Gender and Entrepreneurial Networks

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HANSON S. and BLAKE M. Gender and entrepreneurial networks, Regional Studies. In a recent critical survey in 2003, Peter Nijkamp argued for the importance of networks and networking for successful entrepreneurship and emphasized the strategic advantage that dense urban areas afford to networks. Nijkamp’s arguments are extended herein by investigating the impact of an entrepreneur’s identity on network formation, use and opportunity. Focus is made specifically on gender to emphasize the ways networks are embedded in place-based social, economic, cultural, and political structures, which shape entrepreneurs’ identities and affect access to resources. The review reveals, first, how little is known about gender and entrepreneurial networks in general and especially about the gendered geography of such networks; and, second, the importance of investigating the impacts of social identity on entrepreneurs’ networks if the relationships between entrepreneurship and place are to be understood.

Gender Entrepreneurship Place Networks

die geschlechtsbezogene Geografie solcher Netzwerke bekannt ist, und dass zweitens eine Untersuchung der Auswirkungen der sozialen Identität auf die Netzwerke der Unternehmer wichtig ist, wenn wir die Beziehungen zwischen Unternehmertum und Ort verstehen wollen.

Geschlecht Unternehmertum Ort Netzwerke

HANSON S. y BLAKE M. Género y redes empresariales, Regional Studies. En un reciente estudio crítico, Peter Nijkamp (2003) subrayó la importancia de las redes y la creación de redes para el éxito empresarial y destacó la ventaja estratégica que las áreas urbanas densas ofrecen a las redes. Aquí ampliamos los argumentos de Nijkamp al analizar el efecto de la identidad de un empresario en la formación, el uso y la oportunidad de una red. Prestamos especial atención a los diferentes sexos para recalcar el modo en que las redes están arraigadas en estructuras sociales, económicas, culturales y políticas con un determinado espacio que conforman las identidades de los empresarios y afectan al acceso a los recursos. En nuestro análisis destacamos primero lo poco que se conoce sobre los géneros y las redes empresariales y especialmente sobre la geografía de géneros de tales redes; y segundo, la importancia de estudiar los efectos de la identidad social en las redes de empresarios si queremos entender las relaciones entre el empresariado y su espacio.

INTRODUCTION

In a recent ‘Critical Surveys’ section of this journal, Peter Nijkamp (NIJKAMP, 2003) argues that successful entrepreneurship requires networks and networking; he suggests that the contemporary entrepreneur needs to ‘become increasingly a creative network operator and manager’ (p. 395). The aim in this paper is to continue the discussion initiated by Nijkamp by engaging further with his ideas and (it is hoped) deepening them. The present authors do not dispute Nijkamp’s overriding point regarding the significance of networks to entrepreneurship. Indeed, because the authors are in agreement that networks can be important to successful entrepreneurship, the wish is to extend Nijkamp’s argument by exploring a key aspect of networks in the entrepreneurial context that Nijkamp overlooks, namely the role of the social identity of the entrepreneur and the impact of this identity on the composition of the entrepreneur’s network, the effectiveness of the network for the entrepreneur, and the way the network actually works.

In reviewing the entrepreneurship literature, Nijkamp notes that because they are frequently a source of innovation, entrepreneurs play a central role in a market economy. Above all, entrepreneurs need information to help them manage risk, and Nijkamp points to the locational advantage of urban settlements in providing the support networks needed for access to information at both local and extra-local scales. He further observes that the spatial aspects of entrepreneurship have received little attention and that the overwhelming focus in the entrepreneurship literature on new-firm formation means that the spatio-temporal dynamics of existing firms have been neglected (p. 400). Nijkamp calls for more research on the characteristics of places that support firm start-ups, survival, and growth. Given this emphasis and the network advantages of dense urban places, Nijkamp is particularly interested in understanding what kinds of networks in what kinds of places yield what kind of entrepreneurial results.

Despite his view that ‘the modern entrepreneurial “hero” is largely a “network hero”’ (p. 401), Nijkamp’s lens is really on entrepreneurs and the entrepreneurship literature, of which he provides a very useful overview, not on networks per se or the network literature. He is not concerned, therefore, with how networks might differ systematically for different kinds of people in different places. Put another way, Nijkamp is not concerned with the identity of the entrepreneur and how such identity might affect the construction, functioning, and effectiveness of an entrepreneur’s network. Neither is he concerned with how social identity might interact with context, such that the same piece of dense urban territory might provide excellent networking opportunities for certain kinds of entrepreneurs but not for others. The goal is to explore the importance of the entrepreneur’s identity and, indeed, the necessity of considering it in the context of Nijkamp’s argument about entrepreneurial networks.

This is done in the remainder of the paper first by illustrating the importance of identity to the functioning of networks by focusing on one aspect of identity, namely gender, and, second, by discussing several themes related to the gendered networks of entrepreneurs. Although the focus here is on gender, it is recognized that gender intersects with other dimensions of identity, such as class, race, ethnicity, and age, in complex ways and that gender is not, therefore, a one-dimensional category; nor are identities immutable. The goal is to demonstrate, through an assessment of the literature, the importance of identity to Nijkamp’s central message and to pose additional questions for research. The larger point is that entrepreneurial networks are themselves embedded in place-based social, economic, cultural, and political structures that shape entrepreneurs’ identities and
affect access to resources. That is, recognizing diverse entrepreneurial identities necessarily highlights the importance of broader social relationships and spatial contexts in enabling and constraining the agency of entrepreneurs, relationships that do not figure in Nijkamp’s treatment. These social relationships pose questions about the nature of entrepreneurial agency and point to the importance of place at varying scales in shaping entrepreneurial opportunity. Specifically, the links between gendered social relationships and networks are examined by arguing that, firstly, gender shapes the ways that networks are put together and used and, secondly, trust and legitimacy, two elements that contribute to the value of networks, are likewise influenced by gender. The paper is structured by first discussing several themes at the intersection between gender and networks and then by applying this discussion to the case of entrepreneurial networks.

