CRANFIELD UNIVERSITY

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ENTREPRENEURS' TRANSITIONS FROM CORPORATE LIFE TO OWN VENTURES: LEVERAGING HUMAN CAPITAL AND SOCIAL CAPITAL TO ESTABLISH NEW VENTURES

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Entrepreneurs' Transitions from Corporate Life to Own Ventures: Leveraging Human Capital And Social Capital to Establish New Businesses

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ABSTRACT
This thesis explores the phenomenon of individuals leaving management careers in large corporations and establishing their own new ventures. Although the "corporate leaver" entrepreneur story enjoys frequent coverage in the popular press, there is little extant academic research on these individuals and their entrepreneurial process. Particularly lacking is an understanding of how the entrepreneurs make use of their past experiences. This study explores how entrepreneurs leverage human capital and social capital from previous work experiences when starting their own ventures. This dissertation is based on the results of an exploratory study and a main study, both of which were classified using Nvivo software.

The exploratory study consists of interviews with six male/female entrepreneur pairs matched by management level and industry sector of previous employment. The exploratory study identifies the entrepreneurs' human capital and bridging and bonding social capital as well as feelings about previous work experience, motivations to start a new venture and family commitments.

The main study is based on interviews with 24 entrepreneurs (twelve male, twelve female) who recently left management positions in financial services firms to establish their own businesses. The main study extends the exploratory study by unpacking the transfer of human capital in the form of knowledge creation and the transfer of bonding and bridging social capital.

The research offers a number of theoretical, empirical, methodological and practical contributions to the field. At a theoretical level, this research confirms the usefulness of human capital and social capital for examining entrepreneurs' transfer from corporate. An analysis of the main study interviews reveals that the transfer of tacit and explicit knowledge from past work experience to the new venture can be mapped to Nonaka's knowledge creation framework. Third, the research highlights the application of structural, relational and cognitive dimensions of social capital to the former corporate entrepreneurs' social networks. A typology of the degree of transferability of human capital and social capital from previous work experiences is suggested, and eight case studies illustrate the four types: applicators, exploiters, networkers and re-inventors.

The thesis offers empirical evidence in the form of entrepreneurs' self-reported human capital and social capital. Entrepreneurs' human capital is classified in terms of education, family background, and industry, management, business development and start-up experience. Entrepreneurs' social capital is organised by bonding (e.g. partners, mentors) and bridging relationships. The results indicate some differences between male and female entrepreneurs in terms of gender homophily of social networks. A framework for analysing the transfer of human capital and social capital from past experience is developed. There is empirical evidence both of knowledge and networks which the entrepreneurs report as transferring to the new venture, and those which do not. Entrepreneurs' creation of new knowledge from past work experience and transfer to the new venture can be classified by Nonaka's socialisation, externalisation, combination and internalisation types. In terms of social capital, entrepreneurs report transferring relationships from past work experiences which have structural, relational and cognitive embeddedness.

At the methodological level, the rich, qualitative nature of this research enables new insights into the transition from corporate to own ventures. Entrepreneurs' language is used to measure relational, structural and cognitive embeddedness.

The thesis offers knowledge of practice. The phenomenon of individuals leaving corporate management careers to start own ventures, particularly in the financial services industry, is examined and explored. Implications for managers interested in leaving corporate to start their own ventures are offered, as are suggestions for corporations interested in retaining these employees. A typology of former corporate entrepreneurs by human capital and social capital transfer is developed. Authenticity-seeking motives are uncovered in the rhetoric of individuals who start new ventures in new industries.

ACKNOWLEDGEMENTS

In this penultimate phase of my dissertation, I reflect back to the first day of PhD orientation. One of the speakers described the PhD journey as a "marathon," and by this I suppose she meant that it would be long, arduous, and painful and that many of us might be tempted to give up. At the back of the room, I smiled to myself and thought, "Great. I love running marathons." At that time, and still now, I run at least one marathon or ultramarathon a month-- sometimes quite competitively, but other times slowly alone, reflecting on the joys and jeers of life. The start and the finish line are clear, and although I am liable to get lost, especially in the rolling hills of the South Downs, it is rarely for more than a few miles and even then, I enjoy every minute of it. Seventy-six marathons/ultramarathons and one dissertation later, I can offer that the PhD journey is more than a marathon, more than an ultramarathon. The PhD challenge is multi-faceted. While there is a clear start-line (a registration table for both a PhD and a marathon/ultramarathon), I had no idea where the PhD finish was or what I would find. Along the way, I discovered new literatures and chased them for miles, before darting in another direction, hurdling a barbed wire and plundering down another path. But the most beautiful aspect of a PhD is that it absolutely cannot be run alone. In the course of this PhD, I have had the great privilege of working with and learning from many kind and talented individuals whom I wish to acknowledge.

First, my supervisors Sue Vinnicombe and Silviya Svejenova have been wonderful coaches and collaborators—providing new ideas, feedback, and support, and sometimes seeming to run along side me for miles. Sue was particularly kind to help me with everything from scoping to content, and also, perhaps most importantly, personal support. Silviya is a fountain of inspiration, creativity, and new ideas.

At key checkpoints along the journey, the internal members of my committee, Val Singh and Veronique Ambrosini, provided guidance and further scoping. A special thank you is also due to Wendy Habgood and Andrew Kirchner in the Research Office for navigating me through the Cranfield regulations. I also owe a great debt of gratitude to the thirty-six entrepreneurs who took time out from their busy lives to be interviewed.

In the course of the PhD, I have been fortunate to benefit from the friendship and support of many folks at Cranfield, particularly Deirdre Anderson, James Collins, Andreas Birnik, Halla Tomasdottir, John Bank, Cheng Zeng and other PhD and DBA students. Conversations with other PhDs, especially Kartik Kumuramangalam (London School of Economics), Harveen Chugh (Imperial), Hana Milanov (Indiana) and Dr. Caitlin Frost (London Business School) kept the positive energies flowing. I thank Robert Blackburn, Mark Jenkins and Cliff Bowman for their time and insightful comments during my viva.

This PhD journey has been extended by a few extra miles as I am often distracted by projects which grew out of this thesis. I have enjoyed learning from ongoing projects in entrepreneurship with Zoltan Acs (George Mason University/Max Planck Institute of Economics), Colm O'Gorman (University College Dublin), Laszlo Szerb (University of Pecs), and Jeff Shay (University of Montana/London School of Economics) and in strategy with Anne Huff (Technical University of Munich). I am indebted to the unwavering support and guidance from my first supervisor, Paul Gooderham (NHH), and my colleagues at the BGSB of Queensland University of Technology, especially Evan Douglas and Per Davidsson who recruited me to this "post doc in paradise."

Finally, my parents-- Dad, thank you for being a role model for integrity, care for others, and entrepreneurial spirit. The inspiration for undertaking Master's and doctoral studies is my mother, Nancy Conn Terjesen, who often brought my brother Erik and I to her office in the Sociology department at Kent State University. Even as a young child, I sensed something special about the university environment. Maybe it was the students—so full of new ideas and big dreams. Maybe it was the kindness of Mom's eclectic, collegial department-mates. Certainly it was also Mom sharing the fascinating stories and pictures in the sociology and anthropology texts. I couldn't wait to be part of such a community. This is a long beautiful race, the PhD but a mile-marker, and I look forward to running with others, exploring new ideas and trails.

This thesis is dedicated to my family, with love.
Siri Ann Terjesen, London and Beijing, August 2005; Brisbane, March 2006

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NOTATION

$#M	# Million US dollars
$#B	# Billion US dollars
BDA	British Dental Association
BFI	Banking, Finance and Insurance
B2C	Business to Consumer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CPA	Certified Public Accountant
DTI	Department of Trade and Industry
FDI	Foreign Direct Investment
FTSE 100	Financial Times Stock Exchange 100 firms by market capitalization trading on the London Stock Exchange
GEM	Global Entrepreneurship Monitor
IT	Information Technology
MBA	Master of Business Administration
MNE	Multinational Enterprise
NED	Non Executive Director
ONS	Office of National Statistics
PLC	Private Limited Company
SME	Small and Medium sized Enterprise
UK	United Kingdom
US	United States
VAT	Value Added Tax
VC	Venture Capital/Venture Capitalist
VP	Vice President
WW2	World War Two
YMCA	Young Men's Christian Association

CHAPTER 1: INTRODUCTION

This chapter begins by outlining the research objectives and my personal interest. The research issue is elaborated in subsequent sections on the field of entrepreneurship, the context of entrepreneurship in the UK, the phenomenon of individuals leaving corporate careers to start their own businesses, and the context of boundaryless careers and the financial services industry.

1.1 Objectives of the Research

This thesis seeks to develop an understanding of how female and male managers transition from corporations and start their own businesses. Specifically, the study explores how entrepreneurs leverage human capital and social capital in the new enterprises. This research answers calls for research on human capital, social capital and entrepreneurship (Davidsson & Honig, 2003), including career theory perspectives (Greene et al., 2003). Furthermore, the study is linked to the need for entrepreneurship research which is rooted in the concept of information, considers the consequences of entrepreneurship and examines the entrepreneurial process (Shane, 2005). Finally, the interview-based nature of the study answers calls for the unique insights to entrepreneurship provided by qualitative research (Aldrich, 1992; Gartner & Birley, 2002; Davidsson, 2004).

The objectives of the research are four-fold:

- Identify human capital and social capital of entrepreneurs.
- Explore how entrepreneurs leverage human capital from previous experience.
- Explore how entrepreneurs leverage social capital from previous experience.
- Explore gender differences in the leveraging of human capital and social capital.

1.1.2 Personal Interest

Entrepreneurs have fascinated me from a very young age. I grew up in a close knit community in suburban Akron, Ohio. One of my first role models was Ronda Russell, a retired school teacher who started a successful antique store and helped to revitalise the downtown area. Inspired, I became a freelance journalist at age sixteen and wrote stories about local entrepreneurs for area newspapers. I also started my own neighborhood newspaper and managed a staff of eager neighborhood kids aged five to twelve. This personal fascination with entrepreneurs continued in my undergraduate and graduate studies. In my professional career as a strategy consultant and later as a PhD student, I witnessed many managers leaving corporations to start their own firms. At home, my father, Barry Terjesen, started his own sports law agency on the back of twenty-five years of corporate experience in the industry. My grandfather, Wayne Conn, and his father, George Conn, and father-in-law Claude Mullen were also entrepreneurs, whose stories I rediscovered a few summers ago when tracing my family genealogy.[1]

The main study is focused on entrepreneurs who recently left corporate careers in the finance sector, and how they leverage human capital and social capital from career experiences when starting their new ventures. My interest in the financial services sector stems from finance coursework in undergraduate and graduate school, internships with two large finance firms and consulting stints in the financial services sector. Prior to my PhD studies at Cranfield, I undertook a study of how multinational enterprises (MNEs) relocated finance service activities from the UK to Europe and Asia (See Evison et al., 2004; Terjesen, 2006a). In the course of this research, I interviewed twenty-five managers, several of whom were being made redundant or

[1] Excerpt from Conn-Terjesen family history (Terjesen, 2006c): In 1897, seventeen year old George Albert "Bert" Conn finished his apprenticeship in a harness making shop outside of Cleveland, Ohio, and set up his own business making harnesses for horse drawn carriages. For over a decade, Bert ran a thriving business in the growing Cleveland metropolis. Then, in 1908, Henry Ford introduced a low-priced, efficient Model T. With customers wishing to trade four legs for four wheels, demand for Bert's harness making skills were in decline. To survive, Bert applied his sewing and fitting fabric skills to designing soft fabric tops for the new automobiles. The business was gradually expanded to include a full range of automobile parts by 1920 and was renamed 'Lorain Autoparts.' Bert's son , Lewis "Wayne" Conn took over the business in the 1940s and became a National Auto Parts Association (NAPA) franchise. New branch stores were added in the 1960s.

asked to relocate for the firm, and considering a myriad of future career possibilities including starting their own firm. When I arrived for the interviews at three FTSE100 banks, I was quite struck by finding whole floors completed vacated and I wondered what had happened to the individuals who once worked at the now-empty desks. At that time, most of the management literature that I read focused on the strategic renewal and response for these large MNEs rather than the individual employees. For example, Bowman and Ambrosini (2003) explore how corporations configure resources and dynamic capabilities to create value. My personal research activities in this arena included the relocation of corporate and divisional headquarters (Birkinshaw, Braunerhjelm, Holm & Terjesen, 2006). Following this experience, I was keen to examine the strategic renewal and response phenomenon from the individuals' vantage. Although I first noticed the 'corporate flight' among female managers, it became clear to me that this phenomenon was also experienced by males. I then decided to investigate both male and female managers who left corporate careers to establish their own firms.

Indeed, this thesis represents an inflection point in my research trajectory from an investigation of firms and organisations to a greater focus on individuals within and outside traditional firm boundaries. The more time I spend working in organisations and teaching in the classroom, the more I feel compelled to focus on individuals, not firms. I have grown increasingly uncomfortable with the anthropomorphisation of firms. This represents a personal shift from the dominant American perspective on organisations as processors of information (e.g. March & Simon, 1956; Cyert & March, 1963), to one that incorporates individuals as strategists (Huff, forthcoming).

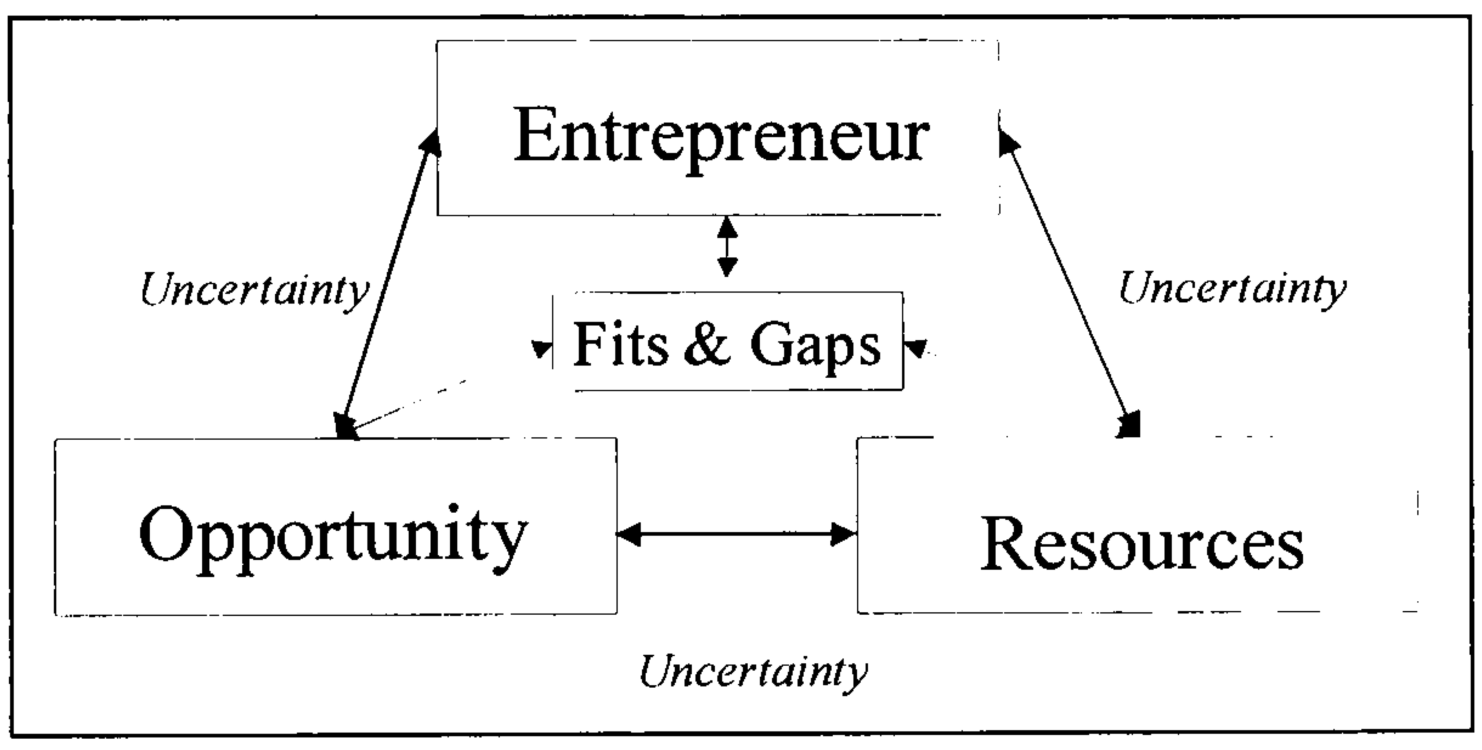
1.2 Introduction to the Research Issue

This section briefly reviews the extant literature on entrepreneurship, including the definition, historical development, key areas of research, United Kingdom (UK) context and the phenomenon of managers leaving corporations to start their own firms. Furthermore, it should be said that I initially began this research with a focus on female entrepreneurs. However, after several months of reading the literature, I began to look at the broader phenomenon of entrepreneurship and because of the background in gender, in addition to the main focus on the transferability of human capital and social capital, I look at male and female differences.

1.2.1 Entrepreneurship: Definition and Model

Although research in the field of entrepreneurship has grown exponentially (Cooper, 1999), there is considerable disagreement on the definition of entrepreneurship (Gartner, 1990; Curran & Blackburn, 2001). One of the most commonly cited definitions of entrepreneurship is the "study of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated and exploited" (Shane & Venkataraman, 2000: 218). As such, entrepreneurship is often described as the nexus of entrepreneurs, opportunities and resources (Timmons, 1989).

Figure 1.1: Model of Entrepreneurship



Source: Based on Timmons (1989)

1.2.2 Historical Development of Academic Field of Entrepreneurship

Although the records of entrepreneurs can be traced to cuneiform tablets in Babylon (Cooper, 1999), the notions of entrepreneurship were developed in eighteenth century France and Britain. French economist Richard Cantillon (1892) first introduced the term "entrepreneur" as someone who buys production means at certain prices in order to combine these into a new product. Another French economist, Jean Baptiste Say, added to the definition by portraying the entrepreneur as a *leader* who both understands society's needs and is skilled at creating an economic enterprise to fulfil these needs. British economist Adam Smith's *Wealth of Nations* (1776) combined the roles of entrepreneur and capitalist to describe an individual who risks his or her own capital investments in order to create a business venture that can generate profits. John Stuart Mill (1848) discussed the need for entrepreneurship in private enterprise and established ownership as the final aspect of the enterprise. In 1934, Austrian economist Joseph Schumpeter developed a view of the entrepreneur as one who disturbs economic equilibrium through "creative destruction" to generate new, more efficient ways of doing work. Thus, these new innovations displace existing technology and means of production. Another Austrian, Israel Kirzner (1985), described innovation as "undeliberate learning," suggesting that an entrepreneur is alert to new opportunities.

The academic study of entrepreneurship has emerged as a major field in management teaching and research. The first entrepreneurship course, "Management of New Enterprises" was taught at Harvard in 1947 and there are now over 407 endowed chairs in entrepreneurship at universities around the world (Katz, 2004). Entrepreneurship draws from theoretical frameworks developed in a number of disciplines, including economics, psychology, sociology, geography, history, politics, and anthropology (Curran & Blackburn, 2001).

1.2.3 Key Areas in Entrepreneurship Research

Shane and Venkataraman (2000:218) identify the three major questions in entrepreneurship research as "(1) why, when and how opportunities for the creation of goods and services come into existence, (2) why, when and how some people and not others discover and exploit these opportunities and (3) why, when and how different modes of action are used to exploit entrepreneurial opportunities." In a recent working paper entitled "Where is entrepreneurship research heading," Shane (2005) identified the following ten trends for the field: 1. a theoretical framework rooted in the concept of information, 2. examination of entrepreneurial opportunities, 3. interface between valuable opportunities and enterprising individuals, 4. investigation of the consequence of entrepreneurial activity, 5. examination of entrepreneurial process, 6. use of evolutionary theories and tools, 7. sophisticated econometric techniques and research designs that allow for precise measurement, 8. shift from a domain of investigation to an area of social science inquiry, 9. institutionalised as a functional area in business schools and 10. parity with mainstream social science and business research.

Entrepreneurship research has been advanced using a variety of theoretical perspectives, the major streams of which are reviewed in Acs and Audretsch (2003). Research on the entrepreneurship process has incorporated perspectives on risk and uncertainty as well as the relationship between firm and innovative activity and Austrian economics. A second strand of entrepreneurship research focuses on opportunity and exploitation. The major contributions in this field include cognitive psychology and the relationship between the entrepreneurial agent and the discovery. Next, the emergence of new ventures has been explored through trait research on individual entrepreneurs, the relationship between the entrepreneur and the firm, and classic theories of economics (transaction cost economics) and strategy (resource based view). A fourth field within entrepreneurship explores the debt and equity financing of new ventures. Next, social context of entrepreneurship has been examined using social psychology, social construction, social networks, social capital and geography theories. Finally, the relationship between entrepreneurship and economic growth has been examined at local, regional, national and international levels.

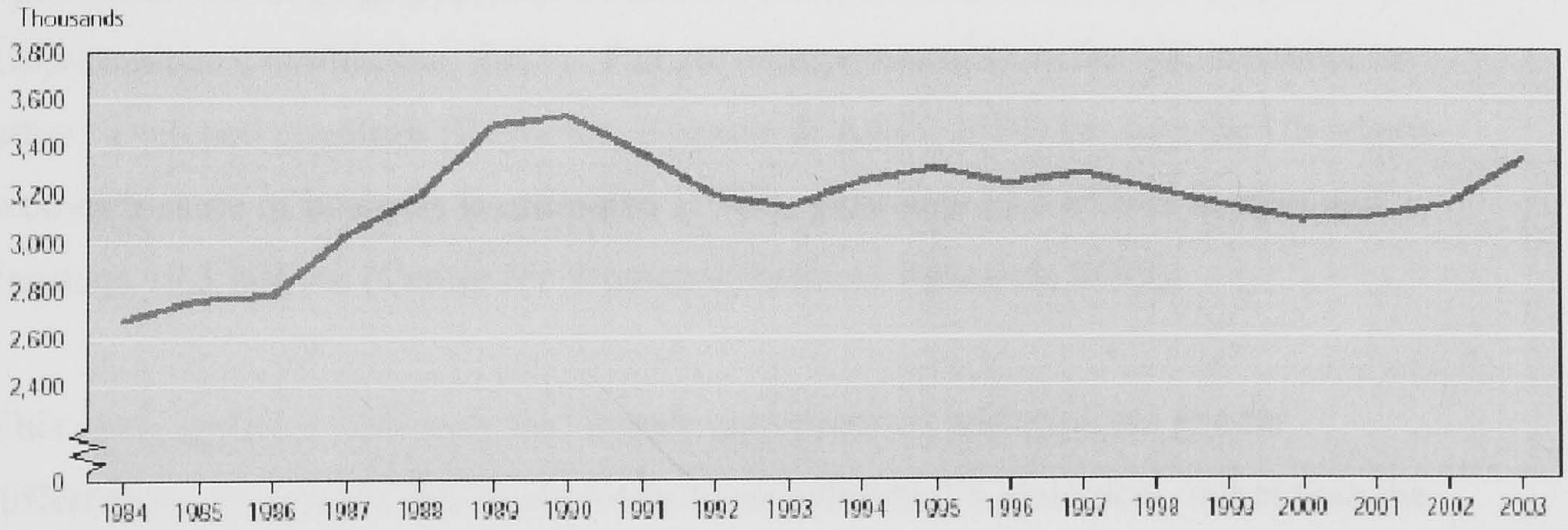
In short, the field of entrepreneurship is growing rapidly and in a variety of directions. As briefly introduced in 1.1, this thesis explores the phenomenon of individuals leaving firms to establish own ventures and builds on the extant literature on the social context of entrepreneurship as well as the relationship between the entrepreneur, previous career experiences and the new venture firm. The key areas of existing knowledge built upon in this thesis (Jenkins, 2003): human capital, social capital and entrepreneurship are reviewed in chapter three.

1.3 Introduction to the Context: Entrepreneurship in the UK

The small business sector plays an important role in the UK economy (Storey, 1994; Curran & Blackburn, 2001). Some statistics support suggest that small businesses and new start-ups are two of the fastest growing sectors in the world and the UK economies. The Global Entrepreneurship Monitor (GEM) study estimates that there are more than 350 million entrepreneurs in the 40 countries under study (Reynolds, Bygrave & Autio, 2004).[2] In 2003, eleven of every 100 British people undertook some activities to start a new business (Reynolds, Bygrave & Autio, 2004). Small business ownership in the UK is estimated to make a £50-70 billion annual contribution to value added by businesses (Small Business Service, 2003).

Self-employment is also used as a proxy to examine entrepreneurship rates and is currently 7.5% of the population aged 16 and over (Labour Force Survey, 2003). Figure 1.2 illustrates self-employment in the UK from 1984 to 2003. The increase in self-employment has been attributed to a variety of mechanisms. First, individuals offer a variety of motivations which are depicted in Table 1.1. Secondly, the UK economy is characterised by continued growth of the service sector which has high rates of new firm formation. Other drivers include, at the individual level, the positive attitudes towards small business which are held in the UK (Harding, 2004; Harding et al., 2004) and in the environment, stricter employment protection legislation. Finally, large firms are increasingly decentralising their activities through downsizing and outsourcing, creating new opportunities for new firms (Terjesen, 2006a).

Figure 1.2: UK Self-Employment: 1984-2003



Source: Macauley, 2003

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[2] The GEM study includes 4 billion of the estimated 6.3 billion world population. Of the 4 billion, only 2.4 billion are aged 18-64, and included in the study.

Table 1.1: Motivations for Self-employment in the UK

Motivations	Percent (all)	Males	Females
To be independent	31	33	25
Wanted more money	13	15	7
For better conditions of work	5	6	3
Family commitments	7	2	21
Capital space equipment opportunities	12	12	11
Saw the demand	8	9	8
Joined family business	6	6	7
Nature of occupation	22	21	23
No jobs available locally	3	3	2
Made redundant	9	11	3
Other reasons	15	14	18
No reasons give	3	4	3
All who gave a response (thousands)	2,960	2,156	804

Source: Office of National Statistics (ONS) Labour Force Survey, 2000

Note: Columns do not sum to 100% because respondents can give up to four reasons.

1.3.1 Female Entrepreneurship in the UK

In Britain, men are more than twice as likely to start a venture than women, with entrepreneurial activity most prevalent among males aged 35-44 with graduate level education and high income (Harding, 2004). GEM estimates the number of entrepreneurs per 100 people aged 18-64 in Britain to be 4.16 for women, and 9.01 for men (Reynolds, Bygrave and Autio, 2004). Overall, women in the UK comprise about 26% of the self-employed population, 46% of those active in the labour force, 52% of the working age population and 13% of small business owners[3] (Equal Opportunities Commission, 2005). Female entrepreneurship in the UK is similar to other developed countries (Reynolds, Bygrave & Autio, 2004) but lags the US where women's share of business is estimated at 38%, generates $2.5 trillion in sales and employs 19.1 million (Center for Women's Business Research, 2005).

This study includes both male and female entrepreneurs and explores gender differences. By gender, this study refers to an individual's biological, rather than the social, categorisation[4].

[3] Defined as having 1-249 employees and sales under $1 million.
[4] Gender as a biological reference is often termed 'sex' and is based on "whether sexes produce egg cells (females) or sperm cells (males); position of anatomical structures suited to the production of eggs or sperm (primarily sexual characteristics); or obvious physical characteristics, such as breasts or facial hair" (Borna and White, 2003:90).

1.3.2 Phenomenon of Individuals Transferring from Corporate

Typically, entrepreneurs depart from one organisation before founding another (Carroll & Mosakowski, 1987). The uptake in entrepreneurship is due, in part, to a growing number of men and women who are leaving traditional workplaces to start their firms. Many of these individuals have previous management experience and/or business qualifications. The mechanism by which individuals leave corporate environments can be considered a spectrum from a corporate 'push' of individuals out of organisations to a 'pull' attraction of individuals to leave to start new firms. The corporate push is often linked to downsizing, mergers and lay-offs; the pull mechanism is voluntary. Past studies indicate that entrepreneurs are more likely to leave previous employment voluntarily (Vesper, 1990). The majority of research suggests that new business owners were employed full-time directly before starting their own business.

1.3.2.1 Female Transfer from Corporate to Own Venture

Women are earning greater numbers of business and professional degrees and entering the labour force, however these women are not reaching the top corporate management tiers (Catalyst, 2003; Singh & Vinnicombe, 2004a). Instead senior women managers are leaving corporate environments to set up entrepreneurial businesses. Stories of these former corporate female entrepreneurs have been shared in the popular press (*Wall Street Journal*, 1999) and celebrated in the business community (Vinnicombe & Bank, 2003), however the phenomenon has received limited attention in the academic literature. Heilman and Chen (2003) describe how women and minorities' experiences in corporate life "push" them to consider self employed careers. Orhan and Scott (2001) reported that 17 of their sample of 25 French female entrepreneurs followed an "evolution of women" path from a traditional career. The phenomenon has also been documented in case studies of males (Ibarra, 2003). See Terjesen (2005a) for a review of the statistics and extant research on these women.

1.4 Careers and the Context of Boundaryless Careers

The term 'career' describes the series of occupations and jobs which an individual holds in work life. Feldman (1988) outlines the following six key issues in career research: (1) changes in individuals' aptitudes, interests and skills during working lives, (2) decision-making about jobs and organisations to pursue or leave; (3) adjustments to new work situations, (4) organisational management of transition processes, (5) short-run and long-term career demands and (6) the integration or conflict between career and personal life demands.

The phenomenon of individuals leaving corporate careers to start own ventures is evidence of the shift from an understanding of career as a sequence of hierarchical promotions in a single organisation to a structure which is more discontinuous and flexible. This new model has been described as the "boundaryless," "new," "protean," "post-corporate," and "intelligent" career (Arthur & Rousseau, 1996; Arthur et al., 1999; Hall, 2002; Peiperl & Baruch, 1997). The boundaryless career is distinguished by "independence from, rather than dependence on, traditional organisational career arrangements" (Arthur & Rousseau, 1996:6). In her review, Sullivan (1999) summarises the boundaryless career as having the following characteristics: flexible employment relationships, transferable skills across multiple firms, on-the-job action learning, personal identification with meaningful work, development of multiple networks and peer learning relationships, and individual responsibility for career management. Individuals who possess high levels of scarce human capital and social capital are thought to be best positioned to take advantage of boundaryless careers. The boundaryless career is comprised of three career competencies: knowing how, knowing who and knowing why (DeFillippi & Arthur, 1994). "Knowing how" describes the knowledge and skills needed to perform a job, as well as the industry, management and other experience acquired in this process. This is a form of human capital. "Knowing who" can be equally important, and describes the individual's network of family, friends, mentors, colleagues and professional associations. Finally, "knowing why" focuses on an individual's motivations, values and identity, such as the need for a balance between work and family activities. An emerging and promising stream of research is authenticity-driven career creation (Baker & Aldrich, 1996) which is said to have four stages: exploration, focus, independence and professionalism (Svejenova, 2005).

Women enact their careers differently from men (Powell & Mainiero, 1992) and women are especially situated to benefit from changes in the structure of organisational workplaces and the new age of boundaryless careers (Sullivan, 1999).

We now turn to a discussion of careers in the financial services industry to provide the industry context of the main study.

1.5 Careers in the Financial Services Industry in the UK

The UK is the world's leading international financial services centre, generating over £30 billion a year in net overseas earnings, constituting over 5% of the GDP (DTI, 2005). Over five million people, fifteen percent of the working population, are employed in the UK's banking, finance and insurance sector (Begum, 2004). The finance sector has the highest percentage of employees with a degree or equivalent, and the highest pay rates in the UK are in financial services intermediation (Begum, 2004).

Rapid innovation, globalisation and the rise of new competitors have changed the nature of the UK finance and banking industry and the career paths. Tempest, McKinlay and Starkey (2004:1531) provide an overview of the nature of this change:

> "We can date the withering of the banking career from the mid-1980s (Morris, 1986). Consider the pace of change in financial services. To the end of cartel arrangements between the banks has been added the rapid rise of new competitors such as former building societies, retailers and telecoms companies. All this has been compounded by radical innovations in information and communication technologies. The stable environment that underpinned the emergence of the modern career has been replaced by an industry in turmoil, characterised by accelerating demands for competitive performance. Concern for competitiveness has led to a drive for lower costs which has manifested itself in restructuring, downsizing and delayering, and the rationalisation of branch networks (Howcroft & Lavis, 1986)."

In recent years, many financial services activities have been outsourced abroad (Evison et al., 2004), triggering serious implications for the socioeconomic environment in both home and host countries (Terjesen, 2006a). There remain, however, healthy prospects for the sector in terms of job growth and recruitment. The UK banking sector is expected to remain profitable without significant structural reforms, with banking/financial sector management jobs expected to grow 12% and professional occupations to increase 19% in the next seven years (Hudson, 2004). The largest increase expected in banking/financial service sector jobs is related to sales and customer services (29%) while administrative and clerical posts are expected to decrease 8% (Hudson, 2004). Financial services companies are consistently selected as the most preferred employers in annual studies of UK university students (Universum, 2004). Compared to a media company and a consulting firm, UK university students believe that an investment bank offers more internationally diverse colleagues, a meritocratic work environment, higher starting salary, and better opportunities for international travel (Freeman, Vinnicombe & Terjesen, 2006).

A limited literature addresses the career attitudes of managers employed in the finance sector. In a study of career attitudes and intentions of 1646 managers (191 females, 1455 males) in the finance sector, Herriot, Pemberton and Hawtin (1996) reported that most managers do not hold expectations for continued promotion but do not perceive exiting the organisation. Finance industry managers who are ambitious for more responsibility and feel bored in their job were most likely to report considering different career offers. This study, however, was focused on general organisation exit and did not capture entrepreneurial ambitions.

1.5.1 Entrepreneurship in the Financial Services Industry

The size and scope of entrepreneurship in the financial services industry can be measured by national data on VAT-registered firms and self-employment.

Of the estimated four million small and medium sized enterprises in the UK at the start of 2003, over 930,000 (approximately 23%) are involved in business services (e.g. real estate, renting and business activities) (Small Business Service, 2003). Another 58,225 enterprises are involved in financial intermediation (approximately 1.4% of the small business population) (Small Business Service, 2003). Together, business services and financial intermediation firms employ nearly five million people (Small Business Service, 2003). Business services employ 18.5% of those working in SMEs, while financial intermediation firms employ just 5% of the total SME employee population (Small Business Service, 2003). That an equal proportion of business service and financial intermediation firms are sole proprietorships (69.9%) (Small Business Service, 2003), suggests that the phenomenon can also be seen in the context of self-employment figures.

The banking, finance and insurance (BFI) sector experienced the greatest sector increase in self-employment in 2003 and now includes over 200,000 self-employed individuals, second only in numbers to the construction industry (Macauley, 2003). Of the estimated 120,000 BFI self-employed, the majority is in real estate, renting and business activities (including tax, accounting, auditing, business and management consulting) (114,000) while only 6,000 work in financial intermediation (Macauley, 2003; *Management Issues*, 2003). The estimated 37,000 Londoners who became self-employed in 2003 has been said to support the notion that individuals who lose their jobs in the City are pursuing self employment (*Management Issues*, 2003). However, these figures also suggest that individuals who leave City trading and consulting jobs in financial intermediation are not necessarily leaving to start firms in the same industry (Macauley, 2003).

1.5.2 Gender in Financial Services Industry Careers

The banking sector employs 16% of the total male and 14% of the total female working population in the UK (Begum, 2004). There has been a gradual rise in the number of female managers in the finance industry (Labour Force Survey, 2003), however men are more likely to occupy management roles (Begum, 2004). Nevertheless, women do make it to the top of companies. All ten banks in the FTSE

100 have female directors on their corporate boards, as do ten of the thirteen (77%) finance, insurance and investment firms (Singh & Vinnicombe, 2003).

A limited body of research takes a gendered perspective on managers in the finance sector. Two studies are worth noting. First, a study of 1646 managers in the UK finance sector found that females were more interested in more responsibility and had a higher likelihood to accept a move outside of the company, especially as a part-time contractor (Herriot, Pemberton & Hawkin, 2001). Second, in her study of 56 executive women in finance-related jobs, Blair Loy (1999) found that nine women left to start their own firms. Blair Loy notes that the women who set up a finance firm over fifteen years ago reported that they were attempting to bypass gender barriers and accommodate family needs, while the women who recently started their own firms were motivated by an escape from bureaucracy and the possibility to seize new business opportunities.

1.6 The Research Questions

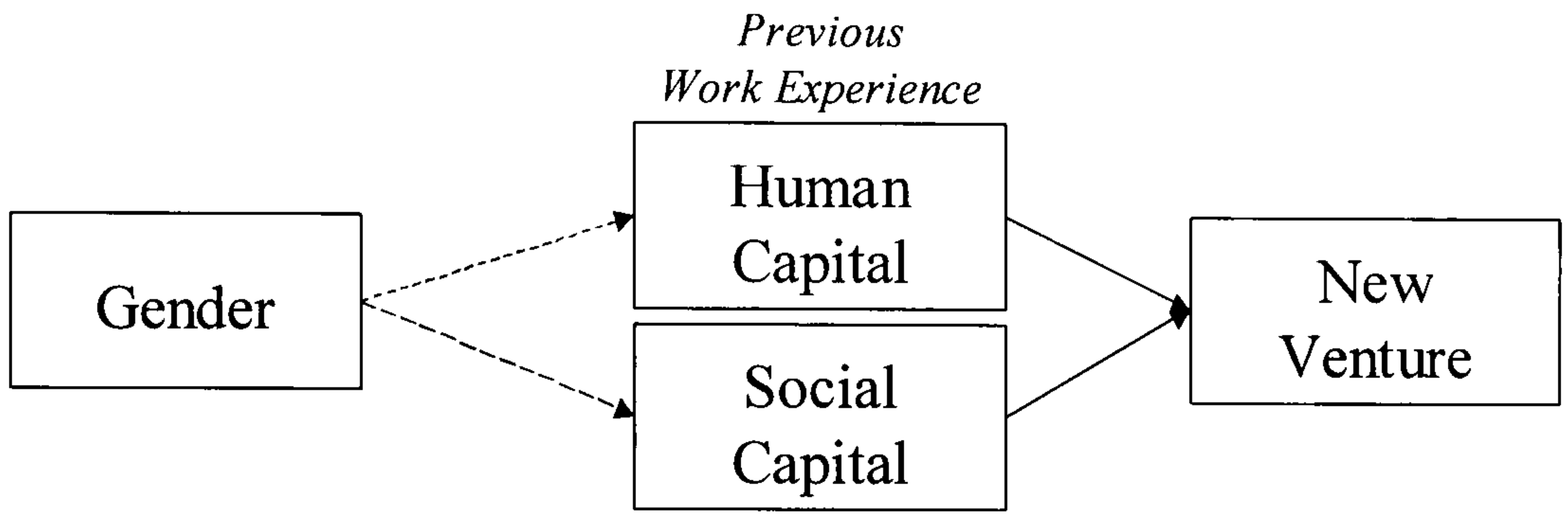
Although there have been many studies of entrepreneurship and gender (see chapter two), little is known about how entrepreneurs make sense of the transition from corporate to own ventures, and the role of human capital and social capital.

The overarching question is: "How do entrepreneurs leverage human capital and social capital from previous experience to start their own ventures?" The sub-questions are:

- What is the human capital and social capital of entrepreneurs?
- How do entrepreneurs leverage human capital from previous experience?
- How do entrepreneurs leverage social capital from previous experience?
- Are there gender differences in the leveraging of human capital and social capital?

There are three primary contributions of this study. First, this exploratory study contributes to the very limited body of work on entrepreneurs who have left traditional work organisations to start their own ventures. Next, the study adds to the growing literature on how entrepreneurs leverage extant personal capital when starting a new venture. Finally, gendered perspectives are explored. The study also offers practical implications to individuals who are interested in starting their own firms, and corporations interested in retaining these individuals. The preliminary conceptual framework developed at the outset of the research is illustrated in Figure 1.3. This framework guided the early stages of the project and is further developed in this thesis.

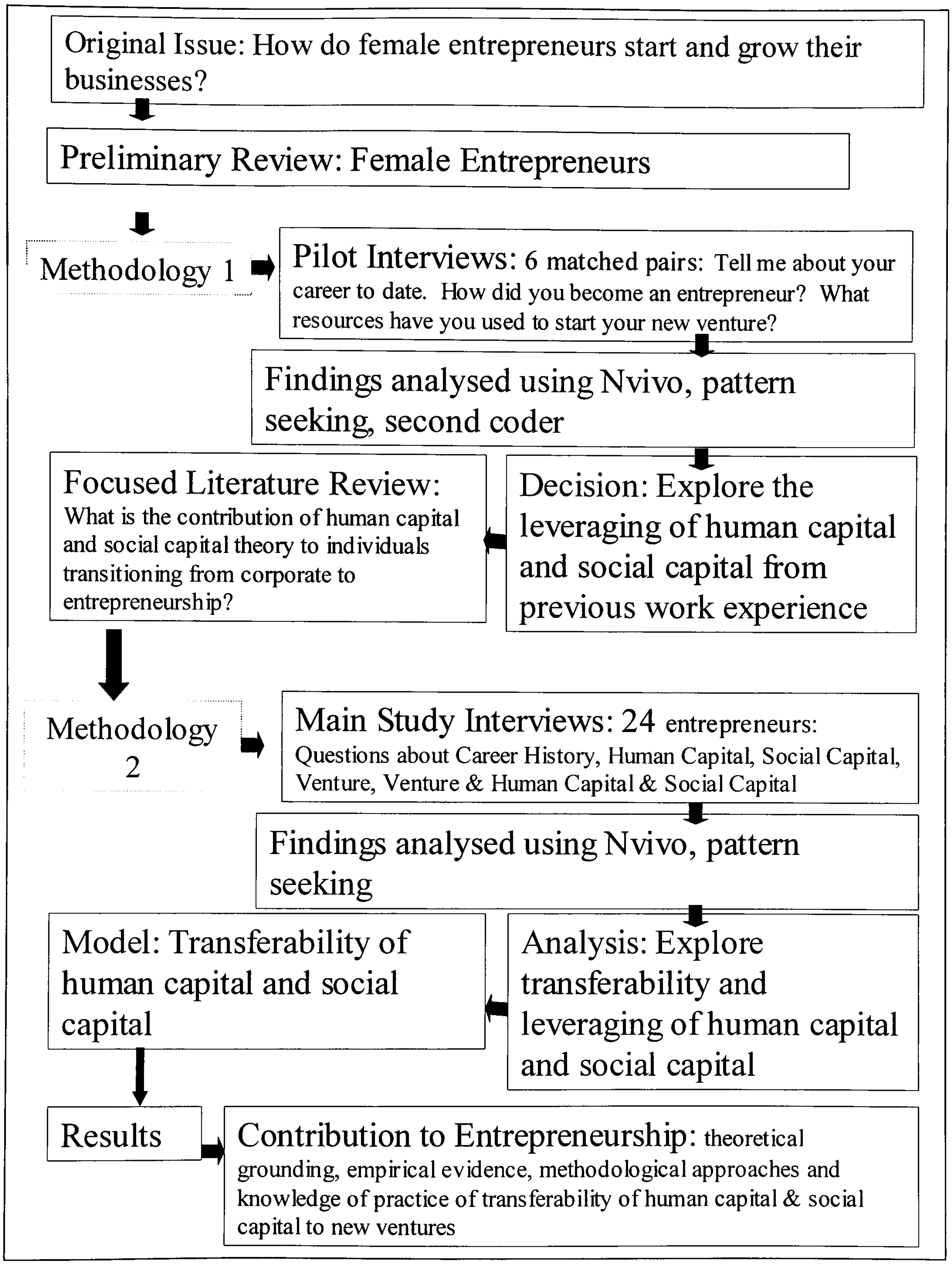
Figure 1.3: Preliminary Conceptual Framework for Research



1.7 The PhD Process

The process of the PhD project is based on Singh (1999) and charted in Figure 1.4. The original research question was "How do female entrepreneurs start and grow their own businesses?" After beginning a literature review on female entrepreneurs and small business owners, I felt that in order to say something about female entrepreneurs, I would need to study male entrepreneurs as well. The exploratory study findings were made possible by the use of a second coder and Nvivo software, and led to a decision to focus on the role of human capital and social capital in starting a new venture. A revised literature review of these theories in relation to gender, entrepreneurship and careers was conducted. Next, the main study included questions about career history, human capital, social capital and the new venture. These responses were again analysed using Nvivo and pattern seeking, and led to a tighter focus on the transferability and leveragability of the career capital. A revised literature review incorporated these new dimensions. The results of both the exploratory and main studies are described in this thesis, and contribute empirical evidence of the role of previous career capital in starting a new business. The following section, 1.8, provides an overview of all eight chapters.

Figure 1.4: The PhD Process



Based on Singh (1999)

1.8 Overview of the Chapters

This first chapter has provided an overview of the research objectives, the phenomenon of individuals leaving corporate management roles to establish their own firms, key research questions and the theoretical domain in which this thesis contributes. The outline of thesis chapters is based on Singh (1999) and Sturges (1996) and proceeds as follows:

Chapter two is a preliminary overview of the extant literature on female entrepreneurs. As the original scope of the thesis was a study of female entrepreneurship, this review was conducted to understand the extant knowledge and identify gaps in the field. The overview is based on the methodology employed by Brush (1992) in her seminal study of female entrepreneurship research by theory base, statistical techniques, and journal output. Next, the methodology developed by Shane (1997) is followed to assess new journal outputs.

In chapter three, the theoretical gaps identified in the literature, human capital and social capital theory, are reviewed in the context of entrepreneurship and gender. First, human capital theory is defined and described with respect to the careers literature. Nonaka's knowledge creation framework is used to illustrate the interaction of tacit and explicit knowledge. Next, human capital theory contributions to entrepreneurship and gender are highlighted. The chapter then turns to social capital theory, again beginning with a definition and description of its concepts. Later sections explore social capital theory with respect to entrepreneurship and gender. The penultimate section summarises the extant literature related to the transferability of human capital and social capital. The case for future research directions is illustrated by calls for research excerpted from a number of recent publications.

Chapter four presents the research methodology. This chapter begins with an overview of the philosophical perspectives and the case for a realist approach. Next, the choice of methodology, explorative, in-depth interviews, is argued. The methodology for both the exploratory and main studies is detailed, including sample selection, interview guide, transcription and analysis techniques.

Chapter five reports findings from the exploratory study of matched-pair entrepreneurs in six different industry sectors. First, the twelve entrepreneurs' case studies are summarised. Human capital by education, previous work experience and family background are detailed. Next the social capital of the entrepreneurs is similarly depicted according to bonding entrepreneurial partnerships and mentors, and bridging connections, and the working or affective genesis. The entrepreneurs' new venture resources are described in terms of tangible and intangible components. Feelings about previous work experiences, motivations to start new ventures, and family commitments are described. The conclusions point to a need for further analysis of the transferability of capital and a single industry study. A conceptual framework of human capital and social capital transferability is put forward.

Chapters six and seven present the findings from the main study of 24 entrepreneurs who recently left management careers in the finance sector. First, chapter six begins with a chart of the main study participants. Again, the human capital by education, previous work and family background is documented in subsequent tables. However, the main study extends the exploratory by illustrating how entrepreneurs transfer human capital from past experience, and grounds this discussion in Nonaka's knowledge creation framework and four transfer modes. This study illustrates the constellation of knowledge creation modes employed by entrepreneurs. The second half of chapter six explores the entrepreneurs' social capital in terms of bonding (e.g. partners, mentors) capital and bridging (e.g. acquaintance) ties. The role of structural, relational and cognitive embeddedness in facilitating a transfer from previous work experience to the new venture is highlighted.

The findings from chapter six suggest a typology of transfer of human capital and social capital which is described in chapter seven. The following four transferability types are defined and illustrated with eight case studies: application, education, interaction, and invention.

Finally, chapter eight discusses the findings and offers implications for firms, individuals and policy makers. The extent and domain of the contribution of the thesis is detailed in terms of contributions, extensions and developments of theoretical knowledge, empirical evidence, methodological approach and knowledge of practice. The personal significance of findings and future research directions are detailed.

CHAPTER 2: PRELIMINARY REVIEW – PART 1: FEMALE ENTREPRENEURS

This chapter reviews the extant research on the context of female entrepreneurship to establish the state of knowledge in the field and suggest gaps to address in a thesis. This chapter complements extant literature by reviewing women business owner research published between 1993-2004, following the methodology developed by Brush (1992). This preliminary review was initiated as the original scope of the thesis was a study of female entrepreneurs, however this was modified to examine the transferability of human capital and social capital of entrepreneurs.

