

NETWORK CHANGE AND DEVELOPMENT OF BUMIPUTERA ENTREPRENEURS: THE STUDY OF MULTIPLE-CASES OF SMALL BUSINESSES IN THE SOUTHERN REGION OF MALAYSIA

Siti Sarah Omar¹, Malcolm Higgs²

^{1,2}School of Business, Faculty of Business and Law,
University of Southampton, SO17 1BJ, University Road,

Highfield Southampton.

Corresponding Email : sso1g09@soton.ac.uk

Abstract

This paper seeks to empirically explore the dynamics of change and development of network ties of Bumiputera entrepreneurs during the firms' tipping points. Literature review shows that many studies have explored the mix of strong and weak ties in small businesses linking them to stages of business development. More recent literature, however, has conceptualised firm growth through the notion of critical problems or 'tipping points' that must be successfully tackled in order to continue on a development path. While the importance of network ties has been well documented in relation to growth stages, limited work has investigated the contribution that strong and weak ties make as a firm faces specific tipping points, thus showing a call for further investigation. This is a qualitative study involving eight cases of small-sized food manufacturing firms in the Southern region of Malaysia. The main data collection method is an in-depth interview with the owner-managers using Critical Incident Interview Technique. The triangulation of data has been carried out by interviewing individuals who are seen as strong and weak ties of the network. This study explores 10 themes of tipping points that trigger network change and development; these are financial problem, new market entry, strategic orientation, people management, competition, external events and/or environmental factor, trust breaking, network broker, multidimensionality of entrepreneurial-level context and multidimensionality of dyadic-level context. This study adds value to the network change literature and provide managerial and policy implications.

Key words: Network Change, Network Development, Network Ties, Growth, Tipping Points, Small Businesses

1.0 Introduction

There are many reasons as to why a network evolves. These are due to the need for more resources (Hite and Hesterly, 2001), the different nature of industry (Brass et al., 2004), and the relatedness with social identification (Johannison, 1986). Gaining necessary resources is one of the challenges of an organisation, which an entrepreneur needs to deal with, thus this requires the evolution of networks to adapt with this challenge (Hite and Hesterly, 2001). Similarly, Hite (2005) asserted that the changing in network ties will affect the venture development and its resources acquisition. Indeed, Brass et al. (2004) claimed that the nature of industry will influence the resources required thus affect the evolution of a firm's network. In addition, Burt (1992) stated that an entrepreneur who is in a state of pressure between gaining new capabilities and the concern of losing control over his/her resources may opt to change and enlarge the network. Furthermore, Johannison (1986) asserted that there is a propensity for the linkage between the variation in the personal network with an individual's social identification to

affect the network evolution; in the sense that an individual has different capabilities in forming networks (Brass et al., 2004, Hite and Hesterly, 2001).

A study has conceptualised a firm growth through the notion of critical problems or “tipping points”. Following Levie and Hay (1998), Phelps Adam and Bessant (2007) proposed a firm growth framework based on states rather than stages. The notion of “tipping points” was first introduced by Gladwell (2000), which explains the critical incidents/problems faced by small firms. Phelps et al. (2007) asserted, “Tipping points are encountered during growth or are the consequence of environmental changes, and will depend on the specific context of the firm in its environment” (p.8). This study explains the tipping points of small business growth based on six managerial problems: people management, strategic orientation, formalisation of systems, new market entry, obtaining finance and operational improvement, and then taking into consideration the need of organisational knowledge to steer through these tipping points. Since conceptualising small firms’ growth through the stages of business development has been widely critiqued, Phelps et al. s’ (2007) work is increasingly recognised by recent studies.

This study argues that the tipping points faced by the entrepreneurs could explain the business development and their growth, and are also important in delineating the shift and/or change of network ties from one form to another. The main objective of the study is to explore the change and development of network ties in relation to the tipping points faced by Bumiputera entrepreneurs in Malaysia.

2.0 Literature Review

2.1 Network Change and Development

In the literature, there are many contributions representing different theoretical network perspectives. The two influential theoretical studies by Larson and Starr (1993) and Hite and Hesterly (2001) have made some contributions in network and entrepreneurship research. The former proposes a network model of organisation formation, which was constructed based on theories of social and socio-economic exchange. The proposed model delineates the three stages of organisation formation that include single-dimensional dyadic exchanges, multi-dimensional exchanges and multi-layered inter-organisational exchange relationships. Three activities occur at each stage; these are exploring, selecting and using the dyadic ties and it is argued that they secure all resources needed in business formation. Larson and Starr argued that the networks transformation is from relatively simple into a dense and complex network.

In stage one, they suggested that an entrepreneur refers to social/affective relations among family, friends and previous working relationships to gain information, physical and capital resources, as well as sales and social support to translate the business ideas into a reality. At the end of stage one, a definite implementation plan has been drawn up from the business idea where the necessary resources were also identified for the business to move forward. Stage two shows the transformational of one-dimensional exchange to two-dimensional exchanges. This means that the network dyads which were previously regarded as social/affective or economic/instrumental ties get converted into socio-economic exchanges. To illustrate, in the early stages of their economic relations, entrepreneurs engage with a supplier on both personal and social dimensions, as both parties become better acquainted with each other. As this relationship moves on, it increases the structure and density of the socio-economic linkages as proposed by Granovetter (1983). The results of a successful exploration and engagement process at this stage are trust, reciprocity, investment and interdependence. The stage three layers the exchanges into

three; those are multiple functions, integration activities and organisational plus individual levels of exchange. The first part is about the initial exchange relationship with additional business functions, activities and levels of exchange. For instance, a banker who primarily grants a loan develops the relationship by providing a credit line or an unsecured loan. The second part of the layering process generates a firm integration between dyad networks. This is caused by steadily increasing interdependence that enhances the integration between the organisation and certain key dyads; and most typically occurs with important customers and suppliers. Finally, the third layering part is the growing importance of the inter-organisational dimension. This has been characterised by Larson and Starr (1993) as a move from a personal to a more organisational exchange. The relationships are no longer considered interpersonal commitments; rather they have changed to organisational stakeholder ties. They stressed that the successful result of these stages is the network crystallisation, which will lead to higher stability and predictability, and which results from the long-term commitment of those involved.