Note at the outset that one’s thinking about networks and entrepreneurship grows more out of the feminist geographic tradition than out of the economic geography tradition. Feminist geographers (e.g., Hanson and Pratt, 1991, 1995; Mattingly, 1999) have long stressed that personal networks transcend and connect different realms of life, such as the domestic, the civic, and the world of work. This spanning function, which draws upon Granovetter’s (1974) original insight, means that women can gain access where they otherwise might not if a trusted network member from one realm (say, a brother) can open otherwise-closed doors in another (say, a job as an electrician). Feminists have also noted, and demonstrated empirically, that much of what networks do (e.g., provide information not available through other sources, provide access to material resources, reduce risk, reduce transaction costs) is accomplished serendipitously in the course of everyday interactions rather than instrumentally through purposive, directed contact with selected network members (e.g., Gilbert, 1998; Mattingly, 1999).

Network studies in economic geography are more recent than those in feminist geography and have tended to focus on the networks of firms rather than of individuals (also noted by Grabher and Ibert, 2006), have emphasized firms located in spatial clusters to the neglect of other firms (e.g., Kenney and Patton, 2005; Bengtsson and Soderholm, 2002), and have examined networks primarily in the context of promoting innovation (Kenney and Patton, 2005; Bengtsson and Soderholm, 2002), and have looked mainly at the formal agents in a firm’s networks (e.g., lawyers, accountants, customers, suppliers) to the neglect of informal contacts (e.g., Kenney and Patton, 2005). Where scholars in this tradition have considered the networks of individuals (e.g., Burt, 2000), that individual has been generic, lacking in aspects of identity other than those associated with the work context (occupation). Although the authors do connect with both the feminist and economic traditions where appropriate, the main focus here is to consider how gender and a gendered identity might influence the functionality of the entrepreneurial network rather than provide review of networks more generally.

**NETWORKS AND GENDER**

Networks are thought to be the mechanism through which, firstly, resources (e.g., information, capital) are introduced by specific agents into a particular social field, and, secondly, resources move between individual agents located within a social field, but also, thirdly, networks are the mechanism through which individuals become connected to and positioned within that social field (Bourdieu, 1990; Schirato and Webb, 2003). In this regard, networks play an active role in the ongoing development of individual and group identities. Because networks are always about social interaction and the positioning of individuals relative to each other, they are also always about gender. The goal in this section is not to provide a detailed review of social networks and the ways in which such networks are gendered, as other such reviews are available (Smeltzer and Fann, 1989; Ridgeway and Smith-Lovin, 1999), rather, it is to introduce several themes having to do with networks and gender as a prelude to a closer examination, in the following section, of the ways in which gender shapes the networks of entrepreneurs.

Gender continues to be an organizing factor in social life. Gender itself is based in – as well as shapes – patterns of social interaction, that is, with whom one interacts and the situations and processes of interaction.

Gender is a system of social practices within society that constitutes people as different in socially significant ways and organizes relations of inequality on the basis of the difference. (Ridgeway and Smith-Lovin, 1999, p. 192)

Referring to West and Zimmerman’s (1991) concept of ‘doing’ or ‘performing’ gender, Fletcher (2004) notes that:

all social interactions ... [are] occasions to ‘do gender,’ whereby our gender identity in the ways we respond and react to others.'  

(p. 652)

In their review of gendered social interaction and network structures, Ridgeway and Smith-Lovin (1999) stress the power of social structures to shape the processes of interaction that can produce trust in relationships. These authors examine how unequal interactions between women and men simultaneously shape cultural beliefs about gender (what it is to be male or female) and network structures. Ridgeway and Smith-Lovin highlight that ‘people perceive gender differences to be pervasive in interaction’
In this sense, RIDGEWAY and SMITH-LOVIN (1999) are interaction and hence network contacts and structures. of power) in generating gender differences in social relations (gender differences in access to positions overall, these authors stress the importance of gendered voices to be heard within the firm or between firms. within-firm interaction patterns and a masculinist gendered norms (SMITH, 2005). experience of discrimination that is based on shared and so forth will at certain times share a common women from a range of classes, ethnicities, sexualities while a woman may experience a variety of identities as she moves through daily life, at the same time women's identities are conceived as multi-faceted and mutable, in their everyday life interactions women often encounter the starkly simplified gender stereotypes held by others, including other women. Examples are many employers' assumptions about women as mothers or potential mothers, or the widely held belief that a female householder's earnings provide the cake while male householder's earnings provide the bread, or a customer's assumption that the owner of an engineering firm will be a man. Thus, while a woman may experience a variety of identities as she moves through daily life, at the same time women from a range of classes, ethnicities, sexualities and so forth will at certain times share a common experience of discrimination that is based on shared gendered norms (SMITH, 2005).

Because gender is a marker not only of difference, but also of inequality and because gender saturates male–female interactions, the majority of such interactions take place in settings where men have higher status and greater power (e.g., the workplace, where the gender-based segmentation of positions and power has been well documented (for a summary, see McDOWELL, 1997). RIDGEWAY and SMITH-LOVIN (1999) point out that in situations where women and men of equal status and power interact, their patterns of interaction and their networks are similar, but such instances occur rarely because in most interaction situations women are in an inferior social position relative to men and are accordingly viewed as having less legitimacy. As one example, in their study of ten information and communication technology (ICT) firms in Cambridge, UK, GRAY and JAMES (2007) find gender-segregated within-firm interaction patterns and a masculinist corporate culture that makes it difficult for women's voices to be heard within the firm or between firms. Overall, these authors stress the importance of gendered social relations (gender differences in access to positions of power) in generating gender differences in social interaction and hence network contacts and structures. In this sense, RIDGEWAY and SMITH-LOVIN (1999) are in accord with EMBRAYER and GOODWIN (1994) who emphasize that identity is constructed by culture, not just by the alters in a person's network.

