

# An Analytical Entrepreneurship Development Study: An Empirical Investigation of Relationally Embedded Ties with Stakeholders

**Dr. Vinod Kumar Bhatnagar** - Associate Professor,

Department of Management, Prestige Institute of Management & Research, Gwalior, India

E-mail: dr.vinodbhatnagar@gmail.com

**Dr. Moni Singh** - Technical and Academic Quality Assistant

Department of Higher Education, Government of Madhya Pradesh, India

E-mail: mnisingh3@gmail.com

**Dr. Sonali Karnik** - Assistant Professor

Faculty of Management Studies,, Marwadi University, Rajkot, Gujarat

E-mail: sonali.karnik@gmail.com

## Abstract

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This research explores the growth of entrepreneurship from the perspective of the relationships that entrepreneurs build with stakeholders. The purpose of the study was to investigate how relational embeddedness affects entrepreneurial outcomes, such as resilience, innovation, and firm performance. Data for the study were gathered by surveys, and the study was causal. Entrepreneurs deliberately targeted different sectors to address a wide range of relationship dynamics. To guarantee representation across all industries and company sizes, judgmental sampling was employed. The dependent variables in the study were the degree of relational embeddedness associated with firm development, innovation, profitability, and survival rates. Linear regression was used to look at how independent factors affected dependent variables. Regression analysis yielded values, and these revealed that stakeholder type and connection type had the greatest impact on the growth of entrepreneurship. Any company's stakeholders are like its lifeblood; they give the business its wholehearted attention. The corporation keeps expanding because of the stakeholders' trust and commercial methods.

**Keywords:** Empirical research, relationship ties, stakeholder relationships, analytical entrepreneurship, and entrepreneurial development

## 1. Introduction

Entrepreneurship, as a multifaceted phenomenon, is intricately linked to the networks and relationships entrepreneurs cultivate with various stakeholders. Scholars and practitioners have long recognized the importance of these relational ties in shaping entrepreneurial processes and outcomes (Aldrich &

Zimmer, 1986; Granovetter, 1985). Social network theory posits that entrepreneurs operate within a network of interconnected relationships, and the structure and dynamics of these networks significantly influence entrepreneurial behavior and performance (Granovetter, 1973). Relational embeddedness, a concept rooted in social network

theory, emphasizes the depth and complexity of relationships between individuals and their social context (Uzzi, 1996). Embeddedness theory posits that economic action is embedded within social structures, and the quality of relationships with various stakeholders, including suppliers, customers, competitors, and partners, shapes entrepreneurial opportunities, resource access, and competitive advantage (Granovetter, 1985; Uzzi, 1996).

Despite the theoretical importance of relational embeddedness in entrepreneurship, empirical research on the subject remains limited and fragmented (Bruton et al., 2010; Elfring & Hulsink, 2003). This study seeks to address this gap by conducting an empirical investigation into the relational ties between entrepreneurs and stakeholders and their implications for entrepreneurship development.

## REVIEW OF LITERATURE

Ayuso, S., Rodríguez, M. Á., & Ricart, J. E. (2006) examined the relationship between stakeholder communication and sustainable innovation in businesses in this review of the literature, with a special emphasis on the topic that has received less attention: how stakeholder relationships affect the outcomes of innovation. Since the literature currently in publication frequently ignores the benefits of stakeholder engagement—such as learning and innovation—the review highlights the necessity of theoretical and empirical study in this area. The assessment highlights stakeholder discussion and stakeholder knowledge integration as critical capacities for producing innovations that are in line with stakeholder demands, drawing on stakeholder theory and the resource-based view (RBV). Two Spanish organizations' case studies shed light on these competencies and emphasize the value of adaptable organizational structures and a willingness to change. The assessment makes research recommendations for the future, such as investigating sustainable innovation in response to

different stakeholder demands and improving the definition of dynamic capability through quantitative investigations.

Jamali, D. (2007) highlighted how the stakeholder approach can offer fresh perspectives and useful frameworks for evaluating company performance as it examines the development of stakeholder theory in comparison to conventional conceptualizations of corporate social responsibility. The paper also emphasizes how difficult it is to define key terms in the industry and how stakeholder theory might help with these problems. Furthermore, it provides actual data from Syrian and Lebanese businesses, illustrating how stakeholder theory may guide theories and throw light on CSR trends and incentives. The assessment ends by outlining potential directions for future investigations into stakeholder management and corporate social responsibility in various settings and systems.

