

# V2C-apparatus – a shared context for professionals

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# Background

- A contemporary notion of post-modern business environment suggests failure in two vast governance experiments, partial failure of corporate capitalism and total failure of state socialism, thus there is tendency to go back to basics, i.e. back to entrepreneurial structures.
- Reason for that is not the lack of ideas, but difficulties to motivate, incentivise and monitor individuals in rigid corporate reality.

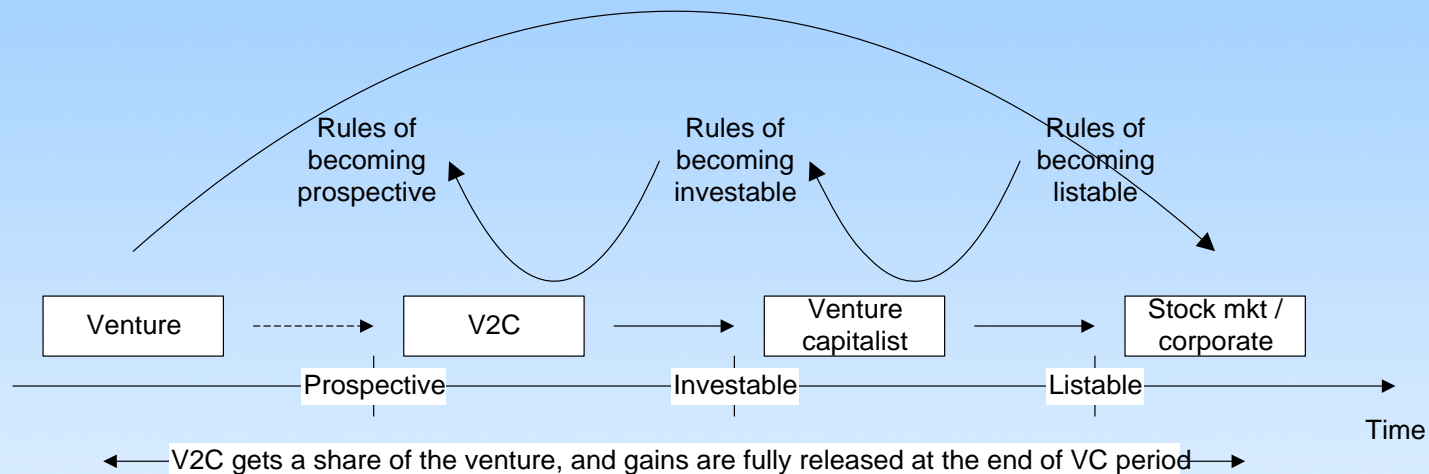


# Background

- The network of mutual and organisational relationships consisting of
  - entrepreneurs or venturers
  - V2C operatives or venture knowledgists, and
  - venture capital operatives or venture capitalists,to form an activity system based on social capital and mutual trust.



# Ideal V2C



- The task of V2C player is to select and guide ventures that are willing to accept conditions set by VC, but also prepare those prospective ventures to survive in dynamic business environments by providing at least businessman wisdom, growth management skills, managerial advices and entries to networks



# Social capital

- In the context of V2C activity social capital should be taken into account as:
  - sum of more or less institutionalised relationships of mutual acquaintance and recognition
  - network of social exchanges between actors engaging in transactions.
- The three dimensions of social capital affecting any actor in venture-to-capital action are:
  - structural, i.e. presence or absence of interaction,
  - dimensional, i.e. mutual trust and trustworthiness,
  - cognitive, i.e. shared understanding of common goals and proper ways to act



# Social dynamics of V2C

- Social capital theory proposes that networks of relationships are a valuable resource for both individuals and organizations.
- Networks are for interaction and for gaining access to assets required.
- The value of the social capital is in its ability to make possible the achievements, which would be impossible without it or would be very costly, thus the value of social capital relies on its usability.



# Gains of three dimensions of SC

Stakeholder	Structural	Dimensional	Cognitive
Venturer	access to capital and access to knowledge on managerial etc. issues	ensures contract	ensures a single goal, i.e. contract on what is desirable
Knowledgegist	entry to network as a legitimate actor	ensures that the network will hold	knowledge on legitimate moves, how to act
Venture Capitalist	access to ventures and possibility to reduce risk	ensures contract	ensures a single goal, i.e. contract on what is desirable



# Typology of knowledge transferred

	explicit	tacit
formal	Knowledge on how	Knowledge on who, how and why
informal	Knowledge on who and what	Knowledge on who and how



# Conclusions

- Social capital can be used to explain moves of different actors in growth company process:
  - facilitating growth of a company is more issue of good contacts and trustworthy alliances than capital
  - the logic of the beholders of social capital in new, emerging businesses should be identified in order to better utilise the potential of social capital as a vehicle to gain access to other resources.



# Conclusions

- Activity theoretical approach emphasises transformation of knowledge in practical situation, i.e. learning by doing or learning by cooperation.
- Cooperation can be considered true manifestation of social capital, as it requires recognition and willingness to maintain the relationship.



# Discussion

- The idea of the logic of social capital is easily comprehended, yet it requires more analysis to gain normative results.
- The notion of existence of social capital is sufficient if the scope and motivation to activity does not require management of social capital or the system based on it
- One of the main notions is the action taken by the knowledgists (V2C-operative), i.e. transforming knowledge.



# Discussion

- Future research on the topic in growth company context in empirical level should concentrate on following themes:
  - Does the activity system offer a ideal platform for growth (from the perspective of knowledge transfer)
  - What are sources of social capital to different operatives?
  - How does social capital affect the dynamics of growth venture?
  - How does the activity system functions, what are possible dysfunctions and reasons for dysfunctions?
  - What would be the normative results, i.e. what should be promoted?