product or service they offer, and trying to analyze how, being in a SNS will affect the way people perceive the company or the product in terms of: reputation and reliability.

The interviewees were also asked to explain how they manage these contacts so that they can be developed into stronger ties, and be helpful for the company’s development and growth. Within their answers, two clear strategies were identified: to keep things interesting and to get people involved.

- **Keep it Interesting**
  When it came to maintaining contacts on line, all of the interviewees agreed on one thing: the group must be kept active. However, just posting updates is not enough, as E-02 (Tourist Attraction/Colombia) described "It's important to show different and interesting things on the page. Be innovative, create catchy campaigns to keep people coming back to your page [if you don't do that] people will get bored and you will just be another more page out there".

  The entrepreneur’s with the newest companies explained that they began the Facebook or Twitter account before the company had started to work. This helped them create a group of followers, who were mostly friends from their personal network, and they kept them updated on what was going on with the company, opening dates, upcoming products, among others. E-03 (Restaurant/Colombia) explained it as follows: "we updated the people on the progress of the company, when it was opening. We upload pictures of the food and the decorations. We keep the menu updated and present promotions according to what is going on, for example the world cup. We show them what we are doing"

  And, they also emphasized the importance of providing information that can be useful for the followers to understand what the company does or is about, for example E-04 (Consulting/Sweden) mentioned: "I never try to say that I need clients, I just provide interesting information on my page that get people interested in what I do" [sic]. In many cases this information is provided via Blog writing (which they also link to their Facebook account), but they also post information that they find that might be of interest for their followers to read, videos of conferences where the entrepreneurs were guest speakers, or pictures of the events that the company has held. The entrepreneurs felt that what is shown in the page should be a reflection of who they are and what their company represents; as it was described by E-08 (Consulting/Sweden): "We not only show what we do, we provide them interesting things to read [...] give the feeling of an open source, knowledge is free. We recommend blogs or post blog interviews, promote our events to make people to our clients to see what we are doing and to what they want to attend"

  One of the most recurring comments during the interviews is that by keeping things interesting in the group, or fan page, the followers are, not only up-to-date on what the company does, but also creates a reason for them to come back to the page or to recommend the company to their own networks.

- **Get People Involved**
  The second strategy they maintain is to involve the followers with what the company does. One of the entrepreneurs (E-04) said that she tried to get the people as involved as she could with what was going on in the company, she sometimes posted questions for the to answer
and help her come up with ideas. She described the help as "being more efficient" because she could get input from different people with less resources, such as time; in her own words “in the virtual world I have [a lot of contacts] and if I e-mail all of these I will get many to answer back, not all will respond. But if I need someone in the real world I need to meet, maybe for a lunch, so you could say it is more 'time efficient' the virtual world".

All and all, some of them agreed that engaging people with the company was a good way of creating loyalty, and perhaps even get other resources other than money for the sales of the product or service. Among the most used strategies for getting people involved with the company were: the use of polls, to ask about what new product the people in the group would like to have, open questions in the status updates, and discussion panels. For the majority of them asking people what they want and how they feel about what the company offers them allows them to have quick access to feedback that would be difficult, or would take a long time to get. Especially for the Facebook users, they suggested to: ‘promote your events and make surveys through the page’ but most important they stressed the need of engaging the people as much as possible, as it was mentioned by E-04 (Consulting/Sweden): "ask your contacts for help, get them involved [...] people like to help, really!"

7.2.4. ADVANTAGES AND DISADVANTAGES OF USING SNS

Further, the entrepreneurs were asked to describe their experiences with using SNSs for their company, and also, the main advantages or disadvantages they perceived from this use.

- Describing the Experiences

Not all of the entrepreneurs have been using SNSs for their company for a long time, so not all of them directly answered the question. Within the ones that have had some experiences with the use of SNSs for their business, the overall answer was that using SNSs was helpful for their company. All of the positive experiences were described in different ways depending on the business. For example, those who sell products described a positive experience because their sales had increased; as described by E-09 (Accessories/Sweden): "[...] for example this week a customer bought our [product] and she clicks on a link and all of her friends will see she bought this [product] from us. And if you create this buzz in Facebook or Twitter it will make people look for your brand. It has increased the clicks on our web page and the sales"; in the case of E-01 (Accessories/Colombia) using and SNS helped her internationalize: "Facebook has helped me a lot; because it has increased my sales abroad, which has given me the chance to expand [...] it has increased my benefits. It has also helped me to learn about what is 'in' in the new country I am selling to, because I get feedback from the customers or distributors"; E-04 (Consulting/Sweden) described how she had gotten a job through the business page she created on Facebook: "so far the experiences have been very positive, we have a Blog, a group page on Facebook which we now are changing into a Fan page, because it is easier to manage, [...] and actually today I got a job through Facebook, from someone I had never met before"; and in the case of E-03 (Restaurant/Colombia), because of delays with traditional methods to inform the customers such as the yellow pages, the use of a SNS provided them with a way to promote and present their company to the public: "For us it has been very important, because we opened in a time when the yellow pages would take a long time to be updated, so this was the best and fastest way to get people to know that we existed. For us the experience has been very positive".

It is important to highlight that one of the entrepreneurs (E-01) described her overall experience to be positive; however, she also recognized that she had had some negative
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experiences as well. “[…] once I shipped some products and they paid perfectly, the payment was made through a money exchange agency and there were no problems at all, from there I established a relationship with the customer, further on I made another shipment and I never got the payment […] there were a lot of complications and problems, and they never paid, and that generates distrust”

There was another entrepreneur (E-02) who, even though her venture is probably closing soon, also described her experiences as positive. She referred to SNSs as a good way of promoting the company, but was aware that perhaps she had not focused at the right people, and also that even though she could have promoted better, her service was affected mainly by the economic crisis: ”[…] we got good comments, and people heard of the show. But we mainly depended on tourist season, and with the crisis the tourists that came here were fewer, which was out of our control” However, she is now starting a new company and plans to also create a group in Facebook for this new business “I know of a lot of people who have great results with using Facebook for their business. I personally have hired services from people and companies I find in Facebook. It was not the case with the [tourist] show, but now I am planning on using Facebook again for a new business that we are creating, and I am sure the story will be different, let’s just say I am not giving up on using it”

From those who replied that they still had no experiences (good or bad) from using SNSs for their business, they still replied with what they expected from using them, for example E-07 said that: ”So far, I have no experiences, however I feel that Facebook is good to communicate with customers, but not the right place to look for suppliers, perhaps you can identify them via Facebook, but they should look for you and not the other way around. Some of my providers I have found through Google, but if they had a Facebook profile I could be more up to date on what they do or say” and again highlighted the reasons for their choice to have that group or fan page: ”you have to consider who you want to reach, and our target is on Facebook, so you can get responses to what you show and have on your page”

- Perceived Advantages and Disadvantages

When talking about the advantages and disadvantages of SNSs, the entrepreneurs had different perceptions. Some of them saw countless advantages for a business and an entrepreneur who are on a SNS; while others stated very clear the downsides they saw to these tools. However, even with the disadvantages that they described, they established that they will still maintain the group or fan page they have created, because (in the words E-08) “you have to go where the people are, and the majority of people are on [SNS],[…] now it is Facebook, maybe in the future is LinkedIn, whichever it is, we will be there”

The main advantages described by the entrepreneurs were that: it facilitated the promotion of the company or the brand, was easy to use and easy to access, E-02 determined that “if you don’t have it in your computer, you have it on your cell phone”, it allows reaching more people with less time consuming resources, and it can be used as a tool to have first hand access to customer perceptions of the products or services.

The disadvantages did not have so much variation. One of the main downsides, pointed out by the entrepreneurs, was the cost of maintaining the site. They acknowledged the fact that using SNSs basic features are cost free, however they argue that the time it takes to update the page must be calculated and taken into consideration. They also stressed the importance to be able to evaluate the cost-benefit relationship between the time spent using SNSs and what it actually earns them; E-08 explained it clearly: “Everything about and surrounding social
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media is a real buzz, but no one presents hard facts on how much it really earns you [...] since we cannot measure our real ROI we try not to spend a lot of time and money on them [but] It helps us to get more clicks on our own web-page, reach out and put out there what we want to show". Another disadvantage perceived by the entrepreneurs was that they could not meet the person on the other side, therefore increasing time for developing trust within the relationship and also hindering the possibility of creating a more personalized experience for the customer.

Finally, two of the entrepreneurs (E-09 and E-10) pointed out that negative buzz in social media travels faster than positive one. They found this aspect to be both an advantage and a disadvantage. As they described it, it can be an advantage because the company can spot a disgruntled customer and apply corrective measures to ensure no one else encounters the same problem. On the other hand, it can be damaging for the company’s image.

Overall, the entrepreneurs see many possibilities for using SNSs, but feel they need more information and time (and sometimes money) to use them to their full potential. So far, they have not encountered big problems with using SNSs and will continue to using them for their businesses.

7.3. DIFFERENCES AND SIMILARITIES BETWEEN OFF-LINE AND ON-LINE NETWORKING

One of the last questions answered by the entrepreneurs was referred to which differences they saw or perceived between their ‘real world’ and virtual networks. The answers were elaborate, and three main areas, where the entrepreneurs identified dissimilarities could be distinguished. These areas are: how relationships are created, the way the networks and relationships are managed and how trust is created within the relationships. Each of these areas will be presented separately in the following sections. In general, more differences than similarities were identified by the interviewees between both types of networks.

7.3.1. CREATING CONTACTS AND RELATIONSHIPS

The first thing that came to mind, to all of the entrepreneurs, when answering this question was that the main difference was that they had not met (personally) all of their SNS contacts. Therefore they described their electronic networks as having more weak ties than their face to face ones. Here is what E-03 replied: "[the main difference is] I can have people that I don't really know and who have just been referred to our page by a third person. Some of the contacts are known by the other partners, some by me, some by none of us, they just heard of [the restaurant] and come to try it". E-09 described it in the following manner: "In the virtual one I don't know the majority. And my real relationships are stronger. But some depend on the geographical distance [...] it feels like they are closer. You are always connected to Internet, but not in real life"

Two of the entrepreneurs (E-05 and E-07) described FtoF relationships to be ‘easier’, in the sense that non-verbal queues could help provide rapport and trust between the two sides quicker; while virtual relationships were described as allowing to contact people easier and quicker but required more time to develop trust between the two sides. This is what the two entrepreneurs expressed on the subject:

"face to face relationships are easier, because the person generates trust and the communication is easier, and I think that the ties that you make are made in a faster way, and
they last longer. The ones you create online are more impersonal, and even though it is easier to make contacts through the web, because you can create them at any time and any place, it takes longer time to establish a tie and establishing if the other person is or not reliable. You need more communication and a longer period of time, but opposed to face to face the initial contact is easier and there are no time or space barriers, so you can establish them with people anywhere in the world. So to create ties face to face are easier, but to establish a contact the internet ones are easier because you don’t need to go anywhere” (E-05)

"face to face relationships are easier, they are easier to become closer, while the virtual relationships requires perseverance. What I mean is in the face to face relations people see you, you can hear the tone of voice, and there is a kind of chemistry that allows the client to feel comfortable buying from you, while in the vital ones it’s just what they see on a page. That is why I say that you have to be more careful with the virtual one, in what you show and what you write. And that is why I think that it is worse for a company to have an outdated web page or profile than to not have one at all” (E-07)

One important detail to mention is that one of the entrepreneurs (E-08) saw very little differences between his two networks, mainly because he manages his virtual network in a similar way as his FtoF network. He described as having met all of his virtual acquaintances in the following way: "for every connection I have, I have had two or 3 face to face connections. But the connections on Facebook are more shallow [sic], but my face to face networks are more deep"

7.3.2. MANAGING THE NETWORK

Another difference was how the network was managed in order to keep the contacts ‘effective’. The entrepreneurs described virtual networks as requiring less time to update a high amount of people, while in a FtoF context this would require some type of physical meeting (i.e. business lunch), as described by E-04 “if I e-mail all of these [virtual contacts] I will get many to answer back, not many will respond. But if I need someone in the real world I need to meet, maybe for a lunch, so you could say it is more 'time efficient' the virtual world”.

E-06 also commented on the facility that SNSs give her to be up to date with what is going on with her ‘real world’ contacts which she cannot regularly visit or meet: "I can get easily updated about my contacts. You don’t have to take a long time getting updated when you meet someone after a while, you are always updated, and you know if there is someone working in something similar and can help you”

As I understood from the entrepreneurs, managing the on-line network depends more on how you keep your contacts up-dated, and as explained by E-08: “people must always have the choice of how the relationship is maintained”. Perhaps when it comes to electronic relations engaged with your business, to leave the ‘deleting’ part to those who have added themselves to your company’s page.

7.3.3. ON THE SUBJECT OF TRUST

Two of the entrepreneurs referred to trust on SNS as being unilateral, as opposed to the two way flow that is perceived within FtoF relationships. The reason for this, as explained by E-01, is that in many cases when you trust too much the other person you might do mistakes that normally you don’t do. At this point I feel that it is important to point out that this
entrepreneur (E-01) is the same one that had the problem presented in the disadvantages section; after narrating her disappointment, she expressed the following “[the payment problem] generated distrust, so now my customers have to trust me because now I ask for the payment to be done before I send the products, so in some way we both have to trust each other to maintain the relationship, but they have to put more trust on me”

Further, in section 6.1, I described that the 50/50 nationality distribution of the entrepreneurs was not purposefully sought but rather came as an interesting opportunity to evaluate if entrepreneurs, from different cultural, political and geographical backgrounds, developed different strategies for networking on-line. However, the answers from one country to the other did not have big changes. Only one cultural difference was perceived and it was in aspects of trust. From the different answers, trust was a more important issue for Colombians than for Swedes. This may be due to the fact that the process of buying on-line is still not a common one in the country, therefore people, usually, only buy from the companies which they physically know. As stated by one of the entrepreneurs: “In Colombia people do not trust buying on line like people in other countries do. This is the main obstacle that my company has to tackle, to generate trust to the people who want to buy from us”

With my statement above, that trust tends to be a more important issue for Colombians than for Swedes, I do not mean that Swedes do not care for gaining and establishing trustful relationships. What I mean is that, as I perceived it, for Colombians trust is something that must be given or sought out, while for Swedes every relationship created (especially if it is a business one) already has a certain degree of trust embedded in it.

