4. Business network creation of nascent entrepreneurs: An inside perspective

Based on: Kaandorp, M., Van Burg, E., & Karlsson, T. Business network creation of nascent entrepreneurs: An inside perspective [under review].
Abstract
This study describes how nascent entrepreneurs get access to the entrepreneurial world by creating their initial networks in new and unfamiliar context that involves high levels of uncertainty. Entrepreneurial networking is often viewed from the outside, focusing on the emerging structural and relational dimensions, without relating networks and network actions to the thoughts and reflections of entrepreneurs. In contrast, this study views network creation from the inside, by attending to the temporal-cognitive representations of the social context that are both created and enacted by entrepreneurs, based on their own motivations and reflections. Our study is methodologically novel and ambitious, as it uses weekly diary-reflections of 28 nascent ventures over 20 consecutive weeks from which both qualitative interpretations as well as quantitative indicators are obtained. The inside perspective on business network creation contributes to social network research in three ways. First, it relaxes the assumption that the business network stems from the initial personal social network of the entrepreneur. Second, it highlights the central role of evaluating the network-in-the-making. Third, the concept of network momentum is introduced as the entrepreneur’s perception that their network starts to exist without the immediate effort of the entrepreneur(s), and motivates them to carry on with networking. Ultimately, this study pictures how and why entrepreneurs create – or fail to create – new business networks through reflections on and differences in enactment of networking activities.

Keywords: cognition, diary study, entrepreneurs, longitudinal analysis and network creation.
4.1 Introduction

The common view on business network creation stresses pre-embeddedness, pertaining that entrepreneurial networks are composed of existing personal relations (Hite, 2005; Hite & Hesterly, 2001). These existing relationships mitigate the liability of newness of entrepreneurs (Stinchcombe, 1965) as entrepreneurs can transform friends into customers (Baker & Nelson, 2005; Godin, 1999), family and colleagues into financiers and teammates (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011; Hellerstedt, 2009), and advisors into resource providers (Greve & Salaff, 2003). Many studies map out such contact networks and find indeed that these networks are very influential in the startup of a new venture (e.g., Martinez & Aldrich, 2011; Stam et al., 2014).

Yet, explaining business network creation ‘from the outside’ by mapping out the pre-existing network, does not help much if there is no relevant pre-existing network to be mapped out. This study contributes an ‘inside perspective’, that describes how entrepreneurs cope with business network creation. This perspective relaxes the implicit assumption of much prior social network research that the business network stems from the initial personal social network of the entrepreneur. Instead of portraying the entrepreneurial network as an extrapolation of the previous social context, we argue that studies need to focus on the social actions and their perceptions and motivations that help to shape the network (Engel, Kaandorp, & Elfring, 2017). This direction veers towards an entrepreneur’s perspective on the network-in-the-making, to picture how entrepreneurs cope with networking. Such an inside perspective has gained some traction in studies that study how existing networks are evaluated by reflective monitoring (Ahuja et al., 2012; Davidsson & Honig, 2003; Gulati & Gargiulo, 1999; Hoang & Antoncic, 2003), yet has got little attention in the creation of networks. The inside perspective puts value on how envisioned social futures (Ariño, Ragozzino, & Reuer, 2008) can be materialized (Lord et al., 2015) to mitigate the uncertain social environment (Newbert et al., 2013) thereby cueing an especially important role for entrepreneurial cognitive representations of reality (Grégoire, Cornelissen, Dimov, & Van Burg, 2015; Shepherd, 2015).

This study is conducted among entrepreneurs who are not pre-embedded among relevant contacts and thus have to engage in the uncertain and difficult process of creating new relevant contacts to potential stakeholders of the new venture (Sarasvathy, 2001). We track these entrepreneurs’ networking activities in the start-up phase of their venture abroad by using a unique set of weekly dairies over a 20-week period. These diaries capture networking actions, self-reported outcomes and personal reflections enabling us to
shed light on the mechanisms and processes underlying the creation of the network of international entrepreneurs.

Using these diaries we contribute an inside perspective on network creation processes, emphasizing path creation rather than path dependence (Garud, Kumaraswamy, & Kærnøe, 2010). Our approach offers the potential to theorize about how entrepreneurs create social networks as a continuous interaction between their actions and the evolving and therefore uncertain context, driven by their fickle personal evaluations and subtle psychological differences (Casciaro et al., 2015; Tasselli et al., 2015). This perspective responds to calls to study networking as process (Bensaou et al., 2014; Berthod et al., 2016; Fang et al., 2015) in order to unravel the subtleties in creating and changing entrepreneurial networks. This is important since current work on network agency that focuses on entrepreneurs’ networking actions (e.g., Fang et al., 2015; Hallen & Eisenhardt, 2012; Stam, 2010; Vissa, 2012) tends to treat relationships as static (Mariotti & Delbridge, 2012).

The inside perspective on business network creation centralizes the entrepreneurs’ actions and cognitions and how they unfold with their environment. This results in three contributions to social network research. First, we relax the assumption that the business network stems from the entrepreneur’s pre-existing social network. Second, we highlight the central role of evaluating the network-in-the-making through productive reflections on networking actions and the (lack of) responses on these actions, thereby marking this type of cognition as a key mechanism of entrepreneurs’ network creation. Third, we introduce the concept of network momentum as an image that some entrepreneurs envision as they perceive that their network starts to exist without the immediate effort of the entrepreneur(s), and inductively analyze the elements that describe how entrepreneurs create such an image of network momentum. Ultimately, this study pictures how and why entrepreneurs create—or fail to create—new business networks.

4.2 Theoretical background: entrepreneurial network creation

The dominant view of entrepreneurial networks assumes the pre-existence of networks or contacts to rely on, such as friends and former colleagues that turn out to be useful for the venture. Entrepreneurs start off with cohesive and mostly path-dependent social networks (Hite, 2005) that are full of strong ties (Hallen & Eisenhardt, 2012; Hite & Hesterly, 2001; Sarasvathy, 2001). This reflects the explanation that inter-organizational and inter-personal ties get re-created and re-enacted by actors (Gulati & Gargiulo, 1999; Gulati & Srivastava,
2014; Hallen, 2008), so that newly created networks reflect past network structures. Over the course of the venturing process, entrepreneurs start to evaluate and intentionally manage and change their network relationships, often based on their imagined futures (Ariño, Ragozzino, & Reuer, 2008; Stam, 2010; Van Burg, Berends, & van Raaij, 2014).

Studies on the creation of entrepreneurial networks similarly suggest that these networks emerge from pre-existing contacts, which serve to co-create the venture (Baker & Nelson, 2005; Larson & Starr, 1993; Sarasvathy & Dew, 2005) and help them to move to new settings (Riddle & Gillespie, 2003). However, entrepreneurs that enter new environments without a useful network need to rely on different means than ties from the environments they know (Galkina & Chetty, 2015). When limited personal contacts exist, such as is the case for entrepreneurs starting a firm in a new industry or reaching out to new geographic areas, previous network structures can only provide limited help in creating networks (Farh, Bartol, Shapiro, & Shin, 2010). In these contexts’ entrepreneurs face a reversed challenge: how to build new relations with unknown actors, instead of gradually expanding their existing set of relations through for instance referrals (Vissa, 2012).

Yet, even in those challenging situations, some entrepreneurs are apparently still able to build contacts and to set up their firms, while others apparently fare less well (e.g., Bingham, Eisenhardt, & Furr, 2007). However, mainstream network theory is not sufficiently able to explain why some entrepreneurs are actually able to create a business network from scratch, whereas others’ attempts fail. The main tools of network researchers, describing a network ‘from the outside’, break down in this context, as instruments aimed at analyzing structural and relational network characteristics are not of much help in face of the lack of a relevant existing business network. In fact, this context puts ultimate pressure on entrepreneurial agency under conditions of uncertainty. Entrepreneurs ask: What to do next?

