

Entrepreneurs' social skills and access to outside vital resources: the role of social capital

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I. INTRODUCTION

Abstract

Consistent with the previous studies investigating the relationship between social skills, entrepreneur's success and their access to resources, this research intends to add new findings concerning the mediating role of social capital which enhances the effects of several social competences.

Results indicate that the entrepreneurs' proficiency at persuasiveness, ingratiation and personal emotional intelligence has a significant influence on their access to essential outside resources, especially venture capitalists' financing and useful information. These effects are mediated by the entrepreneurial social capital, which is based on an extensive network involving weak and non redundant ties.

The implications of these issues assist Tunisian High-Tech entrepreneurs in understanding the process by which social skills help entrepreneurs enlarge their social capital in order to gain access to paramount resources and success at the survival/development stage of the venture creation process.

Keywords: social skills; new venture; access to vital resources; social capital

A large body of research in several fields, such as psycho-sociology, health science, strategic Management and Human Resource Management, has largely dealt with social skills (sometimes referring to political skills) as competences that allow individuals to interact effectively with one another (e.g. [1], [2])

The most of such research findings argue that social skills play a key role in achieving success, job performance and satisfaction with life in general ([1], [3], [4], [5]...)

In the field of Entrepreneurship, references [6], [7], [8], [9], [10], [11] reported on the development of several conceptual and empirical studies emphasizing the beneficial effects of social skills on the entrepreneurial success. Their work helped establish some support for social skills' measures and their positive impacts on new ventures' outcomes and profitability.

However, there has been a little effort so far to come beyond conceptualization to empirical quantitative development of Baron and colleagues' statement. Indeed, the stream of all their research considerations called for more considerable attempts to fully explore the domains of social skills and examine their effects and implications in different contexts and at different stages of the entrepreneurial process.

Moreover, references [6], [7], [8], [9], [10], [11] show that specific social skills may lead to social

capital by enlarging and improving the entrepreneur's network of relationships. More specifically, the entrepreneur needs to take interest in establishing and developing good relationships with the stakeholders who are important for the entrepreneurial process (such as potential customers and suppliers, potential investors, consultants, bankers, etc) (e.g. [12]).

The major purpose of the present study is to understand the process through which the entrepreneur could enhance the survival-development of a High-Technology new venture by developing his social skills and his social capital. This aim comes essentially from the previous assumptions mentioned above and underlying the empirical gap existing between social skills and social capital.

On the basis of all these considerations, we suggest that, since all the other factors are equal, the social capital enables entrepreneurs to gain access to external vital resources thanks to their social skills. Then, "Which are the most effective social skills that are more likely to enlarge the social capital of the entrepreneur, and to allow him to get the paramount resources?"

II. THEORETICAL DEVELOPMENT

First of all, we examined the effects of social skills at a particular stage of the entrepreneurial process: the new venture survival/development. For this, we adopted the new venture creation process proposed in the references [13] and [14]. This entrepreneurial process is divided into three distinct but complementary stages:

- (1) The trigger which happens when the entrepreneur is highly motivated so that he can't abandon the idea of setting up a project;
- (2) The commitment which occurs when the entrepreneur devotes the majority of his time, energy and money to assemble the different elements of the project;

- (3) The survival/development phase which is carried out when the new venture is above its breakeven point enhancing the entrepreneur to look for viability and expansion.

In keeping with several lines of evidence, we advocate that the third stage is the most critical one because it enables the entrepreneur to gain prosperity and stability once he has succeeded in solving some problems. These problems are related to the lack of legitimacy, uncertainty, scarcity of resources, and information asymmetry ([15], [16], [17], [18], [19] ...).

Second, the current research sought to examine investigate the effects of the entrepreneurs' social skills on their access to the external essential resources in the Tunisian context. It is based on a detailed review of the preceding research findings outlined essentially in references [6], [7] [8] and [20]. All these findings reveal that specific social skills are more likely to influence significantly the entrepreneurs' financial success, and new venture performance. These skills incorporate:

***Social perception:** the capacity for perceiving others accurately by an active listening ([9]);

***Persuasiveness:** the proficiency at wielding effective tactics for social influence by convincing others to change their points of view, and even their behaviors toward desired goals ([21], [22]);

***Impression management:** the skill at inducing good first impressions on others and to make them think the business is special ([22]). This skill involves two components: self promotion (presenting one's abilities and accomplishments in a positive light and ingratiation (efforts to generate high degree of lighting in others) ([20]);

***Expressiveness:** the ability of expressing one's own reactions and emotions clearly ([6], [9]);

***Emotional intelligence:** the adeptness at recognizing his own feelings and those of others (personal emotional intelligence), for managing his own emotions and his relationships with others (social emotional intelligence) ([23], [24], [25], [26]);

***Social adaptability:** the aptitude to adapt to a wide range of social situations and to feel comfortable with individuals from a large variety of backgrounds ([20]).

