

**The role of social capital in entrepreneurial
effectuation: The South African experience**

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A research project submitted to the Gordon Institute of Business Science,
University of Pretoria, in partial fulfilment of the requirement of the degree of Master
of Business Administration

1 December 2020

ABSTRACT

The commercial environment and literature alike have emphasised the need for an increase in early-stage entrepreneurial endeavours. It is understood that effectuation adds value to understanding entrepreneurial action in uncertain environments and yields positive entrepreneurial outcomes at the start of a business venture. The study specifically explored the implications of uncertainty by probing how entrepreneurs may form social capital to co-create entrepreneurial opportunities during effectuation. The literature review established the need to understand how collaborative efforts are leveraged from network members.

The exploratory research method applied for the study was qualitative and 16 semi-structured, in-depth interviews were conducted with founder entrepreneurs from various industries.

The findings showed that the journey and experience, co-creation in social capital, and the intersection of social capital and effectual entrepreneurship help to contextualise how entrepreneurs form social capital during effectuation. Additional insights identified social mobility inhibitions for Black South Africans and rebutted the need for financial capital to start a venture. Findings identified a lack of support from networks and hindrance due to jealousy as the downside factors to having close ties from 'whom you know'. The principal findings were formulated into a reconceptualised framework on the multilevel dynamics of effectuation.

KEYWORDS

Effectuation, Entrepreneurship, Social Capital, Networks, Co-creation

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Thato Tsotetsi

1 December 2020

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1 CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM

1.1 Introduction

This study aims to explore the role of social capital in entrepreneurial effectuation. Effectuation serves as a starting point for entrepreneurial action under uncertainty (Engel, Kaandorp, & Elfring, 2017) and assumes entrepreneurs engage uncertainty by flexibly responding to information and leveraging from networks, strategic partnerships and pre-commitment with stakeholders (Reymen et al., 2015; Jiang & Tornikoski, 2019). Kerr and Coviello (2019) argued that social capital (through the goodwill derived from networks) and how it arises influences effectuation. However, more research is encouraged in understanding how value is leveraged from social capital structures to co-create and or collaborate in opportunities that manifest in new ventures (Kerr & Coviello, 2019).

This study builds on effectuation theory to understand the role of social capital structures in an effectual process (Jiang & Tornikoski, 2019). Insights obtained in this research will assist in formulating how to establish collaborations in the face of uncertainty, how to broker and leverage collaboration, how to engage co-creative partners together with the social capital and network characteristics that enable such effort (Kerr & Coviello, 2019; Jiang & Ruling, 2019). Establishing the intersection of social capital and effectuation will increase the conceptual understanding of an effectual process and provide clarity on the practical implementation of this framework (Jiang & Ruling, 2019; Arend, Sarooghi, & Burkemper, 2015).

The rest of the chapter will describe the research problem, elaborate on the current state of entrepreneurship in the South African context, state the purpose of the research, and provide scope parameters.

1.2 Description of the Research Problem

It is understood that effectuation is adding value to understanding entrepreneurial action in uncertain environments (Kerr & Coviello, 2019). Uncertain conditions often dictate that entrepreneurs should experiment in order to make progress in pursuit and exploitation of opportunities (Hmieleski, Carr, & Baron, 2015; Mauer, Wuebker, Schlüter, & Brettel, 2018). The logic of effectuation favours an emerging entrepreneur that allows adaptable pivoting of ideas and opportunities based on ongoing engagements with stakeholders (Obstfeld, Ventresca, & Fisher, 2020). Growing literature covered two decision making processes that entrepreneurs are mainly engaged in. These decision-making logics are also referred to as behavioural logics, distinctly classified as causation and effectuation (Jiang & Tornikoski, 2019).

Causation assumes an entrepreneur undertakes a planned approach and looks for resources to create a new venture. In contrast, effectuation assumes one can create opportunities from relative means and resources rather than prevailing market conditions (Jiang & Tornikoski, 2019). While most studies have placed focus on covering the organising framework of effectuation and its differentiation from causation, little is known about how entrepreneurs employ effectuation to create market opportunities (Arend et al., 2015; Reuber, Fischer, & Coviello, 2015; Gupta, Chiles, & McMullen, 2016).

Kerr and Coviello (2019) posited that social capital (through network driven goodwill) and the way in which it arises influences effectuation because an entrepreneur's perception of his or her social capital shapes how they appraise possible opportunities. The literature review depicted our overarching theory of effectuation as an entrepreneur's behavioural logic or logic of action in a decision-making process under uncertainty, with emphasis on collaboration and co-creation amongst network members (Reuber et al., 2015; Jiang & Tornikoski, 2019). However, more research is encouraged in understanding how value is leveraged from social capital structures to co-create and or collaborate in effectual opportunities that manifest in new ventures (Kerr & Coviello, 2019). Thus, the focus of attention is to understand how the relationships that enable the 'co' in co-creation are brokered, accompanied by the social capital characteristics that enact such efforts (Kerr & Coviello, 2019; Jiang & Ruling, 2019).

Although studies have progressed in analysing the different context of interactional elements involved in social capital (Smith, Smith, & Shaw, 2017), this study explored how social capital through 'whom you know' is formed in uncertain decision context.

1.3 Commercial Environment

South Africa is confronted with the problem of fostering economic activity and low early-stage entrepreneurial endeavours to stimulate business growth (Herrington & Kew, 2018). Falconer and Herrington (2020) explained that there are current challenges of fear of failure and a high failure rate of small businesses, thus signalling a reduction in future start-up potential. The main paradox of this is that in South Africa, these small businesses are seen as the source of employment and reduction of poverty. The government's National Development Plan places importance in expanding small and medium-sized business and ultimately reducing the unemployment rate to 6.7% by 2030 (National Planning Commission, 2012). Mauer et al., (2018) posited that uncertain decision making circumstances often require entrepreneurs to experiment in order to make progress in pursuing opportunities, this is an avenue that can help to improve the opportunities that can be leveraged by the small businesses.

This uncertainty has been recently being elevated by the COVID 19, a global pandemic that created considerable damage in the economy in South Africa and around the world. The South African gross domestic product declined by 16% in the second quarter of 2020, with a -51% annualised negative growth rate and over 2 million jobs lost (Statistics South Africa, 2020b). According to Engel et al., (2017), uncertainty is seen as an omnipresent constituent of entrepreneurship and extends beyond the inability to predict something; it also includes the inability to collect information to pre-empt a possible outcome. The subjectivity is such that uncertainty may be experienced differently and can be temporary. This invites the consideration of effectuation, which negates the entrepreneur's idea of control over future outcomes, resulting in a creative transformation of available means (Engel et al., 2017). The "effectuation process allows the economy to experiment with more numbers of new ideas at lower cost" (Sarasvathy, 2001, p. 260; Mauer et al., 2018), thus enabling increased entrepreneurial skills and activity. In essence, in uncertain

circumstances, effectuation aids the starting point for entrepreneurial action (Engel et al., 2017).

The study of entrepreneurial action is crucial, as without it – no new opportunities would emerge (Tocher, Oswald, & Hall, 2015). For entrepreneurs, the study will provide insights on ways to engage in collaborative efforts when faced with uncertainty. In a South African context, more entrepreneurs need to start businesses and do so successfully and sustainably (Herrington & Kew, 2018). Given that entrepreneurial action is crucial in building economies, studies of entrepreneurial action such as effectuation are important and worthy of detailed understanding (Arend et al., 2015). This is linked to the growth of entrepreneurial development (Hmieleski, Carr, & Baron, 2015).

1.4 Purpose of Research

Jiang and Ruling (2019) posited that effectuation theory has given insufficient consideration to understand the social capital characteristics that promote co-creation amongst individuals. As such, the exploration centres on how entrepreneurs employ social capital to form opportunities when conditions are uncertain (Hmieleski et al., 2015). By and large, (Kerr & Coviello, 2019) has found that the network content shapes the possible resource for the future. However, there is a need to understand how collaboration is leveraged from network members.

It is therefore the intention of this study to begin to explore how social capital is formed in an uncertain decision context. This is done by reflecting on the social capital characteristics in effectuation through 'whom you know'. This will establish the intersection of entrepreneurial effectuation and the social capital derived from co-creators and or collaborators. These dynamics are mapped at the level of the individual entrepreneur (Jiang & Tornikoski, 2019; Kerr & Coviello, 2019). This study will explore how an entrepreneur's social capital influences entrepreneurial effectuation at the start of a business venture. This can result in the emergence of a refined, elaborate, and practical effectual theory which adds to the knowledge body of entrepreneurial skills (Welter, Mauer, & Wuebker, 2016; Reuber et al., 2015).

The research aims to:

- i. Uncover how entrepreneurs employ or utilise social capital to enable collaboration and or co-creation when undergoing uncertain conditions.
- ii. Explore how do entrepreneur gain or grow their social capital.
- iii. Identify the social capital characteristics that enable co-creation in this context being the joint creation of opportunities.

1.5 Scope of Research

Effectuation is broad in its definition and application. In delimitation, this study will focus on the intangible resource of social capital through "whom you know" as an artefact of effectuation, to explore the effectual framework (Obstfeld et al., 2020). The study will specifically explore the implications of uncertainty into probing how entrepreneurs may form social capital to enable the joint creation of opportunities during effectuation.

To support the understanding of the role of social capital in effectual entrepreneurship, a hypothetical framework that illustrates the context of effectuation in relation to other constructs has been outlaid as a result of information reviewed in Chapter 2. Insights from the findings in Chapter 6 contribute to the development of a reconceptualised dynamics of effectuation model in Chapter 7, which endeavours to provide solutions to the research problem identified in this Chapter.

1.6 Conclusion

Given the research problem and extant literature, effectuation is the entrepreneurial response to uncertain decision context, and this study intends to illuminate an overlooked area which is the role social capital plays in effectual entrepreneurship (Engel et al., 2017; Arend et al., 2015). Although studies have progressed in analysing the different contexts of interactional elements involved in social capital (Smith et al., 2017), this study explores how social capital through 'whom you know' is formed in uncertain decision context. The aim is to uncover how entrepreneurs use social capital to encourage cocreation under uncertain circumstances, how that

social capital is acquired or developed and the social capital characteristics that allow such co-creation or collaboration to occur. This is explored through the eyes of the effectual entrepreneur as the unit of analysis.

Chapter 2 follows with the literature review, which will provide insights on entrepreneurship, the theory of entrepreneurial effectuation, social capital and the influence of social capital on entrepreneurial effectuation.

2 CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Effectuation is a theory of entrepreneurship that adds value to understanding entrepreneurial activity under uncertain circumstances (Kerr & Coviello, 2019). The logic of effectuation is favourable to a nascent entrepreneur by enabling a successful navigation of ideas derived from engaging with interested parties (Obstfeld et al., 2020). Emerging literature indicated that entrepreneurs are primarily involved in two decision making mechanisms. These mechanisms are often referred to as behavioural logics, and specifically described as causation and effectuation (Jiang & Tornikoski, 2019).

According to Jiang & Tornikoski (2019), causation suggests that the entrepreneur is following a planned strategy and is searching for resources to create a new business. On the other hand, effectuation implies that opportunities can be created by relative means rather than by existing market conditions. Causation deems the outcome as given and looks for the appropriate means to achieve the outcome. At the same time, effectuation works with the given set of means to achieve an outcome possible within a given set of means with emphasis on collaboration and co-creation amongst network members (Reuber et al., 2015; Jiang & Tornikoski, 2019). In effectuation, the entrepreneur engages uncertain circumstances by reacting flexibly to knowledge and leveraging from connections, strategic partnerships and prior commitments made by interested parties (Reymen, et al., 2015; Jiang & Tornikoski, 2019). Although most studies have concentrated on the organisation of the effectuation process and its distinction from causation, more research is needed to understand how entrepreneurs use effectuation to build business opportunities (Arend et al., 2015; Reuber et al., 2015; Gupta et al., 2016).

Turning our attention to social capital, while there has been progress in the study of social capital (Smith et al., 2017) indicated that the context is important to determine viable social capital structures that yield desired outcomes. Kerr and Coviello (2019) posited that the growth of one's social capital (through the goodwill generated from

networks) affects effectuation and shapes the way potential opportunities are assessed. However, more research is needed in understanding how social capital is formed in an uncertain decision-making context to co-create opportunities that manifest in new businesses (Kerr & Coviello, 2019).

In this section, the implications of how entrepreneurs may form social capital to enable the co-creation of entrepreneurial opportunities during effectuation were considered (Jiang & Ruling, 2019; Kerr & Coviello, 2019; Engel et al., 2017). Arguments to establish the intersection of social capital and effectuation were presented, such that the boundaries of the effectual process are broadened (Jiang & Ruling, 2019). An extensive literature review was conducted to address the following areas: i) entrepreneurship ii) the theory of entrepreneurial effectuation iii) social capital and iv) the influence of social capital on entrepreneurial effectuation, in the sections to follow:

2.2 Entrepreneurship

2.2.1 The Current Landscape of Entrepreneurship in South Africa

In the past decade, the South African economy has consistently underperformed, with the gross domestic product declining to a record fall of 51% in the second quarter of 2020. The deterioration is further exacerbated by the impact of the COVID 19 lockdown restrictions (Manamela, Makhoba, & Ligudu, 2020). The slow growth deepens unemployment and inequality, with the unemployment rate reaching record levels of 30.1% in 2020. Unemployment is recorded as the main reason individuals start a business (Statistics South Africa, 2020a).

According to Falconer and Herrington (2020), entrepreneurship is identified as key to job creation, driving economic growth and social cohesion. More entrepreneurs are needed to secure South Africa's economic growth, and the context determines the success of the entrepreneurial activity. In South Africa, there is a substantial increase in individuals who identify entrepreneurial opportunities and who believe they have the commensurate skill set. However, the fear of failure is high, and the intention to be an entrepreneur is on a decline. Further, more business is being closed than started (Falconer & Herrington, 2020).

With the failure rate of new business being high, commercial banks are perceived to have stringent screening processes when evaluating the Small, Medium and Micro Enterprises (SMMEs) for financing or funding (Small Enterprise Development Agency, 2018). This was seen as being driven by their efforts to mitigate the risk of non-payment and debt write-offs. As such, the SMMEs are finding it difficult to obtain credit facilities from commercial banks. Due to this, lots of SMMEs revert to 'whom they know'. The survey conducted by Statistics South Africa previously on the Employers and the Self-Employed found that more than 80% of the SMMEs reverted to family members and friends for finance and funding to start up their business because of challenges with accessing credit or investment from formal financial institutions (Statistics South Africa, 2017).

It is worthwhile to take inventory and forge a way forward. This is vital considering the government's National Development Plan that places importance in expanding small and medium-sized businesses and ultimately reducing the unemployment rate to 6.7% by 2030 (National Planning Commission, 2012).

2.2.2 Defining Entrepreneurship

Entrepreneurship is broad in its definition and application and varies depending on who you ask. Davidsson (2015) attempted to provide a description by defining entrepreneurship as a process through which new economic activities and business ventures are brought into existence. In the complexity of the definition. Davidsson (2015) identified venture creation opportunities as central to the existence of an entrepreneurial process and this is driven by entrepreneurs. Welter et al., (2016) added practicality to the standing definition by portraying entrepreneurs as individuals who identify and exploit opportunities to create a business venture.

Olugbola (2017) highlighted the importance of a viable business idea, in that it allows the start-up to turn the idea into a business. As such, the entrepreneur or aspiring entrepreneur should have the capacity to turn these viable ideas to reality. This was supported by Teece (2018) who argued that entrepreneurs need to translate their promising viable ideas and into viable business outcomes and models.

2.3 The theory of Entrepreneurial Effectuation

2.3.1 Contextualising ‘Uncertainty’ or Resource Limitation in Entrepreneurial Action

When one does not know what the future entails, a prediction is impossible, and thus entrepreneurs are likely to move forward with an indefinite target. In an attempt to understand the uncertain decision context entrepreneurs are confronted with, (Engel et al., 2017) found that entrepreneurial action in a creation context is, at least occasionally, characterised by uncertainties of discerning the probability of success in exploiting an opportunity. Uncertainty is seen as an ever-present aspect of entrepreneurship and goes beyond the inability to foresee something; it also entails the inability to gather data to pre-empt a possible outcome. The subjectivity is such that it is possible to experience uncertainty differently and may be transient. This called for the consideration of effectuation, which negates the principle of control over future outcomes by the entrepreneur, resulting in an innovative transformation of the means available. Effectuation acts as a starting point under uncertainty for entrepreneurial action (Engel et al., 2017).

Tocher et al., (2015) perceived uncertainty as the absence of knowledge about the present or future environment. Uncertainty in an entrepreneurial context is an important consideration as it can create doubt to the entrepreneur and or the related stakeholders resulting in inaction. The findings revealed that entrepreneur uncertainty is reduced by gathering information, while the distribution of information reduces stakeholder uncertainty. This aligned with a study by Reymen et al., (2015) that revealed that uncertainty is driven by lack of knowledge, thus inability to predict future state or effect. Tocher et al., (2015) suggested that both entrepreneur and stakeholder uncertainty is dependent on social interactions. The study concludes that uncertainty can be reduced through social resources such as social competence and social networks. Tocher et al., (2015) established a need to further examine the role of social resources in reducing business uncertainty.

Uncertain circumstances also require entrepreneurs to experiment in order to make progress in the search and exploitation of opportunities (Hmieleski et al., 2015; Mauer et al., 2018). According to Hottenrott and Richstein (2020), uncertainty

imposes challenges to entrepreneurial financing, and early-stage ventures can have high investment requirements, and unavailability of financing can result in unpursued opportunities. Hottenrott and Richstein (2020) further identified that the need for financing is greater for ideas that need research and development and with better access to finance constraints imposed by uncertainty are reduced. Restrictions to capital raising for early-stage ventures often require founders to use their own financial capital or place assets as collateral (Hottenrott & Richstein, 2020).

The COVID 19 pandemic has heightened this uncertainty, and has caused significant harm to the global and South African economy. Due to this, the South African gross domestic product has significantly decreased by 16% from the first quarter to the second quarter of 2020, with an annualised negative growth rate of -51% and job losses in excess of 2 million. (Statistics South Africa, 2020b).

It was with this view that the attention turned to the theoretical boundary conditions of effectuation.

2.3.2 The Boundary Conditions of Effectuation

Years after Sarasvathy's (2001) seminal studies, the definition of effectuation still holds; effectuation is a theory of understanding entrepreneurial action under uncertain conditions (Kerr & Coviello, 2019). An effectual process is thus where an entrepreneur takes "a set of means as given and focuses on selecting between possible effects that can be created with that set of means" (Sarasvathy, 2001, p. 245) such that the future is controlled through the exploitation of available means.

Effectuation is a theory of entrepreneurship and proposes two behavioural logics of entrepreneurial action, being causation and effectuation. Causation places emphasis on planning, prediction and analysis, in contrast to effectuation, which emphasises collaboration and the cocreation of a future (Jiang & Tornikoski, 2019; Read, Sarasvathy, Dew, & Wiltbank, 2016).

Jiang and Tornikoski (2019) posited that there is little understanding of why entrepreneurs use effectuation or causation. While literature makes uncertainty as

the qualifying difference between effectuation and causation, more complex relationships between the constructs are yet to be revealed. At times effectuation and causation can overlap, depending on the context, decision and timing; thus, the behavioural logics are not mutually exclusive. Studies by Jiang & Tornikoski (2019) and Reymen et al. (2015) have found that when entrepreneurs do not recognise uncertainty (in-state, effect and response) their behaviour orientation is dominated by causation (planned actions) and when uncertain decision context is introduced more effectual logic (unplanned actions) is introduced. The process of perceived uncertainty can evolve, and thus the entrepreneur's consumption of effectual versus casual behavioural logics can combine and vary over time.

Arend et al., (2015) posited that effectuation is a theory of entrepreneurship that lacks practical conceptualisation and is in need of improvement to add meaning to its definition, with some scholars questioning its viability in describing entrepreneurial action. There is significance in the theory of effectuation to add new insights into entrepreneurial studies. The effectual process commences when the entrepreneur is confronted by uncertainty or a resource-restricted context; such restriction in a resource is an indication of the entrepreneur's available means. The potential entrepreneur then engages in an effectual process with their available means at hand to meet possible entrepreneurial aspirations. The potential loss is affordable and survivable through available means, often being resources gained from co-creator involvement and other contingencies. This results in the manifestation of a new market artefact which is often a new business. The next round of the effectual process is influenced by the altered available means gained in the first attempt (Arend et al., 2015). This is illustrated in the diagram below:

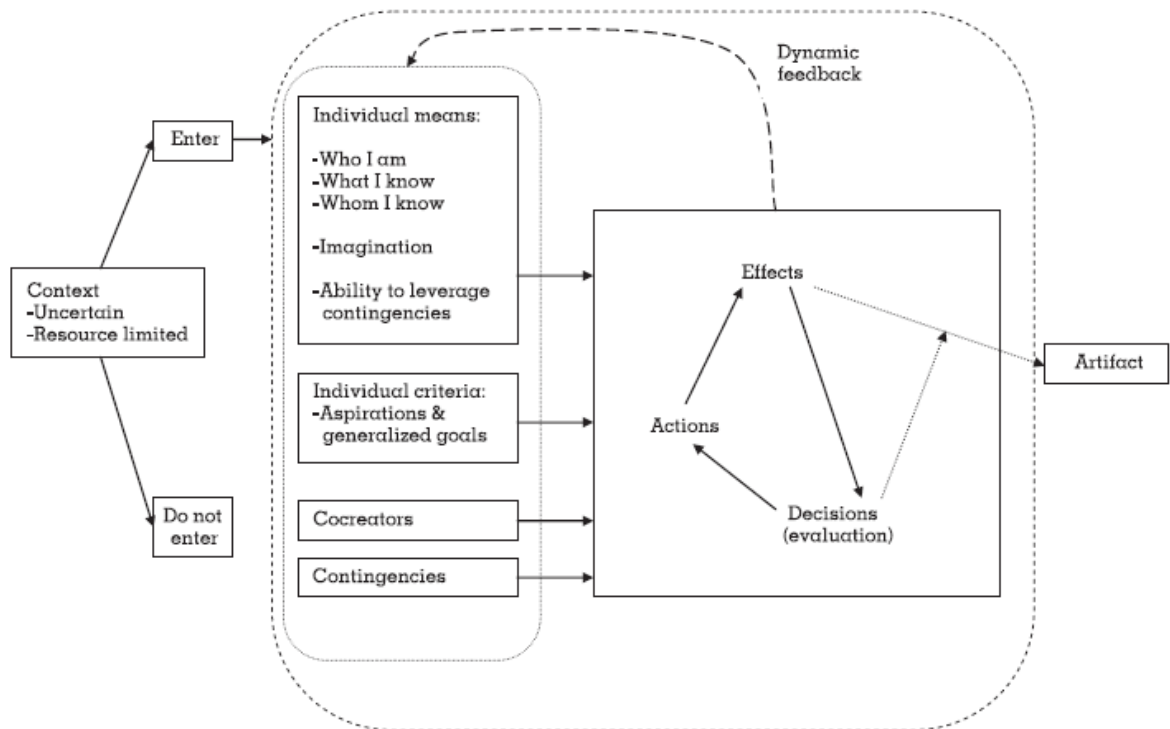


Figure 1: Effectuation process model for entrepreneurship

Source: Arend, R. J., Sarooghi, H., & Burkemper, A. (2015). Effectuation as ineffectual? Applying the 3e theory-assessment framework to a proposed new theory of entrepreneurship. *Academy of Management Review*, 40(4), 630-651. p. 632.

