

The Impact of Cognitive Social Capital on Entrepreneurial Orientation

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Abstract— *This study examines the impact of cognitive social capital on entrepreneurial orientation among SME business owners in Syria. Drawing on a sample of 381 SMEs, the research employs a linear regression analysis to explore the relationship between various dimensions of cognitive social capital (shared knowledge, shared values, shared beliefs, and shared understanding) and entrepreneurial orientation. The results indicate that each dimension of cognitive social capital has a significant positive relationship with entrepreneurial orientation, accounting for approximately 27% of the variance in entrepreneurial orientation. These findings highlight the importance of fostering shared mental models and understanding among SME business owners in the challenging Syrian environment. The study contributes to the literature on social capital and entrepreneurship by providing empirical evidence of the positive impact of cognitive social capital on entrepreneurial orientation in a unique context. The results have significant implications for entrepreneurs and policymakers in Syria, emphasizing the potential benefits of investing in the development of cognitive social capital to promote entrepreneurship and economic development.*

Keywords— *Entrepreneurial Orientation, ME business, cognitive social capital.*

I. INTRODUCTION

Entrepreneurial orientation (EO) plays a critical role in the success of small and medium enterprises (SMEs). It refers to a firm's propensity to innovate, take risks, and be proactive in its market (Covin & Slevin, 1989). In recent years, the role of cognitive social capital (CSC) in fostering EO has been gaining increased attention. CSC represents the shared knowledge, values, beliefs, and understanding among individuals within a social network (Nahapiet & Ghoshal, 1998). This study aims to examine the impact of CSC on EO among 381 SME business owners in Syria, contributing to the ongoing discussion on the significance of social capital in entrepreneurial ventures.

II. LITERATURE REVIEW

The concept of social capital has been widely studied in relation to entrepreneurial success (Adler & Kwon, 2002; Burt, 2000; Coleman, 1988; Putnam, 2000). It encompasses three dimensions: structural, relational, and cognitive (Nahapiet & Ghoshal, 1998). Structural social capital refers to the ties and networks that connect individuals, while

relational social capital pertains to the quality of these relationships (e.g., trust and obligations). Cognitive social capital, the focus of this study, emphasizes shared mental models and understanding among individuals within a network.

In the context of entrepreneurship, social capital has been linked to various aspects of firm performance and growth. For instance, Stam, Arzlanian, and Elfring (2014) conducted a meta-analysis of studies examining the relationship between entrepreneurs' social capital and small firm performance, finding a positive relationship between the two variables. Moreover, the authors identified that the strength of this relationship varied depending on the industry, firm size, and the specific dimensions of social capital under consideration.

Several studies have highlighted the importance of cognitive social capital in the context of innovation and knowledge creation. For example, Tsai and Ghoshal (1998) found that cognitive social capital facilitated the transfer of knowledge between units within a multinational corporation. Similarly, Chiu, Hsu, and Wang (2006) demonstrated that cognitive social capital was positively

associated with knowledge sharing in virtual communities. Yli-Renko, Autio, and Sapienza (2001) reported that cognitive social capital played a critical role in the international growth of technology-based firms.

Despite the growing body of research on the relationship between social capital and entrepreneurship, the specific impact of cognitive social capital on entrepreneurial orientation remains underexplored. Notable exceptions include Batjargal (2007), who found a positive association between cognitive social capital and the growth of entrepreneurial ventures in Mongolia, and Subramaniam and Youndt (2005), who reported a positive relationship between cognitive social capital and innovation performance among high-technology firms in the United States.

Furthermore, several studies have investigated the interplay between the three dimensions of social capital and entrepreneurial orientation. For example, De Clercq, Dimov, and Thongpapanl (2010) found that structural, relational, and cognitive social capital positively influenced a firm's entrepreneurial orientation. Similarly, Stam, Arzlanian, and Elfring (2014) showed that both structural and cognitive social capital were positively associated with entrepreneurial orientation, with the effect of cognitive social capital being stronger than that of structural social capital.

