Part 2

Studying the processes of social entrepreneurship
Chapter 3. Bridging the Disconnect - How network creation facilitates female entrepreneurship in Bangladesh

Abstract
Networking has been suggested as a tool to address the challenges of social entrepreneurs in severely resource-constrained environments. Especially in countries where women do not usually take part in economic activities, like in Bangladesh, stimulating networking and entrepreneurship among women could have a high impact. We use longitudinal data gathered over two years to study how entrepreneurial networks are developed and used by female entrepreneurs in Bangladesh, and how a third party can stimulate network development. We followed 26 women from the start of their entrepreneurial development. Adopting a social capital perspective on network formation and development, we identified four essential strategies in building entrepreneurial networks: modifying and building on existing bonding networks, transferring linking ties, teaching how to build bridging networks, and the creation of a network of entrepreneurial peers. We found that a third party can successfully stimulate network development for the poorest in Bangladesh. We also found that the patterns of network development in this severely resource-constrained environment are remarkably different from those found in corporate studies. Our findings can contribute to developing new pathways to stimulate entrepreneurship in developing countries.
Introduction

Entrepreneurship has often been suggested as a way to address the challenges of the ultra poor in developing countries, and as a way to overcome poverty (Dixon & Clifford, 2007; Gries & Naudé, 2009; Kolawole & Torimiro, 2005). Embedded in their environments, entrepreneurs possess idiosyncratic knowledge that helps them exploit opportunities specific to their local context (Corner & Ho, 2010; B. R. Smith & Stevens, 2010; Zahra et al., 2009). The ultra-poor in developing countries face problems in entrepreneurship because there are no structures and resources to facilitate traditional entrepreneurship (Seelos & Mair, 2005b). Rural Bangladesh is a context in which it is particularly challenging for the ultra-poor to develop entrepreneurial activities. Bangladesh is one of the poorest and most densely populated countries in the world, and characterized by intense competition for resources, such as agricultural land. Given that 70% of its population resides in rural areas (United Nations, 2012), its society is highly dependent on land exploitation as a means of income. Local elites are extending their control over private and public land (Mair & Marti, 2009), leaving little for the ultra-poor. Traditional network structures like patron-client relationships are breaking down (Rozario, 2002), further reducing the poor’s access to formal institutions and networks (Thornton, 2002).

In this context, Mair and Marti (2007, 2009) argue that the development of new networks, stimulated by external actors, can help the ultra-poor to develop entrepreneurial activities. Their argument is supported by numerous studies which demonstrate the positive effect of networks, providing access to sources of information, contacts and resources, on entrepreneurial outcome and growth (Anderson et al., 2010; Elfring & Hulsink, 2003; Granovetter, 1985; Hite, 2005; Hoang & Antoncic, 2003; Slotte-Kock & Coviello, 2010; Woolcock, 1998). Current research on entrepreneurship and entrepreneurial networks is increasingly focusing on the role of social capital, emphasising the way in which individuals profit from their personal affiliations and joint network strategies (Kwon & Arenius, 2010), also in developing countries (Casey, 2012; J. P. H. Poon, Thai, & Naybor, 2012).

Although the relation between networks and entrepreneurial success has long been a topic of interest there are many calls for more empirical, longitudinal research (S. L. Jack, 2010; Parkhe, Wasserman, & Ralston, 2006; D. A. Smith & Lohrke, 2008) to understand the dynamics and change processes inherent in networks (Davidsson & Honig, 2003). In this article we respond to those calls, building on longitudinal data gathered on the Social Entrepreneurial Leadership (SEL) programme of PRIDE, a Bangladeshi NGO. In this programme, Social Entrepreneurial Leaders (SEls) are trained to build their own entrepreneurial networks, starting from scratch. Given that these SELs do not receive financial gifts or loans, they present an opportunity to study the effects of network development on entrepreneurial activities in relative isolation from other factors that influence entrepreneurship. Adopting a social capital perspective on entrepreneurial
network development, we aim to gain insights into the mechanisms that help to build networks for ultra-poor entrepreneurs, and how those networks influence entrepreneurial outcome.