This view differs to that of Hite and Hesterly (2001), who suggested that firms' networks evolve to adjust to the resources needs and challenges. They further argued that networks of emerging firms develop from close cohesive, identity-based to more calculative-based ties as firms develop to the early growth stage. The identity-based ties were derived from pre-existing relationships with social family or historically long-held relationship; that is grounded in strong, embedded ties within a close and cohesive network. Due to the characteristics of small, lack of varieties and more path-dependent than calculative networks, consequently they have a lack of breadth of resources that a firm may need to adapt to the increasing demands of early growth stage (Hite and Hesterly, 2001). On the other hand, the calculative-based network ties are characterised by the great number of weak ties that are market-driven and low possibilities to be redundant, sparser and higher ability in bridging structural holes. These ties have more benefits in contrast to the former by providing better resource accessibility and mitigating more environmental uncertainty. They concluded by delineating the key propositions of the proposed network evolution model by suggesting that approaches that build upon the advantages of cohesive networks (following Coleman, 1988), and those that emphasise the need for bridges over structural holes (following Burt, 1992) are complementary.

Although Hite and Hesterly's (2001) theoretical framework provides a more fine-grained conceptualisation of social networks in comparison to the other (Wennberg and Berglund, 2006), both agreed that networks become more dense over time. These theoretical studies to some extent agree that network ties shift from one form to the other. Larson and Starr (1993) proposed a shift from social/affective ties (family /friends) or economic/instrumental ties (suppliers/customers) into socio-economic exchanges thus provide a firm and stable relationships of the entrepreneurs with the other parties. Similarly, Hite and Hesterly (2001) proposed that networks develop from identity-based ties (those include family and long-held relationship) into calculative-based ties that are market-driven network ties. Nevertheless, a lack of empirical work has tested these frameworks even though they are widely accepted in many entrepreneurship papers. Although many researchers have been looking into network process and network development in the entrepreneurial context (for example, Jack et al., 2008), they conclude that the staged life cycle process provides a good explanation for the change of network, but their work lacks a rich understanding of when, how and why ties shift from weak to strong, social to economic and/or short-term to long-term ones. In addition, as the life cycle stage of business development is considered obsolete by recent scholar, thus conceptualising business development and network change through the notion of tipping points is worth embracing. Therefore, this study is taking up the challenge to address this gap in the field; it does this by exploring the characteristics of the network shift by addressing the following questions: *when, how and why ties shift from one form to the other.*

2.2 The Firms' Tipping Points

Following Levie and Hay (1998), Phelps et al. (2007) proposed a firm growth framework based on states rather than stages. The notion of “tipping points” was first introduced by Gladwell (2000), and it explains the problems faced by the firms. Phelps et al. (2007) develop the tipping points based on the managerial problems as follows; people management, strategic orientation, formalization of systems, new market entry, obtaining finance and operational improvement, and then taking into consideration the need of organisational knowledge to steer through these tipping points. The problems perspective in defining growth was originated by Kazanjian (1988), however he still maintained the deterministic model of growth. He argued that ‘the problems businesses face occurs sequentially and tend to cluster into recognisable configurations: these problem-clusters define the stages that businesses must pass through if growth is to remain viable’ (Phelps et al., 2007, p.7). The tipping points are henceforward discussed.

2.2.1 People Management

People management is crucial in big organisations as well as small businesses. It is particularly important when a firm wants to expand and grow (Phelps et al., 2007). The people management activity involves issues in relation to delegation, leadership, recruitment and training, compensation and workloads. Although Golhar and Despande (1997) found that many HRM practices of both large and smaller organisations are similar, and commented that what is important for large businesses is also important for small businesses; however the challenges faced by the small business entrepreneurs in adopting good HRM practices may be different from the case in large businesses. For example, entrepreneurs of small business have to manage a large number of people directly, or when disperse geographical offices are established, or different products or functional teams are set up (Phelps et al., 2007). Often, the factor that causes the low adoption of formalised HRM practices is the entrepreneurs’ aspirations to protect the family business.

2.2.2 Strategic Orientation

Strategic orientation is defined as ‘a business dimension that describes the factors that drive a firm’s formulation of strategy’ (Stevenson, 1983, p.10). The strategy of an entrepreneurial venture is normally driven by opportunity in contrast to the case with larger and established firms, which already control large resources (Stevenson, 1983). In this regard, when an entrepreneurial venture intends to grow further, a shift from opportunistic style of business practices and reactive style of working environments to a deliberate and thoughtful strategy is needed. However, previous entrepreneurship researchers noted that entrepreneurs focus on narrowly defined and ad-hoc strategies. This is the challenge an entrepreneur has to overcome in order to grow. Phelps et al. (2007) argued that entrepreneurs should adopt a focused strategy in implementing new specified types of work, or developing a brand and market position, if growth is to be sustained.

2.2.3 Formalised System

A formal system is a system of organising a business systematically that includes control and coordination of business activities. The need of a formal system is when existing systems employed by businesses contain and/or ‘produce errors, prove unable to meet change requirements or where their efficiency below competitors’ (Phelps et al., 2007, p.10). Formalisation requires small firms to fully

utilise the limited resources and to focus efforts hence increasing the effectiveness of the business activities to eventually trigger growth. Phelps et al. (2007) noted Paria's (1991) empirical work of 118 high-tech manufacturers and software developers; and found that small firms which implemented a formalised system made better choices regarding new products.