Consistent with other previous issues highlighted in [27], [28], [29], [30], references [6], [7] and [8] have also drawn attention to the importance of social capital. This one is defined as the set of connections and interactions existing in the network of the entrepreneur, enabling him to gain access to other resources ([31]).

Moreover, references [7], [8] and [10] have indicated that social capital helps entrepreneurs to establish and develop good relationships with the stakeholders who are important for the entrepreneurial success (such as potential partners, consultants, potential customers and suppliers, venture capitalists ...). They presumed that specific social skills may lead to social capital by enlarging and improving the entrepreneur's network of relationships.

Third, we have chosen to conduct our survey in the Tunisian context where Entrepreneurship is becoming more and more encouraged in Tunisia in order to enhance its economic growth and reduce its high unemployment rate. More precisely, we have chosen new ventures undertaken in the High-Technology sector, which witnesses a high environmental turbulence but generates high profits. In such current conditions, entrepreneurs who decide to invest in High-Technology can easily create new ventures, without overcoming financial and technological barriers. However, they are so concentrated on

their technical skills that they overlook their social competences. To enhance their performance, entrepreneurs should build and manage good relationships with important customers, investors, and key persons operating in famous and multinational High-Technology firms. This networking capacity would in turn enable them to acquire the resources that they need for the development of their new ventures.

III. METHODOLOGY

To test our prediction, we conducted a qualitative, then a quantitative research. We firstly interviewed 10 High-Tech entrepreneurs (during the last quarter of 2010 and then in the third quarter of 2011) in order to adapt our investigation to the Tunisian context. Feedbacks led us to restrict our research to the central social skills which were the most critical ones for the interviewees. These competences were: persuasiveness, impression management (ingratiation) and personal emotional intelligence. Moreover, the most relevant resources for these entrepreneurs were: useful information and venture capitalists' financing.

Then, we contacted 340 entrepreneurs who have undertaken new ventures in the Tunisian High-Technology field at least on January 2010. The data collection process lasted six months (between the last quarter of 2011 and the first quarter of 2012) and face to face interviews were conducted with 120 entrepreneurs who were willing to give complete answers. All these entrepreneurs were at the stage of survival-development of their venture creation process. They had an average age of about 29 years old, 2-3 years of experience in their ventures and the vast majority of them were IT engineers (males).

IV. RESULTS

Exploratory analysis (based on Principal Component Analysis-PCA- conducted on SPSS Software, [32]) and, then, confirmatory factor analyses (relying on Partial Least Squares-PLS-

Software, [33]) were carried out. The results of these analyses indicated that the entrepreneurs' proficiency at persuasiveness, ingratiation and personal emotional intelligence is significantly related to their access to vital resources (especially venture capitalists' financing and useful information). These effects are mediated by the entrepreneurial social capital, which is based on an extensive network involving weak and non redundant ties. Indeed, social capital has a significant influence on access to financing and useful information. It is also enlarged and developed thanks to social skills. However, it is worth to point out that social persuasion was the most relevant predictor of social capital development and access to essential resources. On the contrary, ingratiation (other-enhancement efforts) was the least effective skill and has no impact neither on the development of social capital, nor on access to financing. Besides, personal emotional intelligence doesn't contribute to attract and convince potential investors. Overall, results revealed that the effects of social skills on access to financing are lower than those associated with access to useful information. Such findings aren't surprising because Tunisian venture capitalists select projects of entrepreneurs with whom they have strong ties, based on trust on confidence. The closer the relationship is between entrepreneurs and venture capitalists, the higher the readiness of these investors to finance the entrepreneurs' projects.

V. IMPLICATIONS, LIMITATIONS

AND CONCLUSION

These results have both theoretical and practical implications. From a theoretical perspective, they suggest that to achieve new venture growth and development, it may be useful to emphasize the social determinants of entrepreneurs' success, which encompass not only factors related to the entrepreneur's behavior, but also the networks

they would develop throughout the entrepreneurial process.

From a practical perspective, the current results assist entrepreneurs, especially in the High-Technology field, to understand the elements on which social skills are based and enhance their willingness to adhere to learning programs aiming at training entrepreneurs and increasing the level of their social competences. These programs could enable them to gain access to paramount resources and to improve their success at the growth stage of the entrepreneurial process.

To wrap up, these study findings suggest that in the survival-development stage of the entrepreneurial process, entrepreneurs' access to vital resources (especially financing) really matters. As a result, entrepreneurs who have and develop their social skills_ their ability to interact effectively with others_ may enjoy a competitive advantage over those who are focused only on their technical and business skills.

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