Arend et al., (2015) further posited that the effectual process is influenced by the following factors:

- i) Context, i.e. the environment which can be uncertain but does not remain uncertain over time through experimental learning,
- ii) Available means, through the entrepreneur's identity, what they know and who they know,
- iii) Contingencies which are unanticipated influences,
- iv) Co-creator pre-commitment, co-creators are cooperating partners who offer resources and commitment to the entrepreneurs' activities. This could include alliance partners, networks, stakeholder commitment and,
- v) Aspirations.

An effectual entrepreneur embraces unexpected events and converts them to profitable opportunities. Arend et al., (2015) recommended that the effectual logic can be enhanced through the additional articulation of the entrepreneur's context (to optimise the logic in the theory).

Kerr and Coviello (2019) aligned with Arend et al., (2015) view by stating that when the future is uncertain, effectuation provides guidance. The theory guides entrepreneurship by adopting four paths to move forward. The first being considering the effector's available means rather than predictable means by answering who you are, what you know, and whom you know. The second is securing partnership and pre-commitments from stakeholders. The third is focusing on human interaction that leads to co-creation. The fourth is experimenting based on the confines of what one can afford to lose. Lastly, the fifth is being flexible to take advantage of possibilities amongst humans, i.e. contingencies.

According to Arend et al., (2015), what remained unknown is the nature of uncertainties, the resources at hand, what contingencies have been explored and the functions of the identifiable parties involved in the entrepreneur's journey. Additional processes on the exploitation of contingencies need to be developed. Arend et al., (2015) further recommended the development of an inventory list that portrays how entrepreneurs can effectuate.

The findings of Jiang and Tornikoski (2019) explained that an entrepreneur's posture in effectual theory converges on focusing on the principle of considering: the affordable loss of the opportunity rather than the returns expected, formulating strategic partnerships rather than engaging in competition, exploiting possibilities rather than familiar information and controlling a future with uncertainty rather than trying to predict with certainty. However, both Jiang and Tornikoski (2019) and Reymen et al. (2015) stated that the effectual theory is insufficient in explaining how entrepreneurs adopt effectuation.

According to Michaelis, Carr, Scheaf, and Pollack (2020), entrepreneurs with high trait frugality emulate effectual behaviour by learning to do more with less. Frugal entrepreneurs use effectual behaviours such as experimentation and affordable loss. This emulates starting with the available means rather than the end target and using

experimentation and flexibility to reduce uncertainty. Effectual logic is effective for value creation when the end goal is unknown and promoting the adapting of goals when resources are limited.

In addition to the experimentation, Weinberger, Wach, Stephan and Wegge (2018) identified creativity and novel ideas as important for the development of new entrepreneurial opportunities and successful venture creation. The ideas must be useful and entail creatively solving strategic problems to identify growth opportunities (Ter Wal, Criscuolo, McEvily, & Salter, 2020). Idea generation is linked to high motivation levels and innovative thinking. The idea must make a difference to the economy or society (Ter Wal et al., 2020; Weinberger et al., 2018). Weinberger et al., (2018) further explained that for ideas to be implemented and transformed into opportunities, the ideas must also be effectively communicating by involving stakeholders.

Welter et al., (2016) argued that the application of effectuation has not received sufficient attention and suggested that uncertainty is not the only boundary condition of effectuation. However, entrepreneurial decision-making logic can be effective in risky environments, as well.

2.3.3 Effectuation in New Business (Market Artefact) Creation

According to Kerr and Coviello (2019), when referring to business creation in an effectual process, entrepreneurs focus on their immediately available means by answering three questions: 'who I am' (i.e. the entrepreneur's identity, traits, preferences, capabilities, and attributes), 'what do I know' (i.e. the entrepreneur's skill, experience and own knowledge corridors, education and expertise) and 'who do I know' (through the entrepreneur's existing social network). Kerr and Coviello (2019) simplified these available means as identity, shared knowledge and social capital through the value derived from network structures. This supports emerging entrepreneurial elements, and the repetition of such a process was labelled as an 'extant model' which results in the creation of entrepreneurial opportunity (Kerr & Coviello, 2019).

Sarasvathy's (2001) seminal studies on effectuation conceptualised 'The extant model of effectuation' which entails an iterative cycle of an individual answering, 'who am I', 'what do I know', and 'who do I know' to derive a set of means. An individual will be required to articulate what they can do given their available set of means and embark on ongoing interaction with other parties about what they can do. The interactions can derive stakeholder pre-commitments and the emergence of collaborators and or co-creators (Ter Wal et al., 2020). At this stage, the individuals set of means is expanded to discover and create new market opportunities or ideas (i.e. a market artefact) (Ter Wal et al., 2020; Kerr & Coviello, 2019). The figure below depicts the extant model of effectuation (Sarasvathy, 2001; Kerr & Coviello, 2019).

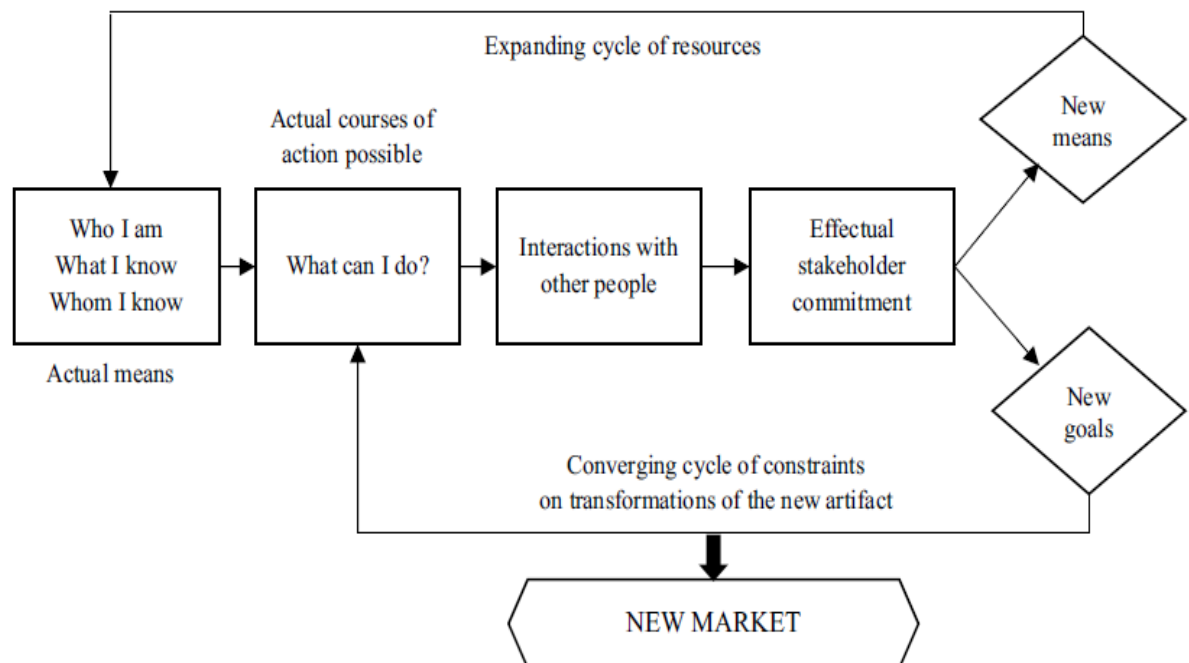


Figure 2: Extant model of effectuation

Source: Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 3.

However, Kerr and Coviello (2019) argued that the role of other parties, and how to derive value from those parties in the extant model of effectuation is underplayed (Kerr & Coviello, 2019). The logic of co-creators is driven by shared knowledge, identity, social capital, and cognition amongst network structures. Thus there is room

to understand how these constructs play a role in effectuation to enhance the boundaries of the extant model (Kerr & Coviello, 2019). Jiang and Ruling (2019) posited that beyond the addition of new means, the nuances of the interactional process, and how these interactions are brokered need to be understood in the extant model. Reymen et al., (2015) argued that collaboration and flexibility assist in venture creation under uncertainty.

2.3.4 Focus on ‘whom you know’ as a Set of Available Means in Effectuation

In effectuation ‘whom you know’ is a critical resource at hand and is a launching point of engaging entrepreneurial action (Arend et al., 2015; Obstfeld et al., 2020). In effectuation, an individual’s social relationships through ‘whom you know’ results in the creative transformation of available means to entrepreneurial, goals however foresight is required for this to be viable (Engel et al., 2017).

According to Engel et al., (2017) in effectuation, behaving in a manner that benefits others may result in long-term payoffs and receiving commitments from stakeholders is important in the co-creation of entrepreneurial opportunities. However, there has been little focus on the interactional element that enable these network ties. To understand communication with stakeholders as a set of the available mean Waldron, Fisher and Navis (2015) suggested mobility alluding to the entrepreneur’s ability to improve their social standing as an important means in entrepreneurship. This entailed the ability to frequent interactions within communities and organisations.

2.3.5 ‘Whom you know’ as a Network Driven Phenomenon?

In effectuation, the meeting of new people is crucial to moving entrepreneurial action forward. This can happen through networking which is distinctively social. Networking is seen as an entrepreneurial action where goals emerge (Engel et al., 2017). Kerr and Coviello (2019) affirmed this view by stating that pre-existing networks of ‘whom you know’ are crucial in endeavouring an entrepreneurial journey.

This is because of the perceived social capital embedded in the networks moulds and shapes the entrepreneur's opportunity assessment and levels of collaboration.

According to Kerr and Coviello (2019), effectuation is influenced by emerging networks characteristics. This allows the "co-construction of knowledge, identity and social capital" (Kerr & Coviello, 2019, p. 1) amongst network members. To unpack effectuation, it is important to understand the network of external parties and the social capital extracted. For example, how do you persuade members to pre-commit to an entrepreneurial vision (Porter & Woo, 2015)?

In the articulation of 'whom you know', Engel et al., (2017) indicated that an entrepreneur's social engagements can result in new objectives and the shaping of networks is important in forming entrepreneurial ties. The strategies that form meaningful ties amongst network members include scanning the environment, gather information on them, and anticipate the interaction, i.e. the pre-emptive structuring of the encounter (Engel et al., 2017; Porter & Woo, 2015).

According to Engel et al., (2017), to the extent that networks are entrepreneurial, they are bound to be unpredictable in action. Goals or opportunity emerge out of uncertainty amongst your networks. Thus, more research is encouraged around the dynamic and reciprocal influence in social networks that contribute to entrepreneurial outcomes (Engel et al., 2017; Ter Wal et al., 2020). There is a need to understand effectual network strategies when there is uncertainty.

2.3.6 Contingent Contacts deemphasising 'whom you know'

According to Kerr and Coviello (2019), effectual networks extend beyond 'whom you know', which entails leveraging off contacts for introductions with a broader network, i.e. contingent contact. For this to happen, entrepreneurs should be open to informal, unplanned, more serendipitous relationships thus gives rise to the opening of opportunities. When 'whom you know' is deemphasised, the 'contingent' contact comes into play. Kerr and Coviello (2019) further posited that networks emerge from contingent contacts than 'whom you know'. However, it is unknown under which circumstances are 'whom you know' contacts more valuable than 'contingent contacts'.

Engel et al., (2017) stated that one should not engage with a posture of what you will get in return, as that might lead in the actual opportunity being missed. Under uncertainty, relationships are built beyond family and friends; this extends to strangers, as it is unknown who will serve as a conduit for the next entrepreneurial opportunity. The diverse social resource serves as input to entrepreneurial ideas, creativity, and growth (Porter & Woo, 2015). The outcome of network characteristics includes “altruism, pre-commitments, co-creation and serendipity” (Engel et al., 2017, p. 48). There is a research need to understand effectuation together with established constructs, such as the role of social relationships on effectuation (Engel et al., 2017).

2.3.7 Considering the Downside to ‘whom you know’

Although the value of ‘whom you know’ is emphasised in several studies, Kerr and Coviello (2019) indicated that there is also a downside to ‘whom you know’. Networks emerging from strong ties can constrain effectual behaviour, due to the likelihood of being similar to close individuals, i.e. homogenous characteristics which limits the transformation of creative ideas. Commitments tend to be difficult to alter with strong ties, which counters the characteristics of flexibility, experimenting and exploiting contingencies espoused with effectuation. In contrast, networks emerging from weak ties such as contingent contacts enjoy relational freedom and brings about diverse resources and new and creative information that catalyse innovation. Further, contingent contacts increase one’s network base (Porter & Woo, 2015; Kerr & Coviello, 2019). Contingent contacts bring about more flexibility and experimentation espoused with effectuation. However, there is insufficient understanding about what can be done with those available means.

Overall Kerr and Coviello (2019) found that the content shared within networks shapes future outcomes. Trust established in social networks is important, and network characteristics such as being cohesive support collaboration. However, there is a need to understand how collaboration is leveraged from those networks.

2.3.8 Leveraging Collaboration during Effectuation to Co-create in Uncertain Context

According to Jiang & Ruling (2019) and Kerr & Coviello (2019), under uncertain circumstances, entrepreneurs tend to collaborate with network members to co-create opportunities. The response to these questions (what I am, what I know, and who I know) depicts available means which enable the entrepreneur to solidify a future through co-creation and collaboration from network structures. Emphasising collaboration, entrepreneurs crystallise the means to create business opportunities through effectuation behaviour. Hence effectuation does not position opportunities as waiting to be discovered in an exogenous environment; however, it prescribes mechanisms that enable an environment that is conducive for the creation of opportunity.

In effectuation, an uncertain decision context is controlled through a co-creative process that allows the emergence of entrepreneurial ideas and converges on opportunities (Reymen et al., 2015). According to Arend et al., (2015) and Reuber et al., (2015), this co-creational process that emerges from the network of external parties in effectuation has become important in understanding entrepreneurial action. Kerr and Coviello (2019) findings revealed that strong network ties are likely to yield reciprocity in commitment, collaboration, and partnership, and this supports the co-creation espoused in effectuation. These strong ties are likely to emerge from social networks (Ter Wal et al., 2020), which increase access to information and reducing the risk of loss espoused in the affordable loss principle of effectuation. This enables the co-creation of entrepreneurial opportunities (Kerr & Coviello, 2019). However, there is insufficient information on how these co-creative networks have emerged (Arend et al., 2015; Reuber et al., 2015; Kerr & Coviello, 2019).

According to Obstfeld et al., (2020), in effectual logic, entrepreneurs leverage from who they know within network structures to forge collaboration. Obstfeld et al., (2020) identify a social process of knowledge sharing through storytelling as a connecting activity. In every social interaction, the aspirant entrepreneur must share knowledge or content that is useful and relevant to the recipient, such that a common purpose or shared vision is established (Obstfeld et al., 2020; Porter & Woo, 2015). This will invite collaborative ties periodically or for an extended time (Ter Wal et al., 2020).

The value derived is one of social capital. However, there is insufficient literature to connect the characteristics and activity that enables such collaboration (Obstfeld et al., 2020).

The attention turned to social capital theory.

2.4 Social Capital

2.4.1 Social Capital Theory in an Entrepreneurial Context

There is extensive research that stated that social capital plays a vital role in successful venture creation and is central to serving entrepreneurial outcomes (Smith et al., 2017). In addition to effectuation, the second theory is of social capital which is a foundational theory in understanding entrepreneurial action. According to Smith et al., (2017) and Porter & Woo (2015), social capital is widely understood to be an outcome of networking, through the ability to extract value from relationships and resources embedded in relationships to achieve desired entrepreneurial outcomes.

Hmieleski et al., (2015) defined social capital as the ability to extract value through goodwill from one's social structures and networks. Deriving social capital from strong networks provides inputs and rich information. This is mostly available through the goodwill of trusted relationships that enable entrepreneurs to identify and exploit.

However, social capital has fallen short in its definition and application due to its latent nature. It is not clear until the entrepreneur uses it. Although social capital is defined as the resultant value from trusting relationships, it can be argued that relationships only serve as a means to the resource, and the actual resource in the form of example money and information is social capital. For this study, the definition referred by Smith et al., (2017, p. 5) was used as the "sum of actual and potential resources embedded within, available through, and derived from the network of relationships possessed by individuals". In this case, social capital entails i) the relationships derived from networks ii) that serve as an available resource iii) used by entrepreneurs iv) to achieve successful entrepreneurial outcomes (Smith et al., 2017).

Kerr and Coviello (2019) posited that network structures can advance or constrain entrepreneurial activity, however strong ties serve as a source of assistance in uncertain circumstances and are beneficial in the exchange of tacit and complex knowledge (Kerr & Coviello, 2019; Sarasvathy, 2001). What is crucial is the feedback derived from experimentation and engaging directly with the network environment (Ter Wal et al., 2020). Strong networks positively tie to good performance in a dynamic market (Hmieleski et al., 2015). The benefits of social capital can result in reduced transaction costs through established collaboration, particularly important in a discovery and creation process (Hmieleski et al., 2015; Mauer et al., 2018).

The benefits of social capital in an entrepreneurial context include: taking advantage of market opportunities, the identification and allocation of scarce resources, accumulation of information and sponsors, improving outcomes in uncertain times, mitigating failure, an affirmation of legitimacy, and innovative opportunities (Smith et al., 2017; Ter Wal et al., 2020). The disadvantages of social capital include: a collective herd mindset of conformity, inability to walk away from failing partners, less objectivity and more tolerance of mediocrity (Smith et al., 2017).

According to Vaan, Frenken and Boschma (2019), one of the downsides to social capital is that it discourages entrepreneurship in a new industry due to conformity of values amongst strong ties, and existing norms being challenged, hence not allowing deviation in activity. However, once an industry is established, social capital is more beneficial and less restrictive.

2.4.2 Social Capital in South Africa

In South Africa, there are higher entrepreneurial participation rates around individuals in their mid-careers, as those individuals have gathered the skills and social capital as a resource factor. Further, men are identified to be more likely to embark on a new business venture than their female counterparts. This is attributed to fewer business networks, lower societal status, lack of role modelling and the lack of confidence to succeed in an uncertain business environment (Herrington & Kew, 2018).

2.4.3 Social Capital Characteristics

According to Tocher et al., (2015), the social resources between the potential entrepreneur account for the majority of entrepreneurial failure, through the abandonment of ideas and market launch challenges. Such social resources entail social capital (through the goodwill of one's network relations) and social competence (depicting the ability to interact with others effectively).

Social capital helps potential entrepreneurs test the viability of their ideas through interactive feedback (Ter Wal et al., 2020). While social competence is important in enacting the opportunity through selling the viability of the offering to relevant stakeholders, social capital assists with the objectification of ideas through sense-making amongst knowledgeable peers (Tocher et al., 2015; Porter & Woo, 2015). Social competence allows the enactment of opportunities while building consensus amongst stakeholders. It supports social capital by enabling entrepreneurs to bridge ties, while social capital supports social competence by increasing potential stakeholders to engage with. Thus, social resources catalyse the creation of new business. Social capital and social competence play complementary roles to objectify and create opportunity (Tocher et al., 2015).

According to Tocher et al., (2015), social capital arises from reputation, family, work references, work experience, memberships. The primary benefit of social capital is information and influence while social competence alludes to interpersonal skills. Tocher et al., (2015) posited that potential entrepreneurs should place efforts in developing their social resources in the same way they place effort in to conceptualise ideas. However, the focus should not only be on bonding but on bridging ties as a supplement to the bond established. This could be done by attending new social, business, and community organisations and attending to social skills training. Social skills in this context is the ability to influence and induce cooperation (Ter Wal et al., 2020; Tocher et al., 2015).

Tocher et al., (2015) further suggested that incubation hubs could encourage entrepreneurs to record their original ideas, which is vital for opportunity creation. This would encourage entrepreneurs to ideate within their bridged ties, and

continuously develop their ideas through the involvement of other parties (Ter Wal et al., 2020; Tocher et al., 2015). The study recommends that further research is required to understand whether bridging social capital influences the objectifying and enactment of ideas (Tocher et al., 2015).

2.4.4 Networks as a Latent Characteristic of Social Capital

The value derived from networks is crucial in understanding social capital. It is the individual's perception of value from that network which is important, i.e. social capital (Smith et al., 2017). There has been prominence in classifying social capital as bridging or bonding. Bridging social capital arises from weak tie networks gained from bridging structural holes in contingent contacts due to no direct linkage amongst network members. This is characterised by brokerage between network members, diverse new contacts and sharing of information or knowledge (Porter & Woo, 2015). In contrast, bonding social capital arises from strong ties within networks. This is characterised by regular interactions, establishing trusting relationships and reciprocated commitments (Smith et al., 2017).

According to Engel et al., (2017), the founding business owners are most likely to have the best exposure to navigating social capital by extracting benefit from social structures, in a logical manner that catalyses the discovery, creation, and emergence of new ventures as their realm. Engel et al.,'s (2017) point of departure was the absence or vague nature of the goal. Thus, entrepreneurs engage their existing and new ties to assess available resources where opportunities emerge (Engel et al., 2017).

Tie formation of a social network is strategic (Ter Wal et al., 2020). Entrepreneurs build their networks by forming ties and relationships for venture discovery, creation, resources, and partnerships. Such networking involves unpredictability and is iterative (Engel et al., 2017). Although networking is a recommended practice in entrepreneurship, there is insufficient research to understand the characteristics of how entrepreneurs convert intangible resources such as social capital into a competitive advantage in venture creation (Hmieleski et al., 2015).

2.4.5 Trust as a Latent Characteristic of Social Capital

According to Hmieleski et al., (2015), a network exchange derived from a relationship established by trust (goodwill) creates the basis of social capital. Strong ties are characterised by trust, frequent engagement, and emotional connection, while weak ties are characterised by diverse interactions, infrequent interaction, and transaction orientation. Both strong and weak ties require personal investment such as one's time, emotions, and affiliation fees to develop (Hmieleski et al., 2015; Porter & Woo, 2015).

2.4.6 Information sharing as a Latent Characteristic of Social Capital

According to Hmieleski et al., (2015), a large and varied social contact base provides information that enables alert individuals to identify entrepreneurial opportunities. This happens by bridging connected dots to otherwise disconnected information, thus enabling the discovery and creation of opportunities in information-rich environments. Hmieleski et al., (2015) stated that engaging directly with the environment is more effective in opportunity discovery than opportunity creation (i.e. conditions of uncertainty). One of the suggested manners to engage with the environment is through volunteering (Benenson & Stagg, 2016). Benenson and Stagg (2016) explained the opportunities offered to volunteer assisted in amplifying learning, getting access to information and skills acquisition. Although this was done within the working environment, this shows how volunteering helps to improve knowledge.