The role of cognitive social capital in fostering entrepreneurial orientation may also vary across different contexts. For instance, cultural and institutional factors may influence the extent to which shared mental models and understanding facilitate entrepreneurship (Zahra, Rawhouser, Bhawe, Neubaum, & Hayton, 2008). In addition, the impact of cognitive social capital on entrepreneurial orientation may differ depending on the industry, firm size, and environmental dynamism (Stam, Arzlanian, & Elfring, 2014). However, few studies have examined the impact of cognitive social capital on entrepreneurial orientation in the specific context of SMEs in Syria, which is the focus of the present study.

The literature on social capital and entrepreneurship has also explored the role of network ties in accessing resources and information (Davidsson & Honig, 2003; Hoang & Antoncic, 2003). These studies highlight the importance of understanding the impact of cognitive social capital on the development of entrepreneurial orientation, particularly in resource-scarce environments like Syria.

In summary, while previous research has provided valuable insights into the relationship between social capital and entrepreneurship, there is a need for further investigation into the specific impact of cognitive social capital on entrepreneurial orientation, particularly in

underexplored contexts such as SMEs in Syria. The current study aims to fill this gap by examining the relationship between various dimensions of cognitive social capital (shared knowledge, shared values, shared beliefs, and shared understanding) and entrepreneurial orientation among SME business owners in Syria. By doing so, it will contribute to the growing body of literature on the role of social capital in promoting entrepreneurship and economic development.

III. METHODOLOGY

1. Sample and Data Collection:

A total of 381 SME business owners in Syria participated in this study. The participants were selected using a purposive sampling technique, targeting business owners with at least one year of experience in managing their enterprise. The data were collected through a self-administered questionnaire, which was distributed both online and in-person to ensure a diverse representation of respondents. Participants were assured of the confidentiality and anonymity of their responses.

2. Measures:

The survey instrument included items measuring cognitive social capital and entrepreneurial orientation. The cognitive social capital construct was divided into four dimensions: Shared Knowledge, Shared Values, Shared Beliefs, and Shared Understanding. Each dimension was assessed using four items, resulting in a total of 16 items for cognitive social capital. Entrepreneurial Orientation was measured using seven items, focusing on aspects such as proactiveness, innovativeness, and risk-taking.

3. Reliability Analysis:

Before conducting the main analysis, we assessed the internal consistency and reliability of the survey items using Cronbach's Alpha. The results indicated satisfactory levels of internal consistency for all constructs, with Cronbach's Alpha values ranging from 0.82 to 0.91, well above the commonly accepted threshold of 0.70 (Nunnally, 1978). This suggests that the survey items demonstrate good reliability and are suitable for further analysis.

Table 1: Cronbach's Alpha

Construct	Cronbach's Alpha
Shared Knowledge	0.84
Shared Values	0.82
Shared Beliefs	0.86
Shared Understanding	0.83
Entrepreneurial Orientation	0.91

4. Data Analysis:

With the reliability of the survey instrument established, we proceeded to analyze the data using linear regression to examine the relationship between cognitive social capital dimensions (Shared Knowledge, Shared Values, Shared Beliefs, and Shared Understanding) and entrepreneurial orientation. The analysis was conducted using SPSS software, allowing us to test the significance of the relationships and determine the relative importance of each

cognitive social capital dimension in predicting entrepreneurial orientation.

By combining the methodology with the reliability analysis, we have provided a comprehensive overview of the research process, from sample selection and data collection to the assessment of survey reliability and data analysis. This approach ensures the validity and reliability of the findings, enabling us to draw meaningful conclusions about the impact of cognitive social capital on entrepreneurial orientation among SME business owners in Syria.

IV. RESULTS

Table 1: Model Summary for the Linear Regression Analysis of Cognitive Social Capital on Entrepreneurial Orientation (N = 381)

Model	R	R-squared	Adjusted R-squared	Standard Error of the Estimate
1	0.53	0.28	0.27	0.42

Table 2: Linear Regression Analysis of the Impact of Each Dimension of Cognitive Social Capital on Entrepreneurial Orientation (N = 381)

Variable	B	Standard Error	Beta	t-value	p-value
Constant	1.12	0.26	-	4.31	0.001
Shared Knowledge	0.18	0.04	0.20	4.50	0.001
Shared Values	0.14	0.05	0.16	2.80	0.005
Shared Beliefs	0.10	0.03	0.15	3.33	0.001
Shared Understanding	0.08	0.03	0.12	2.67	0.008

The findings of this study suggest that cognitive social capital (CSC) plays a substantial role in influencing the entrepreneurial orientation (EO) of SME business owners in Syria. The linear regression analysis revealed that the dimensions of CSC, including shared knowledge, shared values, shared beliefs, and shared understanding, all had significant positive relationships with EO. The adjusted R-squared value of 0.27 indicates that these dimensions of cognitive social capital account for approximately 27% of the variance in entrepreneurial orientation.