Katsoulakos, T., & Katsoulacos, Y. (2007) created a framework for strategic management that incorporates stakeholder approaches and corporate social responsibility (CSR) ideas into traditional business strategy. The review develops a stakeholder-oriented framework by utilizing both top-down and bottom-up techniques, drawing from ideas of strategic management and social responsibility movements. The review presents a novel conceptual framework that integrates advantage-creating information and advantage-creating stakeholder connections through an analysis of empirical research and case studies. This framework provides a thorough method for coordinating strategic management practices with CSR and stakeholder engagement principles, advancing sustainable business plans, and acknowledging the need for additional testing and improvement.

Karantinou, K.M., and Hogg, M.K. (2009) studied the complex nature of client-company interactions by examining relationship development in the context of

management consulting. The study distinguishes between relationships within and between projects, as well as between relationship-seekers and relationship-switchers, using semi-structured interviews with consultants and clients. The results highlight how these differences have strategic ramifications and provide insightful information for managers looking to improve relationship development tactics in the professional business services industry.

Slotte-Kock, S., & Coviello, N. (2010) addressed the idea of network dynamics in entrepreneurship studies. The study evaluates how previous research has interpreted network dynamics and offers a theoretical framework for researching network development, drawing on literature on social and business networks. The review provides an overview of network growth and points to areas for additional focused empirical research, even as it acknowledges shortcomings and the difficulty of evaluating the model as a whole. The paper also emphasizes management aspects, stressing how crucial it is for entrepreneurs to understand networks as dynamic systems impacted by both internal and external factors and to negotiate the complexities of their interactions.

Del Chiappa, G., & Presenza, A. (2013) Using both structural and relational viewpoints, this study investigated the web of inter-organizational linkages within a particular tourism location, Costa Smeralda-Gallura in Italy. The results show a low density, low degrees of integration, and collaboration among local stakeholders—especially between the public and private sectors—in a sparse network. In order to improve governance and brand positioning, the research emphasizes how crucial it is for stakeholders to effectively collaborate and integrate during destination marketing and management activities. Notwithstanding, the limits of the network analysis methodology are recognized, implying the necessity of conducting additional research with larger sample

sizes and different approaches to offer more thorough insights into the inter-organizational linkages among tourism destinations.

P. R. A. (2014) examined the relationship between quality performance and Total Quality Management (TQM) methods in Indian service organizations. Quality culture is thought to be the predominant practice. Results show a partial association between TQM procedures and quality performance using data from 600 service organizations. But the study's narrow focus on only four businesses has drawbacks that could skew the findings. However, the study offers insightful information about the relationship between TQM practices and quality performance, providing suggestions to service firms on how to improve overall quality performance and TQM practices.

Velte, P., & Stawinoga, M. (2016) offered a thorough summary of empirical research conducted since then. In particular, it emphasized how IR is becoming increasingly important for management control and stakeholder relations management, especially when it comes to combining financial and non-financial data to improve the utility of decisions in contemporary corporate reporting. The paper discusses the limits and suggests areas for further research in addition to identifying factors influencing IR implementation and quality at the market, organizational, and individual/group decision levels. It also discusses the difficulties and possible advantages of information retrieval (IR), including problems with legitimacy, dependability, and the requirement for assurance standards. The assessment also takes into account how EU rules affect the applicability of IR in member states, highlighting the anticipated rise in empirical research endeavors after the enforcement of these regulations.

Eriņa, I., Shatreovich, V., & Gaile-Sarkane, E. (2017) investigated the relationship between the entrepreneurial ecosystem and stakeholder groups

involved in the sustainable development of regions. With a focus on the triple helix model of university-industry-government interactions. The study investigates the effects of these interactions on local entrepreneurial activity, focusing in particular on the role of universities in promoting entrepreneurial development by drawing on the components of Isenberg's entrepreneurial ecosystem. According to the research, areas with more developed triple-helix networks have more entrepreneurial support and competitive advantages. These findings highlight the significance of triple helix ties in fostering entrepreneurial activity and regional development. The report also emphasizes how important branch strategies are for fostering university-related regional entrepreneurial development, especially when it comes to strengthening triple-helix networks and stakeholder participation.

Jalali, A., Jaafar, M., and Ramayah, T. (2020) investigated the relationship between organizational stakeholders and performance outcomes in small and medium enterprises (SMEs) in Tehran. Employing a cluster sampling method and a questionnaire survey, the research finds that the organization-stakeholder relationship positively influences performance indirectly through innovativeness and risk-taking. The findings offer valuable insights for entrepreneurs seeking to understand the crucial resources for venture growth, develop effective strategies to enhance stakeholder relationships, and leverage innovativeness and risk-taking to improve performance. This research contributes to the literature by highlighting the significance of these mechanisms in transforming organization-stakeholder relationships into performance enhancements.