Social capital derived from strong ties can be less valuable than weak ties in opportunity discovery; the difference being weak ties provide comparatively less redundant information. In contrast, strong ties can be more valuable in exploiting an opportunity, as strong ties can result in a source of funding, labour, support and access to sensitive information derived from trusting relationships (Hmieleski et al., 2015).

2.4.7 Other Latent Social Capital Characteristics

According to Tocher et al., (2015), a vision is important to advance social interactions in such a way that an idea is able to move forward. As such, an opportunity is enacted by the entrepreneur's ability to articulate their vision in a straightforward and clear manner to stakeholders. This should also be complemented by the ability to actively engage in meaningful question and answers relating to the idea (Porter & Woo, 2015; Ter Wal et al., 2020). This vision helps to establish sense-making between parties and also to build consensus. Tocher et al., (2015) further explained that in a context of high uncertainty, entrepreneurs need to be hardworking to build coalition consensus around viable opportunities. Such a coalition amongst stakeholders might gather financial support to launch the business in the market.

Benenson and Stagg (2016) posited that volunteering provides benefits for both the individuals involved as well as the communities where it is taking place. This is because it is grounded in the shared interest of the individuals, and thus allows them to meet and share bonds from the experiences as volunteers. A major highlighted view of volunteering is that it usually takes place in a much more relaxed environment for the meeting of people to take place without the pressure that is sometimes synonymous with a networking evening, thus making building meaningful connection easier. Literature has also shown that volunteering is a critical aspect of social capital, and it strengthens the existing ties and build new ones.

2.4.8 Co-creation in Social Capital

Co-creation involves the joint creation of value within network structures. Co-creation can manifest great opportunities to strategically innovate through the integration of resources amongst network members, and potential collaborators however insufficient research has been done on how those opportunities are enabled or built (Frow, Nenonen, Payne, & Storbacka, 2015). Co-creation research is important to establish new opportunities. Thus, it is important to establish the tools that enable the co-creative process, thereby encouraging collaborations and partnership.

The logic of collaboration and co-creation is consistent with social capital and shared knowledge (Ter Wal et al., 2020). Social capital does not only influence the encounter of opportunities but the level of brokered and reciprocated collaboration (Kerr & Coviello, 2019). The creation view positions opportunities as a function of an iterative and interactive process amongst network participants that stimulate certain entrepreneurs to advance business ideas into market offerings. This requires social proficiency to leverage knowledge and partnership from social capital structures, thus reducing opportunity related uncertainty (Tocher et al., 2015).

Smith et al., (2017) theorised that when people create together, through creative interactions, commadore is developed, which helps to transform opportunities under uncertain circumstances creatively. Rouse (2020) augments this view by stating that it is necessary for these social processes that enable co-creation through intimate interactions to occur in physiologically safe environments where there is no fear of judgement. This increases the chance of creatively elaborating ideas (Ter Wal et al., 2020; Rouse, 2020). However, there exists insufficient theory which explains how co-creation can occur.

According to Rouse (2020), co-creation is in its construct a creative process, and such a creative process requires individuals to be flexible, have the ability to learn and share, demonstrate discipline and passion. For the achievement of successful outcomes, the ideas must be useful and original and implemented by partners who are committed to a performance orientation.

Rouse (2020) theorised that under uncertain circumstances, intimate interaction enables trust, affection, commonality, and cohesion to support shared vision amongst network members. The study identifies an authentic and playful culture as conducive to creating intimate and supportive environments to establish co-creative partners. Through authenticity, intimacy and unfiltered interactions create a sense of 'we' and cohesion in self-revealed information. Co-creation can result in the formation of high-quality relationships (Ter Wal et al., 2020; Rouse, 2020). However, the context in which this occurs and how it occurs is insufficiently studied.

2.5 The Influence of Social Capital on Entrepreneurial Effectuation – The Intersection

At the intersection of effectuation theory and social capital theory lies the ‘whom you know’ component, that derives value from network structures for entrepreneurial action. Relationships are used to derive value as a set of available means for opportunity creation. This value derived is one of social capital (Obstfeld et al., 2020).

In an attempt to understand the influence of social capital on effectuation, the findings of Kerr and Coviello (2019) began to expand the extant model of effectuation by deriving a reconceptualised model of effectual dynamics shown in Figure 3.

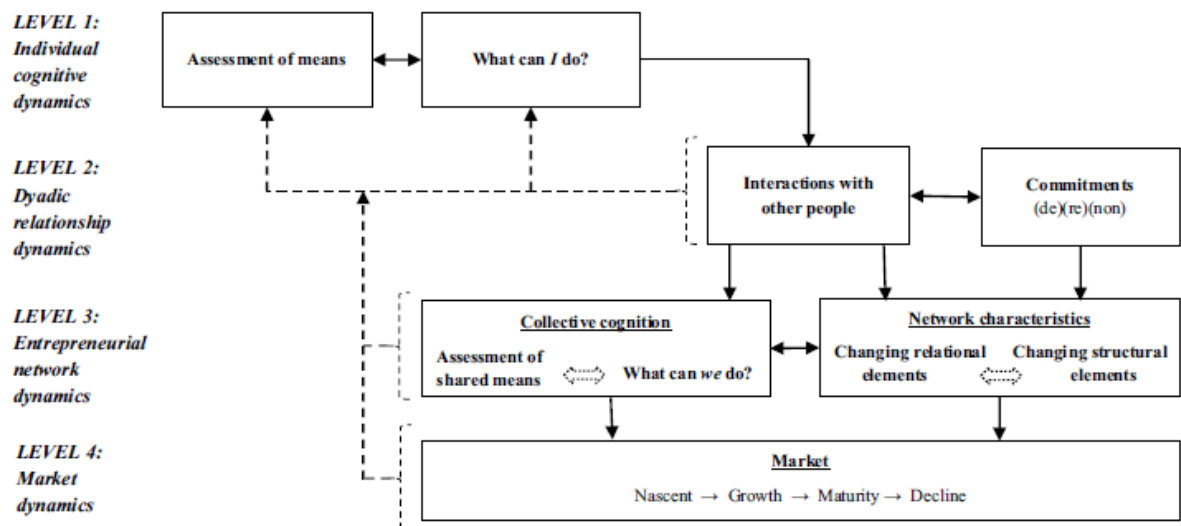


Figure 3: “A multi-level reconceptualisation of the dynamics of effectuation”

Source: Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 6.

The hypothetical reconceptualised model outlays “four levels of dynamics” (Kerr & Coviello, 2019, p. 6) in an interactional and iterative process (Porter & Woo, 2015). Kerr and Coviello (2019) portrayed the individual entrepreneur as an actor who begins to ask themselves ‘what can I do’ with my available means, in level 1? In level

2, by contact with individuals and reaching out to others, the entrepreneur mobilises networks (without actually knowing the end objective). This results in the “co-construction of knowledge, identity and social capital” (Kerr & Coviello, 2019, p. 1) which begins to answer and catalyse what can be done.

From interactions with people, entrepreneurs can secure new commitments relating to what can be done (Ter Wal et al., 2020). However, level 3 recognises that specific network characteristics and the collective perception of shared means need to be in place for such interactions and commitments to materialise successfully (Porter & Woo, 2015; Kerr & Coviello, 2019). Kerr and Coviello (2019) recognised that the spirit of co-creation by perceived social capital, powers the mutual awareness of shared or common means.

The study further develops a reconceptualised framework that suggested an entrepreneur’s reflection on their assessment of available means and what one can do with those means (level one), the interaction with people (level two) and the network characteristics together with a collective cognition of shared means (level three) results in the emergence of new market opportunities (i.e. level four). These new market opportunities can be in the form of new products, services, expanded relationships as a set of means or creation of a venture (Porter & Woo, 2015; Kerr & Coviello, 2019).

Kerr and Coviello (2019) indicated that entrepreneurs reflect on ‘who they know’ from established relationships to drive their available means for opportunity creation. However, how these reflections are engaged in is unknown. Social capital theory suggests that such reflections attend to relationships amongst network structures, which in uncertain circumstances can influence one’s perception of value and possible opportunities (Smith et al., 2017; Rouse, 2020). This emulates the principles of effectuation.

Several authors suggested that understanding network characteristics is essential in understanding effectuation dynamics (Arend et al., 2015; Engel et al., 2017; Kerr & Coviello, 2019). Effectuation is influenced by networks and how the networks come about. In effectuation, opportunities are not searched; however, by reflecting on ‘who do I know’, dialogues are initiated with network participants that enable the creation

of opportunities through an iterative process. This suggested that effectuation is driven by relation and depends on networks, where the shared and aligned interests can result in opportunity commitment from the participants (Arend et al., 2015; Engel et al., 2017; Kerr & Coviello, 2019). From Smith et al., (2017) and Rouse (2020), it was identified that such relation and co-creation are that of social capital, which then becomes part of the means of an entrepreneur.

Jiang & RÜling (2019) and Kerr & Coviello (2019) similarly argued that effectual entrepreneurs activate their networks to minimise uncertainty and the cost of experimentation, and this also includes, activation or formation of such networks that benefit their social capital structures. Although the effectual extant model conveys the importance of having additional members in the entrepreneur's network, very little is studied around the characteristics that derive the social capital to enhance opportunity creation in effectual studies. Further, limited work has been done around such an interactional process

Effectuation enables the inclusiveness of surrounding means, and social capital structures enable the brokerage of those means. Social capital is identified as a resource that expands possible entrepreneurial action and goals for the realisation of venture creation. Although the importance of social capital is recognised in effectuation, there has been limited attention placed on the relationships involved and how they are created. Despite the work done in this area the creation of emerging relationships for opportunity creation and co-creation still needs to be understood (Kerr & Coviello, 2019; Jiang & RÜling, 2019; Reymen et al., 2015).

The gap in the literature is in the need to understand the contextual value of “whom you know”, and how entrepreneurs convert social capital to create the emergence of new objectives that catalyse the discovery and creation of new ventures (Hmieleski et al., 2015; Engel et al., 2017; Kerr & Coviello, 2019). Engel et al., (2017) further argued that the incorporation an uncertain decision context in deriving social capital invites the consideration of effectuation as a behavioural logic, and the boundaries of such intersection should be explored.

2.6 Conclusion

In conclusion, it was established that effectuation is important at a starting phase of an entrepreneurial journey (Engel et al., 2017) and assumes entrepreneurs engage uncertainty by flexibly responding to information and leveraging from networks, strategic alliances and pre-commitment with stakeholders (Reymen et al., 2015; Jiang & Tornikoski, 2019). It was argued that social derived from the goodwill of network participants and how it arises influences effectuation (Kerr & Coviello, 2019)

Further, an important element in effectuation “is that entrepreneurs co-create opportunities in partnership” (Kerr & Coviello, 2019, p. 2) with interested parties who play a role in influencing entrepreneurial outcomes (Rouse, 2020; Smith et al., 2017; Kerr & Coviello, 2019). This shifts from placing focus from an individual to the enabling network relations under uncertainty, thus depicting effectuation as a network-driven phenomenon (Kerr & Coviello, 2019). The understanding of social capital through ‘whom you know’ is necessary to understanding effectuation (Obstfeld et al., 2020).

In effectuation, an uncertain decision context is controlled through a co-creative process that allows the emergence of entrepreneurial ideas and converges on opportunities (Reymen, et al., 2015). According to Arend et al., (2015) and Reuber et al., (2015), this co-creational process that emerges from a network of external parties in effectuation has become important in understanding entrepreneurial action. Kerr and Coviello’s (2019) findings revealed that strong network ties are likely to yield reciprocity in commitment, collaboration, and partnership and this supports the co-creation espoused in effectuation. These strong ties are likely to emerge from social networks, which increase access to information and reducing the risk of loss espoused in the affordable loss principle of effectuation. This enables the co-creation of entrepreneurial opportunities. However, there is insufficient information on how these co-creative networks have emerged (Arend et al., 2015; Reuber et al., 2015; Kerr & Coviello, 2019).

According to Arend et al., (2015), what remained unknown is the nature of uncertainties, the resources at hand, what contingencies have been explored and the functions of the identifiable parties involved in the entrepreneur’s journey.

Effectuation theory has paid insufficient attention to understanding the social capital characteristics involved to enable the co-creation process (Jiang & Riling, 2019).

Overall, Kerr and Coviello (2019) found that content shared within networks is a future resource. Trust established in social networks is vital, and network characteristics such as being consistent support collaborative efforts (Ter Wal et al, 2020). However, there is a need to understand how collaboration is being leveraged by network participants. There is more research needed in understanding how social capital is formed in an uncertain decision context to co-create and or collaborate in effectual opportunities that manifest in new ventures (Kerr & Coviello, 2019).

This leaves the following gap in understanding i) the role of social resources in mitigating entrepreneurial uncertainty needs to be further researched (Tocher et al., 2015) ii) how is value derived from social capital structures to co-create and or collaborate in effectual opportunities that manifest in new ventures (Kerr & Coviello, 2019) iii) beyond the addition of newly available means derived from the interactional process in social capital, more research is needed to understand how these interactions are brokered such that the extant model of effectuation is enhanced (Jiang & Riling, 2019). These dynamics were explored at the level of the individual entrepreneur.

3 CHAPTER 3: RESEARCH QUESTIONS

3.1 Introduction

The research questions have been derived on the basis of the reviewed literature and gaps established in the current body of literature from Chapter 2. The study aimed to contribute to the understanding of how entrepreneurs form social capital in uncertain decision-making contexts to cocreate entrepreneurial opportunities during effectuation.

3.2 Research Questions

Research Question 1: How are entrepreneurs forming social capital during effectuation by understanding 'whom you know' as a set of means (Engel et al., 2017)?

The purpose of Research Question 1 is about the ability of the entrepreneur to create opportunities from available means they have at their disposal. The intention of this question was not only to understand the social resource through 'whom you know' but other available means and resources the entrepreneur utilised to create opportunities.

Research Question 2: Under uncertain conditions, how do entrepreneurs employ social capital to enable collaboration and or co-creation (Engel et al., 2017; Kerr & Coviello, 2019)?

The purpose of Research Question 2 was to understand how entrepreneurs employ or utilise social capital to enable collaboration and or co-creation, through the joint creation of value, when undergoing uncertain conditions. Uncertain conditions can include lack of funding, lack of knowledge, no solution to a given business problem or resource constraints encountered by the business or the entrepreneur as an individual.

Research Question 3: What are the social capital characteristics involved in the entrepreneurial co-creation (Jiang & Ruling, 2019; Kerr & Coviello, 2019)?

The purpose of Research Question 3 was to understand what are the social capital characteristics that are involved in co-creation, in this context being the joint creation of opportunities. The intention was to find out how do entrepreneurs gain or grow their social capital, and what are the social capital characteristics that enable co-creation.

The next chapter unpacks the proposed research methodology and design to address the formulated Research Questions.

4 CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

4.1 Introduction

This Chapter discusses the chosen research methodology used for this study. The literature reviewed in Chapter 2 has formed the basis of methodology design and the interview guide used for the one-on-one in-depth interviews. The research method applied for the study was qualitative with an explorative approach which has been reinforced by the research methodology design, the sampling method and size, data gathering and data analysis.

The research methodology and design are described in the following sections.

4.2 Research Methodology and Design

Qualitative research is an umbrella to interpretivism for knowledge that is socially produced (Symon, Cassell, & Johnson, 2018). The research was conducted with a philosophy of interpretivism. Interpretivism is underpinned in knowledge produced by understanding participants' social world, perspectives, explored experiences, and deriving interpretations and meaning from the context (Ritchie, Lewis, Nicholls, & Ormston, 2013; Welch & Piekkari, 2017). In favour of this philosophy, it is argued that there is no better point of access to understanding than a participant's lived experience (Welch & Piekkari, 2017). This is achieved by being attentive to the participant's frame of reference (Bell, Kothiyal, & Willmott, 2017).

Interpretivism was used for this study where the aim was to explore the role of social capital in entrepreneurial effectuation, through a reflective lens at the level of the individual entrepreneur to ascribe meaning to the experience (Kerr & Coviello, 2019). Saunders and Lewis (2018) advanced the need for exploratory research in an understudied area; this assists in generating insights to expand knowledge on the research problem. Effectuation literature is at a relatively early stage of development,

making interpretivism theory-building and an exploratory research method for the study appropriate.

According to Ritchie et al., (2013), “the particular value of qualitative research lies in its ability to explore issues in-depth, from the perspectives of different participants, with theories and explanations developed inductively from data” (Ritchie et al., 2013, p. 353). For this study, an inductive approach was adopted to the following research questions that needed theory development:

- i) How do entrepreneurs form social capital during effectuation by understanding 'whom you know' as a set of means (Engel et al., 2017)?
- ii) Under uncertain conditions, how do entrepreneurs employ social capital to enable collaboration (Tocher et al., 2015)? and
- iii) What are the social capital characteristics involved in entrepreneurial co-creation (Jiang & Ruling, 2019; Kerr & Coviello, 2019)?

Induction “looks for patterns and associations derived from observations of the world” (Ritchie et al., 2013, p. 24) where theory is generated bottom-up from data (Eisenhardt, Graebner, & Sonenshein, 2016). Inductive methods are useful in areas where theory is limited and more scope for answers framed in a variety of ways (Eisenhardt et al., 2016). This study drew findings from the interviews by obtaining an insider’s perspective, eliciting the meaning entrepreneurs draw to social capital and its role in entrepreneurship and effectuation. This built the conclusion and developed additional design principles for effectuation (Kerr & Coviello, 2019).

The methodological choice of the research study was a mono method, depicting the sole use of qualitative research as an independent method of enquiry. This was central to the nature of research information or evidence required (Ritchie et al., 2013). Social capital in an effectual context is a developing social phenomenon which is deeply rooted and provides room for further understanding, in consideration of the research questions (Kerr & Coviello, 2019).

A narrative inquiry was conducted through in-depth interviews with entrepreneurs in South Africa, to solicit opinions and understand their experiences (Ritchie et al., 2013). Capturing the participant’s story and reflection of experiences serviced the research context of understanding the mechanism applied by the entrepreneur to

enact and exploit social capital factors, and how that can enhance the effectual process (Saunders & Lewis, 2018; Cornelissen, 2017).

This study adopted a cross-sectional design to explore social capital in an entrepreneurial context, across different individual entrepreneurs, at a separated time, to identify and explore experiences (Ritchie et al., 2013). Primary data was collected through in-depth semi-structured interviews to solicit a response from entrepreneurs. The open nature of the study allowed exploration of the entrepreneur's experiences with a non-prescriptive posture (Ritchie et al., 2013).

4.3 Population

In a South Africa context, the target population included entrepreneurs, defined as individuals who have identified and exploited an opportunity to create a new business enterprise (Welter et al., 2016). Johannesburg has the highest rate of prospective entrepreneurs "with an intention to start a business in the next three years" (Herrington & Kew, 2018, p. 62). It is the economic hub of (City of Johannesburg, n.d.). Based on the logistical convenience and ease of access, a population of Johannesburg based entrepreneurs was sampled as the region to conduct the study.

4.4 Unit of analysis

The unit of analysis was the individual entrepreneur (Saunders & Lewis, 2018). These entrepreneurs represented the population and have experience in founding an established business (Herrington & Kew, 2018).

4.5 Sampling Method and Size

Non-probability sampling was favoured for qualitative research, where "units are deliberately selected to reflect particular features of, or groups within, the sampled population" (Ritchie et al., 2013, p. 113). As the researcher did not have a full list of names in the population, the non-probability sampling was employed for the study.

A heterogeneous purposive sampling method was used to select entrepreneurs and ensure diverse representation in methodological orientations (Bell et al., 2017). For a heterogeneous population that has diverse characteristics, a sample size between 12 and 30 participants is recommended (Saunders & Lewis, 2018). As the study was qualitative, the sample consisted of 16 entrepreneurs who were founder owners. Thematic saturation among participants where “insights generated from new data became less frequent” (Bell et al., 2017, p. 538) and no substantial new emergent information was achieved at 12 participants (Saunders & Lewis, 2018).

In consideration of the research question, purposive sampling was applied according to the following selection criteria for Johannesburg based entrepreneurs:

- a) The participants were established business owners “currently an owner-manager of an established business” (Herrington & Kew, 2018, p. 13). The founding business owners were considered likely to have the best exposure to navigating social capital in an entrepreneurial context by extracting benefit from social structures, in a logical manner that catalyses the discovery, creation, and emergence of new ventures as their realm (Engel et al., 2017).
- b) Their business was considered established. An established business is “a running business that has paid salaries, wages, or any other payments to the owners for more than 42 months” (Herrington & Kew, 2018, p. 13). This filtered by experience and acumen of starting a sustainable business. All participants were founders who carried senior executive roles in the organisation.
- c) The established businesses were from various industries including, financial services, mining, information technology, property, engineering, and construction. The industries were not equally represented as judgemental sampling was applied, and the focus was on the entrepreneur considered to be astute on the subject matter. The number of participants represented in each position and industry is shown in Table 1: Industries and position of the selected sample.
- d) There was both male and female representation.

The participant selection was contacted through professional and personal connections. The sample selection achieved triangulation through the capturing of

multiple participants reflections and perspectives than a single account (Welch & Piekkari, 2017).

Table 1: Industries and position of the selected sample

| Industry | Position | Number of Participants |
|---------------------|--------------------------------|-------------------------------|
| Finance | Founder and CEO | 5 |
| | Founder and Executive Chairman | 2 |
| IT | Founder and CEO | 2 |
| Property | Founder and Managing Director | 1 |
| | Founder and Executive Chairman | 1 |
| Consulting | Founder and CEO | 1 |
| | Founder and Executive Chairman | 1 |
| Construction | Founder and Managing Director | 1 |
| | Founder and Managing Partner | 1 |
| Mining | Founder and Managing Director | 1 |
| Total | | 16 |

Sources: Author's own.

According to Guetterman (2015), the credibility of the sample can be achieved by ensuring that there is relevance of the sample and adequacy of the sample size. It was confirmed in the diversity of profiles and relevance of the sample, with the participants all being entrepreneurs who are owners of their businesses operating across several industries. This confirmed that there was good purposive sampling conducted in line with the sample of qualitative research studies (Leedy & Ormrod, 2010).

With regards, to the adequacy of the sample size, the 16 interviews were within the range of the recommended 5- 25 semi-structured interviews, for this type of research design (Creswell, 2003; Saunders & Lewis, 2018). In addition, the empirical data reached saturation after 12 interviews with no new themes extracted on the data (Hennink, Kaiser, & Marconi, 2017). Figure 4 below presents the saturation graph of the empirical data from this study.

