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Perspective**

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Abstract:

This research responds to the recent call in the entrepreneurship literature to address the shortcomings arising from the application of management theories developed in the “West” to “non-Western” contexts. The International Entrepreneurship (IE) literature itself strongly suggests social capital generation is important for born global firms’ survival and growth, though understanding of how this is conducted in non-Western contexts is weak. Drawing upon and extending the social capital and legitimacy literature, this study utilises survey and in-depth interview data to further contextual knowledge about how born global firms go about generating their social capital in a booming city in south-west China, Chengdu. Born global firms have not been widely studied beyond the more developed coastal areas of PR China and with economic growth shifting towards rapidly growing interior cities such as Chengdu, this research provides new avenues to understand how born global firms can establish themselves in such different environments.

This study specifically seeks to understand how do born Chengdu based global firms earn and maintain legitimacy to establish contact with high prestige networked individuals under different socio-cultural conditions. In doing so, this research furthers the understanding of born global firms’ social capital generating behaviour outside of the more studied developed regions of China or the West. These studies have not focussed on the role of legitimacy in social capital building, which is suggested to be more relevant in regions or cities which are experiencing very rapid periods of change and economic disruption. These changes require born global firms to regularly renew their legitimacy due to the rapid disruptive pace of change.

Using a sequential explanatory design, this research collected fifty-two valid responses from owner-managers of Chengdu based born global firms. To follow up on emergent findings, eight in-depth semi-structured interviews were conducted to provide rich data on the linkages between the two most relevant dimensions of social capital (relational and cognitive) and legitimacy (cognitive and socio-political).

The findings of this research revealed that not only were strong ties vital during born global firms' early efforts at social capital building, but an interesting finding also revealed from the qualitative rich data was the subsequent role officials and high prestige occupation holders played as these firms sought to expand their networks. Officials often served as key sponsors who facilitated access to high prestige individuals and additional scarce resources, which would hitherto remain hidden.

A conceptual typology of four firm types has been proposed based on cross case analysis of findings to demonstrate the dynamic linkages between the levels of socio-political legitimacy achieved and connections to prestigious occupation holders. This typology can be used by practitioner or academic audiences to strategically plan or understand and develop purposive social capital building strategies for born global firms. Details of an illegitimate type are also provided, illustrating where born global firms survivability could be imperilled if such strategies are ignored or neglected. This research may also be of interest to policy makers or organisations tasked with supporting born global firms such as chambers of commerce, and innovation/enterprise zones.

It should be noted this research is limited in its overall generalisability but can be applied and tested in the context of other non-Western emerging economies.

Keywords—Born global, social capital, prestige, legitimacy

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Chapter 1 Introduction and Background

1.1 Introduction

This chapter introduces the document structure, the framing and original motivation for the research and the research questions. It also provides an overview of the research methodology and approach to analysis. Background is provided on the location of where the research was conducted to provide appropriate context. Additional background information is also provided in the appendix to this chapter.

1.2 Research Framing

Research in the field of International Entrepreneurship (IE) suggests that social capital is vital for firm survival and growth (Coviello, 2006; Coviello and Cox, 2006; Prashantham and Dhanaraj, 2010; Chetty and Pahlberg, 2015). Within the field of IE, attention has been paid to the born global firm which are small firms that seek to rapidly internationalise in multiple markets while simultaneously overcoming resource poverty (Freeman, Edwards and Schroder, 2006). However, much less is known about how born global firms go about establishing and generating social capital in diverse socio-cultural contexts beyond the more widely studied regions of Europe and North America. While born global firm research has increasingly looked towards China, an important global emerging economy, focus has been limited geographically to the more developed regions and to specific industry clusters (Zhao and Aram, 1995; Zhang, Tansuhaj and McCullough, 2009; Lin and Mercier-Suissa, 2016). This has led to a weak understanding of how diverse born global firms grapple with the distinct challenges associated with the rapid and unforeseen changes brought about through uneven regional development. Born global firms are dynamic entities which must constantly acquire hard to reach resources through networks to survive. Without these resources, these firms have been shown to atrophy and weaken, so to overcome such challenges, many seek to engage in strategic behaviours to build their networks (Mort and Weerawardena, 2006). However, research on the specific strategies that are taken to acquire resources through their social capital has not yet been widely studied in the Chinese context. What needs particular attention in the case of China is because of uneven and rapid changes brought about through

