1042-2587

The Context of Social Capital: A Comparison of Rural and Urban Entrepreneurs in Uganda

Gerrit Rooks
Kim Klyver
Arthur Sserwanga

Classical network theory states that social networks are a form of capital because they provide access to resources. In this article, we propose that network effects differ between collectivistic and individualistic contexts. In a collectivistic context, resource sharing will be "value based." It is expected that members of a group support each other and share resources. In contrast, in an individualistic context, resource sharing will be more often based on reciprocity and trust. Hence, we hypothesized that networks will be more beneficial in individual contexts compared with collectivistic context. We found partial support for our hypotheses.

Introduction

Social capital created in social networks generates value for entrepreneurs. Through social relations, entrepreneurs learn about business opportunities and acquire resources such as start-up capital. In different contexts, different types of social capital may be needed (Elfring & Hulsink, 2003; Hanlon & Saunders, 2007; Johannisson, Ramirez-Pasillas, & Karlsson, 2002; Kwon & Arenius, 2010). Although researchers are now beginning to uncover the contingencies of social capital, empirical research is still lacking (Parkhe, Wasserman, & Ralston, 2006). It is still unclear how social capital depends on the context in which an entrepreneur is embedded. In this study, our aim is to study how social capital differs between rural and urban communities in a developing country.

We make two specific contributions to the literature. First, we compare social capital created in social networks in two regions within one country. Cross-national comparisons

Please send correspondence to: Gerrit Rooks, tel.: (+31) 40-2475509; e-mail: g.rooks@tue.nl; to Kim Klyver at kkl@sam.sdu.dk, and to Arthur Sserwanga at asserwanga@yahoo.com.

DOI: 10.1111/etap.12107

have yielded important insights (De Clercq, Lim, & Oh, 2011; Estrin, Mickiewicz, & Stephan, 2013); however, they are limited since nations are heterogeneous entities (Sivakumar & Nakata, 2001). We compare two regions in Uganda that represent two distinct sociocultural contexts for entrepreneurs: an urban region, the capital Kampala; and a rural region, Mpigi, approximately 30 kilometers away from Kampala. This region is a typical rural region in the sense that there is a clear sense of "community." Since it is located in central Uganda and the distance from Kampala is not overly far, the population not only comprises subsistence farmers, but also some industry.

Second, we aim to contribute to the emerging field of entrepreneurship and economic development in the poorest developing countries (Naudé, 2010). Social capital generated in social networks is of special importance in those countries (Acquaah, 2007; Bhagavatula, Elfring, van Tilburg, & van de Bunt, 2010; Fafchamps & Minten, 1999; Grootaert & van Bastelaer, 2002; Honig, 1998; Premaratna, 2011; Pretty & Ward, 2001; Woolcock & Narayan, 2000). Despite the growing interest of scholars and policy makers in the role of entrepreneurship in economic development, our knowledge of entrepreneurship in the very poorest developing countries is still limited (Bruton, Ahlstrom, & Obloj, 2008; Naudé). We contribute to the growing field in the intersection of entrepreneurship and economic development by conducting our study in Uganda, a developing country in Africa.

Theory and Hypotheses

Essentially, social capital is about the value of connections (Borgatti & Foster, 2003). Networks of relationships constitute a valuable resource that helps actors to achieve their goals (Nahapiet & Ghoshal, 1998). One theoretical perspective on social capital focuses on bridging ties. In this view, it is argued that entrepreneurs that have otherwise unconnected alters are connected to more heterogeneous sources of information, and hence will detect more novel opportunities (Burt, 1992). In the other view on social capital, scholars focus less on the information and control benefits that are associated with sparse networks. In this so-called "bonding" view of social capital, scholars focus more on coordinated action and resource sharing in dense networks (Coleman, 1988). Both theoretical approaches successfully predict small business performance, and hence, it seems that both forms of social capital are needed (Putnam, 2000).

In the current study, we are interested in how social capital created in social networks provides entrepreneurs with access to resources, thus taking a bonding view of social capital. Social capital studies typically relate social network characteristics with performance outcomes, assuming this happens through access to resources from social networks. In our study, we focus on those conditions under which entrepreneurs gain access to resources. We focus on access to tangible resources since those resources are more important in a developing country than access to novel opportunities (Stam, Arzlanian, & Elfring, 2013).

In the remainder of this section, we first discuss how resource sharing is related to kinship relations and network density. Second, we present our ideas with regard to how the value of social capital may depend on the context in which an entrepreneur is embedded.

Family Relations and Social Capital

Family ties have been found to be a critical source of social capital for entrepreneurs. Parents play an essential role in an individual's process of starting a business

(Kirkwood, 2007; Samuelsson, 2001). Bygrave, Hay, and Reynolds (2003) found, based upon their analysis of entrepreneurs in 29 countries, that 47.9% of all relationships between entrepreneurs and informal investors include relatives. In a pioneering study on entrepreneurial networks, Birley (1985) concluded that family, friends, and colleagues—in contrast to formal business relationships—are the chief resources for mobilizing raw materials, suppliers, equipment, space, employees, and orders. Recently, building on the family "embeddedness" perspective, Arregle et al. (2013) found that family members are important sources of resources; however, after a certain threshold, having more family members in a network is associated with less venture growth. The reasons for this nonlinear relationship are not clear. Family members are often willing to share resources, probably too often so that too many family members in a network results in the isolation of the entrepreneur and too much of the same support.

Family ties are especially important for entrepreneurs in developing countries, where formal and informal institutions function less well (Perkins, 2000). Family ties are regarded as strong ties or "embedded" relationships (Uzzi, 1997) that have traditionally been associated with trust and reciprocity. Both play a key role in the willingness of network actors to share resources (Coleman, 1988; Inkpen & Tsang, 2005). Accordingly, we hypothesize that family relationships are more frequent resource providers.

Hypothesis 1: Family relationships are more likely to provide access to resources compared with non-family relationships.

Networks and Social Capital

Network density is a classic network measure and refers to the degree to which the contacts of an entrepreneur know each other (Friedkin, 1981; Wasserman & Faust, 1994). In a close-knit, dense network, actors know each other. Because of the possibility of communicating and coordinating, actors in dense networks can combine forces to impose collective sanctions on those who behave in undesirable ways and reward those who behave in a desired way (Ellickson, 1991). A well-known example of a collective sanction for undesired behavior is gossip. Gossip works because people know each other; it deters uncooperative and selfish behavior because other members of the network will eventually catch up and learn about this undesired behavior. In this sense, dense networks are a vehicle for social control (Raub & Weesie, 1990; Wong & Boh, 2010). Because of the social control in dense networks, there is more trust so that favors will be returned and, hence, in dense networks, it is easier to acquire external resources in general (Portes & Sensenbrenner, 1993).