Legitimacy and trust

Of particularly concern here is with two aspects of networks — legitimacy and trust — both of which affect the benefits that accrue to membership in a network because they help to reduce risk in relationships (GRABHER and IBERT, 2006). If a person is not seen as a legitimate member of a network or if she has not built up trust within network relationships, she will not be valued by other network members and will find little value in network membership. Importantly, trust and legitimacy are closely intertwined with gender and other dimensions of social identity.

In the socio-economic literature legitimacy is seen as an important outcome of institutional formation and is linked to the form that organizations take (ARNOLD et al., 1996; DEEPHOUSE, 1996). Whereas institutions are seen as providing the backdrop of rules, norms, and so forth, organizations, such as banks, schools, prisons, homes, and businesses, locate these institutions in the material world. Although organizations come in many forms, the ones that are the most recognizable are those that conform most closely to contextually dominant social institutions. Therefore, for example, whereas families may take several forms (e.g., extended, nuclear, blended), the most recognizable and recognized form of family in contemporary Western society is the nuclear family, and families with this form most readily command the social recognition of other organizations.

ALDRICH (2000) identifies two forms of legitimacy, cognitive and socio-political: the former relates to the taken-for-granted nature of a particular 'form', whereas the latter involves the formalization of the institutional structure that underpins and reinforces a particular form of organization. To extend the example of families, consider polygamy. Because polygamous families can be found in some parts of the world today and because a history of polygamy exists among certain groups in the USA, this family form can be imagined and is easily recognized: it has cognitive legitimacy. However, because polygamy is not accepted as a valid form of family in contemporary Western society, it lacks socio-political legitimacy; its illegitimacy is institutionalized in formal laws prohibiting individuals from simultaneous multiple marriages. Aldrich, with reference to organizational legitimacy, goes on to argue that whether or not new organizations will be seen as legitimate depends upon what went before, what was perceived to work and what was perceived to fail. Moreover, all organizations are embodied in the sense that someone carries out the activities that define the organization. As MARTIN (2004, p. 1263) observes, 'Events do not happen on their own. People with bodies do things physically and narratively.' Because these practices are performed by people who have a gender, class, and ethnic identification, for example, these aspects of social identity become
wrapped up in the process of the legitimization of a particular activity or practice.

As one result, certain tasks become taken for granted as women’s work or men’s work. Individuals who do not align with the associated gender identification of an activity they undertake have greater difficulty being perceived as legitimate in undertaking that activity by others. Network agents use legitimacy as a filter for information. Someone who is not perceived by other network members as a legitimate recipient of a particular kind of information is unlikely to be on the receiving end of such information. An example is information about jobs: Women are less likely to hear about male-typed jobs than about female-typed jobs because the gendering of male-dominated work does not align with perceptions of what is legitimate work for women (HANSON and PRATT, 1991).

A lack of legitimacy signals an enhanced possibility of failure and, therefore, higher risk; as a result, resources are less available to people who lack legitimacy because agents are avoiding risk. While risk aversion may appear to be reasonable, when it stems from an assumed lack of legitimacy, risk aversion can be based in essentialized notions of gender (or other forms of identity) rather than in truth (BLAKE, 2006). An example would be a bank manager who does not give loans to women starting construction businesses because he believes customers want men to build or repair their homes, despite evidence of successful female-owned construction firms.

Some aspects of relations within networks are transactional (e.g., ‘If I provide this service you will pay my fee or if my bank loans you this money you will pay us back’). GRANOVETTER (1985) refers to this as ‘functional trust’. Other exchanges within networks are more ambiguous. The exchange of tacit information and the accrual of social esteem through association are two examples of somewhat ambiguous elements that are traded within networks. Importantly, command of these more ambiguous elements is thought to provide the crucial advantage to individuals in competitive environments (e.g., MURPHY, 2002; GRABHER and IBERT, 2006; ETTLINGER, 2003). But because of this advantage, the effect of sharing these ambiguous elements is also more risky (for a discussion, see MURPHY, 2006); tactical secrets are not shared with adversaries, for instance. Furthermore, the trust involved in this sort of exchange is predicated on more than simply a rational accounting system; emotions – respect, affection, empathy – are also important in the production of trust.

While legitimacy appears to be embedded in cultural norms (sometimes quite locally specified ones) as they are transmitted through individual perceptions, trust – although ultimately granted by individuals – is relational and, therefore, dependent upon repeated interactions between individuals. In fact, MURPHY (2006) and others (e.g., ETTLINGER, 2004) argue that trust and legitimacy are achieved through interactions and performance, such that if people act in a trustworthy way and appear legitimate, they are likely to be granted access to the resources in a network. It is likely, however, that achieving trust through performance is more difficult for women than it is for men. The culture-saturated perceptions of individuals and the gender biases of institutions mean that it is harder for women to act in correctly codified trustworthy and legitimate ways. Ironically, if one cannot perform in ways that will gain the trust of others, she cannot gain access to one of the benefits of network membership, namely that of shared meanings (GRABHER, 2002) including those that signify legitimacy (SYDOW and STRABER, 2002). BLAKE (2006), for example, explores this notion with respect to interpersonal interactions between bank loan officers and women start-up entrepreneurs. Blake argues that gendered forms of legitimate performance can undermine a woman’s ability to be perceived as trustworthy in business. Likewise, once women have been denied the initial perception of legitimacy, it is more difficult for them to have opportunities to act as trustworthy agents within a particular business community.