Based on prior work, the answer could be that entrepreneurs deploy a variety of networking actions and strategies. Entrepreneurs can adopt a broadening networking style by connecting with new others; or they can rather engage in deepening existing relationships (Vissa, 2012), for instance by forming strong ties with venture capitalists (Hallen & Eisenhardt, 2012) or politically maneuvering the social world (Fang et al., 2015). Likewise, entrepreneurs can symbolically portray their meaning in order to acquire resources (Karlsson & Honig, 2009; Zott & Huy, 2007) or strategically aim for high-performing portfolio of acquaintances (Ozcan & Eisenhardt, 2009).
Yet, while these insights are illuminative in displaying networking behaviors of entrepreneurs (Stuart & Sorenson, 2007), they do not reflect the continuously changing context of entrepreneurial action (McMullen & Shepherd, 2006; Shepherd, 2015) nor that in the process of network creation the success of a certain approach can only be evaluated post hoc. The entrepreneur needs to immerse in the networking process as if it were entrepreneurial action (Engel et al., 2017) to build and shape relations. We argue that this calls to understand the process of network creation from within, with human agency conceptualized as continuously enfolding in interaction with an uncertain context (Emirbayer & Mische, 1998) and not simply driven by rationality or conscious drivers (cf. Coleman, 1990).

Therefore we argue for and inside perspective to understand network creation. We elaborate on two components of such an inside perspective. The first component, is that network actions, structures and context cannot be studied as separate realms, as an entrepreneur perceives all of them simultaneously as part of the ‘network-in-the-making’. Therefore, this perspective studies the coevolution and creation of both structural and action components (Berthod et al., 2016; Garud, Gehman, & Giuliani, 2014; Tasselli et al., 2015). This is in line with a structuration perspective on networking that views networking as a ‘duality of structure’ in which structures are seen as the outcomes of action as well as the medium enabling these actions (Berends, Van Burg, & Van Raaij, 2011; Sarason, Dean, & Dillard, 2006; Sydow & Windeler, 1998).

The second component is that this inside perspective centers on the entrepreneur’s perspective on the network, as well as the entrepreneur’s actions and responses to these actions as the primary ground of knowledge creation. That is, the focus is on the perspective of the actors themselves – as far as it can be captured empirically – who deal with their own pasts, presents and imagined futures, implying that we have to deal with the individual’s “practical-evaluative capacity to contextualize the past habits and future projects within contingencies of the moment” (Emirbayer & Mische, 1998: 963). Thus, according to this perspective, cognition (Casciaro et al., 2015; Casciaro et al., 2014; Hallen & Eisenhardt, 2012) and motivation (Bensaou et al., 2014; Berthod et al., 2016; Vissa, 2012) are key to improve our understanding of network creation.

4.3 Methods
The inside perspective on network creation requires methods that allow for the reflexive, subjective and processual nature of social interactions of entrepreneurs as well as how
these are influenced by the notion of time (Bandura, 2006). Qualitative process studies are well suited to capture such gradual and constant change in the perceived social networks (Berends et al., 2011; Berthod et al., 2016; Prashantham & Dhanaraj, 2010), while at the same time accounting for context (Ahuja et al., 2012; Williams & Shepherd, 2015). Therefore, we study entrepreneurs on using weekly diaries, filled with qualitative data about what is happening in the process of creating social networks.

4.3.1 Data collection
This paper uses self-reported weekly diaries as a primary source of data, which is a methodological novelty to research on entrepreneurial networks. Although diary studies are not commonly used in social network studies, they have the benefit to provide both actor information and personal reflections over a particular period of time. The diaries offer frequent and current information about weekly events and reflect people’s nearly real-time experiences; accordingly, they capture interactions, perceptions, and opinions over time, in ways that are not possible with other research designs (Bolger, Davis, & Rafaeli, 2003). As a result, diaries reduce the risk of retrospective and success bias, which are key concerns when studying entrepreneurs (Bird, Schjoedt, & Baum, 2012). Berthod et al. (2016) recommend to perform frequent interviews to gather network data over time. We argue that weekly diaries fulfill this role and give insight in what is happening in the process of network creation, including small changes and personal reflections. At the same time we acknowledge that the diaries differ significantly in style between different authors. This reduces the comparability between cases, and is a limitation of this method (Bolger et al., 2003).

4.3.2 Research setting
This study focuses on 28 cases of entrepreneurs who aimed to set up a venture in an unfamiliar environment. We selected these cases from the 2009-2010 edition of an annual Venture Creation Program for entrepreneurs in Sweden (Lackéus & Williams Middleton, 2015), in which participants were tasked with starting and launching a new venture, supported by a mentor and training staff. During the 20-week program, the entrepreneurs were expected to write a business plan, to work on starting up the venture, to present their ideas to investors and exhibit their ideas during a trade show. Some of these 28 nascent ventures were ran by teams, while others where individual endeavors, giving a total of 58 informants.
In the venturing program, the entrepreneurs also had to write weekly diaries. The diary guidelines prescribed that all entrepreneurs should report on what they did during the week, including whom they met, and what they planned to do next week. They were invited to reflect on their actions. Individual diary entries varied in length from roughly half a page to two pages. Together, these entrepreneurs wrote 859 weekly diaries. In addition, we collected business plans, admission documents, and had access to observational data from one of the authors who engaged in the venturing program. The richness of these different data sources enables us to triangulate our analysis and conclusions, which increases our confidence that the interpretations were justified and accurate (see Jick, 1979).

Table 4.1. indicates whether the emergent venture could rely on existing contacts\(^{11}\) that were relevant for venture’s development. An analysis of text related to all mentioned connections showed that 17 ventures had at least one relevant relationship prior to starting the program. Nine of these were exploiting university-provided ideas, so they were able to tap into relations derived from idea providers at their university and the university’s technology transfer office. The other connected entrepreneurs cited relevant contacts, such as family members active in the same industry, or were creating ventures related to established companies. In 11 cases, we could not identify any such pre-existing relevant contacts, so they really had to start from scratch. Table 4.1. shows whether or not the venture had a relevant contact, that the age of the entrepreneurs were on average 26.4 (SD 4.5), and that there were relatively few Swedish students (15 out of 58), partially explaining the low degrees of embeddedness.

The nascent entrepreneurs in our study were relatively similar, in that they all participated in the same program, had all obtained a university degree and had to deal with the same constraints. This improves the internal validity of the study and provides ample ground for highlighting meaningful differences in networking actions and reflections. As an indication that these entrepreneurs were serious in starting their ventures, we note that at least half of the emergent ventures remained active in the weeks after the program finished.

\(^{11}\) Note that we prefer to talk about contacts in this early stage of venture development in which ties are not yet established. Contacts may or may not result in ties being created.
Table 4.1. Case characteristics

