

CBER 7th ICGEEE-2022 Conference

PARTICIPANTS OF ENTREPRENEURIAL NETWORKS IN CHINA, RUSSIA, AND THE USA

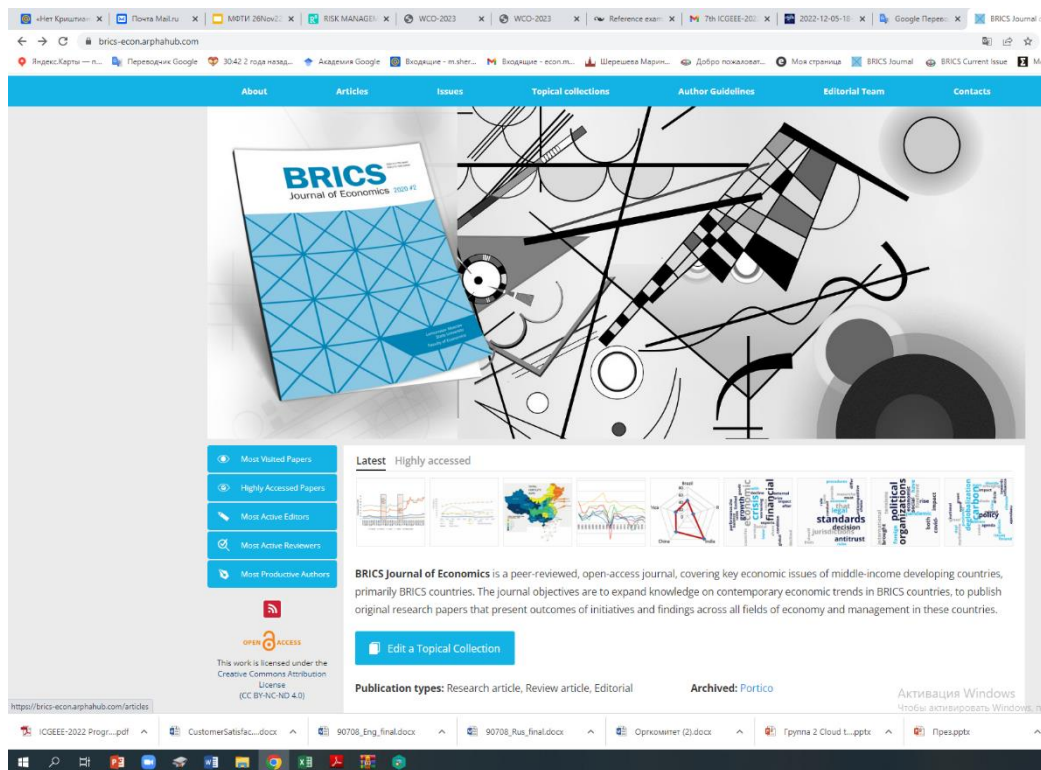
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LMSU Faculty of Economics

December 11, 2022

- ▶ Inter-firm networking
- ▶ Social network analysis (SNA) applied to business and management issues
- ▶ Sustainable regional economic development based on networking
- ▶ Relationship marketing - emerging markets and cross cultural studies