2.2.4 New market Entry

In the literature, the new market entry topic is associated with foreign market entry (FME) and internationalisation. Phelps et al.'s (2007) definition of new market entry includes the activities of identifying new customers and new areas through the modification of existing products and introduction of new products, new market or developing new products for existing customers. Ibeh and Kassim (2011) studied small and medium-sized software firms from Syria and found that new market entry decisions and internationalisation of these firms were influenced by relationship with social and business networks. Social networks are dominant in the initial stage of market entry whereas business networks are influential at later stages. Agndal (2008) noted 'the different roles of network relationships towards foreign market entry of small businesses to access various information resources such as product and distribution advice, knowledge of business practices and knowledge required for planning and managing joint ventures' (p.665). Besides that, networks enable small business to gain resources for FME in terms of 'physical, organisational, technical or reputation resources' (Chetty and Wilson, 2003, p. 16) and logistical, managerial and other resources (Chetty and Agndal, 2007). Entrepreneurs draw on the external parties such as agents who act as a bridge between the firm and the international market (Adler and Kwon, 2002). They also refer to unsolicited orders in the sense that parties who perform business transactions occasionally and not actively approached. Similarly, customers and suppliers provide information about potential opportunities or introduce them to potential customers and intermediaries (Ellis, 2000).

2.2.5 Obtaining Finance

Entrepreneurs of small businesses often have various options in obtaining finance. Nevertheless, this could pose serious problems to the small businesses. Martinez and Aldrich (2011) highlighted that entrepreneurs could get initial capital through two different ways; firstly, through debts and/or loans from individuals, financial institutions or other organisations, and secondly, through equity such that financiers buy rights to the ownership. While the equity investors share certain risk with entrepreneurs as substitute for the future profits he/she may gain, debtors will require entrepreneurs to secure their debts with some form of collateral, i.e. personal assets (Martinez and Aldrich, 2011). Since their rewards and risks are distinctive, it is therefore expected that the way entrepreneurs utilise their network ties differ. These entrepreneurs are more likely to obtain initial funding from strong ties for it requires substantial trust in developing a new venture. However, research found that only entrepreneurs from a small amount of ethnic minority groups could rely on family members for financial support. Nevertheless, Steier and Greenwood's (2000) findings showed that even though family members do not provide financial contribution, they are more often than not the link to the persons who are willing to provide, and are capable of providing, financial resources. In addition, they could also provide indirect assistance in relation to gaining capital through a bootstrapping strategy; that is reducing the need for capital through free or very low-cost employment services (Brush et al., 2008).

2.2.6 Operational Improvement

Operational improvement refers to how an organisation shifts from correcting the mistakes in the business operations towards the awareness and understanding of process capabilities and best practices in terms of sales, marketing operations and management. As a result, it can avoid making errors and gain efficiency (Phelps et al., 2007). They argued that despite the fact that much research has looked at the types of practices that are changeable with fashion, the concentration of the management practices and process innovations at various levels for quality and operational improvement, very little has focused on small and growing firms. In addition, recent research found that they are slower to adopt such practices.

3.0 Methodology

This is a qualitative study involving eight cases of Bumiputera entrepreneurs of small businesses in Johor Malaysia. This method is particularly appropriate for the study that specifically deals with complex social phenomenon where relationships of entrepreneurs, which can be characterised as abstract and subjective, can only be gathered through interactions with the respondents and the stakeholders that entails the richness of data (Uzzi, 1997; Hoang and Antoncic, 2003). In addition, study on network ties and their development especially during the businesses' critical problems require detailed data that can only be obtained through qualitative method (Jack, 2005; Jack et al., 2008) and is difficult to acquire through quantitative method (Patton, 2002). The multiple-case study approach was adopted as it enables development of a detailed understanding for the cases under study. More importantly, it offers the advantage of comparing the phenomenon under study. The data obtained in the multiple case study research design could generate higher internal and external validity of the findings thus providing robust interpretations (Yin, 2000).

The cases for this study were selected based on purposeful sampling, and they are the Indigenous (Bumiputera) entrepreneurs of small manufacturers in the Food and Beverages sector in Johor Malaysia. They were selected accordingly to answer the research questions and to shed light on the given phenomenon. It is considered that purposeful sampling has logic and power that is derived from the in-depth understanding of information-rich cases (Patton, 2002). The researcher considers that eight cases are sufficient to illuminate the phenomenon being studied, and this stance follows Eisenhardt (1989) who argued that cases must be between four and ten for it will be difficult to explore a phenomenon in depth with less than four cases because of its complexity and will result in less convincing findings.

The respondents were selected based on the following criteria:

- Bumiputera (Indigenous) entrepreneurs of small manufacturing of food and beverages firms;
- The firms have already been incorporated (termed as Sendirian Berhad);
- The firms have been operating for more than five years;
- The firms are located in Johor (Southern Region of Malaysia).

This study employed in-depth interview technique which were based on open ended and semi-structured design, and critical incident interview technique. The critical incident interview technique (Flanagan, 1954) is useful for obtaining rich information on significant events or occurrences, the way they are managed, and the outcomes (Chell, 2004). In this study, it is used to gather detailed description

of the configurations of network ties during the “tipping points”. The in-depth interviews were carried out with the entrepreneurs as well as other actors who were deemed as the strong and weak ties of the entrepreneurs including suppliers, customers, family members and others to acquire the overall picture of the subject being studied. The total number of interviews is thirteen. These different sources of data from various parties help the researcher to validate and cross-check findings, thus supporting triangulation in data collection that increases the credibility of the research (Patton, 2002). The interviews were audio-taped recorded and were then transcribed to allow for data analysis which were based on inductive technique, featuring processes based on data reduction, data display, and drawing conclusions and verification (Miles and Huberman, 1994). This study employed coding using the NVivo8 software. It helps tremendously in saving the researcher’s time in grouping and organising the data; nonetheless it is the role of the researcher to analyse those data and to produce an analytical argument for the subject under study. Table 1 shows the summary of the background information of the cases.

