

Research demonstrates the importance of diverse social ties to entrepreneurship, even in divided societies

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We've known for a decade that [political affiliation increasingly affects Americans' everyday lives](#), including where they live, whom they

befriend, and whom they welcome as in-laws.

A recent Cato Institute survey revealed that nearly a third of Americans worry that voicing their [political views](#) could even harm their employment. This intensifying political tribalism, especially during an election year, threatens to limit the social networks vital to entrepreneurs.

However, a [study](#), published in the *Strategic Entrepreneurship Journal*, offers an example of how to connect across political entrenchment from a surprising source: Kenya.

"Kenya provided a fruitful 'extreme context' to study how entrepreneurs develop [business](#) ties in divided societies," said Christian Busch, one of the study's authors and an associate professor at USC's Marshall School of Business. "Kenya is a hub of entrepreneurial activity in Africa and an ethnically fractionalized country that recently faced a profound institutional change that made ethnicity more salient."

Busch, and co-author Robert Mudida of the Central Bank of Kenya, followed four Nairobi-based IT companies over seven years, beginning with the country's devolution in 2013.

The transfer of power from a central government to 47 local entities intensified ethnic affiliation, as most localities aligned with tribal communities. However, decentralization also led to a digitization push at the county level, opening business opportunities for large IT infrastructure projects if the IT entrepreneurs could create ties across ingrained ethnic boundaries.

"These companies had previously worked with relatively pragmatic bureaucrats in the central government," Mudida said. "Now they were forced to work with often tribally oriented [local government officials](#)."

The county government officials typically lacked experience with complex IT projects, which made selling based on product features challenging. They also had less previous exposure to diverse groups and political incentives to favor tribal interests. Researchers found that the IT entrepreneurs used two main tactics to transcend ethnic affiliation: finding a different social connection or turning the focus away from ethnicity.

"Sometimes they shifted the in-group with government officials to create in-roads along commonalities like sports interests or faith," Busch said. "Other times they completely defocused from ethnicity, avoiding small talk to focus on the product benefits or their technology certifications or business school collaborations."

The entrepreneurs also offered pro bono consulting on IT issues and leveraged their social networks to help [potential customers](#) solve business issues outside the prospective project. These strategies forged a new path to build the trust that typically accompanied ethnic commonality while demonstrating the [government](#) and IT company's complimentary business aims.

"There's an assumption that the potential for economic gains smooths over potential challenges that arise from dissimilarities, but that's not necessarily true in ethnically charged settings," Mudida said. "When a society is fractured, cultural pressures may outweigh economic ones."

Researchers note, however, that the founders' prior experience with cross-ethnic relationships gave the four IT companies in the study a particular advantage in creating inter-ethnic business ties. Each founder was married to a partner from a different tribe, and many also had mixed ethnicities or inter-ethnic, cosmopolitan upbringings.

The study offers specific tactics for navigating partisan divides

productively—an issue that reaches far beyond the business setting. It suggests that the ability to think beyond social boundaries and an openness to creating relationships on multiple bases could be the key to broadening social networks. It also serves as a lesson for globalizing companies that understanding the social and ethnic context of a region could be pivotal to launching a product successfully.

More information: Christian Busch et al, Asserting and transcending ethnic homophily: How entrepreneurs develop social ties to access resources and opportunities in socially contested environments, *Strategic Entrepreneurship Journal* (2023). [DOI: 10.1002/sej.1491](https://doi.org/10.1002/sej.1491)

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