In the context of the Syrian environment, the results highlight the importance of fostering shared mental models and understanding among SME business owners and their networks. Syria has been facing significant challenges due to ongoing conflict, which has affected the overall business climate. In such a context, the role of cognitive social capital in facilitating entrepreneurial activities becomes even more crucial. By sharing knowledge, values, beliefs, and understanding, SME business owners can better navigate the challenges and uncertainties associated with the Syrian

market, leading to increased innovation, risk-taking, and proactiveness.

These findings align with previous research on the relationship between cognitive social capital and entrepreneurial orientation. For example, Batjargal (2007) found a positive association between cognitive social capital and the growth of entrepreneurial ventures in Mongolia, while Subramaniam and Youndt (2005) reported a positive relationship between cognitive social capital and innovation performance among high-technology firms in the United States. The present study extends these findings by demonstrating the significance of cognitive social capital in shaping the entrepreneurial orientation of SME business owners in the unique context of Syria.

Furthermore, the positive relationship between each dimension of cognitive social capital and entrepreneurial orientation underscores the importance of a comprehensive understanding of social capital in fostering entrepreneurial success. These results are consistent with those of De Clercq, Dimov, and Thongpapanl (2010), who found that structural, relational, and cognitive social capital all

positively influenced a firm's entrepreneurial orientation. By emphasizing the importance of shared mental models and understanding, this study contributes to the ongoing discussion on the significance of cognitive social capital in entrepreneurial ventures and highlights the potential benefits of investing in the development of cognitive social capital among SME business owners in Syria.

V. CONCLUSION

The present study has investigated the impact of cognitive social capital on entrepreneurial orientation among SME business owners in Syria. The results indicate that cognitive social capital plays a significant role in fostering entrepreneurial orientation, which in turn contributes to the growth and success of SMEs. By enhancing shared knowledge, values, beliefs, and understanding within business networks, SME owners can promote a more entrepreneurial mindset, driving innovation, proactiveness, and risk-taking.

Given the potential benefits of entrepreneurial orientation to SMEs in Syria, future research should continue to explore this relationship in greater depth. Some suggestions for future research include:

1. Longitudinal studies: To better understand the causal relationship between cognitive social capital and entrepreneurial orientation, future research could employ longitudinal study designs. This would enable researchers to track changes in cognitive social capital and entrepreneurial orientation over time, providing more robust evidence of the relationship between these constructs.
2. Examining other dimensions of social capital: In addition to cognitive social capital, future research could explore the impact of structural and relational social capital on entrepreneurial orientation. This would provide a more comprehensive understanding of the role of social capital in promoting entrepreneurship in Syria.
3. Investigating contextual factors: Given the unique challenges faced by SMEs in Syria, future research should examine the influence of contextual factors, such as political, economic, and social conditions, on the relationship between cognitive social capital and entrepreneurial orientation.
4. Exploring the role of individual characteristics: Future studies could investigate the role of individual characteristics, such as personality traits, motivation, and prior experience, in shaping the relationship between cognitive social capital

and entrepreneurial orientation among SME owners.

5. Intervention studies: To assess the practical implications of the findings, future research could design and evaluate interventions aimed at enhancing cognitive social capital and entrepreneurial orientation among SME owners in Syria. This could provide valuable insights into effective strategies for promoting entrepreneurship and fostering business growth in the region.

By building on the findings of this study, future research in entrepreneurial orientation can contribute to a deeper understanding of the factors that drive SME success in Syria. In doing so, scholars and practitioners can work together to develop policies and interventions that support the growth and sustainability of SMEs, ultimately contributing to economic development and prosperity in the region.

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