2.1 Gendered Perspective on Entrepreneurship

Originally, entrepreneurship was assumed to be a male activity. Following seminal contributions by Goffee & Scase (1984) and others, female entrepreneurship has been neglected by mass media and scholarly journals (Baker, Aldrich & Liou, 1997).

It should be said that there is no universally agreed upon definition of female entrepreneurs. Lavoie (1984/85:34) offers the following definition: "female head of a business who has taken the initiative of launching a new venture, who is accepting the associated risks and the financial, administrative, and social responsibilities, and who is effectively in charge of its day-to-day management." Moore and Buttner (1997) identify a woman who started the business and is actively managing it, owns at least 50% and the firm has been in operation for more than one year. Starr and Yudkin (1997) provide the following: a "person who has played a significant management role in the start and building of the business and has held equity." Finally, the US census (from 1997) describes "women-owned" businesses as having 51% ownership, a minimum of US $1000 revenue, and privately held status.

The last three decades have witnessed an increase in the number of women entrepreneurs, and also research studies of the phenomenon. Over a thousand articles on female business ownership have been published in a variety of media. This review is restricted to the women business owner research published in the top peer-reviewed journals between 1992 and 2003. Fifty-nine studies are analysed and compared to Brush (1992) frameworks and findings from a decade earlier, and more recent studies of the entrepreneurship literature. The purpose of this chapter is not to provide a complete analysis of the literature direction, but rather a broad survey of the general topics, theory bases, methodologies, and journals. For recent literature review articles, the reader is referred to Starr & Yudkin (1996), Carter et al (2001), and Greene et al (2003). Other new summary texts in the area include Bruni et al's (2005) Gender and Entrepreneurship and the International Handbook of Women and Small Business Ownership (Fielden & Davidson, 2005), both reviewed in a forthcoming issue of *Management Revue* (Terjesen, 2006b).

2.2 Revisiting Brush: Research on Women Business Owners: 1992-2003

Brush (1992) mapped out the past, present, and future of the research on women business owners using a population of fifty-seven articles published between 1977 and 1991 in a variety of outlets. These articles were analysed according to Gartner's (1985) New Venture Creation framework (See Appendix A), research design, samples, theory bases, and statistical analysis techniques. Based on her analysis, Brush developed an integrated view of women business owners. This article had a great impact on the field and is well cited by researchers in the female entrepreneurship and business ownership literature.

Now, over a dozen years later, it is interesting to examine the progress of research on women business owners. To identify the research, I conducted a literature review using library database searches, Internet searches, and bibliographies from recent articles and literature reviews. In total, I found over five hundred publications since 1992, including full books, chapters in books, reports prepared for various government entities, and articles in refereed journals, practitioner journals, or on the Internet.

The focus was then narrowed to publications in "high impact" journals that have rigourous requirements for publication, wide readership, and high citation counts as identified by the Institute of Scientific Information (ISI) Citation Indices and FT Journal Impact guide[5]. Furthermore, only those articles which mentioned a focus on female entrepreneurs or small business owners in the abstract are included.[6] A total of 59 articles were identified in the following high impact journals: *American Economic Review, British Journal of Management, Entrepreneurship Theory & Practice, Gender, Work & Organization, Journal of Business Ethics, Journal of Business Venturing, Journal of Small Business Management, and Venture Capital.* (See Appendix B for a list of all papers analysed.) Finally, papers published in *Foundations of Entrepreneurship Research* were reviewed separately as several of these papers were later published in a slightly modified form in a peer-reviewed journal or as a book chapter. This list of publication outlets mostly overlaps with the small business journals identified by Curran and Blackburn (2001).

2.2.1 Journals publishing research on Women Business Owners

In her paper, Brush (1992) provided the following table of research on women business owners between 1977 and 1991, finding comparatively few studies in all journals except for the *Foundations of Entrepreneurship Research,* the proceedings from the annual Babson College conference. The "Other" journal category is difficult to unpack, but there was at least one article in top journals such as the *Academy of Management Journal* and *Sociological Review.* See Table 2.1.

Table 2.1: Journals publishing studies on Women Business Owners, 1977-1991[7]

Journals	Number of Articles	Percent of total
Frontiers of Entrepreneurship Research	14	24.5%
Journal of Small Business Management	14	24.5%
Entrepreneurship Theory and Practice (formerly the *American Journal of Small Business*)	5	9%
Journal of Business Venturing	5	9%
USASBE Proceedings	3	5%
Other (Entrepreneurship & Regional Development, ICSB Proceedings, *Academy of Management Journal,*	16	28%

[5] Impact factor is based on the equation: (citations in 2002 to articles published in 2000 and 2001) / (articles published in 2000 and 2001).
[6] This excludes, for example, research studies which would include gender as a control variable.
[7] Note: Brush does not include *Journal of Business Ethics* which published at least 3 articles in a 1990 special issue.

Journals	Number of Articles	Percent of total
Sociological Review, Wisconsin Small Business forum, book chapters)		
Total	57	100%

Source: Brush (1992)

A dozen years later, it appears that some journals, such as the *Journal of Business Management*, *Journal of Business Venturing,* and *Entrepreneurship Theory and Practice*, continue to be strong outlets of research on women business owners. Meanwhile, other top journals such as *American Economic Review, British Journal of Management*, *Journal of Business Ethics* and *Venture Capital* published just a handful of articles combined. Since 1991, there has been almost a four-fold increase in the number of gender studies in the *Foundations of Entrepreneurship Research.* Had an "Other" category of other journals, book chapters, and Internet resources been included, the total would easily have exceeded one thousand. In summary, it appears that although there is more research on women's business ownership, less of this research finds its way into the top journals. See Table 2.2.

Table 2.2: Journals publishing studies on Women Business Owners, 1991-2003

Journals	Number of Articles	Percent of Total
American Economic Review	1	2%
British Journal of Management	2	3%
Entrepreneurship Theory & Practice	7	12%
Gender, Work & Organization	3	5%
Journal of Business Ethics	2	4%
Journal of Business Venturing	19	32%
Journal of Small Business Management	24	40%
Venture Capital	1	2%
Total	59	100%
Foundations of Entrepreneurship Research	51	

Note: This table does not include 1991 articles cited in the Brush (1992) count.

2.2.2 New Venture Classification

Brush then mapped the studies according to Gartner's (1985) four classifications of new venture creation: individual, environment, organisation, and process. Brush found that four studies were classified under two headings due to multiple research interests, and the bulk of the articles focused on the individual. This finding is captured in the first two columns of Table 2.3. The final two columns track post 1992 research.

I found a number of articles published since 1991 which focused on the "individual" aspect of entrepreneurship, including the entrepreneur's motivations (Buttner & Moore, 1997; Mallon & Cohen, 2001), career reasons (Carter, Gartner, Shaver, & Gatewood, 2003b), and education (Dolinsky, Caputo, Pasumarty, & Quazi, 1993). This may be due, in part, to the natural classification of "female" business ownership—as gender is naturally an individual characteristic. Also, researchers may have been answering calls for a renewed focus on the individual at the heart of entrepreneurship (Bygrave, 1993; Mitchell et al., 2002). Recent research of an environmental focus has unpacked issues around availability of financing in the form of bank loans (Buttner & Rosen, 1992; Haynes & Haynes, 1999) and venture capital (Greene, Brush, Hart, & Saparito, 2001). Organisation-oriented research has focused on management and products (Chaganti & Parasuraman, 1997) and management practices and age (Fasci & Valdez, 1998). Finally, process research has examined issues such as the franchising process (Dant, Brush & Iniesta, 1996) and strategy decision-making (Sonfield, Lussier, Corman & McKinney, 2001). See Table 2.3.

Table 2.3: Research on Women Business Owners by Gartner Classification Type: 1977-1991; 1992-2003

Classification Type	Number (1977-1991)	Percent (1977-1991)	Number (1992-2003)	Percent (1992-2003)
Individual	34	56%	34	58%
Environment	3	4%	11	19%
Organisation	12	20%	6	10%
Process	12	20%	7	12%
Total	61	100%	58	100%

Note: Brush categorised two articles under two headings.
Note: One of the recent articles was not classified as it was a literature review.

2.2.3 Stated Theory Base

Brush found primarily psychology-based theoretical perspectives, particularly built around trait and psychoanalytic theories, with a recent uptake in sociology theory. Since 1991, an increase in sociology theories were found, such as social learning (Anna, Chandler, Jansen, & Mero, 1999), relational theory (Buttner, 2001), and network theory (Cromie & Birley, 1992) and social capital theory (Carter et al., 2003a). Other researchers have built on theories in psychology (Orser, Hogarth-Scott, & Riding, 2000) or business strategy such as the resource based view (Lerner & Almor, 2002). See Table 2.4. Still, many studies have no explicit theory base and only a journalism-like overview of previous research findings. This lack of theory may be a primary barrier to publication as top journals often stipulate an interest in an explicit theoretical orientation and contribution. My findings concur with those of Brush (1992:10) a decade earlier, "rigor is lacking in much of this work."

Table 2.4: Research on Women Business Owners by Stated Theory Base: 1977-1992; 1992-2003

Stated Theory Base	Number (1977-1991)	Percent (1977-1991)	Number (1992-2003)	Percent (1992-2003)
None Stated	22	39%	26	44%
Psychology Theories (i.e. Trait, Psychoanalytic)	15	26%	12	20%
Sociology (i.e. Network, Social Interaction)	10	17%	13	22%
Exploratory (Grounded Theory)	6	11%	3	5%
Business Strategy & Policy (Problem-solving, decision making)	4	7%	5	9%
Total	57	100%	58	100%

2.2.4 Statistical Analysis Techniques

Brush also looked at statistical analysis techniques, finding that more than half of those articles published to 1992 included only frequency distributions, though more recent works employ more robust methodologies.

I find that researchers have moved on from the descriptive nature of past studies. While most articles include an introductory table or two of descriptive statistics, many also include more robust techniques such as analyses of variance and regressions. This trend may be reflective of the general increase in quality of methodology in peer-reviewed journals. Furthermore, most of the 1992-2003 published studies do not appear to be limited by sample size. Of the fifty-six empirical research studies, the data points ranged from 26 to 16,412, with a mean of approximately 1500 and a mode of 200—large enough for certain statistical tests. See Table 2.5.

Table 2.5: Research on Women Business Owners by Statistical Analysis Techniques: 1977-1992; 1992-2003

Statistical Analysis Techniques	Number (1977-1991)	Percent (1977-1991)	Number (1992-2003)	Percent (1992-2003)
Descriptive Statistics	25	44%	13	23%
Descriptive and Chi-square, or Correlation or t-test	17	30%	12	21%
Multiple Regression, MANOVA, ANOVA	6	11%	20	36%
Factor, Cluster, Discriminant Analysis	4	7%	6	11%
Qualitative Analysis	4	7%	4	7%
Logit Model	1	1%	1	2%
Total	57	100%	56	100%

I also found thirty-two studies surveyed or interviewed both men and women. Just twenty-four tracked only female business owners and their firms. Nine studies were longitudinal.

The next section of this literature review examines the recent research through frameworks outside of those identified by Brush.

2.2.5 Beyond Brush (1992): Journals publishing Women Entrepreneurship Articles

Shane (1997) examined the distribution of entrepreneurship articles across "appropriate or better quality journals." His findings are reprinted in the first two columns of Table 2.6, indicating leading journals for entrepreneurship research outputs. The final columns of Table 2.6 are based on my preliminary review and track the number of articles on women entrepreneurs between 1991-1997 and 1998-2003.

I found no studies of women entrepreneurs or business owners in journals such as *Administrative Science Quarterly, American Journal of Sociology,* and *Management Science.* More disturbing is the dearth of articles in journals particularly renowned for entrepreneurship research such as *Small Business Economics, Strategic Management Journal,* and the Academy of Management publications. Meanwhile, a number of these journals published well-cited studies of women managers in more traditional management settings where they are not owners.

Table 2.6: Journals publishing Entrepreneurship Articles and Women Entrepreneurs Articles

Journal	Number of entrepreneurship articles before 1997	Number of women entrepreneur articles 1991-7	Number of women entrepreneur articles 1998–03
Academy of Management Journal	6	0	0
Academy of Management Review	4	0	0
Administrative Sciences Quarterly	10	0	0
American Journal of Sociology	6	0	0
American Sociological Review	7	0	0
California Management Review	12	0	0
Entrepreneurship: Theory & Practice	78	6	1
Harvard Business Review	5	0	0
Journal of Business Venturing	198	12	7
Journal of High Tech Mgmt Research	6	0	0
Journal of Management	7	0	0
Journal of Management Studies	10	0	0
Small Business Economics	76	0	0
Management Science	7	0	0
Organizational Dynamics	3	0	0
Organization Science	5	0	0
Organization Studies	5	0	0
Sloan Management Review	2	0	0
Strategic Management Journal	25	0	0

A new text by Ahl (2004) analyses the discourse of eighty-one research articles about female entrepreneurs. She finds that although the texts celebrate female entrepreneurship, they do so in a manner that recreates women's secondary position in society. The text identifies three types of constructed gender differences: (1) focus on small differences while ignoring similarities between genders (2) describe women entrepreneurs as unusual and (3) create a feminine, alternative model to that of the dominant, masculine model.

2.3 Conclusions to Chapter Two

To date, most of the literature reviews of women business owners have focused on the content of the research (e.g. Carter, Anderson & Shaw, 2001; Greene et al., 2003).

This chapter complements these works by examining the methodologies, theory bases, and journal outlets of female entrepreneurship research, and provides an update to Brush (1992).

Employing Gartner's classification framework, I found that the majority of studies remain focused on the individual, although an increasing number of studies are examining the environment and, in particular, the availability of financing. There is a paucity of theory-based research, with less than half of the articles citing an explicit theory base such as psychology, sociology, or business strategy. Researchers have employed more robust statistical techniques. However, there is a lack of qualitative research in entrepreneurship in these top journals. This survey suggests that, going forward, to the field may benefit from a focus on developing and extending theory, and more rigourous, qualitative approaches. Furthermore, just over half (32) of the 57 studies included males, and these comparative studies and their findings were particularly interesting for me.

In parallel to this preliminary review of female entrepreneurs, I delved into the vast literature on gender in management. This review was based on gender and management summary texts recommended by members of the Centre for Developing Women Business Leaders (e.g. Vinnicombe & Colwill, 1995; Powell, 1999). In the course of reading over one hundred journal articles and book chapters, I identified human capital theory and social capital theory as salient to the study of gender and management. These readings in gender and management, coupled with those in entrepreneurship theory which are reviewed in the next chapter, led me to redefine my focus from female entrepreneurship to one of human capital and social capital of entrepreneurs, and enabled an examination of gender differences.

CHAPTER 3: LITERATURE REVIEW – PART 2: HUMAN CAPITAL AND SOCIAL CAPITAL IN RELATION TO ENTREPRENEURSHIP AND GENDER

The preliminary review in chapter two identified a paucity of research in top journals, particularly of a qualitative nature, on female entrepreneurs. Based on the preliminary review and other readings in the gender and management field, I decided to include both male and female entrepreneurs in my study and to include gender differences as only one of four main research questions. Other studies have identified the need to apply theoretical lenses to the study of entrepreneurship (Bygrave, 1993; Gartner, 2001; Shane & Venkataraman, 2000). I began exploring possible theories with the individual at the centre of the research and which were capable of incorporating gender analysis. This iterative exercise often began by re-reading my favorite research articles and also considering the phenomenon of transfer from corporate environments. During this time, I discovered books such as Acs and Audretsch's (2003) *Handbook of Entrepreneurship Research* which reviews the extant research on a collection of theories employed in entrepreneurship research. In this process, I identified the theories of human capital and social capital as germane to the study of entrepreneurship (e.g. Hoang & Antoncic, 2003) as well as management and gender (e.g. Metz & Tharenou, 2001; Tharenou, 2001). However, few studies had investigated human capital and social capital in the context of entrepreneurial careers. The focus of my research was also narrowed to entrepreneurs who have left corporate work environments to start their own firms. This chapter provides an overview of human capital and social capital theories and the extant literature relevant to entrepreneurship and gender.

3.1 Entrepreneurship

As defined earlier in section 1.2.1, entrepreneurship is the "study of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated and exploited" (Shane & Venkataraman, 2000: 218). The emerging research on female entrepreneurs and business owners detailed in chapter two is one of many areas in the growing academic field of entrepreneurship. This first section of the literature review provides an overview of challenges and opportunities in entrepreneurship research. Subsequent sections focus on the specific area within entrepreneurship upon which this study is built: human capital and social capital.

3.1.1 Challenges to the Development of Entrepreneurship Research

The conceptual development of the field of entrepreneurship has followed unconnected paths. A study of references in Babson-Kauffman Entrepreneurship Conference proceedings between 1981 and 1999 revealed that entrepreneurship scholars are engaging in many different conversations (Grégoire, Déry, & Béchard, 2001). These conversations include venture performance factors, characteristics of entrepreneurs (or "trait research"), economic development, populations of firms, venture capital, corporate entrepreneurship, public policy and social network theory (Cooper, 1999; Grégoire, Déry, & Béchard, 2001). The field of entrepreneurship has been criticised for its fragmented nature and for its potential to become "a broad label under which a hodgepodge of research is housed" (Shane & Venkataraman, 2000: 217).

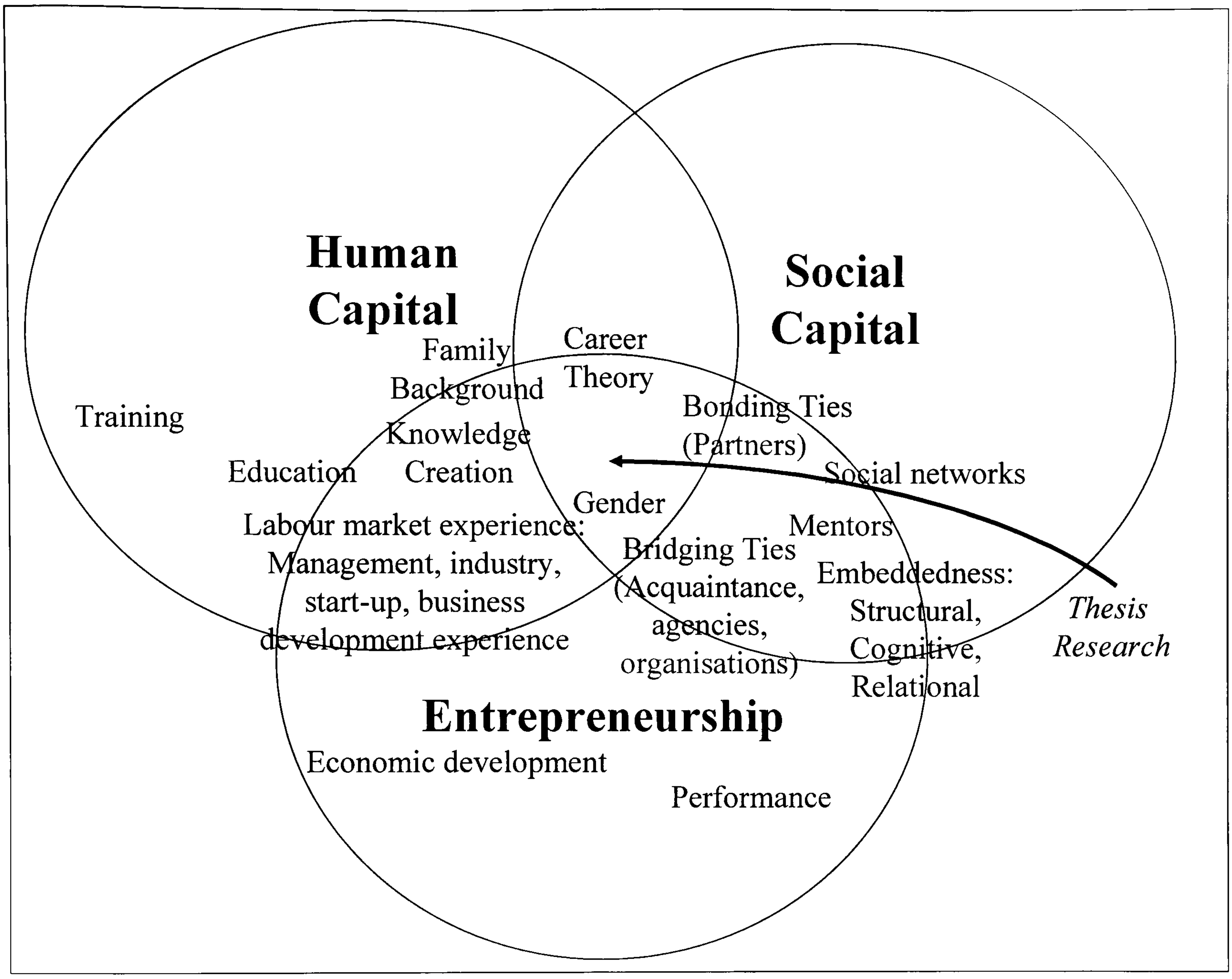
Gartner (2001) identified the need to create several scholarly communities focused on tightly defined subject areas within entrepreneurship. Gartner's suggestion appears to be particularly salient in the context of a doctoral research project which requires an understanding of what literatures and which scholars one is speaking to, as well as what can be added (Huff, 1999; Jenkins, 2003). The following section maps the field covered in this literature review.

3.1.2 Mapping the Field: Literature Review

This research is at the interface of three areas of literature: entrepreneurship, human capital and social capital. There are many topics within these three literatures which are not relevant to this study. For example, there is an abundance of research on the relationship between entrepreneurship and economic development which is unconnected to this study. Figure 3.1 maps the literature, examining the specific areas of overlap between the domains and those areas which are irrelevant to the thesis.

First, the literature on human capital theory is reviewed in relation to entrepreneurship and gender, including intersections such as previous experience in the labour market. Next, social capital theory is reviewed with respect to entrepreneurship and gender, again including intersections such as bonding and bridging ties.

Figure 3.1: Mapping the Field: Three Areas of Literature



3.1.3 Pathways to Entrepreneurship

There is a rich literature on the pathways to entrepreneurship (e.g. Douglas & Shepherd, 2000; Orhan & Scott, 2001; Carter, Gartner, Shaver & Gatewood, 2003b; Orhan, 2005). Vinnicombe and Bank (2003: 257) summarise the extant research in the following five categories of entrepreneurs: 1. reluctant entrepreneurs, 2. born-to-be entrepreneurs, 3. "corporate incubator" entrepreneurs, 4. family: entrepreneurs through family connections or inheritance and 5. dual-career couple entrepreneurs. "Reluctant" entrepreneurs are individuals who have been pushed out of organisations, often due to downsizing, mergers or mismanagement. "Born-to-be" or "intentional" entrepreneurs are innately driven towards entrepreneurship. "Corporate incubator" is a term used to describe those individuals who acquired management skills, knowledge and contacts in large corporations, and then left to start their own firms. These former corporate entrepreneurs have been variously termed "careerpreneur," "corporate climber," "modern" and "second generation" entrepreneurs (Gregg, 1985; Moore, 2000; Moore & Buttner, 1997). The fourth category, "family," refers to individuals who have become entrepreneurs through family connections or inheritance. Finally, "dual-career" are those couple who pursue business and romantic partnership, most frequently as a husband-wife team. While the categories do overlap, this thesis is concerned with the third category, those individuals who have left corporate careers to start their own businesses.

3.2 Human Capital Theory

Human capital theory examines the role of the individual's competence, focusing on how an individual's knowledge enhances cognitive abilities and can result in more effective activities. These individual resource stocks include both formal (e.g. degree courses) and non-formal education (e.g. on the job training).

This theory is concerned with the role of an individual's investments in human capital, including education, knowledge, training, skills and abilities, and how this enhances cognitive and productive capabilities and is valued by organisations and rewarded with pay and promotions (Becker, 1964). Individuals make rational and voluntary choices regarding their personal investments in human capital, deciding if they wish to invest more effort, time and money into activities such as education, training and work experience. Employees will consider the costs and benefits of these investments. Any inequalities in career progress are said to result from differences in human capital, rather than psychological or other biases.

The value of human capital has been illustrated in a number of studies. For example, education has been shown to be linked to management promotion (Tharenou et al., 1994), and pay increases (Bretz & Judge, 1994). Individuals' tenure in jobs and organisations enables deep experiences and firm-specific skills and knowledge development, and is linked to career success (Judge & Bretz, 1994; Judge et al., 1995). Finally, social learning theory (Bandura, 1977) focuses on the socialisation process of transferring norms, language and aspirations from others, including family.

3.2.1 Emergence and Origins of Human Capital Theory

Human capital theory was developed after World War Two (WW2), although many of the assumptions and ideas in the theory were discussed in the eighteenth century, for example by Adam Smith and John Stuart Mill. Prior to WW2, most economists were concerned with the economic returns generated by physical capital such as property, plant and equipment. The benefits of education and training were ascribed to politics and morals, rather than economic returns. Well-educated individuals were thought to make more rational choices and to be better citizens than those with less schooling. Although the role of education in leading to well-paid jobs was acknowledged, few scholars linked education and economic impact. The tragic events which unfolded during WW2 prompted many economists to consider the economic loss of the many trained soldiers, workers and citizens who lost their lives. The theory of human capital developed slowly over time, and experienced some push back as some economists found problematic the idea of ascribing economic value to education, which is based on personal social or intellectual rather than economic or monetary motivations.

3.2.2 Human Capital: Knowledge Creation

Before taking the discussion further, it may be useful to review the well-developed literature on knowledge creation to best understand how human capital is created. Knowledge ranges from the explicit to the tacit (Polanyi, 1966). Explicit knowledge is codified knowledge "capable of being clearly stated" (Polanyi, 1966:22). This information is easily communicated and shared through meetings, seminars, and electronic document databases. In contrast, tacit knowledge is intuitive and difficult to articulate entirely through oral or written means. Insights are embedded in a person and best learned through experience, e.g. internships, on-the-job training, watching experts, and simulations. Tacit knowledge can be demonstrated, but is rarely codified: "*We can know more than we can tell*" (Polanyi, 1966:4, italics in original version) or "we often know more than we realize" (Leonard & Sensiper, 1998:114). Within the resource based view of the firm, tacit knowledge has also been described as tacit skills (Ambrosini & Bowman, 2001).

Knowledge creation takes place through the interaction of implicit (tacit) and explicit knowledge and the social interaction among actors. The creation of knowledge has been described through four types: socialisation, externalisation, combination and internalisation (Nonaka, 1991; Nonaka & Takeuchi, 1995), depicted in Figure 3.2 and described below.

Figure 3.2: Knowledge Creation Framework

Tacit Knowledge	Socialisation	Externalisation
from		
Explicit Knowledge	Internalisation	Combination
	Tacit Knowledge *to* Explicit Knowledge	

Source: Nonaka (1991)

Socialisation is the tacit knowledge sharing process among individuals, through joint activities or shared experience. Socialisation requires a 'space' for interaction, where individuals can meet to discuss ideas and share experience at the same time and in the same space. Often a more experienced individual communicates mental models, technical skills, and other tacit knowledge. This occurs not through language, but through observation, imitation, and practice. In this tacit-tacit transfer, insights are generally only new to the recipient. In some cases, however, new knowledge can result when an individual obtains information from another, and this triggers an entirely new idea. Socialisation often results not only in creating tacit knowledge, but in developing mutual trust.

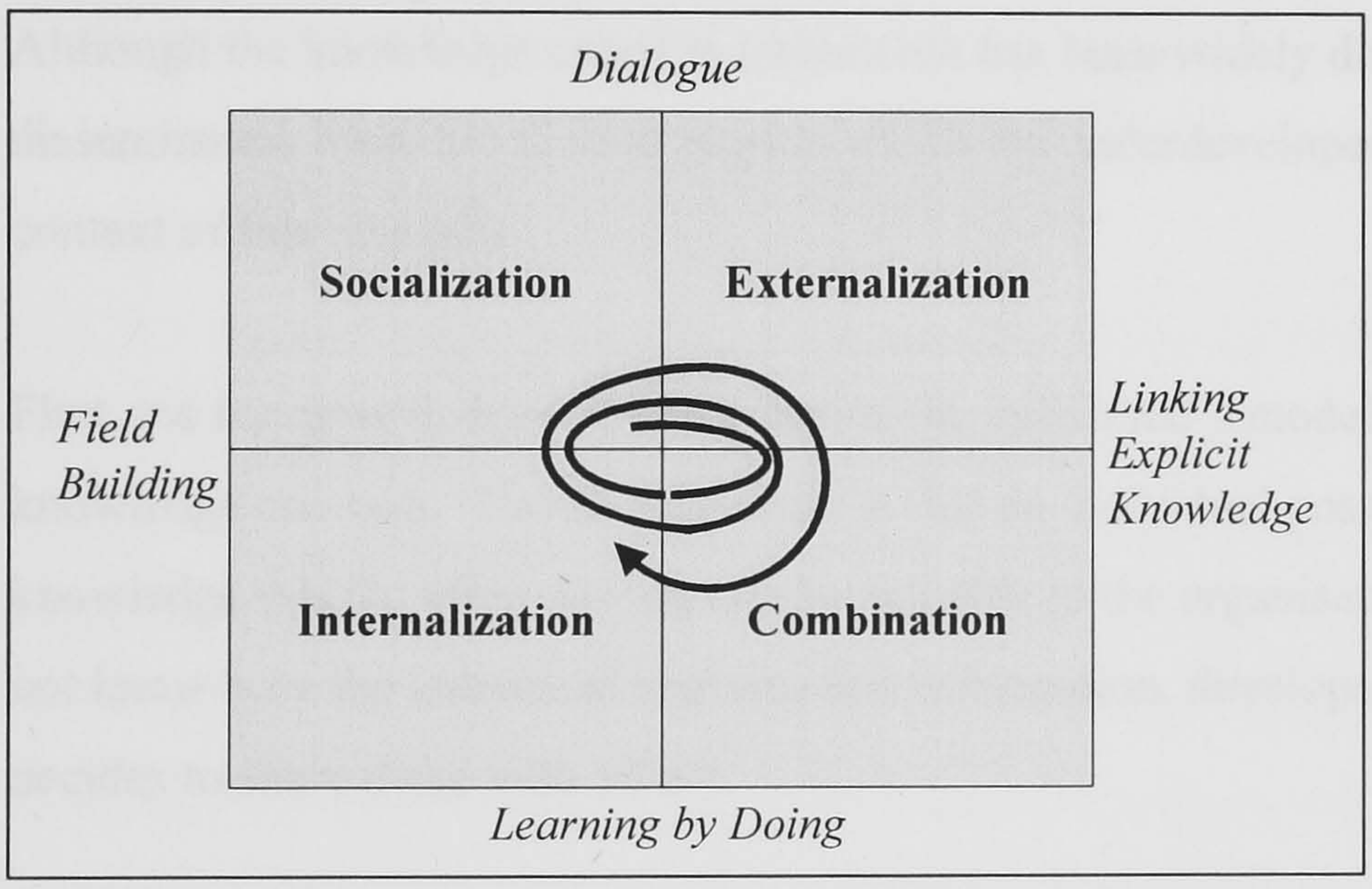
Externalisation is the process of converting tacit knowledge into explicit knowledge that is easier to understand. Individulas can help to make knowledge explicity by expressing ideas or images through models, metaphors, visuals or concepts and deductive and inductive reasoning. Deduction and induction enable individuals to articulate and identify a shared metaphor that triggers a meaningful collective discussion and an internal reflection on one's thinking.

Combination refers to the process of converting explicit knowledge into more complex sets of explicit knowledge. For example, existing explicit knowledge is re-catalogued and integrated into new explicit knowledge such as literature survey reports. Individuals share knowledge through documents, meetings, telephone conversations, and computer networks. The virtual world of information technology (IT) can play a supportive role in systemising the information. Combination can occur with limited, if any, human interaction.

Finally, *Internalisation* describes the entrenchment of explicit knowledge into tacit knowledge. This "trial by error" or "learning by doing" mode results in shared mental models that incorporate experiences in the socialisation, externalisation, and combination modes. Learning occurs through both reading and discussion. Knowledge conversion is aided by focused training, active participation to encourage skill refinement or even vicariously by reading others' narratives.

Nonaka and Takeuchi (1995) describe a tacit/explicit interaction "knowledge spiral" that increases in scale and speed, gradually involving actors from both within and outside the organization. The Japanese concept of "ba" ("place" in English) describes the shared physical, virtual, or mental space for relationship interaction, and ultimately as a foundation for knowledge creation (Nonaka & Konno, 1998). The knowledge spiral is depicted in Figure 3.3. The process of organizational knowledge creation can begin at any stage, however it usually starts with socialisation. In the socialisation and externalisation modes, individuals come together and make tacit knowledge explicit. Next, the knowledge is combined with other technologies to build systematic knowledge. Finally, through the internalisation mode, the knowledge is operationalised.

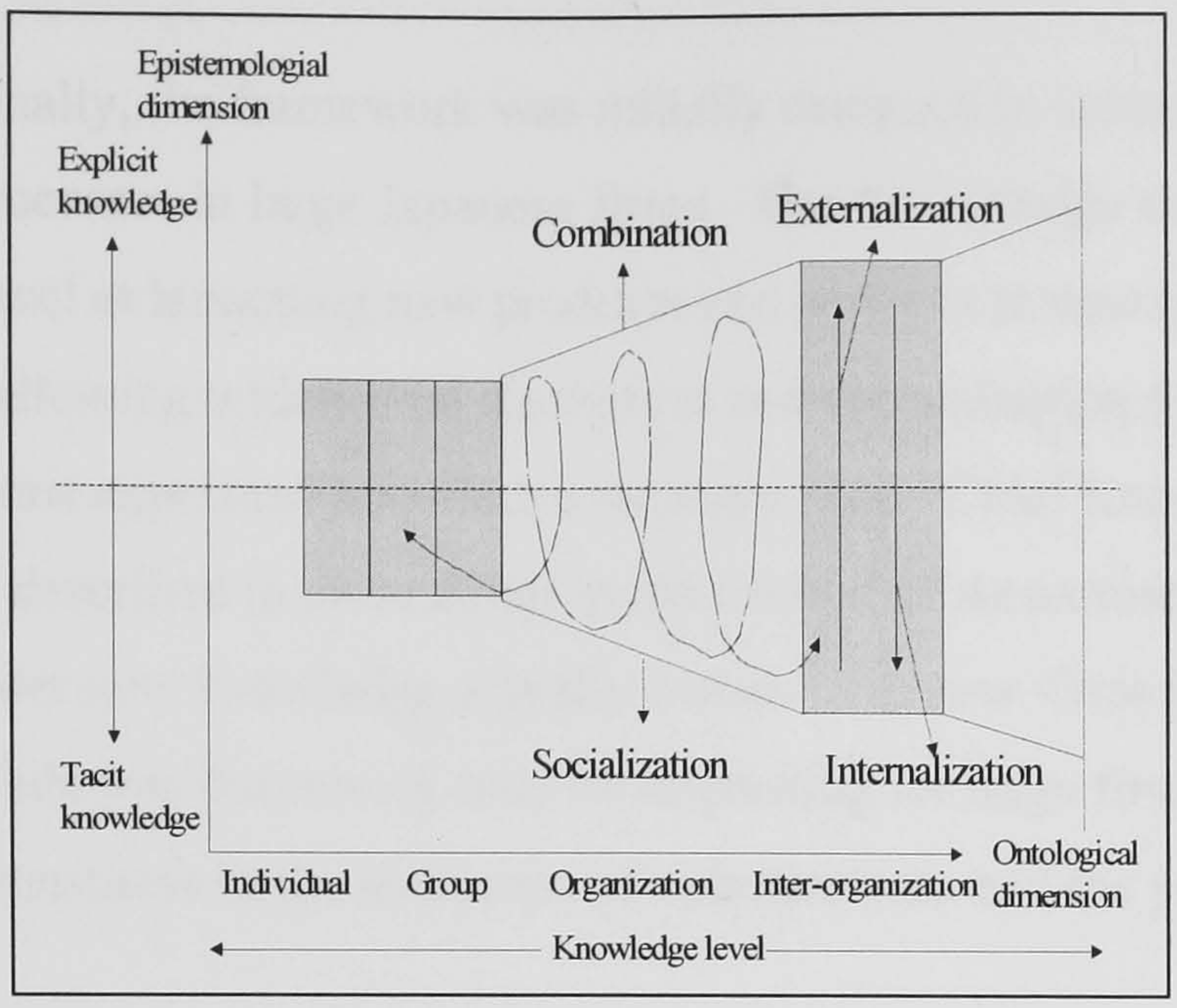
Figure 3.3: Nonaka and Takeuchi's SECI Knowledge Spiral



Source: Nonaka & Takeuchi (1995:71)

Nonaka and Takeuchi (1995) developed the knowledge spiral into a spiral of organisational knowledge creation by adding an ontological dimension of knowledge which can include individuals, groups, organisations and collaborating organisations. The root of knowledge creation is the individual's tacit knowledge which is then mobilized, accumulated and amplified throughout the organisation. This process is depicted in Figure 3.4.

Figure 3.4: Nonaka and Takeuchi's Spiral of Organizational Knowledge Creation



Source: Nonaka & Takeuchi (1995:73)

Although the knowledge creation framework has been widely discussed and disseminated, there are several aspects which are underdeveloped, particularly in the context of this research.

First, the framework does not incorporate the individual's model of internal knowledge creation. The starting point is that an individual possesses some tacit knowledge which, when shared, can be valuable to the organisation. However, we do not know how the individual acquires this information, develops new ideas, and decides to share these with others.

Second, the knowledge creation model is based on the assumption that an individual's tacit knowledge is of some benefit to the group or organisation, or even across organisations. Indeed, some knowledge may not be beneficial to the organisation. Furthermore, some knowledge may be most valuable to the individual.

Third, the framework suggests a linear flow of knowledge creation, albeit with some interactions. The process generally begins with socialisation and externalisation, look through combination and ultimately to internalisation. While this process may describe a great deal of learning, it does not capture the heterogeneity of knowledge creation modes.

Finally, the framework was initially designed to articulate knowledge creation processes in large Japanese firms. The "knowledge creating company" was thought to excel at launching new products and services to new markets ahead of competition. Following widespread discussion and dissemination from the mid 1990s, a number of firms appointed knowledge managers and "Chief Knowledge Officers". (This process is described in more detail in the context of Accenture in Terjesen, 2003). However, most new knowledge actually comes from new firms (Acs & Audretsch, 2005). Thus, while this framework may be interesting for large firms, it is important to test its robustness in the landscape of entrepreneurs and the young firm.

This review now focuses on human capital theory and its contributions to entrepreneurship, before turning to a discussion of social capital theory and its contributions to entrepreneurship. Gendered perspectives are briefly discussed.

3.2.3 Human Capital Theory and Entrepreneurship

In general, there is a positive correlation between human capital and entrepreneurial activity and success. Previous labour market experience, management experience and entrepreneurship experience are related to entrepreneurship activity levels (Bates, 1995; Robinson & Sexton 1994; Daily & Dalton, 1992). Another consistent finding in prior research is the strong correlation between having an entrepreneur in the family and the aspiration to start a new firm (Carroll & Mosakowski, 1987). Extant research, however, fails to consider how human capital triggers entrepreneurial interests and behaviour.

Human capital has also been linked to entrepreneurship success. Entrepreneurs who possess human capital specific to the type of venture they undertake are more likely to be successful (Cooper et al., 1994; Pennings et al., 1998). Specifically, there is a positive performance link between industry of previous experience and that of the new venture (Brush, 1992; Cooper et al., 1989; Feeser & Willard, 1989; Fischer, Reuber & Dyke, 1993). Human capital, in the form of graduate education, is positively correlated to equity funding (Carter et al., 2003a). Taken together, these studies suggest that individuals with high degrees of relevant human capital may start more expansive enterprises.

3.2.4 Human Capital Theory, Entrepreneurship and Gender

Female entrepreneurs' human capital has been more widely researched and constitutes 50% of all studies published (Greene et al., 2003). The beginnings of human capital research can be traced to the very early stage research on female entrepreneur demographics such as age and education. In one of the first large scale US studies, Hisrich and Brush (1984) reported that the average female entrepreneur is the first born child of a middle-class family, a college graduate of liberal arts studies, married to a supportive spouse and has children. Early studies noted that women have less organisational and managerial experience than their male counterparts (Srinivisan, Woo & Cooper, 1994), while more recent studies found no significant differences (Menzies, Diochon & Gasse, 2004). A recent study of male and female accountants in independent practice revealed that, even in professional careers requiring some formal education, women are disadvantaged (Carter & Marlow, 2003).

Studies indicate gender differences in male and female managers' human capital acquisition and subsequently their abilities to generate rents in the form of salary and job scale. For example, the interrupted nature of women's careers due to commitments to children, partner's careers, and taking care of elderly kin disadvantages women's human capital acquisition in terms of fewer chances to gain new job skills and atrophy of previously acquired skills. Women who take leaves of absence experience fewer promotions and lower pay when they return to work (Judiesch & Lyness, 1999). See Metz & Tharenou (2001) and Tharenou (2001) on the role of human capital and social capital for females' career advancement.

Many entrepreneurship studies of human capital fail to consider the important and related role of social structure (Davidsson & Honig, 2003). We now turn to a discussion of social capital theory.

3.3 Social Capital Theory

Social capital theory is concerned with an individual's position in a social network of relationships and the resources embedded in, available through or derived from these networks (Nahapiet & Ghoshal, 1998). Individuals draw value from trust, reciprocity, information, and cooperation from these associations. Social network structures enable access to resources which benefit career success in terms of salary, promotions and career satisfaction and are mediated by access to information and resources and career sponsorship (Seibert, Kraimer & Liden, 2001). Social capital necessitates an ongoing effort to preserve social relationships (Burt, 1992). Social networks can be of a prescribed (formal, based on formally specified relationships) or of an emergent (informal) nature, e.g. based on discretionary interaction (Ibarra, 1993).

Social capital incorporates both a group and an individual perspective. The group perspective "focuses on social capital at the group level, with discussions dwelling on (1) how certain groups develop and (2) how such a collective asset enhances group members' life changes" (Lin, 2001:22). In contrast, the individual perspective is concerned with how "individuals access and use resources embedded in social networks to gain returns in instrumental actions (e.g. financing, better jobs) or to preserve gains in expressive actions" (Lin, 2001:21). This research focuses on the individual dimension.

The genesis of social networks is either a working or affective relationship (Svejenova & Alvarez, 2004). Social network ties can be described as instrumental (providing such resources as information, expertise, and professional advice) or expressive (exchanging friendship and social support) (Ibarra, 1993). Access to social capital is particularly helpful in advancement into senior management (Tharenou, 2001) and to boards of directors (Singh & Vinnicombe, 2004b). A growing body of literature explores the downsides of social capital, such as acting as a barrier to new knowledge and ideas (Edelman, Brenen, Newell, Scarbrough & Swan, 2004). Human capital and social capital are complementary: social capital is fundamental to the reproduction of human capital through a variety of mechanisms (Coleman, 1988).

3.3.1 Emergence and Origins of Social Capital Theory

The exact origin of social capital theory is a matter of great debate, and said to germinate from the work of the following: Adam Smith, John Stuart Mill, Karl Marx and John Maynard Keynes (Kadushin, 2004). What scholars can more generally agree upon is that social capital theory emerged from the need to account for the role of social processes which were not addressed in early economic theory. For example, in his classic and well-cited book, Williamson (1975) describes how, based on assessment of transaction efficiency, a firm can rationally choose to either retain processes in its internal hierarchy or else purchase them in the market. Not content with this basic dichotomy devoid of sociological processes, Granovetter (1985) described how these economic processes are actually embedded in social and structural relationships that modify behaviour. Granovetter (1985: 481)writes, "Much of the utilitarian tradition, including classical and neoclassical economics, assumes rational, self-interested behaviour affected minimally by social relations, thus invoking an idealised state not far from that of these thought experiments" but equally cautions against an "oversocialised" view. Portes (1998) highlights the four sources of social capital: value introjection, bounded solidarity, reciprocity exchanges and enforceable trust and the consequences: norm observance (social control), family support, network-mediated benefits, restricted access to opportunities, restrictions on individual freedom, excessive claims on group members and downward leveling norms.

3.3.2 Social Capital: Structural, Relational and Cognitive Dimensions

Nahapiet and Ghoshal (1998) highlight the following three concepts of social capital: structural dimension, relational embeddedness and cognitive dimension. First, the structural dimension describes the pattern of relationships among actors such as closure or exposure and density. 'Relational embeddedness' refers to the strength of the personal relationships people share. This relational dimension is distinct from structural dimensions in that it includes shared language, experiences, obligations and expectations. Trust functions as a governance mechanism for the relationship (Uzzi,

1996) and trustworthy network actors are more likely to gain access to resources. Third, the 'cognitive dimension' refers to shared codes that facilitate a common understanding of values, visions and acceptable activities. A shared organisational culture also facilitates work towards a common goal. This dimension captures the "public good" aspect of social capital (Coleman, 1990, in Tsai & Ghoshal, 1998). There are interrelationships among the three types of social capital, which positively impact product innovation (Tsai & Ghoshal, 1998).

3.3.3 Social Capital: Bonding "Closure" versus Bridging "Exposure"

Social capital can be broadly described in two ways. Some scholars, such as Coleman (1988) and Bourdieu (1986), emphasise closure while others, e.g. Burt (1992) and Granovetter (1985) emphasise the role of weak ties and structural holes. Closure models perceive social capital advantages as stemming from a protective structure that operates as a closed network that prevents outsiders from coming in. This form of social capital, which is embedded in networks of mutual acquaintances, is sometimes referred to as "bonding."

In contrast, Burt (1992) focuses on the absence of ties or "structural holes." He argues that dense networks access redundant information and instead stresses the advantages that stem from "bridging" networks that connect individuals to weak ties and new information. Burt (1992) describes how individuals can deliberately build a network by focusing on ties with structural hole advantages and eliminating redundant contacts. Social capital can stem from relationships with colleagues, clients, mentors, and other individuals in one's work and non-work environment.

3.3.4 Mentors

Mentoring is a close relationship designed to support learning and development. Although there is no agreed definition in the mentoring literature (Higgins & Kram, 2001), this research follows the Singh, Bains and Vinnicombe (2003: 391) definition of mentors as "individuals with advanced experience and knowledge who are committed to providing upward support and mobility to their protégé's careers."

Mentoring can be broadly defined as being formal or informal. Formal mentoring programmes are developed and monitored closely by the organisation in order to facilitate communication and helping behaviour, as well as to achieve cost-benefit returns. Informal mentoring programmes are not facilitated directly by the organisation and often involve emergent behaviour by mentors and mentees.

Furthermore, mentoring research has evolved from a focus on a single dyadic relationship to one that involves multiple mentors in a "relationship constellation" (Kram, 1985; Higgins & Kram, 2001). The rapidly changing work environment has been said to drive individuals to seek multiple mentors to facilitate building new knowledge (Clawson, 1996). Higgins and Kram (2001) create a typology of developmental networks based on relationship strength and diversity. Mentor networks characterised by highly diverse, strong ties are said to be "entrepreneurial" and to enable career change (Higgins & Kram, 2001).

The benefits of mentoring can be classified in terms of organisational or individual benefits. From the organisation standpoint, studies have highlighted the value of mentoring to organisational learning and productivity (Scandura, Tejeda, Werther, & Lankau, 1996). Furthermore, mentoring is beneficial to the organisation in terms of developing a future pool of managers and as a tool for change (Singh, Bains & Vinnicombe, 2002). At the individual level, mentoring is been linked to job satisfaction, organisational socialisation and enhanced job outcomes (Chao, 1997). A protégé's strong ties to a mentor are thought to enable relationships to the mentor's strong tie network.

An emerging strand of mentor literature focuses on gender differences in mentoring behaviour and its consequences. Women are said to require mentors to interpret male-dominated business culture and to be recognised for promotion (Noe, 1988). Women managers with mentors benefit from feedback, legitimacy, credibility and access to the power structure (Vinnicombe & Colwill, 1995) and are more likely to advance into upper management (Tharenou, 2001). Gender homophily theory suggests that men are more likely to mentor other men. An early study found that male mentors are less likely to perceive women as competent managers and delay establishing relationships with them until they have demonstrated their competence (Fitt & Newton, 1981). Furthermore, male mentor-female mentee or female mentor-male mentee networks are less likely to meet both instrumental and expressive needs (Ragins & McFarlin, 1990). Ibarra (1993) found that of men and women of equal education levels, men tend to get more access to their mentors' networks. A study of 1804 small business owners in New Zealand found that the women reported more mentors than the men (McGregor & Tweed, 2002).

Finally, a growing stream of research explores the role of mentors to entrepreneurs (see Perren, 2003, for a comprehensive review). A consistent finding in the literature is that entrepreneurs value mentors for their helpful support (Deakins et al., 1998; McGregor & Tweed, 2002; Perren, 2003).