**Research setting**

From 2006 to mid-2009, the authors of this article worked with PRIDE, designing the SEL approach and continuously monitoring the development in this experimental phase. In every yearly cycle, adaptations were made until 2009, when the approach reached its current form.

In the SEL programme, PRIDE trains rural women to become social entrepreneurs (the SELs), emphasizing social value creation while, at the same time, making it possible for them to earn enough to sustain their activities. In order to assist the SELs in their endeavours, PRIDE continuously develops its own network, searching for new organisations that can be helpful for the SELs, and continually searches for new entrepreneurial opportunities that the SELs could exploit.

Each year, PRIDE selects up to 32 villages to take part in the programme. In each of these villages, one SEL is sought in consultation with the village leaders. During the experimental phase, PRIDE identified criteria for the selection of SELs. These criteria were chosen to include the poorest and to minimize drop-outs. Initially, PRIDE worked with both men and women but the men dropped out for a variety of reasons, like other jobs, or a lack of time. Therefore, only women are selected for the SEL programme. Following local mores, the family of the prospective SEL is first asked for permission, after which the woman herself is asked whether she wants to participate.

After selection, the SELs receive their first group training on an income generating activity: vegetable and vegetable seed production. Experience has shown that this activity is relatively easy to master and to reproduce and can be a source of income. In the subsequent four months, four more training sessions are held on other income generating activities (IGA’s). This sequence of five training sessions is repeated once, to rehearse the newly learned skills and knowledge, and to add more detail. In addition to the topics of the training sessions, the SELs are taught to recognise opportunities and act on them.

The social entrepreneurial goal of the programme is reflected in the SEL’s task to organise a network of women in their village. Within these networks, the SELs are required to disseminate part of the skill-set and knowledge they learned during the PRIDE training sessions, allowing other women to deploy IGA’s as well. The experimental phase has shown that an effective way to organize these networks is in groups of 30 women, with a

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17 We provide a rationale for this definition in the elaborate description of the SEL approach, forthcoming in the Johns Hopkins Research Series on Social Entrepreneurship.
committee of five that helps the SEL in organizing meetings and functions as a smaller discussion group.

**Networks and social ties**

The popularity of social capital in different bodies of literature has led to a variety of interpretations (see Adler and Kwon (2002) for an overview). As we study the entrepreneur embedded in her network, Bourdieu and Wacquant’s definition of social capital provides the most appropriate focus: ‘Social capital is the sum of the resources, actual or virtual, that accrue to an individual or group by virtue of possessing a durable network of more or less institutionalised relationships of mutual acquaintance or recognition’ (Bourdieu & Wacquant, 1992, p. 119). In other words, the value of social capital is in the potential and actual benefits delivered by a person’s social connections. This definition allows studying both the relational aspects (relationships to individuals) and the structural aspects (networks and their embedded resources) that entrepreneurs need for their activities.

Nahapiet and Ghoshal (Nahapiet & Ghoshal, 1998) incorporate an additional ‘cognitive’ aspect into social capital, namely the ‘shared representations, interpretations, and systems of meaning among parties’ (Nahapiet & Ghoshal, 1998). Female entrepreneurs in Bangladesh are naturally subject to such shared systems of meaning and cultural norms. But these systems exist independently of both the entrepreneurs and their emerging networks, and are part of the larger Bangladeshi culture (Karim, 2001; Naser, Mohammed, & Nuseibeh, 2009; Rozario, 2002) and the larger social environment in which the entrepreneurs are embedded (S. L. Jack, 2002; Kistruck & Beamish, 2010; B. R. Smith & Stevens, 2010). Bourdieu captures these norms in his concept of ‘habitus’: ‘the way society becomes deposited in persons in the form of lasting dispositions, or trained capacities and structured propensities to think, feel, and act in determinate ways, which then guide them in their creative responses to the constraints and solicitations of their extant milieu’ (Wacquant cited in Navarro, 2006, p. 16).

Numerous benefits are ascribed to social capital, also in the context of resource-constrained environments. Specific for entrepreneurship, social capital is thought to facilitate exchanges, lower transaction costs, reduce the cost of information and ease its flow, and permit trade in the absence of contracts (Haase Svendsen, Kjeldsen, & Noe, 2010; Shaw, 2006; Woolcock & Narayan, 2000).