Whereas the notion of a performative path to trust emphasizes personal interactions, GARTNER and LOW (1990) identify two additional ways that trust can be created: one is through shared social characteristics or interests (such as gender, ethnicity, or an interest in cycling) and the other is through memberships in organizations, such as professional associations or work environments. While women are thought to be particularly good at developing trust via direct personal contact (RENZULLI et al., 2000), men are able to mobilize trust not only through personal contacts, but also through shared identity (i.e., they are granted legitimacy a priori because they are men) or through membership in specific groups (WARDE and TANPUBOLON, 2002) such as Rotary, which are often closed, or not welcoming, to women. Thus, men seem to be better able to use a wider array of avenues for creating trust, whereas women are more limited in the mechanisms they can employ.

This limitation has at least two implications for women’s ability to gain access to resources. Firstly, given that entrepreneurship is male dominated as is the control of resources, women will always be outsiders unless they can demonstrate an affiliation that cuts across some dimension(s) other than gender (GLASSER et al., 2000). Secondly, this outsider status helps to limit the spatial extent of women’s networks. As one example, at the international level, women’s outsider status means that fewer women achieve high-status positions in international firms, firms which are thought to act as pipelines to global knowledge (GRABHER and IBERT, 2006). Moreover, women who do work in multinational firms are less likely than men to be given international assignments (MISZTAL, 1996), which necessarily limits their job experience and therefore...
their human capital, but also the spatial extent of their networks.

The time investment needed to build trust is also spatially variable such that individual networks have their own trust-related time–space regimes. Granovetter (1985), for example, argues that some environments are more trusting than others, and so the time investment needed to gain trust is shorter in some places than in others. Murphy (2002) and Humphrey and Smitz (1998) also signal the importance of not just personal context (e.g., past experience with a person or situation) but also the immediate context (e.g., the particularity of the here and now that makes an interaction similar to or different from a previous interaction). Importantly, the skills required for using networks — for interpreting levels of risk and reward that are embedded in similarity and difference between past and present — are likely to vary geographically because the skills themselves are tacit and embedded within very local geographies (Morrow et al., 1999). Ethnic networks, which often span continents, are an exception and present an interesting contrast (e.g., Zhou, 1998).

Finally, while it is possible for someone to be viewed as legitimate without being trusted and vice versa, gaining trust, particularly through group affiliation, appears to be contingently recursive with achieving legitimacy. Legitimacy has been considered as a marker of trustworthiness (Hardin, 1996), and as a result relationships may be initiated on the basis of legitimacy. The literature on weak tie networking (for a discussion, see Grabher and Ibert, 2006), while not explicit about the sequencing or interconnections of trust and legitimacy within networks, does imply that network members with legitimacy will be able to benefit from weak ties because their very legitimacy enables them to access resources available through weak ties. Thus, legitimacy can spark an initial offer of help and thereby create the obligations and expectations that foster trust in relationships (Coleman, 1988); or a person's legitimacy can be signalled through an institution to which she belongs, thereby allowing trust to develop (Humphrey and Smitz, 1998). Likewise, a woman with existing individual-level trust-based relationships that are resource-rich (e.g., a woman with a well-respected and well-connected husband) will be able to overcome the problems associated with her own illegitimacy, which, for example, may explain why some women are able to start firms in male-dominated economic sectors.

Gender and network composition

A considerable body of empirical research supports the contention that women's and men's network configurations differ significantly in a number of ways (for reviews, see McPherson et al., 2001; and Ridgeway and Smith-Lovin, 1999). Perhaps prime among these differences is that, from early childhood, people tend to interact with others of the same sex. Studies of social interaction repeatedly find that people's networks are characterized by homophily, that is the tendency for people to interact with others who are like them in one or more ways such as race, gender, profession, or stage in the life course. Among adults, this tendency is especially strong in the workplace (due to sex-segregated labour markets) and in voluntary activities. An important gender difference is that:

men tend to have more sex homophilous networks than do women, especially in [work] establishments where they are a strong majority.

(McPherson et al., 2001, p. 424)

Second, women's networks contain a higher proportion of kin and neighbours than do men's networks (Moore, 1990). The implications of this difference in network composition for the functioning and impacts of network connections are poorly understood.

Third, women's networks tend to be comprised of people who know each other well, compared with men's networks, which are generally more diffuse, comprised of people who are not connected with each other (Ridgeway and Smith-Lovin, 1999). As a result, the others in women's networks are more likely than those in men's networks to provide redundant information, which is not as useful and does not provide the same kind of competitive advantage as information that is new to the network (Burt, 2004).

Fourth, acquaintances and other personal contacts that one does not know well, known as weak ties, are not as useful for helping people in insecure positions or people lacking legitimacy as they are to people who are in powerful positions (Burt, 1992). To the extent that women are more likely than men to occupy insecure positions or to lack legitimacy, they are less able than men to benefit from weak tie networks, which have the advantage of usually being more diverse in their composition than are strong tie networks. For workplace advancement, for example, women must rely on strong ties to sponsors or mentors (often a man) to signal their legitimacy. Women seeking positions of responsibility will, as a result, find it difficult to find same-sex role models. In sum:

sex differences in homophily and in rates of return to individual and positional resources operate to create and reinforce gender inequalities in the organizational distribution of power.

(Ibarra, 1992, p. 61)

Spatial aspects of gendered networks

Although the gender dimensions of spatial mobility have attracted considerable interest, the spatial aspects of gendered networks have received surprisingly little
attainment. Numerous studies have documented, for example, the lower levels of mobility and the greater spatial constraints in women’s (compared with men’s) daily activity patterns (for a review, see Hanson and Pratt, 1995, ch. 4), but little is known about the gendered geography of networks per se, although the mobility-focused research implies that women’s networks will be more geographically restricted than men’s. Hanson and Pratt’s (1991) research on job search suggests that women’s work-related contacts are more likely than men’s to be drawn from locations that are close to home. This point, together with the finding that women’s networks contain a higher proportion of neighbourhood-based contacts than do men’s (Moore, 1990; Hanson and Pratt, 1991), indicates that women’s networks might be weighted toward the local, but absent additional carefully designed studies, this conclusion is premature.