3.3.5 Social Capital Theory and Entrepreneurship

Social capital is one of the fastest growing aspects of network research (Borgatti & Foster, 2003), including the field of entrepreneurship; however there is no agreement on a definition of social capital. Furthermore, a number of scholars have highlighted the lack of a core theory and robust measurement constructs for social network theories in entrepreneurship (Hoang & Antoncic, 2003; Shaw, 2006). See Appendix C for a collection of social capital definitions in the entrepreneurship research.

Social capital theory has been used by a number of scholars to study entrepreneurship (Birley, 1985) and specifically, the importance of relationships between the entrepreneur and his/her network to acquire resources (Larson, 1991). Entrepreneurs possess unique resources as individuals (human capital), but require access to complementary resources in order to establish and run their businesses (Aldrich & Zimmer, 1986; Cooper, Folta & Woo, 1995), particularly when facing large established players. In their review of network-based research in entrepreneurship, Hoang and Antoncic (2003) highlight three essential components of networks: content of the relationships, governance of these relationships and the structure of the ties. There is a rich literature on the social networks of small firms and their owners (Shaw, 2006), however there is little discussion of social capital, e.g. the resources embedded, available and derived from these networks. Furthermore, the small firm network literature has focused primarily on network structure and favoured quantitative approaches (Curran, Jarvis, Blackburn & Black, 1993; Hoang & Antoncic, 2003; Shaw, 2006), which may not be appropriate for the phenomenon (Davidsson, 2004).

New entrepreneurs are especially dependent upon their social networks (Aldrich & Zimmer, 1986; Birley & Cromie, 1988; Davidsson & Honig, 2003) and without networking many new firms could not be created (Aldrich, Rosen & Woodward, 1986). Social networks are also critical in the development of strategy and entrepreneurs employ different networking activities depending on the firm's competitive strategy (Ostgaard & Birley, 1994). Business incubators can assist entrepreneurs to build social capital by enabling the creation of business or support networks. Entrepreneurs who have received such support from business incubators report higher levels of satisfaction with the incubator's services (Totterman & Sten, 2005).

An entrepreneur's network consists of many players: shareholders, financiers, employees, customers, buyers, suppliers, advisors, alliance partners, friends, family, mentors, and others. Resources can include technology, materials, training, employees, markets and financial capital. Networks that are homogenous and have a high number of family members are generally not advantageous (Renzulli, Aldrich & Moody, 2000). Rather, diverse network ties enable entrepreneurs to access more information about markets, innovations, capital, investors and other key business inputs (Low & Macmillan, 1988). Relationships can be formal or informal, strong or weak, and serve any number of purposes from support to business advice. Some relationships are bilateral partnerships in that network partners provide resource support to one another; other relationships are unilateral sponsorships when one partner provides resources without receiving anything in return (Lee, Lee & Pennings, 2001). Entrepreneurs establish different networks that vary in terms of entrepreneurship phase (Greve & Salaff, 2003).

An entrepreneur's social network embeds the start-up and is part of an integrated entrepreneurial career (Johannison & Monsted, 1997). Individuals who have entrepreneurs in their social networks are more likely to participate in entrepreneurial activity, as an entrepreneur (Reynolds et al., 2004; Arenius & Kovalainen, 2006) or as an informal investor (Szerb, Terjesen & Rappai, 2006). Based on in-depth interview research with 24 Danish ventures, Neergaard (2005) reported the following six networking activities undertaken by founding team members: building the new venture team, raising capital, recruitment, finding customers/outlets, obtaining access to relevant advice/knowledge and establishing international contacts.

Other research has pointed to role of social networks in facilitating access to a variety of resources, including emotional support (Bruderl & Preissendorfer, 1998), information about and discussion of entrepreneurial opportunities (Birley, 1985), information about the competitive market, including customers and suppliers (Brown & Butler, 1995), legitimacy and reputation. The importance of social capital in acquiring debt and equity financing is well established in the literature (see Carter et al., 2003a; Marlow & Patton, 2005). For example, in a study of 255 Irish entrepreneurs, O'Gorman and Terjesen (2006) report that, outside of banks and government programmes, entrepreneurs turn to close family members for venture funding.

Taken together, the emerging literature clearly illustrates the role of social capital in establishing and growing new ventures. However, most extant research fails to consider, in parallel, the role of human capital, and also the extent to which human capital and social capital acquired in prior career experiences are leveraged in new ventures.

3.3.6 Social Capital Theory, Gender and Entrepreneurship

Most of the management research on social networks is conducted in the corporate environment and does not acknowledge the role of gender. The few studies that do focus on gendered management networks report that women's exclusion from formal networks limits their ability to advance in the organisation, for example obtaining seats on corporate boards of directors (Haberfeld, 1992; Bilimoria & Piderit, 1994; Handley, 1994; Burke, 2000). Women have also not been able to access informal networks. This lack of access has causes women to create different networks from men (Ibarra, 1992, 1993). A study of 57 women and 55 men in mid-careers in large organisations found that women had more women in their network and men had more men in their network and women reported receiving more development in terms of career counseling, coaching, confidence-building, and political understanding (Burke, Rothstein & Bristor, 1995). Furthermore, women entrepreneurs have been said to have been disadvantaged through socialisation processes (Fischer, Reuber & Dyke, 1993), with the consistent finding that women do not share the same attitudes, aspirations and confidence as their male counterparts.

3.3.6.1 Gender and Networks in Traditional Organisations

A consistent finding in this research is that women and men have different work networks (Burke, Rothstein, & Bristor, 1995). For example, Ibarra (1992) found that women were more likely to seek other women as friends and supporters, and men for professional advice. A separate study of bank managers found social capital to be more important to women's advancement to higher levels of management than to lower levels of management (Metz & Tharenou, 2001). When compared to men's networks, women's networks tend to fulfill more social than utilitarian purposes (Vinnicombe & Colwill, 1995).

3.3.6.2 Gender and Networks in Entrepreneurship

There is a growing body of research on gender differences in entrepreneurs' networks. Brush (1992) describes women's entrepreneurship as an integrated network. In one of the earliest studies of gender and networks, Aldrich (1989) found that male entrepreneurs reported few women in their networks, though female entrepreneurs indicated that they were more likely to have men in their networks. The study found no evidence of gender differences in the process of creating these networks (Aldrich, 1989). Women entrepreneurs are also more likely to get information from other women (Smeltzer & Fann, 1989). A more recent study reported that men tend to consult other men for assistance with the business, whilst women consult men to a lesser extent (Aldrich & Elam, 2000). Katz and Williams (1997) found that self-employed women have lower levels of weak-tie networking than their male counterparts. Women entrepreneurs use family networks more often than men and especially when these women take over an existing firm (Greve & Salaff, 2003). Female business owners have more family in their discussion networks, while male business owners have more coworkers (Renzulli, 1998). Finally, a recent study of the composition of founding teams finds that homogeneous groups (e.g. an all male or an all female founding team) are less likely to form than heterogeneous groups, but strong ties influence group composition (Ruef, Aldrich & Carter, 2003).

Research also provides evidence that women entrepreneurs' networks affect entrepreneurial activity: Direct, quality interaction with other female entrepreneurs increases entrepreneurial activity (Allen, 2000). Female entrepreneurs with higher levels of education and of a more 'affiliative by nature' are more expansionist than other female small business owners and also men (McGregor & Tweed, 2002). Moore and Buttner (1997)'s sample of female entrepreneurs stated the following value of networks: acquiring support (63%), value-added dimensions (57%) and survival skills (53%). The women in their study also referenced the importance of networking associations related to venture performance (47%), network development beyond personal friends and family (45%) and as a tool to acquire resources (43%). Due in part to their more limited career experiences, women are said to face additional barriers to financing (Marlow & Patton, 2005). Evidence from Ireland suggests that, when compared to their male colleagues, female entrepreneurs are more likely to seek financing from close family, and less likely to access financing from work colleagues (O'Gorman & Terjesen, 2006).

In terms of mentor networks, a study by McGregor and Tweed (2002) found that female small business owners were more likely to report having a mentor than the men (25.8% of women compared with 19.9% of men) and that women who were part of a business network were even more likely to report having a network (33.0%). The study also summarises women's relationships with mentors as providing advice, motivation, confidence and business contacts.

3.3.6.3 Networks of Female Entrepreneurs who left Corporate Environments

While there have been a number of studies of gender differences in entrepreneurial networks, there are no formal studies of how women, or men for that matter, use their previous corporate experience to start and grow their own firms. In my literature review, I could locate only two book chapters which provided some empirical evidence. Ensher, Murphy and Sullivan (2002) report that twelve of their sample of fifteen executive women in the entertainment industry had some experience as entrepreneurs, and made use of networking and mentoring relationships with others. Moore and Buttner (1997) explored the differences between "corporate climber/incubator" women who had planned on a corporate career but then found themselves as entrepreneurs and "intentional" women who had lifelong aspirations to become entrepreneurs. They found that the corporate incubator women were more likely to emphasise the role of developing networks, and that the networks they built within the incubator organisation were "the greatest contribution they took away from the organisation and the feeling of isolation once they left the incubator and became involved in their own business ventures." They survey also captured responses from 129 women who left organisations to start ventures, with 64% reporting a direct transfer of business expertise, and 43% stating that they used key contacts from previous experience when starting their own firms. Only 20% reported significant differences between the values of networks established in the incubator firm and those established as entrepreneurs. Taken together, these findings are very interesting, but many questions are left unanswered. Would the results still be interesting after considering the entrepreneurs' age, work experience, or choice of industry? Would a study of men have uncovered any gender differences? There is a clear gap in the literature regarding the transferability of human capital and social capital from past work experiences to new ventures, which is articulated in more detail in the next section and is the focus of this thesis research.

3.4 Human Capital and Social Capital Transferability, and Career Theory

For the past three centuries, the term career has been used to refer to individuals' work activities. The original term comes from the Latin *carrara* (*carrus*) describing the carriage traveling along a road. 'Carriage' can be envisaged in the accumulation and transfer of capital along an individual's career journey to entrepreneurship. Today, careers are described as "accumulations of information and knowledge embodied in skills, experience and relationship networks acquired through an evolving sequence of work experience over time" (Bird, 1994: 326). The term 'career capital' (Arthur, Inkson & Pringle, 1999) is often used to describe the collection of non-financial resources that an individual brings to work. Individuals accumulate new skills, for example through projects (Arthur, DeFillippi & Jones, 2001) and apply these to their work. Knowledge can also be removed, re-organised and restored (Bird, 1994). Managers' knowledge can be harnessed and extended to new product developments (Drazin & Rao, 2002). Moreover, the tacit and non-codifiable nature of knowledge work (Glaser, 1984) may mean that individuals are less likely to be able to transfer their insights to others.

The relationship between knowledge and work experience in careers has both syntax and semantic elements (Bird, 1994). 'Syntax' describes the form or structure of one's career, for example the hierarchical managerial levels and time spent in each of these. The 'semantic' nature of careers emphasises the unique individual experience in terms of relationships developed, skills acquired and experience accumulated. Taken together, these two elements respectively capture both position(s) held and the relevant knowledge accumulation, its integration, synthesis and application.

This thesis is concerned with the leveragability of previous experience to new ventures. The notion of the value of occupational specialisation can be traced back to Adam Smith, who described specific skills as generating returns. More recent research focuses on the value of an individual's knowledge and skills (Baker & Aldrich, 1996; Bird, 1994) within and across organisations. Organisation-specific competence is said to bind an individual to an organisation, while those individuals who possess less organisationally bound competencies are more able to move across organisations (Becker, 1964; Sullivan, Carden & Martin 1998) and occupations (Dolton & Kidd, 1998). In parallel, a growing body of literature has begun to explore the role of social capital as conditioning career mobility. It should be cautioned, however, that measuring and analysing individuals' accumulated knowledge is not intuitively easy (Bird, 1994).

To date, studies have placed limited focus on individuals' mobility outside traditional organisations and have not addressed the transfer of competencies to new ventures.

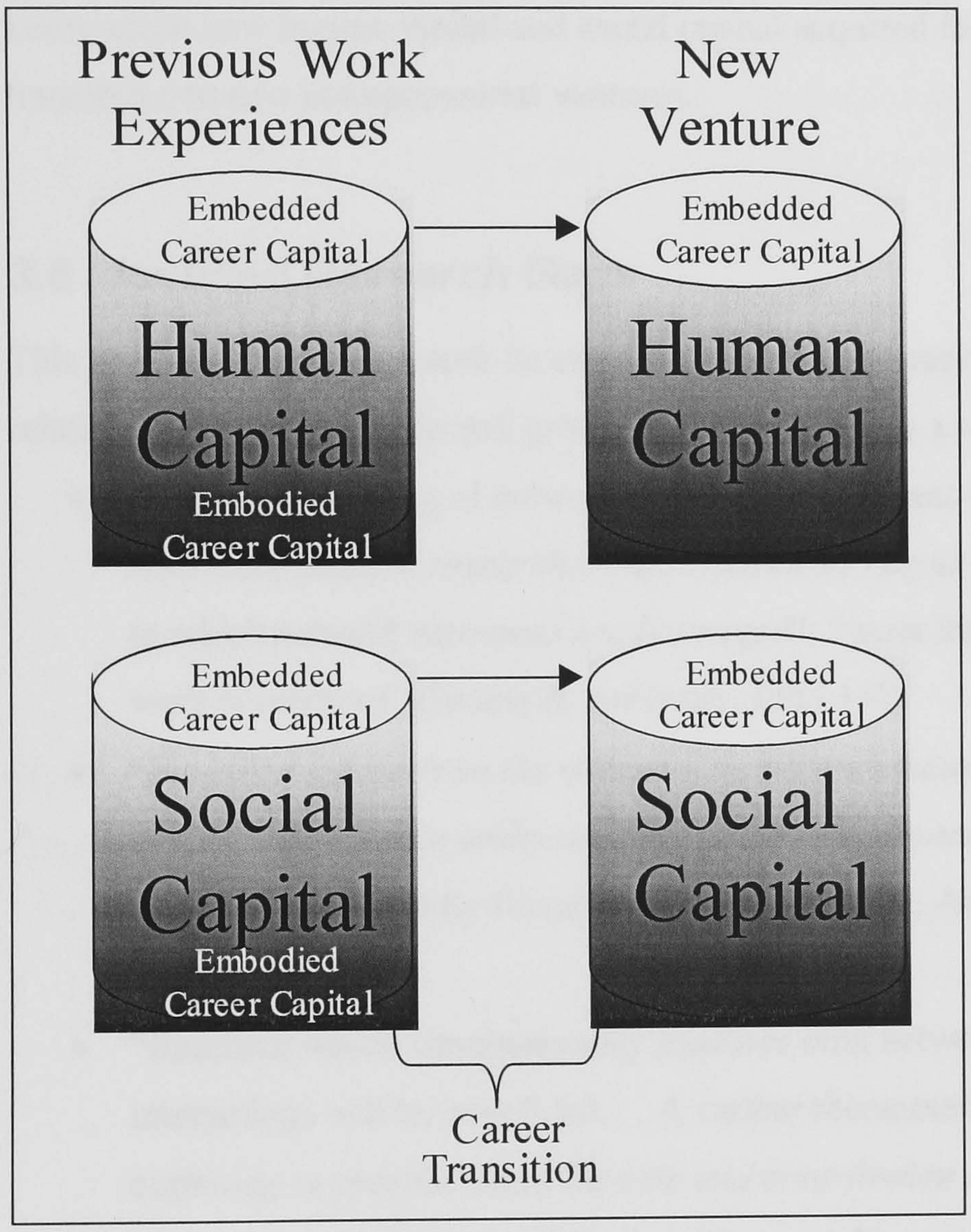
This research bridges the gap between the careers literature which has been traditionally concerned with conventional career paths in organisations and the entrepreneurship field which generally starts once the business has started (Dyer, 1994). In doing so, the study stretches the role of career capital to its transferability to new ventures.

3.5 Initial Model of the Phenomenon

From the literature review, I developed an initial model of the phenomenon for analysing the transfer of human capital and social capital from previous work experiences to own ventures. As highlighted earlier, careers are comprised of the syntactic and semantic elements over time (Bird, 1994). Skills are accumulated (Arthur, DeFillippi & Jones, 2001) but are useful only when applied (Pfeffer & Sutton, 1999). Going forward, the thesis will further develop these ideas within the context of individuals' competence transfer from traditional organisations to new ventures.

In the age of the boundaryless career, individuals must possess personal competencies which can be adapted to the needs of the workplace (DeFillippi & Arthur, 1994) and portable to new work experiences, including one's own business. To date, boundaryless career research has focused on mobility in terms of physical and psychological passages (Sullivan & Arthur, 2006), and not on transferability to entrepreneurial opportunities. Human capital and social capital which is mobile and value-generating outside the arena in which it was originally developed can be described as 'embedded career capital.' The individual can control the use and application of these fungible resources. Embedded career capital may be particularly useful to individuals leaving organisations as it increases their marketability and alternative employment opportunities. Human capital and social capital which is accumulated during work experiences but anchored to and possessing little value outside the arena in which it was originally developed can be termed 'embodied career capital.' Embodied career capital is valuable to individuals in firms as it may help them to move up in the firm, get assigned better work projects, acquire more training and access other opportunities. Figure 3.5 illustrates the model with 'buckets' of human capital and social capital with transferability noted by shading. 'Embedded career capital' is depicted by clear capital which flows easily across experiences (e.g. 'water') and can be leveraged in a new venture environment. In contrast, the dark shading illustrates 'embodied career capital' which is previous experience-specific, 'sticky' and not transferable to or rent generating in a new experience or venture (e.g. 'tar'). The grey capital may, with effort, be transferred (e.g. 'molasses').

Figure 3.5: Initial Model of the Phenomenon: Human Capital and Social Capital 'Buckets'



So, in summary, individuals have four types of career capital: embedded human capital, embedded social capital, embodied human capital and embodied social capital. Embedded career capital includes both human capital and social capital dimensions which can be seen in the context of the three ways of knowing (DeFillippi & Arthur, 1994). Human capital is captured in "knowing how," the knowledge and skills needed to perform a job, as well as the industry, management and other experience acquired in this process. Social capital is described in "knowing whom," the individual's network of family, friends, mentors, colleagues and professional associations. These include both bonding and bridging relationships. Finally, "knowing why" focuses on an individual's motivations, values and identity, such as the need for a balance between work and family activities.

There is little extant research examining transitions that span organisational, industrial and traditional career boundaries. In fact, there is a 'black box' in terms of what we know about how human capital and social capital acquired from career experience are transferred to new entrepreneurial ventures.

3.6 Identified Research Gaps

This need for specific research on entrepreneurs' human capital and social capital in relation to entrepreneurship and gender has been noted by a number of scholars:

- "Our understanding of network development process could also be extended with *more focused research on the differences across individuals in the extent to which network resources are leveraged*"; "more longitudinal and qualitative work is required" (Hoang & Antoncic, 2003:167)
- "*Extended research on the interactions between measures of human and social capital will advance understanding of the entrepreneur, characteristics of the venture* and the equity financing process." (Carter, Anderson & Shaw, 2001:24)
- "Research which simultaneously explores both network structures and interactions will be beneficial. . . A further recommendation is that research exploring in specific detail the *role and contribution of strong and weak ties. . .* may find it useful to consider the *role played by normative expression and the extent to which their presence serves to convince owners of the value of the other contents of multiplex relations, for example information and advice*" (Shaw, 2006: 21)
- "*Future studies of the role of human capital in women's entrepreneurship should draw from* leadership and *career theories. . .* Interesting questions for the future include. . . Does women's socialisation influence their success in

acquiring resources and in particular, growth capital?" (Greene et al., 2003: 27)

- "*We have little information on how women entrepreneurs with previous corporate experience use their organisational education to form, transfer or structure networks.* An investigation into how women develop and sustain networks clearly is at the heart of any study of female entrepreneurship. A key question is, 'How did the successful female entrepreneurs who moved from corporate environments do it?'" (Moore & Buttner, 1997:117)

In tandem, there is a need to study the role of corporate experience:

- "*There is a dearth of information comparing networking levels, whether strong-tie or weak-tie, between salaried managers and the self employed.*" (Katz & Williams, 1997: 193).
- ". . . directions for future research. . . could investigate *wider aspects and ramifications of internal capabilities and social capital.* Other classes of *intangible assets, such as trade secrets or unique types of human capital whose migration is limited or restricted, might figure prominently in the success of start-ups*" (Lee, Lee & Pennings, 2001).

Finally, career scholars have emphasised the need too examine the syntactic and semantic aspect of careers:

- "Rather than focusing on positions or jobs, the structure of careers should be studied in terms of *events that affect an individual's store of knowledge*" (Bird, 1994: 334)

3.7 Conclusions to Chapter Three

This chapter is the centerpiece of the theoretical review for the thesis, and begins by reviewing a definition of entrepreneurship and the challenges to the development of future research. This thesis is "mapped" onto the three literatures of human capital, social capital and entrepreneurship. As such, the thesis incorporate some of the following areas: labour market experience, knowledge creation, careers, bonding and bridging ties, mentors, embeddedness (structural, cognitive and relational) and gender.

The literature suggests multiple models of how individuals become entrepreneurs, including 'reluctant,' 'born-to-be,' 'corporate incubator,' 'family,' and 'dual career couple' entrepreneurs. This thesis is concerned with 'corporate incubator' types who leave corporations to start new ventures.

The next section reviews the origins and emergence of human capital and social capital theories, and the extant research related to entrepreneurship. Human capital and social capital are complementary theories attempting to explain the importance of knowledge, experience and social networks. One means of describing human capital, the knowledge creation model, is described and critiqued. Next, several aspects of social capital, including embeddedness and bonding and bridging ties are reviewed. The key contributions of human capital and social capital theory to entrepreneurship and gender are highlighted, pointing to a need for research on how entrepreneurs with managerial career experience leverage this career capital when starting new ventures.

The literature review suggests an initial model of the phenomenon of individuals' leveraging of human capital and social capital from previous work experience to new ventures. Capital which is accumulated during past work experience but not transferable to a new venture is defined as "embodied career capital" while the term "embedded career capital" describes capital which is fungible to new ventures. There are four types of career capital: embedded human capital, embedded social capital, embodied human capital and embodied social capital.

This review, coupled with the numerous calls for research highlighted in section 3.6, frames human capital and social capital as appropriate theoretical lenses for examining the phenomenon of entrepreneurship, particularly the career transition from corporate. These ideas are developed and tested in subsequent chapters.

Going forward, this thesis will leverage the literature review to explore entrepreneurs' human capital and social capital and how entrepreneurs make use of this capital in their new ventures.

CHAPTER 4: METHODOLOGY

Social scientists must determine which philosophical approach is appropriate for their research, considering the influence of their own 'world view' and the nature of the phenomenon under study. A review of the assumptions of the approach (ontology) and the assumptions of what it is possible to know (epistemology) is provided. The chapter then includes a discussion of methodological choices and paradigms in entrepreneurship research. The case for a realist approach and qualitative research is put forward. Next, the sampling selection for the exploratory and main study are described, including interviewees, interview staging, notes on the interview guide and methods for interview analysis.

4.1 The Philosophical Approach

4.1.1 Ontological and Epistemological Choice

Burrell and Morgan (1997:1) articulate the need for considering research philosophy,

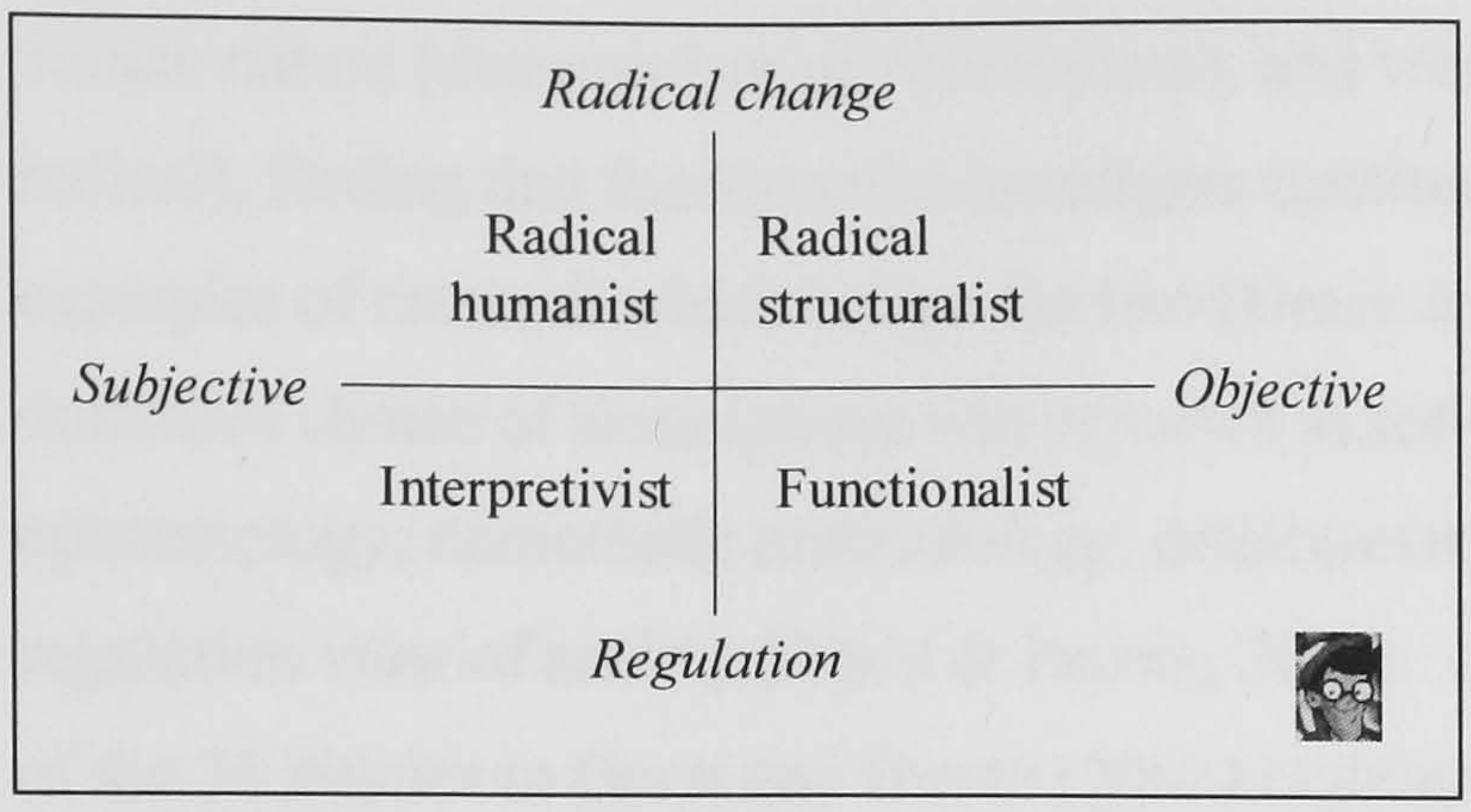
> "All social scientists approach their subject via explicit or implicit assumptions about the nature of the social world and the way in which it may be investigated. First, there are assumptions of an ontological nature – assumptions which concern the very essence of the phenomena under consideration. . . Associated with this ontological issue is a second set of assumptions of an epistemological nature. These are assumptions about the ground of knowledge – about how one might begin to understand the world and communicate this as knowledge to fellow human beings."

Thus, it is necessary to clarify ontological and epistemological assumptions, and address the paradigms of research. Philosophical thinking is concerned with establishing rigourous methods of knowledge creation and has four pillars: metaphysics, logic, epistemology and ethics (Chia, 2002). Metaphysical concerns are related to the nature of being and knowing and questions of ontology. Ontology is concerned with the claims or assumptions that a particular approach to social enquiry makes about the nature of social enquiry (Blaikie, 1994) —hence, the essential question is: 'What are our assumptions about the nature of reality?' Logic focuses on the methods used to understand this reality so as to extract useful generalisations. Based on metaphysical assumptions and reasoning methods, epistemology is the study of the foundations of knowledge and is concerned with 'the claims or assumptions made about the ways in which it is possible to gain knowledge of this reality' (Blaikie, 1994: 6-7). Finally, there are ethical considerations to management research.

Choice of ontology is a starting point for philosophical debates in management and is often described as a dichotomy between two perspectives, such as positivism and phenomenology (Easterby-Smith et al., 1991), external reality and individual consciousness (Burrell & Morgan, 1979) and objectiveness and subjectiveness (Morgan & Smircich, 1980) (Partington, 2000). Collins (2006) highlighted other ontological poles in the literature including 'being ontologies' and 'becoming ontologies' (Chia, 2002), naïve realism and relativism (Lincoln & Guba, 2000) and positivisitic and interpretive (Sarantakos, 1998). Different research methods arise from different research philosophies: positivist approaches deduce theory through hypothesis testing while interpretive approaches generate theory from the data. This objective, 'scientific,' positivist approach sees the world as created by humans, where truth depends on who establishes it. For more on management research philosophy, see Partington (2000), Easterby-Smith et al (2001) or Collins (2006).

Epistemology is a theory of knowledge that asks: What are our assumptions about how and what is it possible to know? From the discussion above, there is understanding that there are multiple means of observing and experiencing reality. The researcher's ontological and epistemological perspectives guide the choice of research method (Burrell & Morgan, 1979; Blaikie, 1993). Researchers must acknowledge their assumptions and biases. We briefly review the paradigm framework put forward by Burrell and Morgan (1979), and depicted in Figure 4.1.

Figure 4.1: Research Paradigm Framework



Source: Burrell and Morgan (1979)

Burrell and Morgan (1979) develop the framework around the continuums of objectivist-subjectivist and radical-regulation, deriving four paradigms: functionalist, interpretivist, radical-humanist and radical-structuralist. The objectivist-subjectivist continuum describes the extent to which researchers portray the world as either one that is a hard reality universal to all or one that is uniquely experienced by individuals. The radical-regulation continuum captures the extent to which researchers focus on explanations for radical change from modern society, or unifying aspects. Thus four types emerge:

- Functionalist: objective view of reality, unity and order
- Interpretivist: subjective view of reality, unity and order
- Radical humanist: subjective view of reality, radical change
- Radical structuralist: objective view of reality, radical change

We now turn to a discussion of paradigms in entrepreneurship research.

4.1.2 Paradigms in Entrepreneurship Research

An emerging body of knowledge explores the meta-theoretical foundations, paradigms and methods of inquiry in entrepreneurship research (Grant & Perren, 2002; Cope, 2005; Watkins-Mathys & Lowe, 2005). A recent meta-review of 36 articles published in 2000 by leading scholars in the top journals revealed that, despite the use of various theoretical lenses and cross-disciplinary perspectives utilised, there is limited diversity of the underlying assumptions (Grant & Perren, 2002). The authors categorised entrepreneurship research by ontology (realist or nominalist), epistemology (positivist or anti-positivist), methodology (nomothetic or ideographic), human nature (determinism or voluntarism), and view of society (regulation or radical), finding that functionalist paradigms dominate and that there are few examples of research which bridge the two (Grant & Perren, 2002). Furthermore, the dominant choice of assumptions was reported as follows: realist ontology, positivist epistemology, nomothetic methodology, determinist view of human nature and regulation view of society (Grant & Perren, 2002). A more recent review of a sample of the 36 articles in Grant and Perren (2002) highlighted the need for coexistence, incorporation and knowledge sharing among diverse paradigms in entrepreneurship research (Watkins-Mathys & Lowe, 2005).

4.1.3 Choice of Paradigms for Thesis Research

This researcher considered a range of paradigms for the phenomenon under study: individuals' transition from corporate managerial careers to starting their own firms, and the leveraging of human capital and social capital. Consistent with Grant and Perren's (2002) findings, the relevant entrepreneurship literature reviewed in chapters two and three adopts a functionalist paradigm. For example, extant positivist research is primarily concerned with such issues as what types of human capital and social capital predict those who will successfully start new businesses (e.g. Davidsson & Honig, 2003), or equity funding (e.g. Carter et al., 2003a). These studies do not take into account the important context of individuals' experience and how this is leveraged in new ventures. Appendix D provides an overview of several quantitative studies of social capital. Furthermore, previous research has also measured human capital quantitatively with variables such as individual's age (Shane, 1996), years of work (Carroll & Mosakowski, 1987), management or industry experience, and has not taken into account the entrepreneurs' subjective view of their reality.

Davidsson (2004) argues that the following characteristics of entrepreneurship research point to the need for a qualitative approach: young field, heterogeneous phenomenon with a 'process' character requiring close-up analysis and the infrequent, unanticipated or extraordinary events. Taken together with calls for more "coexistence" in entrepreneurship (Watkins-Mathys & Lowe, 2005) and my personal research biases, I wished to frame a new approach.

I believe that my exploratory research questions required a shift from a positivist, quantitative approach to a qualitative and realist approach so as to gain additional insights and limit any a priori restrictive classifications on the data gathered. This study thus rejects the positivist paradigm of the existence of an objective truth which can be revealed only through scientific method. There has been limited development of qualitative research in small business research (Curran & Blackburn, 2001), despite reviews highlighting the value of qualitative methods to this new field and also to the uniqueness of new ventures (Bygrave, 1989; Aldrich, 1992; Gartner & Birley, 2002). Recent calls have also highlighted the need for qualitative, inductive approaches to examining social network relationships in order to generate new theoretical ideas (Hoang & Antoncic, 2003; Shaw, 2006).

Concurrently, it is important to acknowledge that qualitative research has its challenges. The data is not standardised and can be interpreted in multiple ways. The researcher must try to limit personal expectations and theory-building so as to enable new interpretations and surprises to emerge. Furthermore, researchers may struggle with qualitative data overload in terms of hours of transcribed interviews or observations.

4.1.4 The Case for a Realist Approach

A traditional realist ontology sees the world as tangible, external, and one in which truth can only be discovered by establishing a direct correspondence between observations and the phenomenon. The objects which are being studied are said to exist and act independently of scientists and "realist epistemology is based on the building of models of such mechanisms that, as such, if they were to exist and act in the postulated way, they would account for the phenomenon being examined" (Blaikie, 1993: 98). The realist approach takes into account some aspects of positivism but critiques others. Keat and Ubry (1975) (in Blaikie, 1998), describe the perspective, "The realist shares with the positivist a conception of science as an empirically based, rational and objective enterprise, the purpose of which is to provide us with true explanatory and predictive knowledge of nature. But for the realist, unlike the positivist, there is an important difference between explanation and prediction. And it is explanation that must be pursued as the primary objective of science. To explain phenomena is not merely to show they are instances of well-established regularities. Instead, we must discover the necessary connections between phenomena, by acquiring knowledge of the underlying structures and mechanisms at work."

Feminist ontology sees the world as socially constructed by men and women who have had different experiences. Feminism critiques science as having been predominantly constructed by men, and not incorporating multiple perspectives. From an epistemological choice perspective, feminism puts forward women's experience as a foundation for knowledge. Feminist work has tended to make use of qualitative methods. There are three main categories of feminist theory: liberal, social/Marxist and radical. Broadly, these theories can take one of two approaches: the first is to broaden the traditionally male perspective and make it inclusive to women, the other is to institute a purely female standpoint. Post-modern and post-structuralist perspectives perceive that there is a diverse set of ideas which can be described as 'feminist'. Although the feminist approach offers some insights, it was thought that the exploratory nature of the exploratory of and main study and the lack of a main focus on gender power relations better accommodated a realist approach.

4.1.5 The Use of Models

Realist approaches include the use of models to help the researcher to envisage the underlying structures and mechanisms, and to develop theory. These models are hypothetical and constructed as a means to uncover the real structures and mechanisms that are assumed to generate empirical phenomena. Realists distinguish between models *of* the data and models *for* the data as well as the source and subject of the model. Models of the data stand for a known phenomenon or object; models for the data conjecture on the characteristics of an unknown phenomenon or object. A model which matches the dominant scientific worldview is often considered plausible. The authenticity of models can be checked by replicating the social process assumptions contained in the model. An initial model of the research phenomenon can be found in Figure 3.3.

Models can be mapped to typologies, which can be a useful organising strategy in small business research (Curran & Blackburn, 2001). However, it should be acknowledged that the value of typologies lies in their ability to generate meaningful interpretations, rather than true or false interpretations (Curran & Blackburn, 2001). Typologies which are properly developed and fully specified can generate complex theories (Doty & Glick, 1994).

4.1.6 Conclusion to the Philosophy Section

The philosophical perspective and the nature of the research questions suggest that knowledge about how entrepreneurs start new businesses is more likely to be obtained through a qualitative approach. By adopting a realist approach, the researcher is part of what is being observed and is keen on the human aspects of entrepreneurship. The aims of the research are multi-fold: beginning with increasing the understanding of the situation of individuals who leave traditional organisations to start their own ventures. Ideas will be induced from this data and then theory abstracted.

4.2 Methodology Choices and Research Design

4.2.1 The Exploratory Approach

This study's main aim is to explore entrepreneurs' transitions from corporate managerial careers to new ventures. Exploration and description of the phenomenon may suggest some explanations of how past experience is leveraged in the new business. The goal of this research is to provide a rich description of this process, including the context, and to examine and categorise phenomena. As described in chapter one, the initial scope of the thesis was a study of female entrepreneurs, but this was modified in the early stages and now constitute the fourth objective of the thesis: an exploration of gender differences.

4.2.2 The Case for Interviews

A number of data collection methods were available to the researcher, including observation, survey, text analysis and interviews. Observation was determined not to be appropriate as it is difficult to observe the phenomenon except through a long-term ethnographic study. Questionnaires were also not likely to gain respondents' gut feelings and access the range of openness required. Content analysis of texts and documents was considered, but the sample of entrepreneurs are, by definition, at an early stage of their new ventures and few written records exist. Thus, exploratory interviews with open questions were chosen. Widely used as a methodology for data collection, especially in small business research (Curran & Blackburn, 2001), qualitative interviewing is "essentially a technique or method for establishing or discovering that there are perspectives or viewpoints on events other than those of the person initiating the interview" (Farr, 1982). Indeed, the interview method enables the use of story-telling, an emerging approach in entrepreneurship research, particularly when studying women (Mallon & Cohen, 2001). Furthermore, the method enables an active relationship between the researcher and the interviewer, although the strength of this could constrain data collection (Lofland & Lofland, 1995). Finally, it was thought that structured interviews would enable the researcher to develop a full understanding of the same set of questions for each interviewee. The common problems of structured analysis were minimized by asking the questions in the same way, order, and repeating as close to original form, as suggested by Curran and Blackburn (2001).

4.3 Exploratory Study

The exploratory and main study interviews shared, for the most part, a similar research methodology, which is described below. Small distinctions between the methodology employed in the exploratory and main study are noted. The findings of the exploratory and main studies are not aggregated, and are reported in separate chapters.

4.3.1 Setting up the Exploratory Study

In order to gain a better understanding through a cross-case comparison, interviewees were selected from six different industries: retail products, medicine (dentistry), management consulting, HR/recruiting, personal training/physiotherapy, and financial services. The interviews consisted of three inductive, preliminary questions. The purpose of the exploratory study was to develop an understanding of the phenomenon, by interviewing entrepreneurs and analyse the robustness of ideas from the early conceptual framework. Learnings from the exploratory study interviews and analysis guided the methodology employed in the main study. Cases from both men and women were selected so as to examine gender differences. Careful recording of all the research stages enables others to audit the trail and enhances reliability. These exploratory interviews are not claimed to be generalisable. The entrepreneur's statements are the primary units of analysis.

4.3.2 Identifying the Exploratory Study Sample

Following the first review, I conducted interviews with twelve entrepreneurs who left traditional organisations to establish their own firms. An entrepreneur is defined an individual who initiates a business, has at least 50% ownership, and is actively engaged in management (Moore & Buttner, 1997). Furthermore, only entrepreneurs with a minimum of five years of experience in the traditional organisation labour market and had a young business (up to three years since founding) were included.

Researchers have noted that small businesses may be more difficult to study than large enterprises due to their range of forms, variety of economic activities and complex relationships to the environment (Curran & Blackburn, 2001). A sample of twelve entrepreneurs was identified and interviewed, including a male-female matched pair in six different industries. Six entrepreneurs had work experience in *Fortune*500 corporations; the other six had experience in medium to large size traditional organisations. The youngest business was just five months old, while the oldest business was just shy of three years old. Matched samples of entrepreneurs who did not know each other were identified so as eliminate the possibility for overlapping human capital and social capital. This prevented the use of the snowball technique to identify interviewees. Interviewees were identified through the researcher's extended network and interviews were conducted between May and August, 2004.

Identifying small businesses can be a challenge for the researcher (Curran & Blackburn, 2001). Indeed, the researcher considered trying to identify new businesses through an existing database however this proved difficult. Instead, the researcher approached the participants through personal e-mails asking if they would be interested in participating in an exploratory study. All interviewees were asked permission to record and later transcribe the interviews, and none objected. The interviewees were assured that their names and companies would be disguised so as not to be individually identifiable in any published reports. The interview was structured: (1) Tell me about your career to date; (2) How did you become an entrepreneur?; and (3) What resources did you use to start your business? The interviews ranged from 20 minutes to over one hour, and the transcriptions from 5,838 to 26,202 characters.

4.3.3 Exploratory Interview Questions

The first question, 'Tell me about your career to date' provided insight into the entrepreneurs' career histories through a narrative. Although narratives as a method for understanding careers can be considered post-hoc sense-making (Weick, 1996), this technique has been used successfully in other studies (Blair Loy, 1999; Ensher, Murphy & Sullivan 2002) and longitudinal data was not available. Most interviewees began with their career history after graduation from university or high school. The second question was: How did you become an entrepreneur? The third interview question, "What resources have you used to start your venture?" was selected so that the interviewees could focus on their new ventures.

4.3.4 Analysing the Exploratory Study Interviews

The twelve interview transcripts were analysed using the categorisation and sub-categorisation method. This follows Singh (1999) and is based on grounded theory as suggested by Strauss and Corbin (1990), not Glaser and Strauss (1967). Although this second review study is not a pure application of grounded theory, the categorisation was undertaken only after an extensive literature review. The data were analysed for patterns and relationships using the Nvivo software.

The researcher conducted and transcribed the interviews and began to evaluate four using Nvivo. The researcher then met with another PhD researcher at Cranfield who is working with Nvivo to learn more about coding. The researcher then met with a Senior Lecturer at Cranfield who has used Nvivo to get feedback on the initial coding and categorisation. The researcher also worked with another PhD researcher from the Weatherhead School of Case Western Reserve University who is also writing a dissertation on human capital and social capital in entrepreneurship. This PhD student coded an interview and it was found to be at least 80% similar to the original researcher's structure.[8] The data was fine-coded and a tree structure was created through a continuous process. The following tree structure emerged, and is depicted in Figure 5.1 in the exploratory study chapter:

Human Capital

- Formal Education (Undergraduate, Graduate)
- Work Experience
  - Management Experience
  - Industry Experience
  - Start-up Experience
- Grew up in Entrepreneurial Family

Social Capital

- Bonding Social Capital
  - Venture Partners
  - Spouse/Close Family

[8] Thank you to Val Singh, James Collins and Lindsey Godwin for their help in this process.

    - Mentors
- Bridging Social Capital
    - Acquaintance networks (Friends of Friends; Social networks of member organisations)
    - Business development agencies

Venture Resources

- Tangible
    - Customers/Clients
    - Employees
    - Financial Capital
    - On-line Resources/Books
- Intangible Resources
    - Opportunity Recognition
    - Emotional Support
    - Business Advice
    - Visibility & Reputation Building

Other individual and environmental factors over time:

- Feelings about Previous Work Experience
- Motivations to Start a New Venture
- Family Commitments

4.4 Main Study

4.4.1 Setting up the Main Study

The goal of the main study was to focus on human capital and social capital. This decision to focus on the transferability of these two forms of capital was based on observations in the exploratory study, feedback from my second review panel and my personal interest. For example, the preliminary study revealed the importance of mentors, family members and partners. Questions about these types of relationships were included in the main study. Furthermore, it was suggested that the study be scoped to include only one industry. Identifying twenty-four individuals who left management careers in finance to start their own business was more time consuming than the exploratory study sample selection due to the greater number of interviewees sought. The main study consisted of structured interview questions, rather than a survey, to allow the researcher to probe within the node structure developed from the exploratory study.

4.4.2 Identifying the Main Study Sample

Unlike the exploratory study, the participants for the main study were identified through snowballing. As suggested in Curran and Blackburn (2001), the researcher began with several starting points to reduce the likelihood of a single source. The first points of snowballing included John and Hannah (interviewees from the exploratory study), Pauline Weight, Mary Creagh and Murray Steele from the Cranfield MBA programme, Halla Tomasdottir from the Cranfield DBA programme, Tracy Maeter of 360 Consulting, alumnae of the London Business School, and members of 85 Broads. An e-mail sent to each of the respondents explained the scope and purpose of the study and requested the entrepreneurs' participation via an interview.

4.4.3 Staging the Interviews

Main study interviews with twelve male and twelve female entrepreneurs were carried out between January and April, 2005. Twenty-four interviews were recorded on MP3, tape player or digital camera and transcribed by the researcher. Each interview lasted between 45 minutes and two hours. The word count of the transcriptions varied between 10,701 and 32,728 characters. The interview questions can be found in Appendix E.

4.4.4 Notes on the Main Study Interview Guide

As suggested by Curran and Blackburn (2001), all interviews were conducted in as similar a manner as possible so that the responses can be considered equivalent. As in the exploratory study, the interview began with a brief overview of the study, and asked the interviewees for permission to tape record the conversation. The interviewees were also assured that their names and companies would be disguised so as not to be individually identifiable in any published reports. The main study was of a more deductive nature than the exploratory study.

4.4.4.1 Main Study Interview Guide: Section 1: Career History

The opening questions about career history were asked to develop an understanding of a vast range of industry, management and start-up experiences. This series of career history questions was asked as a warm-up for the main interview. The results of these questions are not analysed in this thesis.

The opening question: What has been your career to date, beginning with work experiences during your studies?

The first question was revised slightly from the exploratory question *("Tell me about your career to date.")* to encourage interviewees to talk about work experiences during school and university, and to just generally open the lines of communication.

What were your roles and responsibilities in each of these jobs?

The interviewees were asked to briefly elaborate on some of their major tasks in each environment. This resulted in some short answers and other more detailed stories.

How did you advance to management? What did you learn at corporate?

This question was asked of the interviewees to self-assess their management qualifications and learning experiences in corporations.

Can you explain your transitions between jobs or companies? How did you manage the transition between jobs and companies?

These two questions tried to unpack previous career transitions, and how the entrepreneur managed the change.

Did you have mentors in previous work? Who were they? What did you learn from them? How would you characterise your current relationship to these mentors?

In the exploratory study, a number of entrepreneurs talked about mentors from previous work. In the main study, this question was asked explicitly to evaluate social capital from previous work experience. Some entrepreneurs reported that they had no mentors, while others named as many as three and told stories about each.

How did you become an entrepreneur?

Like the exploratory study, this question helped to unpack the motivations and experiences that led to entrepreneurship.

How did you manage the transition from roles in traditional organisations to your own new business?

This question was asked to explore entrepreneurs' conception of the transformation.

What education have you completed?

This question asked the entrepreneurs about their education

Is anyone in your family an entrepreneur or running their own business?

In the exploratory, a number of entrepreneurs identified family members who motivated them to start their own businesses. This question was asked explicitly.

4.4.4.2 Main Study Interview Guide: Section 2: Social Capital

With whom do you speak with about the venture on a regular basis? What is your relationship with this individual? What do you talk about?

This series of questions sought to unpack who the entrepreneur spoke with and their relationship, and patterns of interaction.

Whom from previous work experiences (e.g. colleagues, clients, suppliers) do you communicate with at least twice a year? What is your relationship with this individual? What do you talk about?

The focus of these questions was the relationships to former work colleagues. In some cases, the answer was no, and in other cases, the interviewees elaborated.

Did anyone from previous work help you to start your new business? How?

This question was used to explore more specific linkages between previous organisations and the new venture start-up, at a social level.

Did you have mentors helping you with your venture? Who are they? What have you learned from them? How would you characterise your relationship?
In the exploratory study, several entrepreneurs reported having mentors when starting their ventures. This series of questions seeks to develop a better understanding of the role of mentors in new business.

What community organisations do you belong to? What professional organisations do you belong to? Are there any other organisations or networks to which you belong?
Again, in the exploratory study, several entrepreneurs reported being involved in community organisations. This series of questions is geared at recognizing the extent of this involvement.

4.4.4.3 Main Study Interview Guide: Section 3: Venture

What new business have you started? When did you start it?
These questions capture the basic demographics and description of the business.

How did you identify your opportunity?
The exploratory study question *"How did you become an entrepreneur?"* often resulted in opportunity recognition storytelling. Here, the question is asked explicitly.