There is evidence that dense networks provide social capital. Hite and Hesterly (2001) show that cohesive networks are conducive to entrepreneurship when aligned with the resource challenges they face. Shane and Cable (2002) conclude that entrepreneurs with dense networks are more likely to obtain financial resources. This is because investors prefer to invest in entrepreneurs with whom they have social relationships and, second, because they are reluctant to invest in entrepreneurs who are not known to their network. Thus, we hypothesize that entrepreneurs are more likely to obtain resources from dense networks.

Hypothesis 2: Relationships embedded in denser networks are more likely to provide access to resources than relationships embedded in sparse networks.

The Context of Social Capital

Scholars are increasingly arguing that the value of social capital is contingent upon its context (Burt, 1997; Stam et al., 2013; Xiao & Tsui, 2007). Theoretically, different types of ties and different types of networks can be used for different purposes. Contingency theorists focus on the needs of actors. They relate network characteristics with performance, arguing that performance will be enhanced if the network configuration is aligned with the needs of the actor. One group of contingency theorists focuses on different resource needs depending on firm age (Slotte-Kock & Coviello, 2010). Other researchers argue that the value of networks in terms of performance will depend on the environmental context of firms (Stam et al., 2013). In the current study, we are developing the idea that the value of networks depends on the cultural context in which an entrepreneur is embedded. Note that we do not link the network to performance as is the case in most contingency research; we are interested in the effect of network structure on access to resources.

Social capital is based on social relations; they are the source of social capital (Adler & Kwon, 2002). However, having a social relation does not automatically imply that one has access to the resources held by that person. A network contact ("donor") has to be motivated to provide support, and this motivation is not uniform among others (Portes, 1998). For that, a certain amount of goodwill is needed (Adler & Kwon; Coleman, 1988; Dore, 1983). Portes distinguishes between two classes of motivations. The first class is "consummatory" motivation, which is rooted in norms that have been internalized through socialization. The second class of motivation is "instrumental" motivation. Instrumental motivations are based on rational calculation, and the idea of "enforced trust." A donor will offer support to a recipient if he or she is confident that the support will be repaid in the future. In dense networks, this confidence may be based on the expectation that trust can be enforced by social control mechanisms such as gossip. The idea that social capital can be based upon normative motivations has been proposed by other classical social capital scholars as well (Adler & Kwon; Putnam, 1993). Recently in the entrepreneurship literature, Hanlon and Saunders (2007) made a similar point when they contrasted "value-based" support with more instrumental "convenience-based" support. Convenience-based support is based purely on economic motivation. The supporter expects to be compensated for his or her support. Value-based support refers to "selfless" supportive acts where there is no expectation of compensation at all.

The distinction in motivations to share resources has been made by studies on culture as well. In collectivist societies, people subordinate their personal interests to the goals of their in-group (Doney, Cannon, & Mullen, 1998). Decisions to share resources are based on the norm that one should support fellow society members (Singelis, Triandis, Bhawuk, & Gelfland, 1995). An example is the more or less automatic social support that individuals in collectivistic communities receive from members of their in-group (Cohen & Hoberman, 2006; Triandis, Leung, Villareal, & Clack, 1985).

In contrast, in individualistic societies, the motivation to support others is based upon expectations of reciprocity and trust in networks. Support is not automatic; it is based on cost–benefit calculations (Singelis et al., 1995). A decision to provide support to a relation is based upon the attitude and trust in that relationship, rather than values and collective norms in the society (Singelis et al.). There is evidence that motivation for cooperation differs between individualistic and collectivistic contexts. For instance, in a seminal study, Fiske (2002) showed that individualistically oriented people were more likely to "free-ride" in larger groups, whereas collectivists did not or hardly reacted to group size in their decision of whether to free-ride or not. This finding suggests that

Table 1

Foundations of Social Capital in Rural and Urban Regions

	Urban	Rural
Focus	Self-interest Individualism	Community Collectivism
Resource sharing decision	Cost–benefit calculations	Automatic
Resource sharing motivation	Expectations of reciprocity and Instrumental trust (Convenience based)	Consummatory Societal norms and values (Value based)

cooperation of collectivists is automatic, while individualists cooperate based upon economic incentives.

Consistent with prior literature (Kalantaridis & Bika, 2006), we found in our fieldwork (explained later in the Method section) that in urban areas, support for entrepreneurs was more economic or convenience based. An urban entrepreneur told us: "When they feel there is something positive going on, they then would love to be a part of it. For example, if they feel that this software is going to be popular, then they will be excited to get on board; but if they feel it is a waste of time, then really you wouldn't blame them for not wanting to waste their time." In our fieldwork, we further found, also consistent with prior literature (Oyserman, Coon, & Kemmelmeier, 2002), that the rural region is more collectivistic. Resource sharing is value based. Rural entrepreneurs often work in cooperatives. For instance, as one rural entrepreneur told us: "We work together in this society we are in; everyone has a department they control. For example, one may be very good at making the frames yet I am good at finishing them. Then there are those who are all-round and can do everything like me. I can do everything on my own. We usually sit together in case one of our colleagues is stuck somewhere. They can consult any of us and we advise."

Table 1 provides an overview of the important differences with regard to how resources are shared in urban and rural regions.

Following the distinction in motivations to share resources discussed above, we assume that in urban, individualistic communities, resource sharing will be instrumental, while in rural, collectivistic communities, resource sharing will be consummatory (value based). A first, perhaps counterintuitive consequence of the differences in motivation to share resources is that, compared with individualistic societies, in collectivistic societies, family ties will be relatively less important. As discussed above, in collectivistic societies, the sharing of resources is based on normative commitments, and thus more or less automatic. Whoever is part of the network (or group) should be helped, whether this person is family, a friend, or a businessperson: conversely, in individualistic societies where sharing resources involves trust and expectations of reciprocity, family ties will be more important. As discussed above, family ties are strong or embedded ties that have traditionally been associated with trust and reciprocity.

Hypothesis 3: Family relationships are less likely to provide access to resources for entrepreneurs embedded in a collectivistic society as compared with entrepreneurs embedded in an individualistic society.

Following a similar reasoning, the effects of network density should be smaller in collectivistic societies as well. In collectivistic societies, resource sharing is more or less automatic. Dense networks have traditionally been associated with higher levels of trust and reciprocity. This is beneficial in individualistic societies when it comes to resource sharing. However, in collectivistic societies, there are norms that resources should be unconditionally shared within a network. This implies that the density of the network matters less.

Hypothesis 4: Network density is less likely to provide access to resources for entrepreneurs embedded in a collectivistic society as compared with entrepreneurs embedded in an individualistic society.

Method

A Rural versus Urban Design

Studying contextual effects via cross-national comparisons is problematic and troublesome since most nations are complex and heterogeneous entities comprised of many diverse cultures. Sometimes sets of cultures are ideologically defined in stark opposition to each other (Fiske, 2002). In a meta-analysis, Oyserman et al. (2002) found only few substantial, replicated differences between nations in the individualism–collectivism dimension of culture. Investigations into the relationship between trust and culture on the national level even indicate that "collectivistic nations" on the whole do not have higher levels of general trust (Triandis, 1989).