<table>
<thead>
<tr>
<th>Cases 2009</th>
<th>Alias</th>
<th>Country</th>
<th>Age</th>
<th>Type of business model</th>
<th>Mentioning of pre-existing contacts</th>
<th>Total no. of diaries</th>
<th>Status week 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charity Widget</td>
<td>Jeremy</td>
<td>Sweden</td>
<td>25</td>
<td>Product development (software)</td>
<td>Existing relevant contact (friend)</td>
<td>11</td>
<td>Active</td>
</tr>
<tr>
<td>Consumer Designs</td>
<td>Sara</td>
<td>Turkey</td>
<td>27</td>
<td>Trading</td>
<td>Family as advisors and coworkers</td>
<td>16</td>
<td>Active</td>
</tr>
<tr>
<td>Event Sound and Lighting</td>
<td>Luis</td>
<td>Sweden</td>
<td>22</td>
<td>Trading</td>
<td>Existing relevant contacts in the same industry</td>
<td>15</td>
<td>Active</td>
</tr>
<tr>
<td>Gaming</td>
<td>Hans</td>
<td>Iceland</td>
<td>32</td>
<td>Product development (software)</td>
<td>Existing relevant contacts, existing company</td>
<td>19</td>
<td>Active</td>
</tr>
<tr>
<td>Image Enhancement</td>
<td>Burt Mac Tony</td>
<td>Canada US Poland</td>
<td>28 26</td>
<td>Product development (new technology)</td>
<td>University-provided idea, entrepreneurs do not have existing contacts</td>
<td>41</td>
<td>Active</td>
</tr>
<tr>
<td>Interior Design</td>
<td>Casey Felix</td>
<td>Denmark Sweden</td>
<td>24 26</td>
<td>Trading</td>
<td>Existing relevant contacts, existing company</td>
<td>31</td>
<td>Active</td>
</tr>
<tr>
<td>Jewelry Design</td>
<td>Charlotte Felix Jenny Maria</td>
<td>China Thailand Sweden</td>
<td>25 24</td>
<td>Product development (customer design)</td>
<td>No</td>
<td>53</td>
<td>Abandoned</td>
</tr>
<tr>
<td>Music Training</td>
<td>Ron Matt Sean</td>
<td>Netherlands Lebanon Russia</td>
<td>23 30 28</td>
<td>Product development (software)</td>
<td>University-provided idea, entrepreneurs do not have existing contacts</td>
<td>56</td>
<td>Active</td>
</tr>
<tr>
<td>Napkin Ads</td>
<td>Jim Saul Tom</td>
<td>Australia Germany US</td>
<td>24 28 30</td>
<td>Trading</td>
<td>No</td>
<td>39</td>
<td>Active</td>
</tr>
<tr>
<td>Social Entrepreneurship</td>
<td>Andy George</td>
<td>US Brazil Greece</td>
<td>25 33 24</td>
<td>Product development (social network)</td>
<td>No</td>
<td>34</td>
<td>Abandoned</td>
</tr>
<tr>
<td>Soup Kitchen Tea Shop</td>
<td>Carol Janice</td>
<td>Sweden Mongolia China</td>
<td>24 25 23</td>
<td>Trading</td>
<td>No</td>
<td>11</td>
<td>Dormant</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No</td>
<td>25</td>
<td>Dormant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cases 2010</th>
<th>Alias</th>
<th>Country</th>
<th>Age</th>
<th>Type of business model</th>
<th>Total no. of diaries</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>Chris John Kay</td>
<td>Sweden US Sweden</td>
<td>22 23 22</td>
<td>Trading (marketing-based)</td>
<td>No</td>
<td>33</td>
</tr>
<tr>
<td>Agricultural Growth</td>
<td>James Bart</td>
<td>Sweden Croatia</td>
<td>27 25</td>
<td>Product development (new materials)</td>
<td>University related idea provider</td>
<td>19</td>
</tr>
<tr>
<td>Antioxidant</td>
<td>Helena Jin</td>
<td>US</td>
<td>36</td>
<td>Product development (food supplement)</td>
<td>University-provided idea</td>
<td>48</td>
</tr>
<tr>
<td>-------------------</td>
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</tr>
<tr>
<td>Container Houses</td>
<td>Jan Phil</td>
<td>China</td>
<td>22</td>
<td>Product development (housing)</td>
<td>Business-provided idea</td>
<td>16</td>
</tr>
<tr>
<td>Dating</td>
<td>Anton Fes</td>
<td>Sweden</td>
<td>24</td>
<td>Product development (web-based)</td>
<td>No</td>
<td>34</td>
</tr>
<tr>
<td>Furniture Designs</td>
<td>Leanne Anton</td>
<td>Germany</td>
<td>25</td>
<td>Product development (design concept)</td>
<td>Existing contact to family business abroad, university-provided idea</td>
<td>61</td>
</tr>
<tr>
<td>Greeting Card</td>
<td>Bill Isaac</td>
<td>US</td>
<td>25</td>
<td>Product development, design based</td>
<td>Family member as financier</td>
<td>36</td>
</tr>
<tr>
<td>Indoor Positioning</td>
<td>Mattias</td>
<td>Germany</td>
<td>26</td>
<td>Product development/mobile technology</td>
<td>University-provided idea</td>
<td>68</td>
</tr>
<tr>
<td>Mobile Commuting</td>
<td>Maria Leon</td>
<td>Mexico</td>
<td>27</td>
<td>Product development (web-based)</td>
<td>No</td>
<td>32</td>
</tr>
<tr>
<td>Mold Prevention</td>
<td>Tommy Remy</td>
<td>US</td>
<td>31</td>
<td>Product development (new materials)</td>
<td>University as idea provider</td>
<td>17</td>
</tr>
<tr>
<td>My Shoes</td>
<td>Audrey Chen</td>
<td>Turkey</td>
<td>26</td>
<td>Product development (web-based)</td>
<td>No</td>
<td>24</td>
</tr>
<tr>
<td>Stock Market Analytics</td>
<td>Andrew</td>
<td>Sweden</td>
<td>23</td>
<td>Trading/software based</td>
<td>Existing relevant contacts, existing company</td>
<td>19</td>
</tr>
<tr>
<td>Student Paper</td>
<td>Martin</td>
<td>Ukraine</td>
<td>23</td>
<td>Trading (news)</td>
<td>No</td>
<td>15</td>
</tr>
<tr>
<td>Student Web Information</td>
<td>Johan</td>
<td>Sweden</td>
<td>26</td>
<td>Product development (web-based)</td>
<td>No</td>
<td>18</td>
</tr>
<tr>
<td>Tourism</td>
<td>Dave Elly</td>
<td>Mexico</td>
<td>23</td>
<td>Service (web-based)</td>
<td>No</td>
<td>33</td>
</tr>
<tr>
<td>Traffic Consultancy</td>
<td>Gerry Jeanette</td>
<td>US</td>
<td>27</td>
<td>Service/research-based consultancy</td>
<td>University-provided idea</td>
<td>35</td>
</tr>
</tbody>
</table>
4.3.3 Data analysis

In line with the aim to study network creation ‘from the inside’, we employ grounded theory procedures (e.g., Gioia et al., 2013; Glaser & Strauss, 2009) to develop new concepts and focus on entrepreneurs’ understanding of networking actions and results. At the same time, where possible, we calculated relevant measures that function as rough indicators of network creation processes.

As a first step, we sought initial understanding of each case and constructed Table 4.1. describing case characteristics using information from the business plans, admission data, and some observational data. We use pseudonyms for the venture names, the entrepreneurs, and other company names mentioned in the data to protect the identity of those involved.

In the second analysis step, we considered the process of network creation. Actors mentioned in the diaries were coded by personal name or by company if there was no personal name, and the contacts were categorized as either new-, program-provided-, or existing contact. By coding contacts on the venture level, we avoided double-coding of members of the same venture. We also coded several types of actors (e.g., financiers, customers, competitors). Moreover, starting with open coding, we inductively developed a list of networking action codes (the final data structure is presented in Figure 4.1.). We time-stamped each networking action by the date the journal was submitted. To refine the analysis of networking actions, we distinguish between first contact attempts and follow-up actions in case of (non-) response. In addition, reflections on these actions as well as the outcomes of actions (e.g., contacts and contracts with customers, suppliers, and financiers) were coded.

To calibrate the coding procedures, the research team started coding three cases together to ensure agreement on how to code. After this, consistent with grounded-theory procedures, the authors continuously discussed codes, the coding procedure and different interpretations. By iteratively moving from data to concepts, we developed the final data structure, which is presented in Figure 4.1. Table 4.2. shows sample quotes underlying the data structure.
Figure 4.1. *Data structure*

**First order concepts**

- Search for contacts on internet, through attending conferences (e.g. Greeting Card).
- Approaching new contacts through e-mail or phone (e.g. Music Training).
- Mentioning and approaching contacts from previous businesses or family members (e.g. Furniture).
- Mentioning and approaching contacts that were provided by the venturing program (e.g. Soup Kitchen).
- Expressing tenacious behaviors regarding a non-response of a contact (e.g. Tea Shop).
- A non-response induces action.
- A non-response or negative responses makes entrepreneurs decide to join forces with an established company (e.g. Napkin Ads).
- Non-response stop the efforts of interaction attempts (e.g. Agricultural Growth).
- Negative responses are covered for by contacting multiple contacts for the same purpose (e.g. Jewelry Design).
- Encountering unexpected others is turned into opportunity of contact (e.g. Tea Shop, Event Sound & Lightning).

**Second order concepts**

- Cold calling
- Relying on existing contacts
- Persisting
- Associating
- Waiting
- Hedging
- Leveraging

**Aggregate dimensions**

- Initiating
- Reacting
### First order concepts

- Monitoring of non-responses and explicitly taken action upon (e.g. Napkin Ads).
- Perception of networking actions as becoming visible (e.g. Image Enhancement).
- Attention from the media, getting a costumer (e.g. Napkin Ads).
- Perceiving networking as means to an end (e.g. Event Sound and Lighting) mainly in situations in which they work alone or rely on existing contacts from previous businesses.
- Entrepreneurs portray networking as tool to learn from the industry or develop their product or venture (e.g. Teashop, Traffic Consultancy).
- The importance of networking actions is highlighted (e.g. Napkin Ads, Interior Design).
- Entrepreneurs claim that networking is difficult or is consuming time (e.g. Dating).
- Perception that the contacted others and new others start approaching the venture team, e.g. by calling or e-mailing (e.g. Tea Shop, Napkin Ads).