Table 1: The Summary of the Background Information of the Case

Cases No.	Gender (M=Male; F= Female), Age, Education	Work Experience	Products	Micro/ Small/ Medium ¹	Sales per year (RM)	Full Time Employees	Business Initiation (Year)
1.	M, 38, SPM ²	2 years in the Livestock Company	Frozen Food – Kebab	Small	6m	30	1998
2.	M, 50, SPM	NIL	Spices & Grocery shop	Small	3m	15	1972
3.	M, 43, SPM	NIL	Ketchups	Small	2m	30	1990
4.	M, 50, Diploma of Management	10 years in the Bank.	Frozen food – Fish based	Small	2m	30	2007
5.	F, 45, SPM	NIL	Cookies (seasonal) & Bakery	Small	3m	4 and 60 (at peak)	1992
6.	F, 45, SPM	NIL	Cookies & Frozen Food	Small	2m	30 and 60 (at peak)	1994
7.	F, 50, SPM	NIL	Cookies & Trading	Small	6m	16	1987
8.	F, 46, SPM	5 years as a factory worker	Spices	Small	<100k	7	1997

¹ Micro business is defined as a firm with less than five employees and the annual sales turnover is less than RM 250,000. The small business is defined as a firm which has between five and 50 employees and the annual sales turnover is between RM250, 000 and RM10 million. The medium business is defined as a firm which has between 51 and 150 employees, and annual sales turnover between RM10 million to RM25 million. These definitions are taken from the Malaysian Summary SME Master Plan 2012-2020 (2012).

² SPM stands for Sijil Pelajaran Malaysia, or the Malaysian Certificate of Education, which is a national examination taken by all fifth-year secondary school students in Malaysia (source: http://en.wikipedia.org/wiki/Sijil_Pelajaran_Malaysia).

4.0 Analysis Of Findings And Discussion

The discussions of the tipping points are based on *a priori* themes identified in the literature review while assimilating the new emerging themes in answering how, why and when the entrepreneurial network ties change from one form to the other. The themes are illuminated below.

4.1 Theme 1: Financial Problem

The financial problems of the cases can be categorised into several, which are internal financial management, obtaining external financing for growth, and financial problems resulting from earlier incidents. Huang and Brown (1999) and Dobbs and Hamilton (2006) mentioned that financing and financial management are critical issues to entrepreneurs and this is proven for all of these cases.

Concerning internal financial management, the analysis reveal that cases encountered inadequate working capital (generally in most cases, but seriously experienced by Cases 1 and 3) which happened at the start-up and early business development stages. Besides that, they lack knowledge in handling the financial management (Cases 2, 5, 6, 7 and 8). The second category of financial problem is the difficulties and the delay in obtaining external financing (happened to Case 1). The loan was applied for from the SME Bank; however, due to bureaucracy, it took a long time to approve and release. This has caused myriad complications for the entrepreneur who at the same time started his plant renovation for the factory expansion process. The third category of the financial problem is the impacts of external events such as shop burning down (Case 2), flash flood (Case 8) and economic recession (Cases 4, 6 and 8). These problems were caused by the environmental factors; they have slowed down the business development tremendously, and affected the performance.

Most cases in their early business establishment rely on their family or immediate kin particularly parents and spouses as well as their close friends. Findings show that reliance on family ties and close friends was due to an inability to offer collateral to pursue a bank loan, and Cassar (2004) supports this. On one hand, some cases obtained financial support from a close friend (a childhood strong tie friend). This is in line with a contention by Martinez and Aldrich (2011) that entrepreneurs go for personal debt from close family and friends. On the other hand, a friend (weak tie) was also offering a personal debt, who was then regarded as a strong tie for the help provided and strongly relied on for financial capital. Nevertheless, this weak tie is not a venture capitalist that requires return on her investment; rather she required the debtor to return the same amount loaned. This involves a high level of trust, in which she is also sharing part of the risk of venture failure.

With regard to requiring a larger amount of money due to a factory expansion, normally at the growth stage, however, entrepreneurs turn their reliance from closed acquaintances to a financial institution, i.e. the SME Bank for a loan application. However, the loan approval process takes longer than it is supposed to, thus burdening the firm operations badly. Here, the mixed roles of strong cohesive (close friend) and weak ties (employees that include the family members and outsiders) are evident. To illustrate, their roles are enumerated as: close friend provides personal debts, the spouse and family members allow for withholding their salary, whereas employees (the outsiders) also mutually agreed for their salaries to be withheld, for a certain period of time and based on the term-time schedule. This is in line with the bootstrapping strategy as found in the previous studies such as those of Harrison, Mason and Girling (2004), Harrison, Cooper and Mason (2004), Brush (2008) and Jones and Jayawarna (2010). Case 1's spouse mentioned that,

“I offered to my husband to withhold my salary during the time. It was surprising that our uncles and aunties who are also working with my husband willingly agreed to withhold their salary for a few months until the business fully recovered from the problem” (Strong Tie of Case 1).

Besides that, in relation to the delay in obtaining a loan from the bank, it has stimulated a relationship with the bank officer, which resulted from frequent contact asking about the loan approval, thus showing a new network creation. A case mentions that the member of the bank’s personnel who is in charge of the loan approval is a kind-hearted person and they have had a good relationship since then, as he mentioned that,

“I was so relieved that the guy who works in the bank that I came to see often was willing to help me to speed up the loan approval process and released the loan in less than six months...” (Case 1).