Social capital can also be restraining as Mayoux (2001) describes in a study of micro-finance groups in Cameroon. She indicates that concentrating on the horizontal expansion of existing networks can exacerbate inequalities and severely reduce the effect of entrepreneurial activities. Portes (1998) classified the possible constraining effects in four categories: first, the exclusion of outsiders, creating a closed group or an elite. Second, excessive claims from communities on entrepreneurs could prevent business from growing.
because they are forced to subsidise less successful individuals (Portes, 1998). A third restraining effect can be the development of ‘group think’ and conformity, restricting individual freedom. Finally, Portes identifies ‘downward levelling norms’ that can force individuals to comply with a group’s low standard. Gargiulo and Benassi (1999) consider that strong solidarity in groups may reduce the influx of new ideas and lead to inertia.

For entrepreneurship and innovation, these restraining effects are reportedly more prevalent when network ties between actors are stronger (Eklinder-Frick, Eriksson, & Hallén, 2011; Molina-Morales & Martinez-Fernández, 2009). Granovetter, in his seminal article on the differences between stronger and weaker ties (1973), states that ‘the strength of a tie is a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie’ (Granovetter, 1973, p. 1361). To illustrate this, weak ties are formed when making new acquaintances or when meeting new tennis partners, and strong ties are found among close-nit groups like families and old friends. For entrepreneurs, weak ties are often associated with heterogeneous connections, diversity and facilitating the flow of new information, while strong ties are often associated with homogeneity and economic reliability (Hoang & Antoncic, 2003; S. L. Jack, 2005).

In addition to classifications based on differences in strength, ties can also be divided in different types, referring more to the structural characteristics of a network. Building on the findings of Gittell and Vidal (1998), two kinds of ties are often distinguished (e.g. Davidsson & Honig, 2003; Lin, 2008; Yujuico, 2008). Bonding ties refer to networks of people who see each other as similar, as having some shared identity, for example families. Bridging ties refer to the horizontal ties with people who are at some level dissimilar, but at the same hierarchical level, like ties between geographically dispersed communities. Woolcock (2001), later added linking ties, referring to relations between heterogeneous actors with dissimilar power and resources (Halpern, 2005; Szreter & Woolcock, 2004).

Another distinction in types of ties reflects the value ascribed to them by the people involved. In affect-based ties, with whom the ties are formed is more important than the potential benefit the tie can bring. In contrast, calculative ties emphasize the purpose and function of the ties (Hite & Hesterly, 2001; S. L. Jack et al., 2010). Although the classifications in weak-strong, bonding-bridging-linking and calculative-affective partially overlap, each of these has a different explanatory focus for network development.

There seems to be an emerging consensus on how entrepreneurial networks evolve over time. At the start of a new venture, strong, affective, bonding ties, like family members stimulating people to start their activities, are thought to be important (Hoang & Antoncic, 2003; S. L. Jack et al., 2008; Slotte-Kock & Coviello, 2010). Later on, weaker calculative bridging ties provide more heterogeneous information, more opportunity for innovative
ideas, and more access to entrepreneurial opportunities (ibid). The latter stage is consistent with recent insights that regard entrepreneurial action as idiosyncratic and embedded in a network. Within such a network, entrepreneurial opportunities are actively created and exploited (Bhowmick, 2007; Pacheco, Dean, & Payne, 2010; M. S. Wood & McKinley, 2010).

Despite the general understanding of the link between entrepreneurship and networks, there is still little empirical evidence of how entrepreneurs in marginalised communities build their entrepreneurial networks. Some studies have argued that third parties can help in building these (e.g. Bebbington & Carrol, 2000; Pronyk et al., 2008). In his study on micro-credit in Bangladesh, Dowla (2006) hints that third parties might be needed as enforcers of rules in networks, and need to provide knowledge and skills. Lee and Phan hypothesize that external actors use ‘social ties and interactions’ (2008, p. 10) to connect entrepreneurs with sources of input and markets, reminiscent of Burt’s (2000, 2001) concept of ‘brokering structural holes’: connecting people with each other.