Do you have a partner? Who is your partner? How did you meet your partner? How would you characterise your relationship and that to the business?
Again, in the exploratory study, several entrepreneurs spoke of their partners as resources. This inquiry helps to further explore partner relationships.

What is your goal for your venture?
Here the researcher is interested in how the entrepreneurs articulate their new venture goals.

What knowledge, skills and attitudes from your previous work experience have you utilised to start your new venture?
In the exploratory study, the transferability of knowledge and skills emerged as an interesting quality. The main study explores this more fully.

What knowledge, skills and attitudes from your previous work experience have you not found helpful in starting your new venture?
Again, the exploratory interviewees spoke about competencies which they did not make use of in the new venture.

What relationships from your previous work experience have you utilised to start your new venture?
The prior question focuses on competence; this question concentrates on the people from this past experience.

What relationships from your previous work experience have you not found helpful in starting your new venture?
This question is also oriented to developing a better understanding of the un-utilisable skills.

Do you have mentors in starting your new venture? Who were they? How did these mentoring relationships develop? What did you learn from them?
Again, exploratory interviewees described mentors in their new businesses. This set of questions further unpacks these relationships.

What other resources have been helpful in starting the new venture?
Finally, the exploratory study question about resources generated a lot of unique answers. The question was changed slightly from "What resources have you used to start your venture?" but produced similar responses.

4.4.4.4. Closing the Interview

At the end of the interview, the following demographics were asked: entrepreneur's age and family status and the name of their venture. The interviewees were thanked for their time, and the researcher gave them her card for further contact.

4.4.5 Main Study Interview Data Analysis

The interview transcripts from the main study were analysed using categorisation and sub-categorisation outlined in Lofland and Lofland (1995) and followed in Singh (1999). As in the exploratory study, this resulted in a grounded approach similar to Strauss and Corbin (1990), rather than Glaser and Strauss (1968). Thus, the interviews were only conducted after the literature was reviewed, and conceptual relationships among key areas were sought. In particular, the researcher was interested in the role of human capital, social capital, and gender, but sensitive to other data. Specifically, the data were analysed to better understand the human capital and social capital of entrepreneurs and how this career capital was leveraged in the new venture. I also looked for gender differences. With the help of Nvivo, the data were examined for patterns.

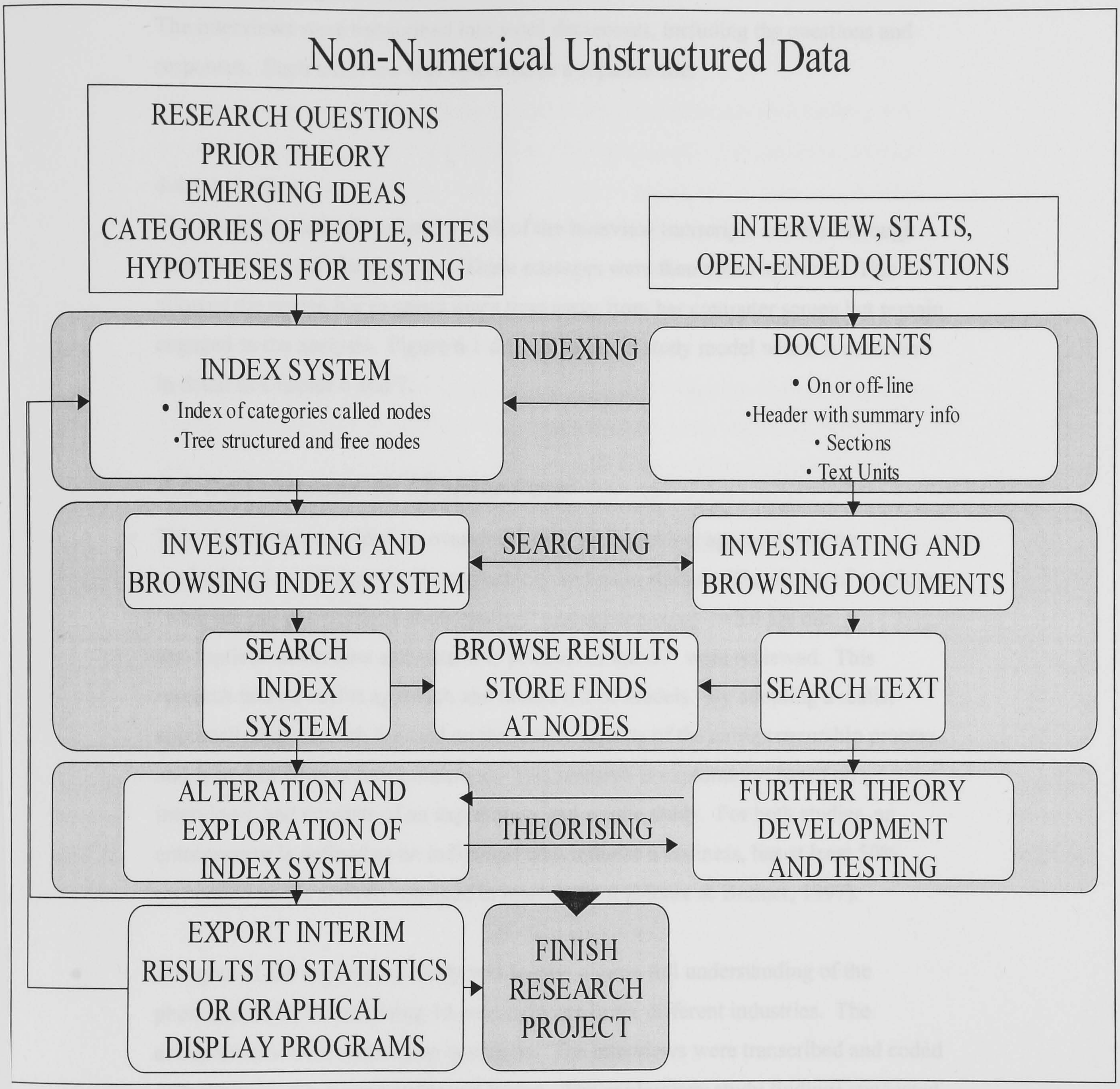
4.4.5.1 Transcription

The researcher personally transcribed all twenty-four interviews. This time consuming process was actually quite helpful as the interviewer began to identify interesting ideas and patterns after the first few interviews.

4.4.5.2 Using Nvivo

Nvivo is a useful tool for evaluating data. An overview of the Nvivo analysis is depicted in Figure 4.2.

Figure 4.2: Nvivo Framework



Source: Singh (1999)

4.4.5.3 Preparing the data

The interviews were transcribed into word documents, including the questions and responses. Each interview was uploaded as a separate file.

4.4.5.4 Coding

The researcher initially printed out all of the interview transcripts and read through them, marking certain passages. These passages were then noted in Nvivo. This allowed the researcher to spend more time away from her computer screen but remain engaged in the analysis. Figure 6.1 depicts the main study model which is described in detail in Chapter 6 and 7.

4.5 Conclusions to Chapter Four

This chapter has provided an overview of the philosophical approach and the methodological choices for the exploratory and main studies. The choice of ontology, 'what are our assumptions about reality?' and epistemology 'what are our assumptions about how and what it is possible to know?' were reviewed. This research takes a realist approach and makes use of models. By adopting a realist approach, this research focused on the human aspects of the entrepreneurship process and is part of what is being observed. This research is exploratory, based on interviews, and consists of an exploratory and a main study. For both studies, an entrepreneur is defined as an individual who initiates a business, has at least 50% ownership and is actively engaged in management (Moore & Buttner, 1997).

The goal of the exploratory study was to gain a more full understanding of the phenomenon by interviewing 12 entrepreneurs in six different industries. The entrepreneurs were asked three questions. The interviews were transcribed and coded with the help of a second coder and Nvivo. The exploratory study findings suggested a number of means by which human capital and social capital are leveraged in new ventures. Based on responses to the exploratory interviews, a number of more detailed questions were developed in the main study interview. Furthermore, based on the heterogeneity of responses in the exploratory study, the main study was scoped to focus on just one industry, finance. The findings from the exploratory study are reported in chapter five.

The main study is based on interviews with twelve entrepreneurs who recently left management careers in the finance sector. The participants were identified through snowballing. There were three categories of questions: (1) career history, (2) social capital and (3) venture. As was the case in the exploratory study, the findings were transcribed and coded using Nvivo. The findings from the main study are reported in chapters six and seven.

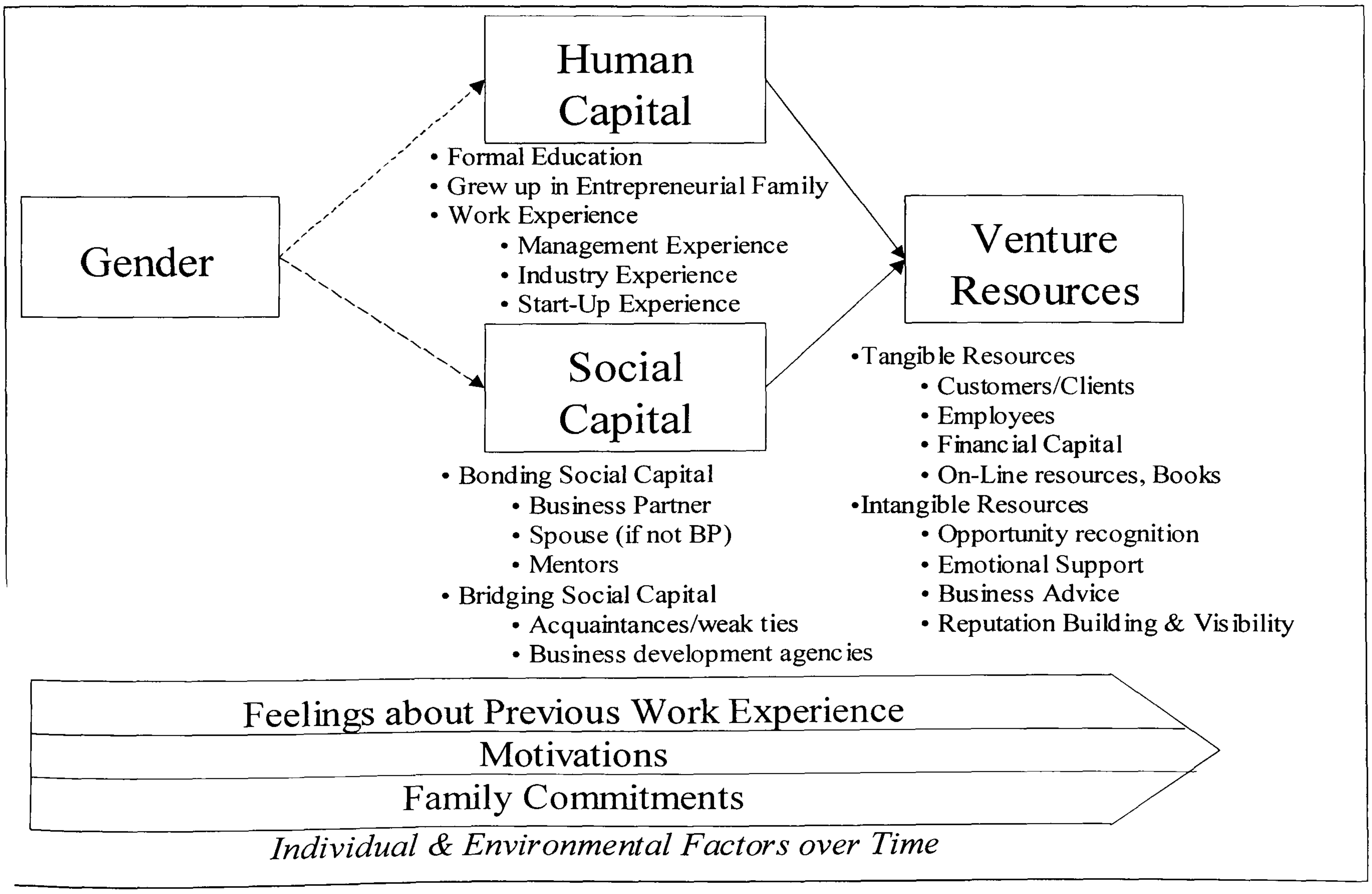
The exploratory study was based on responses to three inductive, in depth questions. The main study builds on findings from the pilot and is more deductive, with inductive loops. The nature of this research projects necessitated a qualitative approach in order to gather additional insights about the nature of the data. This approach is in contrast to the predominantly positivist and functionalist studies of entrepreneurship, but answers recent calls for qualitative methods.

CHAPTER 5: EXPLORATORY STUDY: EXPLORATORY INTERVIEW FINDINGS

This chapter provides an overview of the exploratory study and the findings. In addition to this chapter, the article marked "Addendum 1" to this thesis is entitled "Senior Women Managers' Transitions to Entrepreneurship: Leveraging Embedded Career Capital" and is based on the exploratory studies of the six women, plus four additional women. It appears in Volume 10, Issue 3 of the peer-reviewed careers journal, *Career Development International* (Terjesen, 2005).

As described in section 4.4.4, the model of the exploratory study transcription and coding is depicted in Figure 5.1.

Figure 5.1: Model of Exploratory Study Transcription & Coding



5.1 Demographics

The exploratory study was comprised of six men and six women, ranging in age from 30 to 58 with a median age of 39.9 years. The primary nationalities were British (8), Canadian (1), Hungarian (1) and American (2) though the Canadian and one of the Americans also held British passports. Business types are services (5) and retail products (1). The entrepreneurs' gender and age reflect UK averages (Reynolds, Bygrave & Autio, 2004), except the female sample which is actually an over-sample as women comprise only 13% of business owners in the UK and 25% of new business start-ups (Equal Opportunities Commission, 2005).

The names of the interviewees, their former employers and their new ventures have been disguised. See Table 5.1 for an overview the exploratory interview matched pairs and Table 5.2 for the interviewees' case studies.

Table 5.1: Exploratory Study Research Participants

Industry	Male	Female
Consumer Products	Mick Functional mineral water	Nancy Luxury retail brands
Medicine (Dentistry)	James Dentistry	Anna Dentistry – cosmetic
Management Consulting	Ray Shared Services consulting	Jennie Information systems consulting
HR/Recruiting	Barry Recruiting agency	Amy Recruiting/head-hunting agency
Personal Training/Physio	Erik Personal Trainer (Sports)	Sherry Sports & Remedial Massage
Financial Services	John Financial Services	Hannah Accounting & Financial Services

Table 5.2: Exploratory Interview Case Studies

Mick is a Hungarian-born, Swiss-educated thirty-year-old with experience at a half-dozen blue chip firms in Europe and the US. In October 2003, after finishing his MBA, Mick and his fiancèe Tina, a PhD student, started a company selling a bottled mineral water naturally fortified with vitamins and minerals.
Nancy is a forty-eight-year-old American woman whose last two corporate responsibilities were as the President of two of the world's largest retailers. After leaving in March 2003, Nancy started a luxury retail ventures group which buys and manages luxury European retail brands.
James started a dental practice in northern England in September 2002 together with his partner Lisa. Previously, James and Lisa worked for about six years each in private dental practices.
Anna started a cosmetic dentistry practice in northern England 2003. Previously, Anna was a dentist with the NHH in a poor community and started a private dental practice in 1996. Anna's two practices have over a dozen employees and have seen over 14,000 patients.
Ray left a niche consultancy in London in January 2003 and together with a female colleague co-founded a niche management consultancy. In his twenty-five year career, Ray worked for a number of consultancies and industry blue chips.
Jennie is a thirty-six-year old single mother who, in February 2004, left her career as a Senior Manager at a global management consultancy to start a technology consultancy specialising in implementation and project management. Jennie has a Biochemistry degree from Oxford and worked for seven years at another global consultancy.
Barry is CEO and founder of a Surrey-based recruiting agency specialising in recruitment for management consultancies and senior management positions. Previously, Barry worked in both consulting and industry. Barry is in his late fifties.
Amy started a recruiting company specialising in media companies in April 2004 after a 22 year career at a leading London-based recruitment agency. Amy is a single mother of two.
Erik is a twenty-nine-year old American who founded a personal training company in October 2003. Previously, Erik worked for seven years in management consultancy specialising in IT implementation.
Sherry is a forty-one-year-old sports and remedial massage therapist. She started her business in 2002 together with her husband Bill. Previously, Sherry held a number of different jobs, including bus driver and college lecturer.
John started a finance company with a friend of a work colleague in October 2003. John is a forty-year-old Canadian with Masters degrees from the London School of Economics and the London Business School, and extensive work experience at leading investment banks and start-up technology finance firms.
Hannah is a thirty-five-year-old American who left her multi-business employer with a redundancy package after an unattractive relocation package was offered. Hannah then started her firm which specialises in financial services for small and medium enterprises.

5.2 Human Capital

5.2.1. Formal Education

On the whole, the entrepreneurs in the sample all have a very high degree of human capital as measured by formal education. This was partly due to the identification of the entrepreneurs through the researcher's network of current and past academic institutions. All but one entrepreneur completed a university degree, and three earned Master's degrees. The finding that women were more likely to have liberal arts and humanities degrees is consistent with prior research (Hisrich & Brush, 1986). See Table 5.3.

Table 5.3: Highest Level of Education Completed

Highest Level of Education Completed	Male	Female
High School	-	Amy
Undergraduate	Barry (Business); James (Medicine)	Nancy (Humanities); Hannah (Philosophy); Jennie (Biology); Anna (Medicine)
Graduate	Ray (MBA); Mick (MBA); John (MBA)	-

5.2.2 Previous Work Experience

Table 5.4 summarises the sample's previous work experience. Findings are discussed below.

Table 5.4: Previous Work Experience

Work Experience	Male	Female
Number of Previous Employers		
One Employer	Erik	Amy; Anna; Hannah
More than One Employer	Mick; Ray; John; James; Barry	Jennie; Nancy; Sherry
Years of Work Experience		
5-9 yrs work experience	Erik; Mick; James	Anna
10-15 yrs work experience	-	Jennie; Hannah
15+ yrs work experience	John; Ray; Barry	Nancy; Amy
First Full-time Work Experience		
First job: Graduate Trainee	Erik; Ray; John ; James; Mick; Barry	Anna; Jennie
First job: Temporary Worker/Admin. Assistant	-	Amy; Hannah; Nancy; Sherry

Work Experience	Male	Female
Number of Different Industries		
One Industry	Erik; John ; James; Barry	Amy; Anna; Hannah; Jennie; Nancy
More than One Industry	Mick; Ray	Sherry

5.2.2.1 Number of Previous Employers

The sample is deliberately skewed to focus on more experienced managers who have left traditional organisations. Four entrepreneurs (one male and three females) reported having only one previous employer.

5.2.2.2 Years of Work Experience

Three men and one woman had less than ten years work experience. Two women had 10-15 years of experience, while three men and two women had over 15 years of work experience. There is no correlation between the number of years of work experience and the number of previous employers.

5.2.2.3 First Full-Time Work Experience

One of the advantages of qualitative research is the serendipity effect: that the researcher can obtain unexpected information. The sample of entrepreneurs was selected to capture those who had been managers in organisations. The researcher did not give much thought to what their first working position in the organisations might have been, perhaps assuming a graduate management trainee role. In fact, three entrepreneurs, all women, started their careers as temporary workers or administrative assistants and literally worked their way up from the reception desk to senior management. All three entrepreneurs mentioned the many jobs they held and the 'know how' they acquired as they worked their way up through organisations' ranks. Nancy shared her career journey,

> "While I was skiing, I got a job at [global retailer] in late 1981, working 18 hours a week. I started as a sales person in a $250M company and left 18 years later as the President of a $5.5B company. I did every single job in between and worked there until 1999."

From Hannah,

> "I got placed . . . as an administrative assistant in [Conglomerate] Treasury and Real Estate department while the normal person was on maternity leave. . . . after the person came back who I was covering for, I got offered a job in the Finance department of the communications company and I started there as an assistant. . . I started looking at what the people around me did. I found these people called financial analysts who spent most of their day building really complex excel systems. I didn't even know what they were. But because I had a proclivity with computers and it seemed very interesting, I started helping them out. I ended up telling our CFO that this was what I wanted to get into. Eventually he made me a junior financial analyst. I did a lot of on the job training. I didn't have any real financial background. I became a financial analyst and that led on to marketing analysis, business analysis. I moved throughout the division. Every time our owner wanted to start a new company which he did quite frequently, I would be on the team to create the business model and objectives for them. Now, with [own company], I help small business owners with financial analysis and business development."

5.2.2.4 Number of Different Industries

Industry experience here is defined as six or more months of full-time experience in a particular industry. Four of the men and five of the women had experience in just one industry.

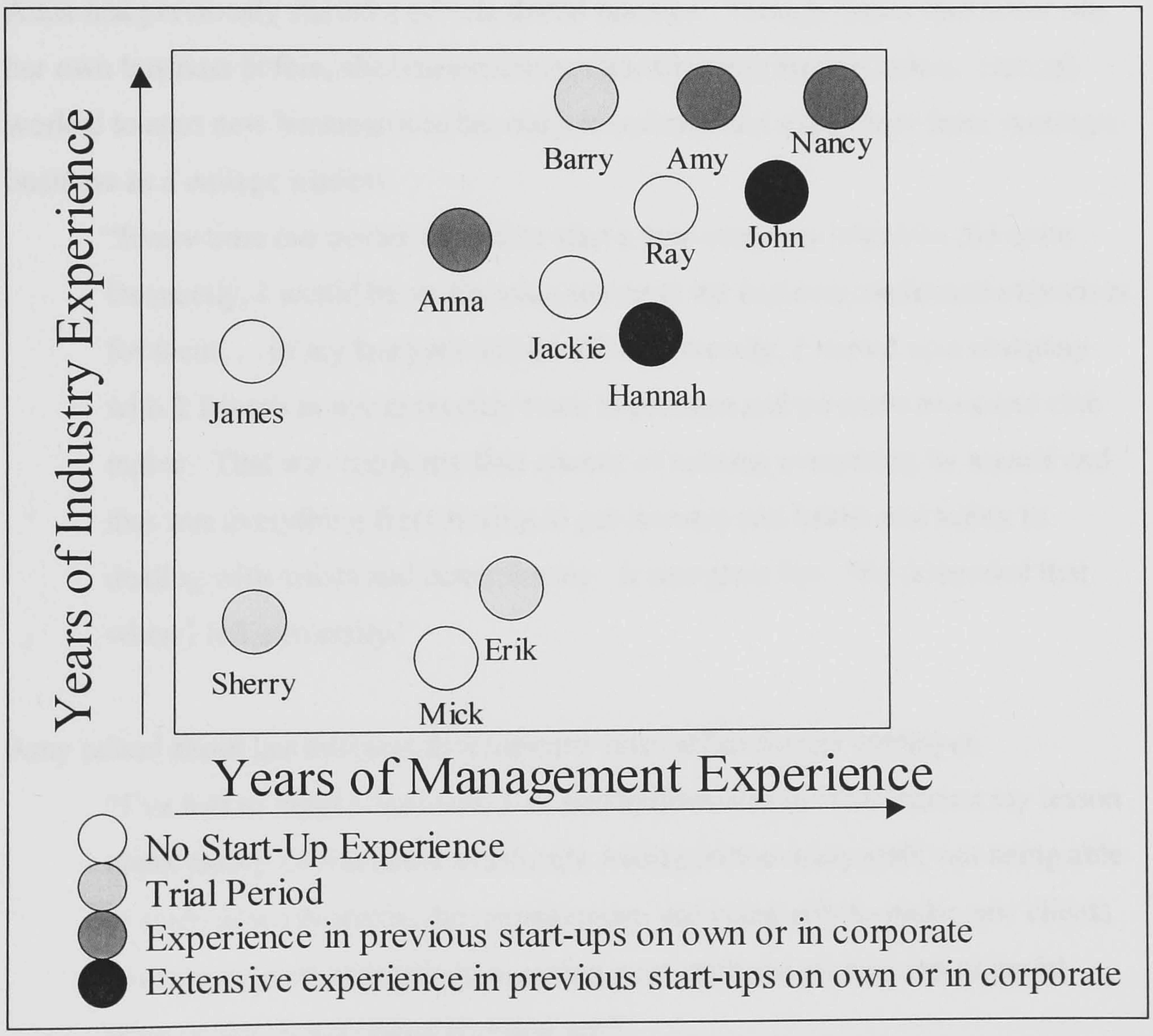
5.2.2.5 Industry, Start-Up & Management Experiences

Industry experience here refers to experience in the industry of the new venture. The sample is representative of prior research findings that entrepreneurs often start businesses after they have accumulated industry, start-up and management experience. Here the focus is on the individual's knowledge rather than networks of relationships which also emerged from these experiences. Experience type demographics are summarised in Table 5.5 and Figure 5.2 and described in the text below.

Table 5.5: Previous Industry, Start-up & Management Experience

Experience	Male	Female
Industry experience	Ray; James; John ; Barry	Jennie; Anna; Hannah; Amy; Nancy
Limited industry experience	Mick; Erik	Sherry
Start-up experience	John	Hannah; Nancy; Amy; Anna
Limited start-up experience	James; Barry; Erik; Mick; Ray	Sherry; Jennie
Management experience	Barry; Ray; Erik; Mick; John	Hannah; Jennie; Nancy; Amy; Anna
Limited management experience	James	Sherry

Figure 5.2: Years of Industry and Management Experience: Case Plot



5.2.2.6 Industry Experience

Nine entrepreneurs had industry experience specific to their new venture. This is consistent with findings that individuals tend to start new firms in industries in which they have previous experience (Romanelli, 1989). For example, Amy worked for more than two decades in the recruiting business. Barry also worked in strategy consulting before starting his niche recruiting firm which specialises in consulting. Hannah has worked in financial analysis for over a decade. Others only had industry experience as a client or customer. With the new venture, each entrepreneur seemed to approach his/her industry from a slightly different angle. For example, Nancy was no longer the CEO of a retail firm, but buying up and managing retail firms.

5.2.2.7 Start-Up Experience

Some entrepreneurs had prior start-up experience in their former organisations or on their own. Start-up experience ranged from a small company established while a student at university to large scale business development inside a corporate firm. Anna had previously started a private dental practice. Though Nancy had never run her own business before, she had experience transforming large retailers. Hannah worked to start new businesses in her old job and also had experience from starting a business as a college student,

> "Every time our owner wanted to start a new company which he did quite frequently, I would be on the team to create the business model and objectives for them. . . In my last year and a half of university, I started up a company with 2 friends in my university town to produce and promote raves and club nights. That was really my first chance of running everything by myself and that was everything from having to get licenses and health and safety to dealing with artists and ticket money. It was great fun. We disbanded that when I left university."

Amy talked about her business development roles at her former employer,

> "I've had to build a business; I've had to downsize it. I've learned my lesson about taking on too many overheads, taking on too many staff, not being able to scale down properly, the management, not being able to make new clients because you are in meetings manning your staff and all that sort of awful balance that is a constant juggling act."

5.2.2.8 Trial Period of Entrepreneurship

Another interesting finding about career paths was that three entrepreneurs had a 'trial period' before starting their business. This 'trial period' is unique to the notion of an 'incubator' organisation in which an entrepreneur works before setting out on his/her own. Barry worked independently as a contractor after losing his job,

> "When I lost my job, I looked into some big corporate jobs as alternatives. They were interesting but not interesting enough. The ones that were interesting to me weren't interested in me. The prospect of doing something entrepreneurial was a clear alternative. . . I picked up a big consulting piece working for one of the big PLCs in the UK and it lasted for maybe two years. It was during this time that I began to think a lot about whether or not corporate security was critical to me at that stage of my life or whether or not the entrepreneurial reward would be of more interest."

Also Erik,

> "I got certified as a personal trainer for my own benefit. Then I realised that a couple of friends would ask me to train. So I got some part time work on the side at a gym. It only lasted a few months because I really hated the way that gym ran their business. The trainers were actually hurting clients with what they were prescribing. I also really didn't like the management. They had this used cars approach to getting clients in but then not taking care of them. So I left there. I ultimately started looking at personal training and my own business. I started my business on the side of my consulting career and then six months later I got tired of the travel and wanted to see if I could make this a career."

And Sherry,

> "Because I was working part-time as a lecturer, I could set up a part-time business. . . In March 2002, I was selected for a full-time endurance competition, so I had to leave the lecturing and could only do the massage."

5.2.2.9 Management Experience

Ten entrepreneurs had prior management experience. Three were board members: Nancy, John and Barry. Others had run large parts of an organisation, including Amy and Ray. Some had run project teams—such as Jennie and Erik.

An emerging strand of entrepreneurship research focuses on the role of social skills and behaviour in facilitating venture start-up and success (Baron & Markman, 2003). The entrepreneurs talked about what they learned from management. For example, Mick,

> "From the time that I was 20 years old, I was already going to see CEOs of business units within ABB and whatever. So I got used to talking to these kinds of people. And now when I go to see a customer, I behave very differently than I would without having had the experience working in all of these companies. So that is a key point."

5.2.3 Family Experiences

Individuals are socialised in family settings and this process shapes an individual's aspirations and career preferences (Bandura, 1977). Entrepreneurs have been found to be more likely to have entrepreneurial parents (Hisrich & Brush, 1986). This is particularly true for women entrepreneurs who are likely to have at least one close member of their family who runs a business (Ducheneaut, 1997). Three entrepreneurs spoke about their entrepreneurial parents as role models, albeit in different industries. In two of the three cases of an entrepreneurial parent, the father was the role model. One woman noted that her family was quite business-oriented; and the remaining eight (including all but one of the men) did not mention any role of family upbringing. Again, the main study should ask questions about the entrepreneur's family. See Table 5.6.

Table 5.6: Family Background

Entrepreneurial Family	Male	Female
Entrepreneurial Family	Erik - father	Anna - father; Hannah - mother
Business-oriented (but not entrepreneurial) Family	-	Amy - father
No Family mentioned	Barry; Ray; James; John; Mick	Jennie; Sherry; Nancy

Anna speaks of her father,

> "My father is a farmer and an entrepreneur who bought and sold animals. I remember going around with him, and thinking that was what I wanted to do. But then I got into dentistry and I didn't realise that you could be an entrepreneur and be a dentist until I got my own business-- then it became apparent that you can be."

From Erik,

> "My Dad owns his own business selling insurance. I remember the lifestyle growing up. Dad was able to take off and watch our sporting events. We could have family vacations when we wanted. He had the control to get more out of life than work and work. I thought, if I can make this work on my own, that would be great."

Hannah was inspired by her mother,

> "Growing up my mother when I was about 10 or 11 years old went back to night school to get her Master's degree in order to take over a very small non profit business and turn it into a much bigger business. She had always worked in social care-- nonprofit, houses, anything with the workforce, also very disabled people both mentally and physically. I had watched her take things over and start the business. She had about five employees when she started and now has about 200. She is now in the midst of a slow retirement process. I had always seen her do it. Although it was difficult, she always got a lot of joy out of it."

Entrepreneurial family upbringing has historically been classified as 'human capital' however these relationships also have social capital components.

5.3 Social Capital

5.3.1 Bonding Social Capital

There is no consistent definition or operationalisation of social capital in the entrepreneurship literature. As described earlier, social capital can be broadly classified as either 'bonding' in which the value is derived from the actors' internal characteristics or 'bridging' in which the value emerges from occupying and exploiting a critical position in a network (Adler & Kwon, 2002).

5.3.1.1 Partners

New ventures are often started by groups of two, three, four or five individuals (Ruef, Aldrich & Carter, 2003). Only five individuals started businesses on their own. Three entrepreneurs started the business with their spouse or partner. One entrepreneur brought her brother in as a partner. Another three entrepreneurs partnered with former work colleagues or acquaintances. Baumol (2002) has said that studying entrepreneurship without the venture partners is like studying Shakespeare without studying Hamlet. This researcher offers another analogy— perhaps studying an entrepreneur without the cofounder is a bit like studying Romeo *without Juliet.* The phenomenon of venture partnering is also examined in Jarvis (1999), a Cranfield PhD dissertation exploring two-person entrepreneurial partnerships which have been in business five or more years and the link between the entrepreneurs' relationships and venture success.

Table 5.7 summarises the entrepreneurs' partnerships. The bold M and F letters denote gender of venture team composition, beginning with the lead entrepreneur. This analysis reveals not six females and six males, but nine females and twelve males. Gender homophily has been found to exist in founding entrepreneurial teams, although all-male teams are more common than all-female teams and solo-female are more common than solo-male enterprises (Ruef, Aldrich & Carter, 2003). Women may initially endeavor to identify other women as partners, however when they cannot identify these women, they may become solo entrepreneurs or bring heterogeneous partners onto the venture team (Terjesen & Shay, 2005).

Table 5.7: Entrepreneurial Partnerships

Sole Entrepreneur (5)	Entrepreneur w/ Spouse/Partner/Family 'Copreneurship' (4)	Entrepreneur with Partner(s) who are not Spouses (3)
Hannah; Financial & Accounting services; **F** Jennie; Consulting - Information systems; **F** Erik; Personal Trainer **M** Anna; Dentistry – cosmetic **F** Barry; Recruiting **M**	Mick; Mineral water; Partner: Fiancé Tina **MF** James; Dentistry; Partner: Partner Lisa **MF** Sherry; Remedial & Sports Massage; Partner: Husband Bill **FM** Amy; recruiting; Partner: brother **FM**	Nancy; Luxury retail brands; Partners: contacts from former work: Mark, Jim, Phillip **FMMM** Ray; Consulting - Shared Services; Partner: former work colleague Anne **MF** John; Financial Services; Partner: former work colleague Paul **MM**

Choice of Partner(s): Genesis & Relationship Types

Svejenova and Alvarez (2004) classify the genesis of a partnership dyad as based on either affective or working relationships. Affective relationships include spouse/partners, close and extended family. The phenomenon of spouses/partners as venture co-founders has been described as 'copreneurship' (Marshack, 1994). Affective ties can also exist among non-spouse/partner kin. Still other entrepreneurial partners are identified through working relationships. The seven entrepreneurial partnerships in the sample can be organised according to a typology of genesis and roles put forward by Svejenova & Alvarez (2004). See Figure 5.3.

Figure 5.3: Partner Typology by Genesis and Roles

Roles	Working (Genesis)	Affective (Genesis)
Complementary	***Ray & Anne*** ***Nancy & Mark, Jim & Phillip***	Amy & brother *Mick* & fiancé Tina
Interchangeable	***John & Paul***	**James & partner Laura** Sherry & husband Bill

Italicised = Same Industry Experience
Bold = Management Experience
Underlined = Start-Up Experience

Previous Work Experiences

The italicised names indicate those individuals who have experience in the same industry as the new venture and met current venture partners during this previous industry experience. In fact, all of the partnership ties were developed during previous industry experience. Only half of the four affective genesis partnerships have industry experience. The bolded names indicate those individuals with management experience. Again, all members of the three working genesis partnerships have management experience, compared with only half of the four affective genesis partnerships. Finally, underlined names indicate individuals with start-up experience. Here, only two of the working genesis partnerships have start-up experience. Again, half of the four affective genesis partnerships include at least one partner with start up experience.

Working or Affective Genesis

Some partners had strong affective ties as siblings (Amy) or more commonly, as partners/spouses (James, Sherry, Mick). Other ties were work related and based on trust, but not affective trust, for example John and Ray. Another dimension of genesis is examining the length of the relationship. Partners with affective ties have generally known one another a very long period of time, e.g. growing up together as siblings. Working-genesis ties were much shorter in duration.

Degree of Role Complementarity

The extent of role interchangeability also varied across partnerships. For example, Amy and her brother did not have interchangeable roles: she managed the recruiting while he managed the finances. Ray and Anne initially hoped to be interchangeable partners on one another's projects but ultimately their competencies were in two different areas.

Ownership & Time Commitment

In the exploratory sample, the lead entrepreneur held the majority ownership stake and devotes the most time to the fledgling enterprise. An exception (not in this sample) could be those firms which are heavily funded by equity capital where a part of the business is owned by VCs. A gendered analysis reveals that the two woman-lead partnerships tended to have male partners who were neither equity partners nor involved in the day-to-day business. For example, Amy's brother was the Finance Director and worked on the business at the weekends on the side of another job. Sherry's husband was initially supposed to be the full-time employee but she ended up running the entire business. Two of the equally-led male-female partnerships tended to have men who took the more lead role in the business. For example, Mick and Tina had equal shares in the business but he ran most of the daily enterprise. Ray and Anne had equal shares, but Ray led with business development.

Partner Selection

Two partnerships were motivated by unpleasant experiences in the organisation working under other sets of partners in which things did not seem equal and in which they did not feel that they could place complete trust. In their new ventures, these individuals sought partnerships with individuals whom they deeply trusted. Trust is defined as the degree to which parties are willing to act on the words, actions and decisions of others (McAllister, 1995).

For example, Amy,

> "Last year I went to my MD who is now in his 50s. I had been their most loyal employee for years. . . it has been a 60/40 relationship or even 70/30. Seventy has gone to them because I gave them the best years of my life. I made them shed-loads of money. . . They used to wheel me out all the time, 'This is Amy. She has been here for 15 years. She is our golden girl.' Although I got a lot back out of it, you always have to look at your life and think, 'Okay, now, who is actually the slave to who?' In the last two years, I really felt like I was their slave and I felt really trapped. I needed to get out."

Ray also expressed a feeling of dissatisfaction with previous partnerships,

> "I left to join [previous employer] because I had some good mates from ICI who had set it up. I set up a service capability which was a new space. I joined and added a lot of value and I got other people to join me. I became they guy in charge of the sales process and became the CEO. I was the anointed child. It was great until all the projects except mine stopped. Then we had six CEOs, not one. Four CEOs owned shares and two didn't, so it was clear who was going to have to leave. I jumped before I was shot and set up with Anne."

Solo Entrepreneurs

Two of the solo founders were single at the time of business founding: Erik and Jennie. Two of the three entrepreneurs who did not involve their spouses talked about why they started on their own. Dentist Anna resisted her husband's desire to be part of the business,

> "Initially, my husband wanted to be involved and he really wanted to go one way. I said, 'I'm going to sack you. I want you to know that I am going to do my own thing.' Because my father is a small time entrepreneur, I still tell him about things for the fun of it. He was much less risk averse than me. For example, recently I wanted to buy a building but my husband and my practice manager were against it, so I didn't buy it. But, next time, I think that I'll just go for it."

Hannah talked about why she doesn't have a partner from a role perspective,

> "I didn't have a [business] partner because that person would have needed to have complementary skills. My big weakness is sales and marketing. I am a back office person. That is what my business does. There is no one really who would be a good sales and marketing person whom I would also want to go into business with. A partnership wasn't an option, but perhaps it would be in the future."

Although these individuals did not have bonding social capital in the form of partners, they did have other types of social capital. Founding partners can be seen in terms of the bonding capital they share (as above) and also the bridging capital they access by leverage through others' human capital and social capital.

5.3.1.2 Mentors

Seven entrepreneurs mentioned mentors. See Table 5.8.

Table 5.8: Mentor Social Capital

Mentor Social Capital	Male	Female
Mentors - Working	Erik –male club manager Barry –male former boss Mick – male consulting partner James – male dentist	Sherry –male and female friends who ran businesses
Mentors – Affective	--	Anna – father and to a lesser extent, her husband Amy – father before he passed away
No Mentor Mentioned	John; Ray B	Jennie; Hannah; Nancy

Both of the male solo founders spoke of mentors, however only one of the three solo founder females mentioned a mentor. (Again, a major weakness of these findings is that a specific question such as 'Do you have a mentor?' was not asked in the exploratory interviews.) Mentors could also be broadly characterised as emerging from either an affective or a working relationship.

For example Barry,

> "An old mentor of mine whom I talked to about whether I should be looking for another corporate job or if I should be going for my own thing. I had been pretty successful over the last couple of years with the consulting I had been doing. And he made a really interesting point which I often reflect on and pass on to others who are going through this."

Meanwhile, Erik was mentored by a club owner,

> "The club owner has been really great to me. Basically, he walked me through his process and his steps, how he went from training to opening up his studio--everything from financial to client generation to marketing: club set-up, financials, expenses and income."

Four males sought male mentors from working relationships. Interestingly, two of these men were the only male solo-entrepreneurs. Meanwhile, the women who reported mentors had predominantly affective ties to these individuals, who were also mostly male.

Sherry and Anna spoke of having more than one mentor. In her research on mentoring at work in traditional organisations, Kram (1985) proposed that an individual does not seek mentoring support from just one single person but from a 'constellation' of developmental relationship including colleagues, friends and family. Higgins and Thomas (2001) expanded on this work by distinguishing between a primary developmental relationship with one individual and then a 'constellation' or the entire set of an individual's developmental relationships and the effects of relationship status and organisational affiliation on career outcomes. Mentoring and helping behaviour isn't always helpful (Higgins, 2001).

5.3.2 Bridging Social Capital

Another broad classification of social capital is 'bridging' through, for example, weak ties. All twelve entrepreneurs spoke of such connections which could be classified as bridging social capital. (Again, a weakness here is that specific questions such as 'What is your network' and 'How do you use your network?' were not asked during the exploratory interviews.) Bridging involved maintaining contacts or activating new social networks with both working and affective genesis. See Table 5.9.

Table 5.9: Bridging Social Capital

Bridging Social Capital Activities	Male	Female
Bridging - Working	Ray – previous consulting colleagues; previous clients Barry – previous consulting colleagues; previous clients John – previous clients Mick – (University) Business School John – some previous clients	Jennie – previous consulting colleagues; previous clients Amy – previous clients Nancy – industry organisations Anna – cosmetic dentist in NYC Hannah – previous clients; Aurora female entrepreneurs Sherry – sports associations
Bridging - Affective	Erik – former consulting firm networks	Amy – social clubs Nancy – volunteer opportunities Sherry – athletics club
Business Development Agency	James – British Dental Association	Anna – British Dental Association

Acquaintance/Weak Ties

Mick talks about how he has tried to optimise his (University) Business School contacts in London,

> "What is extremely important is actually the network of (University) alumni. For example, one of the Managing Directors of (national grocery chain) responsible for merchandising is an alumnus of (University) Business School. In the middle of December, I called her and we talked to each other for an hour."

Ray emphasised how important he felt social networks were for the business,

> "One of the things I am doing at the firm is to map your networks. This starts with the network of people you have worked with. At each of the firms I worked is a line guy and I try to maintain this relationship."

Business Development Agencies

Three entrepreneurs accessed business development agencies. Hannah contacted the Business Link office and the two dentists contacted the British Dental Association

(BDA). Interestingly, all three of these entrepreneurs reported that they did find this interaction useful. For example, Anna said, "When we set up the cosmetic dentistry business, we did go to some BDA meetings, lectures and so forth. But we didn't find it of any use. But, at the beginning, we had a lot of time so we tried different things."

5.4 Venture Resources

In the literature, resources have been defined in various ways. Here the distinction between tangible and intangible resources is made, and elaborated with case examples. These findings are explorative, and include interviewees' reporting of links between resources and capital.[9] Figure 5.4 depicts a sample of the findings.

5.4.1 Tangible Resources

Customers/Clients

Economic ventures are created to serve customers; the entrepreneurs spoke of the importance of attracting this critical resource. Customers were identified and sought through leveraging of networks from previous work experience and also friendships.[10] For example, Ray talks about how he uses his network of former colleagues to attract new business,

> "As a consultant, there are a network of people whom I have sold to-- people who have bought me before and might buy me again. There are also some associates who might buy from me, like [former employer] who still have reunion dinners ten years later and I go to those. Other networks are purely social. As an entrepreneur, the tough part to think about is, 'Where is your boundary line when selling? How brave do you need to be?' You can start up without cash, but the only people who buy small consultants are those who know you already. You live or die by that network."

Meanwhile, Amy's friends sometimes bring her clients. She describes how a friendly birthday led to a new client,

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[9] Again, a specific question about where resources came from was not asked, but sometimes emerged in the interviews.

[10] Due to non-compete agreements, some entrepreneurs starting a business in an area to which they were new could *not* actually legally contact the old work network.

"The other thing that I did- quite a clever thing actually—I had a 40^{th} birthday party in January and I didn't invite any clients because I don't mix my personal with my business life, but most of my friends—the men, they run their own businesses or they are quite senior in businesses; and if the girls work, they are quite senior and if they don't work, they are prolific networkers. . . I did a speech and it was very light-hearted speech about stuff. But right at the end, I said, 'I have got a very small announcement to make because some of you will realize that I am going to be having another baby. . . and it is going to be born March. . . And if you come and speak to me later on, I can share. . . I might be even able to tell you its name. But, really, you are going to have to wait until March to find out.' So, I left them all hanging there. Someone said, 'Oh, she is going to start her own business.' So, there was a sort of little 'shhhh' going round because again, I couldn't say anything because I wasn't allowed to say anything. So that actually worked hugely to my favour because the clients then rang this friend."

Employees

Employees are also a key resource for business however the sample was early stage entrepreneurs whose businesses are almost, by definition, formative, small and without employees. The exception is Anna who estimates that she hires a new employee every 6-7 weeks. Anna did not describe how she found new employees.

Financial Capital

The entrepreneurs also acquired financing for their business. Some businesses, due to their service nature, didn't require any start-up capital such as Sherry's massage business. Some entrepreneurs borrowed from their personal finances while others acquired financing through social capital, e.g. from partners, family and friends.

On-line resources/Books

Some entrepreneurs used resources such as books, websites and market research to ascertain the viability of these businesses. It appears that women, especially those with less than 20 years of work experience, felt that they needed to really look at all the resources before they felt comfortable 'jumping ship'. The entrepreneurs did not mention how they became aware of these resources. From Hannah,

> "I believe that the more planning the better. I probably over-plan. So I got just about every resource I could find. I did tons of secondary research on the internet. I went to every small business website I could find. . . I must have bought about 6 books about starting a business, some from the US, some from the UK. I even bought one about entrepreneurial quality and the types of problems that entrepreneurs can run into and the ways to prepare yourself for it. I made sure that every Sunday I got the business section of the *Times* because they always highlighted the small businesses and the problems they were having. I am quite a little bit crazy about stuff like that. I can think up very few resources that I didn't use. I ended up getting free evaluation packages of all the accounting packages that I wanted to use."

5.4.2 Intangible Resources

Opportunity Recognition

The first step in establishing one's own firm is often opportunity recognition. Entrepreneurs identified opportunities through an iterative process involving inspiration from own experience and sometimes also through bonding and bridging social capital. Nancy credits her work experience for identifying her new business opportunity, "I asked myself, 'How creative is British retail?' I wanted to leverage the brands and put together a collection of brands." Mick recalled his own iterative experience,

> "How I came to this idea is just through iterations. . . The apartment where I was living was right next to a Wholefoods supermarket. I always went to shop there because it was next door and it was good quality. . . was really cool to have freeze dried fruit. . . When I was at a German food fair, I felt that there might be even a bigger opportunity than freeze dried fruit. I though frozen organic ready meals. . . then I realised that this was not going to be huge because in the [UK] supermarkets there are no freezer cabinets but there are chillers, so I thought that I want to do chilled ready meals. . . So then I figured that actually what I want to have is some wholesome food. Then I realised that I could produce all this wholesome-ness in a mueslix bar. . . in order to

increase my sales, I wanted to market this nutrition bar attached to a bottle of beverage. Then people would just go to the store and grab a bottle and they wouldn't only have a bottle but a whole lunch in their hands. . . I was starting to look for bottling companies and at the same time I was looking for companies that would produce the nutrition bar. At the end, it would have been an investment of almost a million euros to change the production equipment of a plant so I didn't want to invest that much money, didn't have that much money. So I was stuck with basically the water."

Other entrepreneurs identified new opportunities through social interactions with bonding or bridging ties. For example, Anna reported both,

> "when I was at university, a friend of mine had very grey teeth and she never smiled so we did some veneers on her which really sort of changed her life because she was smiling all the time. The veneers never looked amazing, though they were much better than what she had. But I was 'oh gosh, we have got to learn how to do that.' Then we redid her veneers again and I thought that I don't want to stop doing veneers—I want to do them so that they look better. I went to seminar held by an American for the whole day. I saw porcelain teeth and I thought that they looked much better than the veneers. And I had never seen that in the UK before. And so, I was determined. And that was the next goal. And that is why we developed the cosmetic dentistry practice."

Emotional Support

Throughout the venture process, entrepreneurs, particularly the women, mentioned the need for emotional support. They often sought this support from close ties. For example, Hannah said, "It was tough at the beginning. My mom really kept me going."

Business Advice

Entrepreneurs also sought advice in starting and growing their ventures from both bonding and bridging social ties.

Mick's mentor provided business advice,

> "One of the Olympic athletes is a partner at [a leading strategy consultancy]. He has been acting like a VC but without the pressure. Since he is London, we discuss a lot. If there is a major decision in the business, I discuss this with him. He always tells me that I need to do this kind of research, you should really think about this, you shouldn't do that—and I normally follow his advice. But actually, I follow it all the time. But it's by my personal decision. It's not someone telling me—either you do this or you are fired. These kinds of contacts are experience important because basically I have no experience starting businesses. And these people give me a lot."