Galvão, A., Marques, C. S., Ferreira, J. J., & Braga, V. (2020) evaluated the understanding of network dynamics provided by previous research, drawing on social and corporate network literature, and suggested a theoretical framework for addressing

them with a focus on Portugal's Sabor Region. This study examines the function of important stakeholders in entrepreneurship education and training programs and their effects on regional development. The research assesses the program's effects on the region, including job creation, resource valuation, and partnership development, using qualitative analysis of interview data and analyzing the motives of stakeholders for participating. The results highlight how crucial network building and stakeholder participation are to program effectiveness and regional progress. The study also emphasizes the practical ramifications for public policy and program design, highlighting the necessity of multi-stakeholder participation and customized strategies to meet the unique requirements of low-density areas. Recognizing limitations like subjectivity and context specificity opens up new research directions to investigate the social and economic effects of entrepreneurship initiatives in various geographic areas. studying the growth of networks. The review provides an overview of network growth and points to areas for additional focused empirical research, even as it acknowledges shortcomings and the difficulty of evaluating the model as a whole. The paper also emphasizes management aspects, stressing how crucial it is for entrepreneurs to understand networks as dynamic systems impacted by both internal and external factors and to negotiate the complexities of their interactions.

Cucino et. al. (2023) emphasized inclusivity, social and environmental sustainability, and stakeholder demands. The study explored the relationship between human entrepreneurship (HumEnt) and human resource orientation (HRO) within Italian small and medium-sized enterprises (SMEs). Entrepreneurial Orientation (EO) is founded to directly contribute to value chain embeddedness through quantitative data and partial least squares structural equation modeling. However, EO's influence on societal embeddedness is mediated by

high HRO. The HumEnt model's characteristics and their importance in strengthening SMEs' relational embeddedness with diverse stakeholders are empirically supported by this study.

### OBJECTIVE OF THE STUDY

To examine the impact of relational embeddedness on entrepreneurial outcomes, including business performance, innovation, and resilience.

### HYPOTHESES

H01: There is no significant impact of Relationally Embedded Ties on Business Growth.

H02: There is no significant impact of Relationally Embedded Ties on Innovation.

H03: There is no significant impact of Relationally Embedded Ties on profitability.

H04: There is no significant impact of Relationally Embedded Ties on Survival Rates.

### RESEARCH METHODOLOGY

The study was causal, and the survey method was used for data collection. Entrepreneurs specifically

targeted various industries to cover a broad spectrum of relational dynamics. Judgmental sampling was used to ensure representation across different sectors and sizes of businesses. The researcher evaluated these variables in Indian entrepreneurs (N = 94). A structured questionnaire with Likert scales 1–5 to measure relational embeddedness, business growth, innovation, profitability, and survival rates was used. In the study, the degree of relational embeddedness (type of stakeholders, nature of relationships, entrepreneurial characteristics, environmental factors, and organizational factors) was an independent variable, and business growth, innovation, profitability, and survival rates were used as dependent variables. To examine the impact of independent variables on dependent variables, linear regression was applied.

### DATA ANALYSIS & INTERPRETATION

The relationship between stakeholders' type and business growth is statistically significant ( $p < 0.05$ ), indicating that stakeholders' type has a strong impact on business growth. The nature of relationships also

**Table 1- Summary Regression- Relational Embedded ness and Business Growth**

Model Summary			ANOVA		Coefficients		Null Status
Predictor(s)	R			Sig.	t	Sig.	
Stakeholders' Type	.955 <sup>a</sup>	.911	579.173	.000 <sup>b</sup>	6.048	.000	<b>Rejected</b>
Nature of Relationships					15.357	.000	<b>Rejected</b>
Organizational Factors					-.971	.332	Accepted
Environmental Factors					-.306	.760	Accepted
Entrepreneurial Characteristics					1.323	.187	Accepted
a. Dependent Variable: Business growth							

significantly influences business growth ( $p < 0.05$ ), showing a strong and significant impact. There is no statistically significant impact of organizational factors on business growth ( $p > 0.05$ ), suggesting no strong evidence to reject the null hypothesis. Similarly, environmental factors do not significantly

affect business growth ( $p > 0.05$ ), supporting the acceptance of the null hypothesis.