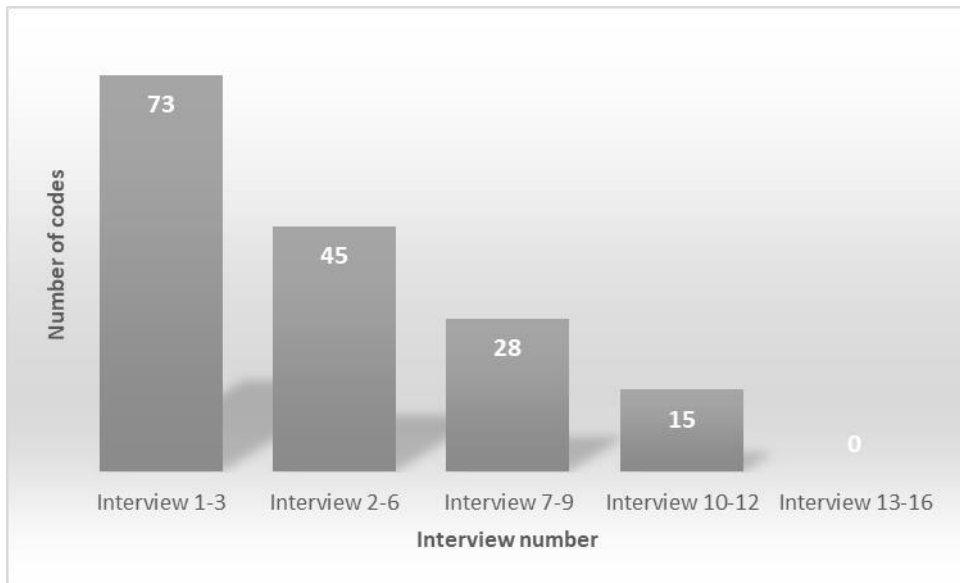


Figure 4: Saturation graph from empirical data codes

Source: Author's own.

This was in addition to the steps taken to ensure the credibility, transferability, dependability as well as confirmability (Nowell, Norris, White, & Moules, 2017), explained in section 4.10.

4.6 Data Collection Tool

One of the most useful methods of conducting explorative research is through conducting in-depth interviews (Saunders & Lewis, 2018). Therefore 16 interviews were conducted with founder entrepreneurs from various organisations and sectors. Of the 16 interviews, 15 interviews were conducted in person and one on an online Microsoft Teams call. The face-to-face interviews were held at premises of convenience for the entrepreneur, mostly being at the workplace and two at a restaurant. The purpose of the interview was explained through an invitation letter attached to a standard email, and the participant reviewed a consent form before commencement of the interview. An invitation letter example is provided in Appendix 1. Participants signed the consent form as part of the procedures to observe the ethical considerations of the data collected. The researcher obtained verbal consent from the participants to have the interview recorded; a voice recorder was used.

The total duration time of the interviews was 13 hours and 40 minutes, with the average duration per interview being 50 minutes 47 seconds. The shortest interview duration was 31 minutes and 51 seconds, and the longest interview duration was 2 hours and 1 minute (see Table 2:). These times indicated sufficiency in the time spent with the participants to discuss the subject in the study.

Table 2: Interview duration

| Description | Quantity |
|-----------------------------|------------------------|
| 1. Number of interviews | 16 |
| 2. Interview duration total | 13 hours 40 minutes |
| 3. Average duration | 50 minutes 47 seconds |
| 4. Shortest duration | 31 minutes 51 seconds |
| 5. Longest duration | 2 hours and 33 seconds |

Source: Author's own.

An interview guide that contains the aims and objectives of the research was used to outline the broad themes and opening questions explored with participants. The broad themes explored focused on the entrepreneur's perspective on their journey and experience of effectual entrepreneurship; available means required to create a successful business; co-creation in social capital; leveraging collaboration in an uncertain context; various approaches adopted to gain social capital, social capital and network characteristics. The value was extracted from the participant's framing and interpretation (Ritchie et al., 2013).

In response to the research problem described in Chapter 1, the research questions were determined from the gap in research identified in Chapter 2 literature review. The open-ended questions for the interview were mapped to the research question and the literature review for consistency. This ensured quality in the data collected. Not all questions were inquired or responded to in the order indicated (Saunders & Lewis, 2018). The interview guideline is included under Appendix 3. Table 3: Relationship between research questions and interview question below details the mapping between the research questions formulated in Chapter 3 and the open-ended interview questions.

Table 3: Relationship between research questions and interview questions

| Research Questions: | Open-ended question: |
|--|---|
| <p>Research Question 1: How are entrepreneurs forming social capital during effectuation by understanding 'whom you know' as a set of means?</p> | <p>Q1. Could you tell me about your entrepreneurial journey and experience, how have your entrepreneurial activities developed overtime? Q2. What were the available means required to create a successful business venture?</p> |
| <p>Research Question 2: Under uncertain conditions, how do entrepreneurs employ social capital to enable collaboration or co-creation of opportunities?</p> | <p>Q3. How has your social capital through the value derived from others influenced your entrepreneurial ideas in the early stage of creating your venture(s)? Q4. In an uncertain business decision context (where the future is uncertain), how do you engage and leverage collaborative efforts?</p> |
| <p>Research Question 3: What are the social capital characteristics involved in the entrepreneurial co-creation?</p> | <p>Q5. What are the various approaches adopted to gain social capital? Q6. What are the social capital and network characteristics involved in the joint creation of opportunities (co-creation)?</p> |

Source: Author's own.

4.7 Data Collection

Qualitative exploratory research is made of three components: (i) probing “academic literature”, (ii) “unstructured observations” (iii) “semi and unstructured interviews” (Saunders & Lewis, 2018, p. 115). The data gathering process entailed 16 semi-structured and in-depth interviews with participants. All interviews were done in person, and the willingness of the candidate to participate was established

telephonically. Participants who expressed willingness were sent a follow-up email with an invitation letter to formalise the interview date.

Participants were entrepreneurs who are founders of their businesses and are either CEOs, managing directors or have assumed senior executive roles in the business. The entrepreneur's level of experience ranged from 6 to 49 years. Narrative interviewing "involves a process of mutual construction of empirical material through the interviewees' prompted storytelling about selected events" (Welch & Piekkari, 2017, p. 721). The simplicity in conducting the interviews was purposeful to ensure open ad-free dialogue with the participants around the subject, while still ensuring the specific matters are addressed (Zikmund, Babin, Carr, & Griffin, 2013).

The interviews were led by open-ended and non-leading questions, for a minimum duration of 45 minutes (Djuricic & Bootz, 2019). The support of an interview guide and its structure guided the data gathering process, listed the objectives of the open dialogue to guide the conversation for new revelations based on participants' experiences (Quinlan, Zikmund, Babin, Carr, & Griffin, 2019). The context dialogue questions were derived from the research questions formulated in Chapter 3, refer to Appendix 3.

Adequate background information was obtained from the participant before the interview. To ensure confidentiality, all participants read, completed and signed the written consent form (see Appendix 2). The interviews were recorded and transcribed with granted verbal permission, with one pilot interview conducted and included in the sample of participants. After introductions, the meeting commenced with an explanation of the topic and context of the role of social capital in effectual entrepreneurship. Some participants required further clarification of social capital and effectuation. Social capital was simply explained as the value derived from networks or relationships to achieve desired entrepreneurial outcomes (Smith et al., 2017), while effectuation was explained as an entrepreneurial behavioural logic of creating opportunities from available means, in uncertain conditions (Kerr & Coviello, 2019).

Following the guidance of the interview guide in Appendix 3, participants were asked open-ended and non-leading questions to draw meaning from the entrepreneurs' journeys, together with current and past experiences on the subject. The participants were urged to respond without reservation, to bolster the explorative nature of the

study. The participants' responses were explored and purposefully interrogated in a respectful manner to draw meaning from the reflections (Merriam & Tisdell, 2016). The order of the questions was varied, and additional questions were asked to catalyse the emergence of new themes (Saunders & Lewis, 2018).

Interviews were conducted to a point where no additional insights were extracted, and participants were given the opportunity to provide any overall closing remarks on the subject (Saunders & Lewis, 2018). This allowed the interviewer to obtain insights on the participants' journey and experience of effectual entrepreneurship; the available means required to create a successful business; co-creation in social capital; leveraging collaboration in an uncertain context; various approaches adopted to gain social capital, and the social capital characteristics involved. The categories and emerging themes were established on post review data analysis (Zikmund et al., 2013).

The data collection procedures followed ethical considerations which include i) adherence to ethical considerations ii) no forced research participation iii) obtained interview consent from participant and iv) maintained high morals. In addition to the voice recording, field notes with the researcher's reflections were written (Saunders & Lewis, 2018).

4.8 Data Analysis

The qualitative data analysis techniques followed the procedure of identifying codes, categorisation, and thematic analysis. These analysis techniques were applied to the interview transcripts. In consideration of the research questions, proceduralism minimised subjectivity and generated replicable research (Bell et al., 2017). This was done through in-depth semi-structured interviews with participants.

To interpret the qualitative data, interview responses were transcribed, followed by coding, linking categories, themes, and interpretation (Bansal & Corley, 2011). Data gathered was theorised through narrative grammar and thematic analysis to identify the general sequence of events (Cornelissen, 2017). An inductive approach was used to analyse the data gathered (Saunders & Lewis, 2018).

The data analysis of this study began with the manual transcription of all recorded interviews with entrepreneurs, in an iterative process, captured at the end of each interview (Bell et al., 2017). The findings which were obtained from developing themes from group codes based on the six-phases by (Braun & Clarke, 2006) using a computer aid program, Atlas T.I 8 software. In this context, codes are “tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study” (Miles & Huberman, 1994, p. 56). The codes were accorded “to ‘chunks’ of varying size – words, phrases, sentences, or whole paragraphs, connected or unconnected to a specific setting” (Miles & Huberman, 1994, p. 56).

The recordings and transcripts were analysed using “Phases of Thematic Analysis” (Braun & Clarke, 2006, p. 87). The six phases entailed i) “familiarising yourself with your data” (Braun & Clarke, 2006, p. 87) ii) “generating initial codes” (Braun & Clarke, 2006, p. 87) iii) “searching for themes” (Braun & Clarke, 2006, p. 87) iv) “reviewing themes” (Braun & Clarke, 2006, p. 87) v) “defining and naming themes” (Braun & Clarke, 2006, p. 87) and vi) “producing the report” (Braun & Clarke, 2006, p. 87). Following this process, recordings were listened to, and transcripts were reviewed. In the same inductive and iterative style of coding, the codes were grouped into informed categorised and emergent themes based on their dimensions. The thematic analysis was further supported by generating frequency tables (Braun & Clarke, 2006). The entrepreneurs’ concepts and terms were faithfully maintained (Djuricic & Bootz, 2019). The results were narrated, tabulated to outlay insights in relation to the research questions (Zikmund et al., 2013).

4.9 Data Validity and Reliability

The qualitative context of the study carries a weakness in external validity due to the lack of generalizability; however, transferability has been achieved. Data needs to be rigour and trustworthy to ensure validity (Nowell et al., 2017).

To confirm the validity and reliability of the data collection instrument, one pilot interview was conducted to test the interview guideline and technique. The researcher took adequate preparation prior to each interview, and each interview was given adequate time to labour the subject of discussion. The broad themes in

the interview guide had uniformity and consistency across all participants. The interview guide focused on the research context, and detailed questions were avoided (Saunders & Lewis, 2018). The interview guide is included in Appendix 3 of the document.

In order to achieve reliable research, the utilisation of the interview guide served as a tool to achieve uniformity of the interviews conducted with entrepreneurs. Being aware of the subjectivity that comes with qualitative research, the participants were given the flexibility to explore the subject, while the researcher focussed on the perceptions and views provided (Saunders & Lewis, 2018). The code list derived from the data was rationalised and compared regularly, with no preconceived categories (Djuricic & Bootz, 2019). Triangulation of the sample, through multiple participants, authenticated the data from multiple perspectives (Welch & Piekkari, 2017). Field notes and an audit trail of all data gathered was maintained for validity (Saunders & Lewis, 2018). The researcher was truthful to the text in drawing conclusions (Welch & Piekkari, 2017).

4.10 Research Limitations

The limitations of the study were built on the chosen methodology, and the characteristics of qualitative research can be considered to be exposed to subjectivity and biases (Saunders & Lewis, 2018; Welch & Piekkari, 2017). Other identified limitations of the study were:

- i) Interviewer subjectivity could have transpired in conducting interviews due to the nature of qualitative studies (Schaefer & Alvesson, 2020).
- ii) Non-probability sampling can result in selection bias. This method of sampling does not allow statistical selection methods from the population of Johannesburg based entrepreneurs (Saunders & Lewis, 2018).
- iii) Heterogeneity is a challenge when conducting research in entrepreneurship. Entrepreneurs have different traits, and the nature of such differences is unpredictable (Venkataraman & Sarasvathy, 2011).
- iv) The study did not categorise different entrepreneurs, e.g. size of the business, early-stage or matured business.

- v) The sample selection consisted of established entrepreneurs. The opinions of aspirant entrepreneurs or business novices were not obtained.
- vi) The sample included a representation of both males and females. The representation of two females in the sample limits the gender generalisability of the study.
- vii) The interviews were conducted at one period, thus cross-sectional in nature. To address unanswered questions relating to the role of social capital and its link to effectuation over time, longitudinal studies would be beneficial (Venkataraman & Sarasvathy, 2011).
- viii) The regional context is South African, with a population in Johannesburg. This, together with the small sample size, limits the generalisability for other countries and regions.

5 CHAPTER 5: RESULTS

5.1 Introduction

This chapter presents the results which are structured in order of the Research Questions formulated in Chapter 3. The chapter delivers findings of the data gathered from 16 in-depth semi-structured interviews with entrepreneurs. The consistency matrix detailed in Chapter 4 was used as a guide to map the interview questions against the Research Question from Chapter 3. This ensured alignment amongst the Research Questions, interview questions, literature reviewed and analysing data. The results are structured according to the themes that arose from the qualitative analysis of the interviews conducted. Insights are provided on practical means to form social capital during effectuation, methods to employ social capital to enable collaboration and or co-creation under uncertainty and the social capital characteristics involved.

The next part of this chapter outlays the findings of the study, starting with the sample overview, which provides the details of transcripts, relevance, and consistency of the data as well as the profile of the participants. This is subsequently followed by the findings which were obtained from developing themes from group codes based on the six-phases by Braun and Clarke (2006) using a computer aid program, Atlas T.I 8.

5.2 Description of the Sample

From a heterogeneous population, purposive sampling was applied to select a sample size of 16 founding entrepreneurs in diverse industries with varying years of experience in running a business. The participants had perceived in-depth knowledge on the subject. All participants had established a business that has run for more than 42 months.

Guetterman (2015) argued that the credibility of the sample can be achieved by ensuring that the sample is relevant, and the sample size is adequate. The relevance

5.4 Profile of the Participants

The participants were made up of 14 males and two females. Participants were founding entrepreneurs of the businesses and are either CEOs, managing directors or have assumed senior executive roles in the business (refer to Table 4 on the next page). The entrepreneur's level of experience ranged from 6 to 49 years.

The confidentiality of the participants and their organisations were maintained by referring only to the participant number and the organisation description in the findings.

Table 4: Profile of the Participants

| Participants | Organisation | Position | Experience and additional information |
|----------------------|--|--------------------------------|--|
| Participant 1 (P1) | An African investment firm, represented in the Sub-Saharan region. | Founder and CEO | Entrepreneur in African capital markets, research, capital raising and strategy consulting. |
| Participant 2 (P2) | Strategy and Investment advisory firm | Founder and CEO | Entrepreneur successfully completed four principal/private equity investments valued at circa ZAR300 million. |
| Participant 3 (P3) | Specialist finance and asset management firm | Founder and CEO | Entrepreneur Interest in banking, capital markets and asset management solutions |
| Participant 4 (P4) | A consulting and civil engineering services firm | Founder and CEO | Entrepreneur with a law and entertainment industry background. A co-founder of a civil engineering and project management professional services firm. |
| Participant 5 (P5) | An ICT professional services firm | Founder and CEO | Founder of ICT Professional Services. An experienced CEO with a demonstrated history of working in the IT industry. |
| Participant 6 (P6) | A mining equipment firm | Founder and Managing Director | Founder of a company that offers efficient mining equipment solutions and drilling tools. |
| Participant 7 (P7) | A quantity surveying and construction project management firm | Founder and Managing Partner | Entrepreneur offers quantity surveying; construction project management; facilities management; civil and structural solutions |
| Participant 8 (P8) | A property and asset management company | Founder and Managing Director | Entrepreneur with a property finance background. Founder of a company which oversees a portfolio of properties that include student accommodation, several flats, and stores of neighbourhood convenience. |
| Participant 9 (P9) | Audit and Risk Advisory Services | Founder and CEO | A Chartered accountant who previously worked for a big four firm and is a co-founder and CEO of an audit and risk advisory service firm. A non-executive director of a listed financial services entity. |
| Participant 10 (P10) | A consulting and civil engineering services firm | Founder and Executive Chairman | Co-founder of a civil engineering and project management firm for mainly the public sector. Has joint ventured on several infrastructure projects. |
| Participant 11 (P11) | A property development and investment company | Founder and Executive Chairman | Founder of a company engaged in the investment, development, and management services of commercial properties—a non-executive director of several listed entities. |

| Participants | Organisation | Position | Experience and additional information |
|----------------------|--|--------------------------------|--|
| Participant 12 (P12) | A construction company | Founder and Managing Director | Founder of a 100% black female-owned and led construction company specialising in general building and civil engineering. |
| Participant 13 (P13) | A skills marketplace for freelance professionals | Founder and CEO | Founder and CEO of a digital platform for hiring top freelance talent (remote and on-Site). |
| Participant 14 (P14) | An advisory and investment firm | Founder and CEO | Founder and CEO of a company with vested interests in energy and petroleum, procurement services, project management and business advisory. |
| Participant 15 (P15) | A Pan African investment entity | Founder and Executive Chairman | Founder and chairman of a mining, telecommunications and logistics Pan African investment entity created in 2004. |
| Participant 16 (P16) | A private equity firm | Founder and Executive Chairman | Co-founded a private equity firm in 1979, in an era where South African black entrepreneurs were forbidden from business ownership, especially in sectors considered mainstream. |

Sources: Author's own.

5.5 Presentation of Results

The transcribed interviews were initially assigned codes, after which these were used to develop relevant code groups. These group codes were derived from the overarching theme of the study, which was the Role of Social Capital in Entrepreneurial Effectuation. The results are shown in the order of the Research Questions formulated in Chapter 3. The six themed open-ended interview questions (as mapped in Table 3: Relationship between research questions and interview question) were: Journey and experience of effectual entrepreneurship; available means required to create a successful business; co-creation in social capital; leveraging collaboration in an uncertain context; various approaches adopted to gain social capital and social capital & network characteristics.

5.6 Results of Research Question 1

Research Question 1: How are entrepreneurs forming social capital during effectuation by understanding 'whom you know' as a set of means?

This was about the ability of the entrepreneur to create opportunities from available means they have at their disposal. This question intended not only to understand the social resource through 'whom you know' but also to understand other available means and resources the entrepreneur utilised.

5.6.1 Journey and Experience of Effectual Entrepreneurship

The first theme developed under this research question was to understand the journey and experience of effectual entrepreneurship. This was done to critically understand how entrepreneurial opportunities are identified and pursued, considering the Participants' journey and experience. All participants clearly articulated their personal concept of entrepreneurship and how their current business was discovered and created. There were code groups which contextualised the journey and experience, and these were augmented voluntary work, enhanced talent and skill, determination, open to risk-taking, hard work, develop and leverage

networks and entrepreneur-corporate partnership. These are presented in Table 5, with frequencies.

Table 5: Journey and Experience of effectual Entrepreneurship

| Construct | Frequency |
|---|------------------|
| Augment voluntary work | 3 |
| Enhance talent and skill | 3 |
| Pushing problem-solving boundaries | 3 |
| Open to risk-taking | 3 |
| Develop and leverage networks | 2 |
| Diversification of opportunities that fill gaps | 3 |

Source: Author's own.

5.6.1.1 Augment Voluntary Work

Participants noted that the entrepreneur ought to undergo practical experience as this is important to develop an individual's knowledge base; this can even be done without pay. Not only does this help to build knowledge, but it also helps to build networks. This experience is ideal when obtained in those corporates with process and governance structure. Participant 1 explained the experience:

"Okay, so I think what I need to touch on is sort of what was like a shaper in terms of the direction things took. I think what changed things was, when I was in my first year, the first break after my first year was 3 months and I didn't want to stay without having anything to engage myself in, so there were a couple of opportunities and most of them were actually unpaid opportunities and one of them was with [Company X] in Kenya, and what they wanted was to recruit sales executives that will basically like sort of rise through the ranks, and sort of become managerial sort of material after graduating from undergraduate studies" (Participant 1).

Participant 15 also shared the experience of volunteering where they felt they could add value; this was easier as they were educated and thus possessed the theoretical knowledge that they can use to add value:

"it was like what is BPO right, and then I said okay good, so we've got a UK company, we're from a UK company, and we are coming to open base here in software, and they said well, I've got, I studied in the UK, educated there, so I think I can, can add value, I volunteered" (Participant 15).

Participant 6 had firm views that at times when the entrepreneur starts something, it is not always about immediate monetary gain or making a profit (Participant 6): "every business is there for profit, but for us, profit is a by-product". Entrepreneurial opportunities can be a pursuit of desire and vision where profit is a by-product.

Participant 10 further supported voluntary work as an opportunity to learn, to add value and to meet people and develop networks which are critical for the entrepreneur's social capital. The participant attributed his first voluntary work exposure to his grandmother's business, where he learned how to trade as a child:

"work my grandmother was a teacher, and I was brought up by my grandmother, of course by my parents as well, but I spent a lot of time with my grandmother until I was like 11, and so every time after school, my grandmother would take us to the streets to sell vegetables" (Participant 10).

Participant 10 found that despite his disadvantaged background, he still carried the drive and desire to be in business. He advises aspiring entrepreneurs to start with volunteering and doing small things until their journey reaches the point where they can make profits.

5.6.1.2 Enhance Talent and Skill

Participant 3 described tapping into an individuals' professional experience and qualification as a service offering and a self-employment opportunity. He articulates that although he does not always consider the sole purpose of self-employment to be entrepreneurship in its truest form, business ideas espoused by natural talents or acquired skills are imperative (Participant 3):

"And I think someone who's self-employed they create a job for themselves... they are an engineer, they in an engineering firm, then they start developing their own engineering business and then from they, they don't want to switch lights off, they just there. So, they like the idea of them being free, they like the idea of them managing on time, they have two or three employees, they just creating employment for themselves".

Participant 3 started his business on the back of his financial services experience: "I'm a corporate finance, banking, financial services person, that's, that's my journey, that's the mecca, that's, that, that's me, so I started advisory because from the lecturing it was easier for me to advise clients" (Participant 3).

Participant 1 suggested that it is paramount that a business novice has a professional protégé who will supervise them daily one on one for proper entrepreneurial and business management comprehension:

"so I decided to take the opportunity to get training, which was basically a months' intense training and after that of course your basically given in field sort of experience by having someone who is like a mentor from the company that works with you throughout on the next 2 months after that and then after if you decide to come back on the next break that was still open, so the training went on long" (Participant 1).

Participant 9 explained the experience from the auditing firms, and these skills acquired are now instrumental in the entrepreneurial life. The narrative from Participant 9 can be recapped as follows:

"I always say if you want to be a true partner in any audit firm, unfortunately that's skill you can only learn in the Big 4, you know, and that's one thing that I deliberately try and make sure that in my practice I try and, you know, impart those skills I learned in the Big 4" (Participant 9).