So far I have presented the data collected through the interviews from the codes determined through the use of grounded theory. In the following chapter the comparison of the data to the theories and literature presented in Chapter 3 and Chapter 4 will be conducted.
CHAPTER 8 : THE PROCESS OF TRANSFERING FACE TO FACE NETWORKING ON-LINE

This chapter is aimed to analyze the data presented in the previous chapter in order to answer the research questions presented in Chapter 1. The chapter starts with the analysis and discussion of the data and how it relates to the different theories and literature found; further, the discussion will end with the presentation of a theoretical model that helps explain how the process of creating and managing ‘effective’ business networks on-line is shaped.

This chapter begins the analysis of the data presented in the previous chapter. The data will, initially, map out the differences and similarities that could be observed within and between the different interviews. These relations between the data were established from the sub-questions presented in section 4.4. As can be recalled from this section: who was part of the network (key contacts), how the relationships were created and managed (network interactions), and which results and expectations exist (evaluation of the tool); were the main considerations taken when analyzing the relationships between the data. The chapter continues with a description of how the process of networking on line can be interpreted and shaped from the data collected during the interviews. Finally, the process will be graphically explained through the use of a theoretical model, which was developed from information grounded in the data; thereby answering both research questions which as can be recalled from section 0 are: Question 1: How do entrepreneurs shape their electronic-networks into effective business-networks? and Question 2: How can social capital, in the form of ‘electronic’ acquaintances, help entrepreneurs to develop their organization?

The chapter, however, will begin with the analysis of how traditional (FtoF) relationships and networks are constructed; and how the information and resources are exchanged within those networks. It will then continue with presenting the different perceptions that the entrepreneurs have of Social Networking sites, and how they create and manage networks within them. The different processes conducted in electronic networking will then be compared to those conducted FtoF, therefore presenting the differences and similarities between the different networking means; which finally leads to the graphic representation of the processes.

8.1. CREATING AND MANAGING FACE TO FACE RELATIONSHIPS

As presented in Chapter 3, studying networks helps create an understanding on how entrepreneurs reach out to gather knowledge and resources that exist outside his business settings (Anderson & Jack, 2002). To reach this understanding, the networks will be analyzed based on the different concepts related with the theories on networks and social capital. The analysis will begin with an understanding of the perspective on how the network is created and managed; it will continue with the analysis of what role does structural diversity play in the networks described by the entrepreneurs. The discussion will lead to evaluating which ties or relationships exist within the networks and how the information and resources gained through these ties differs. Finally, all of these previous concepts will be linked and compared through the different dimensions of social capital, which allows a better understanding on how the flows of information are being carried out within the network and what motivates them.
There are divided views on how entrepreneurs manage and structure their networks (refer to section 3.1.2). On the subject of creation and management of relationships within the network, two opposed theories are predominant. The first states that the entrepreneur is embedded in his/her network and therefore cannot change it at will, or according to the different needs that arise (Nelson, 1989); the second provides the entrepreneur with the possibility to rationally adapt the network to the new circumstances surrounding the company (Anderson & Jack, 2002; Nielsen et.al, 2009). There is, however, a third theory, which states that entrepreneurs’ use both types of network management actively (Nielsen et. al, 2009), therefore combining both their embedded and rational managed networks into a broad range of relationships that can provide them with help in a more complete way.

When the entrepreneurs described how their company had started, or how they had approached a solution to a challenge, they also described their network contacts and how they had helped them in a certain moment in time. As presented in the findings, many of the entrepreneurs described their immediate family or friends (section 7.1.1) as being the main sources for gathering information and resources for the company, and unconsciously may have forgotten other contacts that could have provided other resources at that same given point in time. These responses are concurrent with the embedded perspective of network theory; where the network selects the entrepreneur (Rauch & Watson, 2005), and he/she will only turn for help to this, already established, network. However, they also sought out connections which could broaden their knowledge base and provide other resources that this embedded network couldn’t; therefore, mixing both an embedded and a rational perspective into creating their networks. The same was perceived from those entrepreneurs who of them reviewed all of the connections in their network to evaluate who could be valuable for the new business being created, and for what purposes. These entrepreneurs could be regarded as having a rational perspective to the network; in this case the entrepreneurs chose their network (Nielsen et. al, 2009). However, these entrepreneurs still turn for advice in some areas to close friends or family, therefore, also maintaining the embedded network as part of the whole.

It could be said, that even though entrepreneurs, unconsciously, use both perspectives to create relationships that help them seek information and resources, their education, professional, and family backgrounds will determine which perspective will be most predominant of the two. From the interviews, I noticed that entrepreneurs who had some or a lot of work experience on the field where they had created their company, were more likely to show an embedded network perspective, than those with little or no work experience on the field. This same pattern was also seen with entrepreneurs who had close friends or family who were entrepreneurs themselves. Those who presented a predominance of the rational perspective were those who felt they still needed a lot to learn in a lot of areas, and felt that their embedded network could lack the same type of information as them.

This use of both perspectives was also seen with the companies in stages 2 and 3 of the entrepreneurial process. The networks from these entrepreneurs had already grown, and presented a more rational structure than the one perceived during their description of the start-up page. As was mentioned by the entrepreneurs, at this point they have learned that everyone they meet is important and can be a potential key contact for the company. Therefore they learn to manage and structure their networks in a way that they know who is who and in which way they can help each other. In other words, another factor that can influence the
predominant network perspective, presented by the entrepreneurs, is the entrepreneurial stage in which the company is situated.

8.1.1. DEVELOPING RELATIONSHIPS

The characteristics of the relationships that are held within the network lead to understanding the network structure. As was presented in section 3.1.3, this structure is bound to change according to the entrepreneurial stage in which the company is situated (Klyver & Hindle, 2007). The structure is composed of homogeneous and heterogeneous contacts. According to Burt (1997), both types of contacts are important in order for the entrepreneurs to receive different types of information flows that can be useful for their company’s development. The heterogeneity and homogeneity of the contacts plus the strength of the ties will determine the types of information flows that will be found in the network, and how relevant it can be to aid the entrepreneur.

Even though there was no direct question in the interviews to directly map out these structural changes, I interpreted this structure from the way entrepreneurs described who was in their network and how they had helped. This could be done because in two different questions the entrepreneurs were asked to describe the relationships they had since the beginning of their company and how they had helped. The descriptions presented by the entrepreneurs were thorough and comprehensive; therefore I deemed them sufficient to help me understand this aspect of the network. However, I am aware that, because the interviewees relied mainly on retrospective narratives to help me understand who was in their network and why there could be some information about different relationships missing.

After understanding and comparing the data from the different interviews, I concurred with Burt (1997) that entrepreneurs must have both homogeneous and heterogeneous relationships in order to access higher amounts of important and relevant information and resources that can help the company grow. Comparing the data also allowed me to highlight similar traits within, not all, but the majority of the networks. These similarities were mapped out and presented in Figure 14. Even though the strength of the relationships will not be discussed until the following section; the strong ties in Figure 14 can be interpreted as the homogeneous contacts, and the weak ties as the heterogeneous ones.

![Figure 14: Structural Changes in the Entrepreneurs’ Networks](image-url)
As can be seen in Figure 14, the different contacts and relationships vary and shift according to the entrepreneurial stage of the company. As described by the majority of the entrepreneurs during the first stages (numbers 1 and 2 in Figure 14) of their development they relied mainly on family or close friends (diamond shapes). They turned to them for advice, reviews and feedback on their new product or service and in rare occasions they also sought out people outside that network (triangles) to help them in areas where they felt they needed an extra knowledge that was lacking in their network. Once on stage three, many of their original contacts become dormant (relationships that were active in stage 1 and 2, but present no number for stage 3), and new relationships are created depending on the company needs. However, they did stress the importance of every relationship belonging to their network, therefore maintaining the dormant relationships somewhat active is important unless you want the relationship to die out.

If Figure 14 is compared to Klyver and Hindle’s (2007) model (refer to Figure 3) a resemblance, although not too strong, between both figures can be found. Both figures lead to understanding that entrepreneurs’ networks are bound to change over time and are structured according to the individual company needs. However, the two figures’ main difference can be seen in the network configuration during the first stage; in Klyver and Hindle’s model entrepreneurs have a high structural difference, while in the figure constructed from the empirical data of this study the structural diversity during stage one is lower than in the other stages. Nevertheless, both studies concur in the fact that entrepreneurs will determine the structure of their network depending on their needs for creating and developing the company.

8.1.2. WEAK AND STRONG TIES

According to the literature, the strength of the relationship will also help determine the type of information and resources that can be reached. Some researchers, like Nelson (1989), confer strong ties with the ability to provide the entrepreneur with access to rich information which can be directly focused on the company’s needs; while others, like Burt (1997), argue that weak ties allow the entrepreneurs to gain different types of information which can aid them to identify different opportunities that otherwise could have been missed. But the bottom line is that, as it has been presented in the previous sections, networks are not created in black or white, they are filled with different shades of grey, and therefore, are composed of both weak and strong ties (Anderson & Jack, 2002). This can be clearly seen in how entrepreneurs relate to their contacts and describe their relationships. In every interview the entrepreneurs explained having close relations (strong ties) not only to family and friends but to new contacts that were added into the network. They concur that these strong connections are formed because of their constant interactions, and they characterize them as being highly trustworthy and respectful.

As mentioned before, the entrepreneurs are aware of who is in their network and which types of resources they provide to their company. However, even though the majority of them relied mainly on strong ties during the first entrepreneurial stage, they started adding more weak ties as the company moved forward in order to find resources that their already established network could not provide them. In some cases, these weak ties were regarded by the entrepreneurs to have provided more help than the strong ties. The majority of the weak ties were created through referrals, ‘someone who knew someone’ therefore creating knowledge bridges (Burt, 1997) in the entrepreneurs’ networks.
In many cases, the entrepreneurs highlighted the importance of developing weak ties into strong ones (transforming business relationships into friend relationships) in order to develop a different type of trust level with them; this leading to conclude that trust and trustworthiness are considered as important characteristics when developing rapport in the relationships.

8.1.3. DEVELOPING RAPPORT

In relation to the development of rapport and social capital, the entrepreneurs were asked to describe: which are the most important aspects they evaluate when engaging in a business relationship. When looking at individual answers (refer to Table 8) they are all different. However, the different codes that were developed from the answers (refer to Appendix 3(B)) allowed me to perceive the differences and similarities within their answers. From the entrepreneurs’ answers it could be inferred that the three main criteria that are important for them when engaging in a business relationship are: communication, organization, and having clear responsibilities (what I have kept under the name of straightforwardness); these criteria can be evaluated by the entrepreneurs through the common business behavior of the company or person. They translate into reputation, reliable responses to the customer’s needs, and providing accurate information (i.e. for deliveries, payments). As explained by one of the entrepreneurs “if things are clear from the beginning then it is easier to have a trustful relationship”. In Figure 15, a graphic representation of how these aspects relate can be seen.

![Generating Trust Via Face to Face Relationships](image)

It is also important to point out that, as was stated by the interviewees, the richness of the data or the type of help received was not directly linked to the strength of the relationship. In several cases the best and most relevant information for improving the company came from weak ties, while strong ties were just maintained for moral support.

Also, as can be recalled from section 3.2.1, trust and trustworthiness play an important role within the relational dimension of social capital. The development of these aspects within a relationship will influence the willingness to share and interact within the parts (Nahapiet & Ghoshal, 1998). However, even though the majority of the answers can be related with the development of trust, the structural and cognitive dimensions of social capital were also present in the responses. For example, the structural dimension of social capital can be
preceived in those entrepreneurs who regarded communication as the main aspect they evaluate to engage in a business relationship. Communication will determine how the social interactions between the networks ties are carried out and therefore aids in the development of structural social capital. The development of cognitive social capital however was not perceived in the business relationships, but in the friendship ones.

8.1.4. SUMMING UP FACE TO FACE NETWORKING
All in all, entrepreneurs engage in different types of relationships depending on the entrepreneurial stage their company is in. These relationships will change over time to help the entrepreneurs access different types of resources and in formation that will be important for the company’s development. In other words, the networks cannot be regarded as static or comprised of one or another type of relationship; networks evolve with the needs of the company and the entrepreneur, and are usually a mix of different perspectives and ties. As was described before, they cannot be understood or referred to as being black or white, but as changing entities which are structured in way they can maximize the benefits of the parts involved.

8.2. CREATING AND MANAGING SOCIAL ELECTRONIC NETWORKS
This section presents how entrepreneurs perceive and use SNS for business purposes. Further, the data will be compared to the one presented earlier on in this chapter on FtoF networking to understand the differences and similarities in the networking processes. Finally, with this data, the first research question will be answered.

8.2.1. DEVELOPING RELATIONSHIPS ON-LINE
According to the literature (refer to section 4.2) the lack of social presence on-line facilitates the creation of relationships (Blanchard & Horan, 1998). This lack of social presence is accounted for creating equality between the SNS users, which in turn eases the introduction part of the relationships, or self presentation (Blanchard & Horan, 1998). This initial phase of the relationship, the presentation, was regarded as entrepreneurs as being easier on-line than FtoF. However, they did not evaluate the ease from the stand point of having a, perceived, same level-status as their counterpart but because they could create relationships despite the geographical distance and time differences.