BRICS Journal of Economics



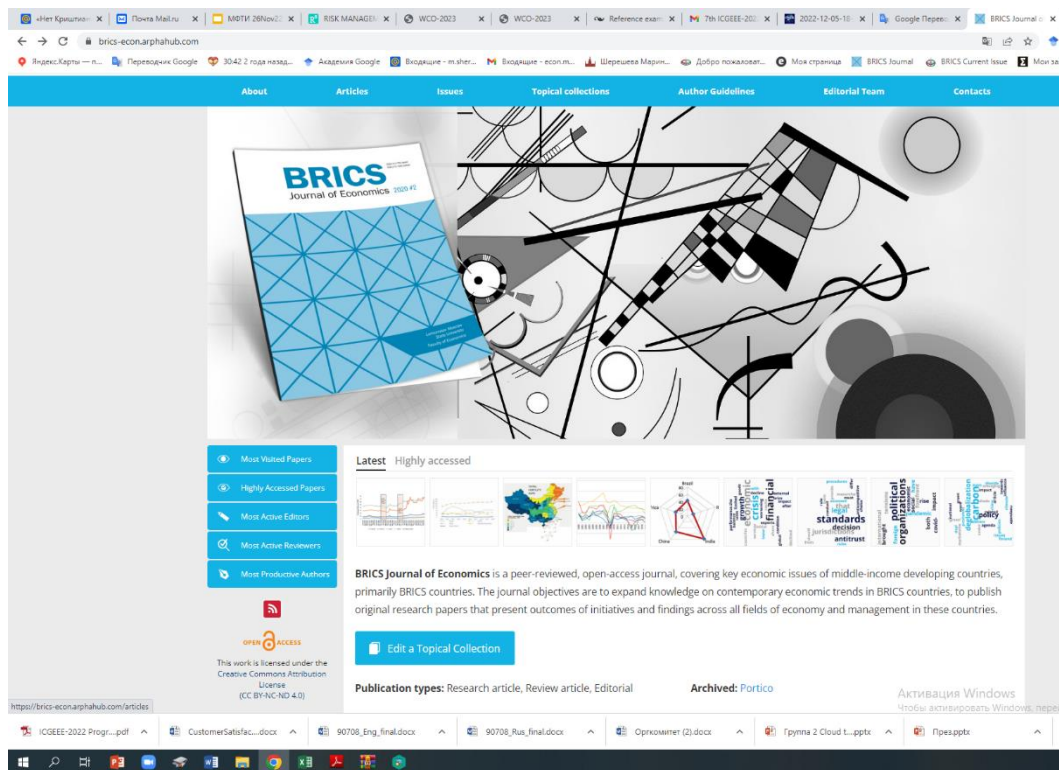
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- A peer-reviewed, open-access journal, covering key economic issues of middle-income developing countries, primarily BRICS countries. The journal objectives are to expand knowledge on contemporary economic trends in BRICS countries, to publish original research papers that present outcomes of initiatives and findings across all fields of economy and management in these countries
- Publication types: research article, review article, editorial
- Four issues per year
- Publication in the journal is free of charge thanks to the support of the Public Joint Stock Company VTB Bank and the Faculty of Economics, Lomonosov Moscow State University

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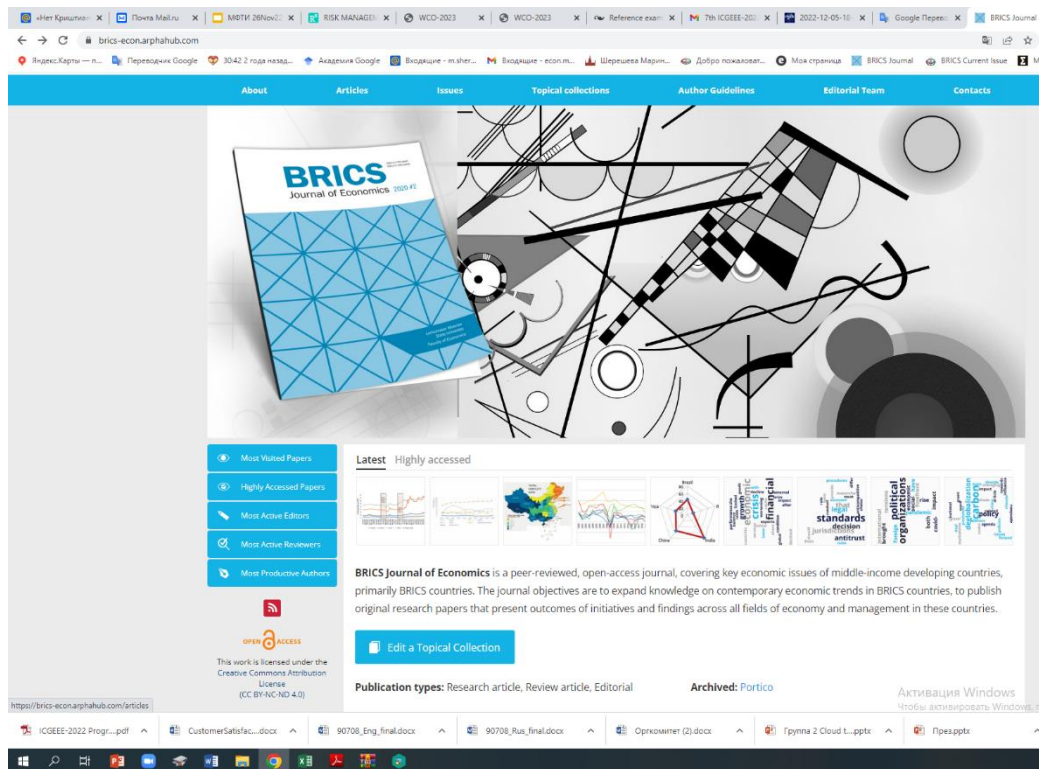
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Topics of interest cover the following areas (applied to middle-income developing countries)