Why should the spatial configuration of networks matter? Insofar as new information is more highly valued than is redundant information and to the extent that more-distant contacts are more likely to yield new information, the spatial reach of network contacts will affect the effectiveness of one’s network. In addition, broader contentions in the literature posit a difference in kind between local networks/local knowledge and extra-local networks/global knowledge (for a critical review of this distinction, see Bathelt et al., 2004). Winder (2001, citing Compagni, 1995) sees local networks as being distinguished from trans-territorial ones in that the former are comprised of dense relations, informality, and openness and deal with tacit knowledge, whereas distant networks are more formal and are used to exchange more codified knowledge. Whether this distinction is empirically valid and whether it holds any relationship to gendered social structures remains to be seen. There is general agreement, however, that the ideal network will effectively link the individual to local as well as to extra-local people and organizations; this desideratum is especially the case for entrepreneurs (Burt, 2004).

Entrepreneurial Networks and Gender

Networks are important to entrepreneurship because they facilitate the efficient movement of resources (knowledge, financial capital) to entrepreneurs and of information about entrepreneurs to a wider community. In addition, networks have an important normative component as they help to create, convey, and sustain expectations and norms (Aldrich et al., 1986) within a region. Research in entrepreneurship argues that business networks should include a mix of formal and informal agents (Birley, 1985; Blake, 2001). Informal networks include family, friends, employees, previous employers, and so forth, whereas formal networks comprise those support people, such as bankers, lawyers, accountants, and business consultants, who provide services to business owners (Aldrich et al., 1995; Blake, 2001). Because of their positions and their often extensive networks within a local business community, formal agents can confer on a nascent entrepreneur the trust and legitimacy they have built up. In this way consulting with a formal agent can provide an entrepreneur with immediate connections to the local business community, which in turn enhances and extends the person’s existing relationships with, for instance, a specific industry through prior employment (Ram, 1999).

Although a number of empirical studies have examined networks and entrepreneurship without paying attention to gender (e.g., Birley, 1985; Shaw, 1997; Uzzi, 1999; Chell and Baines, 2000; Witt, 2004; Turner, 2007) and although the importance of studying women’s entrepreneurial networks separately from men’s has long been recognized (for a conceptual argument, see, for example, Aldrich, 1989), relatively little empirical attention has been paid to gender and entrepreneurial networks. This dearth is surprising in view of the widespread belief (and some supporting evidence) that networks are key to business success. In their study of 60 women business owners in the UK, Carter and Cannon (1992) do link success to networking: They report that the women who were successful used social and business networks more than did those whose businesses failed. These authors see networking as the ‘most commonly used and most generally effective of all strategies employed by women in business’ (p. 94), but they do not say much about the nature of these women’s networks or about the networking process itself. After completing a review of the literature on gender and entrepreneurship, Stark and Yudkin (1996) point to how little had been done on networks and conclude:

the few studies that compare the networking activities of women and men business owners show differences in the sex composition of the networks but not in how women and men use their networks.

(p. 40)

In light of Ridgeway and Smith-lovin’s (1999) finding about the importance of the relative social status of women versus men to the nature of social interactions and network functioning, what is crucial to understanding how gendered entrepreneurial networks function is knowing how a given study’s sample was drawn and who comprises the resulting sample, with particular importance being placed on the social status of the owners in the sample. This section discusses what is known about how gender shapes, first, the composition and, second, the legitimacy and trust found within the networks of entrepreneurs.
Network composition

Although twelve years have passed since Starr and Yudkin’s (1996) observation on the dearth of work on gender and entrepreneurial networks, the literature remains thin. The scant research examines gender imbalance in entrepreneurial networks, correlations between the gender of the business owner and inclusion of formal and informal agents in entrepreneurial networks, and non-use of formal agents. Overall, the networks of business owners are comprised primarily of men (Drakopoulou Dodd et al., 2002), although gender-based homophily characterizes the networks of entrepreneurs, just as it does other networks. Aldrich et al. (1989, 1995) find no gender differences in channels used or the extent of networking. Aldrich et al. collected their data via mailed questionnaires and telephone interviews, and they note that most of the businesses in their study were business and professional services; importantly, there was no gender difference in type of business in this sample. Women and men both appear to turn to other men for assistance, although women business owners networked with other women to a greater extent than did men business owners. Given the similarity in status of the women and men in this sample, the lack of gender differences in interaction patterns is not surprising.

Cromie and Birley (1992) report similar results from a mailed questionnaire to business owners in Northern Ireland. Using the same survey instrument as that used by Aldrich and colleagues, Cromie and Birley surveyed businesses whose names had been provided by business support agencies; as a result, their sample is probably more diverse than that studied by Aldrich et al., but they do not provide information on the types of businesses represented in their sample. They find that the male and female business owners in their sample were equally active in networking and that their networks were equally diverse. But whereas the men relied almost entirely on other men, the women owners also tended to use a man as their primary source of advice but had most of their business-related discussions with women.4

Granovetter (1974) argues that economic processes are embedded in social life, not separate from it. Taking evidence from a comparative study of gendered networks5 in Research Triangle, North Carolina, and Atlantic Canada, Staber and Aldrich (1995) conducted a detailed analysis of owner’s network ties, which is disaggregated by the sex of owner. Of the network ties reported, the authors find that in both places women make up a higher proportion of the owners’ family ties than of their business ties (p. 457). In line with expectations about sex-homophilous networks, these business owners reported that their cross-sex relationships are of shorter duration than are same-sex relationships. Importantly, Staber and Aldrich (1995) found that:

... is embedded in everyday relations, rather than pursued as part of a strategic campaign to increase one’s circle of influential ties.