Next, the financial problem has urged Case 3 to get in contact with his dormant business friends whom he has not been in contact with for nearly two years. These friends were willing to get into the loan scheme that he initiated in getting cash money. Dormant ties when awakened are always useful and provide better support than the current ties, and are more committed to the relationships. This finding is in line with Levin, Walter and Murningham (2011) who found that the outcome of the respondents receiving assistances from business projects from being in contact with their dormant ties are much better than the outcome would have been with their current strong ties. Since the easy loan period, the connections with these dormant ties have improved and they shared new information as weak ties could offer, which was an advantage to Case 3.

4.2 Theme 2: New Market Entry

The discussion on new market entry is twofold; the failure of export activity and the attempt of the cases to expand the firms’ market through business development programmes and/or new product development, and identification of new areas for new market penetration.

For the former, two of the cases (3 and 5) reported that the failure of export was among the most tipping points they faced. Findings show that these cases utilise an export agent who acts as a broker to export their products. This has supported Adler and Kwon (2002) who found that entrepreneurs draw on the external parties such as agents who act as a bridge between the firm and the international market. While the failure of Case 5 was in conjunction with the failure of the agent to comply with the Brunei government’s packaging specification, the failure of Case 3 was due to his inability to comply with the unpredictable rules and conditions of the Vietnamese government. The interviewee expressed his difficulty as below:

“My export to Vietnam failed; at that time, everything was ready, but my products could not enter the country for the policies are inconsistent, and the people there practiced bribery enormously, it is difficult to get an authorisation to get through the border. For example, today they ask us to pay RM10,000, then another day they ask for RM20,000” (Case 3).

The export failure has caused two differences of changes and development of network tie. Firstly, the failure has caused two business partners (Case 3 and a business associate) to interact frequently to solve the export problem, which eventually resulted in them getting to know each other very well. The

relationship became stronger when knowledge-sharing activity was enacted during their social meetings. For the latter, an export failure has caused Case 5 to reject a relationship with a government agency (specifically with the agent) because of his dissatisfaction in how they arranged the pool export (bring together all entrepreneurs of the small firm food products). The decision to end the relationship with that particular agency has affected the chance for the firm to develop even further. Having a broker for export is a good choice particularly for firms that are lacking the capabilities such as financial, knowledge and lack of networking with the external individuals or agencies.

The second sub-theme for new market entry relates to expanding the firms' market through business development programmes and identification of new areas for new market penetration. Increasing the number of weak ties is evident in six cases (1,3,4, 5,7 and 8), who create more ties with suppliers and customers when they are aware of the need to promote their products' brand name and increase the range of market segmentation. In these occasions, the weak ties are added to the entrepreneur's network when the firm is in need of more resources which the available network ties could not provide; this is consistent with Hite and Hesterly (2001). When the market segment increases, such as following the penetration of new geographical areas, expanding the sales to the hypermarket has caused the entrepreneurs to find more customers as well as suppliers to provide supplies for the increasing productivity in their factories. Therefore, the network evolves to incorporate more resources. As one of the cases said, his firm needs more suppliers and customers when he diversifies his market segmentation that include the groceries shop, burger stalls, hypermarkets, and wholesalers, as well as the import-export activity. Therefore, in doing so, he needs network variation in his firm for market expansion. This is consistent with Burt (1992) who posited that entrepreneurs who are facing pressure to gain new capabilities will enlarge their network. One of the entrepreneurs mentioned that,

"For me, not every market segment is safe and can assure me that they will deliver good revenue, and that's the reason why I need to have more market segmentation, such as groceries shops, burger stalls, hypermarkets, wholesalers and exportation. Therefore, to do so, I have to create linkages with them to sell my products. They are so important for my firm to grow further to the next level" (Case 3).

In addition, Cases 2 and 7 highlighted that the firm's new market penetration process has triggered the creation of more network ties with customers. This involves the marketing events organised by the agencies such as the sponsoring activity (Case 2) in many government agency programmes; i.e. *Kembara Mahkota Johor*, and a joint venture project with the Tourism Ministry. These activities allowed for the creation of more network linkages between the entrepreneurs and the customers as well as future customers. As the entrepreneurs said;

"Creating a new product to introduce to the new market has led me to the finding of new network ties to work with so that the firm could grow further... My experience of having a university engineer from the biotechnology industry has speeded up the process of having a new factory" (Case 3).

"The increase in the network tie with the supplier is important especially when I open a new branch at a different regional area; this is because of the need of more supplies, especially for the main raw material of the production..." (Case 4).

It is noteworthy that ties progress from dormant to weak when the entrepreneurs initiate their business development programmes. The ties that were initially stagnant to the firm have now been

revitalised when they are tapped into for cooperation, for example, the other entrepreneurs and competitors from the same industry, which was experienced by Cases 1 and 3. This is consistent with Hite (2005) and Jack (2005) who argued that when ties are revitalised, they bring benefits for the entrepreneurs. These are based on similar aspirations to increase the sales by having the contracts of Operational Equipment Manufacturing (OEM). The trust and mutual commitment in taking responsibility to produce the products for others has allowed the relationships to move to another level, which is from a weak relationship to a strong one. From time to time, the relationships with these parties become even stronger with the increase of the output needed by them. The only constraint experienced by both cases is the incapability of the machinery and the factory to produce the desired output.

In relation to new product development, Case 3 looked for professional advisory assistance from a consultant for his new product development project. He created a linkage with the biotechnology expert for his new product in using the latest technology for new packaging machines.

4.3 Theme 3: Strategic Orientation

The findings portray four cases (1, 2, 4 and 6) that have embarked on strategic planning of the business, which has in turn resulted in the evolvement of network ties. The discussion on this has two parts, which is based on the likeness of Cases 1 and 2, and Case 4 and 6.