Taking into account our research setting and these insights from the literature, we study the changes in the tie development within the SELs’ network, and the way in which they use these networks in their entrepreneurial endeavours. We also focus on the role of external parties in building the entrepreneurial networks of female entrepreneurs in Bangladesh.

Methodology

For a period of two years, we collected longitudinal data from 26 SELs who started in 2010. To ensure internal validity of our research, we deployed several methods of data collection. We designed a longitudinal monitoring programme, running from selection of the SELs in 2010 to 2012. This monitoring programme comprised monthly reporting by PRIDE on the progress of the SELs’ network development and use. These reports were discussed in meetings, interviews and focus groups with PRIDE staff, during site visits, over telephone and via email. We also discussed with PRIDE staff how they developed relationships with other organisations and with people in the villages, and how they helped the SELs to develop their networks. Findings from this monitoring programme were checked with the SELs during the in-depth interviews in 2012 (see below).

The 2010 SEL cohort was deliberately not interviewed or contacted by the non-Bangladeshi authors in order to minimize the risk of introducing research artefacts. Only after two years, in October 2012, the SELs were interviewed: four group interviews were held with 5-7 SELs each, totalling 23 participants, and 20 individual in-depth interviews were undertaken with the same SELs. A further 18 group interviews with 3-7 members from the entrepreneurial networks of the SELs were conducted. Interviews were also held with 7 husbands of SELs and 10 village leaders. All interviews focused on how the SELs had built their networks, what difficulties they encountered, what helped them, how they used the networks, and the role of PRIDE in network formation. The first author conducted the interviews in English; a
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Bangladeshi interpreter translated. Voice recording of the interviews was not feasible: the SELs or their husbands feared that the recordings might be used against them. Therefore, notes were taken during the interviews by both the interviewer and the translator, including ad verbatim quotes, and the interviews were reconstructed afterwards.

In addition, as part of a larger questionnaire, the SELs were asked questions on the size of their networks immediately after they were selected but before they had started their activities (2010), and after one (2011) and two years (2012). Finally, to ensure that we did not overlook certain issues or, involuntarily, impose our own ideas, we used a photo voice methodology (Berg, 2004). The SELs were asked to photograph changes in their lives since taking part in the SEL programme. Subsequently, their photographs were discussed in groups.

Results

PRIDE develops network ties

At the beginning of the SEL programme, PRIDE starts building networks in the selected villages and first establishes relations with the village leaders. About a third of the village leaders said they trusted PRIDE after having met its representatives two or three times. Investing time in involving the richer people and village leaders in the initial consultation process was beneficial; village leaders said that as they knew what the programme was about, they would also be able to help by giving the SELs advice and introducing them to others. Furthermore, consultation of the richer people prevents jealousy. Of the 2209 officially registered NGOs in Bangladesh18, a proportion provides the poorest with materials free of charge (latrines, schooling, complete fish farms and even housing). In these cases, especially people who differ marginally from the NGO-defined target population might feel jealous. Two village leaders confirmed that if the stakes are high enough, richer people sometimes use their relative power to hijack programmes (see also Mair & Marti, 2009).

The repeated explanation of the programme in the village and a social stigma on poverty, ‘If I work with [PRIDE], people may think I’m also poor and not talk to me’, further helped PRIDE separating the richer people from their target group.

In rural Bangladeshi villages, the husband and his mother have a strong say in a woman’s whereabouts. Respecting this local habitus, PRIDE first engages with the families of the potential SEL candidates and only afterwards asks the woman whether she wants to participate. Even with the approval of their families, the women first want to know more personal details about the PRIDE staff and need to be convinced about PRIDE’s good intentions before they decide to join.

18 Situation on 28 February 2013; see http://www.ngoab.gov.bd/Files/NGO_LIST.pdf for the latest number.
In summary, PRIDE creates a village network of redundant weak, linking ties, ensuring both approval from the village leaders and their help in finding a SEL, while also obtaining their consent to focus on the poorest. The ties with the poorest and their families are primarily affect-based.