It is my interpretation that, even though this same level relationship can be alleged to exist in SNSs such as Facebook or Twitter, it is not present in LinkedIn. My perception is based on the fact that Facebook allows the person to create a group or a fan page based on similar likes or a common interest (i.e. the products or services offered by the company), therefore whoever joins and provides with some type of feedback or resources will be considered important, regardless of age, social status or education background. In the case of Twitter, the important aspect is that the other person finds what you Tweet interesting and decides to follow you; in this case who is behind the account that follows is not important especially since there is hardly any reciprocal contact between the two sides. LinkedIn, on the other hand, can be regarded as a more ‘closed’ network. In this SNS, parts of the important self presentation data are your education background and professional background or status; so whether you are a Master student soon to graduate, a Vice President or a company founder counts within this network. In other words, the social status, age, and background which are alleged to be inhibitors in creating on-line relationships, become the facilitator in this specific SNS.
Therefore, it is my view that, the factors that ease that initial contact for creating relationships will depend on which SNS is being used and for which purposes. As the literature states the use of SNSs has developed a whole new set of norms and structures regarding the creation of relationships (Wellman, 1996), but these are not static and need to be redefined with every new SNS structure being created.

In this study, the entrepreneurs did not acknowledge having encountered a ‘fakester’ in the years they have been using SNSs, however, I find that they can still be regarded as a threat to some companies; maybe not because they can ‘con’ the entrepreneur into selling them a product and never pay (especially since more and more people learn from the urban stories to be more cautious on how they sell on-line) but because they can affect the company’s image very easily. One of the entrepreneurs regarded how negative buzz spreads like an infectious disease; “negative buzz spreads faster than positive one” therefore, it is important to be actively involved in the network in order to be able to counteract the effects of negative buzz before it strongly affects the company’s reputation.

8.2.2. WEAK AND STRONG TIES

In traditional networking the strength of relationships plays an important role for understanding the type of information and resource flows within the network. SNSs resemble FtoF networks in the fact that they also can hold strong, intermediate and strong ties (Wellman et. al, 1996). In many of the interviews the entrepreneurs described their on-line relationships as being unpersonal and therefore, weak. However they also regarded the fact that SNSs allowed them to have a more constant contact and communication with people who were geographically distant. Only two entrepreneurs described some of their on-line relationships as being strong ones, without the need of having met the people personally.

It is my perception that the concept of weak and strong ties on-line is still being addressed in the same manner as in FtoF relationships, where strong ties represent those relationships where there is a constant physical interaction and weak ties are those who are rarely contacted. I find that this translation from one mean to another can be due to the specific preconceptions held by the individuals. As had been said earlier, age is an important determinant into how the SNSs are used to create relationships. Therefore, the preconception in which relationships are measured by the physical contact held within the parts is normal to encounter.

8.2.3. DEVELOPING RAPPORT

Despite of the fact that the relationships held in the SNS were regarded as being weak, the distribution of knowledge was perceived in a positive manner by the entrepreneurs. In other words, opposed to what was argued by Blanchard and Horan (1998) the lack of ‘real contact’ between the individuals did not hinder the creation of social capital. To analyze this aspect, I also took into consideration those entrepreneurs who managed their on-line network as an extension of their off-line network. I decided not to exclude them because even though their on-line networks have been physically met at some point of the relationship, this does not provide them with being ‘strong’ ties. In other words, and as was presented in 3.2.2, a strong ties is created when constant interaction is held between the two parts (Anderson, Jack, & Dodd, 2005) and not just because the person is known in a FtoF manner.

Fakester is a slang term referring to a fake profile on a SNS. In other words, a Fakester is a person who creates a fake persona to relate with others (Boyd, 2004).
Therefore, I decided to interpret the strength of the relationships based on which types of interactions were described by the entrepreneurs, and not by their own perception of weak and strong ties. By doing this I learned that information flows on-line were not dependant, only, on those ties regarded as strong by the entrepreneurs; but that in many cases the ‘strong ties’ off-line were not as active on-line. In other words, in certain cases strong ties off line could be deemed weak within the SNS, and those weak and geographically dispersed ties would become the strong ties on-line. Thus, reaching similar results to those obtained by Richter and Riemer (2009), in which the density of weak ties in the virtual network does not hinder the creation of social capital, but rather can enhance it. This was particularly seen with the entrepreneur who has used SNSs to internationalize. As she described, her strongest ties are created with people who know her product, but not necessarily know her. Therefore, it can be argued that in case of SNS relationships the product or service, in many cases, becomes more important than the person behind it (at least at the beginning of the relationship). One of the entrepreneurs said explained it in the following manner: “if you have a good product that you believe in, then you should go for it”.

As was mentioned before, trust in many cases, becomes a one way street when it comes to virtual relationships. Therefore it can be said that, Granovetter’s (1973,1985) argument that higher levels of trust create higher risks for malfeasance to happen, becomes especially true when talking about relationships in SNS.

8.3. SIMILARITIES AND DIFFERENCES BETWEEN FTOF AND SNS CREATED NETWORKS

In the previous sections the main concepts that emerged from the data were discussed and analyzed. This section can be seen as a summary and comparison of these concepts. In many ways networks, created FtoF and on-line, vary; and, it is my perception that understanding these differences is the first step to formally acknowledging the steps and processes involved when networking. It is a way to break away from the unconscious activities that surround the process and understand which changes need to be done in order to improve the results. Therefore, this section will answer the questions that were used to configure the conceptual framework presented in section 4.4. To recapitulate, the questions where created from the disarticulation of the main research questions into their main themes. In the end a total of six sub questions were presented, 4 referring to the first research question and two referring two research question number two. The sub-questions were stated as follows: (1) who is part of these networks?, (2) how are relationships created and managed on-line?, (3) which results have been obtained by using these networks?, (4) which further expectation exist from the entrepreneurs in SNS usage?, (5) which are the key elements considered when engaging in a relationship on-line?, and (6) what are main attitudes and actions that would make the others share their information (process for generating social capital). I will address each of these questions in the following paragraphs.

8.3.1. CREATING AND MANAGING RELATIONSHIPS

Although the actual activities carried out by the entrepreneurs in both means are similar, some small differences can be appreciated. The first one relates to the actual contact with the other person. As was described by the entrepreneurs, meeting people FtoF may, in practice, take longer time to achieve, however generating rapport which can lead to trustful relationships is eased by the non-verbal queues emitted by the two parts, quoting one of the entrepreneurs “in the face to face relations people see you, you can hear the tone of voice, and there is a kind of
- Beyond Physical Boundaries –

chemistry that allows the client to feel comfortable buying from you”. But this initial contact may take time, not only because of time constraints but also because the other person might over evaluate whether meeting that specific person will provide any actual results for the company. The process described by the entrepreneurs in developing rapport can be directly compared to the one described by Anderson and Jack (2002), where a physical encounter develops into a set of activities and meetings that further enhance the trust between the two parts and creates rapport (refer to Figure 5).

These set of activities is what entrepreneurs miss when creating relationships on-line, and might be the reason behind them evaluating the majority, if not all, of their SNS created contacts as being weak ties. However, the entrepreneurs regarded SNSs as being easier to establish the first connection with the other person. This can be understood just from evaluating how a contact is usually created on line. First, the person adds the new contact to their list, in many cases a personal message motivating the invitation is sent along with the friend notification; with this notification the person, almost immediately can evaluate whether they are interested or not in pursuing the relationships, and want to learn more of the other person. There is no need for meetings, no waiting for their schedule to clear up, both people are there, in the same virtual world and can be contacted anywhere and anytime. Also, and again referring to Blanchard and Horan (1998), the lack of social presence can allow for certain FtoF queues to be overlooked; in other words, how the person is dressed or talks will not be an issue in SNS created relationships.

But who is part of the networks created in SNS? In the case of this study three main types of relationship ties were identified: strong, weak and intermediate ties. Even though these types of ties can also be found on FtoF relationships they may not be the same within both networks. As can be seen in Figure 16, FtoF networks are composed of strong, weak and what we could call intermediate ties. These intermediate ties can be interpreted as those relationships which started weak and have gained importance for the entrepreneur over the years.

As was described by the entrepreneurs, these FtoF relationships were, in almost all of the cases, the first ones to be added into the new business page located within a SNS. However, these contacts will invite their own contacts, therefore connecting different individuals, which can be located anywhere in the world, with the entrepreneurs’ network. The result is a new network which will also consist of weak, strong and intermediate ties. But the intermediate ties in this network have both weak ties that have gained importance, and strong ties which do not provide information and resources through this channel, and therefore become weak.
In FtoF networks the second type of intermediate ties does not exist because when the contact does not provide new resources or information to the entrepreneur, or vice versa, the relationship might go quiet and eventually die out. In SNSs these quiet relationships can be maintained easier than in the ‘real world’ and have a slimmer chance of dying out just because, as long as they are part of the page, they will be kept updated on what is going on. Therefore, these types of relationships can be re-activated more easily when they are part of the SNSs.

8.3.2. TYPES OF RESOURCES THAT CAN BE GAINED FROM THE NETWORKS

From the answers received from the entrepreneurs, very little information was obtained about which types of resources had been acquired via their SNS networking; in the majority of the cases the entrepreneurs regarded their experiences with using SNSs as providing positive results. In many of the cases these positive results were linked only to the customers’ perception of the product or the company, which translated into more sales. Also, it was important to understand that valuable information can be gathered from those customers by involving them with what is happening in the company. This involvement is easier, faster and less costly to perform via SNSs than through conventional channels.

I do not regard these results as weakening the objective of the thesis. But, as has been mentioned constantly throughout the thesis, the aim was to analyze how entrepreneurs use electronic social networks, as a tool to find acquaintances, create business relationships and manage these relationships over time to gain social capital and shape an effective business-network that can complement or expand their ‘real world’ networks, and a complete business network cannot be fully evaluated when it mainly consists of customers, and no information
on resources from other types of stakeholders can be found. However, and again referring to the age variable, these results can be directly linked to another preconception that was created around the use of the Internet for business purposes, which is that it can only be used for marketing and selling.

When being asked about their on-line relationships the entrepreneurs immediately thought of their customers and how they contact them, but follow up questions had to be asked in order to understand whether other types of relationships (with other stakeholders) could also be found within that virtual network.

8.4. CAN ‘EFFECTIVE’ NETWORKS BE CREATED ON-LINE?

The data, presented in Chapter 7, and the analysis presented in previous sections of this chapter, led to a further understanding of the activities, processes and relationships that are involved when using SNSs as a business tool. This leads us to answering the two research questions posed at the beginning of this thesis: how do entrepreneurs shape their electronic-networks into effective business-networks? and, how can social capital, in the form of ‘electronic’ acquaintances, help entrepreneurs to develop their organization?

Answering the first question was a challenge. Entrepreneurs regarded their networks as being effective because they could directly measure the results: increased sales. But where unaware of other types of resources they had gained from those contacts. Thus, I understood that my definition of an effective network had to be re-evaluated and defined from the entrepreneurs’ point of view. Therefore, the effective business network had to provide more than tangible and intangible resources that could help the company grow. It had to provide measurable or highly perceivable results, whether it was in terms of sales, an improvement in customer perceptions or growing popularity.

Once the definition of an ‘effective’ network was re-evaluated a new look at the data analysis was given. The result was the identification of two parallel processes that lead to the configuration of a well balanced (or effective) network. The two processes have similar structures. As can be seen in Figure 17 (page 78), the process begins with the creation and identification of the different types of relationships that exist in the network, and continue with identifying concepts of trust and means of communication that can help maintain and manage these relationships over time. The configuration of these processes is composed of the two main concepts that were identified during the data analysis, and shared by both FtoF and electronic networks. Therefore, the way the processes are configured will help answer both research questions.

8.4.1. CREATING RELATIONSHIPS

As was stated before the processes begin with creating relationships. This allows the entrepreneurs to identify who is in their network, and how they can interact with them to develop a win-win relationship. Further, the first research question asks: how do entrepreneurs shape their electronic-networks into effective business-networks? The data presented two main types of actors that helped shape the networks: weak and strong ties. These ties would later evolve into different types of relationships that would provide the entrepreneurs with different types of information.

Even though both networks (FtoF and Virtual) might be composed, in their majority, by the same relationships (represented by the dotted lines), there are benefits that exist by having
both types of communication channels. In other words, if the relationships are only in a FtoF manner and they become dormant, there is a higher risk of these relationships dying out (rupturing); while, if these relationships are also contained within a SNS, the risk is diminished because the contacts will be permanently updated on what the company is doing and how it is developing. In this study, the entrepreneurs, who were interviewed, were aware of who was in their network, how they (the entrepreneurs) could provide those network contacts with help (through a product or a service), and what that network contact could provide to the entrepreneur’s company (referrals, information). Thus, as expressed by the entrepreneurs, knowing who is in your network is more important than how big your network is. This can be acknowledged as knowing ones position within the network; which, as stated in section 3.1.1, will determine the effectiveness of the information that the entrepreneurs will have access to (Aldrich & Zimmer, 1986; Johannisson, 1988; Burt, 1997).

It could be concluded that that effective networks are in a constant state of flux; permanently being re-shaped in order to achieve the maximum benefits possible. Therefore, and as stated by Granovetter (1973), effective networks must be comprised of different types of relationships, which can provide the entrepreneurs with different levels of resources and information, that can aid them in the development of their company.

8.4.2. DEVELOPING RAPPORT

The second research question asks: how can social capital, through the development of ‘electronic’ acquaintances, help entrepreneurs to develop their organization? As was presented in section 3.2, social capital can be defined as a set of productive resources that generate value for an individual within a social network (Burt, 1992). To develop social capital within a network, rapport must be established between the different network connections (Anderson & Jack, 2002). Two different activities were identified for developing rapport: establishing trust and managing the network.

