



Creative entrepreneurs' guanxi networks and success: Information and resource



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ABSTRACT

Chinese entrepreneurs cultivate and mobilize their guanxi networks to acquire information and resources for new ventures. Entrepreneurs in creative industries tend to suffer from especially high failure rates, but prior research pays little attention to understand whether or not creative entrepreneurs' guanxi networks help overcome obstacles in entrepreneurial activities. Through testing a sample of 293 creative entrepreneurs, this study examines the impact of entrepreneurs' four types of guanxi networks, namely family ties, business ties, community ties, and government ties. The findings reveal that guanxi networks indeed influence entrepreneurial success through the mediating effects of information accessibility and resource availability. Specifically, findings suggest that family ties, business ties, and community ties improve information accessibility, whereas family ties and government ties enhance resource availability.

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1. Introduction

Creative industries are now one of the fastest-growing economic sectors. Creative industries include a variety of businesses such as advertising, architecture, design, software, filming, music, photography, publishing and performing arts (Chaston & Sadler-Smith, 2012; DCMS, 2001). Creative industries are increasingly important to cultural development and the global economy (Piergiovanni, Carree, & Santarelli, 2012). However, creative industries are still at an early stage where the institutional norms and successful paradigms are weaker than those of longer-existing industries.

The greater the environmental uncertainty, the more likely that entrepreneurs rely on social relations for acquiring competitive advantages (Peng & Luo, 2000). Guanxi, a unique form of social capital in Chinese societies, can be derived from a variety of backgrounds particularly shared by the dyadic individuals, such as kinship, friendship, acquaintanceship, native origin, and same surname (Guo & Miller, 2010; Tsui & Farh, 1997). Compared to the West, Chinese have a much stronger tendency to treat people differently, depending on one's relationship to them (Chen, Chen, & Huang, 2013). Due to the social embeddedness of business relations in Chinese context, guanxi has been advocated as a pervasive relationship lubricant that helps new ventures acquire competitive advantages (Luo, Huang, & Wang, 2012).

Top managers' guanxi networks may benefit organizational growth through providing flexibility, institutional advantages and necessary resources (Sheng, Zhou, & Li, 2011). Nascent creative entrepreneurs must confront a relatively unsupportive entrepreneurial environment where

guanxi may be of great importance to organizational performance. In spite of increasing interest in the studies of guanxi, little research has explicitly investigated guanxi as an important part of entrepreneurial behavior in creative industries. Some studies have been done to investigate the success of creative entrepreneurs in new venture creation, but the empirical evidence is far from conclusive. Therefore, this paper moves to investigate three research questions. Firstly, this paper considers whether creative entrepreneurs' guanxi networks influence their career success, for which their guanxi networks are characterized by four types, namely family ties, business ties, community ties, and government ties. A creative entrepreneur is defined here as the founder of a company in one of the creative industries.

Secondly, in the highly uncertain and competitive environment, information and resources determine whether creative entrepreneurs can recognize target customers and market opportunities. Therefore, the second research question explores how creative entrepreneurs use their guanxi networks to access information and resources for their businesses.

Thirdly, entrepreneurship theory suggests that a sufficient information spectrum allows entrepreneurs to perceive market demands and anticipate potential opportunities (Gedajlovic, Honig, Moore, Payne, & Wright, 2013). The resource-based perspective in entrepreneurship (Barney & Arian, 2001; Shou, Chen, Zhu, & Yang, 2014) indicates that social capital embedded in guanxi ties is a valuable and unique resource that gives entrepreneurs possessing such ties with advantages for successful venture creation. But few studies are available on the mediating effects of information accessibility and resource availability in the entrepreneurial process. Therefore, this paper investigates how information accessibility and resource availability affect entrepreneurial success in creative industries. In light of three research questions, the study here focuses on how creative entrepreneurs in Taiwan's creative industries

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use their guanxi networks to access information and acquire resources for entrepreneurial career success.

2. Literature review and hypothesis development

2.1. Guanxi networks of creative entrepreneurs

The guanxi network is defined as a group of people connected by particularistic interpersonal ties, which are cultivated and maintained through trust, obligation, and reciprocity (Guo & Miller, 2010). Four relational ties have been suggested to constitute guanxi networks in Chinese society, namely family ties, business ties, community ties, and government ties (Guo & Miller, 2010; Peng & Luo, 2000). Peng and Luo (2000) suggest that entrepreneurs' guanxi networks can facilitate a new venture's growth and survival at the start-up stage, which implies that engaging in guanxi networks by creative entrepreneurs may enhance their career success.