**Joint creation of entrepreneurial networks**

The SELs had different starting positions in terms of networks. Of the 24 SELs included in our evaluation, eighteen had taken loans from an NGO before. Three of these eighteen had had a job (all less than one year) with an NGO. With one exception, the SELs’ starting networks at the beginning of the SEL programme did not extend beyond their family, friends and neighbours, and consisted exclusively of affect-based ties. Regardless the size of their affective networks, all SELs had to become acquainted with new people because PRIDE required them to have organised at least 30 people by the end of the SEL programme, i.e. after one year.

Recognising the need for knowledge and skills in order to develop ties (Cabello-Medina, López-Cabrales, & Valle-Cabrera, 2011; Felício, Couto, & Caiado, 2012; Nahapiet & Ghoshal, 1998), the first training session, with 13-16 entrepreneurs from adjacent villages, is organised at the beginning of the programme. In these sessions, PRIDE transfers knowledge and invites the SELs to share their knowledge, to discuss with the other women present, and to share ideas and insights. All SELs remembered the nervousness they felt when speaking during the first training session. As two daughters of a SEL noted: ‘Mother never dared to speak to other people than the direct neighbours and the family. She didn’t know how to walk to the other village. Now, she is brave and can talk to others.’

Networking is new to all SELs. For some, it was even a new experience to venture out of their own neighbourhood. They went door to door in their neighbourhood, convincing people to join their networks. The SELs found it comparatively less difficult to engage with people within their small network of strong ties (friends and families) but they still found it hard to convince them of their newly acquired knowledge and skills. To support them, PRIDE joined them during such visits in the first months.

As indicated, the SELs are required to organise meetings with network members. These are held in the same manner as the entrepreneurial training sessions, stimulating everybody to speak up and participate. In the first meetings, the SEL programme is explained. To support the SELs’ confidence in holding such meetings and talking in front of an audience of peers, PRIDE staff generally chair the first meeting. For the villagers, the meetings are an accessible way to get acquainted with the SEL programme. For the SELs, they are a platform for feedback from fellow-villagers. The meetings also proved to be highly conducive for developing new ties and for extending the fame and credibility of the entrepreneurs.
On a more personal note, many SELs faced challenges in their private spheres. Initially, the family networks of strong, affective, bonding ties were generally strongly discouraging – despite their approval of the SEL taking part in the programme. In addition, the SEL’s neighbours also thought the SEL had ‘gone mad’, told her that she should not trust PRIDE and that she would not succeed.

The SELs were supported in their entrepreneurial tasks by their newly formed weak ties with PRIDE during visits and training sessions. The relations they built with other SELs in these training sessions also stimulating them to go on, and they became role models (N. Bosma, Hessels, Schutjens, Praag, & Verheul, 2012) to each other.

**Milestone: first entrepreneurial success**

Within two months, the SEL they have their first vegetable harvest, which is significantly higher than that of their neighbours. Shortly after, they have their first seeds to sell. This is an important transition point. From now on, they can present personally produced proof of their ability to save household money, and even earn some. Once the network members see the produce, they want to have the same results. The SELs’ first success also won the support from their family. As long as the SELs’ household activities like cooking did not suffer, their husbands became supportive and some even started helping them in their endeavours. Married SELs reported that now that they bring in money, they get involved in household decisions and their family is happier. Interviews with husbands confirmed this: their respect for their wives increased with their contribution to the family income.

Teaching her network how to produce vegetable seeds reduces the SEL’s market for these seeds, but it provides her with a market of trusting customers for other products. For example, after her training on poultry vaccination, the SEL is able to vaccinate the poultry of the network members. As the SEL gets more known and develops more activities and more ties, the structure of her network changes. In the beginning, the SEL has a central role and the network members are mainly connected to her for entrepreneurial exchanges (Figure 5).

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**Figure 5: SEL centrality**

**Figure 6: Formation of redundant ties**
This slowly changes as the networks expand and more network meetings are held and more redundant ties, where people are not just connected to the SEL but also to each other, are formed (Figure 6). These redundant ties, combined with confidence in personal capacities, open up opportunities for joint entrepreneurial activities. A number of sub-groups come into existence, focusing on IGA’s like fish production, and in some cases rotating savings funds were created. These more capital-intensive activities require joint skills and pooled efforts and, thus, create interdependency.