For Case 1 and 2, network ties progression and regression are evident in two situations that happen concurrently, namely when the business is growing, and when the entrepreneurs are becoming more mature in handling the business. To illustrate, these cases have now shifted from implementing ad-hoc actions to making more deliberate and careful strategic decisions. They always seek capable individuals that they can rely on in getting new knowledge and skills in designing their business strategies. This is happening not only because of the need for business growth, but also because of the nature of the entrepreneurs' characteristics that are changing and dynamic. Changes could happen in themselves in terms of learning, skills and capabilities, as well as in emotions. Thus, the network change that he chooses could correspond to the strategic need of the firm to ensure firm performance and growth. This happened in Case 1, as the wife said that

...I can see the change in my husband as the business grows, he is much more knowledgeable and puts more thought into the strategic ways to increase the sales of the firm, including finding the best individuals to implement those strategies... (Strong Tie of Case 1).

This is in line with the argument by Hite (2008) that refers to the changing nature of network actors/entrepreneurs as strategic catalyst. Hite (2008) argued that changes occur in themselves as they learn, imitate and - more importantly - when they change their network strategies to adapt to the internal and external environments. The catalysts may include attitudes, preferences, emotions and self-interest. The network ties change that happens is explained below.

As for Cases 4 and 6, it is evident that they create network variations when they initiate the price comparison strategy to ensure that the suppliers are not cheating them. They start relationships with other entrepreneurs and suppliers for this reason, as he stated;

"If we are alone and we don't share information among our friends and other entrepreneurs, we will be cheated on the price of the supplies; this is related to the story that I told you about the Malay-Chinese barrier, that's why it is

important to have a relationship with a few suppliers to compare the prices...”
(Case 4).

In discussing the change of network ties due to strategic orientation, taking Case 1 and 2 as examples in illustrating the network tie progression and regression throughout the business development is worthwhile.

To illustrate the evolvement of this scenario, the dormant ties (other entrepreneurs) that Case 2 met at a government agency's social gathering have now been activated, and have shifted to weak ties when they get together and share information on the opportunity to import raw materials from India. Their relationships then became strong when they agreed to become business partners for a joint venture by in sharing the cost.

To illustrate the network ties regression, which is faced by Case 1, as the firm develops, he has realised the importance of recruiting skilled employees in the marketing side of the business to promote the products to the global arena. His attention has shifted from the product quality, which he focused on in the earlier phase when his uncles and aunts were the core persons at that time, to the outside people who have more experiences and capabilities. This supports Lechner and Dowling's (2003) findings that strong tie network become less significant over time. However, the tie is not dropped completely from the network but has regressed over time.

As the entrepreneurs learned and recognised the ways to move the business development further, they expand the connections with greater number of network ties. Therefore, he invited a friend who has vast experience in a multinational company to be a member of the Board of Directors in setting the strategic plans of the firm. The strong tie with this close friend has become even closer for he has now become part of the business. This intense relationship allows them to work more closer together to engage in joint development and joint operations. This is supporting previous research by Bracker and Pearson (1985), and Renzulli and Aldrich (2005) who mentioned that entrepreneurs refer to outside consultants to assist them in the development, implementation and control of strategic planning systems.

4.4 Theme 4: People Management

One obvious finding in relation to the people management of these cases is related to the tipping point regarding a conflict with a partner (Case 1) rejecting an extended family member who had been his business partner for a year. The rejection was due to a disagreement between both parties in the decision-making process related to business production and operations, sales, and marketing strategy. The disagreement led to the rejection of this relative not only in business but also in their personal relationships. Although it has been found that family ties are regarded as strong in many cases, this unusual scenario proves that family is not always the answer for business development, as they can become an obstacle to the business success. However, Aldrich and Carter (2004) referred to the advantages of strong ties, one of which is using a voice to express their complaints and negotiating over them rather than silently sneaking away. The ending of the partnership was taken deliberately and carefully so that their separation had good implications for both parties. This was proved in the interview session with the partner. Case 1 and the ex-business partner mentioned that,

“The business sharing lasted for only a year, we could not work together anymore, and lots of issues arose such as conflicting ideas. I decided to end it”
(Case 1).

“The partnership ended due to no understanding. But that’s okay for me...because since then, I made contacts with other entrepreneurs in the industry and joined in the Halal Hub Network in Melaka to develop my own factory in making kebab” (Case 1’s ex-business partner).

4.5 Theme 5: Competition

Most cases experienced stiff competition from various parties, namely the other entrepreneurs in the same industry - Chinese or Malay businesses, hypermarkets and importers.

First of all, the Chinese businesses are more established than the Malay ones. Chinese are far more experienced and skilful in handling business compared to the Malays. In fact, Chinese have their own networking system, which is called a ‘Bamboo Network’ and ‘Guanxi Network’ that offer more advantages and the network is becoming more vigorous in Malaysia’s business environment. This situation was encountered by Cases 3, 4 and 6 and the impact this has had on them is captured below:

“Chinese conquer the market, they are the wholesalers and own hypermarkets and many supermarkets, it’s difficult for us- the Malays- to get through their market in the first place, but when our products were accepted by the customers, they were quick to want our products (Case 3).

“My products have to compete extremely with the Chinese products. I don’t understand how they could offer such low prices for their cookies with good quality...” (Case 6).

Secondly, some cases explained that hypermarkets also produce low-priced products on their brand names, and this has increased the range of selection of brands in the market. The majority of the cases complained that small firms could not be able to gain good sales in hypermarkets due to this issue. In addition, Case 6 commented she was not treated fairly by the administration of the hypermarket, where her products were placed in the bottom freezer, so they could hardly be seen by the customers. With regard to this, she has expressed her disappointment to the Chamber of Commerce, hoping that being a member of this club, something could be done to solve this problem, but again she faced another disappointment. The only people that provided motivational support at that time were the other entrepreneurs who were sharing the same bad experiences dealing with the hypermarkets.