An alternative means of operationalizing a culture is to compare urban and rural regions. Urban cultures tend to be individualistic, whereas traditional rural cultures tend toward collectivism (Kalantaridis & Bika, 2006). In Western countries, rural areas have been transformed, or are in the process of being transformed, from local-traditional to more globally connected, modern societies, a process in which (in-migrant) entrepreneurship appears to play an important role (Gleason, 2003). This is not the case, or is true to a much lesser degree, in Sub-Saharan Africa (including Uganda) where rural areas are still predominantly collectivistic in nature, in contrast to the individualistic nature of the urban regions. This contrast provides us with an excellent opportunity to test our hypotheses.

Data Collection

We completed two distinct and separate data collections: a qualitative field study and an extensive quantitative survey study. The field study was conducted to obtain an understanding of the cultural context of entrepreneurial networks in the rural and urban areas. The survey was conducted in order to acquire quantitative data to formally test our hypotheses.

Qualitative Field Study

The purpose of the field study was to gain further understanding of the cultural context of our study and to justify our rural versus urban design. Our quantitative design critically depends upon the assumption that the rural and urban communities in Uganda are indeed culturally distinctive. More specifically, however, it depends upon the assumption that our rural community can be described as collectivistic while our urban community can be

described as individualistic as suggested by prior literature (Oyserman et al., 2002). Hence, the purpose is confirmatory rather than exploratory.

Accordingly, our design relies on ideal types of individualism and collectivism (Thornton, Ocacio, & Lounsbury, 2012). Use of ideal types has a long tradition in social science and is valuable because this reduces the risk of observer bias by providing a tool for understanding cultural mechanisms in their pure form (Eisenhardt, 1989). Deviation from the empirically ideal types is normal and expected; however, the closer to the ideal types the reality is, the more reliable formal quantitative tests are achieved.

In order to investigate whether our two areas can be characterized by our ideal types, and to what degree they empirically deviate from them, we conducted 10 personal, in-depth interviews with entrepreneurs—five in each of the two communities. The entrepreneurs were deliberately selected to provide us with as much richness and diversity as possible from within each community (Walter et al., 2004). We aimed to reach this richness and diversity by selecting—apart from an equal number of rural and urban entrepreneurs—a variation in sex, age, and industry that, to a certain extent, represents the Ugandan entrepreneur, and, therefore, our respondents are mostly men, relatively young, working in the primary and secondary industries.

The interviews were conducted by one of the authors of the article who was born and raised in central Uganda and has an in-depth knowledge of the local customs and language. The in-depth interviews lasted 1–2 hours each. The interviews were conducted very carefully so that descriptions and explanations of values and resource sharing were adequately examined. The interviews were relatively open-ended and only mildly directive. Three general areas of questioning guided the interview: (1) How do you get the resources or support you need? How supportive is your personal and business environment? (2) Are the support/resources you get from others and that others get from you conditional? Do you feel obligated to help others in your group/society? and (3) Explain the nature and main components of social support you receive from others and that you accord to others.

As our purpose was of a confirmative nature, i.e., to confirm whether or not our urban and rural areas can correctly be characterized as individualistic and collectivistic culturally, respectively, our analysis of the interviews was rather targeted and specific in contrast to more inductive and explorative approaches. We specifically searched for signs that would help to inform us about the cultures in the two regions, and, specifically, signs that confirmed or disavowed individualism and collectivism. Because of this confirmative nature and our search for specific cultural signs, the interviews were neither recorded nor transcribed—instead careful notes were taken during interviews and certain representative quotes written down.

Survey Study: Sample

The purpose of the quantitative survey study was to empirically test our hypotheses given the justifications provided by the field study of the rural versus urban design. To do this, we collected data from Ugandan entrepreneurs. Conducting large-scale surveys in Uganda is a challenging task. One issue is that there are no adequate sampling frames of entrepreneurs available in Uganda; therefore, we employed a validated sampling procedure previously developed and applied in Uganda for entrepreneurship studies within the framework of the Global Entrepreneurship Monitor (GEM) project (Walter et al., 2004). Using this framework, we selected random samples of entrepreneurs operating as small business owners in the same two districts as in our field study.

Another challenge when collecting survey data in Uganda is that questionnaires most often cannot be mailed, faxed, or couriered to respondents. In addition, some of the respondents are illiterate. Therefore, our data could not be collected through traditional methods. Instead, it was gathered via face-to-face interviews (45–60 minutes) by an experienced and trained team of 10 interviewers (eight of whom participated in the GEM studies) who, through face-to-face interviews, filled out the surveys in front of their respondents. Almost all of the entrepreneurs felt honored to be selected for the study and were willing to cooperate. We received an unusually high response rate of 99.3% and our sample consisted of 737 respondents between the ages of 16 and 64 years.

Survey Study: Measurement Strategy

We used name generators to measure entrepreneurs' social networks. Name generators are a standard survey method of collecting ego-centered network data (Marsden, 1990). The method basically consists of asking people about those with whom they interact, often accompanied by questions about those individuals.

We aimed to capture both the social network from the social sphere (personal network) and the social network from the business sphere (business network). For the personal network, using the name generator, we asked the following question: "From time to time, most people discuss important personal matters with other people. Looking back over the last six months, who are the people with whom you have discussed an important personal matter?" For the business network, using the name generator, we asked: "From time to time, entrepreneurs seek advice on important business matters. Looking back over the last six months, who are the people with whom you have discussed an important business matter?" For both name generators, respondents were asked to list a maximum of five names (Burt, 1984, p. 315). The persons identified through the personal and business name generators were combined to constitute the entrepreneurs' social networks. For each of them, we asked for additional information about the contact and the tie between the contact and the entrepreneur, including what kinds of resources had been exchanged.

Dependent Variable: Access to Tangible Resources

Each entrepreneur was asked to identify the type of resources he or she might obtain from each of the alters (contacts) according to a checklist of eight items. The items were inspired by Obstfeld (2005), and adapted to fit the Ugandan setting. The variable *tangible resource* is one that indicates whether one of the following resources would be accessible: finance, tools and machinery, supplies, free labor, or premises. The variable takes on the value "1" if the contact of the entrepreneur is willing and able to provide at least one of the resources and "0" otherwise. The alternative would be to use a summative score; however, such a variable would also measure the degree to which an alter has resources available. Hence, this indicator is less sensitive to differences in the resource endowment (of alters) between the two regions.[1]

Independent Variables

Family. Each alter was classified as to whether he or she is a family member. We created a dummy variable labeled "family," using all other categories as a reference.

1. We thank an anonymous reviewer for this suggestion.

Density. Density captures how closely a network of relationships is knit and, more specifically, to what degree entrepreneurs' alters know each other mutually. We calculated the variable *density* as the proportion that indicated the number of actual ties present in the group relative to the number of possible ties in the group (i.e., if every alter mentioned had a relationship with every other alter mentioned).

