How Can Entrepreneurs Build Social Capital? An Experimental Study of Online Mentoring

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Our partners

Supported by funding from

[Logos of various partners]
Outline

• Study Objectives
• Theory
• Research Design
• Update on ongoing trial
• Questions
Study Objectives

Questions on entrepreneurial mentoring, why they matter, and how we will address them
Questions on Entrepreneurial Mentoring

• What are the effects of online mentoring on entrepreneurial and venture-level outcomes?
  • Revenues, employment, external finance raised
  • Entrepreneurial self-efficacy (McGee et al., 2009)
  • Venture start milestones
  • Sentiment analysis

• This is an important question we want to answer... in 2020

• But for now, we are interested in an antecedent question...
Study Objectives

• How can entrepreneurs find (online) mentors?

• Important implications for:
  • Scaling entrepreneurial mentoring
  • Providing more equitable access to mentoring
  • Cost-effectiveness
  • Practical implications for MicroMentor to inform program design
Two approaches

• Retrospective (2015-2017 data)
  • Can Institutional Supports Improve the Quality of the Volun-‘told’? An Analysis of Online Volunteer Mentors (*under review*)
  • Narratives and Information Asymmetry: How descriptions of support needs affect entrepreneurial mentoring conversations (*in progress*)

• Prospective
  • How can entrepreneurs build social capital? An Experimental Study of Online Mentoring (*in progress*)
  • The Impact of Online Mentoring (*in progress*)
Theory

How can entrepreneurs build social capital?
Social Capital

• “Aggregate of the actual or potential resources... linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition” – Bourdieu (1986)

• May be exchanged for access to economic capital (investment, access to protected markets) (Portes, 1998; Prashantham & Dhanaraj, 2010; Shane & Cable, 2002)
Social Capital (contd.)

• Two forms of social capital (Portes & Landolt, 2000)
  • Instrumental (direct reciprocity)
  • Altruistic (paying it forward)

• Instrumental social capital widely studied in entrepreneurship
  • Derived from ethnicity (Kalnins & Chung, 2006), geography (Laursen et al., 2011), prior work (Prashantham & Dhanaraj, 2010)
  • Vissa (2011) finds Indian entrepreneurs form ties based on caste, language, task complementarity

• Altruistic social capital receives less attention...
Mentoring as a form of *altruistic social capital*

- Benefits to mentoring (in general) well documented in law (Kay & Wallace, 2009), academia (Poteat et al., 2009), engineering (Dennehy & Dasgupta, 2017)
- Entrepreneurial mentoring receiving more attention
  - Students more likely to pursue entrepreneurial careers (Eesley & Wang, 2017)
  - More confidence in abilities to complete entrepreneurial tasks (St-Jean & Mathieu, 2015)
  - Short-term increases in profits for microenterprise founders (Brooks et al., 2018)
- But can entrepreneurs acquire altruistic social capital (in the form of mentors)?
Study Design

Research setting, interventions
MicroMentor

• “Free, easy-to-use social network that allows entrepreneurs and volunteer business mentors to connect”
  • Open to all entrepreneurs
  • Available in English, Spanish, French

• Scale
  • 11,000+ entrepreneurs
  • 2,400+ mentors
  • ~700 signups per month (35% US)
  • Other countries – Mexico, Nigeria, India, UK, Guatemala, Colombia
  • ~46% female
  • For US-based ~60% ethnic minorities
Entrepreneur profile

Potential Mentors
Mentor profile

DaVonna May
- San Diego, CA, United States
- Fashion

Recent Activity

HOW I CAN HELP

I am here to help develop budding entrepreneurs by offering legal knowledge, marketing and branding expertise, networking and partnership development, social media campaigning and assistance curating showcases.

My Professional Experience
I built a successful ecommerce brand using social media and word of mouth. My company is nationally and internationally recognized. I would like to train, mentor and assist budding entrepreneurs by sharing all my experiences.