### Second order concepts

- Anticipating
- Gaining recognition
- Instrumental networking
- Learning
- Emphasizing
- Problematizing
- Network momentum

### Aggregate dimensions

- Evaluating
- Network momentum
### Table 4.2. Exemplary quotes

<table>
<thead>
<tr>
<th>Second order concepts</th>
<th>Exemplary quote</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Initiating</strong></td>
<td></td>
</tr>
<tr>
<td>Cold calling</td>
<td>New contacts are searched: “The rest of the week I dedicated to translating our home page and starting to track down local cardboard manufactures to investigate the possibility of producing most of the card in Sweden.” (Isaac, Greeting Card, 20110415)</td>
</tr>
<tr>
<td>Relying on existing contacts</td>
<td>Existing contacts are introduced into the process: “I am in close contact with my family now. My sister and my stepfather are working on the prototypes and document every step they are doing, so that we get an overview about our processes. Also they will make some good representative quote to get an overview about the costs. I asked my mother to forward our technical drawings to other producers in our network to get quotes and other relevant information from them.” (Furniture Designs, Leanne, 20110408)</td>
</tr>
<tr>
<td><strong>Reacting</strong></td>
<td></td>
</tr>
<tr>
<td>Persisting</td>
<td>Entrepreneurs that persist in contacting a potential actor despite no-response or cancelled meetings: “One of the speakers was LM from the Swedish version of Dragons den. I decided even before he spoke that I would make sure to talk to him. During his speech did I raise my hand and ask a question concerning investments in social entrepreneurship where the owner makes money on providing (a socially beneficial) product to the needy.” (Jens, Jens, 20100205)</td>
</tr>
<tr>
<td>Associating</td>
<td>Entrepreneurs that seek collaboration with existing companies in order to be able to use their network: “During this week I have been on two meetings with two different advertising agencies in Malmö. We were talking about a possible collaboration where my interest is in outsourcing the sales of the advertisements on the cups.” (Container Houses, Phil, 20110204)</td>
</tr>
<tr>
<td>Waiting</td>
<td>Entrepreneurs do not take stock of the contact response: “We are still waiting for VT to get back to us, apparently the person in charge for this kind of projects were very busy, so we will see what happens.” (Agricultural Growth, James, 20110204)</td>
</tr>
<tr>
<td>Hedging</td>
<td>Entrepreneurs that anticipate on the possible of no-response from actors by tapping into different sources to search for relationships: “I will spend a lot of time continue attracting new business. Going through a large database that GF DK has invested some money in getting access to. Each week I will approach 10 architects who work with relevant projects.” (Interior Design, Felix, 20103026)</td>
</tr>
<tr>
<td>Leveraging</td>
<td>Unexpected encounters were leveraged in to opportunities: “We also went to D’s office in Malmö earlier this week to meet PE but it must have been some kind of miscommunication because he was in Italy. But we had the opportunity to talk to a woman called S, it was a good talk but we will probably book a meeting with PE again next week.” (Agricultural Growth, James, 20110114)</td>
</tr>
</tbody>
</table>
Evaluating

Anticipating

Anticipating on progress: “I think it was really good to take back the responsibility from the researchers [who already had a pre-existing network] because their slow and reactive (instead of proactive) movements were really bringing down the team and as our advisor said: “They might kill the business before it begins.”” (Furniture Designs, Anton, 20110408).

Gaining recognition

Entrepreneurs get external recognition on their progress: “Sweet success! We took 1st place yesterday for our Dragons at the University venture capitalist pitch competition after a crazy week of planning and preparing our presentation … Our current strategy with the Image Enhancement project is to network like crazy and talk to as many people and companies in our field as possible. (Mac, Image Enhancement, 20100122)

Instrumental networking

Entrepreneurs reflect to build up a network efficiently: In this industry, a very large amount of new customers are refereed from old/existing customers; therefore, I need to build up a customer network efficiently, to be able to realize self-sustained sales growth. (Event Sound and Lighting, Luis, 20100205)

Learning

Entrepreneurs portray networking in light of learning: “My major learning outcome of the last week is that the entrepreneur needs a team to support him in making decisions. It is always great to consult as many people as you can, so they can give you a different perspective on what you are thinking around your business idea. We received a lot of feedback last week, feedback that has tremendously reshaped the idea we had in the beginning.” (Mobile Commuting, Maria, 20110130)

Emphasizing

Entrepreneurs emphasize the importance of networking: My major learning outcome of the last week is to not be afraid of going out there and making mistakes in an early stage. The more you showcase your idea, the more feedback you’ll get to make it better. It doesn’t matter that the concept is not ready or not solid; going out there and showing it to others will make it rock solid for later presentations. (Mobile Commuting, Maria, 20110204)

Problematizing

Entrepreneurs find networking difficult: “I contacted the owner of a healthy and ecological café in Malmö called FF and asked her if she could get a short interview with her. Unfortunately she did not have time, and asked me if I could meet her in January. I might do that; it depends on how far I have reached in the project process. (Soup Kitchen, Carolina, 20091211)

Network momentum

An indication of this situation is that a prize is perceived to open up doors for the venture: “It was nice to finally get some recognition from Venture Cup, hopefully can this also help open some doors. What is more interesting than getting the third prize in the student category is that we were the number one web start-up, out of a total of approximately 180 submissions (where half were web based). This was also pointed out to me by people from the jury at the after-party. That is for me worth a lot more than Euro 550 and a third prize in the student class.” (Jeremy, Charity Widget, 20100430)
The third step of the analysis focused on developing graphical representations of network creation for each case (Langley, 1999). Out of the twenty weeks, we constructed five four-week program periods as standardized months that excluded weeks in which the program did not run (e.g., during Christmas holiday). To determine the number of new others in each period, we checked if an actor was mentioned for the first time. If this actor had not been mentioned before and we found no indications of pre-existing relationships in the diary, we considered it as a new contact attempt. The graphs we developed to get a sense of network creation depicted the overall number of actors, new actors added during this period, networking activity, and networking outcomes for each four-week period. In addition, as general indicators of network development in each case, we calculated the number of contacts approached, and the duration of relationship with the contact during the five periods (20 weeks). This duration is based on consecutive mentions of the same contact (i.e., if someone is mentioned in period one and in period three, the duration of contact would be two periods). Table 4.3. shows these indicators of network development.

We now turn to the findings, based on this process analysis.
Table 4.3. Networking descriptive statistics