Katz and Williams’s (1997) study on membership in voluntary organizations sheds light on entrepreneurs’ network connections that are embedded in the social life of the community. In an effort to look at the incidence of entrepreneurial networking in the USA, Katz and Williams used the General Social Survey (GSS) to examine the weak ties of self-employed people versus those of salaried managers. The measure of weak tie networking provided in the GSS consists of the data on individuals’ membership in voluntary formal organizations. This study reported low levels of involvement in organizations among the self-employed compared with salaried managers. These authors conclude that the self-employed engage in lower levels of weak tie networking than do salaried managers and hypothesize that this might simply reflect the ‘exhaustion’ associated with running a business. To the extent that male entrepreneurs are more involved in voluntary organizations than are women entrepreneurs — and recalling the extreme gender segregation found in networks associated with voluntary organizations (McPherson et al., 2001) — the patterns revealed in Katz and Williams’s study suggest that participation in these voluntary organizations is a way that male entrepreneurs build weak-tie networks with other men.

In summary, studies that have looked at the composition of gendered entrepreneurial networks emphasized the similarities between the networks of women and men business owners; at the same time, these studies underline the pervasiveness of gender homophily in an entrepreneur’s network. Because these studies have focused solely on gender, the ways in which class, ethnicity, and other differences among women and among men intersect with gender to affect networks remains unknown. Other studies have asked whether gender differences in the networking of business owners can explain why women’s businesses are generally not as ‘successful’ as those of men, where success is measured in terms of business size (number of employees, gross sales, profits) and have suggested that women entrepreneurs might encounter gender-based discrimination in entrepreneurial networks. Weiler and Bernasek (2001) explore inter-firm linkages to explain why women’s businesses do not do as well as men’s. They hypothesize that discrimination in the networks of suppliers and customers because they tend to be male-dominated, are a source of explanation:

women’s continued lower status in both the formal labor and entrepreneurial markets could be due to the paradoxically obstructive impact of established male-dominated networks.
Similarly, Brush (1992) and Carter (1993) argue that women may avoid formal agents because of their past experiences of sexism with these agents; and Moore and Buttner (1997) show that women are excluded from formal and informal networks both as employees in organizations and as entrepreneurs. Also, case study research suggests that entrepreneurial networks do not function the same for women and men because men entrepreneurs have more opportunities than do women for meeting higher-status people, and women are often left out of informal strong tie networks (Aldrich et al., 1995).

Although they have not been explored empirically, other institution-level elements may contribute to gender differences in the use of formal agents in business networks. For instance, Curran and Blackburn (1994) suggest that business owners carefully assess the costs and benefits of the services provided by formal agents to their business. Because women tend to be concentrated in business types where the perceived need for formal agents is limited, women as a whole are subsequently less likely to seek the services of formal agents than are men as a whole, although those women who own businesses in sectors where the perceived need is high, such as business and professional services, do appear to seek out these services (Aldrich et al., 1995). This last example, which highlights differences among women entrepreneurs in terms of business type, suggests the need to examine such differences and how they affect women’s access to resources (McDowell, 2007, argues that differences among women in the labour market in the UK are growing).

To conclude, the relatively sparse literature on gender and entrepreneurial networks suggests — perhaps unsurprisingly — that some of the same kinds of gender differences that characterize the networks of regular people also are found in the networks of entrepreneurs. In particular, women business owners are more likely than their male counterparts to exchange information with women and less likely to have access to those in positions of power.

**Spatial aspects of entrepreneurial networks**

Very little is known about the spatial aspects of gendered entrepreneurial networks. Scholars have argued that local networks are important to business start-up because people start businesses where they happen to be living (Reynolds and White, 1997; Thornton and Flynn, 2003; Stam, 2007), but because the belief seems to be that virtually everyone launches businesses on home turf, no one has asked if local networks are more important for women entrepreneurs. Several maintain that the process of becoming an entrepreneur depends heavily on face-to-face contact and the exchange of tacit information (Reynolds and White, 1997; Thornton and Flynn, 2003), but whereas network contacts of this nature imply proximity, they do not require it. In her study of small enterprises in an East Indonesian city, Turner (2007) describes the strong ethnic embeddedness of entrepreneurs’ network ties, which have both a dense local component in the city and a regional reach to the home place of the ethnic group. The individual entrepreneur’s networks may indeed be heavily localized while also spanning national borders, too, as in the case of the domestic workers in San Diego, California, in Mattingly’s (1999) study. Moreover, organized local networks can become global as in the case of the Self-Employed Women’s Association (SEWA), launched in Ahmedabad, India, in the early 1970s, SEWA now links together self-employed women, especially those who work in their homes, from countries around the world (Rowbotham, 1998).

Detailed studies of the geography of gendered entrepreneurial networks are sorely needed. The only piece of relevant empirical evidence on this issue of which the present authors are aware is from Cromie and Birley’s (1992) study in Northern Ireland; they report that ‘women [business owners] spent less time on journeys per month to develop contacts’ (p. 244); although these authors did not examine the spatial extent of networks, this finding hints that women’s contacts are more local than men's. As described above, having more-localized networks implies (but, then again, does not necessarily mean) having access to a less diverse range of ideas and information. Absent a body of relevant empirical work, one is limited to theorizing on the basis of clues in the literature.