impactful economic reforms, born global firms need to continually employ distinctive strategies to build and maintain legitimacy and social capital, which ensures their continued access to valuable resources. Such an assumption is shared with the views of Low and Johnston (2008) as well as Randolph, Hu and Silvernail (2020) who when studying firms in the technology sector in China identified the need to link the legitimacy and social capital literatures to explain these responses and behaviours. Born global firms are also particularly threatened by crises of legitimacy in such an environment, though the impact this has on the generation of social capital has not yet been widely understood in this context. This research draws together the literature on legitimacy and social capital to explain how born global firms in a Chinese megacity, Chengdu, earn and maintain legitimacy to establish contact with high prestige networked individuals to overcome resource poverty.

Locating the study in the city of Chengdu, which is considered a New Tier 1 City, generates new insights into born global firms outside of the traditional Tier 1 cities which are Beijing, Shanghai, Guangzhou and Shenzhen which are experiencing slowing economic growth potential (Investor Insights Asia, 2021). To the author's knowledge, this is the first time born global firms have been studied using a social capital perspective in Chengdu and adds to the unfolding understanding of how born global firms emerge and develop outside of the more well studied established Tier 1 cities. Chengdu has been ranked as the top New Tier 1 City in terms of business attractiveness in China in 2022 which indicates that it is a city that has been working hard nationally to become the premier location for businesses to establish or locate their operations there (Yicai Global, 2022). Chengdu also comes out as the top ranked city on the Future Potential Index ahead of other top tier emerging cities such as Hangzhou, Chongqing, Wuhan and Nanjing, also indicating its strong national economic growth potential into the near future (Yicai Global, 2022) Section 1.9, Chapter 1 Appendix also contains further details on how Chengdu's development has relied upon advancing research and high-tech development such as through developing innovation clusters. Choosing Chengdu as the study location not only aligns this research with broader demands to fill existing gaps in the IE literature but also emphasizes the urgency of addressing these gaps. This can be overcome by learning from and incorporating the rich diversity of experiences from emerging regions who possess different socio-cultural and economic conditions which lead to different entrepreneurial operating practices (Etemad, 2021). An overreliance on research using the

contextual conditions from developed regions and economies has still been identified as a notable weakness within the field which needs to be overcome (Ahmed and Brennan, 2021).

This research is more broadly situated in the domain of entrepreneurship which remains a key research area within business which has led to impactful change in society. Key theoretical ideas and empirical research findings which have emerged from it have had an important influence on how economic policy has been guided (Friedman, 1986). In particular, the main two influential theories of Schumpeter and Kirzner (Shane, 2003) have become central to understanding the role of opportunities in the entrepreneurship literature (Shane and Venkataraman, 2000). In Schumpeter's (1983) *"The Theory of Economic Development"*, this work highlighted the vital role the entrepreneur must play in creatively disrupting the established economic order. This was achieved by developing innovative new combinations of materials, processes and forces to create opportunities for an entrepreneur to exploit. This largely has now influenced the modern view of entrepreneurs as heroic figures that are who are architects of creative destruction and seek, in some cases, to challenge the traditional social order (Anderson and Warren, 2011). The link between resources and opportunities is a particularly important one which has emerged (Venkataraman, 1997), which indicates the necessity that when exploiting any opportunity, entrepreneurs must acquire resources for those opportunities to be viable (Aldrich and Ruef, 2006), and this is one of the main premises of this research. Aldrich and Zimmer (1986) note that entrepreneurship is a dynamic process that requires links and relations between elements in a system. They pointed out the gap that existed within earlier theories of entrepreneurship, whereby these left out the relational elements of the entrepreneurial process (Aldrich and Zimmer, 1986). Entrepreneurship research has subsequently advanced to include networks and social capital perspectives as important branches of research, both broadly in the field, but also strongly within IE itself (Jones, Coviello and Tang, 2011).