Besides providing support in creating horizontal, bridging networks, PRIDE helps the SEL to establish vertical linking ties with commercial parties to, for example, obtain work orders for embroidery. PRIDE’s intervention helps both parties trust the other and to agree on the first work order. These work orders are too large to be completed by a single person so the SEL now uses her network in a different way: as a source of labour. For the SEL, this entails trusting her network members more than before, as she now becomes dependent on their efforts. PRIDE also helped the SEL to contact and negotiate with rich people owning fallow land. A number of smaller groups within the SEL network leased such land to jointly produce cash crops.

We established that when the SELs start building their bridging networks, the ties are initially affect-based. This affect-based component decreases as the word spreads that the SEL is able to help ultra-poor people deal with their challenges. People come to the entrepreneur to discuss personal issues and inquire how they can make money. Helping these others increases the social standing and reputation of the entrepreneurs and is, in turn, highly conducive to network growth. Some SELs told that women they had not met before came to their houses to ask whether they could participate in entrepreneurial activities.

The networks not only served an entrepreneurial purpose, but also brought interwoven social gains in addition to improvements to the social status of the SELs. Two SELs found their networks to be the ideal instruments to gain votes in local elections.

We found that linking ties were the hardest for the SELs to maintain. In two cases, the provider of work orders died; in one case the person went bankrupt. In the five most remote villages, the SELs did not have any vertical linking ties. SELs indicated that there horizontal networks kept on expanding after the programme ended, which is supported by data from the questionnaire on the numbers of friends people have (in 2010: 10; in 2011: 11; in 2012: 20) and the number of neighbours they talk to (2010: 51; 2011: 56; 2012: 97). These numbers suggest that especially in the second year, the SELs’ entrepreneurial networks expand beyond the circle of acquaintances they had before the SEL programme started.
Discussion and conclusions

The answers to our first two research questions prove to be closely related, given that the use and development of the entrepreneurial networks evolve together. At the start of the SEL programme, strong, bonding, affective ties (friends and networks) discourage the SELs in their development, while the weak, bridging ties stimulate them and provide them with the human capital to develop both their networks and entrepreneurial activities. This is in contrast to findings from more regulated environments (Davidsson & Honig, 2003; Hoang & Antoncic, 2003; S. L. Jack et al., 2008, 2010; Slotte-Kock & Coviello, 2010), where strong, bonding ties are reported to stimulate entrepreneurs in the start-up phase.

When the SEL’s credibility is established by the first entrepreneurial success, it becomes much easier to extend her bridging network and she receives support from her bonding network. This might suggest that the SEL approach might be more effective by first focussing on reaching that first entrepreneurial success, and start network development afterwards. The suddenness of this turning point was what we found most surprising, because the extant norms in rural Bangladesh still consider that women should not work outside the homestead. This was confirmed in the interviews and is described in the literature (Mair & Marti, 2009; McIntyre et al., 2011; Rozario, 2002). Theoretically, these societal rules or habitus are difficult and slow to change, both at individual and structural level (Bourdieu, 1989; Drori, Honig, & Ginsberg, 2008; Willott & Griffin, 2004). Part of the rapid change might be attributable to the same reasons underlying the U-curve in female labour participation which is higher in both the lowest and highest socio-economic groups (IDL Group, 2004): the poorest women need to work to supplement the household income. However, that alone would not account for the rapid change in habitus in the households. Further study of this process might provide more clarity on how to stimulate female entrepreneurship in developing countries.

Early in her entrepreneurial development, the SEL has a central role in her network, mainly using her network as a market to sell her products in and, in line with literature (Hoang & Antoncic, 2003), as a source of information. As the SELs’ networks expand, ties become stronger through more frequent interactions. In addition, an increasing number of redundant ties are generated. These stronger and redundant ties allow for an easier flow of information and access to labour, knowledge and other pooled resources. In our study, these ties are a prerequisite for joint income generating activities. For the horizontal SEL networks, this finding is at odds with the many corporate studies which indicate that weak ties and an abundance of structural holes increase the entrepreneurial value of social capital (Burt, 2001; Hite & Hesterly, 2001). However, the entrepreneurial value of vertical linking ties between the SEL and businessmen is in line with the findings of corporate studies: these ties are only valuable when a single SEL secures work orders and receives a commission. This
suggests that when studying the value of network ties, it is important to distinguish between linking ties and bridging ties.