- Sustainable Development
- Macroeconomics and Economic Growth
- International Economics
- Financial Economics
- Industrial Organization
- Entrepreneurship and Innovation
- International Strategy
- Health and Education
- Demography and Labor
- Welfare and Social Stratification
- Business Administration

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Special Issue 1(2023)

COVID-19: Its Impact on BRICS Economies

Prof. Badar Alam Iqbal, Adjunct Professor;
Monarch Business School, Switzerland

Topics to be covered in the SI:

- Economic Impact
- Social Impact
- Political Impact
- Demographic Impact
- Future challenges for the BRICS economies

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Last Date of papers submission:
December 31st, 2022

Agenda



- Research purpose
- Literature review
- Methodology
- Results and data analysis
- Conclusions and future research

Research Gap and Purpose

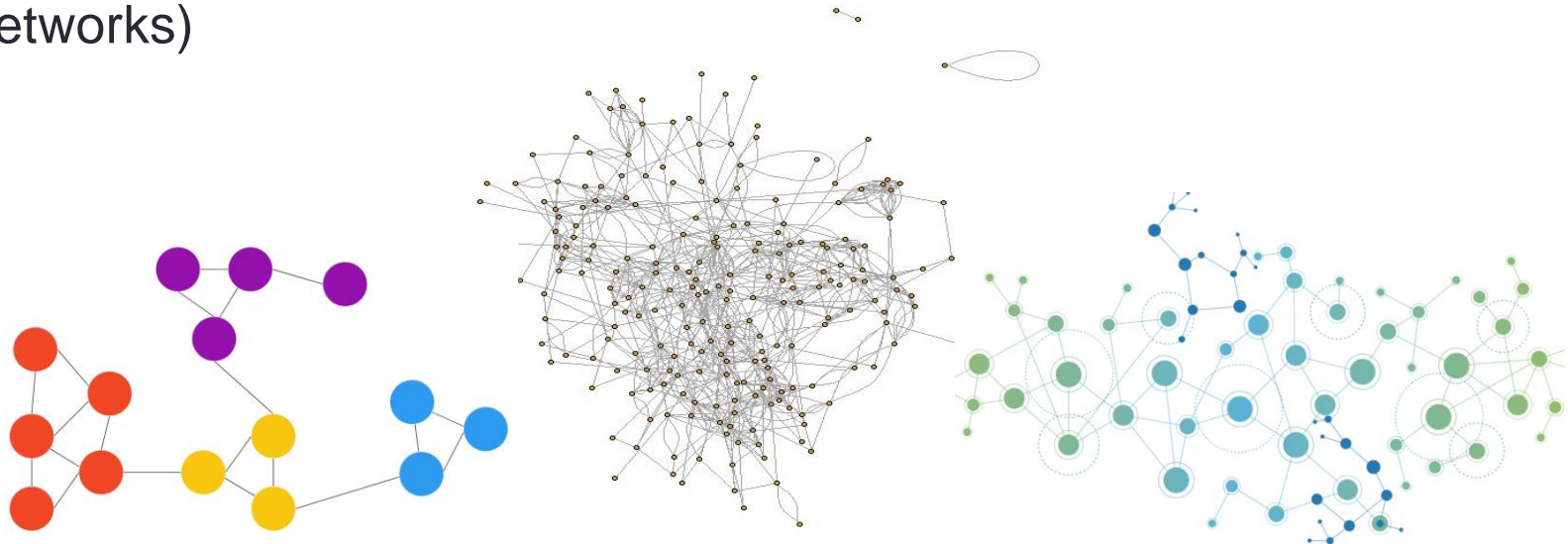


Purpose: to examine differences in structure and participants of entrepreneurial networks in China, Russia, and the USA