Expertise
- Marketing & Advertising and Promotion
- Marketing & Branding and Identity
- Marketing & Business Development
- Getting started & Getting Started
- Management & Leadership
- Getting started & Legal Structure
- Marketing & Social Media

Experience
- Ownership Experience: 10 yrs
- Management Experience: 10 yrs
- Languages Spoken: English
- Country Experience: United States

http://www.bighomeboxo.com

SIMILAR MENTORS

Mark Young
- Saint Louis, MO, United States
- Web and Technology

Areas of Expertise
- Technology and Internet, Operations, Marketing

Steven Green
- Atlanta, GA, United States
- Architecture and Engineering

Areas of Expertise
- Architecture and Engineering

Joe DeJean
- Los Angeles, CA, United States
- Financial Services and Insurance

Areas of Expertise
- Marketing, Starting Up, Management,
Accounting and Finance, Law and Legal

Aurora Tamats
- ALL, United States
- Accounting and Tax Services

Areas of Expertise
- Accounting and Finance
DaVonna May
San Diego, CA, United States
Fashion

How I Can Help
I am here to help develop budding entrepreneurs by offering legal knowledge, marketing and branding expertise, networking and partnership development, social media campaigning and assistance curating showcases.

Make a good first impression
- Share with the mentor why you think their background is a great fit for the business challenges you are trying to solve.
- Describe what you personally hope to gain from this experience.
- Ask the mentor to let you know if they are available to start a new mentoring connection at this time.

Send Message

Recent Activity

Expertise
- Management & Leadership
- Marketing & Advertising and Promotion
- Marketing & Branding and Identity
- Marketing & Business Development
- Getting started & Getting Started
- Getting started & Legal Structure
- Marketing & Social Media

Block future messages
What might prevent entrepreneurs from connecting with a mentor?

1. Lack of mentoring examples - the value of mentoring is difficult to judge – what does a good mentoring relationship look like?
2. Information asymmetry – what type of information is useful for potential mentors to successfully connect?
3. Lack of confidence – reaching out to a stranger for support may seem daunting
Entrepreneur Signs Up

Randomly Assigned

Group 1: Video showing example of mentoring relationship

Group 2: Automated “Chat buddy” explaining the type of information to provide to potential mentors

Group 3: Personalized “Chat buddy” that helps simulate a connection with a mentor

Group 4: Control (no intervention)

Dependent Variables:

1. Having a conversation with a potential mentor (1/0)
2. At least 4 messages back and forth with mentor (1/0)
3. Exchange of contact information to take conversation off platform (email, phone number, Skype) (1/0)
4. Sentiment analysis (positive – neutral – negative) of conversation text – polarity of conversation (-1 to 1)
Let me tell you the story of Bonnie and Travis. Bonnie is an experienced business owner who ran a successful planning and transportation firm with over 120 employees. As a recent retiree, she volunteers to support motivated entrepreneurs as a mentor on MicroMentor.

Travis, an entrepreneur on MicroMentor, signed up because he needed guidance with the launch of his business idea for a consulting agency. While he was determined to move forward with his idea, the biggest challenge he faced was trying to take his company from a one-person start-up to a full-fledged business with multiple employees and a strategy for future growth.

Bonnie and Travis exchanged these details and more on the MicroMentor platform, then decided to share information and meet for 90 minute structured meetings monthly, followed by homework that kept Travis accountable and helped push his business development forward.

On average, we see that mentors and entrepreneurs on MicroMentor work together for 12 hours over the course of 3 months using a structure and communication method that works best for them.

Travis saw the importance of approaching the relationship seriously, identifying his challenges, and having an open mind. Travis says, “The most important person in a mentoring relationship is actually the mentee—the mentor’s focus is to provide support, perspective, and guidance, not do the heavy lifting.”

With Bonnie’s support, Travis has since grown his workforce to 12 employees, moved into a larger office, developed new service offerings for his clients, and increased his revenue substantially over the past two years.
Group 2: Automated “Chat buddy” explaining the type of information to provide to potential mentors

Standard set of instructions for all entrepreneurs, so some programming costs incurred
Group 3: Personalized “Chat buddy” that helps simulate a connection with a mentor

More personalized guidance and encouragement, higher development costs to implement
Updates on Ongoing Trial

Where we are now, hiccups along the way, next steps
Trial Updates

1. Pilot-tested in late 2018 – led to changes in interventions. Dropped test of entrepreneur self-assessment quiz due to low take-up rates
2. Trial launched in December 2018 (English)
3. Spanish version launched in March 2019. Fixed errors in assignment in April 2019
4. Expect to complete trial in August/September 2019
5. Study 1 (2019) – what interventions lead to more successful connections?
6. Study 2 (2020) – what is the impact of mentoring on entrepreneurial and venture-level outcomes
Current sample