One such clue — a potential link between the gender and the geography of entrepreneurial networks — is found in Bygrave and Minniti’s (2000) reflections on the social dynamics of entrepreneurship. These authors argue that an individual’s decision to become an entrepreneur depends in part on the number of others in the community (which can be a place or, for example, an industry) who have already chosen entrepreneurship; this is because the costs and benefits to a new or nascent entrepreneur are affected by the number of existing entrepreneurs, who can serve as role models and sources of information as well as potential competition. Bygrave and Minniti’s basic point is that social factors are as important as economic ones in explaining the level of entrepreneurship in a community. Although these authors do not mention aspects of social identity (nor do they conduct an empirical study), it can be expected that, given the strength of homophily within networks and the importance of having same-sex (and possibly same-class, same-ethnicity) mentors, the social identity of those existing entrepreneurs in a place will have an enormous influence. That is, women will be more likely to become entrepreneurs in places where there are already a large number of women business owners who can serve as role models and mentors. In
this sense, a strong localized network – formal or informal – of women entrepreneurs would have the snowball effect of drawing more women into entrepreneurship. In fact, Allen et al. (2000) find that, for women, having friends who have started firms increased the probability of becoming an entrepreneur, whereas for men it reduced the probability of becoming an entrepreneur.

**Legitimacy and trust in entrepreneurial networks**

Researchers studying business creation argue that it is necessary for nascent entrepreneurs to achieve legitimacy with bankers and customers if they are to be successful because it is through these network actors that business owners receive the financing and information they need to start and sustain their business ventures (Aldrich and Fiol, 1994). Increased legitimacy increases the business owner's access to resources and her ability to mobilize these resources when they are needed (Nilsson, 1997). As noted in a previous section, legitimacy is linked to trust in that legitimacy is the way that an organization is both perceived and received:

> Audiences perceive legitimate organizations not only as more worthy, but also as more meaningful, more predictable, and more trustworthy. (Suchman, 1995, p. 575)

The point being emphasized here is that the legitimacy and trust accorded an entrepreneur depends mightily on the gender identity of that entrepreneur, often tempered by class, ethnicity, and age as well. Furthermore, because legitimacy and trust are place-specific, it is when legitimacy and trust in entrepreneurial networks are considered that the salience of the geographic context in which those networks intersect becomes vivid.

In entrepreneurship, legitimacy is conferred in at least three ways. Aldrich and Fiol (1994) relate the concepts of cognitive legitimacy and socio-political legitimacy to the entrepreneurial environment. Well-known activities, such as hair styling or auto repair, for example, have a significant degree of cognitive legitimacy within society because these activities claim people's immediate understanding of the product or service that is likely to be for sale. For this reason, bankers consider businesses that have cognitive legitimacy to be less risky than businesses without it, and they are more likely to approve loans to businesses they see as legitimate (Aldrich and Fiol, 1994; Arnold et al., 1996; Deephouse, 1996).

Bankers are also more likely to underwrite businesses with socio-political legitimacy than those without it; this form of legitimacy concerns perceptions of need for or acceptance of a particular type of business, and like cognitive legitimacy, socio-political legitimacy can be context dependent. For example, a pork sausage establishment would lack socio-political legitimacy in a Jewish or a Muslim community, but not in a predominantly Christian or agnostic one.

The literature on legitimacy as it relates to business formation tends to focus specifically on business type (i.e., can people understand what this type of business offers and is it needed here?). While there is some recognition that when a business is untried or new the business owner becomes the surrogate for that business (Aldrich and Fiol, 1994), the assumption is that business owners are differentiated only via their human capital. The social identity of the business owner and expectations surrounding the embodiment of particular forms of activity suggest, however, a third form of legitimacy that must be achieved, a form that is based on the match between the identification of the individual with the business activity in question (Bruni et al., 2004). Blake (2006) illustrates this point with the example of a bank loan officer questioning the legitimacy of a proposed woman-owned auto repair shop; the banker assumed customers would not go to a woman to have their cars repaired although he believed they would go to a woman to have their clothes cleaned or repaired. In this example, the banker is not questioning the cognitive or socio-political legitimacy of auto repair per se; he is questioning the legitimacy of a woman doing auto repair. By refusing to see the legitimacy of that person undertaking that activity, the banker casts doubt over the legitimacy of the whole enterprise (Bruni et al., 2004) and consequently (and not inconsequentially) denies financing for the proposed business.

The norms and expectations that permeate the networks that intersect in a place strongly influence which entrepreneurs (and which businesses) will be granted legitimacy there and which will not. Many of these norms and expectations have to do with gender (and with gender as it intersects with class, race, ethnicity, and age). As the example of the woman auto mechanic highlights, expectations about what entrepreneurial activities are appropriate or inappropriate for women (or for men) saturate the entrepreneurial networks in a place and help to create very different opportunity structures for women versus men prospective business owners. The larger point here is that networks do not float free of place-based gendered social structures such as gendered performances and institutional practices; they embody and at the same time help to create such structures.

**REFLECTIONS: WHAT IS NOT KNOWN**

In entrepreneurship, personal contacts and networks can reduce transaction costs and help to provide access to resources. Like many other authors (e.g., Aldrich, 1989; Reynolds, 1991; Malecki, 1994; Ostgaard and Birley, 1996), Nijkamp (2003)
argues that networking is important to business success. Several scholars have pointed out, however, that the relationship between networking and business performance is very difficult to assess and as a result remains poorly understood (e.g., Chell and Baines, 2000; Shaw, 1997; Witt, 2004). Other authors (e.g., McPherson et al., 2001; Jack, 2005) have observed that because most network studies rely on cross-sectional survey data, very little is actually known about how networks work. Obviously these two points – not knowing how people acquire, build, use, and benefit from networks and not knowing how entrepreneurial networks are connected to entrepreneurial processes and outcomes – are closely related. To this list of unknowns it could be added that very little is known about how gender and other dimensions of social identity operate in and help to shape entrepreneurial networks.