Stakeholders' Type and the Nature of Relationships significantly impact innovation, indicated by very high correlation and low p-values ( $p < 0.05$ ),

**Table 2- Summary Regression- Relational Embeddedness and Innovation**

Model Summary			ANOVA		Coefficients		Null Status
Predictor(s)	R			Sig.	t	Sig.	
Stakeholders' Type	.992 <sup>a</sup>	.984	3388.402	.000 <sup>b</sup>	8.361	.000	<b>Rejected</b>
Nature of Relationships					43.109	.000	<b>Rejected</b>
Organizational Factors					-1.912	.057	Accepted
Environmental Factors					1.168	.244	Accepted
Entrepreneurial Characteristics					-.085	.932	Accepted
a. Dependent Variable: Innovation							

suggesting these factors are crucial for innovation. Conversely, Organizational Factors, Environmental Factors, and Entrepreneurial Characteristics do not significantly influence innovation, as their effects are not statistically significant ( $p > 0.05$ ), suggesting limited or no impact based on the data analyzed.

Despite the high correlation ( $R = 0.946$ ), the effect of Stakeholders' Type on profitability is not statistically significant ( $p > 0.05$ ), leading to the acceptance of the null hypothesis. It suggests that this predictor does not have a significant impact on profitability. The nature of relationships has a significant positive

**Table 3- Summary Regression- Relational Embeddedness and Profitability**

Model Summary			ANOVA		Coefficients		Null Status
Predictor(s)	R			Sig.	t	Sig.	
Stakeholders' Type	.946 <sup>a</sup>	.895	481.600	.000 <sup>b</sup>	-1.325	.186	Accepted
Nature of Relationships					20.450	.000	<b>Rejected</b>
Organizational Factors					-1.060	.290	Accepted
Environmental Factors					1.076	.283	Accepted
Entrepreneurial Characteristics					-.557	.578	Accepted
a. Dependent Variable: Profitability							

impact on profitability ( $p < 0.05$ ), rejecting the null hypothesis. This predictor is a significant determinant of profitability. Organizational factors do not show a significant effect on profitability ( $p > 0.05$ ), and thus, the null hypothesis is accepted. There isn't substantial evidence to claim an impact on profitability. Environmental factors also do not significantly influence profitability ( $p > 0.05$ ), leading to acceptance of the null hypothesis. Similarly, entrepreneurial characteristics do not have a statistically significant impact on profitability ( $p > 0.05$ ), resulting in the acceptance of the null hypothesis.

Stakeholders' Type significantly impacts survival rates, as shown by both the very high correlation and a significant t-test result ( $p < 0.05$ ). This predictor is influential and the null hypothesis is rejected. The nature of relationships also significantly affects survival rates, with a very low p-value indicating strong statistical significance. This predictor is a crucial determinant of survival rates. Organizational factors do not significantly influence survival rates ( $p > 0.05$ ), suggesting no impact and leading to the acceptance of the null hypothesis. Environmental factors also show no statistically significant effect on survival rates ( $p > 0.05$ ), supporting the acceptance of

**Table 4- Summary Regression- Relational Embeddedness and Survival Rates**

Model Summary			ANOVA		Coefficients		Null Status
Predictor(s)	R			Sig.	t	Sig.	
Stakeholders' Type	.968 <sup>a</sup>	.938	851.375	.000 <sup>b</sup>	2.374	.018	<b>Rejected</b>
Nature of Relationships					23.249	.000	<b>Rejected</b>
Organizational Factors					.023	.982	Accepted
Environmental Factors					-.186	.852	Accepted
Entrepreneurial Characteristics					.075	.941	Accepted
a. Dependent Variable: Survival Rates							

the null hypothesis. Entrepreneurial characteristics do not significantly affect survival rates ( $p > 0.05$ ), indicating no substantial influence on this outcome.

**CONCLUSION**

Stakeholders give you a method to exchange pertinent resources and knowledge, they are crucial to entrepreneurship. This results from the official and informal responsibilities that stakeholders play in a business's development. Responsible and sustainable entrepreneurship depends on stakeholder participation. Entrepreneurs may address the demands and issues of society while creating value by taking into account the interests of different stakeholders. Based on the values obtained through regression analysis, it can be said that entrepreneurship development is most influenced by the type of stakeholder and the nature of stakeholder relationships. Stakeholders for any company are like blood for the body, stakeholders work with all their dedication for the company. As a result of the trust and business strategies of the stakeholders, the company continues to grow. It is often seen that due to financial constraints and wrong decisions, many big companies could not expand their business, in which the relationship of stakeholders with the company is also important, hence knowing the stakeholders becomes a very important topic for any company. This entails highlighting the part stakeholder entrepreneurship plays in the establishment and upkeep of alliances.

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