Other entrepreneurs contacted bridging ties for business advice. For example, Anna recalls her first meeting with her accountant,

> "I was very, very embarrassed because I said, 'I am not sure that I can [start a business] because I don't want to tell you this but I've got an overdraft.' Looking back now, it was hilarious, but at the time it was just like such a big move. He said, 'That's no problem.' Really, what he wanted us to do was to get all second-hand equipment so that we could start earning money and then we actually buy. So, we didn't have any big loans at all."

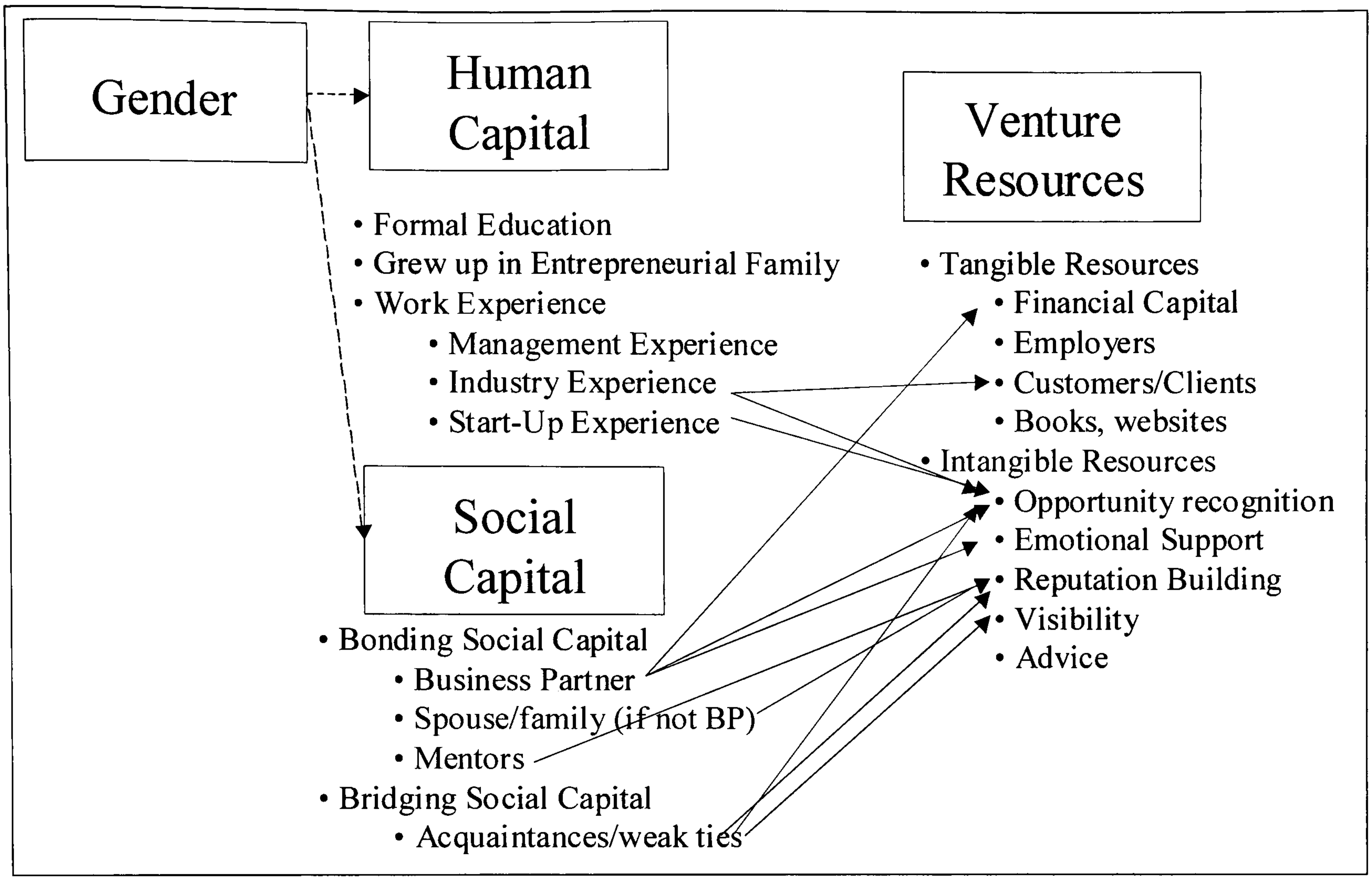
Visibility & Reputation Building

Entrepreneurs reported a need to build their reputation and be visible. They used their bridging networks to establish visibility. Ray talks about his conference circuit and research work,

> "Then there is a slightly more out there network, such as the conference circuit. I was just in Amsterdam speaking at a conference. Another network is publishing research. It is critical to have a network in order to sell work. I can't be bought by anyone who doesn't know me."

Mick used bridging ties to university alumni to identify Olympic champions who endorse his products and provide legitimacy, "Two of these Olympic champions [who appear on the water bottles] are HBS alumni. Just by typing 'Olympic Champion' and '[Name] Business School' into Google, gives you a lot of contacts. And through them, I got the other three."

Figure 5.4: Exploratory Study: Map of Findings



Note: This diagram is illustrative only and does not contain all of the relationships.

5.5 Feelings about Prior Work Experience

Feelings about Previous Work Experience: Positives and Negatives

One of the wonderful aspects of qualitative research is the ability to probe beneath the basic demographic reporting on career history or "syntax" (Bird, 1994) to find out how the entrepreneurs perceived their work experience, e.g. the semantic (Bird, 1994). All entrepreneurs acknowledge at least one downside to previous work experience, but also relayed positive corporate experiences such as job security, learning new skills, 'business class' plane tickets, stays in nice hotels, and the chance to work in a number of different areas and often in different countries. Negative experiences were dominated by a lack of control of one's career, including career security, work scope, and future prospects. The interviewees volunteered these comments while talking about their career history, but no specific question was asked, e.g. 'How do you feel about your career to date, work experience, or previous employers' of all interviewees.

5.5.1 Positives

Barry talks about the "seductive" appeal of corporate life:

> "Corporate life is very seductive because there are huge amounts of security in the future. You can always look forward to a paycheck, you can always look forward to a pension payment. You can always look forward to holidays being paid. And even if things go wrong, redundancy checks. There was always security in the future and during the family formative years, that is an issue that is quite seductive."

Nancy compared her corporate experiences to starting her own venture,

> "If you want a Blackberry [PDA/phone] [while working for a corporation], you just ordered one from the company. Here [as entrepreneur] you have to go out and buy it yourself. There are a lot of resources in big business. They give you a plane, but they expect you to be on it 250 days a year."

Mick recalls similar experiences,

"especially when I was working for McKinsey, I really kind of liked the lifestyle. I was flying business class and I was sleeping in the best hotels in the world. I was going everywhere by taxi. I was earning a lot of money."

5.5.2 Negatives

Much of the negative feeling was expressed about loss of individual control over time, pay, work type and location. For example, Ray,

> "I joined a paper company that was a part of British American Tobacco as a graduate trainee and I trained as an accountant in industry and had a number of roles. That was in Kent. It was then sold to an American firm and the last thing that they wanted was for me to develop my career."

Ray also used a lot of language about his career that made it sound as if he was going through a jungle—he 'jumped before he got shot' from one firm and as a "reward for surviving" at another firm, he was given a new challenge. Another survival theme in his interview, "Consulting works very differently from corporate. I went from being a big fish in medium pond to a very small fish in big pond. I survived for the first 6 months and then I was lucky to get seconded to start up outsourcing business."

Some of the negative experiences were also based on projections of what the future might have held, such as Anna's assessment of her experience working in a practice before and potentially after maternity leave:

> "I worked in Leeds from 1992 to 1996. I was part of an NHS practice. It was in a very lower, non-working class area in Leeds, very difficult practice to start with. It was interesting from a social point of view because we treated a lot of drug addicts and the lower end of the social classes. The majority of the patients were exempt from payment. And I think that I got quite-- what's the word—demoralised at that stage because there were people who didn't come in for their appointments. You would finish all the work, and then they would come in and they would have twice as much work that needed doing again and again. So, I wasn't completely sure what I wanted to do after that. . . I was going to go back to that practice after my maternity leave. But as I was sorting that out, I found out that they had not seen any of the children, so some of the

children wouldn't have been seen for about a year. And I would be responsible for it and not able to go out and get more money from the Dental Protection Society. They told me, at that point, it would be better if I didn't go back. I think, at that point, that I was quite weak in my mind in that I had never really contemplated setting up my own practice, or certainly not at that point. But, I think that it was a spring board."

Another interesting aspect about negative experiences is that in three cases (Barry, Hannah and Ray), the genesis of the negative experience was the acquisition of their employer by a larger company. These entrepreneurs reporting feeling lost and neglected in this much bigger corporate entity. All three took a voluntary or involuntary redundancy package.

5.6 Motivations to Start own Venture

The interviewees also discussed other motivations for entrepreneurship, in addition to the family commitments highlighted above. Broadly, key motivations emerged: need for change, need for control and passion for a particular industry. These findings are consistent with research indicating that women move to self employment due to entrepreneurial orientation, dissatisfaction with the organisation and the need for balance of personal and professional life (Mallon & Cohen, 2001). Studies of motivations for women to leave the corporate labour force to start their own firms reveal the following: Flexibility (51%), Glass ceiling (29%), Unhappy with work environment (28%) and Unchallenged (22%) (Mattis, 2000). Another study of Australian women with and without corporate experience found: Financial gain 19.7%, Fulfillment 18.3%, Independence 15.8%, Opportunity recognition 14.2%, Dissatisfaction with current employment 12.0%, Help husband 8.2%, Family 7.7%, Crisis 6.6%, Quality of life 5.5%, and Family Business 3.3% (Bennett & Dann, 2000). Vinnicombe and Bank (2003) summarise three main reasons for the growth of entrepreneurs as (1) pay inequalities (2) career frustration (e.g. glass ceilings), and (3) promise of flexibility from entrepreneurship.

Motivation categories were not exclusive, so that one who sought change may have also sought the ability to control own destiny, and one who sought change was passionate about the industry. While these motivations are very interesting and reveal much about the interviewees, I am cautious about using this as a principal focus. There is already a rich literature on the motivations of entrepreneurs which is interesting. What is more interesting may be how these motivations are related to other aspects of their entrepreneurship such as the social capital they developed in these industries in terms of bridging networks, bonding relationships, and own human capital.

5.6.1 Need for Change

Starting a new venture introduced change for all of the entrepreneurs, although some more markedly than others. Still others were motivated by a life change—a redundancy or otherwise. Sherry's change was particularly traumatic,

> "Three lads got on the bus [I was driving] one night and beat the life out of me. That gave me the kick start. I couldn't go back to work. I was on sick leave. I went back to college."

5.6.2 Need for Control

Another interesting observation about motivations is the entrepreneurs' expressed need for control over such things as work roles, promotions, location, time, salary and also family time. All of the entrepreneurs expressed the desire for control over one or more of these aspects. This finding is consistent with extant research.

An interesting finding is that the entrepreneurs' need for control may have emerged not just from work experience, but actually formed at a very young age. Several entrepreneurs talked about how they felt this desire for control from a young age. For example, Amy:

> "At nine years old, I was making speech and drama presentations. We learned that you could make a difference and be in control of you."

5.6.3 Passion for the Industry

All entrepreneurs appeared passionate about their work. One other interesting observation in this area which I have not read elsewhere is that passion can develop in an industry in which the entrepreneur has experience, or in an industry quite outside previous experience.

Some who were passionate about an industry had been part of this industry for years, even several decades, such as Amy in recruiting for media companies and Barry in recruiting for consulting agencies.

Anna talks about how once she found her passion in dentistry, she was motivated,

> "Then I went to dental school in 1987, did my dental degree which took four years and one term. That was quite turbulent because I wasn't completely sure what I wanted to do. I still wanted to do some charity work and then I was doing dentistry which I didn't have a major passion for at the time. It was the third year in dental school when I finally got into it. From that moment, I started enjoying it. So, it sort of all came together."

Two entrepreneurs, Erik the personal trainer and Sherry the masseur, had a hobby love for sports which they maintained alongside a career in an organisation before translating this passion into an entrepreneurial career.

5.7 Family Commitments

The entrepreneurs also talked about the role of family commitments in the decision to start a firm and also in the way to organise the venture. Existing entrepreneurship literature focuses on family commitments forcing individuals to undertake self-employment or start new ventures. While this phenomenon was evident in the interviews and described below, there was also the case of both a male and a female entrepreneur who stayed in corporate life because of these family commitments. Amy had three children to look after and her old employer offered her more flexibility than she could find elsewhere. Barry also had three children and during the "family formative" years the security of a corporate job was too 'seductive' to resist.

Family commitments did motivate some entrepreneurs to start their businesses. For example, Amy felt that her entrepreneurial activity could improve her children's future security,

> "In the year 2000, the company [I worked for] had made a lot of profit-- over £1M of profit and they decided not to pay out dividends. And as a minority shareholder, I had no say in that. So, it was a best year and there were no dividends. And I had been taking less out of the business in the short term to get more out in the longer term. And I just thought, 'Actually, I can't risk this. This is the children's education."

Sherry's deep commitment to her husband Bill who lacked the confidence to take the massage course on his own, led them both to taking the course and dreaming of setting up this business together,

> "I started the [massage] course to support my husband Bill. On New Year's Eve, three lads jumped onto Bill's bus and attacked him. So, he became lorry driver after that. He had one year when he had 5 different jobs. Just as soon as he started working for one company, it would fold, and so on. He [Bill] was made redundant a lot. He became very depressed after that. He [Bill] kept losing his jobs and thought maybe he could start a business as a sports masseur. Bill is not a very confident person. The idea was that he was the person who was going to do the business. I actually went with him because I didn't think it would do me any harm. We helped each other in the [sports massage] course, and we went to Birmingham to do it too."

Anna also talked about her family commitments which interrupted her work in an organisation and proved to be the hiatus before starting her own company, "But during that period [1992-6], I got married and had a baby."

Family commitments forced some entrepreneurs to work in different ways. For example, Amy talks about taking client calls from the US very late at night and working her own hours. Anna talks about using different resources, such as books when she is taking care of the children, "I am an avid reader and because I have three children, I am babysitting all the time and you tend to read a lot. So, that's my main thing. I would much rather, if I know that a good speaker is coming, I would rather buy all five of their books then spend a day listening to them talk about just two chapters. It's just much better for time and a lot cheaper. So, I read a lot of books if I can."

Finally, family commitments have also led to the reshaping of the business. For example, both Anna and James talk about their desire to have an entrepreneurial career which will enable them to take their families on holidays. From Anna,

"The goal now is. . . well, money isn't an issue any more, but it is nice to earn more money because that is part of the fun of being successful. But my goal is to work school hours and take all of the school holidays off with the children. I think I've virtually done that this year. I've worked about two weeks of all the school holidays."

Table 5.10: Family Commitments

Family Commitments	Male	Female
Family Commitment and stay in corporate	Barry	Amy
Family Commitment triggered venture start	-	Anna; Amy; Jennie; Sherry
Family Commitment impacts organisation of venture activities	James	Anna; Amy
No Family Commitments Mentioned	Ray; John ; Erik; Mick	Hannah; Nancy

As can be seen above, family commitments were more likely to trigger females to start their businesses and also impact their ways of organising venture activities, particularly from a time perspective.

5.8 Conclusions from the Exploratory Study and Research Directions for the Main Study

The exploratory study suggests a number of conclusions in terms of gender, industry, transferability of human capital and social capital from previous work, as well as family, business closures and venture resources. The findings and future research directions are summarised below.

5.8.1 Gender

This exploratory study incorporated a gendered approach to analysing human capital, social capital and access to venture resources. Women are socialised differently at work and develop human capital and social capital unique from their male colleagues (Ibarra, 1992; Ibarra, 1993). It is therefore not surprising to find gender differences in how women leverage past work experiences in the new venture. For example, the exploratory study found evidence of gender homophily in both bonding and bridging social capital. Men were more likely to have male partners, mentors and family role models. The main study will further unpack gender differences.

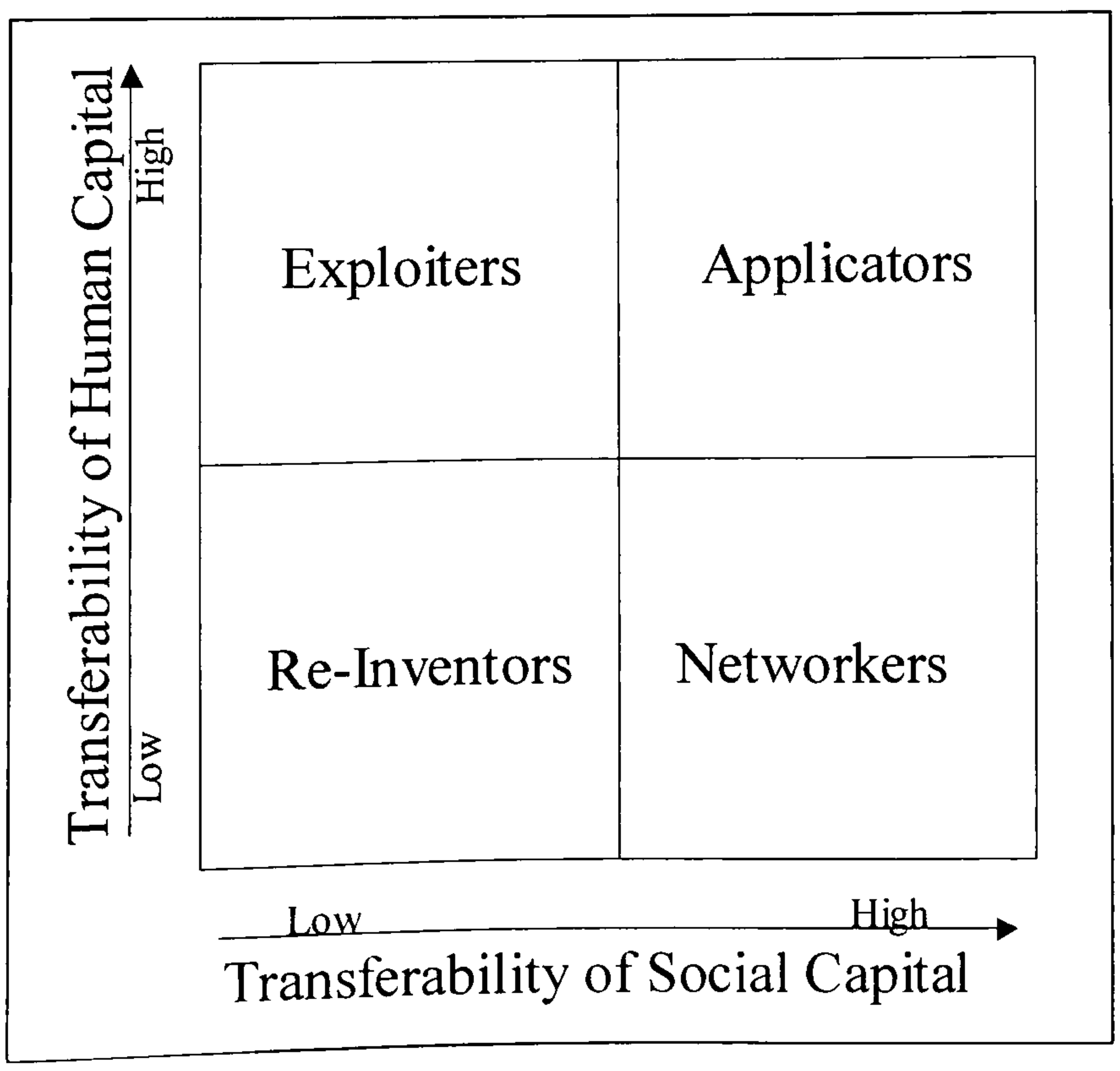
5.8.2 Industry

The exploratory interviews across six 'professional' industries revealed three main industry effects. First, entrepreneurs in service-related industries such as management consulting and financial services reported higher incidence of social capital, particular as used to attract clients. Second, all but two entrepreneurs had work experience in their industry. The other two had what could be described as "hobby" experience in the industry. This phenomenon is possible when managers transition to entrepreneurship in the fitness industry, however it is unlikely in dentistry or finance, e.g. there are no 'hobby' dentists or accountants. Third, some industry entrepreneurs' narrative generated more interesting case studies. For example, in the UK, there is a dearth of dental practices and new practices which are well-located tend to be successful. A qualified dentist interested in establishing his/her own practice begins by asking the BDA for a list of regional areas which have an urgent need for a new dental surgery. James described how just after he set up and before he advertised, he had queues of people lining up outside the practice and ringing up in the office to become new patients. Anna's private dental practice developed similarly. Going forward, the dentists do not represent a sample which is personally interesting or generalisable to other industries. Building on the work of Blair Loy (1999) and others, it could be interesting to examine individuals who have left corporate careers in financial services.

5.8.3 Transferable Human & Social Capital from Previous Work

On the theoretical side, the exploratory study confirmed the usefulness of the conceptual model (Figure 3.3) developed from the literature review. As described below, this conceptual model could also be considered the context of a typology of capital transfer. The typology includes the transferability of career competence from human capital (vertical axis) and the transferability of career competence in terms of social capital (horizontal axis). The first continuum, transferability of human capital, is defined as the relative portability of human capital from previous work experience to the new venture. Individuals with highly transferable human capital possess work competencies which are not organisationally bound, and which have been applied in the start-up phase of the new venture. Those with low transferability have leveraged skills and knowledge from outside past work experience, or built it anew. The second continuum, transferability of social capital, is defined as the portability of networks and relationships from previous work experience to the new venture. Again here, "high" describes those individuals who have successfully transferred previous work relationships to the new venture, while "low" refers to individuals who have leveraged or created non-previous-work relationships. This is depicted in Figure 5.5.

Figure 5.5: Typology of Transferability of Human Capital and Social Capital



The typology suggests the following four types of former corporate entrepreneurs: Applicators: Apply existing stocks of human capital and social capital; Networkers: Leverage networks and acquire new human capital; Exploiters: Acquire new social capital and leverage extant knowledge; and Re-inventors: Create new stocks of human capital and social capital. These ideas were further explored in the main study and a full typology can be found in Figure 7.1.

5.8.4 Family

Although entrepreneurs leveraged some form of human capital and social capital from previous work experiences, all of the entrepreneurs also mentioned the role of 'affective' ties—of non-work family and friends—as role models, mentors, and partners; as providing access to financial capital, business advice and clients; or as commitments around which to structure the venture. Going forward, it could be useful to ask all entrepreneurs about their family background connections to entrepreneurs, and include these aspects in my analysis.

5.8.5 Business Closures

Recent data from Business Information Tracking Series (BITS) found that 66% survive the first two years, 50% are still in business after four years and 40% are still around after six years (Headd, 2003). A separate study by Dun and Bradstreet found that, of small firms, 76% are still in business after two years, 47% after four years and 38% after six years (Phillips & Kirchhoff, 1989). These high degrees of closure were also found in the exploratory sample as two businesses, Ray's niche consultancy and Sherry's sports massage, were shut down within 3 months of the interview. Ray and his co-founder had a falling out about the future direction of the company and he left to take up a position in business development at another niche consultancy. His partner accepted a more permanent consultancy project inside a large corporate. Sherry has abandoned her business to return to school to start her Master's degree.

5.8.6 Venture Resources

The exploratory interviews focused on how entrepreneurs' human capital and social capital enable access to tangible and intangible venture resources. In the second review meeting the panel thought that this analysis was beyond the scope of the thesis. Therefore, going forward in the main study, there will be less emphasis on the link to resources.

5.9 Implications for Practitioners

There is a set of implications for both the individuals working in traditional organisations who are keen to start their own ventures and their employers who would like to retain these individuals. Entrepreneurs should consider how best to build and then leverage human capital and social capital from work and other experience. Organisations may wish to discourage individuals from leaving by offering them internal entrepreneurial opportunities or, if they decide to leave, by maintaining mutually beneficial "alumni" relationships.

5.10 Limitations

There are several limitations of the exploratory study. First, the twelve entrepreneurs constitute a non-random sample identified by the researcher. Second, the interviews consisted of three broad questions. Some entrepreneurs introduced ideas and experiences, such as mentoring, family and bridging networks, while others did not talk about these areas. Finally, this study was limited by a 'success' bias as entrepreneurs tended to report only the capital which transferred to their new ventures. These entrepreneurs undoubtedly had other human capital and social capital which they did not report because it was 'sticky' to old experiences and not transferable to the new business. The main study would benefit from asking more detailed questions of each entrepreneur.

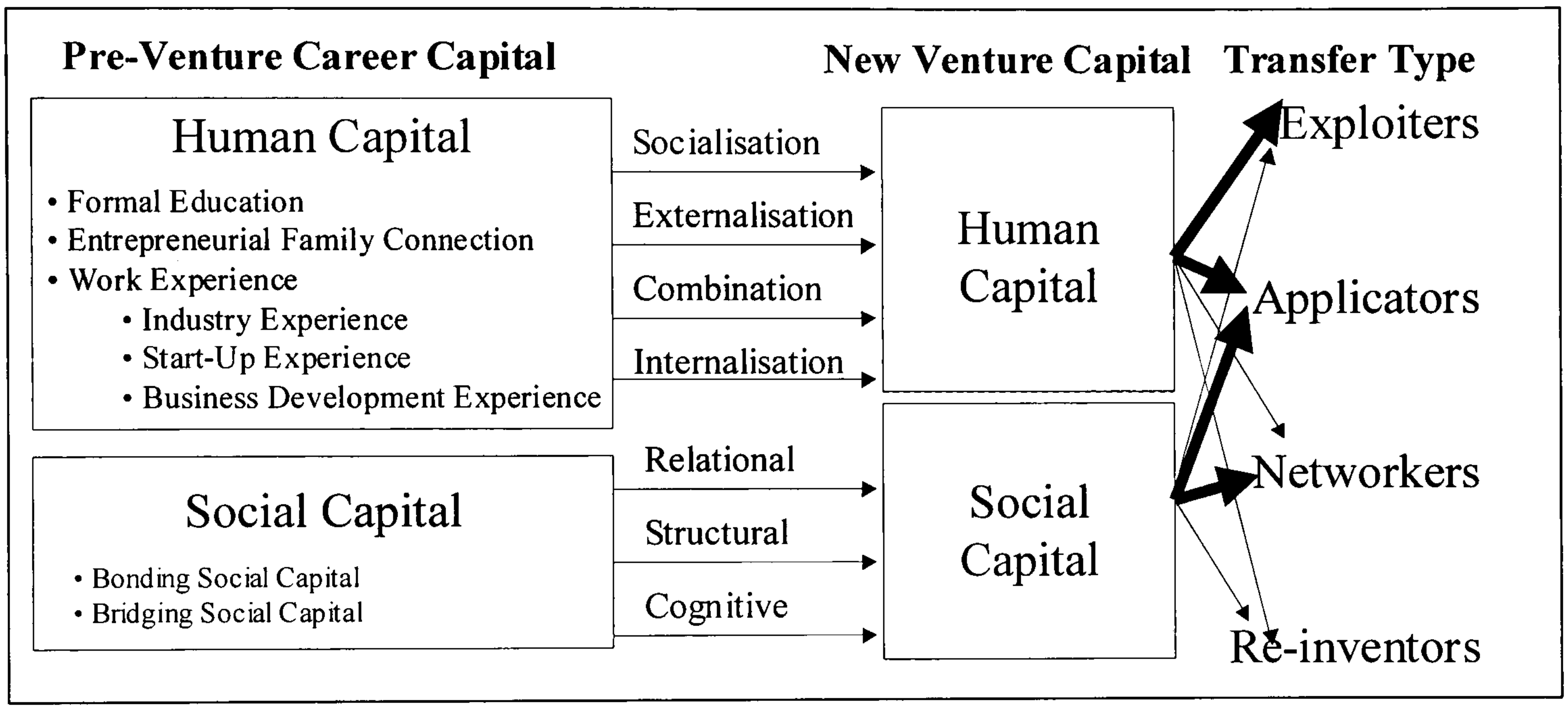
5.11 Learnings

One of the strengths of qualitative research is that it is able to answer the questions asked, and also those which were not originally asked. The broad questions received a wide range of answers. A second strength of qualitative research is the 'blank slate' capability. Trying to remain as free of theory and expectations as possible is a challenge of qualitative research (Wolcott, 1995) which I also encountered. I learned to transcribe the interviews as quickly as possible after the interview in order to remember the conversations and the really key areas of interest. Furthermore, the exploratory study helped me to become comfortable with the Nvivo software package. The interviews were initially conducted using a tape recorder. I then purchased a digital camera which has tape recording capability. This made the process much easier (no need to worry about finding an electrical outlet or flipping a tape over, etc) and also digitised the interviews. They are now stored on my laptop, where they were easy to transcribe and are now in the same folder as .wav files together with my transcripts.

CHAPTER 6: MAIN STUDY FINDINGS

This chapter reports the findings from the main study. The participants are profiled briefly below and the methodology has been provided in chapter four. Next, the main findings in terms of the interviewees' human capital and social capital are reported. The model of the main study transcription and coding is depicted in Figure 6.1. Chapter seven further explores a typology of the transferability of human capital and social capital from previous work experiences.

Figure 6.1: Model of Main Study Transcription and Coding



Note: Boldness of arrow denotes strength of transfer

6.1 Demographics

The main study was comprised of twelve male and twelve female entrepreneurs, ranging in age from 29 to 55 years with a mean age of approximately 40 years. The age of the main study entrepreneurs did not vary significantly from the entrepreneurs in the exploratory study. The primary nationalities were British (12), American (6), Russian (3), Canadian (2), and Icelandic (1) although two Canadians and two Americans also held British passports. The names of all of the participants, their previous employers and their ventures have been disguised. Unlike the exploratory study, the main study interviewees were not matched.

6.1.1 Main Study Participants

During the second review panel, it was suggested that the interviews be narrowed to individuals with experience in one industry. The choice of industry focus in the main study was motivated by a number for factors. First, some industries were less interesting for entrepreneurial growth. For example, a report by the British Dental Association (2002) on general dental practices revealed little variance in firm size, structure and growth. Secondly, some industries were characterised by great variance. For example, in my exploratory study, the two new ventures in the consumer products, the mineral water and the luxury brand firm, demonstrated greater variance. Finally, I was keen to study industries which were personally appealing. My two exploratory study interviews with finance professionals (Hannah and John) were among the most interesting, possibly because of past personal experience in the financial services industry. Additionally, I feel that this is an industry where I was able to gain access to individuals with relevant work experience who have become entrepreneurs. Finally, by keeping the industry sector constant, I felt that I would have more control over my interpretations of the data.

The main study participants were queried about their human capital and social capital from past experiences and how this was leveraged in the new venture. Again, the four research questions are:

- What is the human capital and social capital of entrepreneurs?
- How do entrepreneurs leverage human capital from previous experience?

- How do entrepreneurs leverage social capital from previous experience?
- Are there gender differences in the leveraging of human capital and social capital?

Table 6.1: Main Study Research Participants

Name	Age (years)	Venture Age (months)	Previous Management Role & Employer	New Venture Type
Males				
Nate	37	35	Commodities Trader, Conglomerate	B2C e-commerce retailer
Jerry	37	24	Researcher, Financial Services	Financial Services Brokerage
Paul	55	6	Vice President, FTSE 100 Bank	Financial Services Consultancy
Pete	42	30	Deputy Managing Director, Leasing	Leasing Consultancy
Chris	31	16	Financial Analyst, Insurance	High Technology Product
Rich	33	18	Financial Analyst, Utilities	Utilities
Bob	47	26	Vice President, Private Equity	Private Equity
Sergei	32	28	Analyst, FTSE 100 Bank	Financial Services Consulting
Mike	41	8	Senior Manager, Leasing	Fraud Protection & Leasing
Todd	62	29	CFO, Fortune 100 manufacturer	Private Equity
Harris	30	14	Analyst, Investment Bank	Financial Services Consultancy
Sam	54	2	Senior Manager, Leasing	Leasing Consultancy
Mean (Males)	*41.7 years*	*20.6 months*		
Females				
Jenna	36	35	Researcher, Financial Services Firm	Investment Brokerage
Pam	50	30	Junior, Accountancy	Accountancy
Dana	45	25	Credit Controller, Manufacturer	Business Networking Agency
Lynn	30	15	Financial Analyst, Manufacturer	Manufacturer
Lauren	54	3	Manager, Credit Card Services, Bank	Change Management Consultant
Dorrie	36	7	Director, Investment Bank	Change Management Consultant
Caitlin	36	19	Senior Manager, Investment Banker	Health Spa
Lisa	44	28	Director, Investment Bank	Hedge Fund
Tara	35	18	Senior Manager, Fortune 500 Bank	Financial Services Consulting
Helen	45	36	Finance Director, Services Firm	Financial Services Consulting

Name	Age (years)	Venture Age (months)	Previous Management Role & Employer	New Venture Type
Tina	38	25	Financial Services Advisory Firm	Financial Services Advisory
Isobel	29	7	Manager, Private Equity	Manufacturer
Mean (Females)	*39.8 years*	*19.6 months*		
Mean (All)	***40.8 years***	***20.2 months***		

6.1.2 Main Study: Gender Comparison

From Table 6.1, it can be concluded that there are no significant gender differences in the age of the entrepreneurs and their new ventures. On average, the male entrepreneurs were two years older than their female counterparts, and the males' businesses were approximately one month older. The sample did not include significant differences in previous employment. The men and women interviewed were equally likely to have worked for a bank or investment bank or in a financial services role in industry. The one major difference between the men and the women is that males were more likely to start new firms in finance-related industries, while females were more likely to begin ventures in different industry sectors such as change management consulting or manufacturing. This distinction is discussed further in 6.2.4.

6.2 Human Capital

The exploratory study identified five categories of entrepreneurs' human capital: education, family background, management, industry and start-up experience. The analysis in this chapter begins by reporting the main study interview findings in terms of previous human capital experience, focusing in particular on previous industry, start-up and business development experience. These three dimensions are then explored in more detailed context around the creation and application of this knowledge to the new venture.

6.2.1 Educational Qualifications

In the exploratory study sample, females were less likely to have graduate education. In the main study sample, a more even distribution of formal education was found. Sam and Dana began their respective careers in insurance and accounting after leaving high school. Nearly equal numbers of males (5 and 6) and females (6 and 5) possessed undergraduate and graduate diplomas respectively. Again, this highly educated sample may reflect the search bias of the researcher's personal network and the use of MBA alumni networks. The education demographics are presented in Table 6.2.

Table 6.2: Highest Level of Education Completed

Highest Level of Education Completed	Male	Female
High School	Sam	Dana
Undergraduate	Jerry, Bob, Mike, Todd, Chris	Jenna, Pam, Caitlin, Helen, Tina, Tara
Graduate	Nate, Paul, Pete, Rich, Sergei, Harris	Lynn, Lauren, Dorrie, Lisa, Isobel

6.2.2 Entrepreneurial Family Connection

In the exploratory study, four entrepreneurs acknowledged the role of entrepreneur role models and mentors in their family, however the question was not asked directly in the interviews. In the main study, the entrepreneurs were asked about other family members who were entrepreneurs and there were no gender differences. See Table 6.3.

Table 6.3: Entrepreneurial Family Connection

Entrepreneurial Family Connection	Male	Female
No Entrepreneur in Family	Nate, Todd, Tom, Mike, Chris, Rich	Pam, Tara, Lauren, Tina, Dorrie, Isobel
Entrepreneur in Family	Jerry, Paul, Pete, Sam, Sergei, Harris	Jenna, Lynn, Helen, Dana, Lisa, Caitlin

6.2.3 Previous Work Experiences

The exploratory study also reported entrepreneurs' previous work experiences, finding that eight entrepreneurs had worked for just one employer and nine had work experience in just one industry. As seen in table 6.4, the main study sample was dominated by individuals who had worked for more than one employer (79%), a median of 10-15 years of work experience, and in predominantly one industry (75%).

Table 6.4: Previous Work Experience

Work Experience	Male	Female
Number of Previous Employers		
One Employer	Nate, Todd, Chris	Jenna, Helen
More than One Employer	Jerry, Paul, Pete, Rich, Sergei, Mike, Bob, Harris, Sam	Pam, Dana, Lynn, Lauren, Dorrie, Caitlin, Lisa, Tara, Tina, Isobel
Years of Work Experience		
5-9 yrs work experience	Harris, Chris	Lynn, Isobel
10-15 yrs work experience	Rich, Sergei	Dorrie, Caitlin, Tara
15+ yrs work experience	Nate, Jerry, Paul, Pete, Bob, Mike, Todd, Sam	Pam, Dana, Lauren, Lisa, Helen, Tina
Number of Different Industries		
One Industry	Nate, Paul, Pete, Rich, Bob, Sergei, Mike, Todd, Sam, Chris	Jenna, Pam, Lynn, Caitlin, Lisa, Tara, Helen, Tina
More than One Industry	Jerry, Harris	Dana, Lauren, Dorrie, Isobel

6.2.4 Industry, Start-Up & Management Experience

The smaller sample exploratory study revealed found that females were more likely to have industry and start-up experience than their male counterparts (see Table 5.5). In Table 6.5 below, the main study is mapped to two of the same parameters—previous experience in the industry of the new venture and previous start-up experience. The exploratory study category, previous management experience, was not included as all of the main study participants had held managerial roles. A fourth category, previous business development experience, was added. This category includes business development, corporate venturing and other entrepreneurial role experiences in corporate.

Table 6.5: Previous Industry, Start-up & Management Experience

Experience	Male	Female
Industry experience	Jerry, Paul, Pete, Rich, Bob, Sergei, Mike, Todd, Harris, Sam	Jenna, Pam, Lynn, Lisa, Tara, Helen, Tina
Limited industry experience	Nate, Chris	Dana, Lauren, Dorrie, Caitlin, Isobel
Start-up experience	Harris	--
Limited start-up experience	--	Caitlin
Business development experience	Nate, Jerry	Helen
Limited business development experience	Pete, Sam	Lisa

The most interesting finding was that the majority of the males (10 out of 12) started new businesses in an industry in which they had past experience. Nate, the commodities trader, left the industry altogether when setting up his e-commerce company. Chris navigated an entrepreneurial career in high technology on the back of several years of insurance industry experience. In contrast, nearly half of the women (5 out of 12) decided to start their new ventures in industries in which they had limited experience. For example, Lisa left her investment bank employer to start a health spa, while Lauren and Dorrie left banks to set up change management consultancies. These case studies are analysed further in section 6.2.4.1. The main study interviews did not reveal extensive new start-up or business development experience, however the males were again more likely to mention this in the interview.

6.2.4.1 Paths with a Heart: Transition to New Industry Entrepreneurial Career as Authentic Seeking

The findings reported in 6.2.4 suggest that the women were more likely to view entrepreneurship as a means to start a new career in a new industry. An emerging area of boundaryless career research focuses on career creation driven by a desire for authenticity (Baker & Aldrich, 1996; Ibarra, 1999), especially in the creative industries (Peterson, 1997). An individual who seeks career authenticity is "willing to take initiative and responsibility for his or her career and able to achieve congruence between past and future, as well as between private and public domains of one's self" (Svejenova, 2005). To date, much of the research on authenticity-seeking careers has been focused on the creative industries, and the following four stage process has been suggested: exploration, focus, independence and professionalism (Svejenova, 2005). The purpose of this study was not to explore authenticity-seeking of the entrepreneurs, however this decision-making process emerged in the rhetoric (Lounsbury & Glynn, 2001) of the individuals who started a new venture outside of the financial services industry. See Table 6.6. Authenticity seeking entrepreneurs report pursuing careers based on vision, values and loves, what is described as a "path with the heart" (Hall et al., 2002; Svejenova, 2005).

Table 6.6: Industry Experience and Authenticity Seeking Career

Authenticity & Industry	Male	Female
Authenticity Seeking		
Industry Experience	Jerry	Tina, Tara
No Industry Experience	Nate, Chris	Dana, Lauren, Dorri, Caitlin, Isobel
Not Authenticity Seeking		
Industry Experience	Pete, Bob, Sam, Mike, Sergei, Rich, Harris	Jenna, Pam, Lynn, Lisa, Helen
No Industry Experience	Paul, Todd	-

Dorrie reflected,

> "It was a really hard decision. . . I had had enough. . . I always need to have my heart in things. I didn't. I wasn't enjoying what I was doing. It was just a struggle. . . What I really enjoy about it is that I have been thinking about this change management. Even though my specialty was marketing, change management is something I like. I'm good at this. Most people would say that I am a people person."

In her interview, Dorrie literally underscored the importance of a path to the "heart" and her need to focus on something in which she is good at and which plays to her "people person" nature. Another entrepreneur, Dana, also explained her transition as driven by her "people person" skills and interests. She also reflects on the time she took to explore her next career step and the role of networking,

> "After my last job, I literally took a year off to sniff the flowers. I hadn't had any time off in my entire career. I did a lot of voluntary work and I read some books. . . then I realized that what I did was networking and that there was a

great need for this. I am a people person. I got out a blank sheet of paper and I thought 'what can I offer this town?'"

Dana then focused on developing her identity as a people person and conferring this into her new venture, a business networking agency. Later in the interview, she describes her business as an "extension of me," in great contrast to "they" and "them" whom she worked for as a credit controller. Isobel also found herself questioning herself in relation to her employer,

> "You know, I could have just stayed in private equity. You are well paid but at some point you just ask yourself, 'Is this really me?' If I only have one life to live, I want to do something that's really me."

Isobel's new life change is evident in her remarks that private equity "kept me in great shoes" while starting a toy company was "fulfilling." Caitlin shared her transition from the investment bank to running a health spa as emerging from a need to feel "whole",

> "I kept having this conversation with myself, sort of about what the most important things in life were, the things that I really loved, that made me feel like a whole person. It just kept back to being healthy. . . it was not about eating take-out in the office and taxiing home late at night."

Lauren shared her personal belief-driven career journey,

> "I had been thinking about this idea for 18 months, it's been at the back of my mind. . . .and then it just got to the point. One is that I couldn't see the way forward for my career in the company at all. And that combined with the physical exhaustion of commuting to London. . . and I became increasingly intolerant of what I would call bad behaviour in corporate life. And just thinking basically, 'It's my life' and knowing that I just thought, well, 'Let's have a shot at doing something that you believe in.' I certainly wasn't believing any more in what I was doing."

Lauren describes her personal values and beliefs as being "so different" from those held in corporate that she "could not go on." During the eighteen months in which she formulated her idea, she organised volunteer workshops at her bank employer to test her ideas on colleagues. Lauren reported wanting to "be honest with myself" even in the face of less financial rewards.

The two males who started firms outside the finance industry, Nate and Chris, also spoke of seeking personal authenticity and legitimacy. Nate describes his entrepreneur motivation as "wanting to do my own thing" even though he "didn't have anything particular in mind" when he first started seeking opportunities. He also describes himself as wanting to pursue a serial entrepreneurial career and is already seeking new opportunities. Chris describes his decision to start a business as stemming from a need to "feel successful" as well as seizing on a new technology he discovered at his previous employer.

In contrast, most of the seven women and ten men who started new ventures in the financial services industry did not use such authenticity seeking language when describing their transition.

Lynn reported forming and building the idea "in my head for months," but describes her personal motivation as "There is something here. It's a great idea." Similarly, Lisa described being keen leave the "shark-infested waters" at the bank but her motivation was linked to the challenge of "being at the embryonic stage" of hedge funds, "making a lot of money" and "building a business." Helen, Tara and Jenna explained their new ventures as motivated by new opportunities in the financial services industry, but Tara also reflected on her "need to refresh myself and get more balanced" by pursuing an entrepreneurial experience. Tina was the only same-industry entrepreneur to explain her decision to start a venture only in personal terms, "I wanted a life again" and "my fire is to work thirty hours [a week] and be there for my daughter who is two months old."

The ten same-industry male entrepreneurs also tended to reflect on the shift to entrepreneurship as one based on opportunity recognition, most commonly from a past employer. They did not use language that could be associated with search for authenticity of self. Pete stated that he wanted to leave the company four years prior, but waited until it was the "right time to leave and on the right conditions" in terms of redundancy package. Bob started his new business after his previous employer downsized the private equity business which he was running. Sam started his new firm after retiring but did not describe any authenticity-oriented motivations. Sergei chose to start his own firm over less desirable posts in banks, but did not describe any authenticity-seeking motivations. No authenticity motivations were reported by Rich or Harris. Mike described his motivation as stemming from a realization "that we had a very credible business plan and we had a very good software." He also stated that he "didn't want criminals to get the upper hand... that's why fraud [security] is important to me." Although Todd describes his move to private equity as based on good "business opportunity" he described "the next leg of my career" as pursuing a lifelong desire to merge his personal entrepreneurial and academic "bents." Paul spoke of a lifelong goal of "really wanting to do my own thing" and he spent years trying to settle on the best opportunity. Jerry was the only same-industry entrepreneur to describe his new entrepreneurial career as driven by a search for self,

> "I was driving into work one day, and I really had this epiphany that this is it for me... I could not go higher than what I was hired in at that time. I started to get a little bit depressed and discouraged and eventually frustrated because I realized that there was no place else for me to go no matter how hard I worked... and that's when, to my delight, this [new venture] career was a relationship process. And that very much appealed to me because I could use my educational background in finance, but I would have all the freedoms, responsibilities and challenges that come with being a small business owner. And that hit me like a thunderbolt, so I immediately put in my notice."

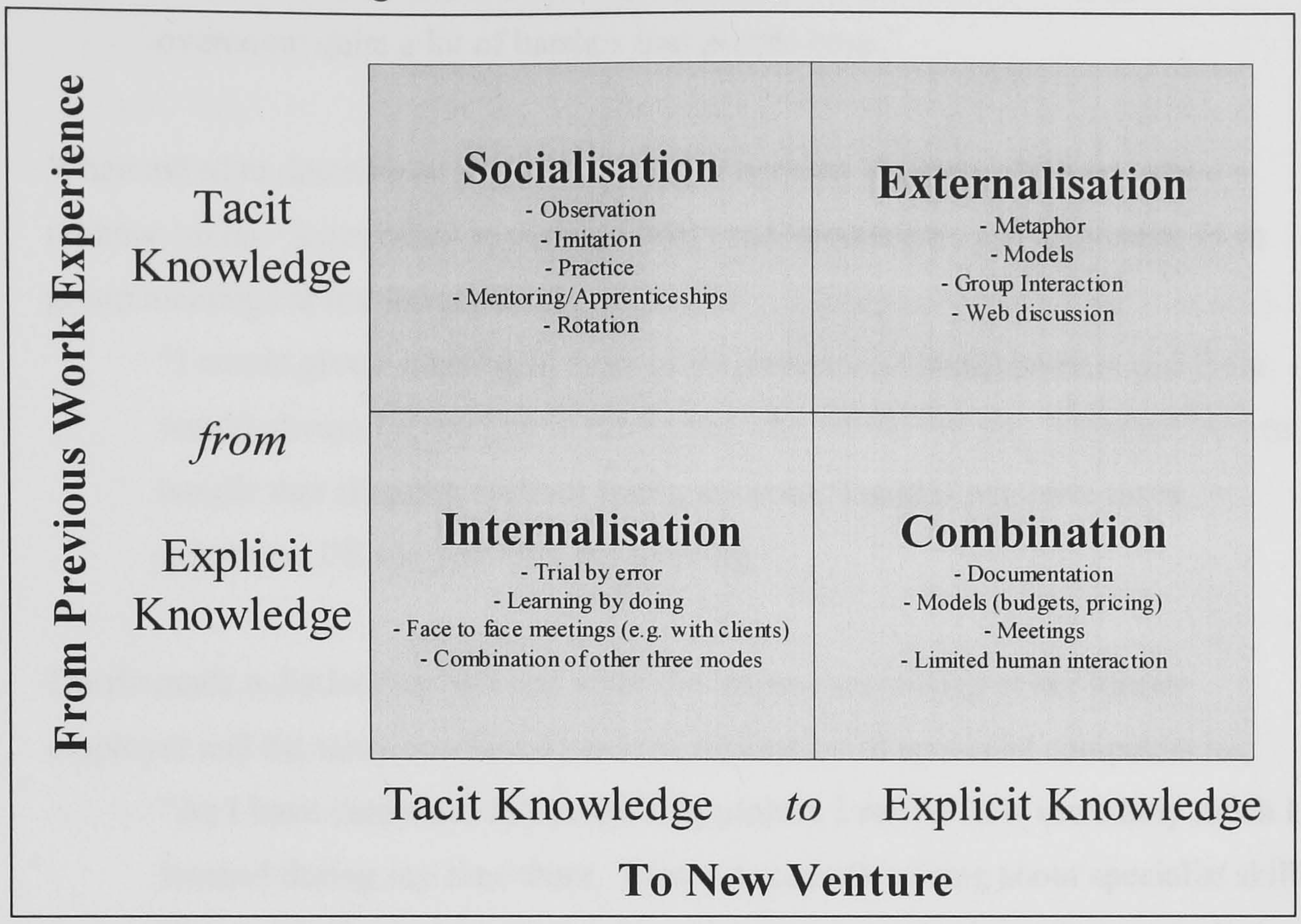
In summary, the analysis of entrepreneurs who start businesses in new industries with those in the same industry appears to reveal a real difference in authenticity-seeking career behaviour. As more females started new ventures in new industries, this also appears to be gendered.

