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The Locus Of Access To Information In Between Social Capital And Entrepreneurial Performance

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Abstract: The world around us is transforming into a capitalized place where anything and everything is measured in terms of money. The money value is the base for the business transaction that is happening all over the network. Every business is in need of a network that can help them in conducting the business activity productively, hence there is the need for social capital. Social capital has different meanings, explanations, & practices. Social capital is the sum total of all those recourses that are available in the network which is created as a result of the relationship that has been positioned in the network. This includes human, economic and cultural resources. This particular paper studies the role of access to information as a mediating variable in relation to social capital and entrepreneurial performance of Indian Micro Small & Medium Enterprises. Data has been collected from 110 MSME's located at different clusters in South India and the data is analyzed by a conceptual model using structural equation modeling and adding a mediation effect

Keywords: Social capital, Access to Information, Entrepreneurial Performance

INTRODUCTION

Social capital is a form of economic & cultural capital in which social networks are the central focus, where the relationship is related by reciprocity, trust, & cooperation, and the players in the network produce goods and service for the benefit of the entire the system not for their self-interest, which intensifies a common goal.The sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network(Nahapiet & Ghoshal, 1998).

The term generally includes

(a) Resources which are tangibles and intangiblesand hassome value,

(b) The relationships among these resources,

(c) The effect of this relationship on the resources affected in the relationship.

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Social capital has used in different area to explain the performance of different types of groups, the growth of business firms, effective managerial performance, improved logistics management.

Social Capital, Information sharing& Entrepreneurial performance

The future research in social capital should be ensured in such a way that there have to be a mediation between value enhancement and inter organization network performance(Zaheer, McEvily, & Perrone, 1998).(Adler & Kwon, 2002)they emerged with a hypothetical model in which they associate the social relation to benefits, risk and value creation arising out of business transaction. (Yli-Renko, Autio, & Sapienza, 2001) studied the relationship between social capital & knowledge use. Through this study, he mediated knowledge acquisition as a mediated variable which in turn is affecting the firm's performance. The central aim of every study focuses on the advantages received through social capital is helping a firm in improving the competency making the information as a mediating variable. Information sharing is considered to be a prime factor that affects social capital and entrepreneurial performance. It helps to transact the data that is the information about the business and market to and fro between the principal actors included in the network of relationships. The significantresource that is received from social capital is the access to information which is also a significant antecedent to afirm's successful existence(Burt, 1997; Sandefur & Laumann, 1998; Uzzi, 1999). (Vieira, Paiva, Finger, & Teixeira, 2013)claimed that the social capital aspect helps in constructing value in the interchange of relationships in the network by the flow of enhanced information sharing. (Sahin & Robinson, 2002) they suggested that sharing of information is the main factor that resolves the issues in relation to the supply chain management. The improved functions of ordering, inventory controlled are the reported benefit of information sharing. if the focal actors are sticking along with some network then it leads to efficient inter-firm cooperative activities. Knowledge sharing is a significant contributor to firm's performance which in turn improves the productivity of the firm's and enhances relationship to and fro with focal actors.(Cummings, 2004)discovered that when work groups are highly and systematically organized, data is more effectivelyrelatedwith progress of the firm. Social capital can help a firm to use and screen valuable information that are needed for enhancing efficiency the firm augment the focal firm's efficiency in probing for valuable information and screening information for administrative use (Zucker, 1991). Another important theory that can be related to entrepreneurial performance is accounting profitability theory which was put forward by Hicks(Procházka, 2009). The accounting profitability theory indicates the amount which a firm can spend or consumes without impoverishing themselves and this reflects sustainability. All the things being equal, profit can be considered to be a key variable in measuring a firm's financial sustainability (Glauties and Underdown, 2001).(Wu, 2008)studied that firm's competiveness improvement has been affected by information sharing through social capital dimensions. It was found out that one of the dimensions repeated transaction and competiveness improvement was mediated by information

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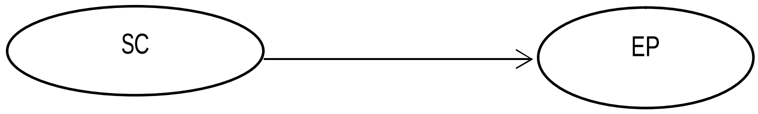
sharing. Knowledge acquisition has a significant relationship between trust and innovativeness as it shows an indirect effect through mediation(Parra-Requena, Ruiz-Ortega, García-Villaverde, & Rodrigo-Alarcõn, 2015).

OBJECTIVE OF THE STUDY

The main objective of the paper is to know the role of theintervening variablethat is the mediator access to information and how it affects the association between social capital &entrepreneurial performance.

CONCEPTUAL FRAME WORK AND HYPOTHESIS

TheConceptual framework is to represent the social capital and entrepreneurial performance of the firm with access to information as a mediator. To validate the above statement, the three different dimensions of social capital such as Structural, relational and cognitive dimensions are considered and it is used to show the direct and indirect effect or the relationship that it has with the entrepreneurial performance of the firm. Direct effect is created when there is a unidirectional influence on entrepreneurial performance. The Indirect effect is created when one mediator variable is added to the direct effect, here the mediator variable will be information. Here the entrepreneurial performance is the dependent variable whereas social capital is the independent variable.