Building greater understanding of these now-poorly understood questions will require longitudinal study designs (recommended by McPherson et al., 2001), greater use of qualitative approaches than has been the case to date (recommended by Shaw, 1997; and Jack, 2005), and a willingness to link networks to places, recognizing that place-based norms and expectations thoroughly infuse the building, functioning, and outcomes of networks. Two recent qualitative studies demonstrate the kinds of surprises that such approaches can yield. In one, Shaw (1997) conducted a detailed study of the networks of five small graphic design firms in Glasgow and found that friendship is key: people want to do business with others with whom they can have a friendship relation. In the other, Jack (2005) employed ethnography to examine the networking activities of 14 owners of small businesses in the Scottish Highlands. Contrary to expectations, Jack found little evidence that these entrepreneurs directly connected with weak ties for business-related activity; instead they relied most often on the strong ties of family, friends, and employees, and occasionally reached weak ties through these strong ties. Neither of these studies considered gender or how the gender identity of the owner affected the networks of these entrepreneurs; doing so, however, necessarily entails engaging with place-based cultures.

**REFLECTIONS: WHY KNOWING MATTERS**

Incorporating issues of social identity into analyses of entrepreneurial networks has implications for the well-being of people and places, which are themselves of course intertwined. Social identities, such as those rooted in gender, age, or ethnicity, are place specific and recursively related to place-based economic, political, and cultural structures. Social identities clearly affect people’s access to entrepreneurial networks, and thereby the composition of an individual’s network, as well as the effectiveness of the network for the entrepreneur. As Sydow and Sträber (2002) note, networks are dynamic, and because of their recursive interactions with institutions, when networks change, institutions change.

One way for networks to change is for women to become more closely integrated into, rather than being excluded from, interactions within a business community. Such change will necessarily entail more trust and legitimacy being granted to women than is now the case. Insofar as women’s network and business practices are different from men’s (Holmquist, 1997), the inclusion of women will change the structures of and practices within those networks and lead to altered institutions (perhaps institutions that do not a priori assume that women cannot successfully run certain types of businesses, for example) and thereby altered places. This type of change would also obviously increase women’s access to network resources such as tacit knowledge and material resources. For example, because investors invest in firms in which they have social relationships with the key players (Shane and Cable, 2002), expanding network opportunities for women entrepreneurs should enlarge their access to capital.

Because women’s businesses differ from men’s in a number of ways, including most notably different views of what constitutes business success (Berg, 1997), woman-owned businesses add diversity to a place. Greater diversity has implications for the political economy trajectory of a place. Following Alchian’s (1950) evolutionary perspective, in which the survival/success of a business can result more from the environment adopting it than from it adapting to the environment, a more diverse array of business types and practices suggests greater place resilience as the environment or business context changes (also Grabher and Stark, 1997).

With the advent of larger proportions of women in the paid labour force has come a greater awareness of – and pressure for – family-friendly policies in the workplace. Such policies, ranging from on-site child care to leave facilitating elder-care, make balancing the demands of home and work easier for men and women alike and, if widely adopted in a locality, affect the quality of life in that place. More-inclusive networks (networks in which women are equal partners with men) could change the work culture of a region from one, for example, that is masculinist (e.g., by valuing unreasonably long work hours) toward one that is more accommodating of work–life balance (Gray and James, 2007). The larger message, as stated out the outset, is that paying attention to social identity in entrepreneurial networks necessarily leads to tracing the connections between and among individuals, networks, and the larger social, political, cultural, and economic structures of places.
CONCLUSION

The present authors agree with Peter Nijkamp that networks are (probably) important to entrepreneurship and that significantly more research is needed to understand the relationship between entrepreneurial networks and place. Both networks and the places within which they are embedded are, however, infused with—and help to shape—the norms and expectations that define a local culture and that result in the social identity of an entrepreneur being important to entrepreneurial networks. Studies of networks and entrepreneurship cannot, therefore, ignore the larger social and cultural structures—all of them connected to varying degrees with gender—that help to define place.

The literature on networks and gender demonstrates important gender differences in the composition and functioning of people’s networks. Most of these differences are attributable to the different status positions that inhere in gender relations, suggesting that unless and until women and men have equal access to opportunities, gender differences in network patterns will endure and will of course thereby continue to undergird unequal access to opportunity. The literature on entrepreneurial networks and gender is so poorly developed that the main take-away message is simply how little is known. Yet the larger body of research on gender and networks in general suggests that exploring the intersection of gender and entrepreneurs’ networks should prove extremely fruitful. Such research needs to go beyond asking who networks with whom to look carefully at how networks are embedded in larger cultural discourses and structures and at how networks actually work within these structures. Gender as it intersects with other aspects of social identity, for example, can strongly affect access to and engagement with different networks.

Finally, recognizing these complexities raises questions about the agency of entrepreneurs in constructing and making use of effective networks. In the present authors’ view, Nijkamp’s (2003) argument seems to accord entrepreneurs more agency than is often the case. Agency is constrained by cultural discourses and by the expectations about gender that they embody. Imagine a place where women are encouraged to launch businesses in construction, trucking, auto repair or computer manufacturing!

NOTES

1. For a detailed example of gender performances in the workplace, see McDowell (1997).
2. Strong ties are those with whom one has frequent contact (Granovetter, 1974) or a high level of reciprocity (Grieco, 1987), e.g., family or close friends.
3. These authors conducted a telephone survey of business owners in three industries (oil/gas, services, and manufacturing) in Northeast Scotland to examine the composition and use of entrepreneurial networks. Although they state that most network ties were male, they do not provide a breakdown of their results by gender.
4. Respondents were asked ‘to describe the five people with whom they discussed their businesses most’ (Cromie and Birley, 1992, p. 244).
5. The researchers asked business owners to ‘indicate up to five people with whom you feel especially willing or able to discuss your ideas for a new business or your ideas about running your current business’ (Staber and Aldrich, 1995, p. 453).

REFERENCES