- Establish Trust:
The data showed that establishing trust required a set of activities. Three main activities were determined from the analysis of the interviews: communication, organization and straightforwardness (refer to Figure 15). These activities would develop into a set of concepts, which provided the entrepreneurs with sufficient information to determine how they would manage their relationships.

In FtoF relationships a relationship where trust could be developed was deemed as strong, and therefore could provide reliable and rich information that could be useful for the entrepreneur. It also entails reciprocal actions from which both parties can benefit from (or as described by the entrepreneurs a win-win situation), or in the words of Anderson and Jack (2001), it becomes a process of negotiation where the relationship evolves into an appreciation of what each part can do for the other.

In the case of SNS trust becomes a one way street, where the people who belong to the network must trust the entrepreneur. This because, as was expressed by some entrepreneurs, in some cases high amounts of trust can lead to ease malfeasance from some of the network contacts. In other words, the type of trust that is mentioned within the FtoF networks has a different meaning within SNS created networks. And therefore, network management requires a different set of actions that reflect that sense of trustworthiness from the company, that will later translate into trust.
• **Manage the Network:**

Further, the actions related to managing the network will be determined by how the people engaged in a relationship develop social capital. As was presented in Chapter 3, three dimensions of social capital can be identified within relationships: structural, relational (Anderson & Jack, 2002) and cognitive (Nahapiet & Ghoshal, 1998). However, in the analysis of the data only two of the dimensions could be perceived in the creation of business relationships: structural and relational. This was because, as was described by the entrepreneurs, the types of contacts and the communication held with those contacts were the main aspects considered when managing their networks.

In the case of FtoF networks, high levels of communication both ways allowed to maintain relationships over time. While in SNS the main objective of communication is to update the members of the groups, in order to keep them interested in the company. As was stated by some of the entrepreneurs, maintaining electronic networks is less time consuming, which translates into less resources needed to be invested into that management.

Therefore, it can be concluded that social capital created within electronic acquaintances, can be as effective in terms of information flows, as that created within FtoF contacts. However, entrepreneurs have a greater responsibility to be active within the SNS in order to develop that social capital.

**8.5. SUMMARIZING FRAMEWORK**

From the previous discussion, a set of activities regarding FtoF and SNS networking can be identified. Figure 17 depicts the two processes concerning entrepreneurial networking: Process A relates to FtoF networking while process B relates to that developed through the use of SNSs. The way these processes are constructed relate back to the different concepts presented in Table 7. In other words the main activities (creating relationships and developing rapport) can be related back to main categories that arose while developing the analysis of the data; but the concepts held within these main ones can be related both to sub-categories and axial codes.

In both processes a similar pattern for creating relationships and gathering social capital was observed. The perceived strength of the ties held within the networks was considered, by the entrepreneurs, as being important for developing rapport and gaining valuable information. However, and as was presented in Figure 16, FtoF and on-line networking present different sets of networking ties within them. Also, each type of networking method presents advantages and disadvantages for creating and maintaining certain types of relationships, and, therefore, it can be inferred that entrepreneurs’ who use both types of networking methods will create a solid contact base to which they can refer to when a specific need arises. Further, the type of method selected by the entrepreneurs to network will determine how the information will flow within the network in order to develop rapport and trust. As was presented in sections 8.1.3 and 8.2.3 the activities that were used to manage the network also reflected in the way trust was generated between the different network actors. However, even though the same concepts were used in both types of networking methods, the way they developed differed: for example trust was perceived more as being one sided in SNSs, while it was necessary that both partners trusted each other when engaging in FtoF relationships.
In conclusion, when the entrepreneurs use both processes (Process A and Process B) to network, at some point they interact; meaning that many of the FtoF relationships will be also managed through SNSs, and some of the ones created via SNSs will become physical. This interaction between both processes will allow the entrepreneurs to create and maintain different types of relationships which can aid them in different ways for developing the company. Therefore, this interaction between the processes can then translate into a well balanced network.
8.6. A SUGGESTED MODEL FOR NETWORKING ON-LINE

At the end of the interviews, the entrepreneurs were asked what type of advice they would provide a new entrepreneur who is deciding whether to or not to use SNSs for their company. As the recommendations were coded and analyzed, a pattern of activities that could improve on-line networking emerged, creating a networking process. Therefore, I decided to employ these recommendations offered by the entrepreneurs, as a suggested model that could explain, or improve, the process of on-line networking for business purposes. Figure 18 presents the resulting model.

As is presented in Figure 18 the process begins with defining the purpose why the company should be on a SNS. Don’t just think that it is a marketing tool. Ask yourself: what results can that presence in a SNS will provide the company, which traditional channels cannot? Do not jump into the boat just because everyone else is, analyze if your company can benefit from those types of networking structures. Further, evaluate your options; there are dozens of SNSs active in the web. Just Google ‘social networking sites’ and out of the almost 20,800,000 results there will find, the first five or six pages provide information on which are the most popular sites currently in use. Maybe you will choose Facebook because of their over 400

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15 That was the actual number of web related pages to SNSs that appeared on the Google search engine on 2010-05-16
million users, or LinkedIn because it provides your company with the type of contacts that will help it succeed; But whichever you choose, be aware of what features it offers you and if they are adequate to what you want to show of your company.

The next step is to determine who your SNS contacts will be. Will you just transfer all of your personal, FtoF and virtual, contacts to the new company page and wait for referrals? Will you use the specific SNS’s data mining services to contact possible target customers? Can anyone join or will you screen the new contacts depending on specific criteria?

Once those contacts have been invited and added the foremost important activity is to keep them updated. If the page gets outdated and the people of the network do not receive any type of new information, they will most likely leave the group or forget that it exists. Further, to be able to gather important information, it is important to involve the members in the group on the activities and developments of the company.

Finally, remember that many SNSs are created every month, so try to keep updated in the latest trends. Who is using which SNS? and how can those individuals help the company?
CHAPTER 9 : CONCLUDING THOUGHTS

This, as the final chapter of the thesis, presents a brief overview of the main findings of this research and how they have contributed to the research field. It presents the conclusions derived from the analysis of the data; the perceptions on the future of SNS networking and suggestions for future research.

The aim of this study was to analyze how entrepreneurs create and manage relationships, within social electronic networks, that can enhance their FtoF networks, for their company’s development. In order to reach this aim a qualitative study was performed to understand what differentiates FtoF with SNS networking. The data was presented and analyzed in order to answer the two proposed research questions:

- How do entrepreneurs shape their electronic-networks into effective business-networks?
- How can social capital, through the development of ‘electronic’ acquaintances, help entrepreneurs to develop their organization?

9.1. CONTRIBUTIONS TO THE LITERATURE

In general, the main contributions of the study to the literature presented in Chapter 3 and Chapter 4 can be appreciated in the following sub-sections.

9.1.1. IMPLICATIONS FOR ON-LINE NETWORK CREATION

Prior research has focused on the increased importance that SNSs have acquired since their introduction. It has been discussed (in Chapter 4) that this new importance can be due to SNSs being credited to provide individuals with mechanisms to both expand social contacts and maintain relationships (van Zyl, 2009) with other remotely located individuals (Richter & Riemer, 2009); and also accelerate business processes, improve customer relations and improve knowledge sharing within the company settings (van Zyl, 2009). However, very little literature on how SNSs directly affect or are used by small and medium sized companies could be found. Therefore, this thesis builds on the theories used for traditional network relationships to understand how they are translated into the virtual networks.

The main contribution on network creation is the added understanding to how relationships are created in a SNS. One of the main indicators established for the understanding of how networks are created on-line was age; especially since, in their majority, the entrepreneurs who were interviewed described as not having created business relationships on-line, apart from those with customers; and described their SNS networks as a complement to their FtoF one. However, as it could be inferred, even though in many cases, SNS became a tool for maintaining already existing FtoF networks; creating and establishing relationships on-line entails a set of norms that differ from those established in FtoF relationships. In other words, some set of characteristics that are described as important in traditional networks, such as personal appearance and tone of voice, become irrelevant in electronic networks.
9.1.2. IMPLICATIONS FOR NETWORK MANAGEMENT

- **On the Subject of Strong and Weak Ties**
  An important discussion within network theories is that of strong and weak ties. As presented in section 3.2.2, the discussion revolves around whether having strong ties or weak ties in the network can help or constrain information flows within the network. As it was determined, strong ties represent the individuals with whom the entrepreneur has constant interaction and therefore with whom he develops a close relationship; while weak ties can be understood as distant relationships (Anderson, Jack, & Dodd, 2005). This thesis contributes in this area by presenting an understanding on how strong and weak ties are understood from a virtual relationship point of view.

  The concept of strong and weak ties, presented in section 3.2.2, is still present within SNS created networks. However, how these concepts are interpreted for SNSs must be evaluated. As it was perceived, the strength of the ties was still being measured by the physical interactions contained in them, and not by the number of interactions that were being developed.

  SNSs provide ease to maintain and manage relationships. They allow contacting the entire network at once without the need of spending large amounts of time on the phone or at business meetings. They were also perceived as aiding the initial contacts with new individuals, especially because they could contact the other individual wherever they were, regardless of time differences or geographical distance.

  In general, the entrepreneurs described their use of SNSs as providing positive results. However, these results were mainly linked to aspects directly involving their customers, and rarely were related to other types of company stakeholders. The most common uses of SNSs were for marketing, promoting and selling their product or service online; in other cases, using the SNS as an evaluation tool, for consumer expectations or quality perception, was described.

- **Referring to Network Structure**
  How these ties are understood will determine how the network will be structured. This, as was presented in Chapter 3, is also an important discussion within network theorists. However, whether the network should be determined as an embedded or a rational structure has been re-evaluated, and in some cases the literature suggests that both perspectives are used by entrepreneurs when structuring and managing their networks (Nielsen et. al, 2009); especially, when networks are acknowledged as being a result of social interactions (Granovetter, 1985; Burt, 1992; Burt, 1997; Greve & Salaff, 2003).

  From answering research question 1, the difficulty in determining one specific set of network structure can be understood. From what was implied by the entrepreneurs, they seem manage all of their network contacts in a rational manner; this does not mean that they are not embedded within certain networks, but that these embedded networks will also have a rational aspect to their management. However, the need to maintain different types of relationships is determined by the way the company evolves, and the specific needs created at certain points in time.
The main contribution of this thesis in regards of network management is the graphic representation (Figure 17) of the networking processes and how they interrelate in order to structure a balanced or effective network. This model provides a better understanding of the differences between the relationships within both networks, and how each networking environment (or medium) can improve different areas on information and resource flows.

9.1.3. IMPLICATIONS FOR DEVELOPING RAPPORT AND ACQUIRING SOCIAL CAPITAL

From the literature found on SNSs (Chapter 4) it could be understood that SNSs have developed their own norms and structures regarding relationship creation (Wellman et al., 1996). In other words, because of the lack of physical interactions, SNSs help create more informal types of interactions, which can be beneficial within a business context because there are no hierarchy constraints or formal rules; therefore, the knowledge flows within the organization are bound to increase (Wasko & Faraj, 2005). But, what happens when the network is created outside the organization? This is the aspect in which this study focused on, and therefore the main contribution regarding development of rapport and social capital, is the presentation of the process, described by the entrepreneurs, as being the most appropriate for developing rapport within the different network contact; which was greatly connected with the second research question of this thesis.

From answering research question 2, determining aspects to help evaluate the relationship counterpart become important. These aspects will entail the levels of trust expected from the relationships; and which activities will be needed to develop rapport and social capital. However, the creation of social capital within SNS relationships will in great part depend on the actions taken by the entrepreneurs to involve the people in what their company does, and is doing.

One last appreciation is that, in the literature, Beer (2008) argues for the need of creating an umbrella term that may facilitate the focus of future research in the area; it is my reasoning that, it will not make a difference on the perceptions and definitions provided by the different users of these tools; and at this point in time, it is more important to increase the level of understanding on how these sites can aid or constrain company developments, than to specify within which term the different tools can be differentiated. Especially when you consider that these tools evolve or disappear so fast, that the characteristics from which you defined them can change or be obsolete within a matter of days.

9.2. THE FUTURE FOR SNSS IN A COMPANY ENVIRONMENT

In the previous section, the contributions within the main areas stipulated for this thesis have been discussed. However, there are some aspects that, I feel, are important to also consider for creating a better understanding of how networking through SNSs, for business purposes, is being approached. In other words, in the following paragraphs I want to translate some of the results, which resulted from the data analysis, into a bigger context; thus, presenting new information, I feel to be useful, for understanding changes in the paradigms established within SNS use.

The creation and use of social networking sites has boomed over the past decade (Boyd & Ellison, 2007) and not only among the younger generations. According to the Pew Internet
Beyond Physical Boundaries

and American Life Project\textsuperscript{16}, the number of adults over 30 years of age that are currently using SNSs has increased to a 47\% (data from September 2009), from a 16\% measured in February 2005 (Pew Internet & American Life Project, 2010). However, and as was confirmed with the interviews, we still tend to think that SNSs, blogs, and many Web 2.0 applications are just being used by people under 40. As could be seen in the data presented in section 7.2, some of the entrepreneurs adopted the paradigm where thinking that “only young users are on-line” is predominant. Some of the entrepreneurs mentioned that, if their products or services were aimed at “older” generations, they would probably not use SNSs to try to reach their potential targets. Therefore, when many of them state that SNSs “are the new thing” they advocate that it is a tool which is in vogue and being accessed by many different people. But the newness they bestow upon this tool is mainly dominated and dependant on the age of the users.