<table>
<thead>
<tr>
<th>Case</th>
<th>Total existing and new contacts</th>
<th>Number of new contacts</th>
<th>Duration of contact (months)</th>
<th>Tangible outcomes</th>
<th>Period outcome is acquired</th>
<th>Network momentum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image Enhancement</td>
<td>124</td>
<td>73</td>
<td>1.9</td>
<td>Funding</td>
<td>Periods 2, 4, and 5</td>
<td>High, active</td>
</tr>
<tr>
<td>Napkin Ads</td>
<td>114</td>
<td>73</td>
<td>1.7</td>
<td>Customers</td>
<td>Period 4</td>
<td>High, active</td>
</tr>
<tr>
<td>Greeting Card</td>
<td>111</td>
<td>87</td>
<td>1.4</td>
<td>Funding</td>
<td>Period 2</td>
<td>High, active</td>
</tr>
<tr>
<td>Tea Shop</td>
<td>107</td>
<td>82</td>
<td>1.3</td>
<td>Customers</td>
<td>Period 5</td>
<td>High, active</td>
</tr>
<tr>
<td>Mobile Commuting</td>
<td>102</td>
<td>91</td>
<td>1.1</td>
<td>None</td>
<td>N/A</td>
<td>High, active</td>
</tr>
<tr>
<td>Traffic Consultancy</td>
<td>100</td>
<td>70</td>
<td>1.6</td>
<td>Customer</td>
<td>Period 3</td>
<td>High, active</td>
</tr>
<tr>
<td>Music Training</td>
<td>96</td>
<td>43</td>
<td>2.7</td>
<td>Funding</td>
<td>Period 4</td>
<td>High, active</td>
</tr>
<tr>
<td>Antioxidant</td>
<td>83</td>
<td>58</td>
<td>1.6</td>
<td>Funding</td>
<td>Period 2</td>
<td>High, active</td>
</tr>
<tr>
<td>Advertising</td>
<td>50</td>
<td>41</td>
<td>1.5</td>
<td>None</td>
<td>N/A</td>
<td>High, moderately active</td>
</tr>
<tr>
<td>Furniture</td>
<td>30</td>
<td>35</td>
<td>1.9</td>
<td>Funding</td>
<td>Period 2</td>
<td>High, moderately active</td>
</tr>
<tr>
<td>Interior Design</td>
<td>35</td>
<td>32</td>
<td>1.1</td>
<td>Customers</td>
<td>Period 4</td>
<td>High, moderately active</td>
</tr>
<tr>
<td>Charity Widget</td>
<td>26</td>
<td>22</td>
<td>1.5</td>
<td>Funding</td>
<td>Period 4</td>
<td>High, moderately active</td>
</tr>
<tr>
<td>Event Sound &amp; Lighting</td>
<td>9</td>
<td>7</td>
<td>1.3</td>
<td>Customers</td>
<td>Period 2</td>
<td>High, moderately active</td>
</tr>
<tr>
<td>Indoor Positioning</td>
<td>67</td>
<td>50</td>
<td>1.4</td>
<td>None</td>
<td>N/A</td>
<td>Undefined</td>
</tr>
<tr>
<td>Jewelry Design</td>
<td>45</td>
<td>32</td>
<td>1.6</td>
<td>None</td>
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<td>Undefined</td>
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<tr>
<td>Consumer Designs</td>
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<td>22</td>
<td>1.3</td>
<td>None</td>
<td>N/A</td>
<td>Undefined</td>
</tr>
<tr>
<td>Gaming</td>
<td>12</td>
<td>11</td>
<td>1.3</td>
<td>None</td>
<td>N/A</td>
<td>Undefined</td>
</tr>
<tr>
<td>Tourism</td>
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<td>28</td>
<td>1.2</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>Dating</td>
<td>53</td>
<td>38</td>
<td>1.5</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>Social Entrepreneurship</td>
<td>42</td>
<td>36</td>
<td>1.2</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>Mold Prevention</td>
<td>38</td>
<td>33</td>
<td>1.3</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>My Shoes</td>
<td>37</td>
<td>27</td>
<td>1.4</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>Student Paper</td>
<td>33</td>
<td>23</td>
<td>1.7</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>Stock Market Analysis</td>
<td>22</td>
<td>20</td>
<td>1.1</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>Container Houses</td>
<td>21</td>
<td>16</td>
<td>1.3</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>Agricultural Growth</td>
<td>19</td>
<td>15</td>
<td>1.3</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>Soup Kitchen</td>
<td>15</td>
<td>8</td>
<td>2.1</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
<tr>
<td>Student Web Information</td>
<td>5</td>
<td>5</td>
<td>1.0</td>
<td>None</td>
<td>N/A</td>
<td>Low</td>
</tr>
</tbody>
</table>

12 The duration of the contacts is the observed duration in the 5-month observation period, so the number is in particular right-censored as individuals are likely to continue interacting with at least some of the contacts after the observation period. To a lesser extent, there is also left-censoring as some entrepreneurs report on prior contacts they interact with. Despite these censoring issues, this number gives an accurate idea of how long and how frequently these entrepreneurs interact with their connections.
4.4 Findings I: Initiating, Reacting and Evaluating

This section first presents three key elements of an inside perspective on network creation by early-stage entrepreneurs (as summarized in Figure 4.1.): 1) initiating the network through initial contact attempts, 2) reacting to responses to these contact attempts, 3) and evaluating both contact attempts and responses in personal reflections. As a primary ‘outcome’ of this networking process as experienced by the entrepreneurs, we introduce the concept of network momentum, referring to the perception that the network starts to exist even without direct input from the entrepreneurs. After discussing these categories, we devise a process model and illustrate how these categories together describe the early dynamics of networking and how some entrepreneurs manage to achieve network momentum. We next describe the three key elements of initial network creation.

4.4.1 Initiating

Given the unfamiliar context for many entrepreneurs, they had an eminent need to initiate contacting new others – and where possible to rely on existing others to get started. The number of contacts initiated ranged from contacting no actors in a four-week period to contacting 37 actors in the same period (adjusted for the number of entrepreneurs per team by dividing the number of contacted actors by the number of team members). A large cluster of entrepreneurs was moderately to very active in initiating (17 cases), while a smaller portion of entrepreneurs were generally less active in initiating new contacts (11 cases). The active initiators often were a team endeavor and some of them could rely on existing contacts from previous businesses or (family) ties in the industry. Figure 4.2. displays the network creation characteristics of two exemplary cases in terms of activity, one who established network momentum and one that did not.
Most of the entrepreneurs started with cold calling to initiate new contacts. Their approach to do so varied from contacting targeted actors, attending relevant events, trying to get referrals from their personal network or accidently running into potentially useful contacts. Especially entrepreneurs who did not possess connections relevant for setting-up their venture had to rely solely on initiating. For example, an entrepreneur searched for new contacts as follows:

I have researched some transportation companies that do air transport from China. Unfortunately, it is expensive, but I found one that was a lot cheaper than others. (Container Houses, Phil, 20101217)

Using less of a systematic search approach, others experienced that attending industry events such as conference and seminars could help to meet new potential others:

I will attend the Nordic Game conference taking place in Malmo next week. (...) This will (...) hopefully provide me with some contacts and insights to what other developers are doing. (Event Sound & Lightning, Hans, 20100426)

Yet, other entrepreneurs operated even less planned, by getting referrals from someone they met accidently:

Accidently I ran into X from Venture Cup who works at Y and talked for a while about the Image Enhancement project. He suggested further people we should talk to. (Image Enhancement, Tony, 20100129)
Some entrepreneurs actually had the privilege to rely on existing contacts to get their network initiated. Yet, typically the contacts that were referred to as already existing when starting the venture made up only a fraction of the total number of contacts. Many of them comprised contacts provided by the venturing program. Some entrepreneurs had previous business experience or had parents that worked in the industry and thus could re-initiate ‘semi-warm’ contacts.

For some cases, we note a low level of initiating actions, often resulting in little network creation. Yet, some could successfully convert existing ties into valuable additional ties, as a founder of the Social Entrepreneurship venture noted:

After using my personal network, I managed to get a professional designer that is helping our team with the logo for Social Entrepreneurship and the future visuals for our website. (Social Entrepreneurship, George, 20100405)

4.4.2 Reacting

After initiating contacts, subsequent actions to get them really on board and maintain the ‘ties-in-the-making’ are important to actually establish relations. Here, we noticed important differences in how entrepreneurs reacted to responses to their contact attempts. We identified four reactions that are pro-active and one that is more passive. Overall, creating a network in a new environment is not easy, as exemplified by the absence of responses and often negative responses on the initiating actions.

The reactions to these negative responses seem particularly important for network creation. Some entrepreneurs persevered in their efforts to get hold of a contact; yet, others dropped the ball. Entrepreneurs who persevere get in contact with higher number of actors and for longer periods of time (see Figure 2 and Table IV). The Music Training entrepreneurs were able to keep in contact with their connections for long periods of time, the highest average among all cases (2.7 months out of the 5-month period) and they got also a fairly large set of contacts (96 in total). For them, persisting was the only way to build enough relationships, as they illustrate in consecutive diary entries dealing with getting hold of one person:

I was meant to meet C from S but unfortunately due to time constraints he was unable to fit us in. (…) I will, alongside the team, have a telephone interview with him in the New Year. (Music Training, Matt, 20091211)

Sergio will be calling C from S Friday 29th with a list of questions that we have put together for him. (Music Training, Matt, 20100129)

Sergio contacted C but has still to hear from him. (Music Training, Matt, 20100205)
We finally met C at K and as he will try to help us with our questions for the business plan over the next few days. (Music Training, Matt, 2010312)

Finally, as a result of their perseverance, they get hold of this person after three months of trying to contact him. Indeed, he proved to be a great help to the venture.