Gap to be filled:

Cross-cultural entrepreneurial network analysis

(national cultures cannot but affect the functioning of entrepreneurial networks)



Literature review: importance of personality traits



Importance of personality traits / genetic factors (Learned, 1992; Koh, 1996; Thomas & Mueller, 2000; Utsch & Rauch, 2000; Nicolaou, Shane, 2009; Vladasel et al., 2021)

- “Some individuals have a combination of psychological traits with external factors, which make them more likely candidates to attempt to establish a business, given a suitable set of circumstances” (Learned, 1992, p.40)
- In particular, these specific personality traits include a high level of achievement, an internal locus of control, a moderate orientation towards risk taking, a high tolerance for uncertainty, high levels of self-confidence and innovativeness

The role of family ties (Maccoby, 1992; Dunn & Holtz-Eakin, 2000; Anderson et al., 2005; Altinay et al., 2012; Lindquist et al., 2015; Twito & Knafo-Noam, 2020)

- The singling out of personal "pre-firm" networks has drawn attention to the families that entrepreneurs come from.
- It was found that the presence of entrepreneurs in a family increases the likelihood that children will become entrepreneurs by tens of percent
- The importance of family ties in entrepreneurial activity

Entrepreneurial careers build on social relationships and networks (Raider & Burt, 1996; Aldrich, 1999; Leung, 2003; Johannisson, 2017; Obshonka et al., 2017; Korhonen & Leppaaho, 2019)

- Social relations to support business start-ups
- Not only family ties but other mechanisms of socialization also matter (education, local communities, etc.)
- The entrepreneurial career as a set of interlocking ventures
- “Different ties for different needs”, the value of entrepreneurial network structures is dependent upon kinds of relations

Literature review: entrepreneurial networks



Specific features of entrepreneurial networks dynamics (Dubini & Aldrich, 1991; Tambovtsev, 2022)

- Entrepreneurial networks, unlike other inter-firm networks, have a clearly defined specificity of their dynamics: before an entrepreneur creates a company, there is no inter-firm networking (since at that stage there is yet no firm) but there is some *personal entrepreneurial network*, which most likely arose before the individual decides to become an entrepreneur

Development stages, personal entrepreneurial network vs inter-firm network (Leung, 2003; Edvardsson, 2008; Jack et al., 2010; Engel et al., 2017; Sabatini, 2020; Tambovtsev, 2022)

- After the firm is created, the personal entrepreneurial network is step-by-step supplemented by inter-firm networking in the strict sense of the word, so that the entrepreneurial network becomes a de facto confluence of two networks: the pre-existing *personal entrepreneurial network* and the emerging *inter-firm (business) network*
- Maintaining the personal entrepreneurial network provides grounds for returning to entrepreneurial activity after the possible failure of the first attempt to create one's own business

Formal vs informal entrepreneurial network (Waltermann et al, 2019; Ivy & Perényi, 2020)

- Formal networks: combine marketing activities to raise public awareness, organize cross-clusters networking events, acquisition of public funding for cross-clusters R&D projects, political lobbying, employee training, joint participation in international trade affairs
- Informal networks: exchange of know-how, sharing of experience, seeking of advice, obtain information concerning an industry
- Entrepreneurial networks as informal institutions in transitional economies: operation of entrepreneurial network can substitute a lack or weakness of formal institutions

Literature review: narrative methodologies



Narrative methodologies
(Crossley, 2000;
Czarniawska, 2004; Gartner,
2007; Hyvärinen, 2016;
Sclater, 2017; Munslow,
2018)

- Narrative methods widely spread in history, archaeology, psychology, sociology, cultural studies, economics, management
- “Narrative approaches and narrative methodologies are reflexive, that is, in the process of analyzing other people's stories, we, as researchers, are also looking into the mirror of our own stories of how and why our research is conducted” (Gartner, 2007, p.613-614)

Narrative approaches
extend the
entrepreneurship theory
(Johansson, 2004; Lindh de
Montoya, 2004; Buttriss,
Wilkinson, 2006; Gartner,
2007; Forsman, 2021;
Gusel, 2021; Audretsch,
2022)