However, and opposed to what many people think, many adults are currently using SNSs both for business and personal purposes. Figure 19 shows the age differences between the users of three of the most popular SNSs:

![Figure 19: Where adults SNS users have profiles, by age group](source: Pew Internet & American Life Project, 2010, p. 36)

As can be seen in Figure 19, Facebook and LinkedIn, which are two of the SNSs used by the entrepreneurs interviewed for this study, are more used by adults over 30 than by younger adults. This means, that these two sites, if used appropriately can become interesting launching sites for entrepreneurial companies to be introduced into the world. But, even though this data is useful for entrepreneurs to understand how to take advantage of a different marketing channel, it does not reflect on how they can take advantage to create relationships with other stakeholders of the company.

\textsuperscript{16} “The Pew Internet & American Life Project is one of seven projects that make up the Pew Research Center. The Pew Project produces reports exploring the impact of the internet on families, communities, work and home, daily life, education, health care, and civic and political life.”(Taken from the Project’s main page, for full information refer to http://pewinternet.org/)
These missing pieces of information to fully developing the network could be explained through two factors. The first is that (as can be seen in Table 6) the age groups in the sample of entrepreneurs, are very similar, with a maximum age difference of 9 years between the oldest and youngest entrepreneur. The fact that all of the entrepreneurs are between their late twenties and early thirties, can influence the way that they develop and manage their on-line networks. As can be seen in the data, their on-line networks, in their majority, are a reflection of their off-line ones. Only one of the entrepreneurs used SNSs to seek out stakeholders, different from customers, in order to create new business relationships. And only one, also used SNSs to discover and invite potential customers which were not on his FtoF network. However, as he described it, he had to do it that way because he didn’t really know anyone in the specific market they were aiming to enter. In other words, it can be inferred that age can be a factor which directly affects the composition and structure of the on-line network. The second factor is also linked to the age, and it involves the preconceptions that have been created around the use of SNS. As could be perceived from the answers, SNSs are deemed by many, although not all, of the entrepreneurs as alternative marketing tools, a complementary channel to the traditional ones normally used. This indicates that they have not explored the possibilities of accessing resources from other types of stakeholders through this channel, especially because they still regard FtoF contact as the best way to generate trust and trustworthiness.

Therefore, there are still a lot of aspects from SNSs that need to be evaluated in order for companies to perceive their full advantages. But, as they say, ‘practice makes perfect’, so not only the success stories can provide insights into the future developments that SNSs can have, and how they are perceived to help companies; stories were mistakes or lessons were learned are, most of the time, better teachers.

The only thing that seems clear at the moment, is that SNSs are here to stay, and may prove to be a more powerful communication tool than television. They provide data mining tools for companies to target specific populations with their ads. Whether I am considered as an over optimist, for believing that the tools provided by SNSs can provide companies with many benefits, is still to be seen. However, if there is nothing to be gained from the use of SNSs, how come companies like Coca-Cola, Ernst&Young, JP Morgan, Dell, and many other big players in the different markets are now creating specific strategies to develop with through these Sites?

9.3. WHERE TO GO FROM HERE

From the discussion in the previous section, it can be seen that further research on how entrepreneurs can use the different business tools offered by the various existing SNSs is needed. First, a more thorough analysis of differences between the networking approaches presented by entrepreneurs in different generations could provide further insights into how virtual ‘effective’ contacts can be created. Second, because some of the aspects that were studied for this thesis could be considered as developed through unconscious actions; a research approach that could include some observation periods of the entrepreneurs when engaging in new relationships could be fruitful to better understanding and mapping the processes.

Another area of this thesis that would benefit from useful research is related to the types of SNSs that exist. There are numerous SNSs with specific aspects that exist within the internet.
Some of these SNSs are directly created to involve entrepreneurs in direct communication that can provide them information and resources from different types of stakeholders. Therefore, to understand the characteristics of the users of these SNSs would help create a further understanding of the different networking approaches that SNSs, as business tools, can provide to the entrepreneurs.

Further work of theoretical interest, especially for students in the field of finance, is on determining ways of measuring the return on investment (ROI) that entrepreneurs can have through using SNSs as part of their marketing strategies. From the literature researched, only an approach to valuating a company who develops SNSs was found (Kettles & David, 2008). However, how specific companies can measure the value gained from using these networking sites as a business tool, has not been (to my knowledge) completely addressed. This aspect might be of special importance for some entrepreneurs; since it would provide them with a tool to evaluate if their spent hours and efforts, in maintaining a business page on an SNS, are contributing to their company, and to which extent.
REFERENCE LIST


Utz, S. (2010). Show me your friends and I will tell you what type of person you are: How one’s profile, number of friends, and type of friends influence impression formation on social network sites. *Journal of Computer-Mediated Communication*, 15, 314-335.


APPENDICES

APPENDIX 1 - INTERVIEW GUIDE

The following interview guide was used as an aid while conducting the interviews. The interview guide helped ensure that all relevant aspects of the investigation were taken into account. The interview guide was not handed out to the interviewees.

Basic Information: These questions are aimed to capture a general background on the creation of the company.

1. What is your name?
2. When was the company created?
3. Since when have you been involved with the company?
   a. Which roles have you had/do you currently have?

Social Capital / Network Theory:

4. Can you describe how the company was started?
   a. Who was involved?
   b. How they were involved?
   c. What type of help was received?
5. Which have been your greatest challenges with the company?
   a. How did you approach/solve them?
6. Could you mention who are the people who provide you with different types of help?
   a. Type of relationship?
   b. With what or how do they help you?
   c. What type of resources do they provide? (physical or intangible)
7. How would you describe these relationships?
8. What would be the difference between creating a business relationship and a friend relationship?
9. What are the most important aspects you consider when engaging in a business relationship?
   a. Why do you consider these aspects important for a business relationship
   b. Can you describe what you would do if an already established business relationship fails to maintain or loses one of these aspects?
10. How do you manage and maintain these relationships over time?
    a. (family and business are together?)
    b. Why would some of them be eliminated or disappear?

Electronic Social Networks

11. What do you know about Social Electronic networks?
12. Which ones do you know?
    a. Which ones do you use?
13. How long have you used them for?
14. Can you describe how and for what purposes you use them?
   a. Do you have separate accounts for your personal relationships and your business relationships?
   b. How do you manage these accounts?
15. In terms of the business relationships: can you describe how you engage in a business relationship on line?
   a. How do you usually get the contacts? (referrals, people interested in company’s products, web page)
16. Which are the most important aspects you evaluate when creating a business relationship on line?
17. Can you describe how the relationships created and maintained through SNSs have helped your company?
   a. What type of resources have they provided?
18. How would you describe your experiences with the use of SNSs for business purposes?
   a. What results have you had?
   b. Has it helped the company and you as an entrepreneur?
   c. Has it created problems for the company?
19. What advantages and disadvantages do you perceive from using SNSs?
20. How would you compare your ‘virtual’ relationships (and networks) to the ‘real world’ ones (relationships and networks)?
21. If a new entrepreneur would ask your advice on whether or not to use SNSs as a means for receiving resources, what would you answer?

Thank the entrepreneur for helping with the research.

APPENDIX 2 – CHANGES IN THE INTERVIEW GUIDE

<table>
<thead>
<tr>
<th>Original Question</th>
<th>Perceived missing concept</th>
<th>New Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which have been your greatest challenges with the company?</td>
<td>there was a need to re-write this question to have a clearer connection between challenges and network help</td>
<td>When you have encountered challenges for the company, how did you approach to solve them? Who did you contact to face these challenges?</td>
</tr>
<tr>
<td>Could you mention who are the people who provide you with resources over time?</td>
<td>I felt the question was not clear in order to understand how the relationships and the networks had evolved over the entrepreneurial stages</td>
<td>Can you describe how the network has changed from the beginning of the company up until now? How has the help (or involvement) from those contacts changed over time?</td>
</tr>
<tr>
<td>What do you know about a SNS?</td>
<td>The answers did not allow me to understand how entrepreneurs perceive SNSs, since some of the entrepreneurs directly related this question to which SNS they used</td>
<td>Could you define, in your own words, what an SNS is?</td>
</tr>
<tr>
<td>Which SNS do you use? And for what purposes?</td>
<td>What makes that specific SNS so important?</td>
<td>Why, out of the different array of SNSs that currently exist, do you use [specific SNS mentioned during the interview]?</td>
</tr>
<tr>
<td>Question</td>
<td>Interview Code</td>
<td>Interview Transcript</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>----------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Could you describe who has provided you with help regarding the company?</td>
<td>E-01</td>
<td>“I started myself, and later my sister and brother in law got involved in the business […] I also belonged to a [specific interest] group, and might have had similar problems or needs, so [they] can help me when specific situations arise […] they provide me with advice, or help on whom or where to contact someone who can help”</td>
</tr>
<tr>
<td></td>
<td>E-04</td>
<td>“[we asked ourselves] what kind of people did we know and are there anyone who can [help us], we started to see in our network […] people were very honored to be asked because that means that you actually labeled them as people that you appreciate”</td>
</tr>
<tr>
<td></td>
<td>E-07</td>
<td>“My brother has helped me since the idea creation […] but I have gotten help from asking people I know, with the luck that someone knows someone [who can help me] and so on, that is how I have found most of the contacts needed to get the company up and running”</td>
</tr>
<tr>
<td></td>
<td>E-08</td>
<td>“Before we started this company we had been consulting […] all of our previous relationships were necessary for starting this company […] it was a mixture of the previous contacts that we knew [in our previous jobs] with the new ones we had from the business world”</td>
</tr>
<tr>
<td></td>
<td>E-10</td>
<td>“It was me, my brother and a friend […] we talked to a lot of people, friends and friends of friends basically”</td>
</tr>
<tr>
<td>In your opinion what differences a friendship relationship to a business relationship?</td>
<td>E-01</td>
<td>“[…] we are friends and we also work together. In some way we are looking for the same objective […] it’s like a win-win situations between all of us, because we help one another to help improve and go forward”</td>
</tr>
<tr>
<td></td>
<td>E-02</td>
<td>“[…] well friendship [could be seen] as not having a specific interest, but it might not be so responsible […] the business one, well there is a matter of contracts in between and in terms of times can be more ‘on-time’ ”</td>
</tr>
<tr>
<td></td>
<td>E-03</td>
<td>“Friendship has a more closer relationship, the ties are stronger”</td>
</tr>
<tr>
<td></td>
<td>E-05</td>
<td>“A friendship relationship starts because both parts are interested in creating a bond without the need to receive any payment or payback for it… just the satisfaction of having the bond with the other person. In a business relation both parts are searching to get some type of remuneration”</td>
</tr>
<tr>
<td></td>
<td>E-06</td>
<td>“when you create business relationships you always have something in common that are related to your business […] I think your relationships further on might be more of a friends so to speak, but you still have the business which is basically the grounds for the relationships […] [when talking about friendship] you basically have no demands on the other, you just do [things] for the other people, [there are] no demand to get anything back” (sic)</td>
</tr>
<tr>
<td></td>
<td>E-07</td>
<td>“The business relationship must be managed like a friendship relationship, but focused on results and to the fulfillment of different established goals”</td>
</tr>
<tr>
<td></td>
<td>E-08</td>
<td>“It’s about offering something more than money for our services […] it’s about making and creating more than a business relationships with our customers [but be aware and know] that everyone you meet is important in some way […] I can’t select people. All the people I meet are important [and] you never know. So just try to find a way to add them [to your network]”</td>
</tr>
<tr>
<td></td>
<td>E-09</td>
<td>“many of my business contacts are very close friends, and its very natural to work with them and easy”</td>
</tr>
<tr>
<td></td>
<td>E-10</td>
<td>“It’s more like, [business relationships] are regular work relationships, not much talk outside the business area, […] you don’t really discuss anything personal”</td>
</tr>
</tbody>
</table>
## APPENDIX 3(B) – INITIAL CODING AND CREATION OF CATEGORIES