6.3 Knowledge Creation from Previous Experience

The main study interviews probed the entrepreneurs' perceptions of personal knowledge and skills in terms of formal education, family connections and work experiences. In the course of transcribing and analysing the interviews, it seemed that these three categories did not depict the rich nature of the data. This focus on knowledge creation is a departure from extant entrepreneurship research which focuses on the knowledge that entrepreneurs possess, and not the process of learning and creation. This conceptualization of knowledge creation in new ventures is also distinct from the traditional theories of knowledge creation which focus on large organisations. Thus, this contribution is unique in that it examines the creation and transfer of entrepreneurs' accumulated knowledge. There are newly identified means of knowledge creation in each of the four Nonaka and Takeuchi (1995) types: socialisation, externalisation, combination and internalisation (see 3.2.2).

The entrepreneurs told stories about how they learned important new skills for their business. The reflected on knowledge from past work experience which was of both a tacit and an explicit nature. Furthermore, it seemed that the entrepreneurs relayed a "recreation" of knowledge from past work experience through a variety of processes. For example, sometimes the entrepreneurs reported a straightforward transfer of a particular competence, while other times, the knowledge was recreated in order to be leveraged. After much consideration, it seemed plausible to frame this analysis in the extant literature on tacit and explicit knowledge creation (Nonaka, 1991; Nonaka & Takeuchi, 1995). While the original framework was designed to explain knowledge creation between individuals in organisations, and is not without its weaknesses (see section 3.2.2), it seemed plausible to extend this to the context of new ventures. Figure 6.2 depicts the typology, and the following section highlights interview examples for each type.

Figure 6.2: Knowledge Creation: Previous Experience to New Venture



Source: Adopted from Nonaka & Takeuchi (1995)

6.3.1 Socialisation

As described earlier, *Socialisation* is the tacit-tacit transfer of knowledge through observation, imitation and practice. This can often take the form of observing and imitating a more experienced individual. For example, in a traditional work environment this would involve monitoring others in meetings in order to develop new skills, face-to-face mentoring or apprenticeships, rotating employees around the organisation, or brainstorming camps. In the interviews, entrepreneurs shared narratives about learning from others, particularly mentoring and partnering. These included new mental models and technical skills.

Nate reflected on the value of his interactions with top level government officials,

> "I was thrown in at the deep end. I was doing inter-governmental deals at a prime ministerial or ministerial level and I was 24. So having done that, nothing is going to be any more intimidating after that. . . It made me realise

that once you can speak to everybody on an equal level. . . helps you overcome quite a lot of barriers that people have."

When asked to describe an important skill for her new business, Tina described a reliance on her 'inner calm' to manage stress and uncertainty, and its genesis from group meetings at her former employer,

> "I would give a meeting in front of 30 [investment bank] brokers and there would always be one guy in the corner who would test me. I learned how to handle that situation without losing my cool. I said if you have more questions, I'll see you after the meeting.

Dorrie made a distinction between what she learned socialising at her former employer and the more combined mode of replication of specialist competencies,

> "As I have come into this consulting project, I realize how incredibly much I learned during my time there. I am not so much talking about specialist skills like marketing and PR, but understanding an organisation, what works in a structure and people reporting to each other, how people tick. It is knowledge you get by osmosis."

These three examples illustrate the value of tacit-tacit knowledge transfers from past work experience to the new venture. In all cases, the entrepreneurs reported developing these skills while working closely with others. The extension from the knowledge creation model is extended to entrepreneurial careers, focusing on how individuals were able to retain learnings, across time and space, and apply them in a very different and future entrepreneurial environment. When reflecting on their personal skill sets, the entrepreneurs appeared to revisit past career experiences. They described learning from previous experience, and as well as from processing the information internally. The entrepreneurs also reported tacit knowledge which was made explicit in the new venture. This mode, externalisation, is described below.

6.3.2 Externalisation

Externalisation refers to the mechanism of tacit-explicit knowledge, often through metaphor, hypotheses or models. In practice in large organisations, this type involves capturing and transferring experts' knowledge or chat groups or web discussion groups. In the case of the new ventures, entrepreneurs reported trying to articulate business needs for their clients.

For example, Isobel reflected on a conversation with her former boss,

> "My old boss was really very customer-oriented, and I remember him always saying that 'Focus on the customer today, or there might not be a customer tomorrow'... I guess this is marketing, but it's been true here... just thinking about who are my customers."

Equally, however, entrepreneurs expressed having accumulated tacit knowledge and behaviour which they explicitly did not make use of in their new venture environments. Both Bob and Lisa expressed an unwillingness to transport the culture of their investment banking days to their new businesses.

From Bob,

> "From [investment bank], I knew that there were some cultural things that I didn't want as part of my business... I really had to force myself to start with a clean slate of paper. I wanted a different environment from investment banking."

In contrast to adapting the template of previous employer's norms, values and culture, Bob was keen to "start from scratch." Lisa also described her choice of location outside of London and her unique approach to fostering human talent,

> "One of our core principles is that we tend to do things in a contrarian way. We are located outside of London purposely. We have actually decided not to be part of the London group. Human considerations are critical to us. And optimisation of intellect is critical to performance. We want to work apart from the pack... And all the windows look out over green fields. And we want to promote this different way of working. And we believe that this helps us... People all want to move down from London to work around here. And we give everyone a gym membership as soon as they join. We have a fantastic gym setup which is very non-English. Every lunch we would like to

> have people in the gym working out. . . Creating your own environment is very important."

The conversion of tacit understanding to explicit knowledge resulted in both adopting past practices and in creating new models for the new venture. This willingness to change illustrated a key difference between the individuals' experience in corporate management and new venture start-ups. Due to their administrative heritage (Simon, 1947), large corporations can be slower to respond to change. Rosabeth Moss Kanter (1990) describes this phenomenon in the title of her best seller "When giants learn to dance." In this thesis research, the entreprenuers reported designing the processes of their new ventures and quicker decision-making and change management processes.

6.3.3 Combination

Next, *Combination* refers to an explicit-explicit transfer, often made possible through databases and other repositories of information, such as web pages on the internet and intranet. Combination was most often reported by individuals who started firms in the industry in which they had previous experience.

Lauren spoke of leveraging her business development experience, "I know all about business development, about putting in proposals, about budgeting, planning, reading the market. . . I can mock up a budget on the spreadsheet."

Rich reported using the energy pricing models he developed at his previous employer.

The combination mode appears to be better able to describe processes and practices which are not extensively modified from those developed and accessed in past career experience.

6.3.4 Internalisation

Finally, *internalisation*, is defined as explicit-tacit transfer, often through trial by error. This mode incorporates experiences from the other three modes and often involves learning by doing, learning by observing, on-the-job training and face to face meetings. Here again, the entrepreneurs shared many examples.

Mike reflected on valuable experience from running the insurance company unit responsible for fraud prevention, detection and investigation. He described how interacting with his clients led him to start the new business,

> "I guess it was having soon a huge number of people coming in and saying 'Right, we know this is a problem.' We had the technology, and this is what really spurred me to go back to these companies and say let's invest in this and offer these services."

Mike was able to communicate the direct knowledge form his past work experiences with clients into a new business model and accumulate the necessary resources to start the venture. Tara shared her learning journey,

> "The hardest thing that I had to learn was explaining to an individual investor who is a farmer what a mutual fund is. I was so used to dealing on that upper level with clients and brokers, that I had never sat across the table from a small business owner and had to explain what is a mutual fund. This is the most fundamental part of the business, but I never learned to have that conversation. I had to learn to start this new conversation."

In this case, Tara described how her explicit knowledge of mutual funds and skills in communicating with brokers was not directly leveraged when trying to sell mutual funds to her farmer client. She considered how best to share the information in a way that her new clients would understand. Similarly, in the case of Jenna, she described how she needed her clients "to teach me where they were looking to go financially" and internalise this knowledge when helping them to make decisions about their portfolios. Again, she created new knowledge by positioning her experience with organising financial portfolios with her clients' needs

Finally, Pam described how she created new knowledge from her scheduled 'six month check-up' meetings with a supervisor early in her accounting career,

> "We had a meeting together to go through the work experience I'd had in the last six months and what I should expect in the next six months. I think that

> he was very helpful in many ways, giving me the right way of thinking about the work I was doing. He was always good at looking after his clients. And that's something I've tried to do as well. That's probably where I got it from."

This last interview vignette illustrates how explicit knowledge sharing resulted in tacit knowledge gains to the new venture. In the course of her conversation on work experience with her mentor, Pam also gained an appreciation for looking after her clients. In extending the internalisation mode from corporate to entrepreneurial careers, the entrepreneurs frequently described how explicit knowledge became tacit when activated by entrepreneurs in a new venture environment which they controlled.

6.3.5 Conclusions about Human Capital and Knowledge Creation

This section of the chapter reviews the demographics and human capital of the main study sample of entrepreneurs which are found to be generally consistent with those reported in the exploratory study. However, the entrepreneurs who started new ventures in new industries were more likely to use language associated with an authenticity seeking career. This appeared to be gendered in as much as the sample of females was more likely to start their businesses outside of the financial services industry.

The knowledge creation framework was helpful in illustrating the multiple means by which individuals transferred past experience to their new firms. The major contribution of the knowledge creation analysis is the focus on the role of entrepreneurial learning and its application to new ventures, as opposed to traditional organisations. This constitutes a new use of the framework. Furthermore, entrepreneurs create new knowledge from past work experiences. However, the four types were not exclusive. Entrepreneurs reported multiple methods of knowledge transfer. For example, Mike described how the use of certain fraud databases which he worked with at his former employer came in handy (combination) as well as the internalised knowledge creation from working with clients.

Taken together, the four types illustrate how knowledge spills over from past work experience. While other studies have focused on knowledge spillovers at the firm level (e.g. Acs, O'Gorman, Szerb & Terjesen, 2006), this research illustrates the spillovers at the individual level.

The major drawback of the analysis is that the four types did not fit every type of new venture knowledge creation relayed by the entrepreneurs. For example, several entrepreneurs spoke about knowledge creation as occurring only in the new venture.

Finally, the analysis also highlights the role of other individuals in the knowledge creation process. Clearly, an entrepreneur is not an island, but embedded in a network of relationships in which knowledge flows. The next section unpacks these social capital dimensions.

6.4 Social Capital

The exploratory study presented an analysis of the twelve entrepreneurs' social capital in terms of bonding (partner and mentor) and bridging activities. The main study explores these dimensions further by examining the mechanisms for transfer to the new venture.

6.4.1 Bonding Social Capital: Entrepreneurial Partnerships

The exploratory study identified a number of entrepreneurial partnerships, and these were further explored in the main study. The main study new venture team compositions were as follows: MMMM(1), MMM(2), MM (1), MMF (2) and MF (2). Consistent with theories of gender homophily and previous research, the males indicated greater propensity to partner with other males, while the females were not more likely to form partnerships with other females. Also consistent with previous research, the females were more likely to start solo proprietorships. The partnerships in the main study are documented in Table 6.7.

Table 6.7: Entrepreneurial Partnerships in Main Study

Partner/Solo	Male	Female
Entrepreneur with Partner	Rich (2 males); Sergei (1 male); Mike (3 males); Todd (2 males); Harris (1 female)	Pam (2 males); Lynn (1 male); Lisa (2 males)
Solo Entrepreneur	Nate; Jerry; Paul; Pete; Chris; Bob; Sam	Jenna; Dana; Lauren; Dorrie; Caitlin; Tara; Helen; Tina; Isobel

This analysis of the main study extends the exploratory findings of partner genesis as working or affective. When compared with Figure 5.2, the interviews with former finance professionals seem to be telling a far more work-oriented relationship story. In all cases, the partners were identified through previous working relationships. This classification, however, does not tell the entire story. Indeed, although the genesis was a working relationship, the entrepreneurs reported strong affective bonds to these partners. These affective bonds can be further unpacked in the context of the three dimensions of social capital highlighted in the literature review in chapter three: structural (patterns of relationships people share), relational (personal relationships) and cognitive (resources which provide shared meanings).

To date, these three dimensions of social capital are generally studied in the context of large multinational companies (e.g. Tsai & Ghoshal, 1998) or networks of firms and regions (Inkpen & Tsang, 2005). Furthermore, the dimensions are often quantified using survey responses. This analysis of the main study interviews applies the theory of social capital dimensions to the entrepreneurship field. It constitutes a new contribution in the form of application to entrepreneurship and measurement through qualitative data. The findings are depicted in Table 6.8 and highlighted below.

Table 6.8: Partnerships by Social Capital Dimensions

Entrepreneur & Partner(s)	Social Capital: Structural Dimension	Social Capital: Relational Dimension	Social Capital: Cognitive Dimension
Rich (2 males)	√ Met partners while working together at previous employer	√ "Worked well with" √ "Got on with" √ Frequent contact during MBA studies	√ "Young whipper snappers"
Sergei (1 male)	√ Met partner while working for as a client at bank	-	√ New opportunities √ Risk propensity
Mike (3 males)	√ Met partners while working together at previous employer and in industry	√ Shared respect √ Family orientation	√ Vision √ Organisational dynamics
Todd (2 males)	√ Met partners while working together at previous employer	√ "What we wanted out of life"	√ "Eyes and ears" √ "Known on the Street", "international"
Harris (1 female)	√ Met partner while working together at previous employer	√ Shared experience	√ "We knew we could get through anything together"
Pam (2 males)	√ Met partner through mutual friend working in accounting industry	√ Mutual respect	√ Vision
Lynn (1 male)	√ Met partner while working for as a client at bank	√ "Dependency"	√ Different directions √ Opportunity identification
Lisa (2 males)	√ Met partners while working together at previous employer	√ One partner is also her husband "life partner" of 18 years	√ "Contrarian approach"

6.4.1.1 Structural Dimension

As indicated in the chart above, all but one of the eight entrepreneurs met their partner while working together at a previous employer. Pam met her accounting firm partners through another friend in the industry. In two cases (Sergei, Lynn), the genesis of the entrepreneur partnership was a banker-client relationship. Five entrepreneurs reported meeting their partner through working together at a previous employer. The structure of these past relationships enabled social interaction and the individuals learned about one another's skills, experiences and goals. However, the structure in the former employment environment was by no means permanent. Changes in project or work teams or changes in employers would have meant that the relationship was no longer formally structured in a work connection.

When creating their new businesses, the eight entrepreneurs who selected former colleagues as new venture partners were interested in continuing to interact socially with these individuals. Indeed, the structural dynamics of a partner relationship entail frequent, close contact. Furthermore, the act of starting a new business together solidifies the structure more permanently than a work or project team.

As structural ties are said to stimulate trust and perceived trustworthiness, and elements of relational social capital (Tsai & Ghoshal, 1998), this discussion now turns to an examination of the relational and cognitive dimensions.

6.4.1.2 Relational Dimension

'Relational embeddedness' refers to the strength of the personal relationships people share. This dimension is distinct from structure in that it includes shared language, experiences, obligations, expectations and often trust. Rich described the choice to establish the firm with his two colleagues as based on strong personal and professional bonds,

> "At the end of the MBA, I could either go to work for a large company but I didn't like the politics or start this business with my former work colleagues. They were pressurising me to join them. They had been talking to me throughout my MBA. And I thought well, I worked well with them and got on well with them, that this fitted with my lifestyle and also my experience."

Mike described how he met and developed 'trust' his three partners through past work experiences. In Mike's words, "These guys are the experts in their fields. [Partner one] has spent twenty years in insurance fraud and IT. [Partner 2] is our claims guy; he put this other company back on the map. And [Partner 3] has a lot of law enforcement experience. . . Interestingly enough, all of the directors have young children. That was something that we were very conscious of when we made the transition from employment to self-employment."

Todd also described a strong relationship with a colleague which led to the new venture,

"There was a guy who worked with me in International at [previous employer] for probably twenty years. We talked about the business and we also talked about what we wanted out of life. He left two years before me but we stayed in touch and one day he gave me a call about private equity."

Harris reflected on the shared experience with his partner, "working pretty closely" and "working together well" at the bank. Meanwhile, Pam identified her partners through a mutual friend, "The catalyst for it was a person who was at that stage a colleague of mine who knew them quite well. He said 'you three need to talk to each other.'" Pam described the mutual respect for her partners' accounting and management skills, and how their relationship has grown closer over time.

Lynn developed a strong relationship with one of her clients at the bank, a Finnish manufacturer. As she reflects, "He gave me an idea about this gap in the Finnish market. . . So I went ahead and established the company in my name but he at once provided the capital and the loan." Their relationship changed over the years as Lynn grew the business,

"I definitely learned a lot from him, but I didn't like being dependent on him. I made a forceful effort to diversify my relationships. I wanted to find other people who would buy the product and would buy different products."

The genesis of Lisa's partner relationships was an investment bank. One of her partners was a junior working with a former client and her other partner is her husband,

> "[Name] is my life partner. I have been with him for 18 years. [He] is my partner and we are both principals in the business. . . he was advising large banks on how to take risk because he does technical analysis. He was advising the big banks on taking risk at a very senior level. And I started [new venture] and I was saying to him one night, 'I need to hire a principal to work with me.' And we started thinking about the people that we wanted, the traders that I liked, people who I thought had the risk management skills. And then I said, 'this is kind of crazy, why don't you join?"

Sergei did not mention any relational dynamics with his partner.

Taken together, these vignettes demonstrate the strong relational ties the entrepreneurs shared with their partners. In tandem, the entrepreneurs reported shared vision with their partners. These cognitive dimensions are reported in 6.4.1.3.

6.4.1.3 Cognitive Dimension

The cognitive dimension describes the resources which provide shared meanings. The entrepreneurs often articulated the shared identity and vision with the partners. For example, Rich described how he and his young venture partners were ostracized by the electricity industry for being "young whipper snappers" who seized new opportunities. Along the same lines, Sergei expressed the new opportunities and high risk-taking propensity which he and his partner were keen to pursue. Their mutual excitement for new projects defined their relationship.

Mike reflected on the shared vision for the firm and the organisational dynamics,

> "We all knew that the insurance industry moved slowly and we wanted to start a business that could really prevent fraud. The other directors and I are pretty committed to this on a large scale. With my team of 7 people at [previous employer], I prevented about 13 million pounds of fraud every year. But now at [new venture], we can do so much more. . . I think one of the things that was quite key for us actually after having worked in large organisations and been involved in restructurings was to be in charge of our industry. We cast a stone in the pond."

Thus, Sergei, Rich and Mike all described a shared partner vision to introduce new dynamics to their respective industries. Todd also reflected on the shared vision but unique resources which he provided the team,

> "We needed a COO that could really come in be the eyes and ears of the organisation. . . needed somebody who had the insight and was aligned, but also had two requirements: someone who was known on the street from an investor perspective and the capital perspective and somebody who has an international bent to them because they are looking at expansions abroad."

Lisa described the shared vision and 'contrarian approach' of the partners,

> "We know how much a culture can impact you. We are very contrarian in our approach to business and our approach to running the business. That's why we are located in [rural community] outside London. . . our goal is to build a profitable medium-sized investment business which is consistently distinguished by its unique approach and its high returns and a creative environment."

Harris noted that "after the last restructuring, we knew we could get through anything."

In all cases but one, the entrepreneurs reported a share cognitive scheme. Only Lynn described a lack of cognitive dynamics with her partner, and described her efforts to "diversify" her business network and developed different directions for the company outside of those of her partner.

6.4.1.4 Conclusions to Bonding Social Capital: Partners

This section has elaborated the structural, relational and cognitive dimensions of partner relationships, as reported by the entrepreneurs. The new venture partnerships are characterised by strong relational and cognitive capital, often articulated as trust, respect, shared values, visions and approaches to the new venture. The structural, relational and cognitive elements of partnerships are not the only types of bonding social capital reported by entrepreneurs. In the next section, the dimensions are examined with respect to mentors.

6.4.2 Bonding Social Capital: Mentors

To date, there is a stream of career theory focusing on mentors in traditional organisations, and an emerging branch of entrepreneurship which explores the role of e-mentors in new ventures (e.g. Perrin, 2003). This study brings the two literatures together by examining the entrepreneurs' mentor network in previous work experiences and in the new venture. The descriptive data from the interviews is presented in Table 6.9.

Table 6.9: Entrepreneurial Mentors in Main Study

Mentors	Male	Female
Previous Work Mentor(s)	Nate; Jerry; Pete; Bob; Sergei; Mike; Todd; Harris; Rich	Jenna; Pam; Lynn; Lauren; Dorrie; Caitlin; Lisa; Tara; Tina; Isobel
No Mentor(s) (Previous Work)	Paul; Chris; Sam	Dana; Helen
New Venture Mentor(s)	Nate; Jerry; Paul; Pete; Bob; Sergei; Mike; Todd; Harris	Jenna; Dorrie; Lisa; Tara; Tina; Lynn
No Mentor(s) (New Venture)	Chris; Rich; Sam	Dana; Helen; Pam; Lauren; Isobel; Caitlin
New Venture Mentor(s) known from Previous Work	Pete; Bob; Mike; Todd	Dorrie; Lisa; Tara; Tina; Lynn
No Pre-existing (working relationship with new venture mentor)	Nate; Jerry; Harris; Paul	Jenna

The literature review in chapter three described how individuals with mentors are more likely to advance through management ranks. From the descriptives reported in Table 6.7 above, it appears that the majority of the entrepreneurs had mentors both at their previous employers and in the new venture. However, the women in the sample were more likely to report a mentoring relationship in corporate, but less likely for the new venture. Furthermore, consistent with past research, the males were more likely to be mentored by males, while the females were not necessarily more likely to have female mentors. The roles and relationships of mentors from previous work are described in Section 6.4.2.1. The roles and relationships of mentors in the new venture are described in Section 6.4.2.2. In many cases, the entrepreneurs relied on individuals whom they had known through previous work experience as mentors. The social capital dimensions of these relationships are described in Section 6.4.2.3 and highlighted in Table 6.10.

6.4.2.1 Mentors from Previous Work

The entrepreneurs described the role of mentors from previous work, particularly as sources of both explicit and tacit knowledge. A consistent theme in these interview narratives was the emergent nature of the mentor relationship. Rarely did an entrepreneur describe a mentor with a genesis in a prescribed formal mentor relationship. Furthermore, the entrepreneurs reported having multiple mentors at work.

The most consistent theme in the interviews was mentors' provision of both business information and professional support. Todd discusses his two Vice President mentors,

> "And one of the things that was very successful and that [large manufacturer] had early on was a mentoring programme. It wasn't formal, it was informal, and I ended up being interviewed by a couple of international folks—one was VP of Treasury and the other was VP of Operations. I got to know those two individuals very well and as a consequence of that I moved jobs about every year and half. I ended up building a very broad background in what I call an analytical level and developing for the underpinnings the expertise of my profession, the financial profession."

Like Todd, Lynn spoke about multiple mentors at the bank, "I wouldn't say that there was a single person who was my role model, but collectively there were very smart people and I learned a lot from them." Nate relayed mentoring from a constellation of senior managers,

> "I had some senior guys, but I was the only person out in Russia running it. But I had direct access to the senior board directors of [American CEO]. I learned how to put together a team of people and run them and how to do business with people. How to hold your own in a commercial conversation and sound like you are making sense."

Two of the interviewees explicitly mentioned how mentors enabled them to interpret the political environment. Isobel talked about a female mentor at the private equity firm who "helped me work through the politics" when she had a difficult boss. Rich also stated that his mentors were only valuable for their political skills,

> "I suppose that I had mentors but I wouldn't call them that. They were even more useless than I was. They just happened to progress further. I learned from them that I can play politics. I didn't really learn anything from them genuinely."

Lisa, Jenna and Tina identified and discussed the mostly male networks, including mentors, in their finance careers. First Lisa,

> "I actually have been nominated for some business woman award in London. I had to answer this question about mentors and what I would do to change

things. And there is no question in my mind that mentors are key and really critical to people coming up through the ranks. My mentors were all men. I don't think that I actually had any female mentors. That is alarming to me. I can not think of a female mentor in all of my career. The only mentoring I get from women is 85 Broads entrepreneurs."

Jenna spoke of the structural nature of her career which resulted in mostly male mentors but a mixed distribution of mentees,

> "My mentors have always been older than me, and they have always been male. We do have females in my region but none of them are geographically placed so that I would be able to take advantage of their skills. I think those two, male and older, just have to do with what my business is. . . But as far as mentees go, I've had young, old, male, female, I've had so many."

Tina describes her investment bank female mentors and what she learned from them,

> "There were 60 men and just two women. There was one other female and she was a Partner. I learned a lot from her. I learned how to work with them. When I was new, I looked real young. I had long blond hair and wore it down. Men thought that I must be stupid. I had to learn to dress conservatively, and not mix business with pleasure. For example, there is a lot of golfing in this business. I had to take my clients golfing and there is always alcohol. There are always dinners and there is always alcohol. My role was business. I learned that after two cocktails, I was out of there. I learned to be the first to leave the party. I knew that two things would happen and neither was in my favour. The client could get drunk and make a pass and then the next day he would feel so embarrassed about making a pass that he would never do business with you. The other bad thing that could happen is that you could date a client, and then if you broke up, you could never be friends or in business together again. And even the others wouldn't want to do business with you."

Taken together, the stories of these three women illustrate the mostly male nature of mentor networks at the large financial services firms. Several interviewees distinguished between formal and informal mentoring relationships at their firms.

Both Harris and Jenna reported disappointing experiences with formal mentor programme relationships, but rewarding informal relationships.

Harris mentioned an informal and a formal mentor,

> "I had a great mentor at [large bank]. She was really interested in how I was doing. She had done really quite well and was a supervisor to me. It was an informal relationship really. I had another mentor that was part of a programme but that never really worked out."

Lauren spoke of experiences with her mentors,

> "About mentors, I don't think that I have been part of a formal mentoring programme, but I did have two that you could call mentors. There was a woman in the aid agency. . . I was just starting out, as a young woman with my first managerial responsibilities. And she was fantastic. She took an active interest in women coming through because there were not very many women in management positions. And I was working in a similar function to her so we met up quite regularly anyway. She was fantastic. A great friend. I am still in touch with her. Great fun. We used to have a lot of fun when we found ourselves traveling at the same time and the same places. But also she guided me through quite a few things as well. . . [Mentor two], there was one boss that I had who gave me a terrific break. I must have been 26 and we had to make a video in Kenya and for some reason he couldn't go. He was the communication director, and I was working for him. And at the last minute, he said you do it. You know. And I thought goodness, me, I haven't a clue. But we shot the video. And it was used. It was translated. It was a terrific achievement in that someone had given me that amount of trust was absolutely phenomenal. That had a huge impact on me."

Jenna also distinguished between the value of formal and informal mentoring,

> "The reason that there is informal mentoring is that we are put together by an individual who lives two hours away. It's unfortunate but the way that mentor-mentee is matched is based on geography. You may have nothing in common except that you live in the same county. . . So at times, you are matched with someone who really isn't a good fit. And you meet someone at

a meeting and you realize, wow, this is a better fit so informally, you start feeding off of that person, learning from that person, taking advice from that person even though your assigned mentor, if you will, is another individual."

Pam had a formal mentor through a training contract, and also reported learning a lot from him in her first accounting job.

The main study findings related to mentors are consistent with extant research. This study enabled new contributions in the exploration of mentors in the new ventures, which are detailed in the following two sections.

6.4.2.2 New Venture Mentor(s) not from Previous Work Experience

While nineteen entrepreneurs identified mentor(s) in previous work experiences, only fifteen (nine men, six women) reporting having a mentor in their new venture. The entrepreneurs reported seeking non-work genesis mentors such as friends, family members, professors and other entrepreneurs. The roles and relationships of new venture mentors with a "working" genesis from past employment experience are discussed in 6.4.2.3.

Three entrepreneurs reported mentors who are professors at universities, although the entrepreneurs sought unique insights from these academics. First Mike reported relying on a professor who is one of the "foremost experts" in security. Similarly, Harris reported relying on another professor who has worked with other entrepreneurs to start new firms and who has strong connections to the city. Pete also "picks up the phone" to a professor to talk about business issues as well as personal mood.

The entrepreneurs also reported seeking other entrepreneurs for mentoring. These relationships often evolved from friendly "affective" ties. For example, Paul mentioned several mentees for his new venture,

> "My close friend [Name] was a key support. He was my best man when we married in 1981. I met him at [university], his grandfather founded [major clothing retailer]. [Friend] knew how to run the business."

Similarly, Harris reported mentoring from a friend who runs his own businesses, "We've been friends since we were infants really. His father was really big into accounting, property and restaurants. My friend was always helping him out and then his Dad taught him the ropes and now he's doing his own entrepreneurial thing in the computer business. He rings up every few days. He says he can't sign this lease or whatever. I see his ups and downs."

Paul and Harris were not the only entrepreneurs to describe mentors who were also close friends. Similarly, Jerry reported having two mentors whom he met in non-work environments. The first is a successful entrepreneur and the second is his wife,

> "My mentor, I don't know if you would really call him that. He is also an entrepreneur and you can spend 5 minutes with him and feel like everything is right in this world, as corny as that sounds. He is the eternal optimist and he has a lot of good gas about him. I make it a point to spend some time with him because he just has a tendency to put things in perspective where you just get fired up and you are so glad that you are where you are. He is the attitude mentor if you will. My second mentor is my wife [also an entrepreneur in the financial services industry] though she maybe doesn't realize it. Because I think if you were to ask her, she might say that I made it point not to go to her because we see each other all the time and there should be some kind of break. Behind the scenes, I carefully watch her whenever I go over to her office. I watch what literature she is sharing with her clients, where she is steering them. I try to assimilate as much as I can from her. She is a very good teacher without even knowing it."

Sergei describes a mutual-mentoring relationship with a fellow graduate school classmate,

> "[Classmate] is CEO of [company] which is listed on AIM. We have a series of conversations about business, just trading ideas. The risks involved. It's useful for both of us."

Finally, several entrepreneurs highlighted the need to find a mentor. For example, Isobel is in the early stages of formulating a business plan and did not have a mentor, I would ask [Entrepreneurship professor] to help me find a mentor. I don't personally know anyone who could help." Rich is also looking for a mentor who can provide a number of resources,

> "No but we need some. Who we would like—I've been asking myself that question—probably we would like an ex Chairman or CEO of a UK based utility if we could find him. We'd want that guy because he has better contacts than us."

Non-work genesis mentors were family members, friends, former professors, former and fellow students from university and other entrepreneurs. The entrepreneurs describe their mentors as having provided personal and professional support. This set of mentors did not constitute the only group of mentors. Indeed, many entrepreneurs reported a transfer of mentors from past work experiences, as reported in the next section.

6.4.2.3 New Venture Mentor(s) from Previous Work

As highlighted in the earlier sections, nine entrepreneurs reported having a mentor for their new venture whom they had met through previous work experience. The dimensions of these relationships are depicted in Table 6.10 and described in more detail below.

Table 6.10: New Venture Mentors from Previous Work by Social Capital Dimensions

Entrepreneur & Mentor(s)	Social Capital: Structural Dimension	Social Capital: Relational Dimension	Social Capital: Cognitive Dimension
Pete (1 male)	√ Former colleague; now mutual mentor	√ Shared work and school experience	√ Industry awareness
Bob (1 male)	√ Mentor at previous employer and new venture	√ Long-standing successful work relationship	√ Vision √ Financial support
Mike (1 male)	√ Former work colleague; now mentor	√ 'Close'	√ Challenge ideas √ Support; encouragement
Todd (1 male)	√ Former industry colleague; now mutual mentor	√ Shared industry experience √ Long-standing mentoring	√ Industry expertise √ Entrepreneurial acumen
Dorri (1 male)	√ Mentor at previous employer and new venture	√ Shared ambitions	√ Business development √ Emotional support
Lisa (1 male)	√ Former client; now mentor	√ Client relationship	√ Business development √ Financial support
Tara (1 male)	√ Former client; now mentor	√ Client relationship	√ Business development
Tina (1 male; 1 female)	√ Former clients; now mentors	√ Client relationship	√ Learn "softer approach" √ "Knows the players"
Lynn (1 male)	√ Former client; now mentor	√ Client relationship	√ Contacts

In addition to mentoring from a university professor, Pete mentors with a former work colleague with whom he also did an MBA. Pete reports that the mentoring relationship is two way, "He helps me see through the industry. . . I help critique some of his work." This relationship evolved from working together. Mike reported a "close" relationship to a mentor at work who 'provided serious fraud expertise' as well as "a tremendous amount of support and encouragement" in his previous role in a large insurer as well as starting up the new business. In particular, this mentor is "a great guy to bounce ideas off. He challenges us."

Todd's new venture mentor was a former industry colleague,

> "One guy in particular, he and I have had almost the same career. He was at [major manufacturer]; I was at [major manufacturer and main competitor]. He left a little sooner than I did, but he had a financial background. He went to a

CPA firm. He ended up getting into a small business where he became part owner and made a couple of acquisitions. He works at a much different level. He went into an entrepreneurial route which I always said to myself that works better than working in a big corporation environment. . . But he's been one guy that I've mentored a lot with. We share a lot. We have done this ever since we were in our late twenties. He was doing his MBA at the same time I was doing an MBA. We did our CPAs together. He has ended up a very successful small business guy that runs four individual businesses today. The things that we talk about are very similar. We have a bit different skill sets now. But we help each other."

Bob's mentor was his former boss at a private equity firm, "I founded [unit] for him. I made a lot of money for them, but the firm's direction changed and they wanted out of [unit]." Bob then decided to leave to start his own private equity firm, and received some start-up capital from his old boss. No relational dynamics, other than business deals, were mentioned. Like Bob, Dorrie has retained a mentoring relationship with her boss from her banking career,

> "He is a very ambitious person and a very demanding person. I learned that. I am a very ambitious person myself and what he did which was in the beginning at the investment bank was to give them a lot of space. He was very encouraging of a lot of the people too—his favorite phrase was to take your power and use it. He gave people a lot of initiative and he rewarded that initiative. I also learned some consciousness about the politics. . . He helps me to identify clients [for new venture] and keeps me motivated about going out on my own."

One of the major gender differences revealed in the study is the propensity for the new female entrepreneurs to report a mentoring relationship with a former client. Lisa, Tara, Tina and Lynn all reported new venture mentorship from a former client. They reported sharing cognitive, structural and relational dimensions with their mentors, all of whom were men.

Lisa's chief mentor is a former client. Lisa describes him as one of "the top three men in the industry" and a "good communicator." He mentored her in both her organisational and entrepreneurial careers, and with the latter, also helped with financing and business development.

Tara also carried over a powerful mentor from her earlier career,

> "[Name] is one of the big investment bankers in Russia. He has been very successful in setting up banks and integrating companies. He is basically a professional entrepreneur. That is his career. He was my client at the bank. But when I wanted to go out on my own, he would say that he knew many people who had started business 'Are you sure that this is a valid idea?' He knows a lot of people. Now that I have the business he helps me seek new opportunities and think about growing it."

In her new business, Tina described two mentors whom she met while working in the industry. The first mentor is a female former client whom she "calls upon more often than anyone else because we have similar styles" and also because she "knows all the players." The second mentor is another financial service entrepreneur who "has a softer approach and I'm much more in your face and sometimes that doesn't work to your benefit."

Finally, Lynn also converted a client relationship to a mentor relationship. She reports her mentor as having provided her with "a lot of contacts" in her new industry.

6.4.2.4 Conclusions to Bonding Social Capital: Mentors

The findings highlighted above suggest that entrepreneurs have different mentors for their new ventures than they did while working in organisations, and they seek and receive different types of resources from these mentors. While corporate mentoring relationships were characterised by a mix of prescribed and emergent mentoring networks, entrepreneur mentoring relationships were all of an emergent, informal nature. The entrepreneurs self-selected their mentor or networks of mentors. As in the case of the partners, the entrepreneurs reported strong structural, relational and cognitive embedded ties to new venture mentors. The dimensions of these relationships did differ. For example, partnerships were more likely to stem from a colleague-structured relationship while mentoring was more likely to have a genesis in a client-structured relationship.

There appears to be some gendering of mentoring relationships. For example, the men in the sample were more likely to have male mentors both in previous organisation and new venture work environments. However, as in the exploratory study, female entrepreneurs were not more likely to report having female mentors. Women are also far more likely to convert client relationships into mentoring bonds.

6.4.2.5 Other Relationships from Previous Work

Mentoring is one type of bonding ties to individuals, including those from previous working relationship. Those relationships which do transfer are characterised by high levels of friendship and trust.

From Lisa,

> "There is a man who worked for us. He was junior to myself and one of my colleagues. His name was [Gene] and we hired him to do documentation. And to make a long story short, we always got along with him. He always treated us well, we always treated him well. It was a good symbiotic relationship. Time went on... He left and became the head trader of a bank in the US. And he and I do a lot of trades together. And he is one of the men that I trust the most when I am on the road. Like I was in Bulgaria last week when the markets were tanking. And I called him on the phone and I said, 'Okay, Gene, give me the griff. What are you really saying here?' I know that this man will not rip me off. We have years and years and years of history behind us. That kind of relationship matters. If there are problems, call on Gene's bank. I make sure that he knows, and make sure that he knows it's me. Because I think that he is very good, and I trust his view."

Todd talked about the importance of growing his network outside of his employer of 30 years,

> "The thing that was so clear to me was that I always had to develop a network. In fact a lot of people that are looking for transitional opportunities and jobs—

I probably get 2-3 calls per week just because I have a great network with the investment banks, with the private equity firms, and just with my own company contacts I've developed. I've sort of become a mentor to a lot of other people. Unfortunately, a lot of them are '[former employer]ites' too who have known me and what I've done for the 4-5 years. So, I've very consciously kept a network both in my business associates and personal relationships that I think benefits you forever... I think people underestimate what they need to do for their own careers and what you can do for other people in their careers. I see it now. There is a guy that I've known from [former employer] when he and I were in Brazil and Peru in our early days. I see very much these similarities. He is leaving [former employer] after 30 years, but there is no network. There are no relationships. He relied almost totally on a company where he thought he would be forever. But a lot of things change. I think that the days are over that you are going to look at your career as one stop. It is probably going to be multi-stop."

Other entrepreneurs rejected the partner model, for example, Lauren,

> "About a year or so ago, some friends who I have been training with in this area, a couple of people approached me about going into business with them. And I thought about it, and I decided not to because I didn't know them well enough and I guess because I have – you know-- I have got a lot of knowledge about these things that other people wouldn't know. But I did realize that going into business with somebody, people say it's like a marriage and that you have to be pretty careful."

Finally, not all entrepreneurs described social networks from previous work as being helpful to the new venture. From Lisa,

> "When people that I used to work with behave unprofessionally, if I see a shred of it, I am out of there. I am on the buy side, so people chase me for business. On the whole, they actually want to get your business when you are on the buy side. But I am out of there when I see a bank trying to back out of a deal. Or do something that is unacceptable and also from a legal perspective which I know from my law training. And I don't care who they are or how well that I know them, they don't have a chance. I think that it really is pretty

cut-throat. In this business, your word is your bond and your reputation is truly all that you have. It may also be true for medicine, but it is certainly when it comes to money, absolutely true. If someone tries to back out of a closure because they don't like the documentation, these kinds of issues, it can either be handled properly and professionally. Or it can be handled badly and in a fairly combative way. And I've had people that I used to work with be fairly combative, and that happens once and it is game over."

In summary, entrepreneurs reported carrying over work relationships to the new venture which were characterised by strong, trusting bonds. Relationships without such bonds, such as those identified by Lauren and Lisa, were not transferred to the new venture.

6.4.3 Conclusions about Bonding Social Capital

This section has provided an overview of the findings related to the entrepreneurs' bonding social capital with partners and mentors. The entrepreneurs' networks are self-driven and structured. Hence, the entrepreneurs seek to establish strong, close ties to others. These ties are structurally, relationally, and cognitively embedded. The small sample findings suggest gender homophily in terms of male entrepreneurs' preference for male partners and male mentors.

6.4.4 Bridging Social Capital

In the exploratory study, the males and females' bridging social capital activities were explored in terms of working and affective ties, as well as to business development agencies. In the main study, these were analysed in terms of work or not-directly-work-related activities, and are depicted below in Table 6.11.

Table 6.11: Bridging Social Capital

Bridging Social Capital Activities	Male	Female
Bridging – Working	Nate – contacts of members of Boards of Directors Jerry – Rotary; Chamber of	Jenna– local business networks Pam – Chamber of Commerce; industry organisation

Bridging Social Capital Activities	Male	Female
	Commerce Pete – industry organisation; E-academy; Spoke Harris – E-academy; Spoke Bob – economic development agency Mike – industry organisation	Dana – Chamber of Commerce Lynn – industry association Dorrie – Rotary; women entrepreneurs network Lisa – 85 Broads Kathryn – 85 Broads Helen – women entrepreneurs network
Bridging – Non directly work or industry related	Jerry – local school Paul – local school; local sports club Chris – university alumni Rich – university alumni Bob – local school George – YMCA; local school Sam – local school	Isobel – university alumni
Business Development Agency	Rich – Business Link	-

Note: the first person to find this note in thesis will receive a free bottle of wine- ST

From Table 6.11, it is immediately apparent that the male entrepreneurs report higher involvement in non-work-related organisations such as the local schools and university alumni associations. As the interview did not explore the extent of involvement in these organisations, further analysis is limited. However, the interviews did elicit some interesting findings on network emergence, described in Section 6.3.4.

6.4.5 Bridging Social Capital: Network Emergence

The analysis of bridging social capital revealed patterns in network emergence, and the entrepreneurs' experimentation with developing different social networks. As illustrated below in narratives from the interviews, the newer entrepreneurs were often only beginning to formulate bridging networks and to experiment with the structure of these relationships. Entrepreneurs whose ventures were the oldest were more likely to report established network routines, often structured around the perceived utility of this social capital.

6.4.5.1 Entrepreneurs in the First Year of Business Founding

Lauren is the "youngest" entrepreneur in the sample, having established her consultancy just 90 days prior to the interview. She reported being in a "test stage" of networking,

> "At the moment, what I am doing—you could spend your whole time networking with people in a similar situation to yourself. So I am just going through this process of different networks and organisations to see which is best. In six months, I'll know where it's good to spend my time and where it isn't. It's too soon, but then I have to look from all this activity, what brings the result. But I haven't been at this enough to really make a call."

Paul's new business is just six months old. He retained bridging ties which he had enjoyed during organisational life, to the local school and local sports club, but also tried to establish new ties. He reports having a "go at [business development charity]" but being disappointed by the bureaucracy and he "gave that up after a while."

In the case of Harris' five months old firm, he reported joining a number of entrepreneurial start-up networks including e-Academy, SPOKE and CIN [Central Innovation Network]. His motivation is "to try to get links" to launch his new high technology product, and is especially hopeful about a "tie into the DTI [Department for Trade and Industry]."

Although the sample of entrepreneurs is small, the findings do suggest that the "young" entrepreneurs were eager to experiment with work-related networks that might enable business development. These entrepreneurs also demonstrated a willingness to try both virtual and face-to-face networks.

6.4.5.2 Entrepreneurs in the Second Year of Business Founding

At the time of the interview, Jerry's new financial services brokerage was entering its twenty-fourth month. He described the power of networks to growing his firm, which relies on new clients from the local area, "I don't think that in this day and age, you can be in this business and afford not to associate yourself with some kind social networks. So I have made it a very important part of business that part of my prospecting efforts are going to be spent in a networking group that I attend every week. I am also a Rotarian. I am getting involved with the School district. I am a member of the Chamber of commerce. So, those four activities are the primary way to build some very meaningful relationships with a large group of people. I complement this with occasional stroll in neighborhood and get my name out there."

The findings indicate that entrepreneurs at all business stages were interesting in finding social networks that provided some utility. The difference is that the women and men had different interpretations of this utility.

Meanwhile Rich reported that after investing time in working with the local Business Link office, "we found that they are basically useless."

6.4.5.3 Entrepreneurs in the Third Year of Business Founding

The sample of the most established entrepreneurs revealed a more utility-focused network approach. For example, Nate described why his networking is confined to contacts of his partners,

"What I found, and I tend to as far as networking goes, I tend to wait until I have something that I want to do, and make sure that it's a good one and then I approach them. It may well be that I know someone who knows them. But I would only do that if I want to do it. I can't stand this waffly kind of business networky thing. Where you go into a room with a bunch of people and they are all swapping business cards and they are all desperately seeking a way to combine things. 'You make widgets, I make [product], why don't we come up with a widget themed [product]?' And no, it's a waste of time! You end up having to humour so many people with bad ideas that I find it is just easier that if you have a good proposition and you have some credibility, you can always go in through the front door."

Pete also ran his consultancy for nearly three years and reported a shift in his networking allocations, "There are online networks and closed groups but the propensity to get business out of these is very low so I invest little time there." Todd also acknowledged the different benefits of some of his network. In Todd's own words,

> "When I left [hometown] and went to [Big City], one of the nice things was that I had been very involved with the community here in [hometown], I was on the School Board, the YMCA, it gave me a chance to get out of some of the things that I had been in for a real long time and reflect on what I really want to do for the next leg of my career. One of the things that I really wanted to do was to give back to my university so I am on the Board of Trustees of the [University] Business School. . . But I think the challenge that I have is to sort out my priorities for what I'd like to do over the next ten years. I think I have developed a broad network now where I am going to have a lot of decisions to make in terms of what I do want to do. The one thing that will be nice is that I will have the time to make the kind of decisions that I want to make rather than to feel compelled to take things on. I've already been approached to sit on five boards."

Two women with more established ventures also reported utility-seeking network formation. Jenna provided a different reason for "letting go" of some of her networks,

> "Not so much today as I did in the beginning. But I of course joined the Rotary, Chamber of Commerce, [Town] Business Associates, and as my business began to grow, it became almost impossible to dedicate myself to all of those different organisations. Because I didn't want to do it half-way. I wanted to be fully involved, and fully dedicated to the organisation, or let someone else take the responsibility."

Tina was the only to express a level of negativity to the networks,

> "I find that a lot of the networking groups, for example, they have other small business owners but it looks to me like there—I'm trying to find a diplomatic way to say this—quite often they are the gentleman who runs a cell phone branch and they earn thirty or forty thousand pounds a year each. That doesn't seem to be the best solution. It's better to ask your clients for your best

referrals. I don't do that [networking organisations]. I work on referral. There are some chamber situations that I think are beneficial, but overall I find those a waste of time. I really don't do that."

6.4.6 Conclusions about Bridging Social Capital

This section has provided an overview of the social capital networks of entrepreneurs, and offers a number of conclusions. First, entrepreneurs appeared to leverage social capital which was structurally, relationally and cognitively embedded. Frequent interactions characterised by trust and shared view points were likely to transcend organisational boundaries. Furthermore, entrepreneurs created new social capital by positioning individuals as members of the board, associations, mentors, employees, clients or other discussion partners. Finally, there is some evidence that bridging networks emerge over the lifetime of the business, from an early "test" experimentation to utility-seeking and utility-realising stages.

6.5 Conclusions to Chapter Six

This chapter reports the main study findings of the entrepreneurs' human capital and social capital. As the four sections are separately concluded earlier in the chapter, the key findings are reported here.

The first section, 6.1, reports the participants' age, gender, work experience, and new venture age and type. Next, the entrepreneurs' human capital is profiled and discussed. Despite the unique industry environment, finance, the findings are broadly consistent with the exploratory study, in that the entrepreneurs tended to possess heterogenous career experiences. One interesting finding is that entrepreneurs who started new ventures in new industries were more likely to use language associated with an authenticity seeking career. This appeared to be gendered in as much as the women were more likely to start their businesses outside of the financial services industry.

The third section, 6.3, utilises the knowledge creation framework to illustrate the multiple means by which individuals transferred past experience to their new firms. The major contribution of the knowledge creation analysis is the focus on the role of entrepreneurial learning and its application to new ventures, as opposed to traditional organisations. Entrepreneurs reported knowledge transfer from past experiences which could be broadly categorised as socialisation, externalisation, combination and internalisation. The extension from the knowledge creation model is extended to entrepreneurial careers, focusing on how individuals were able to retain learnings, across time and space, and apply them in a very different and future entrepreneurial environment. When reflecting on their personal skill sets, the entrepreneurs appeared to revisit past career experiences. They described learning from previous experience, and as well as from processing the information internally. However, the four knowledge creation types were not exclusive and did not capture all types of new venture knowledge creation relayed by the entrepreneurs.