Contrary to most participants view, Participant 10 expressed that he has not used his professional qualification as an offering in his entrepreneurial journey: "as an entrepreneur, I guess that one is either born with it or its inculcated over a period of

time, and with me it's a bit of both, I studied law you know, never practised it one day of my life".

5.6.1.3 Push Problem-Solving Boundaries

Participant 3 suggested that an entrepreneur is an individual who pushes boundaries. They further work tirelessly to provide solutions or better alternatives to any plight against humanity and ultimately earns monetary benefit from their problem-solving response:

"So the why I see it and find, an entrepreneur is someone who's, who wants to change the world, who wants to shut the lights off who wants to discover something new, better alternatives, do something that's different, totally go all out and say, and push the boundaries, so let's take, so that, okay there's a couple of trades you need to have for you to be that person, so you need to be someone who's compulsive, someone who's hard working, someone who see outside of the ordinary, so if you got an idea and people don't say that's a crazy idea" (Participant 3).

5.6.1.4 Diversification of Opportunities That Fill Gaps

Participant 7 mentioned that an individual can explore opportunities informally while still in formal employment. He encourages not to focus only on one stream but to diversify the pursuit of opportunities:

"formally I was at UCT, formally I was busy, formally I was doing what I had to do, but informally the first thing I did, was, well, apart from being a student, I used to work at the V&A Waterfront, so, that's also another DNA of you can't just do one thing, I think only later in life are people realising that one income stream is not enough" (Participant 7).

Participants 5 and 6 also agreed that these diversified opportunities can be identified by being well versed with where the gaps are in the market or industry. Participant 5 expressed that "Yes, I think I've got a very innovative mind and I see gaps where other people don't see gaps, or where people, where other people are hesitant"

(Participant 5). Consistent with the view of filling gaps in the market, Participant 6 indicated that:

"I know it's coming, that's why I'm saying, the aftermath is going to be a huge opportunity because there's going to be a gap, if your productivity was so much, x and because for 5 months you couldn't make those targets, you're going to have, you're going to need to ramp up, after, that's how, at least in our industry it works" (Participant 6).

5.6.1.5 Open to Risk-Taking

Participant 2,3, and 9 indicated the willingness to take risks to pursue an entrepreneurial journey. Participant 2 stated that a good novice entrepreneur is enticed by taking risks, and often risk everything for something only known to them and on which they heavily believe in:

"that's taking your entrepreneurial skills out there and your social capital and everything together and saying, I'm going to develop something different, I wanna be, I want to shoot the lights off, and I want to be different so you take risks, massive risks because if it does goes down, at least and I've always read someone who's said, the guy who developed the light, the light bulb, I mean he failed about a hundred times... that's entrepreneurship at its best" (Participant 2).

When a person wants to be successful as an entrepreneur, many sacrifices need to be made. Those sacrifices do not go on their own; there are also the risks that come with it. Participant 3 reflected on their sacrifice by stating that "I probably was going to get fired someday, or the following day, then I moved to, I started my own company [Company x]" (Participant 3).

Nevertheless, Participant 9 explained that when a person knows what he or she wants to achieve, even when the future is uncertain, they should be willing to take that risk. In this case, the Participant 9 mentioned that she had to risk her job as the CFO and venture into entrepreneurship:

"it's quite a well known investment vehicle, so I was very clear that no I don't, this CFO is not for me, I'm one kind of a person who likes making an impact through developing others, for me that's the reason why I was like let me try have a small practice and see how it goes" (Participant 9).

5.6.1.6 Develop and Leverage Networks

Several participants recognised the importance of developing and leveraging networks. Participant 16 broadly explained the reasons to develop networks, mainly being, to improve human perspective, growth mindset, better leadership, cultural intelligence, and assistance to manage various business situations:

"networking grows your mind, in totality, meeting people from different backgrounds, from different cultures, and all that, there's no better way of uplifting your mind and managing situations and you become a better leader and having a, a greater perspective about human beings" (Participant 16).

Participant 14 suggested that the development of networks further assists with ideation by sharing entrepreneurial ideas with others:

"I then went from having in my entrepreneur life journey, 1, 2 mentors, right now, I'm sitting I've got 5 mentors, right, with the 5 mentors comes the opportunity to increase the network, right, the relationships right, and in the relationships then comes the bouncing off of ideas, because when you are sitting with entrepreneurs, entrepreneurs are talking about entrepreneurial stuff" (Participant 14).

Participant 8 supported Participant 16's view of the importance of developing and leveraging the networks in effectual entrepreneurship. Participant 8 alluded to networks as a means to seek guidance and to open doors to entrepreneurial opportunities:

"I think, the history of successful people shows that it's not the most intelligent, it's not the most gifted, you know, who reach the pinnacle, not at all, it's those that are clever enough to know that, to be successful you need someone to

hand hold you, or to open a door, that's exactly what I think happens a lot, and that's what I've observed" (Participant 8).

5.6.2 Available Means Required to Create a Successful Business

This theme links to the first research question and attempts to understand the available means required by an entrepreneur to create a successful business. The participants of the study were expected to share what they think were the available means that made their business to be successful. Four available means required to create a successful business are listed in Table 6.

Table 6: Available means to create a successful business

| Construct | Frequency |
|--|------------------|
| Viable ideas for business | 2 |
| Financial Stability and working tools | 7 |
| Establishing a relationship for access | 5 |
| Access to communication means and being mobile | 3 |

Source: Author's own.

5.6.2.1 Viable Ideas For Business

Participant 1 and 13 referred to a viable 'idea' as the first means to start an entrepreneurial venture. Participant 13 stated that "let's start with the idea and think long term as well". However, the Participant 6 asserted that it does not end with just merely originating an idea as good ideas can also die. The pursuit of monetising a viable idea is the beginning of creating a successful business "okay there's this big word that is entrepreneurial, but we basically people selling our ideas" (Participant 6).

Participant 1 suggested that the monetisation of ideas can be implemented by capitalising and striving for first mover advantage in the market by mentioning that "the other thing is don't assume you're the only one who has the idea, because no

one has monopoly of ideas, but you need to capitalise on time to market, be the first one to market” (Participant 1).

5.6.2.2 Financial Stability As Well As Working Tools

The participants mentioned a state of being financially stable as the means to create a successful business. Those participants that had adequate finances to have their businesses running did not have any challenges that were faced by other participants who did not have the funding or financial stability at the beginning of their businesses. This was evident from the quotations, which are the participants' responses in relation to having financial stability as the required means to create a successful business. Participant 3 expressed that "I went to CIPC, started, you know, putting my money and said, now, this is time, this is me, now it's on, this is you know, let's make it happen" (Participant 3) the participant further alluded to structuring mobilisation fees as a method of raising upfront capital "So it was easy for me to get the funding... so it was structured in a way that I would say upon a list, I need something now, immobilisation fee, it be 10% or 15%" (Participant 3).

In contrast to the ease of raising capital expressed by Participant 3, Participant 7 found accessing funding to be challenging and stated that:

"it was difficult to raise funding for that thing, because at the time, this was 2004,5, banks were still kind of red lining these areas, you also barrier, and the way they did it, was to say well, we can lend you, bring 50% of the deposit, now my first building was 2 million, now I needed R1 million" (Participant 7).

This showed that even when a person had half of the money that they needed, still the banks would require an upfront deposit and that was a challenge for the people who did not have that amount of cash. While for those who had financial stability, it would be much easier to get things started.

5.6.2.3 Establishing A Relationship For Access

The participants of the study also pointed out that, establishing relationships is required as the means to make a successful venture.

"so I, then created relationships with those people, you know, and with time, they liked me, they warmed up to me, you know, that's when I started, was working for [Company X] Consulting, I started hustling on the side. Yeah that was 2000 and, to precise, 11,12 there about, so I, hustled on the side for 5 years whilst being employed" (Participant 4).

To support this opinion, Participant 5 also stated:

"I never had capital, because if you look, our culture, most people are afraid to start business, because the first stumble block is that, they don't have capital. You don't need to have capital to start a business, you need zero cents to start a business, if you are an entrepreneur you need zero, to start a business. Because, like... that's people, I've never heard where you can tell them, move this, your stock for you, and then I can't pay you,... then you create relationships, because here's that thing you talk about, social capital" (Participant 5).

5.6.2.4 Access To Communication and Being Mobile

Participant 8 mentioned that having access to the telephone and own transport are the required means for a successful business. It was mentioned that having access to a telephone made things much more manageable; it was easy just to dial the numbers and call whoever that needed to be called. Moreover, being able to drive to the meetings was mentioned as the required means to make a successful business, this means that when a person has access to these things they will be able to use every opportunity that comes their way and not having to miss the opportunities because of the lack of these things which can make the business to fail.

"this was very important, being able to drive yourself to a meeting, and back, and forth, you understand". "that is all I had, and being able to phone people, access to telephone, you know, and being able to drive. That was the only thing that I had, I tell, and it is that, it's those things but are the most important things" (Participant 8).

5.6.3 Summary of Research Question 1 Findings

In summary, it was evident that these participants had different experiences on their effectual entrepreneurship. However, in articulating the journey and experience it collectively formed a different interrelated pattern that was grounded on augmenting voluntary work to enhance talent and skill, pushing problem-solving boundaries, being open to risk-taking, developing and leveraging networks and diversifying opportunities that fill gaps.

The available means that the effectual entrepreneur used include having viable ideas for business, establishing relationships for access, financial stability, as well as working tools - access to communication means and being mobile.

5.7 Results of Research Question 2

Research Question 2: Under certain conditions, how do entrepreneurs employ social capital to enable collaboration and or co-creation?

This research question aimed to gain and understanding of how entrepreneurs use social capital to promote collaboration or co-creation of value among interested parties, in uncertain situations. Uncertain situations may include lack of finance, lack of knowledge, no solution to a particular business problem or resource constraints experienced by the entrepreneur.

5.7.1 Co-creation in Social Capital

Co-creation in social capital was contextualised by the participants and this formed basis from Research Question 2 of the study. Creating and leveraging opportunities, identification of opportunity channels, strengthen social mobility and entrepreneur-corporate partnership. These are presented in Table 7 with frequencies.

Table 7: Co-creation in social capital

| Construct | Frequency |
|---|------------------|
| Create and leverage opportunities | 16 |
| Identify opportunity channels with original ideas | 7 |
| Strengthen social mobility | 3 |
| Enhance relationships with key institutions | 3 |

Source: Author's own.

5.7.1.1 Create and Leverage Opportunities

Entrepreneurs should be able to create opportunities for their businesses as well as being able to convert challenges to opportunities. Furthermore, the participants indicated that co-creation is about instilling confidence in people so that there is a mutual benefit. This is possible where the entrepreneur is willing to work to create and leverage opportunities. Participant 9 indicated that "it is all about someone creating an opportunity right. and so, co-creation is about instilling confidence in people that they can trust you, if they give you opportunities you are not going to let down" (Participant 9). More importantly is the ability to make a good impression to others. Majority of the participants had to network to derive value from others and pave the way for their future; therefore, it is important to network with the relevant people. Participant 4 expressed that his channels were paved by setting good impressions and delivering quality work to his clients and co-workers:

"So, lucky enough, cause, this guy, I worked with him whilst still at [Company x], he was, not, a contractor who had a project with [Company x], so I supervised his project at the time while I was still employed by [Company x], you know that's how we got close together, so he knew what I could do, my strengths, you know, who am I, you know, what am I, you know, so when I jumped ship, before I did that, he said to me, I've got a contract in Manganung, I can, I can get you consulting work, are you keen?" (Participant 4).

Participants 7 and 8 explained how their opportunities were created and leveraged. Participant 8 expressed that:

"I would say that, creativity I had, experience I had, having worked for Merchant bank, having done deals, having worked for [Company x], I could do a deal, right, but ultimately what created this opportunity and I always talk about this with my wife, is you know, that call that came to say, listen I've got an opportunity that I want you to look at, that's what put everything into motion" (Participant 8).

Participant 7 indicated creating and leveraging opportunities through staying power where an interested party experiences a lasting feel good feeling. This underpins the importance of co-creating in social capital, which in turn assist with the intersection of social capital and effectual entrepreneurship:

"I've got a good gut feel about you, the qualifications are there, the opportunity is there, and at the end, someone has to say no, beyond the science, I've got a good feel about that you'll be able to do that, and I think because a person only knows you, the person who doesn't know you, the one who's given you the opportunities is because every time they meet you, you talking about this, and they start to see that this person knows what they talking about" (Participant 7).

5.7.1.2 Identify Opportunity with Original Ideas

According to the participants, an entrepreneur needs to be futuristic and identify channels that pave the way to opportunity. The entrepreneur must be strategic and be able to identify gaps as well as come up with original ideas to close those gaps. Inventing an original idea is essential to opportunity creation and establishing co-creation partners., Participant 1 explained that people are brought together by original ideas, " You need to be able to have a knack for opportunities, be able to see what can be, not what is, and also being, I think people like it when you're the person that brings them together with an original idea" (Participant 1).

5.7.1.3 Strengthen Social Mobility

Participants identified the importance to invest in social mobility to expand network channels and potential partnerships. Participant 4 mentioned that opportunities in her risk advisory practice are derived from being visible: “around being visible in your profession, I’m very visible in the internal audit profession” (Participant 4). Participant 8 expressed that most Black Africans do not have lifestyles that are commensurate with the effective movement amongst influential social strata. To establish co-creation partners strengthened social mobility is required:

"You must be mobile, you've got to be, and maybe this is the handicap that we have as black people perhaps, because our lifestyles are not geared so much to or if they are maybe we don't use them effectively, but the opportunity is to network with influential people, right, in, in casual environments is limited" (Participant 8).

5.7.1.4 Enhance Relationships with Key Institutions

Broader and wide exposure of an emerging entrepreneur in any targeted sector as well as sound established relationships with key players that hold more significant market share enables efficient and opportune growth:

"and then when now tickets had to be bought in local currency, of course that brought in the dilemma of how do you handle hard currency considering if you take hard currency the question is, where did you procure the hard currency from, but essentially what we did was, because we had existing relationships with Nedbank locally and FBC locally what we did was, we actually branded" (Participant 1).

5.7.2 Leveraging Collaboration in Uncertain Contexts

Collaboration can be defined as working together to achieve or produce something, in this instance linked with the second research question is leveraging collaboration an uncertain context. This was developed to understand how the entrepreneurs can

use their collaboration to be a maximum advantage during the uncertainties that might be present.

This theme is relevant for understanding what strategies entrepreneurs use to partnering with other entrepreneurs and businesses. To support this theme, a total of three code groups were formulated from the participants; these are proper business proposal or offer, understanding value, willingness to do proper research and adequate skills. Table 8 presents these four code groups which were constructed with frequencies.

Table 8: Leveraging collaboration in an uncertain context

| Construct | Frequency |
|--|------------------|
| Leveraging collaboration through networks and referral | 12 |
| Willingness to do extensive research | 6 |
| Entrench your offering and value | 7 |

Source: Author's own.

5.7.2.1 Leveraging Collaboration through Networks and Referral

Having proper networking channels is advantageous. Majority of the participants indicated that the companies they collaborated with were individuals who they previously worked with or people who were introduced by friends. In their reflections, Participant 3 indicated that "I think what happened was that I met through a friend, who knew him, and he knew me, and connected the two of us, I think he just said the two of you must meet" (Participant 3).

In support of the above-mentioned, Participant 7 explained how the collaboration was leveraged by networking in unknown or uncertain condition and context. The door of opportunity was opened by unexpected contacts:

"I met some guys, we drinking at a club, they told me they had a project, and I didn't know them, I knew the person between us, they said we're going to come to your office they came to our office, hungover, because we left the

club I think at about 3, but then they could see something, I flew to Joburg and we started a venture, but within 2 months we were on as database and we'd known each other as in, laid eyes on each other for 6 months, within 6 months I was in a joint venture with them, and we were pushing invoices at the height, was about R65 million" (Participant 7).

5.7.2.2 Willingness to Do Extensive Research

It is evident that when collaborating the entrepreneur needs to have a proper understanding of the process and the business, the entrepreneur will be partnering with. Research can be done by reading, asking questions, and surfing the internet. Participant 7 expressed that "Then of course where they do not understand anything, they need to be able to ask the questions and genuinely want to learn" (Participant 7).

Critically, when the entrepreneur is willing to put extra effort, they do not wait for things to happen automatically, they make sure that they do proper research. "So, I came back, and then I started searching on the internet, you know, he was selling excavators, you know, these construction stuff. So, I started looking, you know, this is the story, this is how you, you market used equipment" (Participant 6).

5.7.2.3 Entrench Your Offering and Value

Several participants indicated that an individual needs to understand their value and value proposition when engaging with a potential collaborator. Such information enables others to understand and know the value the individual represents and establish aligned interest. Participant 1 indicate that:

"if legislation was not a factor, so essentially it's being able to know the value being able to articulate the value and being able to align in terms of visions, in terms of plans, in terms of the exact benefit to that transactions, because it has to be tangible somehow, otherwise it becomes difficult for them to justify why they want to have you on the table" (Participant 1).

One ought to explicitly outline his business offering for the potential collaborator to have sufficient grasp and comprehension of the business. Participant 2 expressed that:

“So, for you to enhance your relationships you got to have something to offer. Likes attracts likes, value attracts value, if you do not have any value to offer, you not going to convert any relationship, whether it is a social relationship or any relationship” (Participant 2).

5.7.3 Disadvantages of Social Capital

Having established how entrepreneurs use social capital to promote collaboration and/or co-creation in an uncertain context – one would have assumed that there are no drawbacks. However, several participants highlighted the downsides or disadvantages associated with social capital for entrepreneurs. The disadvantages are listed in Table 9.

Table 9: Disadvantages of social capital

| Construct | Frequency |
|-----------------------------------|------------------|
| Lack of support from the networks | 2 |
| Hindrance due to Jealousy | 2 |

Source: Author’s own.

5.7.3.1 **Lack of Support from the Networks**

Networks can sometimes not come through at the time when they are needed. Participant 7 mentioned the people you know could attach a ceiling or a limitation to an individual’s success, thus less likely to help: "there's people who cannot see you as a successful businessman to a certain extent". The networks will not always give the support that a person needs; this might be a result of different factors; one of them being an unclear or vague mutual benefit. Participant 2 stated:

"so these things are tricky, there's no science to it, you know. And then also you can use, you see people also believe that they can use their social capital to get things even if the things, but they don't understand that it's not the social

capital, it's what it is that you are talking about, you know, some people will follow you blindly to their own peril, you know, family, friends, people you grow up with, yeah we are supporting you, yeah even when you fail we are supporting you, maybe they have to because they are your family, you know. But when you start looking for people, beyond family that, who do not have to, the question is why should they? You know" (Participant 2).

5.7.3.2 Hindrance Due To Jealousy

Sometimes jealousy can be the downside of having social capital. It is often that some people within the networks can feel that the other part has got more potential, and they would just not want to continue with co-creation. Participant 4 stated that "sometimes, people will pretend to want to help you, they not helping you, you know what I mean, the people who are going to, who have gone out, to close doors for me".

5.7.4 Summary of Research Question 2 Findings

The findings of the study revealed that entrepreneur enables collaboration and co-creation by identifying opportunity channels with original ideas, strengthen social mobility, enhance the relationship with key institutions and creating and leverage opportunities. The findings identified leveraging collaboration through networks and referral, willingness to do extensive research, understanding their value and entrench their offering as the key success factors for collaboration. However, it is not always positive; there can also be a lack of support from the networks as well as a hindrance due to jealousy.

5.8 Results of Research Question 3

Research Question 3: What are the social capital characteristics involved in the entrepreneurial co-creation?

This research question aimed to understand the characteristics of social capital involved in co-creation. The researcher used this research question to find out how

do entrepreneur gain or grow their social capital, and what are the social capital characteristics that enable co-creation.

5.8.1 Adopted Approaches to Gain Social Capital

The participants were asked to state what they think are the approaches that one must adopt to gain social capital. They mentioned that it is important to be straight forward, to be hard-working and have the skills, and they also mentioned that it is important to have self-discipline and a vision. These are used as the constructs to discuss the approaches that can be adopted to gain social capital. Table 10 presents the adopted approaches to gain social capital.

Table 10: Adopted approaches to gain social capital

| Construct | Frequency |
|---|-----------|
| Entrepreneur to be straightforward and brave | 4 |
| Hardworking with continuous efforts to acquire skills | 4 |
| To have self-discipline and a vision | 3 |

Source: Author's own.

5.8.1.1 To Have Self-Discipline and a Vision

Participant 2 mentioned that for one to gain social capital, they must adopt self-discipline by taking self-initiative and have a vision. If a person has adopted these two things, other people will find it attractive to work with such a person or to invest in what they are doing. Participant 2 stated that:

"You got to be hungry, you got to want to work, you got to want to do something, you got to be able to manage yourself and be a self-starter and be a self-motivator. Nobody will teach you those things, you know, and got to have something inside of you that's burning, that's driving, you to do whatever it is that you want to do. And you got to have a vision, you know, you got to have a vision" (Participant 2).

5.8.1.2 Entrepreneur to Be Straightforward and Brave

It is important to be straightforward about any idea that you have as an entrepreneur, although this direction may be intimidating. However, when a person is straightforward, and brave other people might develop an interest to work with that person. This shows that an entrepreneur needs to adopt this approach to gain social capital which will work for the business. This is supported by the quotations from the participants' respondents.

"You need to be straight forward, you need to be upfront, you need to be bum naked, but not ashamed , so you need to say guys, this is, and we love guys who are genuine and bum naked... so, cause we've all been there at some tiny time, all of us doesn't matter who we are, you have all been at some point there, so ,so, so it does, it does help the journeys, and be straight forward so you are not confused, I say things upfront" (Participant 3).

5.8.1.3 Hardworking With Continuous Efforts to Acquire Skills

Another approach that was mentioned as being useful to gain social capital is hard-work and acquiring skills. When other potential entrepreneurs see that a person is hard-working and has got the skills to enhance the business, they will be drawn and attracted to working with such a person. Participant 3 mentioned:

"I want to say to guys, its hard work, skill, and maybe a bit of luck, you know you need a little bit of luck, you need everything after its done, I just need to do, to be the right place, right place right time and say the right things, then a little bit of lick, not too much, just a little bit of luck just to make it happen, and so, anyway, we went into the last four, last three, last two, and I don't know, I don't know for some reason why they chose me, but they did, so I was chosen to restructure the hedge, for Botswana, for the Botswana government on, on their partnerships, which was their Eskom, that side, so, that was like amazing, so you, because I could get guys, I even could get guys from London to come to me at my Randburg office, to come and say, can we work... under you" (Participant 3).

Participant 10 suggested that being known for hard work is an impressive skill and delicacy “you can attribute it to my hard work, and to my finesse of being able to do what I need to do”.

5.8.2 Social Capital and Network Characteristics

Social capital and network characteristics are what makes a living and working in society to be effective. It is good to interact with people that are surrounding you, to acquire knowledge and enable opportunities to emerge. Networking with different people and sharing ideas would have a positive impact on an entrepreneur’s journey. This theme focuses on social capital and network characteristics that enable an individual to extract value from such an interactional process with network members.