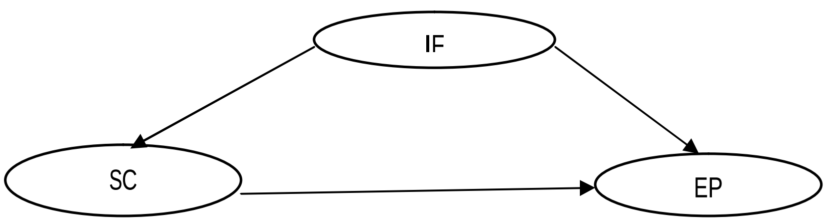
This is the direct effect of when the entrepreneurial performance is influenced by social capital. Here comes the first hypothesis:

H1: social capital significantly affects the entrepreneurial performance

Commenting on the indirect effect,thecentralvalue received from social capital is the access to information which is also animportantfactor for firm performance. Information sharing is considered as avital bond between social capital & entrepreneurial performance. Based on that the following hypothesis can be formulated

H2: social capital significantly affects access to information

H3: access to information significantly affects entrepreneurial performance.



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METHODOLOGY

The sampling frame for this study is 110 MSME’s located in Kerala, Karnataka and Tamil Nadu. A Structured questionnaire is used for collecting the data from the MSME’s. Here the dependent variable is the entrepreneurial performance of MSME’s and the social capital dimensions’independent variable. The use of social capital is measured in three different construct, under each construct there are a certain number of variables are included

Structural capital dimension – 4 variables

Relational capital dimension – 4 variables

Cognitive capital dimension – 5 variables

Other than this the dependent variable that is the outcome variable entrepreneurial performance is an important construct which includes 8variables. The mediating construct access to information includes four variables.

ANALYSIS AND DISCUSSION

Structural equation modelling using AMOS is nothing but the regression analysis. Structural equation modelling has two components

- Path analysis/ structural model
- Measurement model

Path analysis is used to find out the relationship between the construct. The Measurement model is the confirmatory factor analysis, which is the process of validity checking. To assess the connection between items in a model the suitability of both structural and measurement model is preferred to be measured.

Table 1.1

	Estimate	S.E.	C.R.	P	Label
EP <--- SC	1.076	.217	4.960	***	

Table 1.1 shows the regression weight of the effect of social capital on entrepreneurial performance. Which explains a direct effect between the independent variable and dependent variable. Here the direct effect of SC on the EP is statistically significant. In order to do the mediation, it has to be ensured that the direct effect of independent variable that is the social capital is significant on the dependent variable that is the entrepreneurial performance.

EP	<---	SC	1.076	.217	4.960	***

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Table 1.2

	Estimate
EP <--- SC	.822

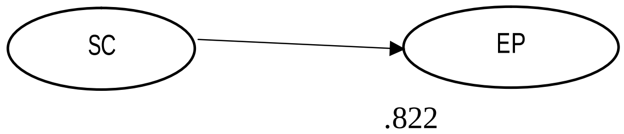


Table 1.2 show the standardized regression weights of the direct effect of IV on DV without the mediatorwhich is staticallysignificant.

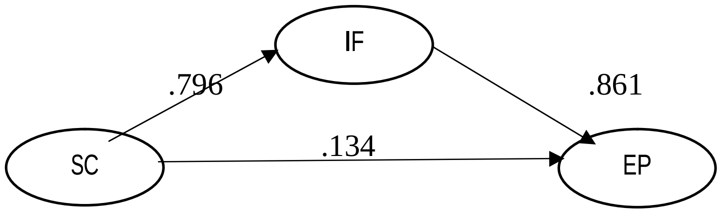
When adding the mediator access to information to the model, as the mediator variable enters, the direct effect is reduced because some of the effect has shifted to the mediator which can be analysed from the table 1.3

	Estimate	S.E.	C.R.	P	Label
IF <--- SC	1.319	.239	5.526	***	par_15
EP <--- SC	.179	.170	1.053	.293	par_11
EP <--- IF	.697	.132	5.276	***	par_16

Table 1.3 show the indirect effect when mediator is added to the existing model. Here the mediator is IF which is the access to information and it is mediated between SC and EP. It is evident that when the mediator is added to the direct effect between EP and SC has reduced to .179 and also it shows that it is statically insignificant which paves way for full mediation by the mediator in indirect effect.

Standardized regression table 1.4

	Estimate
IF <--- SC	.796
EP <--- SC	.134
EP <--- IF	.861



The above table shows the standardized estimates ofthe indirect effect where it shows the direct effect has significantly reduced between SC &EP, shifting the effect to the mediator. So as stated the all three hypothesis as are statically and significantly proved as such it tells that access to information effect the entrepreneurial performance of MSME's through social capital.

CONCLUSION

In this study we are trying to find out the mediating role of access to information to have a significant effect on social capital and entrepreneurial performance. Every firm need to diversify its activities to enhance their business in well-established manner for the purpose of having a feasible relation with their fellow actors that is the person whom they are doing business. So for the same, it is necessary to access the relation based on different factors and how it is getting influenced. The present paper considers social capital as an important factor by the way of stressing how it contributes to the entrepreneurial performance. Also, it looks into how it will affect the performance when one mediator is being added to the direct relation that already exists. And it significantly shows that the mediator effects the entrepreneurial performance through social capital. There so many other mediators that can be taken into consideration through which one can analyse which is the better sorted mediator for the success of an enterprise. So that the entrepreneurial activity can be concentrated on more such mediators in order to achieve success.

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