<table>
<thead>
<tr>
<th>Question</th>
<th>Interview Code</th>
<th>Interview Transcript</th>
<th>Initial Codes</th>
<th>Related Axial Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-02</td>
<td>&quot;statistics in terms of promotion, how they answer to the clients, responsibility, that they are on time ... the problem [in this city] is that if you are not constantly calling providers, they don't work efficiently, so credibility becomes an 'Ivy subject'&quot;</td>
<td>measure their response, depends on the city, credibility is on the main thing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-03</td>
<td>&quot;if it is someone you know you analyze the emotional stability, the mood in which they do things, if he 'has on his shirt' for the company if not, the level of engagement he/she can have to the job he does. If it is someone I don't know I evaluate the trustworthiness of the person, if he can be reliable, that he will do what he has agreed to do. If it is a company, the reputations and guarantees it can offer me&quot;</td>
<td>reputation, level of engagement, reliability, trustworthiness, reputation, guarantee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-04</td>
<td>&quot;that they are reliable and capable in the specific topic I need, that they are responsible with the agreements and the established conditions [...] to tell you the truth, you kind of have to know the chemistry with some people and places and not with others&quot;</td>
<td>reliable, capable, responsible, keep agreements, you have chemistry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-05</td>
<td>&quot;that they are open and straightforward, straight communication [...] knowing that communication is good and it's not taking too long time&quot;</td>
<td>open, straightforward, communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-06</td>
<td>&quot;the most important aspect is clarity, I need to know what I want and know how to clearly communicate it to the other part [...] I also need to now exactly what they offer me, how they offer it and until what point what they do helps me. It's important to know the limits, extents and obligations of both parts, because this generates trust, that things are clear from the beginning to not generate false expectations&quot;</td>
<td>be clear, know what you need, know what they offer, know the limits, obligations, generate trust</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-07</td>
<td>&quot;in our business we work more with recomandations, so if people like what we do, they recommend us&quot;</td>
<td>referrals, know the people, market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-08</td>
<td>&quot;we look at the reputation of the person and we know of them. I think that for us it has been natural because we already had a big network before starting the company, so we already had trustful people who we could contact&quot;</td>
<td>reputation, know the person, contacts</td>
<td>Creating Rapport</td>
<td></td>
</tr>
<tr>
<td>E-09</td>
<td>&quot;I look for what can they do for us, is this a serious partner. Its less about how nice they are, more like can they connect us to the right people, are they crooks&quot;</td>
<td>serious, connect with the right people, can be trusted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-10</td>
<td>&quot;as I have been saying, communication is very important, because they know I am paying attention, they tell me what they need, what he people have said about the product, if they have had complaints. If you don't have any communication it is hard to maintain the relationship&quot;</td>
<td>communicate, pay attention, ask, listen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-01</td>
<td>&quot;you need to give something back [...] show the person in the relation that you are thinking of them, that you have not forgotten about them&quot;</td>
<td>give back, show appreciation, show you remember</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-02</td>
<td>&quot;I think that respecting what you have established, the pacts, and the fulfillment of all the different conditions that are established every time you engage in new business [...] this generates trust. And trust is the key for making relationships last. If you don't trust the other people involved in the business this leads to difficult situations and even for you to look for someone else in who you can actually trust&quot;</td>
<td>respect agreements, pacts, generate trust</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-03</td>
<td>&quot;personally, I prefer to meet the people I work with face-to-face, whether it is a supplier, or someone who will give me a service [...] I like having that sense of integrity from the person, and you can only get it when you meet them, and then you feel you have a greater responsibility to each other&quot;</td>
<td>meet the people, create a sense of integrity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-04</td>
<td>&quot;it is about offering something more than money for the services. Our values are to be about heart and not about money [...] go beyond the business relationships and end up as friends&quot;</td>
<td>offer something more, become friends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-05</td>
<td>&quot;do special events for the people interested in your company [key people in your company], show them the product [...] behave in a way that the key members of your network feel special&quot;</td>
<td>special events, show appreciation</td>
<td></td>
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<tr>
<td>E-06</td>
<td>&quot;by to keep in contact, even if you decided not to pursue to work with them, keep them updated in what you do, if something changes you might need to contact them again&quot;</td>
<td>keep in touch</td>
<td></td>
<td></td>
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<tr>
<td>E-07</td>
<td>&quot;they are a way to contact people in other countries&quot;</td>
<td>new contacts</td>
<td></td>
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</tr>
<tr>
<td>E-08</td>
<td>&quot;without social networking sites we go back into prehistoric times. They express today's life, with them I can connect with a click to my friends, my contacts, my social network. Before it was mainly e-mail, which was not bad, but it was too limited&quot;</td>
<td>connect with</td>
<td></td>
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<tr>
<td>E-09</td>
<td>&quot;they are virtual spaces that allow you to create groups that have a similar interest to yours [I think] that it is an easy way to communicate with those people who are interested in your product&quot;</td>
<td>virtual spaces, virtual groups, communication channel</td>
<td></td>
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<tr>
<td>E-10</td>
<td>&quot;I think they are important and the future for us all [I think] that right now the most successful companies are those that are being open for their customers and showing what they do on line [we] have a blog and I think it is important for people to know who we are as professionals&quot;</td>
<td>important, the future, communication</td>
<td></td>
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</tr>
<tr>
<td>E-01</td>
<td>&quot;They are the most efficient way, created in the past years, to establish business and personal relationships. [I think] they are effective because everyone now is in a rush, they have a thousand things to do and tons of engagements and sometimes don't have time for a more personal interaction, but when you do it in an electronic way each member can interact at the time they can and from wherever they are without the need to wait or travel&quot;</td>
<td>effective means to establish relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-02</td>
<td>&quot;it depends, one is Facebook, which is what is 'in' at the moment, but for me the community forums were always regarded as social networks. The forums are places where people have shared interests [...] where you can share information, and what creates the bond and make you want to come back is sharing that knowledge that we have in common&quot;</td>
<td>a place to share knowledge, shared interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-03</td>
<td>&quot;it is a big network through which we can reach a lot of people very easily&quot;</td>
<td>reach out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-04</td>
<td>&quot;social networks, like Facebook and Twitter when you can contact your customers&quot;</td>
<td>contact customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-05</td>
<td>&quot;it is an entire point to a normal relationship. Its a way to get in contact with people that you don't know and that other wise you would never have met&quot;</td>
<td>contact people</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Interview Code</td>
<td>Interview Transcript</td>
<td>Initial Codes</td>
<td>Related Axial Code</td>
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</tbody>
</table>
| E-01     | "I use it so that people from other countries and other cities see and learn about my products and that may increase my sales. In general I use it for marketing purposes."
| E-02     | "sell Facebook is part of my daily life, it's not on my laptop, it's in my cell phone, so I am always connected. It was the way that our show was promoted to create a 'word of mouth.'"
| E-03     | "we use it to invite clients, to inform the people that we exist and what we sell in a way that it was easy for them to find us [...] it was a good way to get people to know us, especially once everyone just carried their Facebook on their cell phones nowadays" |
| E-04     | "we use it to show people who we are and what we do" |
| E-05     | "I use Facebook to be in contact with my friends from different parts of the world and to promote my business" |
| E-06     | "we have a marketing project with businesses in the region. We started with Facebook because it's an easy way to show pictures and to invite people to the event" |
| E-07     | "I use them for the company. I already have a company profile created both in Facebook and Twitter, But if you tell the truth, I am still not using them a lot, the idea is to promote the products that we sell via Facebook" |
| E-08     | "we hand out information to our followers, something that people might read and find interesting and maybe people will refer it to [... and hopefully this will increase the clicks on our own web page. We also promote some activities that we have through these media" |
| E-09     | "we ask our customers what they want in new products, and it helps us to have insights on the people interested to buy [...] you get very fast feedback back" |
| E-10     | "to inform the people on the development of our company, tell our friends what is happening. Now we have to change it into a communication channel of our service" |
| E-01     | "Facebook has helped me a lot, because it has increased my sales abroad, which has given me the chance to expand [...] it has increased my benefits. It has also helped me to learn about what is 'in' in the new country I am selling to, because I get feedback from the customers or distributors."
| E-02     | "we got good comments, and people heard of the show. But mainly depended on tourist season, which was out of our control" |
| E-03     | "For us it has been very important, because we opened in a time when the yellow pages would take a long time to be updated, so this was the best and fastest way to get people to know that we existed. For us the experience has been very positive" |
| E-04     | "so far the experiences have been very positive, we have a Blog, a group page on Facebook which we now are changing into a Fan page, because it is easier to manage, [...] and actually today I got a job through Facebook, from someone I had never met before" |
| E-05     | "so far they have been positive, I have increased my sales and the awareness of the brand. I think it is an interesting channel that allows you to reach a lot of people ready, so I think it is important to have information of your business on a social network that many people visit daily [...] I don't think it is the only channel to explore, it is an easy access channel, with very low costs, and it is a good alternative to complement more traditional channels" |
| E-06     | "you have to consider who you want to reach, and our target is on Facebook, so you can get responses to what you show and have on your page" |
| E-07     | "So far, I have no experiences, however I feel that Facebook is good to communicate with customers, but not the right place to look for suppliers, perhaps you can identify them via Facebook, but they should look for you and not the other way around. Some of my providers I have found through Google, but if they had a Facebook profile I could be more up to date on what they do or say" |
| E-09     | "very positive. For example this week a customer bought our [product] and she clicks on a link and all of her friends saw she bought this [product] from us. And if you create this buzz in Facebook or Twitter it will make people look for your brand. It has increased the clicks on our web page and the sales" |
| E-01     | "people have just added themselves to the page because they see the product interesting. The strongest relations have been created because they physically know my product, someone gave it to them as a gift, or saw it on someone, and they have contacted me through Facebook and the business relationship has started" |
| E-02     | "the Facebook group for the show mainly get contacts through a snowball effect, I invited my friends, they invited theirs and so on"
| E-03     | "we added everyone we knew and had on our own personal Facebook networks, and the rest are referrals from friends, or referrals from customers" |
| E-05     | "To tell you the truth there is no specific manner [...] lets say that initially, and because it is linked to my personal account, I used all of those people in my personal network to send out the information of my business, and whoever found it interesting added himself to the group, and then those friends saw the information , and from those friends, whoever found the product interesting would contact me, or addthemselves to the group and it kept on going creating a chain of information. Lastly I have been searching in the network which contacts might be interesting, such as stores or similar and those who are in Facebook I have started contacting them through their group pages" |
| E-06     | "many of them are referrals, you put something out there and people share it, or try to contact you, even if you didn't send it to them, because they think what you are offering are interesting" |
| E-07     | "the business relationships with my suppliers are not created through Facebook, maybe those with my clients [...] I use Social Media helps to strengthen business relationships with my clients, and improve my communication with my potential customers" |
| E-09     | "we invited our friends and that created a snow-ball effect" |
### APPENDIX 3(D) – INITIAL CODING AND CREATION OF CATEGORIES

<table>
<thead>
<tr>
<th>Question</th>
<th>Interview Code</th>
<th>Interview Transcript</th>
<th>Initial Codes</th>
<th>Related Axial Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>What aspects are important when engaging in (business) relationships on line?</td>
<td>E-01</td>
<td>&quot;For me, the most important thing is that people show interest in my product, some people belong to the group but have never asked anything about a product or tried to contact me [...] that they try to establish a communication with me is very important. (in these relationships) they have to trust me&quot;</td>
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<tr>
<td></td>
<td>E-03</td>
<td>&quot;we haven't used it for anything else than marketing [...] someone heard of us from a Facebook comment on our group page, he went to try the food, and afterwards asked us if he could add us to another web page which does delivery services for different restaurants in the city&quot;</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>E-04</td>
<td>&quot;In the case of the job I got today I emailed the person, she called me, and we spoke about what she needed&quot;</td>
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<tr>
<td></td>
<td>E-05</td>
<td>&quot;Lots just say that the initial contact can be done through the web, but from there on the contacts must be established in person or via telephone, and I evaluate the same things as if we were engaging in a face to face relationship from the beginning: how serious the other person is, and the trust it generates in me. As well as the benefits that this contact can bring me&quot;</td>
<td>-</td>
<td>Developing Rapport</td>
</tr>
<tr>
<td></td>
<td>E-06</td>
<td>&quot;For now all I am looking for is for people to get to know my company, so I don't really have any rules established for the people to which I am sending a message or who is getting my publicity. So I will focus on the virtual relationships with my customers or probable customers, because, as I have told you before, that is why I am using Facebook for at the moment. In these relationships who has to be trustworthy is me towards the customer [...] You must use a formal discourse in what you present online, that provides a sense of seriousness&quot;</td>
<td>-</td>
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<td></td>
<td>E-07</td>
<td>&quot;sensivity (sic) [...] if people do something wrong it is known very fast on line [...] you can always evaluate the company through their information on their web page&quot;</td>
<td>-</td>
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<td></td>
<td>E-08</td>
<td>&quot;always follow through on what you promised, and keep the group page updated&quot;</td>
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<td></td>
<td>E-09</td>
<td>&quot;keep your page updated, show people what you are doing&quot;</td>
<td>-</td>
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<td></td>
<td>E-10</td>
<td>&quot;be active, e-mail people in your group, get them involved on what your company is doing&quot;</td>
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<td>E-11</td>
<td>&quot;keep informed them, it is common, but when people has access to your company's information they ask questions, and there you can find people that might be able to help you in the development of your business [...] I think that it is important to maintain your contacts informed of all the activities that the company has. Because Social media is such an important way of communicating a person is it very hard to know who has something that can be valuable to your company, but that person can see what you need, or what you are doing, and if they can provide with something, they will contact you. That is why keeping the page updated is so important, so that people who visit it know what you offer and what they can offer you&quot;</td>
<td>-</td>
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<td></td>
<td>E-12</td>
<td>&quot;its important to keep in contact with people&quot;</td>
<td>-</td>
<td>Show what you have to offer</td>
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<td></td>
<td>E-13</td>
<td>&quot;definitely social networking sites can help, but alone they don't provide me anything. Facebook helps me today to get people to know my company, but it doesn't guarantee me that people will keep visiting my profile so that people will follow me on Twitter. The only way to guarantee that is to provide people with interesting content, trying to fulfill an information need of those people who follow me [...] Facebook and social media help my company to get known, but it will depend on the content and what you show on the page that will make the company have a good position in those sites or not&quot;</td>
<td>-</td>
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<td>E-14</td>
<td>&quot;my personal page is linked to the company's page. And since many of my clients are also friends I don't have a problem with combining them&quot;</td>
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<td></td>
<td>E-15</td>
<td>&quot;we keep people involved with what we are doing, if we are designing, or looking for ideas, we keep the page updated&quot;</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>E-16</td>
<td>&quot;keep people updated&quot;</td>
<td>-</td>
<td>-</td>
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<td></td>
<td>E-17</td>
<td>&quot;well, I don't know the majority of the people in my Facebook group, and I don't have a regular contact with them as I have with the ones on my 'real world' network&quot;</td>
<td>no regular contact</td>
<td>-</td>
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<tr>
<td></td>
<td>E-18</td>
<td>&quot;[the main difference is] I can have people that I don't really know and who have just been referred to our page by a third person. Some of the contacts are known by the other partners, some by me, some by none of us, they just heard of [the restaurant] and came to try it&quot;</td>
<td>-</td>
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<tr>
<td></td>
<td>E-19</td>
<td>&quot;sometimes Electronic Social Networks help even more. I mean, in the virtual world I have a lot of contacts and if one of all these I will get many to answer back, not many will respond. But if I need someone in the real world I need to meet, maybe for a lunch, so you could say it is more 'time efficient' the virtual world&quot;</td>
<td>-</td>
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<td></td>
<td>E-20</td>
<td>&quot;face to face relationships are easier, because the person generates trust and the communication is easier, and I think that the ties that you make are in a faster way, and they last longer. The ones you create on line are more impersonal, and even though it is easier to make contacts through the web, because you can create them at any time and any place, it takes longer time to establish a tie and establishing of the other person is not reliable. You need more communication and a longer period of time, but opposed to face to face the initial contact is easier and there are no time or space barriers, so you can establish them with people anywhere in the world. So to create ties face to face are easier, but to establish a contact the internet one's are easier because you don't need to go anywhere&quot;</td>
<td>-</td>
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<td></td>
<td>E-21</td>
<td>&quot;I can get easily updated about your contacts. You don't have to take a long time getting updated when you meet someone after a while, you are always updated, and you know if there is someone working in something similar and can help you&quot;</td>
<td>easy update</td>
<td>-</td>
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<td></td>
<td>E-22</td>
<td>&quot;I can get easily updated about your contacts. You don't have to take a long time getting updated when you meet someone after a while, you are always updated, and you know if there is someone working in something similar and can help you&quot;</td>
<td>-</td>
<td>-</td>
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<td></td>
<td>E-23</td>
<td>&quot;face to face relationships are easier, they are easier to become closer, while the virtual relationships requires perseverance. What I mean in is in the face to face relations people see you, you can hear the tone of voice, and there is a kind of chemistry that allows the client to feel comfortable being with you, while in the virtual ones its just what they see on a page. That is why I say that you have to be more careful with the virtual one, in what you show and what you write. And that is why I think that it is worse for a company to have an outdated web page or profile than to not have one at all&quot;</td>
<td>perseverance is required</td>
<td>-</td>
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<td></td>
<td>E-24</td>
<td>&quot;easy to establish contacts, no need to move&quot;</td>
<td>-</td>
<td>-</td>
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<td></td>
<td>E-25</td>
<td>&quot;Facebook is a shameless face to face deep&quot;</td>
<td>Facebook is a shameless face to face deep</td>
<td>-</td>
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<td></td>
<td>E-26</td>
<td>&quot;we haven't used it for anything else than marketing [...] you can always evaluate the company through their information on their web page&quot;</td>
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<td></td>
<td>E-27</td>
<td>&quot;sometimes Electronic Social Networks help even more. I mean, in the virtual world I have a lot of contacts and if one of all these I will get many to answer back, not many will respond. But if I need someone in the real world I need to meet, maybe for a lunch, so you could say it is more 'time efficient' the virtual world&quot;</td>
<td>-</td>
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<td></td>
<td>E-28</td>
<td>&quot;keep people involved with what we are doing, if we are designing, or looking for ideas, we keep the page updated&quot;</td>
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</table>