Subsequent research has developed the theoretical perspectives from social capital theory, which explains how entrepreneurs access resources for their firms. This research uses the lens of social capital theory to study a particular cohort of owner-managers in Chengdu, and in particular looks at uncovering their behaviours, the relationships they have built with high prestige individuals, and how they have strategically and purposefully built them to acquire

legitimacy for their firms. Note, social capital theory is one strand of social network analysis which has been broadly influential in the social sciences (Woolcock, 2001). In this research, it is the core contributions of Bourdieu (1986), Burt (1992), Granovetter (1973), Coleman (1990), Putnam (2000) and Lin (2002) which have informed a dynamic view of entrepreneurship and are appraised to demonstrate how the research design was informed and has built upon these perspectives to address the research questions. At its broadest definition, social capital can be defined as resources embedded in social networks that can be accessed or used by individuals for instrumental action (Bourdieu, 1986; Portes, 1998; Lin, 2002; Verhaeghe and Li, 2015). Discussion of the related concept of *guanxi* will be made. However, it is a social capital perspective which is emphasised as it has been shown to be a less culturally weighed concept than *guanxi* (Peng, 2004). *Guanxi* as a concept in Chinese society has also been demonstrated to have negative connotations and meanings linked to corrupt practices (Ma and Cheng, 2010; Qi, 2013). Social capital theory also allows for easier cross-cultural comparisons between the participants, some of whom were not born in China or have lived in the country their entire lives, as well as with similar studies in China or other emerging economies.

With born global firms being led and formed by individuals from diverse cultural backgrounds and which are focussed on global networks, it was important in this research to utilise approaches which analyse social capital and relationships that are as content free as possible, specifically those theorised by Lin (2001; 2002) and Nahapiet and Ghoshal (1998). Prior to these theoretical contributions, Aldrich and Fiol (1994) initially identified an important element which helps to determine success for new entrepreneurial firms, legitimacy. Grappling with the liability of newness that comes with the establishment of new and innovative firms, interactions with potential investors, customers, suppliers and other resource holders are essential for firm survival. However, some note that a lack of legitimacy can prevent such firms from being accepted, trusted, or perceived to be proper and appropriate in a socially constructed system of norms, values, beliefs, and definitions (Suchman, 1995). As a result, born global firms with innovative and market ready products and services may struggle to obtain the required resources needed to meet their global ambitions. Lacking such resources, a born global firm's ability to further recognise and capture market opportunities becomes severely limited and constrained. Combining social capital and

legitimacy perspectives can explain how social capital is built by a specific cohort of born global owner-managers in a particular place—Chengdu, China. This approach can reveal how they have been able to leverage connections to those performing high prestige occupations to build legitimacy, which in turn can enable access to resources for their globally ambitious firms. In addition, valuable insights sought can reveal why such high prestige occupation holders would sponsor or confer legitimacy on relatively untested born global firms. This research will offer a conceptual typology drawn from the empirical data to explain the relationship between these elements and for use by practitioners to strategically plan how to enhance their building of social capital and legitimacy.

Noting that research which focuses on understanding socially constructed norms and behaviours, is contextual by nature, is becoming more mainstream in the entrepreneurship domain. This is opposed to more a-contextual research such as what was known as the “Silicon Valley model” (Herrmann, 2019) which emerged out of a developed economy (the USA). The model views entrepreneurship through a lens of high-technology, venture capital funded companies, but is problematic as what has shown to be a successful model in the context of Silicon Valley may largely not apply to the context of other parts of the world (Audretsch, 2021). This research is firmly situated within the “Third wave” of entrepreneurship research which seeks to contribute to understanding diversity in entrepreneurship and deepen understanding of everyday activities beyond developed economies (Welter, Baker and Wirsching, 2019). This also aligns with calls to overcome “the straight jacket of existing theory” (Bruton et al., 2021, p.2) and proceed with the development of more indigenous and context relevant theories to promote more variations in knowledge and drive new thinking.