Section 6.4 focuses on the social capital of the entrepreneurs. The main study extended the exploratory study by focusing on the structural, relational and cognitive embeddedness of bonding and bridging relationships with mentors, partners and others. Entrepreneurs at different stages of developing their business reported different social networks.

After analysing the entrepreneurs' human capital and social capital, a typology of transferability emerged, and is reported in the next chapter.

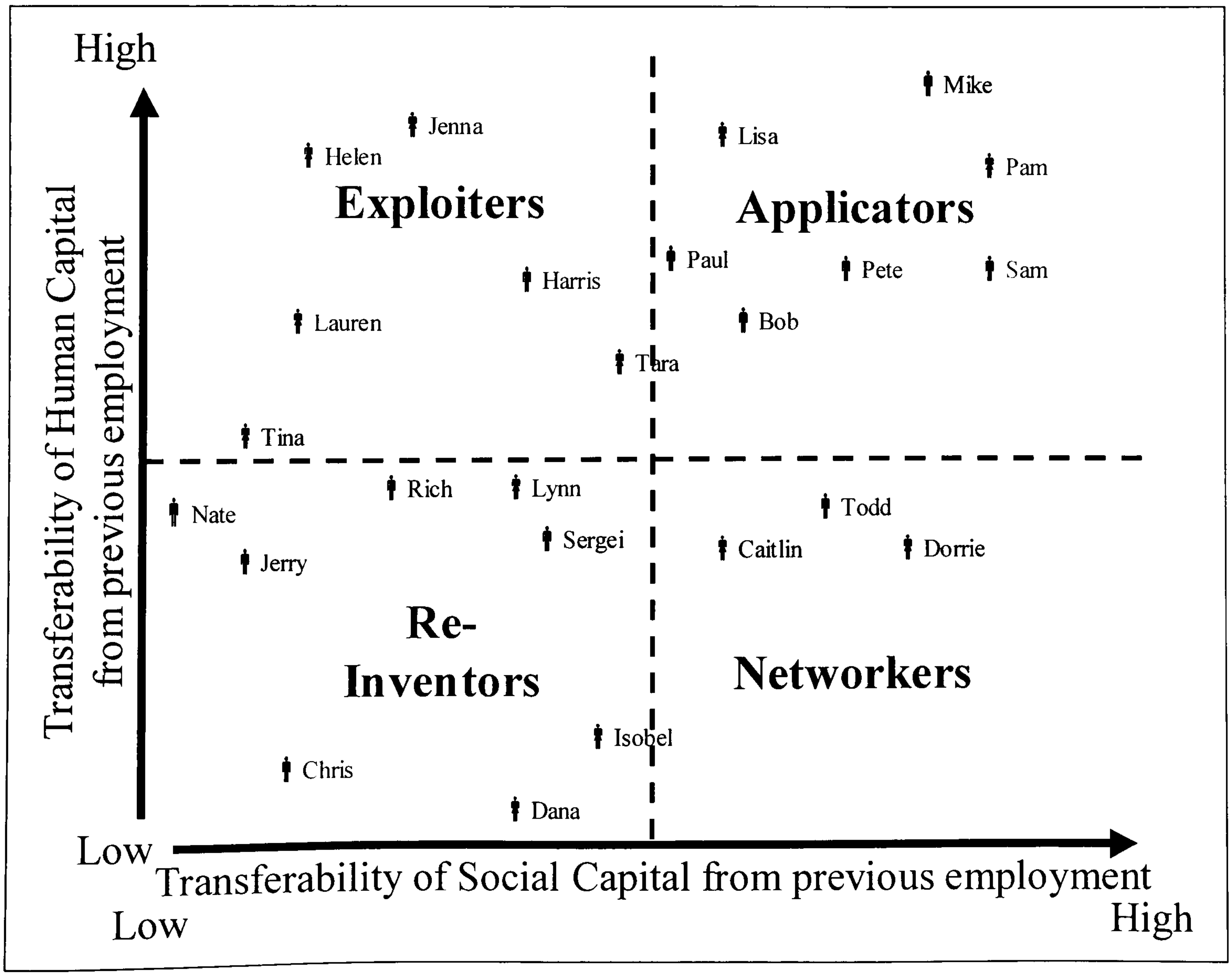
CHAPTER 7: TYPOLOGY & INDIVIDUAL CASE STUDIES

This chapter presents a typology of the entrepreneurs' leveraging of human capital and social capital from previous experience. Entrepreneurs' case studies are plotted on a matrix and the four types are subsequently described and illustrated with case studies.

7.1 Creating a Typology

Findings from the exploratory study suggested a two-by-two matrix of the transferability of previous work experiences' human capital and social capital which is depicted in Figure 5.5. One of the purposes of the main study was to further develop this typology in the analysis of the 24 main study interviews. Indeed, this analysis resulted in tweaking the original model. Figure 7.1 depicts the new typology.

Figure 7.1: Typology of Human Capital and Social Capital Transferability



7.2 Plotting Cases

The entrepreneurs were plotted based on the coding of the interviews. For example, an individual who spoke about past work experiences transferring to the new venture was coded as higher on the vertical dimension of human capital transfer than an individual who reported no transfer. In some cases, the entrepreneurs provided only one example of knowledge and skill transfer and the richness of the description had to be judged by the researcher. Thus, this method of plotting cases on the typology was not clear-cut.

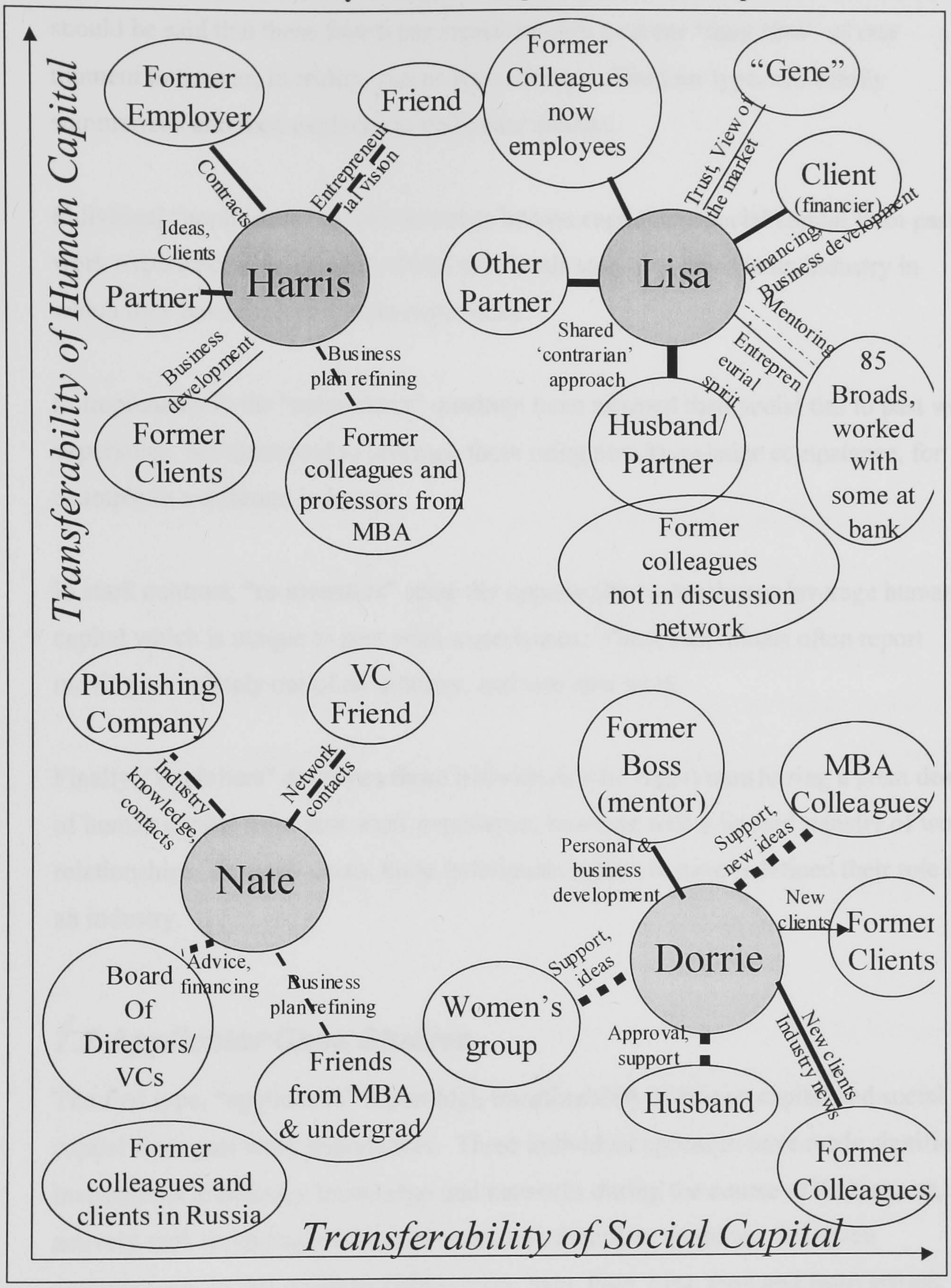
In the case of social capital the interviews were again coded for leveraged capital and plotted accordingly. In this case, I found it helpful to draw a "mini-network" for each entrepreneur. The "ego" network is based around the entrepreneur interviewed, with network contacts in a surrounding circle.

The line connecting the entrepreneur circle to a network partner denotes either a work (regular line) or affective (dotted line) genesis of relationship, e.g. Dorrie has a non-work connection to her husband and MBA colleagues. Relationships from previous work which are not transferred to the new venture are denoted by circles which are not connected to the entrepreneur. For example, Nate described his Russia-based former colleagues and clients as being outside of his new venture network.

The strength of tie interactions is noted by the boldness of the line and the proximity of the contact to the business is indicated by the length of the line. For example, Lisa described a closer relationship to her husband/partner than to her client who helped to finance the venture. The discussion and resources provided by the individual(s) to the entrepreneur are written on the regular or dotted line, e.g. Harris' former employer offers him consulting contracts. Interrelationships among network partners and the discussion and resources the entrepreneur provides to the network partners are not depicted.

The networks of four entrepreneurs representing each of the four types (Lisa, Nate, Harris and Dorrie) are plotted in Figure 7.2. Again, the lack of an unbiased method for classifying the cases is acknowledged. Appendix E contains a summary of the human capital and social capital of each of the twenty-four entrepreneurs in the main study.

Figure 7.2: Transferability of Human Capital and Social Capital: Four Cases



Note: Entrepreneur in central "ego" circle; network contacts in surrounding circles, connected by regular (work genesis) or dotted (affective genesis) line. Boldness of line and proximity to entrepreneur denote strength of tie.

This chapter concentrates on the four major intersections between the two continua. It should be said that these four types represent only a career "snap shot'' of one moment in time as, in reality, career types change. The four types are briefly summarized and then explored in eight case studies.

Individual "applicators" greatly leverage human capital and social capital from past work experiences. In general, these individuals start new firms in an industry in which they have deep corporate experience.

Entrepreneurs in the "networkers" quadrant have retained their social ties to past work experience, but attempted to leverage these using new knowledge competence, for example in a different industry.

In stark contrast, "re-inventors" seize the opportunity to develop or leverage human capital which is unique to past work experiences. These individuals often report moving completely out of an industry, and into new work.

Finally, "exploiters" describes those individuals who report transferring a great deal of human capital from past work experience, however with a limited transfer of work relationships. In many cases, these individuals appear to have redefined their role in an industry.

7.3 Applicator Case Studies

The first type, "applicators" report high transferability of human capital and social capital from past work experiences. These individual appear to have made significant investments in industry knowledge and networks during the course of their career, and actively seek to leverage this career capital in their new ventures. All seven entrepreneurs in this quadrant (Mike, Pam, Sam, Pete, Lisa, Paul and Bob) started new businesses in financial services. For example, Pam left a large accountancy to set up shop with two other accountants and Mike left his management role in leasing to establish a niche leasing and fraud protection firm. They reported making use of the practical skills learned on the job, as well as colleagues, clients and mentors from work. Some of the entrepreneurs acknowledged developing new skills, although this was less extensive than other entrepreneurs. The following two cases, from Lisa and Pete, are illustrative of high degrees of application of both human capital and social capital from past work.

7.3.1 Lisa

After completing her law degree, Lisa worked for two investment banks before starting her own hedge fund. She describes her career as having "largely revolved around building businesses." Equally, her career appears to be based, in part, on applying her knowledge of the industry and its players. Lisa reflects on her pre-career desire to take risks and learn as much as possible,

> "I specifically chose [large investment bank] because I researched extensively which bank had the greatest sensitivity to diversity. And once I was there, I chose to join a riskier venture which was emerging markets instead of the fast track, mainstream desks that I could have joined. And that risk paid off because these embryonic emerging markets that I was involved in developing became a major profit center for the bank. The team of 8 became 300 people. It became ranked number one over many years in the markets. Then I left to join [another large investment bank] where I was asked to set up and manage their sales and trading operation in emerging markets in Europe in fixed income."

After several years at the second bank, Lisa left to start a hedge fund. She reflects on the move, "When I left, it was a matter of striking out on my own. It was not a matter of going back to either of them to ask them for money." She did, however, actively apply her knowledge of emerging markets and hedge funds. Furthermore, she recruited two former colleagues to join her as partners. Together, they brought over several former colleagues from her first bank employer to join the new firm. Lisa also describes active relationships with clients from her former employer. For example, as described earlier, "Gene" provides her with information about the markets. Her main mentor is a Chairman of a large bank. She talked about his influence on her and his status,

> "He has been a phenomenal man. A man that I worked for at [investment bank] was a really good role model for me. And he was a man who was not very senior to me, but he had been at the bank for a lot longer than I had. And he was just a really good communicator. Certainly, in this business, one of the top three men at [Bank] was extraordinary."

Lisa said that not all human capital and social capital aspects from previous employer were transferred to the new venture. For example, she reports keeping at a distance former colleagues whom she believes that she can not trust. She has also purposefully located her firm outside of the cluster of finance houses in the City, and instead in green pastures well outside London.

7.3.2 Pete

Pete worked for a leasing company for over twenty years. He was appointed bank manager at the age of 27 and ran a number of businesses for the company during his career. Pete reflected on his decision to start his own company,

> "I left in 2002 but I had wanted to go since about 1998. I just had to find the right time to leave and on the right conditions. It was just after the MBA. I had all this knowledge and eventually understood how a company works. I wanted to try it for myself. I got out by 2002."

Armed with deep industry knowledge from his two decades in leasing and a new MBA, he set up a consultancy to train companies in leasing. Pete spoke of his transition,

> "It was a mindset. That's my point of view. I was going to do it for a long time. It actually didn't feel like a transition. I changed my lifestyle and I worked more from home. The change didn't feel huge."

Pete's new venture is focused on credit risk, an area in which he worked extensively during his career. Pete described the initial motivation as having "started by helping a company figure out how to lend money. More and more, it has been about leadership and management development." Pete relied on his network from previous work, including for his first client. He acknowledged the role of network, but equally how he is beginning to build social networks outside of those from past work,

> "I have a big network. Lots of ex-colleagues. 25-30% come from [former employer]. Originally they were 100% so you can see how much my network has grown in the last 2 years, even in the last 3 months.

7.4 Networker Case Studies

Entrepreneurs in the "networker" quadrant are characterized by a high transferability of social capital from previous work networks, but a low degree of human capital transferability. Networkers develop new knowledge competence, for example in a different industry. The three networkers in the sample compensated for the lack of transferable knowledge by using their extensive social networks to access new knowledge.

7.4.1 Dorrie

After her undergraduate studies, Dorrie started her professional career as a TV news reporter. After a few years, she left to take an MBA and embarked on a career in marketing and consulting to financial service companies and banks. As Director for one of the large banks, she was assistant to the CEO, a member of the merger team part and in charge of integrating some operations. She then took on a new role with responsibility of strategy design and acquisition analysis. After another merger, she asked to step down as Director of Marketing and to leave the executive board. Dorrie then left and said of her new venture,

> "The consulting part just kind of came up. I had always thought that I would work on the side. I am really liking this. I am enjoying the freedom. The more I am in this phase of my life, the less that I would like to be stuck in a specific company. I've had two job offers in the past week and I've said no to both of them. Maybe I will say yes in six months or in a year."

Dorrie's old boss is one of her mentors for the new venture. She reported that he helps her identify new opportunities and introduces her to new people. She is also close to a number of her former colleagues from the bank with whom she regularly discusses important industry developments.

Dorrie is currently taking an executive course in change management, and considering other business opportunities. She is a member of the board of directors of a start-up, a women's association, and several alumni organisations.

7.4.2 Todd

Todd left his last job as CFO of the North American operations of one of the world's largest manufacturers. He had worked at his employer for over thirty years, beginning as an accountant, and worked his way up through international assignments and increased responsibilities in key divisions. In 2002, Todd completed an executive MBA course and met a number of other very senior executives and also entrepreneurs, and began to think about pursuing other opportunities. A friend offered him the possibility to be CFO of a manufacturing company which he took. He has also set up a consulting practice for private equity firms and corporations. Todd has also just been nominated to the board of a Fortune 500 firm.

Todd relayed the value of his network to his new venture,

> "So, I've very consciously kept a network both in my business associates and personal relationships that I think benefits you forever. . . I think people underestimate what they need to do for their own careers and what you can do for other people in their careers. I see it now. There is a guy that I've known from [former employer] when he and I were in Brazil and Peru in our early days. I see very much these similarities. He is leaving [former employer] after 30 years, but there is no network. There are no relationships. He relied almost totally on a company where he thought he would be forever. But a lot of things change."

Although the bulk of Todd's work experience is in a manufacturing company which produces a specific product, he says that he believes that he has been successful in his new entrepreneurial career because he has built a large network and "seen the big picture." Todd actively maintains relationships with former colleagues at the manufacturing firm, but equally so with the bankers, lawyers and other clients whom he worked with in his senior management roles.

7.5 Re-Inventor Case Studies

"Re-inventor" entrepreneurs have quite literally "reinvented" much of the human capital and social capital required for their new businesses, and do not report much leveraging of either from past experience. Six of the eight entrepreneurs in this category (Nate, Lynn, Sergei, Chris, Isobel and Dana) started businesses in sectors outside the financial services industry. Only Jerry and Rich set up businesses in the same sector as their previous employment, financial service brokerage and utilities brokering, respectively. Re-inventor entrepreneurs report having to compensate for a lack of transfer of knowledge, skills, relationships and networks from previous work by trying to grow new networks of customers. These entrepreneurs faced steep learning curves in what were new industries for them personally, and also demonstrated a great willingness to build new networks.

7.5.1 Nate

Nate's career journey has seen him through trading commodities in Russia to starting a business to consumer e-commerce retailer. After graduating from University, Nate took a job with a small company to set up a sales operation in the Soviet Union. Within a year, the CEO of a large company approached him to set up a small trading operation. However the small task grew substantially with the sweeping changes in the political climate. Nate recalls,

> "It's just that as I joined, the Soviet Union collapsed and it became Russia. So what originally was an idea of being a small representative office turned into the opportunity to create a regional trading base. And so I fairly shortly set up a local subsidiary trading in the local currency and then trading sugar between the different former republics in the Soviet Union. . . that ended up being a business with a turnover of probably 300 million dollars and about 40 staff."

After six years of trading commodities, Nate decided to return to the UK. He recalls the decision,

> "I just felt like coming home really. I also I think that I'd had the best years of trading sugar in Russia. It was all going to get relatively dull after that so I thought if I was going to move on, that was an opportune time to do it. In fact, I left Russia in March 1998 and the Russian economy collapsed in June 1998 and didn't recover really for two years. So the timing was perfect."

Back in the UK, Nate enrolled in an MBA. He reflected on how being an entrepreneur seemed the ideal path after his experiences,

> "I had had such a lucky time with my last job. Basically, I had been given complete free rein to set up a business over there. I also had a direct stake in as well. And so, because of taking part in the buy out, I had hundreds of millions of dollars to play with and I was never going to get an opportunity or a job like that ever again. Working for the same company back in London was only going to be dull. The only thing more exciting than that was to do my own thing. It wasn't that I had anything particular in mind. I just wanted to do my own thing."

During the course of his MBA, Nate worked through five different new business ideas. He discussed his ideas with MBA classmates, but never with his former colleagues in Russia. Finally, he decided to launch an internet retailer. Rather than seek a partner, he sought alliances in this new industry,

> "I realized that I knew nothing about the [product] industry. So I found the best greeting card company that I could think of. I approached them with the idea of giving them a small equity stake in return for all their designs and some marketing support as well and generally some advice about the [product] industry. Probably the wisest decision that I made... I got a huge amount of credibility from that. Once I had done the deal with them, they called everybody and said there is a guy called Nate coming to see you. It took me eight weeks to get a meeting with [Client]. After that, I met all the other greeting card companies in a week."

An old university friend's network and extended network led him to venture capital (VC) funding,

> "One of my university friends had been a [VC firm] director. He put some of his own money in the business and also took me to [VC firm]and introduced me to some of the people there. They said that I should meet a guy who they use for a lot of their NED posts so I went to go and see him. He liked the idea. But he was quite busy in other projects. He then introduced me to another guy who became a big investor. [He] is a very big figure in the city. He is a chairman of one PLC, deputy chairman of another PLC and director of other companies and an active member of the House of Lords and those sorts of things. He was probably a good mentor. And he loved the idea. Through him I met a number of other angel investors."

Through this social network, Nate describes learning about the business,

> "And really in terms of mentoring, I got my experience in the [product] industry from [product company]. My experience in finance and raising money came from this chain of people—this friend of mine, [friend's contact], [friend's contact's contact], and then all of [his] friends. And of course, once they have actually invested, then you get the benefit of their wisdom because they want to look after their own money, but without wanting to be involved in the business on a daily basis."

Nate's company employs a staff of ten, and he has just set offices in the US and Australia. His "re-invention" entrepreneurial career path is characterised by seeking new knowledge and creating new alliances. Nate reports having learned all about e-commerce and also publishing. In tandem, he has built a network of board members, venture capitalists, executives in the publishing industry and other entrepreneurs. In short, he has re-invented an entrepreneurial life which bears little resemblance to his former job, trading sugar in Russia.

7.5.2 Dana

Dana left school at 15 and took her first job as a junior in one of the FTSE 100 banks. She recalls, "It was a bit of a dog's body position where you just filed checks and all sorts of mundane jobs, but getting you into an office environment." Dana then took a job doing credit searches and later importing. Then at age 19, with her American husband, she left for the US and established an accountancy practice in Florida. Divorced after two years, she returned to the UK and worked in credit control for a wine company. She qualified as a credit manager, and remembers, "I became the first lady [credit] manageress who wasn't public school in a public school environment. I remember them saying, 'Dana you have become a credit manager' and it was quite patronizing." Dana moved on to become a credit manager for several other companies. In her last role in traditional organisation, Dana's boss was head-hunted to another firm. Dana recalled, "I thought my world had ended at that stage because I got on so well with her and we had such a good relationship. And I decided then that I wasn't going to work for anyone else. I'd go on my own."

Dana established a services consultancy in accountancy and credit control for small businesses in her local community. Dana recalls, "Although [my business] was steadily trotting along, it wasn't offering me a whole lot of money. But the networking was great and I met the Chief Executive of the local Chamber of Commerce. And I thought, 'What can I offer this town?'" She then launched a networking group for the local business owners.

Like Nate, Dana described her entrepreneurial career as one characterised by developing new networks and new knowledge. She traded in her accounting and credit control responsibilities for the demands of organising a network of business people. Dana talked about how she had to learn to build networks across boundaries, "I used to be very intimidated by people who have accents or were in very high positions. Now that doesn't worry me at all. My experience tells me that I can speak to just about everyone."

7.6 Exploiter Case Studies

The "exploiter" entrepreneurs are those who leveraged human capital from past work experiences, but reported a limited transfer of their pre-venture social networks. These six individuals' new venture strategies involve interactions with new players and often redefining industry roles. These entrepreneurs compensated for a lack of previous work networks by actively seeking new networks such as local community organisations.

7.6.1 Lauren

Lauren graduated from university in languages and began her professional career in an aid agency. After seven years fundraising for the charity, Lauren realised that she enjoyed the commercial side of the organisation, and wanted to pursue this in the private sector. She took a job with the credit card operation of a large bank and completed an MBA at the company expense. Lauren described the bank atmosphere as one of near constant change, "we were. . divested. . . acquired. . . merged. . ." After fifteen years, Lauren began to reconsider her career due to the limited opportunities in the firm, the physical exhaustion of her daily commute and her increasing intolerance of "bad behaviour at corporate." She recalled the moment when she decided to leave the firm to start her own business,

> "I just thought 'it's my life' and knowing that I just thought, well, 'Let's have a shot at doing something that you believe in. I certainly wasn't believing any more in what I was doing.' So, it was something in the back of my mind for 18 months and I just thought that I can't take another winter of this, commuting up to London. For what, really? Being paid very well, but essentially the money was getting to be actually the only reward that there was to show for it."

Lauren began to consider and write a business plan for a change management consultancy. She took training courses and spent personal time developing a set of tools and techniques to enable group and personal development through workshops and executive coaching. Lauren introduced and tested her ideas on a voluntary basis with colleagues and reports that her efforts were "very well received." Lauren then tried to introduce her business idea to the company but was met by cool reception,

> "I tried to bring it into my company because I remain convinced that there is a very good commercial proposition and they could have done something with it. They weren't interested. The other thing that I did is that I applied to reduce my hours. . . I wrote this email and I never, ever received a reply. I called meetings with my team leader and another guy. I set up a meeting with HR and the woman from HR didn't even turn up. It was incredible. It was like I put a request in and it disappeared in a black hole."

Lauren left the bank to start her firm just three months before our interview, and described these early days, "I am still forming it. . . it looks different now from my original idea, and in six months' time, it will be different again."

Lauren believed that her first client would be her former employer, however the contract fell through. She said the experience was "a bit of a blow," but has used the time to grow new networks outside of her employer. She reflected, "I think that if I'd had that contract from my previous employer, I'd be pretty complacent, and I understand that it's—you know—it's not that easy." Her new networks have generated a number of interesting opportunities which Lauren is pursuing. She reflects on the journey ahead,

> "From the personal perspective, I have been through every conceivable emotion on the full spectrum, six months and back again. It's been a terrific process in terms of gaining self confidence really or becoming sure."

Lauren's case illustrates the exploiter strategy of building on vast corporate experience (in her case of managing change and people) and growing new networks and relationships outside of previous employment. The second "exploiter" case, Harris, follows a young man who also left a career in banking to form a consultancy.

7.6.2 Harris

After graduating with a degree in accountancy, Harris took summer work placements at a FTSE 100 bank and at a small stock brokerage. Upon graduation, Harris took a job with another large bank and worked with pensions and investments. Quite quickly, he managed a team of seven and recalled the experience, "There was a lot of prestige, confidence and learned to set up new businesses. It was very interesting and also good in terms of an apartment, subsidies and bonuses." Concurrently, Harris undertook a number of certificate programmes. After two years with the bank, he left for a fund management company. The position was not what he had expected,

> "I had come from a very good position at one of the city banks and got all fed up. It was very hard to move internally. You had to have the right background. You needed to have gone to Eton or Oxford. I had been out of school two or three years at that point and I was really quite ambitious."

Frustrated, Harris took a job at another bank as an internal consultant and completed an executive MBA. Harris described the post-MBA disappointment of the closure of his department,

> "Once I finished the MBA, I thought that I have all this knowledge and it's just not going to be used at [bank]. I was speaking to different people, speaking to all kinds of people. Networking is really good. About two-thirds of the way through, they decided to close the department down. I knew a couple of months before this happened that it was going to happen. So when they came in and told us on that Thursday morning, it wasn't a surprise. They were cutting the entire department. But they still had a lot of procedural stuff that needed to be done."

The procedural requirements presented a new opportunity for Harris. Together with a colleague, he set up a consulting company to do the work. Harris described the initial period of trying to find work at his previous employer,

> "It was hard at first to find the work. We had all the connections but kept delaying the start of our projects. Those first six months were really difficult.

After three months we did have a client but there was always a question for me, 'Is this going to work?' Then we got a couple of people to join us."

Harris developed his network through on-line and face-to-face business networking agencies such as E-academy and Spoke. He has also recently created a link to the Department of Trade and Industry. This extensive social capital outreach is indicative of the "exploiter" type. Meanwhile, Harris leveraged his decade of financial services expertise.

7.7 Conclusions to Chapter Seven

To date, the entrepreneurship literature has typed entrepreneurs with past management or corporate experience as "corporate incubator," "careerpreneur," "corporate climber," "modern" and "second generation" entrepreneurs (Gregg, 1985; Moore, 2000; Moore & Buttner, 1997). The extant research does not examine differences within this group. This chapter has developed a typology of these former corporate entrepreneurs based on the extent to which they leverage human capital and social capital from previous experience. Four types are suggested: applicators, networkers, re-inventors and exploiters. Applicator and exploiter entrepreneurs both reported high levels of human capital transfer which also included more general management skills such as project and programme management, as well as skills in communicating with clients and managing people. The applicator and networker entrepreneurs reported a high degree of focus on leveraging social networks from past work, including former colleagues, but also former clients, mentors and bosses. In contrast, the re-inventor and exploiter types were less likely to report accessing these networks and compensated for this by developing new networks.

"Applicators" rely heavily on the networks and knowledge from past experience. Quite often, they report having clients who are former clients and colleagues or otherwise related to business experience. The applicator entrepreneurs most frequently reported transferring industry expertise, particularly when starting a new venture in an industry in which they had deep corporate experience. Three of the seven applicators, Pete, Sam, and Mike, left the same previous employer, a leasing company, to establish their own firms. A separate analysis of these cases, in the context of an emerging area of research called career imprinting, is included as Appendix H.

In stark contrast, re-inventor types report minimal transferability of human capital and social capital from previous employment. Re-inventors transform their personal and professional work lives by seeking new social networks and knowledge. In general, re-inventor entrepreneurs appear most tolerant of risk and flexible to change. Furthermore, they seem to compensate for a lack of knowledge and networks by following a steep learning curve and speedy networking in the area of the new venture.

Networkers report leveraging social capital from previous work experience, but limited transferability of human capital. These individuals expressed a keen interest in retaining active social relationships with past colleagues. In many ways, networkers' new ventures are a social extension of past corporate lives. Former colleagues are less likely to serve as providers of industry-specific content and more likely to provide mentoring, emotional support and access to more social networks. This type is perhaps best summarised by comments from Dorrie, "I realised that I didn't want to be a banker. . . but I still enjoy talking with them [former colleagues], especially now."

Finally, "exploiters" report high degree of transfer of human capital from past work experience, but develop new social networks. Two of the exploiter cases, Lauren and Harris, reported disappointment in terms of trying to leverage past work networks. Their past employers did not award them with consulting contracts which they had hoped for.

The twenty-four entrepreneurs were classified based on the interview "snapshot" of the new venture experience and may be liable to change over time. For example, Todd and Pete both described having started their new ventures with virtually no social networks outside of their corporate experience, and in particular, their work-colleagues. Now 29 months into his new venture, Todd described his social capital as "transformational" as his network was once comprised only of colleagues and clients from his employer of thirty years, but he reported having a great variety of ties, most of which are external to his past employer. Pete also highlighted the massive change in his networks over the past 30 months.

This chapter is based on a typology of capital transfer. As acknowledged in the chapter four review of methodology, while typologies are useful frameworks for organising data (Curran & Blackburn, 2001), they are often criticised for a focus on classification rather than theory development (Doty & Glick, 1994). Typologies can be used to generate theory if they satisfy three basic criteria: (1) identified constructs, (2) specified relationships among constructs, and (3) between-construct relationships are falsifiable (Doty & Glick, 1994). Typologies should be subjected to further empirical testing and quantitative modeling (Doty & Glick, 1994).

Finally, it should be said that several cases did not easily fit all along the two continuum. For example, Lynn left the bank to start a company manufacturing wood. While she reported learning a variety of skills at the bank and receiving finance from a former client, she actively grew the firm outside of these networks and knowledge. This suggests that there may be a critical time dimension that is not represented in the typology.

CHAPTER 8: DISCUSSION & CONCLUSIONS

This chapter positions the thesis, discusses the findings of the four main research questions, and the extent and domain of contribution to theoretical knowledge, empirical evidence, methodological approach and knowledge of practice. Limitations, lessons learned, personal significance of the findings and next steps are also addressed.

8.1 Positioning the Thesis

This thesis has explored the phenomenon of individuals leaving corporate careers to start their own businesses and how these individuals leverage their human capital and social capital. The exploratory study examined the phenomenon in the context of twelve entrepreneurs who left careers in six industries. The main study consisted of interviews with twenty-four entrepreneurs who were previously employed in the financial services industry. Three broad propositions guided the approach to design and analysis: (1) Individuals accumulate and apply human capital in the course of their working lives, including entrepreneurial careers; (2) Individuals accumulate and apply social capital in the course of their working lives, including entrepreneurial careers; and (3) Gender might impact entrepreneurial experiences.

The initial scope of the thesis was an examination of female entrepreneurship. Following a preliminary literature review (chapter two), it was decided that the study should de-emphasize gender, and incorporate both male and female entrepreneurs, and focus principally on how human capital and social capital from past work experiences are leveraged in new ventures.

The thesis research began by investigating the extant research on female entrepreneurs, and moved into an examination of the human capital and social capital of male and female entrepreneurs. Particular attention was paid to how entrepreneurs make use of human capital and social capital generated from previous experience. The thesis complements and extends the extant literature by taking a qualitative, inductive approach and taking into account the entrepreneurs' conceptions of human capital and social capital. Finally, the thesis also investigates gender differences. Table 8.1 illustrates the differences between this research and previous work.

Table 8.1 Differentiating the Thesis

Previous Research	This Research
Quantitative	Qualitative
Human capital and social capital conceptualised by academics	Human capital and social capital conceptualised by entrepreneurs
Deductive	Inductive, with deductive loops
Datasets (e.g. panel studies; population surveys)	Six matched male/female pairs in the exploratory study; main study includes 12 male and 12 female entrepreneurs
Focus on stocks of human capital and social capital	Focus on the use (e.g. leveraging) of stocks of human capital and social capital
Entrepreneur or manager	Incorporate perspective of both
Traditionally mostly male sample, more recent studies include only female sample of entrepreneurs	Male and female sample
Focus on the relationship between human capital, social capital and firm performance	Focus on the relationship between human capital, social capital and transferability
Analysis of survey response and demographics	Analysis of demographics as well as rich interview texts
Main study	Exploratory and main study

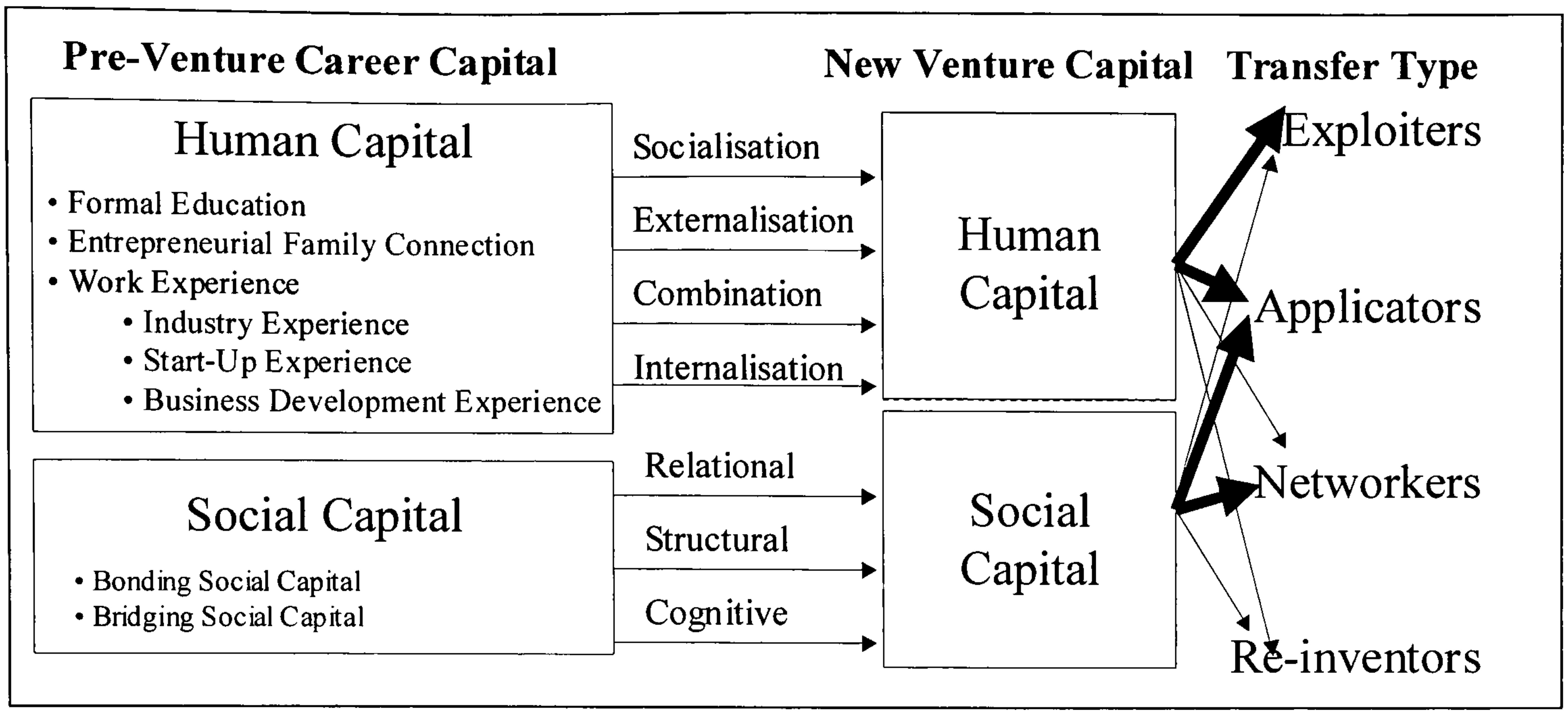
8.2 Findings

The overall research question, "How do entrepreneurs leverage human capital and social capital from previous experience to start their own ventures?" was unpacked through the following four sub-questions:

- What is the human capital and social capital of entrepreneurs?
- How do entrepreneurs leverage human capital from previous experience?
- How do entrepreneurs leverage social capital from previous experience?
- Are there gender differences in the leveraging of human capital and social capital?

As the findings have been summarised and discussed in detail in chapters five, six and seven, those detailed discussions are not repeated again here. Instead, this chapter concludes the thesis by describing the overall picture of findings and the explicit linkages between the areas. The refined conceptual model is depicted in Figure 8.1.

Figure 8.1: Refined Conceptual Model



Note: Boldness of arrow denotes strength of transfer

8.2.1 Human Capital of Entrepreneurs

While entrepreneurs' human capital has traditionally been measured quantitatively in terms of education level, years of work experience or age (e.g. Carroll & Mosakowski, 1987; Shane, 1996; Carter et al., 2003b), evidence suggests that this is not a complete picture of how the entrepreneurs perceive the value of their experience (e.g. Vinnicombe & Bank, 2003). This research responds to calls for an exploration of human capital from the entrepreneurs' perspective.

The exploratory and main studies provided an overview of the human capital of new entrepreneurs coming from corporate work environments. Entrepreneurs' human capital includes family background, education and previous work experience in the form of industry, management, start-up and business development experience. Each entrepreneur has a unique set of human capital. Furthermore, entrepreneurs with less industry experience in the new venture were more likely to use rhetoric consistent with an authenticity-seeking career.

The entrepreneurs' leveraging of human capital from past experience to their new venture is summarised in 8.2.3.

8.2.2 Social Capital of Entrepreneurs

In parallel, this thesis sought to develop an understanding of the entrepreneurs' social capital. Past studies of a positivistic and quantitative nature have measured social capital in terms of the number of family and friends who run a business or the number of associations to which an individual belongs (e.g. Katz & Williams, 1997; Davidsson & Honig, 2003; see also Appendix D). The qualitative nature of the research generated a more rich picture of the entrepreneurs' social network, including family, friends, colleagues, and business associations, as well as former colleagues, classmates, former classmates, mentors, partners, business associates, and former professors.

The exploratory and main studies revealed two broad categories of social capital: bonding and bridging ties. Bonding social capital or "closure" ties are characterised by strong ties and close relationships, most frequently to partners and mentors. Bridging social capital or "exposure," weak ties describe acquaintance relationships to past colleagues, past clients, school and university alumni, volunteer, social, industry and volunteer networks. Bonding and bridging ties can be of an affective or working relationship genesis.

Entrepreneurs created new social capital by positioning themselves as members of the board, associations, mentors, employees, clients or other discussion partners. The analysis of bridging social capital revealed patterns in network activation, building and emergence. Entrepreneurs activate new networks by joining formal groups such as the Chamber of Commerce (Pam and Dana) or the Rotary Club (Jerry and Dorrie) or informally. The entrepreneurs report building these relationships by participating in group activities or interacting individually. In terms of network emergence, entrepreneurs experiment with developing different social networks. As illustrated through in narratives from the interviews, the more recent corporate manager-turned-entrepreneurs were often only beginning to formulate bridging networks and to experiment with the structure of these relationships. Entrepreneurs with more established businesses reported more established network routines, often more explicitly structured around the perceived utility of this social capital.

The entrepreneurs' leveraging of social capital from past experience to their new venture is summarised in 8.2.4.

8.2.3 Leveraging Human Capital

Next, the research extends our understanding of entrepreneurs' human capital by focusing on how this knowledge is leveraged in the new venture. Nonaka's knowledge creation framework was applied to the entrepreneurs' experience of creating new knowledge from the venture from past work experience. The framework successfully illustrates the multiple means by which individuals transferred past experience to their new firms. The four types of knowledge creation, socialisation, externalisation, combination and internalisation, describe the evolution of tacit and explicit knowledge from past work experience to the new venture. Socialisation describes the tacit-tacit transfer through observation, imitation and practice. The tacit-to-explicit mode of knowledge transfer, externalisation, was captured in the entrepreneurs' recollections of conversations with colleagues and clients. Next, the explicit-explicit transfer, combination, was made possible through information repositories. Finally, internalisation describes the explicit-tacit transfer, which the entrepreneurs described in terms of learning by doing and on-the-job training. In summary, the major contribution of the knowledge creation analysis is the focus on the role of entrepreneurial learning and its application to new ventures, as opposed to traditional organisations.

However, it should be said that the four knowledge creation types are not exclusive. Entrepreneurs reported multiple methods of knowledge transfer. For example, Mike described how the use of certain fraud databases which he worked with at his former employer came in handy (combination) as well as the internalised knowledge creation from working with clients.

Furthermore, the entrepreneurs highlighted knowledge gained in previous experience which was not helpful, and in some cases damaging, when starting a new venture. This constitutes a new way of interpreting the entrepreneurs' environment. To date, most entrepreneurship research has focused on human capital which is useful to the new venture, and not taken into account the very rich myriad of pre-venture experiences which the entrepreneurs do not believe was useful in the new venture creation process. In this regard, entrepreneurs reported the non-transferability of knowledge including corporate culture, industry knowledge and firm-specific skills. In these instances, the entrepreneurs abandoned some of the institutional routines and rigidity imprinted at corporate.

8.2.4 Leveraging Social Capital

The findings also extend our understanding of entrepreneurs' social capital by focusing on how these networks are leveraged in the new venture. Specifically, social capital which is structurally, relationally and cognitively embedded is transferable to the new venture. Thus, the entrepreneurs leverage relationships with individuals with whom they have worked with in the past, share language, experiences, trust, identity and vision.

In the case of the new venture partners, all eight entrepreneurs who had partners reported identifying these partners through past work experiences. Additionally, the entrepreneurs shared strong affective bonds with these individuals which are illustrated by rhetoric consistent with structure, relationship, and cognitive bonds to these individuals.

Next, the findings indicate that entrepreneurs have different mentors for their new ventures than they did while working in organisations, and that they seek and receive different types of resources from these mentors. As in the case of the partners, the entrepreneurs reported strong structurally, relationally and cognitively embedded ties to new venture mentors. The dimensions of these relationships differed. For example, partnerships were more likely to stem from a colleague-structured relationship while mentoring was more likely to have a genesis in a client-structured relationship.

Furthermore, entrepreneurs reported that some social capital was not transferable. For example, former colleagues at the bank were no longer in a position to provide resources which some of the entrepreneurs wanted. For example, Caitlin was interested in selling group health spa trips to her old employer. However, her former colleagues were not in a position to purchase these services for the group as a whole.

Taken together, the findings suggest that those individuals in the entrepreneurs' networks who have relationships characterised by frequent interaction, deep trust and shared view points were likely to transcend organisational boundaries.

8.2.5 Human Capital and Social Capital Transfer Types

Based on the findings reviewed above, this thesis has developed a typology of former corporate entrepreneurs based on the extent to which they leverage human capital and social capital from previous experience. Four types are suggested: applicators, networkers, re-inventors and exploiters.

"Applicators" rely heavily on the networks and knowledge from past experience. Quite often, they report having clients who are former clients, former colleagues or otherwise related to business experience. These types of entrepreneurs may be particularly interesting as past studies indicate that individuals who start new ventures in industries in which they have some experience are more likely to be successful. In stark contrast, re-inventor types have developed completely new stocks of human capital and social capital. Networkers leverage their social relationships, but have built new human capital. Finally, "exploiters" transfer human capital from past work experience, but develop new social networks.

The applicator entrepreneurs most frequently reported transferring industry expertise, particularly when starting a new venture in an industry in which they had deep corporate experience. However, applicator and exploiter entrepreneurs both reported high levels of human capital transfer which also included more general management skills such as project and programme management, as well as skills in communicating with clients and managing people. The applicator and networker entrepreneurs reported a high degree of focus on leveraging social networks from past work. Here again, these networks included former colleagues, as well as former clients, mentors and bosses. In contrast, the re-inventor and exploiter types were less likely to report accessing these networks and compensated for this by developing new networks. The most common type identified in the sample was re-inventors (8), followed by applicators (7), exploiters (6) and networkers (3).

8.2.6 Gender Differences

The early seed of this thesis was an exploration of differences between male and female entrepreneurs, however this was included as only one of four key research questions. In both the exploratory and main studies, gender distinctions were explored.

In both the exploratory and the main study, there is strong empirical evidence of gender homophily in bonding and bridging social capital. Males are more likely to start new ventures with male colleagues, have male mentors and have males in their social networks. The research also indicates gender differences in terms of mentoring relationships. For example, the men in the sample were more likely to have male mentors both in previous organisation and new venture work environments. Women are also far more likely to convert client relationships into mentoring bonds. This gender homophily may reflect the strong structural, relational and cognitive embeddedness of social relationships, e.g. that males may naturally find themselves more likely to be in a work relationship with other males; and to share language, experiences, obligations, expectations, values and visions with other males, and the same for females to other females. Finally, female managers are more likely to start new businesses outside of the financial services industry and to use rhetoric associated with an authenticity seeking career.

8.3 Discussion

The shift from 'linear' to 'multidirectional' careers (Baruch, 2004) can take many forms, including senior managers leaving corporations to start own businesses. This is, in part, due to the ever-narrowing executive management ranks in large corporations. For example, FTSE 100 firms have an average of just four executive directors on their eleven member boards.[11] This is especially true for women, who hold just 17 executive directorships on the FTSE 100 boards (Singh & Vinnicombe, 2004a).

We live in an age of knowledge, in which individuals' futures rest upon their ability to leverage knowledge, skills and relationships (Drucker, 1966; Sullivan, 1999). As individuals receive higher relative returns for their skills in self-employment than in the wage/salary sector (Devine, 1994), especially in professional and managerial areas (Moore & Buttner, 1997), and report higher satisfaction from entrepreneurial careers (Burt, 2000), it seems inevitable that some senior managers will choose to exit corporate organisations and start their own companies. To date, this phenomenon has been described in the popular press, but received limited attention and theoretical development in the academic literature (some exceptions, e.g. Mallon & Cohen, 2001; Marlow & Carter, 2004).

Senior managers' investment in their human capital and social capital while in traditional organisations can assist start-up activities. The research suggests that former corporate entrepreneurs use intelligent career concepts of knowing how, knowing who and knowing why. "Knowing how" is captured in the discussions of human capital. "Knowing who" refers to the entrepreneurs' social networks, including partner(s), mentor(s), family members, former colleagues, former classmates, former professors, former clients and others. Finally, "knowing why" spells out the entrepreneurs' motivations for new venture start-up and, in some cases, the search for authenticity. These findings, although peripheral to the study's main aim, were also relayed in the interviews and found to be consistent with previous research.