2.2. Information accessibility and resource availability

Venture creation is a complex process through which entrepreneurs exploit opportunities by obtaining necessary information and resources (Edelman & Yli-Renko, 2010). Entrepreneurial information, such as new knowledge, market intelligence, and novel ideas, influences entrepreneurs' ability to recognize opportunities (Hoang & Antoncic, 2003). Moreover, resource availability affects entrepreneurs' strategic ability to discover opportunities for wealth creation (Edelman & Yli-Renko, 2010). Three prominent resources in entrepreneurial activities include financial resources, government resources, and community resources (Davidsson & Honig, 2003). Financial resources represent the monetary availability of entrepreneurs; government resources indicate the policy flexibility and administrative support from government; and community resources embody in the reciprocal benefits among members of professional communities (Edelman & Yli-Renko, 2010).

2.3. Guanxi networks, information accessibility, and resource availability

Guanxi networks are reliable sources of important information used by entrepreneurs to make strategic decisions (Peng & Luo, 2000). According to Davidsson and Honig (2003), family ties are a basic and persistent information source for nascent entrepreneurs. Business ties are ties with distributors, suppliers, competitors, and customers. Community ties are ties with industrial associations and labor unions, which can be the conduit for information transfer and knowledge diffusion (Chen et al., 2013; Granovetter, 1973). Ties with government officials and political leaders enable entrepreneurs to obtain early information about new regulations or policy changes. Thus, investing in guanxi networks appears to enable entrepreneurs to have a wider frame of informational reference.

Thus,

H1. A creative entrepreneur's guanxi, embodied in family ties, business ties, community ties, and government ties, relates positively with information accessibility.

Most Chinese entrepreneurs strive to expand their guanxi networks to obtain a variety of resources (Guo & Miller, 2010). Family ties may play a more predominant role during the early growth stage of new venture creation since such ties are likely to provide readily available, low-cost links to critical resources (Steier, 2007). Entrepreneurs may also seek to acquire additional resources for expanding needs from weak ties to other actors (i.e. business, community, and government ties). Weak ties are often a bridge between densely interconnected social cliques and provide a unique set of resources (Granovetter, 1973). Richness in guanxi networks appears to provide entrepreneurs with timely access to resources.

Thus,

H2. A creative entrepreneur's guanxi, embodied in family ties, business ties, community ties and government ties, relates positively to resource availability.

2.4. Information accessibility, resource availability, and entrepreneurial success

Individuals in different contexts tend to construe their career success according to different criteria; thus it is important to develop entrepreneurial success indicators with regard to the specific context where entrepreneurial process occurs (Lau, Shaffer, & Au, 2007). Accordingly, creative entrepreneurs are by definition more concerned with self-actualization in their profession than the profit they earn (Paige & Littrell, 2002). In this regard, three indicators in creative professions may reflect the career success perceived by creative entrepreneurs, namely firm creativity, social reputation, and career achievement.

According to social capital theory in the entrepreneurship literature, access to information facilitates instrumental action and enhances organizational reputation (Stam, Arzlanian, & Elfring, 2014). If entrepreneurs have higher ability to access information, it is more likely that they can identify market opportunity, to generate higher customer value, and to succeed in their career.

Based on this rationale,

H3. Information accessibility relates positively to creative entrepreneurs' career success in firm creativity, social reputation, and career achievement.

Acquiring and accumulating resources maintain a firm's ability to exploit opportunities and continue to maintain its competitive advantages (Ireland et al., 2003). The most important competitive advantages for a firm arise from resources that are more valuable, rare, imperfectly imitable, and non-substitutable compared to those held by competitors (Sirmon, Gove, & Hitt, 2008). Therefore, to achieve new venture success, creative entrepreneurs need to obtain required resources to convert their creative ideas from vision to reality (Edelman & Yli-Renko, 2010).

Thus,

H4. Resource availability relates positively to creative entrepreneurs' career success in firm creativity, social reputation, and career achievement.

3. Methods

3.1. Research design and data collection

The representative sample in this study is creative entrepreneurs who are founders and remain in charge of their businesses in Taiwan's creative industry sector. The firms of creative industries chosen for this study cover the scopes of creative industries in advertising, architecture, design, software, filming, TV production, music, photography, publishing, and performing arts sectors. A total of 954 entrepreneurs in Taiwan's creative industries are surveyed, and 293 respondents are collected, for a 31% response rate. Table 1 shows the demographic profile of the respondents.

3.2. Variable measures

The variables studied in this paper are measured by a five-point Likert-type scale ranging from "1 = completely disagree" to "5 = completely agree." The measurement items appear in Table 2.

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