Control Variables

Personal Tie. Those alters mentioned in the personal name generator, but not in the business name generator, were classified as personal ties and coded "1" for personal ties and "0" for no personal tie.

Multiplexity. Those alters who were mentioned in both in the personal name generator and in the business name generator were classified as multiplex ties and coded "1" for multiplexity and "0" for no multiplexity.

Size. Because the density variable does not capture the number of contacts in the network of the entrepreneur (Wellman & Frank, 2001), we added an additional variable to control for the impact of network size. The number of alters in a network may have an effect because of normative pressures (Rooks, Szirmai, & Sserwanga, 2010). Size of the network is measured as the number of unique alters mentioned by the respondent in the personal and business name generator (if the same alter is mentioned in both generators, it only counts for one).

Years of Education. We included years of education as a variable to control for the confounding effects of human capital, since in Uganda higher levels of human capital are associated with more social resources (van Tilburg, 1998).

Age. Age may affect network composition and incoming social support (Moore, 2010). To control for confounding effects, we included the age of the respondent—measured as the respondent's exact age at the time of interview—as a control variable.

Gender. Male and female network composition has been shown to differ. To control for possible confounding effects, we included gender as a control variable (coded "0" for male and "1" for female).

Gender Alter. Prior research clearly illustrates differences in men's and women's likelihood to provide resources to people in their social networks (Agneessens, Waege, & Lievens, 2006). In Uganda, females, by and large, offer less support. To control for confounding effects, we included the gender of alters as a control variable ("0" for male and "1" for female).

Findings

Field Study

The 10 personal in-depth interviews provided support of the cultural differences in the rural area, Mpigi, and the urban area, Kampala, with regard to collectivism and individualism. In Table 2, we present citations illustrating these differences—one citation from each of the 10 interviews.

Table 2

Citations: Cultural Difference in Mpigi (Rural) and Kampala (Urban) Communities

Resp	Community	Sex	Age	Industry	Citation
1	Rural	Male	32	Stool/chair maker	*"We help and support each other. In the villages we thrive on togetherness. If one of us encounters problems, we have a group governed by rules which are followed to help others. These rules are not written but they bind us and they work here. It's like a must 'asalira' in our local language. This kind of support applies for both personal and business needs."*
2	Rural	Male	35	Drum maker	*"We work together and support each other in almost every aspect of life. This is almost mandatory for one to remain in business, because of the lack of governmental support. We cannot survive without supporting each other. For example, if someone in the same business lacks a given item, they can get it from friend or neighbor and pay it back later, many instances with no interest charged."*
3	Rural	Female	26	Agricultural	*"We give support to each other in order to remain competitive. We can get raw materials and on credit and later pay the money. Sometimes this support is moral and psychological and not necessarily financial."*
4	Rural	Male	65	Agricultural	*"A wise business person in the countryside has no other option of enhancing business survival other than depending on support from friends and fellow business people. The environmental challenge leads to close relationships among us as business people because it is a source of support and survival for our businesses. You either closely associate and share with others or perish when challenges knock on your door."*
5	Rural	Male	24	Brick making	*"In our villages, lack of support from those close to you may results in very desperate situations, given the lack of other support mechanisms. In my situation, support from family and business associates becomes precious and almost inimitable."*
6	Urban	Male	41	Real estate	*"In the real estate business we depend mostly on professional support from contractors, consultants, realtors, etc. for professional support. The profit motive or earning an income makes the bottom lines of our relationships. There is no 'free lunch' in Kampala. However, in times of personal problems like death, we come in with cash contributions here and there. We would have wished to do much more but urban life is so fast and such costs may be detrimental to your business."*
7	Urban	Male	25	IT	*"Business here is mainly survival of the fittest. The competition is high. Despite that, we definitely offer each other some support, but this is minimal. We would have loved to support each other much more than we do, but the resource constraints (money, time, etc.) and the intense competition erodes the need and ability to offer such support."*
8	Urban	Female	32	Poultry farmer	*"In my business I do not have a lot of free support I receive from society. This could be attributed to my nature (introvert). However, even the other farmers I know who may have a more outgoing character do not receive a lot of free support."*
9	Urban	Male	29	Metal craftsman	*"I think our relationships are very dynamic and some are very short-term in nature. Some of these relationships may be useful for only a single project. Many times these are purely business relationships; 'quid pro quo'/arm's length transactions in nature. The bottom line of many of these relationships is whether I can get the resources I need and if I can pay or meet the requirements for accessing the said resources. Short of this, except for friends and family relationship, which provide support, there is no need for a relationship."*
10	Urban	Female	36	Bakery owner	*"I do not receive support from anyone, but I support others—especially family members. In case I need support like capital for investment, I access it from banks or other financial institutions. Getting funds from individuals e.g., 'soft loans' is not very sustainable for an expanding business like mine. It is almost impossible for instance to get long term funding as a 'soft loan' from my friends and family. Besides, with intrigue and business sabotage, those who pretend to support you may actually have intentions to destroy you and your business, give the competitive nature of our businesses. I am not claiming that in my business I do not work with people or receive benefits from other parties. However I pay for all these benefits."*

Table 3

Description of the Sample

	Full				Rural			Urban		
	N	M	SD	Range	N	M	SD	N	M	SD
Entrepreneur										
Gender (female = 1)	736	0.42	0.49	0/1	363	0.39	0.49	336	0.43	0.50
Married (yes = 1)	737	0.20	0.40	0/1	364	0.15	0.35	373	0.26	0.44
Age	724	31.47	10.78	16/64	363	32.5	11.9	327	30.4	9.40
Number of children	642	3.35	3.02	0/26	308	4.13	3.35	334	2.64	2.47
Number of dependents	648	4.16	3.89	0/30	328	5.02	4.21	320	3.27	3.28
Years of education	737	8.81	3.69	0/20	361	9.07	3.09	322	8.69	4.13
Number of employees	673	2.48	5.72	0/100	358	2.89	5.08	315	2.01	6.34
Start-up capital (Ugandan shillings × 1,000)	721	756	3,956	0/108	358	459	1,079	363	1,050	5,459
Life span	722	6.34	6.55	.5/47	361	6.29	6.54	361	6.40	6.56
Formally registered (yes = 1)	731	0.37	0.48	0/1	363	0.29	0.45	368	0.45	0.49
Manufacturing	737	0.12	0.32	0/1	364	0.22	0.42	373	0.02	0.12
Business services	737	0.37	0.48	0/1	364	0.28	0.45	373	0.45	0.49
Agriculture	737	0.14	0.35	0/1	364	0.28	0.45	373	0.01	0.09
Customer oriented services	737	0.36	0.48	0/1	364	0.21	0.41	373	0.51	0.50

Mpigi is characterized by the "Buganda culture," which emphasizes inclusiveness and collectiveness. Individuals in Mpigi are expected to collaborate and support each other, and this collective element was expressed by all interviewees. Without exception, they referred to the importance of group support; in their culture, helping each other is automatic. In the urban regions interviews, those interviewed did not stress the importance of group support. Urban entrepreneurs indicated that they alone are more instrumental in their dealings with others, and reliance on informal contacts is less appreciated. One entrepreneur even expressed that she did not rely on support of informal contacts at all. In Kampala, the interviewees stressed the rather impersonal and hectic nature of urban life and that the feeling is that it is mainly "every man/woman for him/herself." Thus, the results of this field study suggest that rural regions in Uganda are (still) traditional and collectivistic, which is in strong contrast to the modern, more individualistic urban regions.