We saw that most entrepreneurial activities were based on resources acquired through the strong, horizontal bridging ties: labour, money, knowledge, safety, ideas, food and other materials. Given that PRIDE did not provide resources other than training, knowledge and skills, we conclude that the other resources were present even before the SEL programme started. This implies that networking can be a strategy to stimulate entrepreneurship in resource-constrained environments. It also supports the proposition that entrepreneurial opportunities are embedded and created—not merely found—(Sarason et al., 2006; M. S. Wood & McKinley, 2010) within entrepreneurial networks.

Furthermore, we conclude that all ties in the SEL’s network are primarily affect-based. The first network members either know the SEL personally or first need to be convinced of the SEL’s benign personality. This is contrary to corporate entrepreneurial network studies, where initial weak ties are usually mainly calculative and instrumental, and only later become affect-based (Hoang & Antoncic, 2003; S. L. Jack et al., 2008, 2010) but it is similar to the situation in e.g. Hawaii, USA, where social and business life are much intertwined (Klyver & Foley, 2012). We hypothesize that the low-trust environment in which the SELs operate requires close, personal contact before business transactions can be initiated. Only after these ties become stronger, can people rely on the other person’s competences and benevolence. When the network grows bigger and the SELs create vertical linking ties, the affective component becomes comparatively less important but it never disappears.

We did not see any constraining effects of social capital in the SEL networks, besides the possible indirect effect of unintentionally marginalising others more when the SEL networks further develop. We offer two arguments for this. First, the SELs have open networks; people can join and leave as they like. There are no restrictions imposed by either hierarchy or redundancy (cf. Burt, Kilduff, & Tasselli, 2013). An interesting subject for future research would be the smaller subgroups engaging in joint entrepreneurial activities, because they might become closed networks. Second, there is an incentive to join the network because entrepreneurial activities are created and money is made within the network. All network participants intended to keep and strengthen these bonds, something that Anderson and Jack eloquently captured: ‘If a bridge is to be built quickly it is required to be built from each side of the gap. This captures the essence of mutuality in social capital’ (Anderson & Jack, 2002, p208).

We found that the external actor played an indispensable role in helping the SELs build their entrepreneurial networks. PRIDE provided human capital for the exploitation of entrepreneurial opportunities throughout the process and supported the SELs when, at the start of the programme, they went against the extant habitus and faced severe scepticism in
their direct environment. PRIDE also facilitated tie formation both in the horizontal bridging networks and the linking networks. The vertical linking ties prove the hardest for the SELs to maintain, strengthening the idea that a broker is essential here, much in the sense Phan and Lee (2008) described the role of intermediaries. Literature in both developing and developed countries (North & Smallbone, 2006; Santarelli & Tran, 2012) indicate that social and human capital development are intertwined. Combining that with our findings, we hypothesize that only by offering the combination of training, on the job coaching and brokering structural holes will an external actor be able to facilitate entrepreneurial network development. To provide this package, the external facilitator will have to invest time in building their own network and in understanding the local context.

This study focuses on entrepreneurship within a specific niche, which limits its applicability to other contexts. SELs operate in subsistence markets (Madhu Viswanathan, Sridharan, & Ritchie, 2010) and deploy different methods than entrepreneurs in developed economies (London & Hart, 2004). Our findings cannot directly be applied to more regulated, high-trust environments, where more calculative networks are the norm. Despite differing from the situation in developed countries, there is no doubt that SELs are working towards entrepreneurial and need to exploit opportunities and develop their customer base. Our findings do underline the embeddedness of entrepreneurship and highlight key requirements for entrepreneurial network development at the bottom of the pyramid. If our findings are applicable to other situations where the ultra-poor are struggling to make a living, they offer pointers for developing entrepreneurship where it is very much needed.

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