The emerging group codes were strategic thinking and proper project management skills, authenticity and genuineness, High agility and adaptability, willingness to learn new things and willingness to put in the extra effort. Table 11 presents the social capital and network characteristics, with frequencies.

Table 11: Social capital and network characteristics

| Construct | Frequency |
|--|------------------|
| Strategic thinking and project management skills | 8 |
| Authenticity and genuineness | 6 |
| High agility and adaptability | 3 |
| Willingness to learn new things | 2 |
| Put extra effort to deliver | 4 |

Source: Author’s own.

5.8.2.1 *Strategic Thinking and Project Management Skills*

According to the participants, good communication, strategic thinking and being at the forefront of effective solutions are important characteristics. Participant 2 explained that:

"Then you also need to make sure that as much as your very good on the communication, your very good on the identification of the gap, you need to make sure that you are on the forefront in terms of leadership, because everyone wants to see the person articulating that particular opportunity is actually going to be the champion of it" (Participant 2).

This should be augmented by good project management skills to implement quickly on the gaps identified in the market. Participant 1 expressed that "I think projects management, solution thinking, so, I think it is that as well" (Participant 1).

Participant 15 demonstrated a high level of strategic thinking and project management skills during the COVID-19 lockdown, where community movement was restricted. The participant used his contacts and relationships to establish a digital platform in the form of a gate hub that communicates with people from around the globe to incubate early-stage entrepreneurs.

"then I started now getting all Forbes and spoke of Forbes, they brought me some of prominent business people, because everybody was incarcerated around the world, so people had free time, so now I was stepping into that so I'd get speaker after speaker, coming in every Monday through to Sunday, literally, going through and in it I started a whole platform to communicate from a digital platform with a global world" (Participant 15).

5.8.2.2 Authenticity and Genuineness

The participants also highlighted an important characteristic required from entrepreneurs, which is authenticity and genuineness. They indicated that entrepreneurs should be legitimate and trustworthy. This is crucial because individuals are unlikely to work or collaborate with someone who is not loyal. Moreover, the participants indicated that entrepreneurs must be natural and not portray false impression about themselves. Authenticity strengthens connections and galvanises support from networks.

"I think, I think what I have discovered is that people appreciate real and genuine relationships. So, they will always, if they believe that you are real and genuine, they will always be supportive" (Participant 1).

"I want to see if I can start something from nowhere, and grow it and I want to, look I just had a liking in him, his spirit was right, and we have known each other for a while" (Participant 10).

Participant 13 further explained that in addition to being genuine, the entrepreneur must be patient with the combination of these characteristics' critical to social capital and networking. "So, I think it is important to be genuine around it, you know, be very genuine around it and yeah and take your time, be very patient, you know" (Participant 13).

5.8.2.3 High Agility and Adaptability

Participant 12 attributed her ability to be agile and adapt as a key characteristic that attracts people to work with her. The participant expressed that entrepreneurs must be agile and adaptive to be able to keep up with the changing times and a new way of doing things.

"and my company was doing extremely well and you know my work was speaking for itself, and he also felt like jeez I'm a force to be reckoned with you know and in fact it was the other way around, he wanted to work with me, because he felt like you are changing the face of construction, you are coming up with you know, new ways of doing things" (Participant 12).

Participant 13 explained the importance of agility in a digital context by establishing an on-demand online platform where people can connect with people professionals they need for services.

"so I decided, you know what, why don't I just an online place where people can verge in to find the people that they need, on-demand, and then use them for deals or whatever it is they want to use them for and then yeah, that's how LinkdPro started, and as we, as we got well entrenched in this space, you

know, I, we suddenly picked up that remote work was going to be something big, you know, in the next year the next decade, you know look at where we are now, remote work has almost been accelerated by what, 10 years" (Participant 13).

5.8.2.4 Willingness to Learn New Things

According to the participants, entrepreneurs need to be open-minded, transform and be willing to learn new ways. It is critical not to be afraid to be an open book and to possess a curious mind which improves the ability to grasp issues and enhance knowledge. Some meaningful engagements are driven by curiosity, asking questions, doing research, and associating with knowledgeable people. In contextualising this view, Participant 15 explained:

"think that's another trait of entrepreneurship, you got to ask questions, you see, you got to ask questions because there's no construction that takes place anywhere around my facility anywhere that I go, I don't go and ask what's going on, because when you ask questions, you begin to inform yourself with knowledge, or capacitate yourself so that by the time you go in your always informed, it's only those who ask questions that get answers" (Participant 15).

Participant 16 supported this view and attributed the strength of the relationships he and his business partner have formulated to their ability to meet new people and ask questions.

"so relationships are important, now, as you grow, relationships are good for growth because as they say, no man is an island now the, the 2 of us, [Partner] and myself, we were great in terms of meeting new people asking questions and, we're easy" (Participant 16).

5.8.2.5 Put in Extra Effort to Deliver

One of the key characteristics noted by participants is the willingness to put an effort to work and deliver. Participant 2 expressed "I will always be able to look after myself because I am not afraid to work. And I am not afraid, and that also, be not afraid to work. In this context, Participant 8 explained that to keep on opening doors of

opportunity, it is important for an individual to be known for delivery in their social circles. He expressed that “yes there was a, there was a social and relationship there, right that I capitalised on but I did not, I didn’t waste it, I, I, when the first door was opened, I delivered on it. So, when next time I knocked, he knew he’s talking to someone who can actually deliver” (Participant 8). The participant further emphasised that when an individual is given the benefit of the doubt within social networks, even if the opportunity emerges from a close relationship such as a friendship, it is a paramount characteristic to place effort to deliver (Participant 8):

“I took the [Company x] guys there, and joked around and they realised okay look, there is a bit of seriousness here, and then we followed that up with, with bank guarantees, and when that deal was done, that created a huge tick, to say, okay this guy can deliver, so you know, you, back, you have backed up your, the vision, that you have translated into an opportunity to say listen, I think I can do this, you have convinced someone, perhaps they have given you the benefit of the doubt, because you’re a friend, right but then you go and back it up with, with performance, that changes things, right” (Participant 8).

In summary, the participants believe that there is a need for entrepreneurs to have specific characteristics to succeed with extracting social capital amongst networks.

5.8.3 Intersection of Social Capital and Effectual Entrepreneurship

This theme was developed to understand how entrepreneurs interact with social capital during effectuation. Two code groups were constructed to discuss this theme. Table 12 presents the constructs.

Table 12: Intersection of social capital and effectual entrepreneurship

| Construct | Frequency |
|---|------------------|
| Commonality and synergy amongst network members | 12 |
| Enhance value creation | 8 |

Source: Author’s own.

5.8.3.1 Commonality and Synergy amongst Network Members

Most participants emphasised that people partner with those they share some degree of commonality with. Participant 11 mentioned that “whom you know matters, but it matters provided you’ve got common interest, an alignment of interest, because then, then what you are doing, you are feeding from each other”. This can be in the form of common purpose or common values that results in emerging synergies amongst network members:

“I was meeting a lot of people and I was socialising, and then with a lot of ideologies that, so it’s very very important to have a purpose of meeting human beings, you know, and because those human beings, you might find out, there’s some common purpose” (Participant 16).

“So, I’d like to say, partnership or collaboration has got more to do with personalities than anything else, right, so that’s the first step for me, the second, the second would be, shared or common values, right, I think that’s the easiest part, shared or common values” (Participant 14).

5.8.3.2 Enhance Value Creation

Participant 2 emphasised that it is crucial to develop self-value and understand an individual’s value proposition. Effectuation is driven by being a value enhancer to the parties’ one collaborates or co-creates opportunities with. In describing and contextualising value-creation, Participant 2 explained:

“Value creation comes from within, you are not going to convert anybody when you have not converted within, who are you, what value do you have? What is your value proposition? You know, are you a value enhancer or are you an expense in someone else’s life? Or are you just a, a prop, by product? Meaning you need a revenue, you need an expense and you, you are just that thing, that thing that is there” (Participant 2).

5.8.4 Summary of Research Question 3 Findings

The findings of the study revealed that social capital requires an entrepreneur to be straightforward and brave (courageous), hardworking with continuous efforts to

acquire skills, to have self-discipline and have a vision. With regards to ensuring co-creation of value, the participants identified that an entrepreneur is required to be a strategic thinker and have proper project management skills, be authentic and genuine, highly agile and adaptable, willing to learn new things and put extra effort to deliver.

The findings revealed commonality and synergy amongst network members and enhancing value creation as the constructs that depict the intersection of effectuation and social capital.

5.9 Conclusion

In the chapter, the findings of the study are presented from the empirical data collected from 16 entrepreneurs. The six themed open-ended questions of the study were the journey and experience of effectual entrepreneurship, available means required to create a successful business, co-creation in social capital, adopted approaches to gain social capital, leveraging collaboration in an uncertain context and social capital and network characteristics.

The findings showed that the entrepreneurs were knowledgeable about social capital in an entrepreneurial context. Through a reflection of their journeys, they were able to list the characteristics required to use social capital as an available set of means for entrepreneurial opportunities. They highlighted what is required for successes under uncertain entrepreneurial conditions. Furthermore, insights were developed that contribute to the role of social capital in effectual entrepreneurship.

The findings are discussed in Chapter 6, comparing them with the literature synthesised in Chapter 2 of the report. The limitations of the study are discussed in Chapter 7 to contextualise the findings of the study.

6 CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

In this chapter, the research findings from the data analysis of the semi-structured interviews in Chapter 5 are discussed. The results are discussed in the context of this study questions and are contrasted to the literature review presented in Chapter 2. This will derive insights that contribute to the Research Questions formulated in Chapter 3.

This section will contribute to an enhanced understanding of the role of social capital in entrepreneurial effectuation and provide affirmations, rebuttals, and new insights into the current literature review. The relevance of the findings and the related effectuation and social capital literature are discussed and illustrated in the form of an expanded “multi-level reconceptualisation of the dynamics of effectuation” (Kerr & Coviello, 2019, p. 6) model which was introduced in Chapter 2. The hypothetical reconceptualised model outlays “four levels of dynamics” (Kerr & Coviello, 2019, p. 6) in effectuation. The findings are aligned to the different levels in an interactional and iterative process.

The proposed combined and adapted multi-level reconceptualised dynamics of effectuation model, which incorporates the findings of this study is presented in Chapter 7. Chapter 6 will begin to discuss and map the findings to the model components in the sections that follow.

6.2 Discussion of Research Question 1 Results

Research question 1: How are entrepreneurs forming social capital during effectuation by understanding 'whom you know' as a set of means?

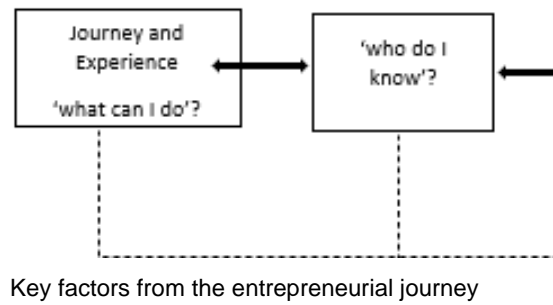
Research Question 1 strived to understand not only the social resource through ‘whom you know’ but also the other available means and tools that the entrepreneur

used to build opportunities. The active and successful development of social capital through understanding 'whom you know' as a collection of means was a crucial departure point in the study of understanding the role of social capital in entrepreneurial effectuation. Arend et al. (2015) and later supported by Obstfeld et al. (2020) explained that in effectuation 'whom you know' is a critical resource at hand and is a launching point of engaging entrepreneurial action. The analysis of the research question will be according to the identified themes in Chapter 5.

6.2.1 Journey and Experience of Effectual Entrepreneurship

The findings of this study focused on the understanding the social resource through 'whom you know' by investigating the journey and experience of effectual entrepreneurship, as well as available means and resources the entrepreneur used to create a successful business. With regards to the journey and experience of effectual entrepreneurship, the participants articulated their formative entrepreneurial experiences.

Engel et al., (2017) stated that effectuation serves as a start point for entrepreneurial action under uncertainty. Taking these steps is important to create the necessary baseline and building block for business success. The Figure 6 on the next page, presents the position of journey and experience and 'whom you know' in the reconceptualised "dynamics of effectuation" (Kerr & Coviello, 2019, p. 6) proposed by Kerr and Coviello (2019) and extended for the findings of this study.



- Augmenting voluntary work
- Enhance talent and skill
- Pushing problem-solving boundaries
- Open and to take risks
- Develop and leverage networks
- Diversification of opportunities that fill gaps

Figure 6: Journey and Experience and ‘whom you know’ in the reconceptualised Dynamics of Effectuation

Source: Author’s own, adapted from Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 6.

Augmenting voluntary work is seen as the critical phase when starting and building for success, as it offers the entrepreneur or aspiring entrepreneur opportunities to develop not only the knowledge base but also helps to build networks. Benenson and Stagg (2016) explained that volunteering gives benefits to the people involved and the communities where it is taking place. This is because it is grounded in the shared interest of the individuals and thus allows them to meet and share bonds from the experiences as volunteers.

A major highlighted view of volunteering is that it usually takes place in a much more relaxed environment for the meeting of people to take place without the pressure that is sometimes synonymous with a networking evening, thus making building meaningful connections easier. Volunteering is a critical aspect of social capital, and it strengthens the existing ties and builds new ones. Benenson and Stagg (2016) explained that opportunities offered to volunteer helped to enhance learning, gain access to information and develop skills. Although this was done within the working

environment, this shows how volunteering improves knowledge. This outcome was congruent with the findings, where participants highlighted that volunteering improves knowledge. Some participants affirmed the literature by indicating that entrepreneurs ought to undergo practical experience to develop knowledge, and this can be done without pay (Participant P1, P15, & P10). As such, volunteering helps enhance talent and skill.

With regards to enhancing talent and skill, Kerr and Coviello (2019) suggested that an entrepreneur's skill, experience, own knowledge corridors, education and expertise are an important reflection when starting and entrepreneurial journey. This was affirmed by Participant 3, who indicated that business ideas based on natural ability or learned skills are crucial. Several participants started their business on the back of their professional competencies and experience (Participant P1, P3, & P9). Participant 1 added new insights to the existing literature by highlighting the importance of a business novice also to have a professional protégé to supervise business comprehension and acumen.

Weinberger et al., (2018) and Ter Wal et al., (2020) posited that business ideas must be useful and creatively solve strategic issues. Several participants affirmed this view by indicating the importance of pushing problem-solving boundaries as a novice. Participant 3 expressed the need to tirelessly provide solutions or better alternatives to any plight against humanity.

Welter et al., (2016) suggested that effectual decision making can also be effective in risky environments. The affordable loss basis of effectuation suggests the increased access to information and experimentation as methods to reduce risk in entrepreneurship (Kerr & Coviello, 2019). Participant 2, 3 and 9 affirmed the importance of being open to taking risks for something the individual believes in, quoting the sacrifice of full-time employment as a leading risk factor.

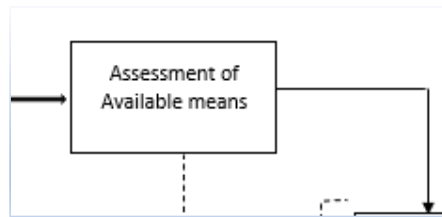
In effectuation, the meeting of new people is crucial to moving entrepreneurial action forward; this can happen through networking which is distinctively social. Networking supports entrepreneurial activity and can result in the emergence of entrepreneurial goals (Engel et al., 2017). Kerr and Coviello (2019) support this view by suggesting that 'whom you know' is essential to one's entrepreneurial path. From the findings,

participants affirmed the importance of developing and leveraging networks with reasons of ideation, opening doors to opportunities, improving human perspective, growth mindset, leadership qualities, cultural intelligence, and assistance to manage various business situations (Participant P8,P14, &P16). Hmieleski et al., (2015) explained that social capital seeks to derive value from one's networks and provides rich information. This is mostly available through the goodwill of trust-based relationships that allow entrepreneurs to recognise and leverage opportunities.

Uncertain circumstances often need entrepreneurs to experiment in order to advance potential opportunities (Hmieleski et al., 2015; Mauer et al., 2018). According to Engel et al., (2017), diverse social resources serve as input to entrepreneurial ideas, creativity, and growth. Several participants affirmed the literature and encouraged the diversification of opportunities with additional insights that diversification can be achieved by being well versed with gaps in the market (Participant P5,P6, &P7). As additional insights to the literature, Participant 7 further explained that to get started; aspirant entrepreneurs can explore diverse opportunities informally while still in formal employment.

6.2.2 Available Means Required To Create a Successful Business

Effectuation works with available means in order to achieve an outcome possible within a set of means an individual has (Jiang & Tornikoski, 2019). This interview question aimed to understand the available means the participants had at their disposal to create a successful business venture. The figure on the next page presents the position of 'Assessment of Available Means' in the reconceptualised Dynamics of Effectuation.



Available means

- viable ideas for business
- establishing a relationship for access
- financial stability and working tools
- access to communication means and being mobile

Figure 7: Assessment of Available Means in the reconceptualised Dynamics of Effectuation

Source: Author's own, adapted from Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 6.

6.2.2.1 *Viable Ideas for Business*

The first means was the viable 'idea' to start an entrepreneurial venture and also focusing on the outlook for the long term. Olugbola (2017) stresses the significance of a viable business idea as its likely to be converted into a meaningful business opportunity by entrepreneurs or aspiring entrepreneurs with capacity. This is supported by Teece (2018), who argued that entrepreneurs should convert their promising and feasible concepts into viable business models.

Weinberger et al., (2018) elaborate that the idea must make a difference to the economy or society and further explained that for ideas to be translated into opportunities, the ideas must also be successfully conveyed by involving stakeholders. Put merely; viable ideas are only useful as available means if they are converted into viable businesses (Ter Wal et al., 2020; Weinberger et al., 2018). Participant 1 and 13 affirmed the literature by referring to a viable idea as the first means to start an entrepreneurial venture. Participant 1 further stressed the

importance to catalyse the monetisation of ideas by aiming for the market's first-mover advantage.

6.2.2.2 *Establish a Relationship for Access*

The second was establishing relationships as a means to create a successful business. The finding from several participants on the establishment of the relationship as means was congruent to Obstfeld et al.'s (2020) study which explained that relationships are used as a collection of means available for generating opportunities. Kerr and Coviello (2019) recommended that entrepreneurs should engage in casual and unplanned relationships thereby opening opportunities.

Participant 5 affirmed this finding and expressed that an individual does not need financial capital to start an entrepreneurial venture; however, the creation of meaningful relationships for opportunity creation is paramount. Engel et al., (2017) stated that in establishing relationships, one should not engage with a posture of what you will get in return, as that might lead in the real opportunity being missed. Relationships are established beyond family and acquaintances under uncertainty; this applies to strangers, since it is unclear who will act as a medium for the next business opportunity.

6.2.2.3 *Financial Stability*

Third available means was the financial stability of the entrepreneur. From the findings, several participants revealed that being financially stable was a means to create a successful business. Adequate finances make the development and running of the businesses easier compared to the less financially stable counterparts. The major reason for this is, as Hottenrott and Richstein (2020) confirmed, that when the entrepreneur start-up, there are high levels of uncertainty, and this imposes challenges to entrepreneurial financing.

In its infancy stage, ventures tend to require high investment requirements, and unavailability of financing can result in unpursued opportunities. Unfortunately, in most cases, this requires the entrepreneur to self-fund or require informal funding such as from friends and relatives as their high-risk profile makes it difficult for the formal funders such as banks to fund them.

With the failure rate of small business being very high and reducing with the year on year decrease of about 9.2% for formal SMMEs coupled with a resultant 20% contraction in employment derived from SMMEs (Small Enterprise Development Agency, 2018), commercial banks are perceived to have stringent screening processes when evaluating the SMMEs for financing or funding. This is motivated by the banks' attempts to minimise the risk of non-payment and debt write-offs. As such, the SMMEs are finding it increasingly challenging to obtain credit finance from the bank. Due to this, lots of SMMEs revert to 'whom they know'.

Participant 3 affirmed this view by expressing the state of being financially stable or having access to financial resources as advantageous to embarking an entrepreneurial journey. Although it is possible to start without financial capital as expressed by Participant 5 who rebutted the need for financial capital, some participants expressed that financial stability had made it easier to get started. Participant 7 attributed his ability to raise a R 1 million deposit from savings as a catalyst for the acquisition of his first building as a property mogul.

6.2.2.4 *Access to Communication and Being Mobile*

Last available means is access to working tools such as communication aids like telephone and internet, as well as transportation, i.e. motor vehicle. Waldron et al. (2015) indicated that communication with stakeholders as a set of available mean suggests mobility alluding to the entrepreneur's desire to boost their social status as an essential means of entrepreneurship. This includes the opportunity to have regular communication within groups and organisations. Participant 8 affirmed this view by highlighting the importance of accessing working tools such as those of communication and transportation for an entrepreneur. This is because, in the quest to derive social capital, the entrepreneur needs to interact with their targeted audience.

6.2.3 Discussion Summary of Research Question 1 Findings

What was evident from the findings is the affirmation that the journey and experience are mainly grounded on the available means. Engel et al., (2017) explained that the entrepreneur's idea of control over future outcomes gets negated; as a result, they

find themselves in a situation where there is a creative transformation of available means, with effectuation serving as a start point for entrepreneurial action under uncertainty.

For the journey and experience of effectual entrepreneurship, the findings confirmed that augmenting with voluntary work helps to improve knowledge and enhances talent and skill. Extended insights on enhancing talent and skill were provided by highlighting the importance for a business novice to also have a professional protégé to mentor business comprehension and acumen. Participants extended the literature by expressing that business ideas based on natural ability or learned skills are crucial.

Findings confirmed the importance of pushing problem-solving boundaries and being open to taking risks as a business novice. Participants confirmed the importance of developing and leveraging networks and encouraged the diversification of opportunities. Extended insights revealed that diversification could be achieved by being well versed with gaps in the market and that aspirant entrepreneurs can explore diverse opportunities informally while still in formal employment.

For the available means required to create a successful, findings confirmed the need for viable ideas as the first means to start an entrepreneurial venture. Extended insights indicated that the monetisation of ideas can be catalysed by striving for first-mover advantage in the market. Findings confirmed the establishment of relationships of access as an important resource, while sighting stability financially or having access to financial resources as advantageous to embarking an entrepreneurial journey. To the contrary, findings revealed the possibility of starting a venture without financial capital and rebutted the need for financial capital. Findings confirmed the importance of accessing working tools such as those of communication and transportation, for an entrepreneur to interact with a targeted audience.

6.3 Discussion of Research Question 2 Results

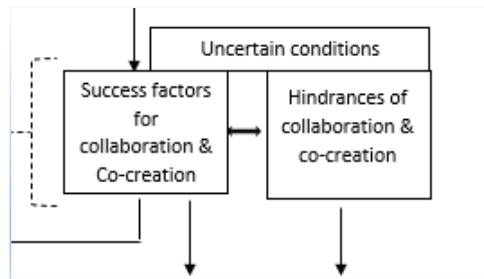
Research Question 2: Under uncertain conditions, how do entrepreneurs employ social capital to enable collaboration and or co-creation?