Another reaction to the negative responses is to try to associate with existing companies to put the emergent venture in the spotlight. The founders of Napkin Ads eventually used this tactic after a number of unsuccessful attempts to get hold of companies:

We had problems contacting other companies. (...) We felt a faster and effective approach would be to get help from an established company to get us to market quicker. That is how we found company A with a well-established backing from company C. (Napkin Ads, Tom, 20100417)

Other entrepreneurs upfront engaged in mitigating the risk of non-response by diversifying the actors they contacted. While struggling with the difficulty to get hold of actors, some entrepreneurs had a recurring activity of hedging in order to get at least some relevant contacts for their venture. For instance, the founders of Jewelry Design explicitly targeted a variety of potential contacts:

Attracting investors is NOT easy – even for a general interview. We have tried to send out e-mails and call people from A but they are too busy at this year-end. (...) Anyways, we have prepared a plan B and C for the worst case scenarios. (Jewelry Design, Jenny, 20091211)

This week we have tried to search for more suppliers in Sweden. So far we still have not found any yet. The problem is that it’s hard to find the suppliers who actually craft their jewelries on their own. Perhaps we should not be so locked in that area, instead we could turn to the suppliers who sell different pieces because there is a bunch of Swedish internet based companies who is doing exactly that. (Jewelry Design, Maria, 2010426)

In addition, entrepreneurs also leveraged referrals provided by their existing relations, as in the Image Enhancement case:

Erik also gave us contacts for a couple of auxiliary companies to the cell phone industry, company B and company T. (Image Enhancement, Mac, 20100122)

We met with MA, the CEO of company B, on Wednesday. He was a real cool, young, and wild looking guy who was kind enough to have some lunch and give us his opinion on our technology and possible applications/partners, etc. He really likes the open source model for development and marketing purposes. He advised us to give the code to several companies and see if they had a use for it. (Image Enhancement, Mac, 20100212)

In contrast to more proactive entrepreneurs, others did little to nothing and just waited for responses:
We wait for a reply from company T but as he’s on holiday we have to wait probably two more weeks. (Container houses, Phil, 20110311)

We have not heard anything from K at company T yet, hopefully we do soon. (Container houses, Phil, 20110318)

Instead of reaching out, these entrepreneurs typically engaged in extensive internal activity instead, such as product development, market research, and planning. In particular, entrepreneurs focus more on internal venture development activities if they did not have teammates that motivated them to reach out. These individual entrepreneurs have a harder time to recover from negative responses, while teams show more productive evaluations, as we will discuss in the next section.

4.4.3 Evaluating

The entrepreneur’s internal evaluation is even more crucial to understand how entrepreneurs initiate new contacts and in particular how they react to (non-) responses on their actions. Through evaluating networking actions and reactions, entrepreneurs make sense of their progress in relation to their evolving context. These evaluations can both stimulate and hinder subsequent networking actions. Anticipating is evaluative reflection that helps entrepreneurs to cater for negative or absent responses. For example, Interior Design’s founder kept an eye on who was contacted and anticipated follow-up actions to initiate and maintain the relationship:

Have not heard anything from the moviemaker after I sent him the material, so I think it is in place to make a call there so that he has not forgot about it (Interior Design, Felix, 20100422)

Next, especially entrepreneurs who are highly active in initiating new contacts and reacting to others, evaluate networking – including actions with disappointing responses – as a learning experience, as the following quote illustrates:

My major learning outcome of the last week is to not be afraid of going out there and making mistakes in an early stage. The more you showcase your idea, the more feedback you will get to make it better. It does not matter that the concept is not ready or not solid; going out there and showing it to others will make it rock solid for later presentations. (Mobile Commuting, Maria, 20110204)

Entrepreneurs evaluated networking actions and responses as contributing to gaining recognition if they experience that others start to know the venture. In that sense, responses do not have to be overly positive to make the entrepreneurs feel happy:

The event itself was really useful for us, as once again we broadened our network and made more players aware of our project. (Image Enhancement, Tony, 20100312)
Through such positive and constructive evaluations, entrepreneurs become eager to continue initiating more contacts, leading to *emphasizing* the importance of networking, as the Napkin Ads case shows:

Even competitors can be some of your best allies! Our turned into a strategic partner. Also network, network, network! (Napkin Ads, Tom, 20100501)

In contrast, others did not evaluate their actions and reactions to the same extent. These entrepreneurs were more outcome-oriented and engaged in a kind of *instrumental networking*. They had the primary aim to gather resources, but nothing more than that:

I need to contact J from company V. He told me that he is from a family of teachers and would help me contacting them (Gaming, Hans, 20100416)

Others perceived initiating a network as fairly time consuming and difficult. Especially in the realm of setting up a new venture and the activities that come with that, they *problematize* their networking actions. Such entrepreneurs felt disappointed when they perceived that their networking actions resulted in negative responses. Generally, these entrepreneurs were less inclined to engage actively in follow-up networking. For example, the founder of Shoes reported:

I had a meeting with J. (..). He informed me that he did not need to work for a project. (…) This was a very unfortunate happening for our project, since I believe that J could have been a great asset to execute our business idea. Therefore, it created some discouragement for me. (Shoes, Audrey, 20110226)

Some of these entrepreneurs just feel uncomfortable to contact others. To cater for that, they want to acquire skills first and work on that part, before really trying to reach out:

I still have to improve my entrepreneurial skills if I want to translate my potential into tangible things. I should be more action oriented and not be shy in applying things or not be afraid of failing. I am improving, but slowly. (Consumer Designs, Sara, 20100508)

Others evaluate networking particularly as time consuming. For example, actors that are contacted ask for more information first:

What I have realized as well that it is rather time consuming to get the contact details of the right person responsible for the marketing in the company. Then I talk to them and usually they do not set up a meeting right away but ask for more info via email. (Student Paper, Martin, 20110401)

As networking is perceived to be time consuming, they view it as competing with the development of other facets of the venture, resulting in investing less time in network development.

Through initiating, reacting and evaluating entrepreneurs engage in networking actions and make sense of these actions in relation to their perception of the ‘network-in-the-making’. One mental image of this ‘network-in-the-making’ appears to be important
for entrepreneurs to carry on with their networking actions – or rather to drop the ball. This image, which we called network momentum, depicts the perceived establishment of a social network.

4.5 Findings II: Creating network momentum

Prior explanations, depicting networks and network creation from an ‘outside perspective’, suggest that networks emerge as a result of using existing connections or activating latent contacts (Hite & Hesterly, 2001; Mariotti & Delbridge, 2012; Vissa, 2012). In contrast, this study shows how nascent entrepreneurs engage in networking in an unfamiliar context with limited access to existing contacts and how their evaluations and perceived success drives their perseverance. Although the entrepreneurs are in a similar situation, we observe wide variation in networking actions and the enactment of networks through evaluating these actions and responses. To show the differences between the entrepreneurs, we use an ‘inside perspective’, that centers on an entrepreneur’s evaluation of his/her initiating actions and the responses to these actions, leading to particular ways in reacting to negative or absent responses on contact attempts.

Based on our analysis, we argue that some entrepreneurs develop an important perceptual notion that steers their evaluation and reinforces their networking actions. This notion of network momentum depicts that the entrepreneurial network starts to exist, as a key (intermediary) outcome from the perspective of the entrepreneur(s) and an important motivator to go on. Figure 4.3. displays how initiating actions, subsequent reactions to (non-) responses and evaluating both actions and responses influence whether or not entrepreneurs build up network momentum. The underlined themes in the framework reflect key aspects that are in a positive way related to the creation of network momentum.
Network momentum refers to an image that some entrepreneurs envision as they perceive that their network starts to exist without their immediate effort. In other words, they feel that there starts to be a network ‘out there’. Some entrepreneurs experience that after weeks of trying to get their network initiated, the ‘energy’ they need to put in the network becomes less as the network-in-the-making starts to ‘exist’. In particular, they experience that they attract attention from others. They refer to this moment as the moment as in which the ‘network starts to call back’, as the following quote exemplifies:

The researchers have been as well contacted by SE. This success is related to the networking we did around in Lund and extending our network. (Image Enhancement, Tony, 20100305)

The perception of network momentum also captures more ‘hard’ outcomes, such as gaining a first customer or financier. The key difference between cases that do and cases that do not perceive network momentum lies in how they evaluate and react to (negative) contact responses, thus stressing the value of an inside perspective that centers on the evaluative dimension of network agency.