Finally, previous research indicated a typology which did not distinguish among "corporate incubator" entrepreneurs. This thesis distinguishes a typology within "corporate incubator" types by distinct levels of human capital and social capital transferability. There are individuals who make great use of their networks and knowledge while others spend decades in corporations but do not report any

[11] Computed based on Singh & Vinnicombe's FTSE100 database, using November 2004 data.

leveraging in the new firm. Although a typology can be a useful means to analyse data, it should be said that it represents only a snapshot in time. Entrepreneurs' strategies, networks, and knowledge change over time. From the chronological analysis of the entreprenuers' social capital discussed in chapter six, it appears that entrepreneurs at different phases of their ventures structure their networks differently. Although this thesis examines the boundaryless careers in the context of financial services, self employment numbers are increasing in other industries.

8.4 Domains of Contribution

This research has explored the phenomenon of managers leaving corporations to set up their own businesses, with special focus on the knowledge that male and female managers obtain in previous experience and leverage in new ventures. The contribution of the thesis is described in terms of existing knowledge built upon, where the contribution fits and the nature of the arguments made (Jenkins, 2003). First, the nature of the argument for this thesis is that there has been little prior research of the phenomenon of individuals' transfer from corporate to new venture. The thesis' contributions to the field are depicted in Table 8.2 and are detailed in subsequent sections.

Table 8.2: Extent and Domains of Contribution

Domain of Contribution	Extent of Contribution		
	What has been revealed?	**What has been developed?**	**What has been found which is brand new?**
Theoretical knowledge	Human capital and social capital are useful theories for examining entrepreneurs' transfer from corporate	Knowledge creation framework can be applied to new venture Structural, relational and cognitive dimensions of social capital can be applied to social capital transfer to the new venture	Typology of human capital and social capital transfer
Empirical evidence	Entrepreneurs possess human capital in the form of education, family background, industry, management, start-up and business development experience Entrepreneurs possess bonding social capital (e.g. partners and mentors) and bridging social capital (e.g. acquaintances, alumni networks) Some gender differences in human capital and social capital (e.g. gender homophily of social networks)	Framework for analysing the transfer of human capital and social capital from past experience	Entrepreneurs' creation of new knowledge from past work experience and transfer to the new venture can be classified by Nonaka's socialisation, externalisation, combination and internalisation types Entrepreneurs report transferring relationships from previous work experience to the new venture which are structurally, relationally and cognitively embedded
Methodological approaches	Semi-structured qualitative interview approach is a useful means of analysing entrepreneurship	Qualitative measurement of relational, structural and cognitive embeddedness (previously measured quantitatively)	--
Knowledge of practice	Phenomenon of individuals leaving corporate to start own ventures, especially in financial services	Typology of former corporate entrepreneurs by human capital and social capital transfer	Authenticity-seeking motives reported by individuals who start new ventures in new industries, especially women

Source: Framework modified from Jenkins (2003)

8.4.1 Theoretical knowledge

There are several contributions to the extant body of knowledge about individuals' advancement from managerial to entrepreneurial careers. First, this study confirms that human capital and social capital are useful theories for examining entrepreneurs' transfer from corporate, and examines these from the perspectives of the entrepreneurs. The exploratory study helped to investigate the usefulness of the human capital and social capital approach. The main study explored, in greater detail, how entrepreneurs leveraged this career capital. The study provides a unique contribution by examining human capital and social capital in parallel, and their mobility across work experiences.

Second, in terms of human capital theory, Nonaka and Takeuchi's (1995) knowledge creation framework is applied and developed for the use of the new venture environment. This analysis takes the framework forward from activities in large firms to the context of new venture creation and adds a dimension across time and space. For example the entreprenuers discuss how learning experiences from corporate informed knowledge creation in the new venture. The four modes, socialisation, externalisation, internalisation and combination, are illustrated through comments from the entrepreneurs, and new mechanisms of transfer for each are suggested.

The research has also resulted in the development of several concepts and frameworks. The concepts of structural, relational and cognitive dimensions of social capital are developed in the context of social capital transfer to the new venture. Again, this represents a substantial contribution to the extant literature which has focused primarily on these dimensions of social capital in the context of large MNEs.

A typology of the degree of transferability of human capital and social capital from previous work experiences is suggested, and eight case studies illustrate the four types: applicators, exploiters, networkers and re-inventors. Theory can be generated from typology if it meets three criteria: (1) identified constructs, (2) specified relationships among constructs, and (3) between-construct relationships are falsifiable (Doty & Glick, 1994). This thesis typology meets the requirements. First, the two constructs, transferability of human capital and transferability of social capital, have been identified and highlighted in the text. The relationships between the two have been acknowledged, e.g. that human capital knowledge is transferred in a social context, but these relationships are falsifiable. The thesis develops explicit measures for each and a new theoretical contribution has been made in terms of this typology of human capital and social capital transferability to the new venture.

8.4.2 Empirical evidence

This thesis has generated a rich and thick collection of empirical evidence. First, the study reports the entrepreneurs' descriptions of their human capital and social capital. Entrepreneurs' human capital is classified in terms of education, family background, industry, management, business development and start-up experience. Entrepreneurs' social capital is classified in terms of bonding (e.g. partners, mentors) and bridging relationships. This empirical evidence is generated not by survey or questionnaire, as in most previous studies, but through interviews with the entrepreneurs.

Next, a framework for analysing the transfer of these two forms of capital to the new venture is developed. There is empirical evidence both of knowledge and networks which the entrepreneurs report leveraging in the new venture, and knowledge and networks which are not transferred to the new venture. Extant research focuses on the resources which are transferable through human capital and social capital. This thesis makes a new contribution by articulating how entrepreneurs do not leverage some human capital and social capital in their transition from corporate.

The results indicate some differences between male and female entrepreneurs in terms of gender homophily of social networks. Males are more likely to have male mentors and partners, but females are not more likely to have female mentors and partners. Females are, however, more likely to report that their former clients operate as new venture mentors. This counterintuitive finding may be because the female managers' former bosses did not fully support their organisational exit.

Finally, this thesis makes a new contribution by illustrating entrepreneurs' transfer of human capital and social capital. Entrepreneurs create new knowledge from past work experience through the modes of socialisation, externalisation, combination and internalisation. In terms of social capital, structural, relational and cognitive embeddedness are key features of the transferable relationships. Entrepreneurs report transferring relationships from previous work experience to the new venture which are structurally, relationally and cognitively embedded

8.4.3 Methodological approaches

At the methodological level, this thesis differs from much of the extant positivist and functionalist research by adapting a qualitative and realist approach to the phenomenon. The use of Nvivo and a second coder provided a more structured approach to the analysis. This structure, combined with counts in some areas, may be a first effort in bridging the divide between the two approaches.

This methodology also confirmed and developed contributions to our understanding of new entrepreneurs. First, the rich nature of qualitative research enables new insights into the manifestation and the nature of the phenomenon. Second, this thesis uses the entrepreneurs' articulations of their experience regarding knowledge from human capital and the relational, structural and cognitive embeddedness of social capital, enabling new insights. Qualitative understanding is critical when examining the relational components of entrepreneurs' networks.

8.4.4 Knowledge of practice

Finally, the thesis offers knowledge of practice. The phenomenon of individuals leaving corporate management careers to start own ventures, particularly in the financial services industry, is examined and explored. Implications for managers interested in leaving corporate to start their own ventures are offered, as are suggestions for corporations interested in retaining these employees. These implications are discussed in greater detail in 8.5.1 and 8.5.2.

A typology of former corporate entrepreneurs by human capital and social capital transfer is developed. Aspiring entrepreneurs may find it useful to review the typology and consider how they wish to utilise their career capital in the new venture.

Finally, authenticity-seeking motives have been uncovered in the rhetoric of individuals who start new ventures in new industries. To date, the literature on authenticity-seeking careers has focused on 'creative' industries; however this thesis suggests that such a motivation may also be found in a 'professional' industry such as finance.

8.5 Implications

At the practical level described in 8.4.4, this study offers a number of implications for entrepreneurs and those corporations keen to retain them.

8.5.1 Implications for entrepreneurs

The study suggests a number of practical implications for individuals who are seeking entrepreneurial careers following corporate experience. First, individual's careers can be seen as an ongoing sequence of activities that enable the development of human capital and social capital. On a human capital level, the entrepreneurs described the real benefits of deep industry experience which served them well, particularly in new consulting ventures. Equally, human capital in the form of management and business development expertise was frequently cited by the entrepreneurs.

In tandem, the entrepreneurs described the value of social capital from previous organisations. In some cases, old clients became new clients, but also mentors, colleagues, and other networks from work were transferred to the new venture. Would be entrepreneurs might consider evaluating corporate clients as potential mentors for a new venture. Finally, entrepreneurs leveraged those relationships in which they were embedded relationally, cognitively and structurally. Individuals with relationships that lack this embeddedness may not be able to transfer key components to the new venture.

Taken together, these findings suggest that individuals keen to establish their own ventures may wish to consider their long term entrepreneurial aspirations and build career capital in terms of learning critical knowledge and skills and engaging in key networks. These activities could include opportunities to obtain start-up experience in the firm.

This section concludes with some of the entrepreneurs' reflections on their careers:

- "I think people underestimate what they need to do for their own careers and what you can do for other people in their careers... I think that the days are over that you are going to look at your career as one stop. It is probably going to be multi-stop." (Todd)
- "You have a whole bunch of people who love talking about business to bounce your ideas off. What I would find is that I would have an idea, get terribly excited about it, and then about two or three weeks later, I would be less excited about it. I would realize it wasn't going to work... if you leap into something, it is a bit dangerous if you leap into your first idea." (Nate)
- "My career has been about building businesses... I chose to join a riskier venture which was emerging markets instead of the fast track, mainstream desks that I could have joined... same thing at the next bank. You learn to build things from the ground up... then you do it for yourself." (Lisa)

8.5.2 Implications for corporations

Several of the entrepreneurs in the exploratory and main studies started businesses based on ideas and opportunities they generated in the previous employer. Given the high cost of replacing workers, corporations may be especially keen to retain good managers with strong entrepreneurial orientations. Corporations could allow employees to exercise entrepreneurial ambitions inside the firm by operating in corporate venture or business development units. In tandem, firms may consider taking a more flexible approach to individuals' careers, for example enabling individuals to move across firm areas.

In terms of training and development, firms could foster innovation and entrepreneurial approaches through programmes. There could also be scope for the development of individual and organisational social capital through networking events. Finally, firms could also consider developing alumni networks and retaining good relationships with those individuals who leave the corporation. For example, the women who left the investment banks reported good contact with their previous employers though networks such as 85 Broads, Goldman Sachs' network of female firm alumni.

Again, in the course of the interviews, several entrepreneurs reflected on the role of corporations:

- "I tried to take my idea forward [at corporate]. I put together some workshops to sort of showcase what I wanted to do, but I got mixed reception. One HR person didn't even show up for the meeting. Maybe if things had changed, I would have stayed, but I couldn't live with myself there." (Lauren)
- "[Big firms] have to understand that some top managers are going to want to, to need to move on. But it's important to keep them connected in some way, to keep them connected to the business." (Todd)
- "I don't really know if I could have pulled this off at [previous employer]. It would have been slow going to pull together the people and get it off the ground. I would have spent a lot of time getting buy in. There just wasn't space there." (Pete)

8.6 Limitations

Despite the use of systematic Nvivo coding and a second coder and self-transcription of all thirty-six interviews, the limitations of the findings of this study are consistent with prior qualitative research. Namely, the small number of cases examined and the methodology applied inhibits generalisability (Larson, 1992; Chandler & Hanks, 1994). Furthermore, the findings are based on the researcher's interpretation of the data (Curran & Blackburn, 2001). The researcher may have influenced the findings while categorizing the data to seek patterns. Next, this research has focused on individuals in the early stage of entrepreneurial careers with recent management experience in large organisations. It could be expected that over time, skills acquired in corporate environments may be forgotten or become outdated or costly to maintain. Furthermore, there is a problem of ex-post rationalisation as the entrepreneurs reflect on corporate experiences from as many as 36 months ago. However, Weick (1996) offers that although careers take place ex-ante, they only make sense ex-post. Additionally, the cross-sectional design may provide only a 'snapshot' view of the interviewees. Fifth, this thesis makes use of typologies, useful organising frameworks which generate plausible accounts but are said to be liable to criticism from future researchers for failing to provide acceptable interpretations (Curran & Blackburn, 2001). Finally, the main study was carried out within the context of careers in the financial services industry. As such, the findings may not be generalisable to other industries.

8.7 Lessons Learned

The exploratory studies generated approximately 24,000 words of transcribed interviews. In the main study, my extended interviews with the 24 entrepreneurs numbered over 100,000 words which, at times, seemed an unenviable challenge. While Nvivo was a useful tool, I found that it was most helpful to first print out the interviews and colour code some of the statements with different pens. I then kept a separate sheet of paper at my desk in order to keep track of some of the ideas that were emerging. In so doing, I replicated the functionality of Nvivo, but without having to sit in front of a computer. I also found that I needed to read and re-read the interview texts in different order to generate new ideas. I often read the interviews on an exercise bike which kept me 'pedaling' ferociously and enabled my mind to wander without feeling the need to write everything down. I also experimented with drawing pictures of my data, for example mapping entrepreneurs' social capital in order to plot it on a typology.

Another great challenge has been writing in 'thesis' rather than 'journal article' style. From my research training, I have grown comfortable with the 'journal' or working paper approach in which theory, framework, methodology, data, analysis and conclusions are presented together in approximately 15,000 words. It was a great challenge to "retrain" myself to structure these ideas in the format of a thesis in over 65,000 words and 175 single-spaced pages.

8.8 Conclusions and Next Steps

In conclusion, this thesis has met its objectives of making a contribution to theory and offering implications for practice. Interviews with entrepreneurs who left corporations to establish their own firms reveal the role of and leveraging of human capital and social capital in the new venture.

Many of the interviewees asked if they could learn the results of the research. The researcher plans to share the results of this study with interested interviewees after the viva. The results will be disseminated through the thesis and also revised for submission to peer reviewed journals. Following the publication of the first article from the thesis (Terjesen, 2005), a research unit from Kansas State University is interested in replicating some aspects of the study to explore the entrepreneurial careers of dieticians.

Further research is needed to investigate the role of human capital and social capital in shaping entrepreneurs' new ventures. A future study could investigate this phenomenon in a context outside of the financial services industry, for example in industries which are changing rapidly such as defense contracting. Furthermore, as this thesis focused on the transferability of human capital and social capital, future work could examine barriers to transferability. Hoang and Antoncic (2003) have suggested that network theory in entrepreneurship can be advanced by a combination of qualitative and quantitative methodologies. The findings from this study could be further developed and tested using surveys. In particular, the typology should be subjected to further empirical testing and quantitative modeling (Doty & Glick, 1994). For example, the typology might depend on the situation or the life cycle of the venture.

In summary, there are many ideas which I uncovered in this thesis and will focus on in research trajectory. Two possible directions are outlined in Appendices G and H.

8.9 Personal Significance of the Research Findings

At the beginning of this thesis, in section 1.1.2, I described my motivation to pursue research at an individual, rather than an organisational level. In so doing, I became engaged directly with a number of entrepreneurs as well as other scholars of entrepreneurship. I began to unpack these new issues from my thesis in parallel and overlapping research projects individually and with others.

This thesis on entrepreneurship has helped me to better understand how individuals start firms and manage the transition from managerial careers in corporations. I have begun to focus on the relationship between entrepreneurs' new ventures and MNEs, at multiple levels of analysis. For example, Terjesen, O'Gorman and Acs (2006) reviews the role of foreign MNEs in promoting the indigenous software industry in Ireland and India, and relays stories of individuals who left MNE careers to establish their own firms. I have also begun to investigate entrepreneurs' careers further, including how these individuals help to support others' new businesses. In research with Laszlo Szerb and Gabor Rappai at the University of Pecs, Hungary, we have found that an individual's experience as a business owner is more likely to predict informal investment activity than are country level variables (Szerb, Terjesen & Rappai, 2006).

Also during the course of the research, I taught entrepreneurship at the London School of Economics in London and Beijing, and often found myself relaying the stories of the entrepreneurs in my sessions. One of the entrepreneurs interviewed in the main study even gave a guest lecture to my students. It was very important for me to communicate this individual dimension of entrepreneurship and management to my undergraduate students. In June-July 2005, I attended a workshop at the Max Planck Institute of Economics in Jena, Germany where I met a few scholars studying knowledge transfers in new ventures. From these conversations, I realized that I was the only person to have qualitative data in the form of individual case studies. Finally, the stories of these entrepreneurs have, for the most part, had happy endings—with their unique personal motivations and goals in this process.

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APPENDIX

Appendix A: Variables in the New Venture Creation Framework (Gartner, 1985)

Individual	Organization	Process	Environment
Person(s) involved in starting a new organization	Kind of firm that is started	Actions undertaken by the individual(s) to start the venture	Situation surrounding and influencing the new organization
Need for achievement Locus of control Risk taking propensity Job satisfaction Previous work experiences Entrepreneurial parents Age Education	Overall cost leadership Differentiation Focus New product or service Parallel competition Franchise entry Geographic transfer Supply shortage Taping unutilized resources Customer contract Becoming a second source Joint Venture Licensing Market relinquishment Sell off of division Favored purchasing by government Governmental rule change	The entrepreneur: Locates a business opportunity Accumulates resources Markets products or services Produces the product Builds an organization Responds to government and society	Venture capital availability Presence of experienced entrepreneurs Technically skilled labor force Accessibility of suppliers Accessibility of customers or new markets Governmental influences Proximity of universities Availability of land or facilities Accessibility of transportation Attitude of the area population Availability of supporting services Living conditions High occupational and industrial differentiation High percentages of recent immigrants in the population Large industrial base Large size urban areas Availability of financial resources Barriers to entry Rivalry among existing competitors Pressure from substitute products Bargaining power of buyers Bargaining power of suppliers

Appendix B: List of Articles in Chapter Two: Female Entrepreneurship Literature Review

Andre, 1992; Anna, Chandler, Jansen & Mero, 1999; Bates, 2002; Bennett & Dann, 2000; Bird & Brush, 2002; Bliss & Garratt, 2001; Boden & Nucci, 1999; Buttner & Moore, 1997; Buttner & Rosen, 1992; Buttner, 2001; Caputo & Dolinsky, 1998; Carter, Gartner, Shaver & Gatewood, 2003; Carter, Williams & Reynolds, 1997; Chaganti & Parasuranam, 1997; Cliff, 1998; Cooper & Artz, 1995; Cooper, Gimeno-Gascon & Woo, 1994; Covin, 1994; Cromie & Birley, 1992; Dant, Brush & Iniesta, 1996; DeMartino & Barbato, 2003; Devine, 1994; Dolinsky & Caputo, 1994; Dolinsky, Caputo, Pasumarty, & Quazi, 1993; Fabowale, Orser & Riding, 1995; Fagenson & Marcus, 1991; Fagenson, 1993; Fasci & Valdez, 1998; Fay & Williams, 1993; Fischer, Reuber & Dyke, 1993; Gatewood, Shaver & Gartner, 1995; Greene, Brush, Hart & Saparito; 2001; Gundry & Welsch, 2001; Haynes & Haynes, 1999; Jones & Tullous, 2002; Kourilsky & Walstad, 1998; Kolvereid, Shane & Westhead, 1993; Lerner, Brush & Hisrich, 1997; Lerner & Almor, 2002; Mallon & Cohen, 2001; Marshack, 1994; Mathews & Moser, 1996; Maysami & Goby, 1999; McGregor & Tweed, 2002; Mirchandani, 1999; Mukhtar, 1998; Olson & Currie, 1992; Orhan, 2001; Orser, Hogarth-Scott & Riding, 2000; Rosa & Hamilton, 1994; Shindehutte, Morris & Brennan, 2003; Shabbir & Gregorio, 1996; Shane, Kolvereid & Westhead, 1991; Shim & Eastlick, 1998; Singh, Reynolds & Muhammad, 2001; Sonfield, Lussier, Corman & McKinney, 2001; Ufuk & Ozgen, 2001; Watson, 2003; Zapalska, 1997

Appendix C: Social Capital definitions employed in Entrepreneurship Research

Citation	Social Capital Definition
Baron & Markman (2000)	"actual and potential resources individuals obtain from their relationships with others (through a favorable reputation, high status, and personal referrals)... refers to the actual and potential resources individuals obtain from knowing others, being part of a social network with them, or merely from being known to them and having a good reputation" (Nahapiet & Ghoshal, 1998)
Greve & Salaff (2003)	Entrepreneurs' "contacts that lead to successful outcomes are their social capital and they are a key component of entrepreneurial networks (Burt, 1992)... when the entrepreneurs' contacts contribute to their entrepreneurial goals, these social contacts are their social capital (Burt, 1992)"
Davidsson & Honig (2003)	"Social capital theory refers to the ability of actors to extract benefits from their social structures, networks and memberships (Lin et al., 1981; Portes, 1998)", also "multidimensional" (Nahapiet & Ghoshal, 1998) and "broadly defined in the literature, such that a precise link between definition and operationalization is necessary in order to explain any aspect of the many network processes and reciprocities characterised under this umbrella term (Baron & Hannan, 1994)."
Carter et al.,(2003)	"Social capital is a form of non-economic knowledge separate from the foundation of human capital. Distinct from formal learning or instruction, it nevertheless directly impacts the economic behaviours of individuals (Kelly, 1994). Social capital emerges from the norms, networks, and relationships of the social structure in which an individual lives, potentially producing useful resources of business through the development of sets of obligations and expectations, information channels, and social norms that reinforce certain types of behaviours (Coleman, 1988). A critical source of social capital is an individual's social network."
Renzulli, Aldrich & Moody (2000)	"We use social capital to indicate the relationship characteristics of a person's ties to others who may provide access to important resources."
Brush et al.,(2002)	"A social capital approach suggests that non-economic knowledge emerges from norms, networks and social relationships and that all of these have the potential to become important resources for new ventures (Coleman, 1988; Nahapiet & Ghoshal, 1998)."

Appendix D: Sample of Quantitative Studies of Social Capital & Entrepreneurship

Article	Social Capital Operationalised	Other Variables	Dependent Var.
Carter, Brush, Greene, Gatewood, & Hart (2003)	Network diversity (nine different types of advisors-measured by how many of these different contacts they regularly consult); Network tie strength measured by classifying external advisors into one of three categories: weak, multiplex and strong ties; Professional business advisors are strangers or weak ties and further divided as foundational service providers (e.g. bankers, attorneys, accountants) versus professional advisors (financial consultants or general business consultants) which were dummy coded. Multiplex ties in the form of fellow business owners or informal mentors. Strong ties in the form of friends and family. Again, dummy coded.	Human capital: educational attainment (graduate school training); Financial acumen (4 degrees of formal education and training in finance from none to extensive); Start-up Experience (started or owned a previous business or not); Managerial experience (top level managerial experience or not); Financing strategy by loans, bootstrapping, retained earnings, personal sources, leasing, credit; all dummy variables except bootstrapping types	Equity funding (dummy variable if received or not)
Davidsson & Honig (2003)	Strong Ties (asked of both nascent and non-nascent entrepreneurs): Either parent has owned a business before (dummy); Close friends or neighbors run their own businesses (dummy); Family, relatives and close friends were encouraging of the entrepreneur starting a business (dummy); Living with a spouse or partner (dummy variable); Weak ties (asked only of the nascent entrepreneurs): Involvement in any business networks such as trade associations, chambers of commerce or service clubs such as Lions or Rotary (dummy); Assistance from specific business advice centres in Sweden (dummy); Member of start-up team or solo start-up effort	Human Capital: Years of education; Years experience as manager; Years work experience; Previous start-up experience	Become an entrepreneur
Florin, Lubatkin, & Schulze (2003)	"Social resources" at firm level-- Business Network: number of arms-length relationships and alliances with Fortune 1000 clients and suppliers at time of IPO; Personal Network: count of number of TMT members and directors who were also directors of other firms with similar technologies or markets; Underwriters: count of the number of underwriters that subscribed to an IPO	"Human resources" at firm level was a composite of three firm level measures: industry experience by years that venture TMT had worked, start-up experience by number of TMT who had previously started new businesses, and VC directorships by number of VCs who were on the firm board	Financial capital: venture's assets during the quarter just prior to the IPO to the proceeds from that offering; sales growth (2 year change in sales after IPO year) and return on sales (profits over sales in the 2nd year after the IPO year)

Appendix E: Main Study Interview Guide

(Career History)

- What has been your career to date, beginning with work experiences during your studies?
- What were your roles and responsibilities in each of these jobs?
- How did you advance to management?
- What did you learn at corporate?
- Can you explain your transitions between jobs or companies?
    - How did you manage the transition between jobs and companies?
- Did you have mentors in previous work?
    - Who were they?
    - What did you learn from them?
    - How would you characterise your current relationship to these mentors?
- How did you become an entrepreneur?
    - How did you manage the transition from roles in traditional organisations to your own new business?

(Human Capital)

- What education have you completed?
- Is anyone in your family an entrepreneur or running their own business?

(Social Capital)

- With whom do you speak with about the venture on a regular basis?
    - What is your relationship with this individual?
    - What do you talk about?
- Whom from previous work experiences (e.g. colleagues, clients, suppliers) do you communicate with at least twice a year?
    - What is your relationship with this individual?
    - What do you talk about?
- Did anyone from previous work help you to start your new business?
    - How?

- Did you have mentors helping you with your venture?
    - Who are they?
    - What have you learned from them?
    - How would you characterise your relationship?
- What community organisations do you belong to?
- What professional organisations do you belong to?
- Are there any other organisations or networks to which you belong?

(Venture)

- What new business have you started?
    - When did you start it?
- How did you identify your opportunity?
- Do you have a partner?
    - Who is your partner?
    - How did you meet your partner?
    - How would you characterise your relationship and that to the business?
- What is your goal for your venture?

(Venture & Human Capital)

- What knowledge, skills and attitudes from your previous work experience have you utilised to start your new venture?
- What knowledge, skills and attitudes from your previous work experience have you not found helpful in starting your new venture?

(Ventures & Social Capital)

- What relationships from your previous work experience have you utilised to start your new venture?
- What relationships from your previous work experience have you not found helpful in starting your new venture?
- Do you have mentors in starting your new venture?
    - Who were they?
    - How did these mentoring relationships develop?
    - What did you learn from them?

- What other resources have been helpful in starting the new venture?

Demographics:

- Entrepreneurs' Age and Family status, Name of new venture

Appendix F: Basis for Typology of Human Capital and Social Capital Transfer from Previous Employment

Name	Human Capital Transfer from Previous Employment	Social Capital Transfer from Previous Employment
Nate	Management skills, business development experience; not using: commodities trading, Russian language; non-prev emp: MBA	No transfer; non-prev emp: publishing company, friends, board of directors, friends from MBA & undergraduate
Jerry	Business development; management skills; No transfer: product manufacturing, programme management	Meets with old boss; No transfer: colleagues, clients
Paul	Finance knowledge; management knowledge	Very limited; conversations with former colleagues; some work for former clients
Pete	Leasing knowledge; non-prev emp: MBA; "how a company works"; Budgeting	Clients are former colleagues and former clients from previous work; New venture mentor from previous work
Chris	No transfer: Insurance, Project management	No transfer: former colleagues, former clients
Rich	Utilities; industry knowledge; non-prev emp: MBA degree	Partners are former work colleagues; No transfer: old clients
Bob	Private equity; management; business development; No transfer: investment banking culture	New venture mentor from previous work; employees from previous work; clients are old clients
Sergei	Finance; "management skills"	Partner is former work colleague; non-prev emp: friends from Masters
Mike	Business development experience; debt collection; fraud experience	Clients are former clients; Partners are former colleagues, contacts in industry; New venture mentor from previous work
Todd	Financial strategy; management experience; board expertise; Non-prev emp: executive MBA	Clients are former colleagues and former clients from previous work; Partners are former colleagues; New venture mentor from previous work
Harris	Finance services; project management; internal consulting; Non-prev emp: MBA	Clients are former colleagues and former clients; Partner is former colleague; No transfer: MBA colleagues and professors
Sam	Leasing legislation; management skills, German language, industry knowledge	UK clients, German clients
Jenna	Financial services research	Limited: discussion networks with former colleagues
Pam	Accountancy skills; practice management; High service levels for client	No transfer: Partner met through mutual friend
Dana	Business development; No transfer: credit control, importing	Local business networks which include former colleagues and former clients
Lynn	Soft skills, hard skills, project management	Partner is former client; some clients are former clients from bank; New venture mentor from previous work
Lauren	Need for change management; No transfer: knowledge of card services	Limited success in converting former employer to client; building new network;

Name	Human Capital Transfer from Previous Employment	Social Capital Transfer from Previous Employment
		No transfer: former colleagues, others with 'bad behaviour'
Dorrie	Marketing knowledge; change management experience	Former boss is mentor; some clients came through former work network; creating new networks; New venture mentor from previous work
Caitlin	Management skills; Business plan development; no transfer: investment banking	Former colleagues provide ideas, are new clients; Former clients are new clients
Lisa	Hedge funds; emerging market experience; no transfer: some aspect of investment banking culture	Former colleagues now employees, other partner, husband/partner were former colleagues, 85 Broads, clients, "Gene" ; New venture mentor from previous work
Tara	"Multinational experience"; technical skills; analytical skills	New venture mentor from previous work; clients are former colleagues
Helen	Business development experience; accounting; finance structure; budgets; small business management	Limited contact with old company; Growing new networks
Tina	Mutual fund, financial services planning knowledge	New venture mentor from previous work; No transfer: old clients who were brokers, traders
Isobel	Management skills; Business plan development	Former colleagues provide ideas, test new product; Former clients are network to private equity; actively seeking new networks

Appendix G: Entrepreneurial Spillover from Multinationals in Emerging Economies: Case Studies

In the main study, three of the twenty-four entrepreneurs were Russians who spent their early careers working for multinational (MNE) companies in Moscow or St. Petersburg and later London, before starting firms in UK. The Russians' careers in MNEs constituted the bulk of their professional work experience. While the findings from these interviews have been highlighted in earlier sections of this thesis, it seemed that new insights could be generated from this unique sample.

An emerging strand of literature defines "international entrepreneurship" as countries' indigenous entrepreneurial response to foreign direct investment (FDI) (Acs, Szerb, Terjesen & O'Gorman, 2006). This strand is grounded in the internalisation theory which states that host country, or local, firms have special "home court advantages" such as local relationships and that MNEs must possess competitive information-based intangibles in order to compete. While foreign firms have a variety of options when seeking to internationalise, arms length transactions such as exporting and licensing may not enable the firm to control its information intangibles. Faced with these choices, some MNEs choose to invest directly into establishing activities through physical operations. In this process, knowledge and skills are transferred across country boundaries, and spillover into the local economy. These spillovers from linkages to foreign firms trigger indigenous entrepreneurship through a variety of mechanisms. These could include supplying the multinational firm with particular resources, or at the individual level, managers who leave the multinational to set up a new enterprise to take advantage of this new knowledge. This strand of international entrepreneurship research is in the early stages of theoretical development, and is especially focused on MNE activities in emerging economies (see Meyer, 2004; Acs, Szerb, Terjesen & O'Gorman, 2006; Acs & Terjesen, 2005). There is a need for illustration and evaluation of the empirical evidence. Table A.F.1 provides an overview of the three individual case demographics and a summary of human capital and social capital contributions. Three cases then highlight evidence from the interviews of entrepreneurial spillover from multinational experience.

Table App.G.1: Entrepreneurial Spillover from MNE Experience in Emerging Economies

	Human Capital: Tacit	**Human Capital: Explicit**	**Social Capital: Structural Dimension**	**Social Capital: Relational Dimension**	**Social Capital: Cognitive Dimension**
Sergei	√ Management skills; √ Crisis coping	√ Risk management √ Finance	√ Access to Partner √ Access to Banks	√ Shared Trust with Partner	√ Communicating business plan to bank lenders
Lynn	√ "Soft skills"	√ "Hard skills"; "Industry expertise"	√ Access to Finance	√ Relationships with Suppliers; √ Relationships with Buyers	√ Communicating to buyers and suppliers
Tara	√ Communication skills; √ Business savvy √ Professional skills	√ Auditing expertise; √ Advising expertise; √ "Technical skills"	√ Access to Clients	√ Relationships with past employer √ Relationships with clients	√ Communicating with clients

Following a brief case overview, the interview data is analysed in terms of the tacit and explicit (Polanyi, 1966) nature of the knowledge in human capital, and the structural, relational and cognitive dimensions of social capital (Nahapiet & Ghoshal, 1998).

App.G.1 Sergei

After graduating from university with a degree in physics, Sergei took a job with a local Russian bank in Moscow. The dramatic change in the Soviet economy forced Sergei to rethink his job options, "When I started to study in 1989, the country was called the Soviet Union and it [physics and engineering] was a serious fundamental science. But then, the freedom was no more, and fundamental science was in bad shape." Sergei reported that his focus on new opportunities, background in mathematics and a friendship with a banker led to a career in finance,

> "There were new opportunities that didn't exist before. I was looking for new things and finance was one of those. I had a friend who was head of a department in one of the banks. They were looking for someone who could do investment analysis. There were not very many people with this education anyway so essentially they started with people with mathematical

backgrounds, assuming it might help with the finance. It was economics in Russia but it was just socialist stuff, and it didn't really apply to finance at all."

Sergei worked in securities and investment analysis for two Russian banks, each of which went bankrupt, before receiving a call from a firm which was recruiting for an American bank. He recalled the interview with the American manager who led the Finance and Operations team at the bank, "he said 'I really like you because you don't sound like a Russian accountant and I'm sick of working with Russian accountants.'" Sergei took the offer and began working in the risk management area. He recalled that risk management was completely new for Sergei, and also for Russian enterprise at the time, "I was mainly for securities. . . I had experience in trade, but I didn't have experience in risk management. But back then, there weren't a lot of people who had any experience so I had a chance." He worked intensively with his American and Russian counterparts in order to develop his risk management prowess, and soon had a team of two reporting to him. Then in 1998, Russia experienced a financial crisis, and it was during this time that Sergei reported learning how to deal with crisis. The bank made most of the staff redundant but Sergei recalls, "Ten people were considered very valuable and we were offered positions in London. I moved to London in 1999."

From his new London base, Sergei became a project manager for the integration of a global financial systems structure. He reported learning new skills in this difficult role of bridging functional teams and coping with the bank's mergers and acquisitions. Eventually, Sergei became frustrated by the bank hierarchy,

> "After the merger [with large bank] there were just practically weeks that we were sitting there and waiting until some decisions could be taken at a high level. And I couldn't really do things with a result five years or more forward. It just didn't' work psychologically."

Sergei left the bank to undertake a Master's in Finance course at a top European university. At the end of his course in 2002, he reported frustration with the job market,

> "The job market was pretty bad in terms of employment perspectives. . . . It was this compromise like you can scale down your ambitions and just go, take

> a basic position presumably because it is going to be okay. But that's not really what you want to do because I was Head of Risk Management in Moscow, especially in the crisis. It was interesting and serious involvement. And the idea of going somewhere just to check their limits on the database didn't quite appeal."

Sergei contacted an old colleague from his Moscow bank career, and formed a special consulting firm to purchase and relocate a European factory to a remote region of Russia. Sergei described the relationship, "We had worked on a few deals in Russia, and I knew this was someone I could trust, could work with." Sergei then used his contacts with London banks to finance the purchase of a defunct European chemicals factory and ship them to Russia.

He reflected,

> "I knew that I could sell it because I knew that I could put a business plan together, and I just went to several banks in the City, and one of them agreed to finance it. . . If you are speaking to a banker, and you are trying to persuade somebody to give you money, you have to present the full analysis. You need to say that these are the ways that things can go wrong, here are the probabilities and this is how we are going to remedy this. It does help a lot. People prefer when they are given this."

Sergei also relied on the crisis management skills he learned at the bank,

> "One morning, I had a voice mail and an e-mail. The voice mail came from the insurance company saying that the materials weren't insured. The email came from the shipping company saying that the ship didn't sink, but one piece of equipment, a five ton cylinder, moved around a lot. I had to think fast, but I knew the legalities from stuff at the bank so in the end, we moved the plant and got it reconstructed. . . I guess that one of the things from Russia, especially from the crisis, is that you just know that anything can go wrong. You must ask yourself questions that you wouldn't ask yourself otherwise."

Sergei's company is now engaged in risk management consulting for a number of banks. He reports having identified clients through his connections at his former employer in London, as well as his Master's in Finance classmates.

This brief case includes an analysis of the human capital and social capital which Sergei transferred from his MNE experience. He describes a multitude of ways in which this was leveraged in the new venture.

App.G.2 Lynn

Lynn studied linguistics before taking a private equity analyst position at a medium-sized bank in 1996. In her role, she bought and turned around Russian and Ukrainian companies. Lynn described her steep learning curve,

> "When I joined them, I had a linguistics degree and I knew very little about the profession as it is. So I was learning everything from scratch. It was also interesting because I was developing together with the system... I basically learned everything at the bank. I learned the soft skills. I learned the hard skills. I got my contacts there. I got the industry expertise in the industry that I started my business."

Lynn's clients included a Finnish furniture manufacturer and several paper and saw mills in Finland, Russia and the Baltics. During the corporate turnarounds, she became familiar with the structure of the industry, and also some of the major personal players. Lynn also recognised the opportunity to start a new firm which could provide high quality forest products at competitive prices. Following a discussion with the Finnish furniture manufacturer, Lynn left the bank and established a Russia-based company which supplied wood to the Finnish firm. Lynn reported relying on her client for the initial financial capital,

> "Basically during the whole first year, he was financing me because in Russia, you need to pay in advance when you are selling abroad, you need to give credit. If you are buying you need to pay in advance."

In the course of her business operations, Lynn described leveraging her knowledge of managing projects, "I knew the formalities and procedures [of operating an export-oriented business] which is pretty hard in Russia. So it was like an additional business in itself to export to a foreign country." She also reflected on the relationships gained at the bank, "After half a year, I decided to expand the company and start supplying to other firms. From working for them at the bank, I could call on all of the wood forest product suppliers from all over the European part of Russia."

Lynn did report having to develop new skills as an operator of the business,

> "At some time, I realized that the quality of the products which were coming to us was not always on the level which we would like it to be. In many cases, the mistakes were done during the processes, they did them the wrong way. So this is when I bought the equipment, basically just a simple frame and we changed the business process. We stopped buying processed goods and started buying raw materials."

Lynn concluded, "I am very grateful to the bank. I hope I paid them back for all of this."

App.G.3 Tara

Tara began her professional career with a college internship in one of the major advertising groups in Russia. She described the dilemma at graduation,

> "when I graduated from [university], I faced quite a major dilemma for me. I could keep working at this company which was growing but still quite local. Or I could go to one of the new MNEs and develop some quite transferable skills. Even at that time, I knew that I wanted to be part of the global marketplace. I wanted to take my business skills to the next step. I wanted to develop something transferable on my side."

Tara decided to take a management consulting job with the Russian office of a US-headquartered management consultancy. She described her major learnings, "There was logic there. It was economic and finance. I wasn't holding any of my goals back. The next logical step was auditing and advising. Those were the three years during which time I was first part of the global market place. I was working with local and global banks. . . What definitely helped me from multinational experience is the ability to build and attend to relationships. Communication skills. Understanding how corporates work. Understanding what types of situations business people are faced with everyday."

From the management consultancy, Tara took a job with a British-headquartered bank, in their debt capital markets, and then later moved to an American bank. She described her role and the impetus to start a new business,

"Basically, I started advising corporate. The emphasis is always how to stay in the business and how do you allocate and use your financial resources so I thought that would be the perfect chance for me to do something for myself now that I had learned so much from working there."

Tara started a financial consultancy. She acknowledges the role of her relationships to the bank and past clients, "It comes from my network opportunities" and also relayed how her management and technical knowledge from the bank helps her to work with clients,

"when I talk to companies. . . I kind of know right away what they are up to. And obviously my professional and technical skills, and especially my analytical skills. That was a great takeaway from the training I had. I received a lot of training."

Finally, two interviews also provided anecdotal evidence of the value of expatriates working for a multinational firm in an emerging economy. British-born Nate described his learning adventures during a seven year career in Russia,

"I was approached by [CEO, a prominent American businessman] who asked if I would set up a small sugar trading office in the Soviet Union. It's just that as I joined, the Soviet Union collapsed and it became Russia. So what originally was an idea of being a small representative office turned into the opportunity to create a regional trading base. And so I fairly shortly set up a local subsidiary of [CEO's] company trading in the local currency and then

> trading sugar between the different former republics in the Soviet Union. . . I was thrown in at the deep end. I was doing inter-governmental deals at a prime ministerial or ministerial level and I was 24. So having done that, nothing is going to be any more intimidating after that. The fact that actually most Prime Ministers and Ministers in the former Soviet Union really didn't know what they were talking about is neither here nor there. It made life easier. . . It made me realize that once you can speak to everybody on an equal level."

Todd, an American who has worked all over the world, reflected on his early years managing part of a large manufacturing firm's South American operations,

> "When I went to Brazil, I was in my late 20s, about 29 or 30, and I was the head treasurer of a [US] 500 million dollar operation. I didn't have the background for that, but I always took the time and the effort to really understand what the roles and the responsibilities were. From there, I had the great fortune when the CFO left. So I ended up the CFO of a half a billion dollar operation in my early 30s. . . I felt that I had those capabilities and that's what I want to move to later on."

Appendix H: Career Imprinting: Case Studies

An emerging area of career literature explores the role of the corporation in indoctrinating employees in a particular culture which seems to 'stick' with them throughout their career. Monica Higgins' recent book (2005) follows several former employees of biotechnology firm Baxter which is a "breeding ground" for many biotechnology industry leaders. Her research suggests that the company's strong "career imprint", that is the "combination of company systems, structure, strategy, and culture that employees take with them throughout their careers" is key to developing the industry's next leaders.

The main study included three individuals who had all left senior management roles at the same major insurance broker. At the syntactic level, these three individuals have spent roughly the same time and had similar hierarchical career advancement in the firm, referred to as 'Leasor.' In contrast, it appears that it was the semantics, that is, the unique individual experience in terms of relationships developed, skills acquired and experience accumulated during the Leasor careers, which have helped to shape their new businesses. All three of these former Leasor employees are males, and all started new businesses in the leasing industry. Table A.G.1 summarises the individuals' semantic career experience, which is detailed in the case studies.

Table App.H.1: Career Imprinting: From 'Leasor' to New Ventures

	Human Capital: Tacit	Human Capital: Explicit	Social Capital: Structural Dimension	Social Capital: Relational Dimension	Social Capital: Cognitive Dimension
Sam	√ Management skills	√ German language √ Leasing legislation √ Industry knowledge	√ Access to "players" √ Access to clients in UK √ Access to clients in Germany	√ Friendships with clients, colleagues	√ Communicating across borders
Pete	√ "How a company works"	√ Business development √ Industry expertise	√ Access to colleague/partners √ Access to clients	√ Relationships with clients, colleagues	√ Communicating with partners
Mike	√ Business development experience	√ Debt collection √ Fraud	√ Access to industry	√ Relationships with colleagues	√ Communicating with clients

App.H.1 Sam

Sam started his professional career as a bank branch manager, where he stayed for seven years. A "pal" convinced him to join Leasor at age 24, where he worked for 30 years. Sam describes his initial attraction to the firm,

> "Maybe I did it for all the wrong reasons. But it seemed like it was interesting, and it paid more than I was earning. And it had a company car. At 24, that seemed absolutely fantastic."

Sam described his career as "full of luck because it has taken turns all the way through which I never would have expected which have played very well for me." Sam spent his first five years at Leasor as an account executive, calling on customers. A conference dinner with one of the directors of Leasor's mortgage business resulted in the opportunity to work for and later manage the new venture. He reflected on the company's decision to shut down this entrepreneurial venture,

> "When [parent company] found out what we [Leasor] were doing, they immediately took over it and merged it with their own mortgage operations. . . But I got hugely frustrated with the fact that it became a routine, nothing exciting, no challenge. I happened to say to a colleague who was based in the same building as me, but a totally different business. I said, 'I am getting fed up with this, I could do with something new.' He was working in a joint venture we had with Jaguar at the time. He said, 'You wouldn't want to go to Germany would you?' I said 'Why?' He said, 'Well, basically we have been asked to set up a joint venture in Germany and we need someone to run it'. So I said 'okay'"

For the third time in his short career, Sam reported his new management role as being triggered by a personal relationship. In this case, the new role also entailed new skills,

> "I set up a little [Leasor] unit in Germany which by the very nature of going

there,

> and setting up the business there and learning a language, that has really directed my career from here on in. Subsequently to that, I spent four years in Germany setting up and running this joint venture. And then I ended up

setting up another joint venture we had with [Large UK car manufacturer]. Working with the Germans, at first, was something really new for me."

Sam's hierarchical progress through the corporation led to promotions which saw him "yo-yo-ing" Managing Director roles of Leasor companies in Germany and the UK. Finally, he negotiated a retirement,

> "the deal that I did with them is that I would stay in Germany for another two years, find my successor, put my successor in place in the German market and then they would give me early retirement. And [Leasor] were as good as their word. And that was all this last year."

Sam reported his former employer as having provided him with four key resources: time, money, industry knowledge and clients. As Sam reflected on the time and the pension,

> "It's quite an easy one, really, for me because in taking an early retirement at 55, I got an instant pension. To a certain extent, it's not that I have to go out and earn a crust. So for me, the transition has not been one of heck I finish work at the end of August. How am I going to feed the family in September? It was yeah, okay, I am on a pension so I have some income, but I don't think that I need to be looking for some kind of full-time role."

Sam now works on a consultant in the leasing industry. He reflected on resources he leverages in these roles,

> "The knowledge is there. I guess it's just that I've not really thought about it. I know the industry, the legislation, know the way it works, know a number of players and what they all do. But really all that I have done is maintain contacts with people that I've known over the years."

Sam's first consulting client was his former employer, and his second client is a German leasing company with which he worked with. To date, Sam relayed that his work has come, unsolicited, through his network,

> "I guess now all of those have sort of jumped at me rather than me going at them. It's only now the last 2-3 weeks that I have given some thought to, okay, if it does dry up, which potentially it will, what am I going to do now to

leverage it? I have been spending at least a day a week in the last three weeks calling people up. [I] emailed quite a few people in Germany just saying here's what I'm doing, I've set up a website. I am sending e-mails to people referring them back to that. And calling people up."

App.H.2 Pete

Pete started working at Leasor twenty-one years ago, and took a redundancy package to start his own consultancy in 2002. At Leasor, Pete began his career in sales, rotated through branch management before joining the head office for a variety of business development roles and finally the lending business. At the time he left the firm, Pete was deputy Managing Director of a 320-head department. Pete reflected on the exodus to entrepreneurship from Leasor,

> "There are a lot of us from [Leasor] who left to start our own business. Probably that was because we had lots of opportunities to get involved with various projects. Those were good experiences at [Leasor]. There was a lot of extracurricular activity."

Pete started two businesses in the area of his Leasor knowledge,

> "The first. . . I formed the company last year and we do training in the area of credit risk. It started by helping company figure out how to lend money. . . The second. . . company looks at the identification of general assets like motor vehicles, parts and machinery. We record and register assets. . . and lending."

Pete brought some of his Leasor colleagues into the business in various roles,

> "Part of my management team was my fraud managers. He was the operations director at one of the [Leasor] subsidiaries. I'll see him tonight too. Also another exec was head of Internal audit and is also ex-[Leasor]."

Pete acknowledged the role of Leasor networks, especially in the early stages,

> "My first client was a [Leasor] client. I just picked up the phone and spoke to them. In terms of getting orders, I had to work pretty hard. . . I have lots of ex-colleagues. 25-30% come from [Leasor]. Originally they were 100% so

you can see how much my network has grown in the last 2 years, even in the last 3 months."

App.H.3 Mike

Finally, Mike was also employed at Leasor for many years. Mike also spoke about management and entrepreneurship opportunities during his tenure at Leasor,

> "My career started with debt collection... anything that sort of needed someone to go out and do a nasty job and collect some money or something like that. From that, I went into a sales opportunity. And then I ran a small branch and then a head office position... I ended up moving across to head up all the fraud work for most of finance. It was at that point, having been heavily engaged in all kinds of fraud activities across the whole financial services sector, particularly with trade associations, the industry awareness... I had lots of roles and then coming out the other side and realising that there was a business opportunity to join forces with a couple of colleagues that had insurance experience, fraud experience and wanted to do something different."

From the interviews, it would appear that Leasor provided these former managers with numerous managerial and entrepreneurial responsibilities and also provided work experiences across a broad range of functional and geographic business areas. Through these interactions, they developed deep networks internally and externally and recognised new opportunities for the company and for themselves.