Research Question 2 strived to understand how entrepreneurs employ social capital to co-create opportunities and leverage collaboration under uncertain conditions. Uncertain conditions can transpire where there is a struggle for entrepreneurs to get external help, and with available means being their saving to minimise the struggles of starting and operating a business. This uncertainty has recently been compounded by Covid 19, a global pandemic that has caused tremendous economic harm in South Africa and around the world. In the second quarter of 2020, South Africa's gross domestic product dropped by 16% and more than 2 million jobs were lost (Statistics South Africa, 2020b).

According to Smith et al., (2017), the benefits of social capital in an entrepreneurial context includes: taking advantage of market opportunities, the identification and distribution of resources, information and sponsor accumulation, enhancement of performance in challenging or uncertain times, mitigating of failure, legitimacy, and creative opportunities. The disadvantages of social capital include collective conformity mentality, unwillingness to walk away from failing partners, less objectivity, and more tolerance of underperformance.

6.3.1 Co-creation in Social Capital

As a way to cope, Jiang and Ruling (2019) as well as Kerr and Coviello (2019) supported each other in agreeing that entrepreneurs tend to collaborate with network partners in uncertain circumstance to co-create opportunities. Engel et al., (2017) also argued that under uncertain conditions, it is of interest to understand how entrepreneurs employ social capital to enable collaboration and or co-creation. According to Arend et al. (2015), the possible loss associated with uncertainty is affordable and survivable by available means, often obtained through the participation of co-creators and other contingencies. The figure on the next page presents the position of 'Co-creation' factors in the reconceptualised Dynamics of Effectuation.



Success factors for co-creation

- identifying opportunity channels with original ideas,
- strengthen social mobility
- enhance relationships with key institutions
- create and leverage opportunities

Figure 8: of 'Co-creation' factors in the reconceptualised Dynamics of Effectuation
 Source: Author's own, adapted from Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 6.

6.3.1.1 Identifying Opportunity Channels with Original Ideas

According to Tocher et al. (2015), incubation centres could lead entrepreneurs to keep track of their original ideas, which are crucial to the development of opportunities. This will enable entrepreneurs to think about their bridged ties and to constantly grow their ideas through the participation of other parties. Participants affirmed the importance of original ideas in identifying channels and paving the way for the future. Participant 1 upheld this view by indicating that inventing an original idea is essential to opportunity creation and establishing co-creation partners and further emphasised that people are brought together by original ideas.

6.3.1.2 Strengthen Social Mobility

Tocher et al. (2015) suggested that uncertainty for both the entrepreneur and the stakeholder depends on social interactions. The literature study concludes that social capital minimises uncertainty. Participant 4 and 8 affirmed this view by indicating that for opportunity channels to be effectively utilised, entrepreneurs need to invest in social mobility to expand network channels and potential partnerships. This can be done by being intentionally visible among influential social strata. As additional

insights to the literature, Participant 8 articulated a disadvantage that most Black South Africans do not have lifestyles that are commensurate with active and successful social strata movement.

6.3.1.3 *Enhance the Relationships with Key Institutions*

According to Reymen et al., (2015) in effectuation, an uncertain decision context is controlled through a co-creative process that allows the emergence of entrepreneurial ideas and converge of opportunities. Within the co-creation process, strong networks, and ties from effective interaction with the external parties are developed (Arend et al., 2015).

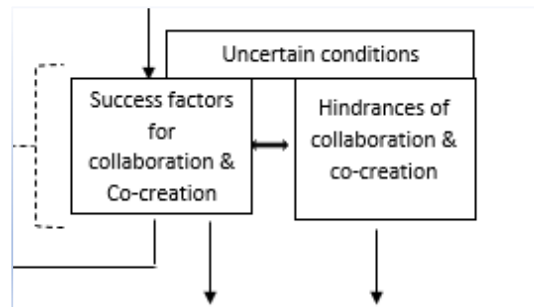
Kerr and Coviello (2019) and Arend et al. (2015) identified securing partnership and pre-commitments from stakeholders as vital to navigating uncertain entrepreneurial circumstances. Participant 1 affirmed this view by highlighting the importance of aspirant entrepreneurs to enhance the relationship with key institutions such as banks for support. Established relationships with key players enable efficient and opportune growth.

6.3.1.4 *Create and Leverage Opportunities*

Kerr and Coviello (2019) explained that in commitment, cooperation and partnership, strong network relations are likely to yield reciprocity, and this strengthens the co-creation espoused in effectuation. Further, the literature study emphasised the importance of being flexible to take advantage of possibilities amongst humans, i.e. contingencies. From the findings of this study, all participants, in essence, affirmed the literature by explaining that co-creation is about instilling confidence in people such that mutual benefit is established. Participants also indicated that one needs to be impressionable to create and leverage opportunities (Participant P4,P7 & P9).

6.3.2 Leveraging Collaboration in Uncertain Contexts

This interview question is linked to with the second research question understanding how participants to leverage collaboration in an uncertain context. Participants were asked to reflect on strategies entrepreneurs use to partner with other others. The figure on the next page presents the position of 'Collaboration' success factors in the reconceptualised Dynamics of Effectuation.



Success factors for collaboration

- leveraging Collaboration through networks and referral,
- willingness to do extensive research,
- Entrench your offering and value

Figure 9: 'Collaboration' factors in the reconceptualised Dynamics of Effectuation

Source: Author's own, adapted from Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 6.

6.3.2.1 Leveraging Collaboration through Networks and Referral

According to Obstfeld et al., (2020) in effectual logic, entrepreneurs take advantage of who they know to forge collaboration within networks. Kerr and Coviello's (2019) findings revealed that in effectuation, strong network connections are likely to emerge from social networks that increase access to information and reduce the risk of losses on the basis of affordable losses. Thus, enabling the co-creation of entrepreneurial opportunities. The literature study found that network structures can advance or restrict entrepreneurial activity; however, strong relations in uncertain circumstances serve as a resource of assistance and are useful in the exchange of tacit and complex information.

Several participants affirmed this literature by indicating that the people they collaborated with were mostly individuals whom they referred and previously worked within various settings. However, Participant 7 rebutted the literature to the extent that collaboration emerges from close ties; the participant reflected on collaborating

with partners who were previous strangers and had met serendipitously. He subsequently collaborated in a joint venture within six months of new interactions.

6.3.2.2 Willingness to Do Extensive Research

According to Engel et al., (2017), uncertainty includes not being able to collect information to pre-empt a possible outcome. The literature study further revealed that entrepreneurial uncertainty is reduced by gathering information, while stakeholder uncertainty is reduced by the distribution of information. This aligns with Reymen et al., (2015) findings that revealed that uncertainty is driven by lack of knowledge which constraints the ability to predict the future effect.

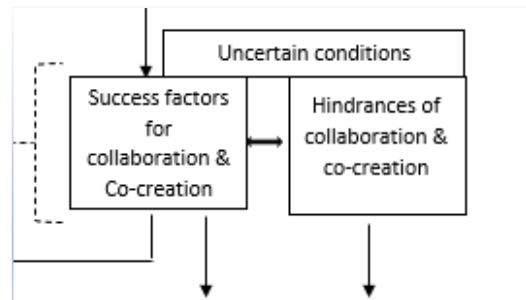
The participants affirmed the literature by indicating that aspirant entrepreneurs must be willing to do extensive research on opportunities to advance collaborative efforts. Participant 6 and 7 suggested that research can be done by reading, asking questions, and surfing the internet. Participant 6 further indicated that the entrepreneur must be willing to place effort in researching solutions to market problems.

6.3.2.3 Entrench Your Offering and Value

Obstfeld et al., (2020) posited that the aspiring entrepreneur must share information or content that is useful and important to the recipient in any social interaction, so that a common goal or shared vision is created. This will invite collaborative ties periodically or long-term. According to Kerr and Coviello (2019), the creation view positions opportunities as a function of an iterative and interactive process amongst network participants, that stimulate certain entrepreneurs to advance business ideas into market offerings.

Several participants affirmed the literature by indicating that an individual needs to understand their value proposition when engaging with a potential collaborator; this is vital to establishing aligned interest. Participant 1 and 2 emphasised the importance of entrenching one's offering to the potential collaborator such that the collaborator has sufficient grasp and comprehension of what an individual has to offer. Participant 2 simply explained that value attracts value.

As a counter, the figure below presents the position of 'Hindrances of Collaboration and Co-creation' factors in the reconceptualised Dynamics of Effectuation.



Hindrances of collaboration

- lack of support from the networks
- hindrance due to jealousy

Figure 10: 'Hindrances of Collaboration and Co-creation' factors in the reconceptualised Dynamics of Effectuation

Source: Author's own, adapted from Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 6.

The findings from a few participants also highlighted that it is not always positive; there is also a lack of support from the networks whereby networks can sometimes not come through at the time when they are needed (Participant P2 & P7) . This is consistent with the views of Kerr and Coviello (2019) who explained that although the value of 'whom you know' is emphasised in several studies, there is also a downside to 'whom you know'.

In this situation, the lack of support from networks tends to emerge from weak ties such as unexpected contacts. The upside of this is that unexpected contacts enjoy relational freedom and bring about diverse and creative information or resources that stimulate innovation. However, Participant 7 rebutted the literature by indicating that close ties can put a preconceived limitation to one's success, thus were likely to neither be supportive nor explore co-creational opportunities. Participant 4

subscribed hindrance due to jealousy as the reason to indicating the downside with close ties. The findings indicated that jealousy can be the downside of 'whom you know'.

6.3.3 Discussion Summary of Research Question 2 Findings

To enable co-creation in social capital, findings confirmed the importance of original ideas in identifying opportunity channels and paving the way for the future. Findings confirmed that for opportunity channels to be effectively utilised, entrepreneurs need to invest in social mobility to expand network channels and potential partnerships. As additional insights to the literature, Participant 8 articulated a disadvantage that most Black South Africans do not have lifestyles that are commensurate with active and successful social strata movement encouraged by social mobility.

Findings confirmed the importance for aspirant entrepreneurs to enhance the relationship with key institutions and the need to create and leverage opportunities. With regards to leveraging collaboration in uncertain contexts, findings confirmed the need for referrals within networks. To the contrary, a finding rebutted the literature to the extent that collaboration emerges from close networks, but instead collaborating with partners who were previous strangers and had met serendipitously.

Findings confirmed that aspirant entrepreneurs must be willing to do extensive research on opportunities to advance collaborative efforts and the need for individuals to understand their value proposition to establish aligned interest.

Findings further confirmed the importance of entrenching one's offering to the potential collaborator such that the collaborator has sufficient grasp and comprehension of what an individual has to offer. This is simply explained as value attracts value.

Additional insights indicated a lack of support from networks and hindrance due to jealousy as the downside factors to having close ties.

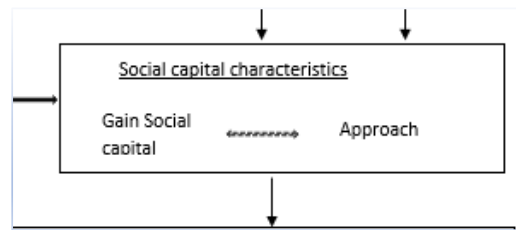
In summary, entrepreneurs employ social capital to enable collaboration and or co-creation, but this is not an always forgone conclusion. However, sometimes there are other hindrances which can result in a lack of support and other related complications such as jealousy.

6.4 Discussion of Research Question 3 Results

Research Question 3: What are the social capital characteristics involved in the entrepreneurial co-creation?

This research question strived to understand from participants the social capital characteristics involved in co-creating entrepreneurial value. Smith et al., (2017) explained that social capital plays a fundamental role to the achievement of entrepreneurial outcomes. This underpins the importance of identifying and contextualising social capital characteristics. Hmieleski et al., (2015) have shown that gaining social capital with a good approach and possessing particular social capital characteristics is important to derive value. As such, this study investigated these characteristics, and the findings of this study revealed that there are characteristics for an effective approach and action necessary to gain social capital and ensuring co-creation of value. Co-creation involves creating joint value within network structures.

The figure on the next page presents the position of 'Social Capital Characteristics' in the reconceptualised Dynamics of Effectuation.



Adopted approaches to gain social capital

- entrepreneur to be straightforward and brave (Courageous),
- hardworking with continuous efforts to acquire skills,
- to have self-discipline and have a vision

Social capital characteristics to ensure co-creation

- strategic thinker and have proper project management skills,
- be authentic and genuine,
- highly agile and adaptable,
- willing to learn new things and
- put extra effort to deliver

Figure 11: Social Capital Characteristics’ in the reconceptualised Dynamics of Effectuation

Source: Author’s own, adapted from Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 6.

6.4.1 Adopted Approaches to Gain Social Capital

Working hard with continuous effort to acquire skill was found by the participants to be critical characteristics for social capital and network characteristics. This was congruent with the views of Tocher et al., (2015) who highlighted that the potential entrepreneurs should not only focus on bonding but on bridging ties as a supplement to the bond established by attending social skills training. Social skills in this context are the ability to influence and induce cooperation. The approach of working hard complements the efforts to gain social capital. Tocher et al., (2015) agreed by suggesting that for aspirant entrepreneurs, efforts should be made to improve their social capital in the same way as the make effort to conceptualise concepts.

Participant 2 further indicated that this needed to be completed by being self-disciplined and having a vision. Tocher et al., (2015) aligned with this by explaining that vision is important to advance social interactions in such a way that an idea can move forward. This requires self-discipline and more importantly an ability to remove self-doubt and in doing so, articulate the entrepreneur's vision straightforwardly and clearly to stakeholders, with this being completed by the ability to actively engage in meaningful question and answers relating to the idea.

In addition, to be hardworking and having a vision, the Participant 3 revealed that the entrepreneur needs to be courageous – straight forward and brave as they work mainly within an uncertain and difficult environment with generally very high failure rates especially in the initial stages of the business. This is true in the environment where more businesses are being closed than started (Falconer & Herrington, 2020). As part of being courageous, the entrepreneur must find it worthwhile to take inventory of the current occurrences and not be discouraged but used it to forge a way forward.

6.4.2 Social Capital and Network Characteristics

6.4.2.1 *Strategic Thinker and Project Management Skills*

Frow et al., (2015) explained that co-creation manifest great opportunities to innovate through the integration of resources amongst network members and potential collaborators strategically. This means that the entrepreneur should complement their vision with strategic thinking and have good execution skills. Participant 2 and 15 affirmed this view by emphasising the importance of strategic thinking and being at the forefront of solutions as important social capital characteristics. Accompanying strategic thinking, Participant 1 emphasised the inclusion of project management skills and other management skills in general.

6.4.2.2 *Be Authentic and Genuine*

Several participants indicated the need for authenticity and genuineness. This is the key precursor to develop and strengthen a relationship that is based on trust. In agreeing with this Hmieleski et al., (2015) highlighted that a network exchange derived from a relationship established by trust (goodwill) creates the basis of social

capital. This is because strong ties are characterised by trust, and individual cases can go as far as have frequent engagement, and emotional connection. Rouse (2020) identifies genuine and playful culture as conducive to the development of intimate and welcoming environments to build co-creative partners. Intimacy and unfiltered experiences produce a sense of 'we' and continuity in self-revealed knowledge. The participants affirmed the literature by emphasising the importance of being genuine and authentic (Participant P1, P10, & P13).

6.4.2.3 *Willing To Learn New Things*

Rouse (2020) posited that co-creation is a creative process in its construction, and such a creative process requires people to be versatile, to be able to learn and share. Participant 15 and 16 affirmed the literature by emphasising the importance of having the willingness to learn new things. Hmieleski et al., (2015) described the importance of bridging dots to disconnected information, thus enabling the development of opportunities in information-rich environments.

6.4.2.4 *Highly Agile and Adaptable*

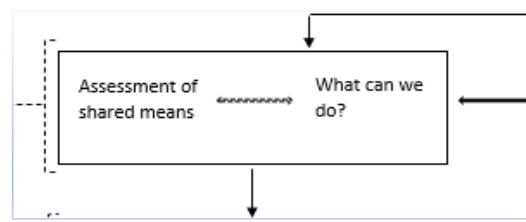
The logic of effectuation favours an aspiring entrepreneur who enables innovations and opportunities to be adapted based on continuous interactions with stakeholders (Obstfeld et al., 2020; Ter Wal et al., 2020). Effectual logic is effective in creating value when the end goal is unknown and promoting the adapting of goals when resources are limited. This emulates experimentation and flexibility to reduce uncertainty (Michaelis et al., 2020). Participant 12 and 13 affirmed the literature by emphasising the importance of being highly agile and adaptable.

6.4.2.5 *Put Extra Effort to Deliver*

Rouse (2020) and Ter Wal et al., (2020) explained that for the achievement of successful outcomes, the ideas must be implemented by partners who are committed to a performance orientation. In the findings, participants affirmed the importance to put extra effort to deliver by not being afraid to work and delivering when the first door opened. Participant 8 further emphasised that even when the opportunity arose from close relation, it is important to ensure and sustain a high-performance delivery.

6.4.3 Intersection of Social Capital and Effectual Entrepreneurship

In understanding how participants adopted social capital and to the social capital characteristics involved in the co-creation of opportunities, several participants began to suggest the intersection of social capital and effectual entrepreneurship. This assists in assessing shared means and begins to answer 'what can we do' for co-creation. The figure below presents the position of the 'Intersection of Social Capital and Effectuation' in the reconceptualised Dynamics of Effectuation.



Intersection of social capital and effectuation

- Commonality and synergy amongst network members
- Enhance value creation

Figure 12: 'Intersection of Social Capital and Effectuation' in the reconceptualised Dynamics of Effectuation.

Source: Author's own, adapted from Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 6.

6.4.3.1 Commonality and Synergy amongst Network Members

According to Obstfeld et al., (2020) in effectual logic, entrepreneurs leverage from who they know to forge collaboration. In addition, the aspiring entrepreneur must share relevant content in social engagements such that a common purpose is established. Rouse (2020) theorised that under uncertain circumstances, intimate interactions allows trust, commonality, and solidarity among network members to promote a shared vision. Most participants affirmed the literature by emphasising

that people partner with those they share a commonality with. Participant 11, 4 and 16 extended that the commonality can be a shared purpose or values.

6.4.3.2 Enhance Value Creation

The 'whom you know' factor lies at the intersection of effectuation theory and social capital theory that extracts value from network structures for entrepreneurial action. Relationships are used to extract value as a collection of means available for the development of opportunities. This value derived is one of social capital (Obstfeld et al., 2020). Participants affirmed the view by indicating that an entrepreneur must have self-value and articulate a meaningful value proposition to others. Participant 2 emphasised that effectuation is mainly driven by being a value enhancer and not a value eroder to potential co-creational or collaborative partners.

6.4.4 Discussion Summary of Research Question 3 Findings

To this end, the social capital is widely understood as the result of networking, through the ability to extract value from relationships and resources embedded in relationships, in order to achieve the desired entrepreneurial outcomes (Smith et al., 2017). This, in turn, can maximise 'whom you know' with this being used for business development and success. This is priceless for early-stage venture creation because entrepreneurs need to establish synergies and collaborators to cope in uncertain circumstances.

The findings revealed that certain social capital characteristics and the shared understanding of common means need to be in place in order for certain ties and commitments to materialise effectively. Kerr and Coviello (2019) recognised that the spirit of co-creation drives the collective cognition of shared means through perceived social capital. The evaluation of mutual resources is essential and more importantly, the identification of the characteristics of social capital that are required to enhance collaboration and co-creation. Findings confirmed adopted approaches to gain social capital include working hard with continuous effort to acquire skill; this needs to be completed by being self-disciplined and having a vision. In addition, to be hardworking and having a vision, findings confirmed that aspirant entrepreneur needs to be courageous and willing to learn.

In identifying social capital characteristics, findings confirmed the need for strategic thinking with extended insight of being at the forefront of solutions as an important social capital characteristic. This is complemented by project management skills and other management skills in general. Findings confirmed the need for authenticity and genuineness and having the willingness to learn new things. The findings further confirmed the importance of being highly agile and adaptable complemented by putting an extra effort to deliver.

To establish the intersection of effectuation and social capital, the findings confirmed commonality and synergy amongst network members and enhancing value creation as the constructs that depict the intersection. The findings extend insights by indicating that commonality can be in the form of shared purpose or values established amongst co-creational partners.

6.5 Conclusion

The findings of this study were discussed in this chapter and contrasted with the literature. It was evident that an entrepreneur does use 'whom they know' as available means to identify opportunities, develop and grow their business. Entrepreneurs do find themselves in a situation where they continuously collaborate and co-create as they work under uncertain condition. For this to succeed, identifying the characteristics of social capital and factors that ensure cocreation of value was critical.

By and large, the summary outcomes are aligned to the literature at a high level. However, there are several emerging insights, which were useful to adapt and improve the details of the proposed multi-level reconceptualised dynamics of effectuation framework depicted in Chapter 7. New insights and findings revealed the possibility of starting a venture without financial capital and thus rebutted the commonly held view for a need for financial capital. Additional insights expressed the drawback that most Black South Africans do not have lifestyles that correspond to an active and prosperous movement of social strata espoused by social mobility. Further new insights indicated a lack of support from networks and hindrance due to jealousy as the downside factors to having close ties from 'whom you know'.

The next chapter provides the limitation of the study, which help to contextualise the finding and present the conclusion, recommendation as well as future studies.

7 CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

As discussed in the research problem presented in Chapter 1, effectuation is considered to yield positive entrepreneurial outcomes at the start of a business venture through the exploitation of new markets, alliances, strategic partners, and other contingencies (Reymen, et al., 2015; Jiang & Tornikoski, 2019). This study focused on the intangible resource of social capital through 'whom you know' as an artefact of effectuation, to explore the effectual framework in greater depth. The study specifically explored the implications of uncertainty into probing how entrepreneurs may form social capital to co-create entrepreneurial opportunities during effectuation. The investigation was conducted using the three research questions presented in Chapter 3, as follows:

Research Question 1: How are entrepreneurs forming social capital during effectuation by understanding 'whom you know' as a set of means?

Research Question 2: Under uncertain conditions, how do entrepreneurs employ social capital to enable collaboration and or co-creation?

Research Question 3: What are the social capital characteristics involved in the entrepreneurial co-creation?

7.2 Theoretical Summary

The literature review indicated that effectuation is a theory of entrepreneurship and there are two behavioural or decision making logics of entrepreneurial action; these being causation and effectuation (Jiang & Tornikoski, 2019; Read et al., 2016; Reuber et al., 2015). While causation places emphasis on planning, prediction, and analysis, the scope of the study focused on effectuation, which emphasises

collaboration and the co-creation of a future. Jiang and Riling (2019) explained that effectuation theory has paid insufficient attention to understanding the social capital characteristics involved in the entrepreneurial co-creation process. As such, the study focuses on how entrepreneurs employ social capital to create opportunities when conditions are uncertain (Hmieleski et al., 2015).

Overall, Kerr and Coviello (2019) have found that the network content shapes the potential future resource. Trust in social networks is key, and network features such as information sharing encourage collaboration. There is however a need to understand how network participants leverage co-creative efforts and collaboration. These authors argued that relational characteristics of developing networks induce effectuation. This allows knowledge to be co-constructed amongst social capital structures. Understanding the network of external parties and the social capital derived is essential to unpacking effectuation (Arend et al., 2015; Reuber et al., 2015; Kerr & Coviello, 2019).