- **Beyond Physical Boundaries**
### APPENDIX 3(E) – INITIAL CODING AND CREATION OF CATEGORIES

<table>
<thead>
<tr>
<th>Question</th>
<th>Interview Code</th>
<th>Interview Transcript</th>
<th>Initial Codes</th>
<th>Related Axial Code</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Which, do you perceive, are advantages or disadvantages of using SNSs for the company?</strong></td>
<td>E-01</td>
<td>&quot;the advantages is that you open yourself to the world and there are many advantages to explore with that, however there are disadvantages. You should not be too trustful of people, you never know who is on the other side, and a whole world of lies can be created.&quot;</td>
<td>use, be clear</td>
<td>Be innovative</td>
</tr>
<tr>
<td></td>
<td>E-02</td>
<td>&quot;I see a lot of advantages, and to tell you the truth I don't see disadvantages, unless you are not able to keep up in case your demand peaks. But I know a lot of people who have had good results with increased sales.&quot;</td>
<td>be innovative, don't trust everyone, world of lies</td>
<td>15. related to the world of lie and trust issues</td>
</tr>
<tr>
<td></td>
<td>E-03</td>
<td>&quot;it depends on the type of company you have and the public to which you are addressing. We are among to get young people, and all of them have Facebook. Maybe for other companies this is not the best way to promote, [but] for us it has been very good for the restaurant because we get very positive feedback. [...] the only disadvantage I see now is that the group has to be updated very often to get more customers to come and try to create loyalty from them&quot;</td>
<td>positive feedback, increase sales, needs to try a lot of attention</td>
<td>managing the online network</td>
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<tr>
<td></td>
<td>E-04</td>
<td>&quot;I think the benefit is that I have been able to reach more people and to make my brand known easily and quicker. Disadvantages, to tell you the truth, I haven't seen any until now. The only one I might think of is that you don't really know what each person who visits your page is interested in so that you can offer the product in a more personalized manner, this is different when you have a face to face contact with the customer, but you can persuade them more easily or show them the specific product that can suit them better&quot;</td>
<td>reach more people, easy to promote, you don't know the person, try to create loyalty from them</td>
<td>strengthen relationships, high costs</td>
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<td></td>
<td>E-05</td>
<td>&quot;the biggest advantage is that it's easy to use, and that a lot of people have access to it. Easy to share and you get hold of a lot of people quick. The disadvantage is that some people are not taking it seriously if it's only on the social media. I think the personal contact is still important&quot;</td>
<td>be clear, easy sharing</td>
<td>15. related to the world of lie and trust issues</td>
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<td></td>
<td>E-06</td>
<td>&quot;The advantage is that it allows you to strengthen the relationship with the customers. The disadvantage is that it requires someone to be in charge of keeping track and updating the profile so that people don't lose interest. If you want to join a SNS you should have the capacity to generate content regularly, if not you lose in front of your clients. Therefore the biggest disadvantage is the cost, not all companies have that capability.&quot;</td>
<td>increase sales, needs to try a lot of attention</td>
<td>managing the online network</td>
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<td></td>
<td>E-07</td>
<td>&quot;Everything about and surrounding social media is a real buzz, but no one presents hard facts on how much it really earns you [...] since we cannot measure our real ROI we try not to spend a lot of time and money on them [but] it helps us to get more clicks on our own web-page, reach out and put out there what we want to share&quot;</td>
<td>keep it interesting, keep people interested</td>
<td>strengthen relationships, high costs</td>
</tr>
<tr>
<td></td>
<td>E-08</td>
<td>&quot;it can help you as a quality control, to get feedback from the customers, if they had problems with the product or such and it helps your brand to be known. A disadvantage is that negative buzz spreads faster than the positive one&quot;</td>
<td>reach more people with less resources, takes too much time, increase clicks, awareness</td>
<td>managing the online network</td>
</tr>
<tr>
<td></td>
<td>E-09</td>
<td>&quot;you can reach more people with less resources, but you can also get very bad feedback very fast, [...] but that is also good because you see what you need to change (also) it takes too much time and doesn't really give anything to me!&quot;</td>
<td>use at, be clear, easy sharing</td>
<td>strengthening relationships, high costs</td>
</tr>
<tr>
<td></td>
<td>E-10</td>
<td>&quot;use it, but dedicate time to your page, keep it updated to keep people interested. It has many advantages, its free, you don't have to pay a hosting or someone that maintains the page. I see a similar thing to try out with a Facebook page and my own page, you are bound to have the same problems, with the benefit that Facebook has a lot of people that might see your page&quot;</td>
<td>dedicate time, easy sharing</td>
<td>strengthening relationships, high costs</td>
</tr>
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<td></td>
<td>E-11</td>
<td>&quot;use it, but keep active and up-to-date, give real information and answer quickly to questions from contacts or clients [...] that thing that if you send an e-mail and they answer in a week is wrong, I would look for someone else [...] but keep active, I think that virtual memory is shorter than the Face-to-face one&quot;</td>
<td>dedicate time, easy sharing, answer quickly</td>
<td>strengthening relationships, high costs</td>
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<td></td>
<td>E-12</td>
<td>&quot;if you are going to have a group or fan page, keep it updated! To try to innovate and show different things on the web page. Create [something] that draws attention and keeps people interested!&quot;</td>
<td>update it, be innovative, keep people interested</td>
<td>15. related to the world of lie and trust issues</td>
</tr>
<tr>
<td></td>
<td>E-13</td>
<td>&quot;present really what you offer, and what is the profit that I will gain as your customer?&quot;</td>
<td>use, be clear, easy sharing</td>
<td>strengthening relationships, high costs</td>
</tr>
<tr>
<td></td>
<td>E-14</td>
<td>&quot;to use them. It is an easy tool which anyone can have access to, then I don't see why they shouldn't be used. It is a way of, minimizing all of the people that surround you what you do. And it is simply a complement to all the other channels that can be used, plus its cheap!&quot;</td>
<td>use, be clear, anyone has access, informing, complaining to other needs</td>
<td>strengthening relationships, high costs</td>
</tr>
<tr>
<td></td>
<td>E-15</td>
<td>&quot;try to have a professional approach, create your page in a clear manner like, this is my service or product, what do you offer. It should be a page based on what you offer. Have a basic information that is clear to understand!&quot;</td>
<td>use, be clear, present your offer</td>
<td>strengthening relationships, high costs</td>
</tr>
<tr>
<td></td>
<td>E-16</td>
<td>&quot;that they should use them, as long as they are consistent in the use, and to include a budget whether it is calculating personnel time, or money that needs to be invested so that someone else does it. A person has to be in charge of constantly updating the content. They should remember that virtually it is the business who is talking and not the person behind it, so the web page has to be aligned with your company's best practices!&quot;</td>
<td>be consistent, create a budget, update it</td>
<td>strengthening relationships, high costs</td>
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<tr>
<td></td>
<td>E-17</td>
<td>&quot;try put interesting things on the web page. Try to sort out your connections and arrange them [...] and don't jump on the train just because there is buzz, try to see how you can value these media for what you do!&quot;</td>
<td>keep a consistent, sort out your connections, evaluate the tools</td>
<td>strengthening relationships, high costs</td>
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<td></td>
<td>E-18</td>
<td>&quot;it depends on the company, maybe you can loose legitimacy for using Facebook [but] if you have a good product or service you should use it for it, because it helps!&quot;</td>
<td>use it, be clear, anyone has access, informing, complaining to other needs</td>
<td>strengthening relationships, high costs</td>
</tr>
<tr>
<td></td>
<td>E-19</td>
<td>&quot;he should do it and then could come back to us to give us advice!&quot;</td>
<td>use, be clear, anyone has access, informing, complaining to other needs</td>
<td>strengthening relationships, high costs</td>
</tr>
</tbody>
</table>
## APPENDIX 4(A) - PRESENTATION OF CATEGORIES AND SUB-CATEGORIES FOR THE DATA ANALYSIS

### Main Categories | Sub-Category | Related Axial Code | Interview Transcript
--- | --- | --- | ---
| | | | "I started myself, and later my sister and brother in law got involved in the business [...] my sister showed me the business opportunity, and updated me on techniques and designs [...] now both are fully engaged with the company; [they] got in to help when the number of production requests increased and now they are part of the company [...] they help me to find solutions when challenges appear" (E-01)
| | | | "[...] I also belonged to a [specific interest] group, and might have had similar problems or needs, so [they] can help me when specific situations arise [...] they provide me with advice, or help on whom or where to contact someone who can help" (E-01)
| | | | "[someone] recommended us a chef to develop the recipes [and] we use friends in the universities to contact students that need work" (E-03)
| | | | "there are all these different people, with different backgrounds, different personalities, stories, companies [...] know who these people are, create your image of that person or company [and] follow your gut feeling" (E-04)
| | | | "The designer [I hired] works in one of the companies with which I have previously worked with [while working in other companies], and by coincidence I met him at a party, told him my idea [and] he helped me conceptualize it [...] the lawyer is a friend of mine who has specialized in industrial property and brand registration" (E-05)
| | | | "[...] I told my brother, he supported me and that is how the project got started [...] [I also] started asking around, used free services from the chamber of commerce for the legal issues [...] for the topic of suppliers I asked some things to [former colleague], and with that I started to create connections" (E-07)
| | | | "[...] knowing that everyone you meet is important in some way [...] I can't select people. All the people I meet are important [and] you never know. So just try to find a way to add them [to your network]" (E-08)
| | | | "you have to search actively for people who can help you in the right direction, you cannot be afraid of making mistakes " (E-09)
| | | | "Don't oversell yourself, just be efficient and identify commonalities" (E-09)
| | | | "some business relationships are kind of 'put on hold' so to speak, because you are not doing business together, you are not on the same field or area and then maybe two or three years later you have something and you call them up, and it works a little bit like that when you are doing business. You are creating a network that is somewhat divided into a close network that you use almost on a daily or weekly basis, and then you have some outer boundaries that you are not using that often but that you can easily pick up, but you are not really close" (E-06)
| | | | "[the network has] become a larger crowd [...] and maybe today more than earlier on, the network consists of a higher proportion of people who have the power to make decisions in their organizations, [we also] grow through recommendations, so if people like what we do they recommend us to someone else" (E-08)
| | | | "The network hasn't changed so much, I guess because all of our friends are in [complementary] businesses that can help us [...] maybe what has changed is how they help us" (E-09)
| | | | "The contacts that have been friends from the beginning they have been the most important people that we talk to. But we have increased our contacts, but the biggest difference is that we started collaborating with people and other companies, and those kind of contacts would have been interesting from the beginning" (E-10)
**APPENDIX 4(B) - PRESENTATION OF CATEGORIES AND SUB-CATEGORIES FOR THE DATA ANALYSIS**