4.5.1 Achieving network momentum

To illustrate the conceptual model of network momentum in Figure 4.3., we turn to an exemplary case, Tea Shop. Tea Shop is a venture with two founders who have the idea to sell Chinese tea to teashops in Sweden. Whilst from abroad, the founders Janice and Siri

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13 The underlined themes reflect elements that are associated with the possibility of perceiving network momentum in our study.
are very active in approaching new others and the variety of others that is contacted is large. During the first period in December they start enthusiastically contacting others using \textit{cold calling}, also with the aim to learn about the context they operate in:

We have interviewed company HC to learn more about the tea industry (Tea Shop, Janice, 20091204).

In total, they report about contacting 84 new contacts during the 20-week period, including many potential customers. Their level of activity remains quite constant over the five-month observation period. Two additional features characterize this case. The first is their ability and willingness to leverage unexpected encounters and remain flexible in what they are looking for:

On the way, we found a big new tea shop called company A by chance. Talking with the staff, we knew that they have lots of tea that [they] imported from China. They also have a tea-tasting community. It will have a different event every month. It would be great if we can cooperate with them. However, the manager was not there. We left our contact information. We will visit it again when the manager comes back. (Tea Shop, Janice, 20100312)

In addition, the Janice and Siri \textit{persistently} try to get hold of others by seeking alternative ways of approaching actors. This is illustrated in subsequent diaries in which Janice and Siri deliberated on strategies to be both persistent and understand the reason for non-response:

I planned to visit the customers to get some feedback from our tea and the price. Because they didn’t reply the e-mail after giving samples to them. But we worried we will annoy them. So we choose to wait a little bit (Tea Shop, Siri, 20100410)

However, the manager didn’t come that day, we can’t discuss much further. So I e-mail her and will arrange a discussion about the corporation in the following weeks. (Tea Shop, Janice, 2010417)

But the other potential customers, after the discussion and left the contact information to them, they never call again. Even some of them didn’t reply the e-mail. I need to find out the reason to go further. (Tea Shop, Janice, 20100430)

In the final month of the program the founders of Tea Shop see their efforts materialize as they are being contacted by the actors they had previously contacted. They start to perceive \textit{network momentum}:

Once you build up a good relationship with your customer they will keep contacting you like company CS. (Tea Shop, Siri, 20100430)

Other entrepreneurs that achieve network momentum show similar dynamics of actions, reactions and evaluations as in the Tea Shop case – also in these cases subsequent networking actions are motivated by perceived network momentum. As a result, entrepreneurs who do not have any prior relevant connections, show perseverance in
building a new network, such as the Music Training entrepreneurs who for the entire five-months period try to associate with a high-quality, well-reputed actor to assist with the marketing strategy over a five-month period:

    Continue with my attempts to get hold of KS, child prodigy! (Music Training, Matt, 20100521)

While not all these cases were equally active in networking, they evaluated their actions and responses and identified the key role of leveraging their existing contacts and diversifying their network, and did so more quickly than other entrepreneurs who did not get to experience network momentum in the end:

    My major learning outcome of the last week is never to rely on a single option. Not every negotiation will end up in a deal, so I have to learn to look for opportunities fast, screen them fast, try and if I fail, recover fast and try again. As a foreigner in this program I have an extra limitation; time. (Mobile Commuting, Maria, 20110121)

Perseverance and creativity in networking actions, in the case of both Tea Shop and other similar entrepreneurs (see Table 4.3.) are driven by positive, stimulating evaluations on their initiating actions and responses on these actions. Next to that, their attitude of learning-by-doing helps them to persist in their networking actions by the aforementioned approaches or hedge against non-response. We also noted that in their evaluation of networking actions, these entrepreneurs tend to critique themselves rather than to blame others, resulting in emphasizing that they should reach out more actively:

    I had trouble being productive Monday through Wednesday. I spent a lot of hours “working” but did not really get anything done. The end of the week was better, but I need to be more productive overall if I am going to get this business off the ground. (Greeting Card, Bill, 20110204)

Such constructive self-reflection helped to find out why certain networking actions had not been performed or failed. For example, one entrepreneur reflected repeatedly:

    I am getting a bit stressed about the project. (...) In the last board meeting it was said that we should build the relationship with researchers to be more open and friendly. I assume that we are really trying to do that, but they still seem to be a bit reserved toward us. (Image Enhancement, Tony, 20100226)

    The discussion with researchers proved to be more open, and the relation seemed to be “repaired”. They seem to understand our position and despite the lack of time, they want to contribute to the project as much as possible. They will also attend the meeting on Monday and help us out with technical aspects of the project. (Image Enhancement, Tony, 20100305)

When achieving disappointing results, such entrepreneurs tended to reflect on it explicitly and act accordingly:

    Only one firm of the five that Axel contacted was willing to meet with us. He is waiting for a reply on a date to meet. (...) This is quite disappointing to me. First of
all, it is not good that only one carpentry is willing to meet with us, since the plan was to develop a relationship with two to minimize risk, and the meetings will take place way too late to meet the deadline we set for the prototypes. (Furniture Designs, Boy, 20110401)

As a result, this entrepreneur focused more on diversifying his network. In general, the way these entrepreneurs evaluated their actions and progress convinced them to reinforce existing actions or change to more productive tactics, ultimately leading to some form of network momentum.

**4.5.2 Not achieving network momentum**

Entrepreneurs who, despite their efforts, are not able to achieve network momentum, are often rather instrumentally motivated by the venture program to do some networking and subsequently the perceived difficulties in reaching out burn out this motivation. In response, they merely focus on internal venture processes such as the development of business plans asked for in the venturing program. Their (lack of) networking actions is driven by unconstructive evaluations of what they experienced – evaluations that portray networking as difficult rather than as a challenge or fun. To illustrate how our model (see Figure 3) helps to describe how and when entrepreneurs do not perceive network momentum, we turn to Dating. Dating is a venture with two founders Fes and Anton who had the idea for an online dating app that combined multiple services.

The founders of Dating originate from Asia and Sweden, and thus had some familiarity with the Swedish market. Yet, in their diaries they do not report any contacts from their existing relations that could be relevant. Instead, they initiate new contacts through *cold calling*. In the first period, the founders of Dating contact a couple of new actors, but their activity drops in the subsequent four periods. Over the course of the program they contact only 38 new actors. These new actors are either in close psychological proximity of the entrepreneurs or necessary for their product development. For example, Fes describes that she approaches contacts provided by the venturing program, such as a professor that presented during the program. Generally, the description of those contacts is in terms of function rather than by name. They *problematize* networking, from the very start, explaining the low level of initiating new contacts and unproductive way of reacting to responses:

> We need to find a person(s) with the IT competency that we lack. However, it is hard to initiate operations with someone we do not know personally. (Dating, Fes, 20101203)
Initiating new contacts is perceived as difficult, reflected in repeatedly reporting a lack of networking actions:

I have not met anybody personally, but I have chatted with some daters using other dating application. (Dating, Fes, 20110121)

I have not met anyone this week. (Dating, Fes, 20110218)

I have not met anybody personally. (Dating, Fes, 20110401)

Instead, Fes describes that they rather focus on writing a business plan and getting feedback from program-provided contacts. This pattern is observed throughout the five months of the program as the following quotes illustrate:

I will continue to improve the business plan in areas we have not had a strong focus on, such as business model and market strategy. (Dating, Fes, 20101217)

I am looking forward to getting the feedback about our business plan from my mentor, but I have not received any comments yet. (Dating, Fes, 20110225)

I contacted my mentor via email about the updated business plan and asked for comments regarding the new business model. (Dating, Fes, 20110415)

When they do in fact contact others, but perceive a negative or delayed response, they react by waiting instead of thinking how this delayed response could be anticipated:

Things have not been developing as fast as we wanted them to do the last week. We were hoping to receive a new version of the informatics students report today but unfortunately this did not happen. (Dating, Anton, 20110304)

Similarly, Anton problematizes the way of getting resources as consuming time:

Bootstrapping apparently is quite time consuming and not always the most efficient way of reaching your goals. (Dating, Anton, 20110415)

By negatively evaluating their network actions and responses to these actions, and instead shifting focus to internal activities, these entrepreneurs do not experience to have created a network that ‘works’.