• 40% female entrepreneurs
• 30% Spanish Language (started later)
• 34 years (median: 33)
### Summary Statistics (March 2019)

<table>
<thead>
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<th></th>
<th>Mean</th>
<th>SD</th>
<th>Median</th>
<th>Min.</th>
<th>Max</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>1. Having Conversation (Yes = 1)</td>
<td>0.82</td>
<td>0.38</td>
<td>1.00</td>
<td>0.00</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
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<td>2. Having Connection (Yes = 1)</td>
<td>0.22</td>
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<td>0.00</td>
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<td>3. Gender (Female = 1)</td>
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<td>0.00</td>
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<td>0.05</td>
<td>0.03</td>
<td>1.00</td>
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<td>4. Age</td>
<td>34.32</td>
<td>10.16</td>
<td>33.00</td>
<td>18.00</td>
<td>75.00</td>
<td>-0.00</td>
<td>0.01</td>
<td>0.08</td>
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<td>5. Native Language (Spanish)</td>
<td>0.30</td>
<td>0.46</td>
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<td>-0.11</td>
<td>-0.04</td>
<td>0.29</td>
<td>1.00</td>
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N = 1,311
### One-way ANOVA (March 2019)

<table>
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<th>RCT Group</th>
<th>N</th>
<th>Gender</th>
<th>Age</th>
<th>Having Conversation</th>
<th>Having Connection</th>
<th>Native Language (Spanish)</th>
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<tbody>
<tr>
<td>Control</td>
<td>330</td>
<td>0.37</td>
<td>33.82</td>
<td>0.64</td>
<td>0.19</td>
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<td>Video</td>
<td>336</td>
<td>0.42</td>
<td>34.06</td>
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<td>0.23</td>
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<td>Automated Message</td>
<td>312</td>
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<tr>
<td>Personalized Message</td>
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<td>0.39</td>
<td>34.40</td>
<td>1.00</td>
<td>0.20</td>
<td>0.33</td>
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N = 1,311
1. Preliminary results (based on data collected until March 2019) suggest the personalized chat buddy is effective at enabling entrepreneurs to start making conversation with mentors.

2. Still short time-frame, we continue to collect data.

<table>
<thead>
<tr>
<th></th>
<th>Having Conversation (Yes = 1)</th>
<th>Having Connection (Yes = 1)</th>
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<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
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<tr>
<td>RCT: Video</td>
<td>0.101</td>
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<tr>
<td></td>
<td>(0.166)</td>
<td>(0.194)</td>
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<tr>
<td>RCT: Automated Message</td>
<td>18.993</td>
<td>0.330*</td>
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<tr>
<td></td>
<td>(603.025)</td>
<td>(0.194)</td>
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<td>RCT: Personalized Message</td>
<td>5.289***</td>
<td>0.110</td>
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<tr>
<td></td>
<td>(1.009)</td>
<td>(0.197)</td>
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<td>Gender (Female = 1)</td>
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<td>0.107</td>
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<tr>
<td></td>
<td>(0.171)</td>
<td>(0.138)</td>
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<tr>
<td>Age</td>
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<td>0.010</td>
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<tr>
<td></td>
<td>(0.009)</td>
<td>(0.007)</td>
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<tr>
<td>Native Language (Spanish)</td>
<td>-0.649***</td>
<td>-0.714***</td>
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<tr>
<td></td>
<td>(0.184)</td>
<td>(0.171)</td>
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<tr>
<td>Constant</td>
<td>0.661**</td>
<td>-1.634***</td>
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<tr>
<td></td>
<td>(0.309)</td>
<td>(0.268)</td>
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<td>Observations</td>
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<td>Log Likelihood</td>
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<td>Akaike Inf. Crit.</td>
<td>868.435</td>
<td>1,360.057</td>
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<td>Note:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: *p<0.05, **p<0.01, ***p<0.001
Questions

slall@uoregon.edu
Signing up

How It Works

1. Create your profile
   Sign up and complete your profile. Describe yourself, what you do, and what you hope to accomplish here.

2. Reach Out
   Send messages to others in the community to express your interest in starting a new mentoring conversation.

3. Start Mentoring
   Talk on the phone to get to know one another. Move forward by setting goals and solving problems together.