Survey Study

Table 3 provides descriptive details of our sample. It consists of a relatively high proportion of female entrepreneurs (42%) as compared with most developed countries. This is consistent with prior empirical results from Uganda indicating that women are only slightly less likely to become self-employed than men (Wellman & Frank, 2001). The entrepreneurs were on average 31 years old, 20% were married, and on average had three children and four dependents. In addition, they have been schooled on average eight years. Their businesses were rather small-scale enterprises with an average of two and a half employees and a start-up capital of 756,000 Ugandan shillings (which equals approximately 300 U.S. dollars). On average, their businesses were 6 years old and, interestingly

Table 4

Descriptive Statistics of Variables in the Full Sample, Rural Sample, and Urban Sample

	Full				Rural			Urban		
	N	M	SD	Range	N	M	SD	N	M	SD
Tangible resources	2,403	0.83	1.47	0/1	1,470	0.81	0.39	933	0.86	0.34
Relational level										
Family	2,380	0.38	0.48	0/1	1,462	0.39	0.49	939	0.35	0.48
Business network	2,417	0.16	0.36	0/1	1,478	0.17	0.38	918	0.14	0.34
Multiplexity	2,417	0.41	0.49	0/1	1,478	0.31	0.46	939	0.57	0.50
Gender alter	2,365	0.33	0.47	0/1	1,443	0.32	0.46	939	0.34	0.47
Network level										
Density	737	0.43	0.30	0/1	364	0.47	0.29	336	0.43	0.29
Size	737	3.48	1.94	1/14	364	4.32	1.95	336	2.95	1.34

enough, only 37% were formally registered. Most of the businesses were in service or customer-oriented industries, while fewer were in manufacturing and agriculture.

While Table 3 provides descriptive details about the entrepreneurs and their businesses, Table 4 provides details on the entrepreneurs' social networks and the dependent variables. In total, 2,421 total unique names were mentioned by the 737 entrepreneurs (we removed connections that were mentioned multiple times). The structure of networks is rather similar in the urban and rural regions; however, there is a striking difference between the frequency of multiplex relations. In the urban region, there are many more multiplex relationships (57%) as compared with the rural region (31%). We are not sure why this difference exists, but there are multiple possibilities. One possibility is that in urban areas, entrepreneurs select personal ties as business partners to deal with trust problems that are more common in dynamic urban areas. Second, an historic reason is that in the President Amin period, Asians were thrown out of Uganda. The native Ugandans started entering into business and a rural–urban migration resulted. Often those migrants stayed with relatives or friends, and many of those contacts became business advisers or partners. Table 5 shows the correlations of the variables for each of the regions, revealing no issues of multicollinearity.

The basic unit of analysis in our study is the relationship between an entrepreneur and an alter. Since we have multiple relationships per entrepreneur (on average 3.48), our data are characterized by a nested structure. Most statistical techniques assume independence between observations. This restriction has hampered studies on social networks since they could only focus on the relational level or the network level (Snijders & Bosker, 1999). To deal with the nested structure of the data, we apply a multilevel statistical model (Arregle, Hitt, Sirmon, & Very, 2007). The results of the multi-level logistic regression analysis are presented in Table 6. We relied on main effects in each of the areas to test hypothesis 1 and hypothesis 2. In order to test our cultural dependent hypotheses (hypothesis 3 and hypothesis 4), we estimated whether the coefficients of the independent variables in the rural and urban samples were significantly different in the expected directions. To statistically test differences, we used interaction effects. We used a dummy variable to indicate whether an

Table 5

Correlations Between Variables (Correlations Above the Diagonal Are From the Urban Sample; Correlations Below the Diagonal Are From the Rural Sample)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Tangible resources		.11***	–.11***	.17***	.03	.17***	.05	–.11***	.05	.10**
2. Family	.04		–.02	–.04	.19***	–.02	–.18***	.02	–.03	.22***
3. Personal ties	.10***	.05*		.45***	.06	–.05	–.17***	–.08	–.06	.02
4. Multiplexity	.23***	.00	–.30***		.03	.06	–.23***	.15***	–.05	.08
5. Gender alter (1 = female)	–.11***	.08**	–.06**	–.02		–.11***	–.23***	–.02	.10**	.46***
6. Density	.13***	.00	.00	.17***	–.15**		.43***	.09	.02	–.15**
7. Size	–.10***	–.03	.16***	–.15***	–.29**	.42***		.16**	–.00	–.29***
8. Years of education	–.02	–.02	.01	–.03	–.07	.04	.08		–.21***	–.07
9. Age	–.01	.10***	–.03	.04	.08**	.05	.04	–.24***		.13*
10. Gender (1 = female)	–.10***	.13***	.03	.04	.47***	–.02	–.15**	–.13*	.10*	

* $p < .05$; ** $p < .01$; *** $p < .001$

Table 6

Multi-Level Logistic Regression Analysis of Access to Tangible Resource of Rural and Urban Entrepreneurs

	Total sample		Rural sample		Urban Sample		Difference
	β	SE	β	SE	β	SE	$p(\beta_{rural} - \beta_{urban} = 0)$
Relational level							
Family (hypothesis 1)	0.65**	0.24	0.48	0.27	0.75	0.56	.772
Personal tie	0.04	0.28	0.52	0.30	–2.28***	.88	.002
Multiplexity	2.51***	0.31	2.59***	0.37	3.07***	0.69	.835
Gender alter (1 = female)	–0.29	0.25	–0.46	0.28	0.36	0.57	.191
Network level							
Density (hypothesis 2)	1.80**	0.69	0.66	0.70	6.59***	2.29	.014
Size	0.29**	0.10	0.30**	0.10	0.29	0.23	.833
Individual level (entrepreneur)							
Years of education	–0.11*	0.05	–0.09	0.07	–0.18	0.10	.627
Age	–0.01	0.02	–0.01	0.02	0.00	0.04	.668
Gender (1 = female)	–0.37	0.40	–0.96*	0.44	1.10	0.83	.018
Region (1 = rural)	–1.46**	0.43					
Constant	3.15**	1.01	1.59	1.13	4.81	2.14*	
N observations	2,257		1,416		841		
N entrepreneurs	668		358		310		
SD (u)	10.05		2.71		3.92		
Log likelihood	–705.36		–489.67		–196.99		
Wald (df)	99.63*** (10)		76.21*** (9)		31.05*** (9)		

* $p < .05$; ** $p < .01$; *** $p < .001$

observation belonged to the rural or urban sample and multiplied this dummy with all our independent variables. We included all the interaction variables and the dummy variable in an analysis of the total sample. The significance of the interaction effects are reported in Table 6.