7.3 Principal Findings

The principal findings relate to the role of social capital in effectual entrepreneurship. The key findings are depicted in the elaboration of Figure 13 in the form of a reconceptualised multilevel dynamics of effectuation framework. This is a hypothetical framework that illustrates the context of effectuation in relation to other identified constructs.

7.3.1 How are entrepreneurs forming social capital during effectuation by understanding 'whom you know' as a set of means?

The first research question was to understand how entrepreneurs form social capital during effectuation by understanding 'whom you know' as a set of means. This is about the ability of the entrepreneur to create opportunities from relative means they have at their disposal (Jiang & Tornikoski, 2019). The findings show that the journey and experience, co-creation in social capital, the intersection of social capital and

effectual entrepreneurship help to contextualise how entrepreneurs form social capital during effectuation.

Entrepreneurs must build and optimise networks and augment voluntary work as an arsenal that can be used to find opportunities. This can be achieved by ensuring that there is strong commonality and synergies between members of the network that aim to build value for stakeholders. In order to achieve this, entrepreneurs must develop access relationships, improve their talents and skills, be determined and open to risk-taking, while enhancing partnerships with key organisations.

7.3.2 Under uncertain conditions, how do entrepreneurs employ social capital to enable collaboration and or co-creation?

The second research question was to understand how entrepreneurs employ social capital to enable co-creation or collaboration under uncertain conditions. In order to maximise collaboration and cocreation under uncertain circumstance, an entrepreneur should identify potential channels with original ideas and improve their product or offering by providing consistent value within network frameworks. This requires the business novice to improve their social mobility, to perform comprehensive research and to manage networks through referrals.

7.3.3 What are the social capital characteristics involved in the entrepreneurial co-creation?

The last research questions aimed to understand what social capital characteristics are involved in entrepreneurial co-creation. The key attributes of the social and network characteristics were the ability to think creatively and have strong project management skills. In addition, social capital is created by entrepreneurs during effectuation by being highly agile and adaptable, particularly in unpredictable and challenging environments. Entrepreneurs must be prepared to make an extra effort, be determined and hardworking, be sincere and genuine to foster fruitful relationships. They must also be able to learn new things objectively, as the best possibilities are leveraged from lessons gained which are vital to shaping the future.

7.4 Creating a Hypothetical Multilevel Dynamics of Effectuation Framework

The hypothetical reconceptualised model outlays “four levels of dynamics” (Kerr & Coviello, 2019, p. 6) in an interactional and iterative process, and these levels are retained in this study, as the findings could be aligned to the different levels.

The adapted and updated proposed multi-level reconceptualised dynamics of effectuation, which incorporated the findings of this study is presented in Figure 13 on the below.

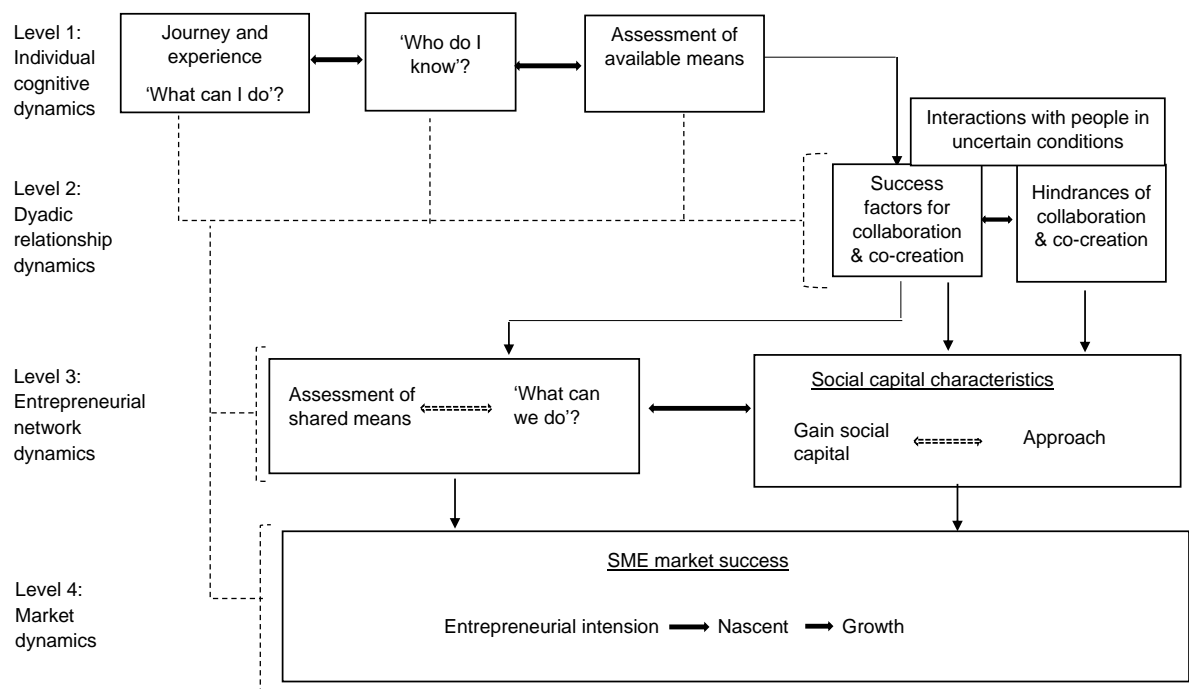


Figure 13: Proposed reconceptualised multi-level dynamics of effectuation

Source: Author's own, adapted from Kerr, J., & Coviello, N. (2019). Weaving network theory into effectuation: A multi-level reconceptualization of effectual dynamics. *Journal of Business Venturing*, 34(1), 1-20. p. 6.

7.4.1 Level 1 of the reconceptualised multi-level dynamics of effectuation

The point of departure for the individual entrepreneur is to ask themselves 'what can I do' and more importantly 'whom do I know' as available means. The study first understood the approach and journey that the entrepreneur took, as well as the assessment of means.

Level 1: 'What can I do'? Have an effective journey and assessment of available means probed in Research Question 1.

- Journey and experience: the business novice should augment voluntary work which helps to enhance talent and skill. It is important to have the ability to push problem-solving boundaries and be open to risk-taking. The novice needs to be mindful of creating diversified opportunities that fill gaps in the market, as well as continuously investing in developing and leveraging networks.
- 'Whom you know'? to develop available means during effectuation the business novice needs to have viable ideas and establish relationships for access. Other available means identified include accessing working tools such as those of communication and transportation to engage with stakeholders and being financially stable. To the contrary, findings also revealed the possibility of starting a venture without financial capital and rebutted the need for financial capital.

7.4.2 Level 2 of the reconceptualised multi-level dynamics of effectuation

At level 2, the entrepreneur effectuates by mobilising networks through interactions with people and reaching out to others (without necessarily knowing what the end goal might be). This results in the co-construction of shared information, personalities or identities and social capital (Kerr & Coviello, 2019). This is possible because the entrepreneur is working in uncertain conditions which are influenced by the operating environment. As such in level 2, entrepreneurs employ social capital to enable

collaboration and or co-creation, but this can have upside and downside based on the findings of this study and both these perspectives need to be captured for planning for business success.

Level 2: Collaboration and co-creation in uncertain conditions probed in Research Question 2.

- Success factors: to enable co-creation in uncertain conditions include the ability to identify opportunity channels augmented with original ideas and the willingness to do extensive research. The business novice needs to strengthen their social mobility and enhance relationships with key institutions. Further, the novice needs to create opportunities by leveraging collaborative efforts through networks and referrals. For this to occur, the novice should understand their value or value proposition while entrenching their offering to stakeholders.
- Additional insights highlighted a disadvantage for most Black South Africans who might not have lifestyles that are commensurate with an active and prosperous social strata movement espoused by social mobility.
- Hindrances: new insights indicated lack of support from networks and hindrance due to jealousy as the downside of 'whom you know'.

7.4.3 Level 3 of the reconceptualised multi-level dynamics of effectuation

At levels 3, for such connections and commitments to materialise effectively, certain network characteristics and the mutual understanding of common means need to be in place. Kerr and Coviello (2019) recognised that through the perceived social capital, the spirit of co-creation drives the mutual awareness of shared means. Assessment of shared means is critical and more importantly, to identify the social capital characteristics that are necessary to strengthen the network, collaborate and co-create value.

Level 3: 'Social capital characteristics involved in the entrepreneurial co-creation' probed in Research Question 3.

- Social capital characteristics: The adopted approaches to gain social capital include working hard with continuous effort to acquire skills; this needs to be complemented by having a vision and being self-disciplined. In addition, the business novice needs to be courageous with a desire and willingness to learn from others. Further characteristics include, being authentic and genuine when establishing connections, emulate strategic thinking and have proper project management skills. The novice should be prepared to learn new things and respond with agility and adaptability. When an opportunity arises from social relations the novice should put extra effort to deliver.
- 'What can we do'? The intersection of effectuation and social capital is established by commonality and synergies amongst network members including enhancing value creation. Commonality can be in the form of shared purpose established amongst co-creational partners.

7.4.4 Level 4 of the reconceptualised multi-level dynamics of effectuation

At level 4, the outcome of level 1 to 3 entrepreneurial action results in the emergence of new market opportunities, focusing on SMME Market success. This is grounded by entrepreneurial intension which develops to an entrepreneur at nascent and in growth stages. This is important given the need for entrepreneurial success in South Africa, which has a high failure rate of small business.

7.5 Recommendation for Future Entrepreneurs

The study has provided insights into the role of social capital on entrepreneurial effectuation. It highlights practical measures aspirant entrepreneurs can take to form social capital in an uncertain decision context, to achieve successful collaborative and co-creational efforts.

Entrepreneurs ought to build up ways to choose complementary partnerships, together with surveying cofounders' capacity to discern and flourish in uncertain decision environments. Further, entrepreneurs need to understand the catalyst to

opportunity creation in conjunction with the advancement to stay practical. They are usually connected to effectuation and the development of entrepreneurial improvement.

7.6 Recommendation for Investors

Venture capitalist investing in dynamic industries should establish methods to select entrepreneurs who emulate effectual behavioural logic, especially in industries of higher uncertainty. For venture capital investors, business incubation hubs, and small business development centres, there is a need to adopt practical guidelines to provide more effective training and development to entrepreneurs, including the mentorship of entrepreneurial ventures.

7.7 Recommendation for Policymakers

Agencies and policymakers should develop policy interventions that are directed towards supporting the pragmatic mentoring of early-stage entrepreneurial ventures. This can be done by adopting effectual principles.

7.8 Recommendation for Future Research

Looking into the future, neither the proposed reconceptualised dynamics of effectuation model nor the identified constructs capture all potential factors and characteristics involved.

Based on the findings derived in this study, the following are recommendations for future research:

- There is a need to understand the nature of uncertainties attached to effectuation, the resources at hand, what contingencies have been explored and the functions of the identifiable parties involved in the entrepreneur's journey.

- Research into how entrepreneurs enter and exit effectual boundaries as part of a more extensive effectual process could be beneficial.
- Establish the relationship between effectual dynamics and the social capital constructs identified.
- To determine the relevance of the proposed reconceptualised multilevel dynamics of effectuation framework through aspects that can be validated in the various entrepreneurial contexts.
- To address unanswered questions relating to the emergence of social capital characteristics and its link to effectual entrepreneurship over time, longitudinal studies could be beneficial.
- It would be beneficial to observe patterns of interactions amongst co-creational partners to operationalise effectual logic.

7.9 Research Limitations

The limitations of the study are built on the explorative nature of qualitative studies which can be considered to be exposed to subjectivity and biases (Saunders & Lewis, 2018; Welch & Piekkari, 2017). Interviewer subjectivity could have transpired in conducting interviews, if the tonality of the interviewer conveyed personal beliefs when directing questions (Schaefer & Alvesson, 2020). Heterogeneity may be a challenge when conducting research in the entrepreneurship field because entrepreneurs have different traits, and the nature of such differences is unpredictable (Venkataraman & Sarasvathy, 2011).

The generalisability of the study to other countries and regions is limited by its South African regional context with a population solely in Johannesburg. This, together with the small sample size may indicate geographical bias in the response from participants. The representation of only two females in the total sample of participants limits the gender generalisability of the study. The study did not categorise the entrepreneurs based on size of business and early-stage or matured business. Further the study did not attempt to obtain opinions of aspirant entrepreneurs or business novices as primary beneficiaries of an effectual process.

7.10 Conclusion

The extant literature shows that effectuation is a theory of entrepreneurship. The study explores effectuation with emphasis on collaboration and co-creating a future. The specific focus was on how entrepreneurs employ social capital to create opportunities when conditions are uncertain. Overall, the literature review established the need to understand how collaborative efforts are leveraged from network members. The understanding of the social capital characteristics and the co-creational influences was essential to unpacking effectuation.

The findings that emerged from 16 entrepreneurs provided practical insights to the subject. Through a reflection of their journeys, they were able to list the characteristics required to use social capital as an available set of means for entrepreneurial opportunities. They highlighted what is required for successes under uncertain entrepreneurial conditions.

Furthermore, extended and new insights were developed that contribute to the role of social capital in effectual entrepreneurship. The principal findings are elaborated on in the form of a proposed reconceptualised multilevel dynamics of effectuation framework. This is a hypothetical framework that illustrates the context of effectuation in relation to other constructs. The study contributes to empirical research which provides insights to the social capital characteristics involved in the co-creation process of effectuation. Further, it is hoped that the research would also contribute to the mentorship of business novice through the application of the proposed 'multilevel dynamics of effectuation' model.

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9 APPENDICES

Appendix 1: Invitation to Participate in Research Study

Dear Participant

Thank you for taking my telephone call earlier today. As discussed, I am finalising an MBA at the Gordon Institute of Business Science and I am in the process of completing the compulsory research report component of the degree. My research project title is 'The Role of Social Capital in Entrepreneurial Effectuation'. The concept of effectuation in this context refers specifically to creating entrepreneurial opportunities from available means, abilities, including cocreation networks, in uncertain environments. The aim is to establish how entrepreneurs form social capital to co-create entrepreneurial opportunities under uncertainty.

I believe that you have the necessary expertise and experience needed to provide key insights into this area of study. I would greatly appreciate your participation in this research by agreeing to be interviewed on the subject matter. The interview will be a semi-structured, in-depth interview and will last approximately one hour. I plan to conduct the interviews during the months of August and September. Please find attached a copy of the consent form that you will read prior to the interview commencing. The interview will be confidential.

The research questions I aim to answer through this process are as follows:

1. How do entrepreneurs effectually form social capital by understanding 'whom you know' as a set of means?
2. Under uncertain conditions, how do entrepreneurs employ social capital to enable co-creation?
3. What are the social capital characteristics involved in entrepreneurial co-creation?

Please can you confirm your agreement to take part, as per our telephone conversation and indicate your availability to be interviewed during the months of July and August 2020.

I look forward to hearing from you.

Kind regards

Thato Tsoetsi Email: 19385677@mygibs.co.za

Appendix 2: Consent Form

INTERVIEW INFORMED CONSENT LETTER

Exploring the Role of Social Capital in Entrepreneurial Effectuation: The South African Experience

Researcher: Thato Tsotetsi, MBA Student at Gordon Institute of Business Science, University of Pretoria

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on the role of social capital in effectual entrepreneurship and I am trying to find out more about the means and social capital characteristics the entrepreneurs are engaged in. Our interview is expected to last about an hour and will help us understand how South African entrepreneurs form social capital to co-create entrepreneurial opportunities under uncertainty.

Your participation is voluntary, and you can withdraw at any time without penalty. All data will be reported confidentiality will be adhered to (i.e. data will be reported and stored without any identifiers). If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: Thato Tsotetsi
Email: 19385677@mygibs.co.za
Phone: 0762820045

Research Supervisor: Professor Kerrin Myres
Email: myresk@qibs.co.za
Phone: 0832634174

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Appendix 3: Interview Questionnaire

Name:

Start time:

Organisation:

End time:

Job title:

Date:

Thank you for agreeing to meet with me today. I really appreciate your time and input into this research.

The title of the research is 'The Role of Social Capital in Entrepreneurial Effectuation'. The concept of effectuation in this context refers specifically to creating entrepreneurial opportunities from available means, abilities, including cocreation networks, in uncertain environments. The aim is to establish how entrepreneurs form social capital to co-create entrepreneurial opportunities under uncertainty.

The key objective of this research is to:

- Establish the means that drive entrepreneurship
- Understand how entrepreneurs effectually form social capital as a set of means
- Understand how entrepreneurs employ social capital to enable co-creation under uncertain conditions
- Establish the social capital characteristics involved in entrepreneurial co-creation
- Understand how the characteristics are enacted or experienced

The nature of this research and interview is both conversational and exploratory. I would like to encourage you to speak freely and be confident in the fact that the information shared in this interview will be confidential.

Before we begin, may I ask you to please sign the consent form and can you please confirm that you are happy for me to record the interview using an audio recording device?

Question 1:

Could you tell me about your entrepreneurial journey, how have your entrepreneurial activities developed overtime?

- a. Probe: Why and how did you generally identify and pursue entrepreneurial opportunities?

- b. Probe: How and when was your current business venture(s) discovered and created?

- c. Probe: What were the means required to create a successful business venture(s)?

| Potential Prompts that could be used in the interview | |
|---|--|
| Financial | |
| Human | |
| Social | |
| Culture | |
| Intellect | |
| Experience | |
| | |
| | |

- d. Probe: How did you create opportunity from your available means?

Question 2:

2. How has your social capital (through who you know) influenced your objectification of entrepreneurial ideas in the early stage of creating your venture(s)?
 - a. Probe: What were the various approaches you adopted to gain social capital?
 - b. Probe: How and when did you use your social capital to enact and exploit entrepreneurial opportunities?
 - c. Probe: Were there any unique social capital characteristics that catalysed the creation of opportunities?

| | |
|-------------------|------|
| Characteristic 1: | Why: |
| Characteristic 2: | Why: |

Question 3:

3. In an uncertain business decision context (where the future is uncertain), how do you engage in collaborative efforts?
 - a. Probe: Provide insights on ways to navigate establishing complementary partnerships, collaboration, and co-creation.
 - b. How are the relationships that enable co-creation brokered?
 - c. Probe: When one does not know what the future entails, how do you leverage knowledge and partnerships from social capital structures?

Appendix 4: Ethical Clearance Letter

Ethical Clearance Approved Inbox x

MastersResearch2020 <MBAResearch2020@gibssa.mail.onmicrosoft.com>

to me ▾

**Gordon Institute
of Business Science**
University of Pretoria

**Ethical Clearance
Approved**

Dear Thato Tsotetsi,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

Appendix 5: Atlas T.I Code List Applied

- A need to be responsive
- Ability to approach
- Ability to be divers
- Ability to get funds
- Ability to identify channels
- Ability to identify gaps
- Ability to make a good impression to others
- Ability to move quickly and easy
- Ability to persevere
- Ability to point opportunities
- Ability to push yourself
- Ability to see gaps
- Ability to think out the box
- Ability to use available resources
- Accepting bribes
- Access to communication
- Access to working tools
- Acknowledging that we need help for opening doors
- Adding value
- Adequate financial resources
- Adequate skills
- Agile and Adaptable
- Agility
- Articulate value with vision
- Augment voluntary work
- Authentic and Genuine
- Authenticity or genuineness
- Background
- Be firm
- Being honest
- Being mobile
- Building relationship
- Building trust
- Building connection
- Business fundamentals
- Clear mind-set
- Collaborate through network and referrals
- Collaboration journey
- Collaboration strategy
- Commonality and synergy amongst members
- Commonality and synergy amongst network members
- Communication strategy
- Constancy
- Consistency
- Corporate relations

- Creating and leveraging opportunities
- Creating opportunities
- Culture of fear
- Definition of entrepreneur
- Determination and hard working
- Develop and leverage networks
- Don't give false identity of who you are
- Don't show desperation
- Efficiency
- Enabling businesses
- Enhance relationship with key institutions
- Enhance talent and skills
- Entrench entrepreneurs offering
- Entrepreneur-corporate partnership
- Entrepreneurial journey
- Entrepreneurial venture journey
- Establishing relationships
- Financial stability
- Financial stability of entrepreneurs
- Formal structure
- Funding from a traditional bank
- Funding barriers
- Genuine solutions
- Getting people to trust you
- Givers
- Government to assist entrepreneurs
- Hard work
- Hard working and the skills
- Hard-working
- Having no one to lend a helping hand
- High agility and adaptability
- Hindrances due to jealousy
- Historical job roles
- Humbleness
- Identification of opportunity channels
- Identify gaps
- Identify opportunities channel
- Impact of social capital
- Innate ability
- Innovative mind-set
- Innovative thinking
- Invest in social mobility
- Jealousy
- Keep consistency of who you are
- Keep persistence
- Keeping clear communication
- Knowing where your business is to be
- Lack of financial resources
- Lack of support from networks

- Lack of support from the networks
- Lack of trust
- Leadership skills
- Legitimacy
- Legitimate
- Maintaining relationships
- Make followers
- Making extra money
- Making the business work for you
- Mentorship
- Motivation
- Need for money
- Need to bulldoze yourself
- Networking
- Networking and referral
- Networks created
- Open to risk taking
- Opportunities
- Outgoing skills
- Owning own skills and work
- Proper business proposal or Offering
- Proper customer service relationship structure
- Proper Framework
- Proper strategy
- Proper training
- Put on extra effort to delivery
- Putting yourself out there
- Qualification and background
- Quality service delivery
- Reasons for being an entrepreneur
- Referral by a friend
- Relationship creation strategy
- Relationship management
- Risk taking
- Role models
- Scrupulous and obstropolous
- Self-discipline and a vision
- Self-development
- Self-discipline
- Self-drive
- Self-employed
- Self-engagement
- Self-motivator
- Sharing same interest
- Sharing same values
- Showing pride in what you do
- Social capitalism
- Social engineering
- Social mobility

- Sponsor relationship
- Stakeholder collaboration
- Stay patient
- Straight forward and Brave (Courageous)
- Straight forwardness and bravery
- Strategic thinking and proper project management skills
- Strategy to impress
- Strengthen social mobility
- Strong personality and ability to be focused
- Sufficient funds
- Taking risks
- Taking the advantage of cocreation
- Talent and skill
- Time management skills
- To enjoy life
- Tolerance and ability to make wise decisions
- Understand what you are offering
- Understanding entrepreneurial value
- Understanding how to leverage a relationship
- Understanding Value
- Understanding the value of social capital
- Value creation
- Value of relationships
- Viable ideas for entrepreneurial venture
- Vision
- Visionary
- Voluntarily work
- Willing to learn
- Willing to leave comfort zone
- Willingness to adopt
- Willingness to be connected
- Willingness to do extensive research
- Willingness to do proper research
- Willingness to go an extra mile
- Willingness to help others
- Willingness to hunt for business
- willingness to keep trying
- Willingness to learn
- Willingness to learn new things
- Willingness to put in extra effort
- Willingness to work hard