<table>
<thead>
<tr>
<th>Main Categories</th>
<th>Sub-Category</th>
<th>Related Axial Code</th>
<th>Interview Transcript</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Defining Relationships</strong></td>
<td>Weak and Strong Ties</td>
<td>Defining Relationships</td>
<td>&quot;A friendship relationship starts because both parts are interested in creating a bond without the need to receive any payment or payback for it... just the satisfaction of having the bond with the other person. In a business relationship both parts are searching to get some type of motivation&quot; (E-05)</td>
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<td>&quot;When you create business relationships, you always have something in common that is related to your business [...]. I think your relationship furthered outreach. More of a friends so to speak, but you still have the business which is basically the ground for the relationships [...]. When talking about friendship, you actually have no demands on the other, you just do things for the other person (sic)&quot; (E-06)</td>
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<td>The business relationship must be managed like a friendship relationship, but focused on means and the fulfillment of different established goals&quot; (E-07)</td>
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<td>&quot;Many of my business contacts are very close friends, and it's very natural to work with them and easy&quot; (E-09)</td>
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<td>&quot;It's more like business relationships are regular work relationships, not much talk outside the business area [...]. You don't really discuss anything personal&quot; (E-10)</td>
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<td>&quot;In business, for me, it's very important that I can work with people that I can trust [...]. If we have an agreement [...], I can just let it go, and trust the person that he or she will do it&quot; (E-06)</td>
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<td>&quot;I can get easily updated about my contacts. You don't have to take a long time getting updated and when you just not someone on a while, you are always updated, and you know if there is someone working in something similar and can help you&quot; (E-06)</td>
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<td></td>
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<td>&quot;For every connection I have, I have to use Facebook, because my face to face network is more deep&quot; (E-08)</td>
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| **Managing Relationships** | | Creating Rapport | "In business, it's very important that I can work with people that I can trust [...]. If you feel that the cost of keeping it maybe it's higher than what you expect. If you feel that you can't gain anything from it, I think it's especially if you don't feel an interest in what you are doing" (E-10) |
| | | | "You need to give something back [...]. You need to give something back [...]. Show the person in the relationship what you are thinking of them, that you have not forgotten about them" (E-08) |
| | | | "It is about offering something more than money for the services. Our values are to be about heart and not about money [...]. You can go beyond the business relationships and end up as friends" (E-08) |
| | | | "I think it's the new thing, I really think it's the future, and people who cannot use social networks are probably old fashioned and most probably will die out" (E-04) |
| | | | "It's a way to keep in contact with people that you don't know and that otherwise you would never meet" (E-04) |

| **Developing Rapport** | | Managing the Network | "As I have been saying, communication is very important, because they know I am paying attention, they tell me what they need, what he people have said about the product, if you have had complaints. If you don't have any communications it is hard to maintain the relationship" (E-01) |
| | | | "If you feel that the relationship, like the cost of keeping it maybe it's higher than what you expect. If you feel that you can't gain anything from it, I think it's especially if you don't feel an interest in what you are doing" (E-10) |
| | | | "You need to give something back [...]. Show the person in the relationship what you are thinking of them, that you have not forgotten about them" (E-08) |
| | | | "It is about offering something more than money for the services. Our values are to be about heart and not about money [...]. You can go beyond the business relationships and end up as friends" (E-08) |
| | | | "I think it's the new thing, I really think it's the future, and people who cannot use social networks are probably old fashioned and most probably will die out" (E-04) |
| | | | "It's a way to keep in contact with people that you don't know and that otherwise you would never meet" (E-04) |

| **Maintaining Relationships** | | | "It is about offering something more than money for the services. Our values are to be about heart and not about money [...]. You can go beyond the business relationships and end up as friends" (E-08) |
| | | | "You need to give something back [...]. Show the person in the relationship what you are thinking of them, that you have not forgotten about them" (E-08) |
| | | | "It is about offering something more than money for the services. Our values are to be about heart and not about money [...]. You can go beyond the business relationships and end up as friends" (E-08) |
| | | | "I think it's the new thing, I really think it's the future, and people who cannot use social networks are probably old fashioned and most probably will die out" (E-04) |
| | | | "It's a way to keep in contact with people that you don't know and that otherwise you would never meet" (E-04) |

| **Defining SNSs** | Creating contacts | Defining SNSs | "It's the new thing, I think the future, and people who cannot use social networks are probably old fashioned and most probably will die out" (E-04) |
| | | | "Well Facebook is part of my daily life, if it's not on my laptop, it's in my cell phone, so I am always connected" (E-02) |
| | | | "It's a way to keep in contact with people that you don't know and that otherwise you would never meet" (E-04) |
| | | | "I use it to communicate with people that I don't know and that otherwise you would never meet" (E-04) |
| | | | "I can get easily updated about my contacts. You don't have to take a long time getting updated and when you meet someone after a while, you are always updated, and you know if there is someone working in something similar and can help you" (E-06) |
| | | | "For every connection I have, I have to use Facebook, because my face to face network is more deep" (E-08)
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</thead>
<tbody>
<tr>
<td>Use the One you Use</td>
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<td>&quot;We use Facebook because it is easy to use&quot; (E-06)</td>
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<td>&quot;we use Facebook mainly because we are there, I mean we have our own personal accounts and the people we know are on Facebook&quot; (E-08)</td>
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<td>&quot;Personally I use twitter and not Facebook, so I feel that the people interested in my product are all in this network [...] and also, all the people I know are on twitter, and I don’t really have that many people that have Facebook&quot; (E-10)</td>
</tr>
<tr>
<td>Using SNSs for the Business</td>
<td>Go Where the People Are</td>
<td>Using SNSs for the Business</td>
<td>&quot;Well Facebook is today the fastest growing social network. It is not as it used to be, only a fun page with crazy apps on the firewall. It is developing faster and faster. Also Facebook today is being used by most generations, youths to older. Everyone is on Facebook! Also Facebook is a very easy tool to be in touch with many people&quot; (E-04)</td>
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<td>I think Facebook is the main area [...] we don’t feel LinkedIn is so popular here in Sweden, but when we feel it is, we will be there (E-08)</td>
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<td>we don’t plan to spend a lot of money and time on our own webpage [...] you have to go where the people are, and the majority of people are on Facebook (E-08)</td>
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<td>Facebook is used by many people in Sweden [...] and we have linked Twitter to Facebook (E-09)</td>
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<td>&quot;people know who we are and what we do&quot; (E-04)</td>
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<td>&quot; [...] it gets more clicks on our own web-page&quot; (E-08)</td>
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<td>&quot;easy way to redirect to our own business page&quot; (E-10)</td>
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<td>Create Buzz</td>
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<tr>
<td>Developing Relationships Online</td>
<td>Keep it Interesting</td>
<td>Be innovative</td>
<td>&quot;It’s important to show different and interesting things on the page. Be innovative, create catchy campaigns to keep people coming back to your page [...] if you don’t do that people will get bored and you will just be another more page out there&quot; (E-03)</td>
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<td>We not only show what we do, we provide them interesting things to read [...] give the feeling of an open source, knowledge is free. we recommend blogs or post blog interviews, promote our events to make people to our clients to see what we are doing and to what they want to attend (E-08)</td>
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<td>we updated the people on the progress of the company, when it was opening. We upload pictures of the food and the decorations. We keep the menu updated and present promotions according to what is going on, for example the world cup. We show them what we are doing (E-03)</td>
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<td>I never try to say that I need clients, I just provide interesting information on my page that get people interested in what I do (E-04)</td>
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<td>Show what you have to offer</td>
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<td>Get People Involved</td>
<td>Get people involved</td>
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<td>promote your events and make surveys through the page (E-06)</td>
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<td>Main Categories</td>
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| Managing the Virtual Network | Advantages/Disadvantages | - | “the advantages is that you open yourself to the world and there are many advantages to explore with that, however there are disadvantages. You should not be too trusting of people, you never know who is on the other side, and a whole world of lies can be created” (E-01) 
“I see a lot of advantages, and to tell you the truth I don’t see disadvantages, unless you are not able to keep up in case your demand peaks. But I know a lot of people who have had good results with increased sales” (E-02) 
“it depends on the type of company you have and the public to which you are addressing. We are aiming to get young people, and all of them have Facebook. Maybe for other companies this is not the best way to promote, but for us it has been very good for the restaurant because we get very positive feedback. […] the only disadvantage I see now is that the group has to be updated very often to get more customers to come and try to create loyalty from them” (E-03) 
“the benefit is that I have been able to reach more people and to make my brand known easily and quicker. Disadvantages, to tell you the truth I haven’t seen any until now, the only one I might think of is that you don’t really know what each person who visits your page is interested in so that you can offer the product in a more personalized manner, this is different when you have a face to face contact with the client, because you can persuade them more easily or show them the specific product that can suit them better” (E-05) 
“The advantage is that it allows to strengthen the relationship ties with the customers. The disadvantage is that it requires someone to be in charge of keeping track and updating the profile so that people don’t lose interest. If you want to join a SNS you should have the capacity to generate content regularly, if not you lose in front of your clients. Therefore the biggest disadvantage is the cost, not all companies have that capability” (E-07) 
“For me, the most important thing is that people show interest in my product, some people belong to the group but have never asked anything about a product or tried to contact me […] that they try to establish a communication with me is very important. in these relationships they have to trust me” (E-01) 
“keep active and up to date, give real information and answer quickly to queries from contacts or clients […] that thing that if you send an e-mail and they answer in a week is wrong, I would look for someone else […] but keep active, I think that virtual memory is shorter than the Face-to face one” (E-02) |
| Developing Rapport | Managing the On-line Network | - | Facebook is a big network where you can reach a lot of people easily, maybe not the most strategic people, but we can access a large crowd (E-08) 
[I] think that depending on the business that you have it might come as an advantage [especially] many small companies don’t have the budget to start their own web page and […] become a good alternative for them to have another type of access to their customers (E-03) |
| Developing Rapport | Creating Contacts and Relationships | Open to everyone | people have Facebook on their cell phones nowadays (E-03) 
It is important to not forget that the new generation and people up to 40, we are the networking generation! [some] people might misuse it, but I don’t think it is such a problem. [Social Networking] is going to be more and more, and we have to learn to deal with it. People don’t pay attention to newspaper ads anymore, it costs you a lot of money and it will last only one day and will give you 4 or 5 jobs and that is it, but social networking [used well] can gain a lot. Of course you cannot be naive [don’t] answer to everything you get, also use your gut feeling (E-04) 
“It mainly depends on yourself as a person […] we so firmly believe in what we do […] that it gives us the opportunity to have fun with ourselves […] many of our clients come back because we are real persons” (E-08) |
| Developing Rapport | Efficient use of time | - | I can just e-mail my contacts and wait for a response [while] in the real world I have to meet, maybe for a lunch (E-04) 
“you can reach more people with less resources” (E-10) |
| Discovering Differences and Similarities | Managing the Network | Changing attitudes | “the advantages is that you open yourself to the world and there are many advantages to explore with that, however there are disadvantages. You should not be too trusting of people, you never know who is on the other side, and a whole world of lies can be created” (E-01) 
“I see a lot of advantages, and to tell you the truth I don’t see disadvantages, unless you are not able to keep up in case your demand peaks. But I know a lot of people who have had good results with increased sales” (E-02) 
“it depends on the type of company you have and the public to which you are addressing. We are aiming to get young people, and all of them have Facebook. Maybe for other companies this is not the best way to promote, but for us it has been very good for the restaurant because we get very positive feedback. […] the only disadvantage I see now is that the group has to be updated very often to get more customers to come and try to create loyalty from them” (E-03) 
“the benefit is that I have been able to reach more people and to make my brand known easily and quicker. Disadvantages, to tell you the truth I haven’t seen any until now, the only one I might think of is that you don’t really know what each person who visits your page is interested in so that you can offer the product in a more personalized manner, this is different when you have a face to face contact with the client, because you can persuade them more easily or show them the specific product that can suit them better” (E-05) 
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“For me, the most important thing is that people show interest in my product, some people belong to the group but have never asked anything about a product or tried to contact me […] that they try to establish a communication with me is very important. in these relationships they have to trust me” (E-01) 
“keep active and up to date, give real information and answer quickly to queries from contacts or clients […] that thing that if you send an e-mail and they answer in a week is wrong, I would look for someone else […] but keep active, I think that virtual memory is shorter than the Face-to face one” (E-02) |
| Developing Rapport | Creating Contacts and Relationships | Open to everyone | Facebook is a big network where you can reach a lot of people easily, maybe not the most strategic people, but we can access a large crowd (E-08) 
[I] think that depending on the business that you have it might come as an advantage [especially] many small companies don’t have the budget to start their own web page and […] become a good alternative for them to have another type of access to their customers (E-03) |
| Developing Rapport | Efficient use of time | - | I can just e-mail my contacts and wait for a response [while] in the real world I have to meet, maybe for a lunch (E-04) 
“you can reach more people with less resources” (E-10) |
APPENDIX 5(A) – FACEBOOK STATISTICS

Statistics

People on Facebook
- More than 400 million active users
- 50% of our active users log on to Facebook in any given day
- Average user has 130 friends
- People spend over 50 billion minutes per month on Facebook

Activity on Facebook
- There are over 160 million objects that people interact with (pages, groups and events)
- Average user is connected to 50 pages, groups and events
- Average user creates 70 pieces of content each month
- More than 25 billion pieces of content (web links, news stories, blog posts, notes, photo albums, etc.) shared each month

Global Reach
- More than 70 translations available on the site
- About 70% of Facebook users are outside the United States
- Over 300,000 users helped translate the site through the translations application

Platform
- More than one million developers and entrepreneurs from more than 180 countries
- Every month, more than 70% of Facebook users engage with Platform applications
- More than 550,000 active applications currently on Facebook Platform
- More than 250,000 websites have integrated with Facebook Platform
- More than 100 million Facebook users engage with Facebook on external websites every month
- Two-thirds of comScore’s U.S. Top 100 websites and half of comScore’s Global Top 100 websites have integrated with Facebook

APPENDIX 5(B) – LINKEDIN STATISTICS

Latest LinkedIn Facts
- LinkedIn has over 65 million members in over 200 countries.
- A new member joins LinkedIn approximately every second, and about half of our members are outside the U.S.
- Executives from all Fortune 500 companies are LinkedIn members.

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