Hypothesis 1 states that family relationships are more likely to provide access to tangible resources. This hypothesis is supported ($\beta = 0.64$; $p < .01$). The interaction term testing the difference between areas is not significant, and thus hypothesis 3, which stated that family relationships are less likely to provide access to resources for entrepreneurs embedded in a collectivistic society as compared with individuals embedded in an individualistic society, is not supported.

Hypothesis 2 states that relationships embedded in dense networks are more likely to provide access to tangible resources. This hypothesis is supported ($\beta = 1.80$; $p < .01$); in the urban sample, there is a significant effect; however, not in the rural sample. Finally, we find support for hypothesis 4 as we discover significantly stronger effects of density in the urban sample as compared with the rural sample.

Regarding the control variables, we find that multiplexity is positively related to access to tangible resources in both the urban and rural sample. We find that in the rural areas, personal relations have no significant effect on access to resources; however, there is a negative effect in the urban areas. In rural areas, female entrepreneurs are less likely to achieve access to resources as compared with male entrepreneurs. In analyses not tabulated here, we performed a number of robustness checks. We included a number of additional variables, such as enterprise size, type of industry, competitive intensity of the industry, percentage of family in the network, and life span of the firm. On the individual level, we controlled for the entrepreneurs' need for achievement, self-efficacy, social competence, and risk-taking. None of these control variables substantially affected the results.

Conclusion and Discussion

In this article, we studied how social capital of entrepreneurs differs between rural and urban communities in a developing country. We distinguished between two types of motivations underlying social capital. The first type of motivation is instrumental: donors provide privileged access to resources in the expectation that they will be fully repaid. The second type of motivation is based on internalized norms. Instead of providing support only if a donor expects to be repaid, a donor may feel an obligation to provide support, even if there is uncertainty whether the support will be repaid. Based on the assumption that in rural communities, donors are more often motivated by normative commitments, while in urban communities donors will be more instrumental, we hypothesized that in rural communities, social network effects should be smaller. We found mixed support for our ideas. We expected family relationships to be more likely to provide access to resources in urban communities; however, this hypothesis was not supported. We expected that relationships in more dense networks would be more likely to provide access to resources in urban communities. This hypothesis received strong support.

Our findings suggest that social capital production differs between different cultural contexts. We find that the social network is of less value in a collectivistic setting. Differences in social capital can be traced back to differences in the motivation to share resources between contexts. In collectivistic societies, the motivation to share resources is consummatory (or value based); there are norms that prescribe that resources should be shared. In individualistic societies, the motivation to share resources is instrumental; it is

more likely to be based upon cost–benefit calculations. Resource sharing is more likely if the environment is fostering trustworthy behavior. This implies that, especially in individualistic contexts, dense networks are associated with resource sharing.

Our results corroborate the findings of Xiao and Tsui (2007) who also find that network effects differ between collectivistic and individualistic organizational settings. They show that structural holes, which can be thought of as the inverse of density, are detrimental to career success in collectivistic settings since behavior is more value based. Consistent with Xiao and Tsui, we argue that in collectivistic settings, behavior will be more value based, and in line with this, we find that social capital differs between cultural contexts. All in all, these results have important implications for research on entrepreneurial networks. They suggest possible limitations to the social capital literature that states that dense networks are associated with higher levels of trust and resource sharing. In collectivistic cultures, the theory appears to be less well applicable. Our results support the view that "structural determinism" is too narrow an approach (Hoang & Antoncic, 2003). Social structure is important, but does not solely determine outcomes. Our study questions the completeness of social capital theory and suggests that certain parts of the social context should be incorporated. Cultural embeddedness (and other possible contingencies) may explain some of the mixed findings regarding entrepreneurial networks (Naudé, 2010).

Our study presents conditions under which entrepreneurs in developing countries make use of their social networks. We thus contribute to an emerging body of literature that connects economic development and entrepreneurship (Woolcock, 1998). A particularly interesting finding for development studies is the vast difference between rural and urban regions. It has been argued that social networks and social capital may be of special importance in developing countries (Woolcock). Our study suggests that this is especially the case in urban regions. Rural entrepreneurs or nascent entrepreneurs that migrate into urban areas face a difficult situation (Woolcock & Narayan, 2000). They can no longer count on the support of a collectivistic community, and hence, they have to build a network of supportive relations. One pitfall (trap) for rural–urban migrants is to seek the company and support of similar migrants or ethnic groups. Although the recent rural–urban migrant may enjoy some support, this is often limited and also associated with costs, especially in the long term. The network can place economic and noneconomic claims on the migrant (Woolcock & Narayan) and prohibit the development of new ties outside the community ("bridging ties"). The problems that rural–urban migrants face are often augmented since in collectivistic rural communities people are often "born into a network." There is hardly need or room to search for new network contacts and therefore social competencies are often lacking. An important policy challenge (still) is how to help rural–urban migrants overcome those integration problems.

We did not find support for our hypotheses that family matters more in individualistic (urban) contexts. The question is "why?" Family ties are very strong ties. Our results suggest that the family institution functions universally across individualistic and collectivistic cultures, at least within Uganda. Family ties are the product of years of socialization within the family. This may lead to strong collectively oriented family networks in rural as well urban regions. Family ties have been argued to have distinctive characteristics that result in a particular type of social capital. Thus, effects of family ties on access to resources may depend upon other contingencies, such as the level of commitment (Arregle et al., 2007).

In this study, we did not address negative social capital. The role of kinship ties and close-knit networks in developing countries can be twofold. On one hand, close-knit networks and kinship ties can be used for capital accumulation (Perkins, 2000); on the

other hand, there are redistributive obligations within kinship and close-knit networks in African countries that act as a drain on entrepreneurial resources and an obstacle for entrepreneurial dynamism (see early anthropological contributions such as Hunter, 1962; Khalaf & Shwayri, 1966). The obligations in networks are often an asset but can be a liability as well. Network members that are less diligent can demand all kinds of favors backed by the norms and trust in the network. For instance, it may be expected that if an enterprise grows, unqualified family members should be hired for a job. Or, purchases should be made to friends, instead of better sources. Network members may expect that the successful entrepreneur helps others set up businesses, for instance by providing high-risk loans. Network members can free-ride upon the efforts of others; successful enterprises in this way can become a "welfare hotel" (Portes & Sensenbrenner, 1993).

Our research design is limited. A major limitation is that we only compare two regions within one country. Although we were able to keep country-related factors constant by focusing on one country, we are limiting the generalizability of our results to other parts of the world as well. Our research took place in Sub-Saharan Africa, which provided us with a unique research setting in that two clearly contrasting regions can be compared. The downside of our research setting is that we are limited in the generalizability of the findings, precisely because of the uniqueness of the research setting. African rural and urban regions are hardly comparable with Western rural and urban regions, although a comparison with regions in other developing countries is perhaps possible. Moreover, we compared two regions, and hence we were not able to rule out confounding factors on the regional level.