In other similar cases (see Table 4.3.) the motivation to engage actively in initiating new contacts drops after negative responses or due to high internal venture development activity while evaluating their context and development of the network as particularly problematic. Part of these evaluations is that some entrepreneurs felt too constrained by their lack of existing ties; they just did not know how or where to start building networks to achieve their networking goals. Yet, entrepreneurs who actually had relevant, existing contacts had the – apparently wrong – impression that they could rely on their existing relationships in order to give them the resources they needed, and consequently did not feel the urgency to actively engage in initiating new contacts. Yet, as these existing contacts
were not sufficient or not actively leveraged, network momentum was not experienced, resulting in a further breakdown of networking activity.

4.6 Discussion and conclusions

4.6.1 Theoretical contributions

This study aims to understand how nascent entrepreneurs create a business network from scratch. In contrast to studies that explain the emergence of networks from existing contacts, we use diary data that allows to analyze network creation from a unique inside perspective that centers on the individual perception of responses to network actions and the role of constructively evaluating both actions and responses. Thus, we look into the processes at work inside network creation and move away from path dependence perspectives on network development. As a central image of network success from the viewpoint of the entrepreneur, we introduce the concept of network momentum, referring to the perception that the network starts to ‘work’ when new others start approaching the entrepreneurs; experiencing network momentum motivates entrepreneurs to carry on with networking. Based on the findings, we inducted a model describing the creation of network momentum. By doing this, we contribute to the literature on entrepreneurial networks in the following three ways.

First, we relax the assumption of many prior studies that the business network stems from the entrepreneur’s previous personal social network. This assumption suggests that entrepreneurship is a matter of utilizing or possibly reconfiguring existing personal contacts into business contacts. As such it implies a causal and orderly transformation of the personal network into a business network (Engel et al., 2017). In our study, using a sample of foreign nascent entrepreneurs in a new national and local context, such an ‘outside perspective’ that depicts the new network as a derivative or transformation of the existing set of contacts breaks down. Thus, pre-existing contacts are not always as dominant as suggested by extant studies in which existing network size is a key predictor of firm performance (e.g., Martinez & Aldrich, 2011; Stam et al., 2014) and pre-existing personal networks form the base for future network development (e.g., Elfring & Hulsink, 2007; Hite, 2005; Hite & Hesterly, 2001). Rather, in line with Bensaou et al.’s (2014) findings, we posit that the ability to exert agency by creating and activating new ties in itself can be sufficient for creating a well-connected venture, and the benefits that may come with that. Therefore, to unravel such network agency, we argue for an inside perspective that centers on the perspective of the entrepreneur.
This perspective emphasizes the role of evaluating networking actions, which brings us to our second contribution. The emphasis on this type of cognition as a key mechanism of entrepreneurs’ network creation is essential to understand the different ways in which entrepreneurs react to non-response to their contact attempts. These evaluations, in relation to initiating network actions and actually reacting to responses, gives much-desired insight in why and how certain networking actions are exhibited (Bensaou et al., 2014; Fang et al., 2015; Porter & Woo, 2015). Network evaluation has been introduced earlier to the network literature, comprising of both formal and informal evaluation aspects (e.g., Sydow, 2004; Sydow & Windeler, 1998), and we contribute the insight that at an individual or team level the difference between constructive and unconstructive reflection is very important.

Thus, our insights stress that network evaluation is a key mechanism, which needs to be further studied to understand the creation and change of networks. In contrast to ‘outside perspectives’ on that adopt discovery-view assumptions and rational agency (Engel et al., 2017; K. D. Miller, 2007), our inside perspective helps to understand how entrepreneurs make sense of networking actions under conditions of uncertainty, influenced by a lack of existing contacts. Here, evaluation appears to be central to an inductive learning process in which entrepreneurs learn while or after they act, a process that is seen as one of the key characteristics of entrepreneurial creation processes (Alvarez & Barney, 2007). This lends support to further emphasizing the psychological perspective on networking behavior (Casciaro et al., 2015; Tasselli et al., 2015), in particular in so far it addresses the question how individuals cope with the process of networking (Bensaou et al., 2014; Fang et al., 2015). Up till now only a few studies have explicitly linked the cognitive side to the action side of networking (e.g., De Carolis & Saporito, 2006; Van Burg, Berends, & Raaij, 2014), and our observations further stress the importance to link the literature on entrepreneurial networking to the literature on entrepreneurial cognition (for an overview see Grégoire et al., 2015) as well as considering their joint evolvement over time.

Third, we introduced the novel, cognitive concept of network momentum as an envisioned image of network existence, and we inductively analyzed the elements that describe how entrepreneurs achieve such an image of network momentum. Network momentum helps to understand when networking gains traction and when the first visible traces emerge in the social context. Network momentum is temporary perception, perceived only after getting reactions from contacts approached, and potentially losing its
importance as soon as these contacts turn into strong ties. Therefore, only methodologies that capture such perceptions with sufficient temporal granularity will be able to analyze the importance of this perception.

In all, network momentum serves to theorize about how network agency unfolds in time in different settings and under different conditions, which ultimately serves to build better theories of network creation and change (e.g., Bensaou et al., 2014; Gulati & Srivastava, 2014; Porter & Woo, 2015; Vissa, 2012). For instance, this concept forms a perceptual counterpart of more ‘hard’ network notions like size and network structure, and helps to connect networking actions with networking perceptions and ultimately network outcomes like firm performance. Moreover, the concept of network momentum adds the fundamental insight that the temporary perception about whether the network starts to exist plays an important role in carrying on with networking (or the breakdown of networking activity). As such, network momentum forms a central temporary sense making device in the initial network creation process that entrepreneurs use to motivate themselves and also helps to engage others in their networking process (cf. Cornelissen & Clarke, 2010) as they get attracted to their perceived – yet still brittle – networking success.

4.6.2 Limitations and future research

This study has a number of limitations. First, the data originate from a specific venture development program, which provides an exceptional setting and controls for potential differences between cases (e.g., timing, geography). Yet, this setting has its own peculiarities that might influence the results. For example, the 20-week timespan was artificial, and networking in the last weeks decreased among entrepreneurs who apparently decided not wanting continue with their venture. In addition, the context is an excellent setting to study goal-oriented networking behavior with clearly observable outcomes, but it does not reflect other potential motivators for social interaction such as pro-social behavior or giving (Grant, 2013; Porter & Woo, 2015); therefore it is recommended to study this phenomenon in other settings as well.

Second, although we did qualitatively take into account that entrepreneurs had different origins, controlling for culturally-influenced dispositions towards networking was not our priority in this study. Some of the differences between entrepreneurs could therefore also be related to the cultural background of the entrepreneur, in tandem with their personal disposition towards networking. Literature has already hinted at the potential cultural differences towards networking (Xiao & Tsui, 2007) and this may warrant further
scrutiny. Future studies can further explore the cultural element in entrepreneurial networking and subjective reporting about networking.

Finally, the data we collected is diary data, with the great benefits but also the limitations that come with this approach (see Bolger et al., 2003). Important limitations are that the individuals can get subject to habituation in writing the diaries and might be forced to be more reflective than they are in reality. In addition, one of the most relevant limitations is that the networking data remains ego-level data and that we are not able to get the response from the person who is being contacted. Yet, we assume that our multi-case study is not really influenced by these limitations, as these equally apply to all the cases.

4.6.3 Conclusion
This study examined the process of network creation in the very early stage of venture development. The detailed longitudinal diary data allowed a unique inside perspective on how entrepreneurs create business networks, fostering understanding why some entrepreneurs are on track to create satisfactory networks while others fail to do so. We find different ways in which contacts are approached and followed-up upon, and we find that to understand the entrepreneurs’ actions over time we need to pay attention to how entrepreneurs evaluate their actions and respond to them. A central cognitive image is the concept of network momentum, which depicts when nascent entrepreneurs perceive that they get foot on the doorstep to the entrepreneurial world. In sum, this study pictures why and how entrepreneurs create – or fail to create – new business networks through different types of networking actions, driven by the entrepreneurs’ personal evaluations of actions and reactions to these actions.