Finally, the stiff competition was coming through from the popular brand image importers worldwide, that are readily available in the market. Moreover, the cases face competition from the establishment of new small/micro firms producing the same kind of products, which can sell the product at much lower prices because of their low cost, and which are providing a wide range of varieties for the customers. In this regard, an interviewee put forward his complaints about the government agencies that provided training in the same products to the new entrepreneurs, which has resulted in new emergent firms producing the same products, e.g. frozen food. In addition, the hypermarkets nowadays produce their own products at low prices, which has caused stiff competition in the market.

4.6 Theme 6: External Events/Environments

This section offers an explanation of the tipping points that have been caused by the external events/environments such as huge loss due to shop burning down, flash flood, and the challenges faced

due to the economic recessions. These events are interrelated to the financial problem that has been discussed above.

Cases 2 and 8 added their ties when they were struck with the tipping point of their shop burning down (Case 2), a flash flood (Case 8), and the effects of economic recession (Cases 1, 3, 4 and 8). For example, Case 2's daughter looked for help from various government agencies after the disaster, which the entrepreneur initially regarded them as dormant ties. Ties with these agencies were then created due to that particular tipping point, and the relationships nowadays are even closer. These agencies also acted as brokers for Case 2 for they arranged for him to meet more entrepreneurs to engage in wider business opportunities. In addition to that, the flash flood in 2007 struck the business location of Case 8. It caused a huge loss for the marketing and operations of the business which ceased for a period of time. This incident has not only caused the entrepreneur to seek external help but also has created relationships with various network ties, particularly the government agencies, clubs and associations. As the daughter of Case 2 who faced the shop burning incident said,

“During the critical time of the firm, I could see that my father was so worried and distressed...and that is one of the reasons for my involvement in the business” (Strong Tie 1, Case 2).

4.7 Theme 7: Trust Breaking

Almost all cases drop the network ties with their customers/sales rep due to their outstanding payments on purchased products. This has resulted in poor cash flow of the firms and eventually affects their business operations and activities. These customers, being of the same ethnicity as the entrepreneurs (i.e. Malay), demand preferential treatment by having credit payment transactions. These exchange transactions require a certain level of trust that is contributed from the sense of belongingness to the same ethnicity and the earlier assessment by the entrepreneurs through their conversations. However, when trust is breached they are rejected although the entrepreneurs had to bear the loss. As one of the cases mentioned,

“...when they have a bad record in relation to their payment, I will chase them and will definitely not have business with them anymore...” (Case 2).

Trust breaking is happening to the weak ties customers of the cases; those who are newly appointed and would normally have made only one or two transactions, whereas the strong ties customers have a relatively longer relationship with entrepreneurs and there is a higher degree of trust and reciprocal commitment between each other. The findings of tie rejection of weak ties customers contradicts Martinez and Aldrich (2011) who proposed that these customers provide significant opportunities in connecting with previously unconnected ties in the business environment; instead, they are being rejected due to the payment problem.

4.8 Theme 8: Network Broker

Findings show that network brokers, who act as intermediaries between two individuals, facilitate new connections established by most of the cases with various ties, particularly the business ties. They play crucial roles in most of the cases. For example, Case 8 experienced a strong contribution from a network broker in connecting her with various agencies and clubs/associations that subsequently enhanced her sales by supporting her to export to the Middle East countries.

4.9 The Multidimensionality Elements in Network Change and Development

This study found a multidimensionality element in discussing the change and development of network ties. Multidimensionality in this sense refers to the various dimensions in explaining the change that occurs within a tie relationship. Hite (2008) argued that the multidimensionality perspective is important to gain rich explanations about the complexity of tie evolution. The findings enlighten two themes, which are the entrepreneur-level context and the dyadic-level context

4.9.1 Theme 9: The entrepreneur-level context

The findings show that the multidimensionality of the individual entrepreneur is demonstrated through their demographic factors, personal values, experience and capabilities. Therefore, they differ in responding to changes in their networks. The demographic factors include the age, gender, previous working experiences and the background of the family business.

The age of the entrepreneur, for example Case 3, who started his business at a very young age (i.e.; 19), straight from school and lacking maturity, did not know others in the business, thus the reliance on the family members particularly the parents was high at that time. This characteristic is interrelated with others; for example, the years of working experience which he did not have. At that time, the strength of tie towards the parents was strong especially when the parents were once involved in the business. The parents were the source of motivation for him to run his own business; they were also the source of financial assistance as well as knowledge. This is in contrast with the people who started their new venture at a later age such as in their late 30s. One example is Case 4 who also had a number of years working in the banking industry and met many people, and had extensive knowledge in relation to the business venture. However, in relation to Case 3 above, as his business grew, the older he became the more people he met, which meant that he had many to choose from to be his strong ties.

Gender of the entrepreneurs also influences them to decide the ties intensity in their business venture. All four women entrepreneurs chose their husbands as the strong ties, while the men entrepreneurs did not do the same. This could be attributed to the cultural and religious factor. In the teaching of Islam, a woman has to be obedient to the husband. Therefore, in many circumstances, women entrepreneurs in this study rely on their husband when making big decisions. Previous working experiences of the entrepreneurs are also one of the significant factors for them in deciding the strengths of their network ties. This happens in Case 4 who has more than five years working experiences in the banking industry and dealing with entrepreneurs for loan funding. He had already developed his network ties while he worked in the bank with numerous other entrepreneurs, from who he then gained information in setting up business and looking for new opportunities. In another example, Case 1's working experiences in a meat and poultry factory also influences how he managed his network ties, and how he started his relationship with the poultry industry. He knew about the procedures in handling issues related to the industry and was aware of which agency to go to for support. This is in line with the arguments of Anderson, Hakansson and Johanson (1994), Holmena and Pedersen (2003) and Doreian (2008) that network scopes differ based on entrepreneurs' experiences.

