

DOCTORAL THESIS

The role of social networks in e-commerce entrepreneurship in China: a study of private e-business in Anhui Province

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Abstract

This study sheds light on the role of social networks in entrepreneurship in the e-commerce sector in contemporary China. It examines the usefulness of network ties for entrepreneurship, specifically the capacity of network ties to provide information, advice, resources and emotional support during the creation and growth stages of small and medium-sized e-commerce businesses. Using data from semi-structured interviews with 30 private entrepreneurs in Anhui province in China, I first identified the roles played by family, friendship, business and political ties in e-commerce entrepreneurship, as well as their respective advantages and disadvantages. I then examined the changes in the roles of different network ties in e-commerce entrepreneurship as businesses move from the firm creation stage to the firm growth stage. Following this, I compared online and offline social networks to understand the similarities and differences in their respective effects on e-commerce entrepreneurship.

My study presents three main research findings. The first research finding is about the role of strong ties in entrepreneurship. Specifically, I found that strong ties, such as family and friendship ties, are especially important for Chinese entrepreneurs to acquire scarce resources, especially financial and human resources, and for providing emotional support to cope with the highs and lows of running a business. However, there are also disadvantages brought by these strong network ties, including ‘over-embeddedness’ and conflict with family members and between friends. In addition, although strong ties are important for entrepreneurs to acquire scarce resources during the firm creation stage, its role might diminish as the firm grows. The second research finding is about the role of weak ties in entrepreneurship. In contrast with strong ties, weak ties, such as online business ties, are quite important for e-businesses to connect with a diverse range of people to get a diverse range of resources, advice and information, and emotional support. With the help of the Internet, entrepreneurs can easily develop these weak ties. Last but not least, the third research finding is about the role of political ties. To be specific, under the marketization trend in the e-commerce sector, the role of political ties in entrepreneurship is decreasing. Political ties are not necessary during the firm creation stage, but they might become useful in solving problems that arise in the growth stage, such as tax issues.

There are three contributions of the study on the relationship between social networks and entrepreneurship. Firstly, the role of strong ties is found to have advantages and limitations in

providing resources, advice and information and emotional support in entrepreneurship in the e-commerce sector, like in other sectors studied by previous research. Secondly, weak ties play an important role in connecting with a diverse number of acquaintances in providing them, especially as firms grow. In e-commerce sector, the Internet helps entrepreneurs to develop these weak ties. Last but not least, the macro-social conditions in an economy and in a specific sector should be considered when studying the role of network ties in entrepreneurship.

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