There are multiple avenues for future research. Theoretically, our study is limited to a particular dimension of culture, namely the individualism–collectivism dimension. Other dimensions, in particular the masculinity dimension, might influence social capital as well. It would be very interesting to increase the scope of cultural dimensions, and possibly include interactions among cultural dimensions. A prerequisite for such research would be to include more regions in the design to be able to better statistically control for confounding variables. However, this is likely a costly design. A possibility might be to include measurement items in a large-scale survey such as the GEM. A second avenue could be to use a qualitative design to study the dynamics of the interplay between culture and social capital. In our study, we assume that it is culture that moderates the relation between network structure and access to social resources. This is a static view of the world that has been useful for our research purposes, but it is limited. Culture affects network structure, but vice versa network structure will likely affect culture as well. It would be very interesting to study this dynamic interplay.

Concluding, this study has demonstrated that the impact of social capital depends on the cultural context in which an entrepreneur is embedded. Hence, social capital has to be understood within its cultural context to fully grasp the impact it has on entrepreneurship.

REFERENCES

Acquaah, M. (2007). Managerial social capital, strategic orientation, and organizational performance in an emerging economy. *Strategic Management Journal*, *28*, 1235–1255.

Adler, P.S. & Kwon, S. (2002). Social capital: Prospects for a new concept. *Academy of Management Review*, *27*, 17–40.

Agneessens, A., Waege, H., & Lievens, J. (2006). Diversity in social support by role relationships: A typology. *Social Networks*, *22*, 427–441.

Arregle, J., Batjargal, B., Hit, M.A., Webb, J.W., Miller, T., & Tsui, A.S. (2013). Family ties in entrepreneurs' social networks and venture growth. *Entrepreneurship Theory and Practice*, doi: 10.1111/etap.12044.

Arregle, J., Hitt, M., Sirmon, D.G., & Very, P. (2007). The develoment of organizational social capital: Attributes of family firms. *Journal of Management Studies*, *44*, 73–95.

Bhagavatula, S., Elfring, T., van Tilburg, A., & van de Bunt, G.G. (2010). How social and human capital influence opportunity recognition and resource mobilization in India's handloom industry. *Journal of Business Venturing*, *25*, 245–260.

Birley, S. (1985). The role of networks in the entrepreneurial process. *Journal of Business Venturing*, *1*, 107–117.

Borgatti, P. & Foster, P.C. (2003). The network paradigm in organizational research: A review and typology. *Journal of Management*, *29*, 991–1013.

Bruton, G.D., Ahlstrom, D., & Obloj, K. (2008). Entrepreneurship in emerging economies: Where are we today and where should the research go in the future. *Entrepreneurship Theory and Practice*, *32*, 1–14.

Burt, R. (1984). Network items and the general social survey. *Social Networks*, *6*, 293–339.

Burt, R. (1992). *Structural holes: The social structure of competition*. Cambridge, MA: Harvard University Press.

Burt, R.S. (1997). The contigent value of social capital. *Administrative Science Quarterly*, *42*, 339–365.

Bygrave, W.D., Hay, M., & Reynolds, P. (2003). Executive forum: A study of informal investing in 29 nations composing the Global Entrepreneurship Monitor. *Venture Capital*, *5*, 101–116.

Cohen, S.H. & Hoberman, H. (2006). Positive events and social support as buffers of life change stress. *Journal of Applied Psychology, 13*, 99–125.

Coleman, J. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, *94*, s95–s120.

De Clercq, D., Lim, D.S.K., & Oh, C.H. (2011). Individual-level resources and new business activity: The contingent role of the institutional context. *Entrepreneurship Theory and Practice*, *37*, 303–330.

Doney, P.M., Cannon, J.P., & Mullen, M.R. (1998). Understanding the influence of national culture on the development of trust. *Academy of Management Review*, *23*, 601–620.

Dore, R. (1983). Goodwill and the spirit of market capitalism. *The British Journal of Sociology*, *34*, 459–482.

Eisenhardt, K. (1989). Building theories from case study research. *Academy of Management Review*, *14*, 532–550.

Elfring, T. & Hulsink, W. (2003). Networks in entrepreneurship: The case of high-technology firms. *Small Business Economics*, *21*, 409–422.

Ellickson, R.C. (1991). *Order without law*. Cambridge, MA: Harvard University Press.

Estrin, S., Mickiewicz, T., & Stephan, T. (2013). Entrepreneurship, social capital, and institutions: Social and commercial entrepreneurship across nations. *Entrepreneurship Theory and Practice*, *37*, 479–504.

Fafchamps, M. & Minten, B. (1999). Relationships and traders in Madagascar. *Journal of Development Studies*, *35*, 1–35.

Fiske, A.P. (2002). Using individualism and collectivism to compare cultures. A critique of the validity and measurement of the constructs: Comment on Oyserman et al. (2002). *Psychological Bulletin*, *128*, 78–88.

Friedkin, N.E. (1981). The development of structure in random networks: An analysis of the effects of increasing network density on five measures of structure. *Social Networks*, *3*, 41–52.

Gleason, M.R. (2003). *Cultural models of individualism and collectivism in a context of development: Self-efficacy versus interdependence in rural Senegal*. Athens: University of Georgia.

Grootaert, C. & van Bastelaer, T. (Eds.). (2002). *The role of social capital in development: An empirical assessment*. Cambridge, UK: Cambridge University Press.

Hanlon, D. & Saunders, C. (2007). Marshaling resources to form small new ventures: Toward a more holistic understanding of entrepreneurial support. *Entrepreneurship Theory and Practice*, *31*, 619–641.

Hite, J.M. & Hesterly, W.S. (2001). The evolution of firm networks: From emergence to early growth of the firm. *Strategic Management Journal*, *22*, 275–286.

Hoang, H. & Antoncic, B. (2003). Network-based research in entrepreneurship. *Journal of Business Venturing*, *18*, 165–187.

Honig, B. (1998). What determines success? Examining the human, financial, and social capital of Jamaican microentrepreneurs. *Journal of Business Venturing*, *13*, 371–394.

Hunter, G. (1962). *The new societies of Tropical Africa*. London, UK: Oxford University Press.

Inkpen, A.C. & Tsang, E.W.K. (2005). Social capital, networks, and knowledge transfer. *Academy of Management Review*, *30*, 146–165.

Johannisson, B., Ramirez-Pasillas, M., & Karlsson, G. (2002). The institutional embeddedness of local inter-firm networks: A leverage for business creation. *Entrepreneurship and Regional Development*, *14*, 297–315.

Kalantaridis, C. & Bika, Z. (2006). In-migrant entrepreneurship in rural England: Beyond local embeddedness. *Entrepreneurship and Regional Development*, *18*, 109–131.

Khalaf, S. & Shwayri, E. (1966). Family firms and industrial development. *Economic Development and Cultural Change*, *15*, 59–96.