In addition, the entrepreneurs who have family who had businesses previously would normally regard their family members and/or parents as their strong ties, particularly in the starting-up stage. In other words, in the case of entrepreneurs who have parents who ran small business, that they had informally joined in and/or observed or helped their parents with, this would also influence their network ties selection. Nevertheless, being too embedded in the same network circle of the parents' business

network ties poses limitations to the network variation, which eventually affects the business development.

The personal values of the entrepreneurs have strongly influenced the network ties variation of the entrepreneur. The evidence is shown in the examination of Case 2, a reserved and introvert type of personality who had a very limited network when he first started managing his business. Until the daughter took over the management of the business, the father had only linkages with the same suppliers, customers and employees of his late father. This finding is in line with Klapper's (2008) argument that there are links between the entrepreneurs' personality, networking and performance of the firm that suggests entrepreneurs' family background, education and professional experience have an impact on how they configure their networks.

4.9.2 Theme 10: Dyadic-level context

Dyadic multidimensionality is found in the tie's content, structure and governance as well as in the dyadic life cycle.

Multidimensionality of dyadic content

Multiplexity exists when more than one type of content flows across the tie. Thus, multiple purposes may be served within a single tie, which further increases its multidimensionality. Findings show that tie content demonstrates the roles of multidimensionality in which it brings more than one function in a single tie; for example, a tie with a business partner not only acts as a business person who provide advice and knowledge but also provides emotional support during tipping points. To illustrate, Case 3's supplier who provided business support function during the tipping points, also offered emotional attention to the entrepreneur during the difficult time. Case 1's wife acts as his firm's accountant as well as providing affection relations during the tipping point.

Multidimensionality of dyadic structure

In relation to the multidimensionality of the dyadic structure, it is evident that Case 1's relationships with customers and suppliers are experiencing a two-way exchange. To illustrate, two-way business transactions are governed by the reciprocal commitment between each other (refer to section 4.1.3.2 for quotes and narration). This is consistent with Hite (2008), who argued that two-way ties indicates a reciprocal transfer of network content.

Multidimensionality of dyadic governance

The multidimensionality of dyadic governance has been extensively discussed in section 5.22 for which the integration of different forms of network bases and/or governance that governs tie strengths. This supports the argument by Hite (2008) that the relational governance adds to the multidimensionality element of dyadic governance.

Table 2 shows the summary of the findings.

Table 2: Summary of the Network Change and Tipping Points

<i>No.</i>	<i>'A Priori' Themes</i>	<i>Sub-themes</i>	<i>No.</i>	<i>Emerging Themes</i>	<i>Sub-themes</i>
1.	Financial Problem	1. Internal Management 2. External Financing	5.	Competition	NIL
2.	New Market Entry	1. Export Failure 2. Business Development Programmes 3. Penetrating new market	6.	External Events/ Environmental	1. Flash Flood 2. Economic Recession
3.	Strategic Orientation	NIL	7.	Trust Breaking	NIL
4.	People Management	Conflict with Partner	8.	Network Broker	NIL
			9.	Multidimensional of Entrepreneur-Level Context	1. Demographic Factors 2. Personal Values 3. Experiences
			10.	Multidimensional of Dyadic-Level Context	1. Dyadic Structure 2. Dyadic Content 3. Dyadic Governance

5.0 Conclusion And Recommendations

To conclude, this study explores 10 themes of tipping points that trigger network change and development; these are financial problem, new market entry, strategic orientation, people management, competition, external events and/or environmental factor, trust breaking, network broker, multidimensionality of entrepreneurial-level context and multidimensionality of dyadic-level context. This study found that the explanation of the evolution of networks ties needs to also account for the multidimensional attributes of network actors and/or entrepreneurs and the dyadic structure, content and governance of network ties.

This study contributes to the network change literature by providing evidence on the use of the notions 'tipping points' and/or critical problems to conceptualise the growth of business, and at the same

time providing evidence of the triggering factors for network ties change and development. This study identified three tipping points as outlined by Phelps et al. (2007) - financial problem, new market entry and strategic orientation - and discovered six emerging themes that are competition, external/environment, trust breaking, network broker, multidimensionality of entrepreneur and the dyadic contexts. These findings have not been documented elsewhere, thus signifying adding value to the field under study. With regard to the Malaysian context, although the issue of Malay entrepreneurial networking has long been of interest to Malay scholars, academics, government officials, politicians and the public of Malaysia, in-depth studies of Malay entrepreneurship are scarce and scattered. To date, no empirical evidence has been produced, in particular studies on Bumiputera entrepreneurs, that focuses on SME entrepreneurial networking. Nevertheless, Farinda et al. (2009) developed a conceptual framework about business networking in Malaysian SMEs. However, it does not present a holistic approach to entrepreneurial networking of Malaysian SMEs; rather they focus on the determinants of business networking activities. Thus, this in-depth study is expected to contribute to the development of entrepreneurial networking literature of the Malaysian context.

Finally, this study provides managerial and policy implications to be taken into considerations. It is essential for entrepreneurs to manage and maintain their contacts in their entrepreneurial network. To do this, they are advised to recognise the nature of the relationships and the tie intensity with the network members. In maintaining the relationships, entrepreneurs are required to ensure that they invest in network-nurturing activities. It is recommended for them to fully utilise the network relationships available in facing the problems and difficulties encountered in running the business and also be involved actively in the clubs/associations, and other ethnic group such as the Chinese. This study demonstrates that there is necessity for the government agencies to increase their attentiveness to and knowledge of the value and implications of networking. Governments have provided extensive supports to these entrepreneurs, however, more importantly, government agencies have to understand that what is more critical is to educate these entrepreneurs with networking skills so that they will be able to manage their entrepreneurial networks effectively and utilise them systematically in enhancing the business growth.

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