- Narrative analysis is used to analyze cultural context of entrepreneurship, describing entrepreneurship success and failures, etc. Audretsch, 2022
- Narrative approaches not only uncover the models we currently use to talk about entrepreneurship, they give us new ways to talk this phenomenon, as well
- A distinctive feature of such texts, which differentiates them from others, is the presence of four mandatory components in the text: event, action, hero (character) and plot, which links together the first three blocks

Entrepreneurial network =
personal network +
business network. The
study of these two blocks
cannot but differ in the
methods used

- To identify entrepreneurial *business network* (*inter-firm network*), methods of mathematical data processing are applicable
- Information on entrepreneurial *personal network* can only be obtained as a result of interviews with entrepreneurs
- Narratives turn out to be an important source of information about connections between the actions of informal entrepreneurial network members and the consequences of these actions for them, i.e. in fact, they are a description of cause-and-effect relationships

Methodology



- Automatic content collection service PressIndex
- 315 interviews with businessmen on the Internet
- 40 semi-structured interviews
- entrepreneurial stories from Youtube
- Method of data analysis: Thematic content analysis (QDA Miner)



Categories for the content analysis



Network

Social entrepreneurship

Starting a business

Government

Type of business, entrepreneur

Event

Mission and vision

Results and data analysis:

The most frequently mentioned nouns



US entrepreneurs	Average amount per 10K words	Chinese entrepreneurs	Average amount per 10K words	Russian entrepreneurs	Average amount per 10K words
business, company, office, work, project	75,3	business, company, office, work, project	118,9	business, company, office, work, project	127,4
people	30,9	time	46	people	36,2
time	18,3	market, consumers	36,1	time	22,5
market, clients	10,6	development	23,1	market	16,3
product	10,3	management	20,8	money	10,6
idea	7	people	31,2	development	9,7
money	6,6	technologies, equipment	11,5	opportunity	7,7
experience	6,1	money	13	product	6,4
opportunity	5,7	father	9,4	idea	3,7
problem	3,3	product	7,5	support	3,7
		staff	7	partners	3,5
		responsibility	6	experience	3,1

Frequency analysis of mentions in interviews with entrepreneurs from Russia, China, and USA



Category	Tegs	Share of mentions		
		Russia	China	USA
Network	friends/acquaintances	19%	15%	33%
	relatives	19%	20%	3%
	classmates	2%	15%	6%
	counterparties	16%	5%	3%
	father/mother	9%	35%	15%
	diaspora	1%	10%	
	partner, companion	4%	20%	91%
	entrepreneurial associations		15%	
	other institutions		5%	12%
	social networks			39%
Social entrepreneurship	social business activities	3%	70%	6%
To start a business	after the graduation	7%	25%	9%
	with the help of friends	2%	30%	18%
	with the help of relatives		25%	9%
	after serving in the army	2%	5%	
	experience		15%	3%
	with the help of colleagues		15%	3%
	to solve problems		5%	
	implementing ideas	2%	5%	70%
Government	support	2%	10%	
	barriers	1%		
Type of business, entrepreneur	small business	6%		
Business mission	goal, vision		70%	24%

Conclusions



- Informal networks (relatives help, classmates' participation, friends support) have a huge relevance for the entrepreneurship growth in Russia, China, and USA. Still, there are differences in approaches to building network relationships in these countries
- In China, a special philosophy is associated with entrepreneurship, which is not limited to the goal of making a profit. The role of parents (especially father) is great, in many cases decisive, in being engaged in entrepreneurial activity and in personal networking preferences. Associations of young entrepreneurs and membership in the Chinese Communist Party help to establish important connections
- Interviews with American entrepreneurs reveal a completely different narrative. First of all, in the composition of entrepreneurial network the most important place belongs not to relatives or classmates, but to partners, or rather investors. Social networks are quite often mentioned, purposefully created, developed, used to find customers and promote products. The philosophy of business in the studied narratives close to the philosophy of the Schumpeterian entrepreneur
- For Russian entrepreneurs, the leitmotif of almost all narratives can be briefly summarized by the words : "Being an entrepreneur in Russia is very difficult". There is no prevailing approach since there is no tradition of entrepreneurship, first family businesses started only in post-Soviet decades. Therefore, there are different ways to build personal networks but most entrepreneurs consider it most important to build long-term cooperation with suppliers and buyers



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