Kirkwood, J. (2007). Igniting the entrepreneurial spirit: Is the role parents play gendered? *International Journal of Entrepreneurial Behavior & Research*, *13*, 39–59.

Kwon, S.-W. & Arenius, P. (2010). Nations of entrepreneurs: A social capital perspective. *Journal of Business Venturing*, *25*, 315–330.

Marsden, P.V. (1990). Network data and measurement. *Annual Review of Sociology, 16*, 435–463.

Moore, G. (2010). Structural determinants of men's and women's personal networks. *American Sociological Review*, *55*, 726–735.

Nahapiet, J. & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, *23*, 242–266.

Naudé, W. (2010). Entrepreneurship and economic development: New approaches and insights. *Small Business Economics*, *34*, 1–12.

Obstfeld, D. (2005). Social networks, the tertius iungens orientation, and involvement in innovation. *Administrative Science Quarterly*, *50*, 100–130.

Oyserman, D., Coon, H.M., & Kemmelmeier, M. (2002). Rethinking individualism and collectivism: Evaluation of theoretical assumptions and meta-analyses. *Psychological Bulletin*, *128*, 3–72.

Parkhe, A., Wasserman, S., & Ralston, D.A. (2006). Introduction to special topic forum: New frontiers in network theory development. *Academy of Management Review*, *31*, 560–568.

Perkins, D. (2000). Law, family ties and the East Asian way of business. In L.E. Harrison & S. Huntington (Eds.), *Culture matters. How values shape human progress* (pp. 232–243). New York: Basic Books.

Portes, A. (1998). Social capital: Its origins and applications in modern sociology. *Annual Review of Sociology*, *24*, 1–24.

Portes, A. & Sensenbrenner, J. (1993). Embeddedness and immigration: A note on the social determinants of economic action. *American Journal of Sociology*, *98*, 1320–1350.

Premaratna, S.P. (2011). Networks, resources, and small business growth: The experience in Sri-Lanka. *Journal of Small Business Management*, *39*, 363–371.

Pretty, J. & Ward, H. (2001). Social capital and the environment. *World Development*, *29*, 209–227.

Putnam, R. (2000). *Bowling alone: The collapse and revival of American community*. New York: Simon and Schuster.

Putnam, R.D. (1993). *Making democracy work: Civic traditions in modern Italy*. Princeton, NJ: Princeton University Press.

Raub, W. & Weesie, J. (1990). Reputation and efficiency in social interactions: An example of network effects. *American Journal of Sociology*, *96*, 626–654.

Rooks, G., Szirmai, A., & Sserwanga, A. (2010). The interplay of human and social capital in entrepreneurship in developing countries. The case of Uganda. In W.A. Naudé (Ed.), *Entrepreneurship and Economic Development* (pp. 203–233). Basingstoke, UK: Palgrave Macmillan.

Samuelsson, M. (2001). Modeling the nascent venture opportunity exploitation process across time. In W.D. Bygrave, E. Autio, C.G. Brush, P. Davidson, P.G. Greene, P.D. Reynolds, et al. (Eds.), *Frontiers of Entrepreneurship Research* (pp. 66–79). Wellesley, MA: Babson College.

Shane, S. & Cable, D. (2002). Network ties, reputation, and the financing of new ventures. *Management Science*, *48*, 364–381.

Singelis, T.M., Triandis, H.C., Bhawuk, D.P.S., & Gelfland, M.J. (1995). Horizontal and vertical dimensions of individualism and collectivism: A theoretical and measurement refinement. *Cross-Cultural Research*, *3*, 240–275.

Sivakumar, K. & Nakata, C. (2001). The stampede toward Hofstede's framework: Avoiding the sample design pit in cross-cultural research. *Journal of International Business Studies*, *32*, 555–574.

Slotte-Kock, S. & Coviello, N. (2010). Entrepreneurship research on network processes: A review and ways forward. *Entrepreneurship Theory and Practice*, *34*, 31–57.

Snijders, T. & Bosker, R. (1999). *Introduction to multilevel analysis*. London: Sage.

Stam, W., Arzlanian, S., & Elfring, T. (2013). Social capital of entrepreneurs and small firm performance: A meta-analysis of contextual and methodological moderators. *Journal of Business Venturing*, *29*, 152–173.

Thornton, P., Ocacio, W., & Lounsbury, M. (2012). *The institutional logics perspective: A new approach to culture, structure, and process*. New York: Oxford University Press.

Triandis, H.C. (1989). The self and social behavior in differing cultural contexts. *Psychological Review*, *96*, 506–520.

Triandis, H.C., Leung, K., Villareal, M.J., & Clack, F.L. (1985). Allocentric versus idiocentric tendencies: Convergent and discriminant validation. *Journal of Research in Personality, 19*, 395–415.

Uzzi, B. (1997). Social structure and competition in interfirm networks: The paradox of embeddedness. *Administrative Science Quarterly*, *42*, 35–67.

van Tilburg, T. (1998). Losing and gaining in old age: Changes in personal network size and social support in a four-year longitudinal study. *The Journal of Gerontology*, *53*, S313–S323.

Walter, T., Balunywa, W., Rosa, P., Sserwanga, A., Barabas, S., & Namatovu, R. (2004). *Global Entrepreneurship Monitor, Uganda Executive Report 2004*. Kampala.

Wasserman, S. & Faust, K. (1994). *Social network analysis: Methods and applications*. Cambridge, UK: Cambridge University Press.

Wellman, B. & Frank, K. (2001). Network capital in a multi-level world: Getting support from personal communities. In N. Lin, R. Burt, & K. Cook (Eds.), *Social capital: Theory and research* (pp. 233–273). Chicago, IL: Aldine De Gruytere.

Wong, S. & Boh, W.F. (2010). Leveraging the ties of others to build a reputation for trustworthiness among peers. *Academy of Management Journal*, *53*, 129–148.

Woolcock, M. (1998). Social capital and economic development? Toward a theoretical synthesis and policy framework. *Theory and Society*, *27*, 151–208.

Woolcock, M. & Narayan, D. (2000). Social capital: Implications for development theory, research and policy. *World Bank Research Observer*, *15*, 225–250.

Xiao, Z. & Tsui, A.S. (2007). When brokers may not work: The cultural contingency of social capital in Chinese high-tech firms. *Administrative Science Quarterly*, *52*, 1–31.

Gerrit Rooks is an Assistant Professor at the Eindhoven University of Technology/Makerere University Business School, Eindhoven, the Netherlands.

Kim Klyver is a Professor in the Department of Entrepreneurship and Relationship Management, University of Southern Denmark, Kolding, Denmark.

Arthur Sserwanga is the Dean of Makerere University Business School, Kampala, Uganda.

The authors wish to thank Thomas Schott and Jesper Sorenson, participants of the Babson 2011 conference, for their valuable comments. We are also grateful to Eddy Szirmai for his support in the data collection. We also thank three anonymous reviewers.