While these perspectives have taken some time to coalesce and become accepted in developed economies, China has witnessed even more rapid changes in how entrepreneurship and entrepreneurs are viewed and understood. Far from being viewed as heroic figures, entrepreneurs in China have been seen in a negative light over much of recent history (Fang, 1999). It has not been until relatively recently and within a short frame of time that entrepreneurs have acquired sufficient legitimacy to be seen as proper or even heroic figures (sections 1.7 and 1.9 contains additional background details on the location of the

research and historical information). Such changes reflect the rapid changes witnessed in the business environment in China over the past 20 years and has seen internationally recognised entrepreneurial innovators such as Jack Ma (*Alibaba*), Pony Ma (*Tencent*) and Lei Jun (*Xiaomi*) emerge to demonstrate the diverse opportunities emerging from China's economic transition. This research seeks to delve further into understanding how globally ambitious owner-managers emerge to navigate and build social capital in a complex social environment with its own socio-cultural norms and behaviours. It is by taking a contextual lens to understanding the linkages required to form and maintain dynamic relationships; the research looks at the important links of how legitimacy and social capital formation are linked and how this then facilitates access to valuable resources for Chengdu based born global firms.

1.3 Research Motivation

This research draws upon the researcher's own experience and professional background from working in Chengdu, China between 2005-2019. Details on the background of this research are an essential starting point to show the significance of context to the work. The relational elements of entrepreneurship, as pointed out by Aldrich and Zimmer (1986), which indicates it is a dynamic process which enables entrepreneurs to create linkages is a core principle at the centre of the thesis which links the appraisal of the literature and synthesises the fields of social capital, legitimacy and born global firms. These areas were identified towards the start of the Doctor of Business Administration (DBA) award as the core elements of the research, upon which later on empirical data was collected and analysed. Initial scoping of the project was conducted in document 1, which was written based on having multiple interactions and conversations with globally ambitious networked MSME (micro, small and medium enterprises) owner-managers in Chengdu having instigated and participated in a number of events which brought them together. It was the enthusiasm they spoke about of their firms, their contacts and networks, but also how they went about acquiring hard to find resources which served as motivation to research and further understanding them and the powerful invisible phenomena that guides their behaviour. The dynamism but also the regional heterogeneity of the Chinese economy, which has been transitioning from being manufacturing export-led to a centre for global innovation (Liu et al., 2017), is noteworthy and new, and varied forms of internationally ambitious born global firms have been emerging

there. These innovative firms of various sizes in Chengdu are led by globally ambitious owner-managers in a place which has been described as China's most liveable and innovative city (Forbes Asia, 2021), and a location that increasingly is getting wider global recognition. These pioneering heroic owner-managers are the focus of the research undertaken in this thesis document. A decision was made to focus the research on born global firms which is a smaller subset of organisations but those which have emerged as an important focus in the domain of IE who have "come of age during the current era of globalization and advanced technologies" (Knight and Cavusgil, 2004, p.124).

1.4 Research Aims and Objectives

This research seeks to address to understand how born global firms, an increasingly important organisational entrepreneurial organisation globally, use their social capital to overcome relative resource poverty. As China and specifically the city of Chengdu has emerged as a centre which welcomes innovative and high-technology firms with relative open access to investment capital and support, it is an ideal location to undertake research into how such firms can establish themselves and survive though it has been largely ignored to date. The basic premise of this research is as noted above that context matters specifically that socio-cultural norms influence how owner-managers can build their networks to build sufficient social capital. Approaches that owner-managers may need to take in a location, such as Silicon Valley in the United States, differ from Chengdu, so for those seeking to better understand how to succeed there, it is vital that diverse findings are analysed and disseminated.

The overall broad research objectives, which were constructed to guide the research from the start were:

- To understand with whom owner-managers of Chengdu based born global firms can most effectively build social capital with.
- To understand how owner-managers of Chengdu based born global firms build social capital in a complex and dynamic environment.
- To understand the complexity and context of the micro-processes that inform how different Chengdu born global firms' owner-managers build social capital.

To achieve these objectives more detailed research questions have guided the research, listed below in section 1.5 and based on a theoretically robust view of social capital which at its core refers to the norms and networks that enable people, in this case owner-managers, to act collectively (Woolcock and Narayan, 2000). Lin's network view of social capital, which can be measured using a well-established research instrument, underpins the research and is based on the basic premise that investment in social relations will gain expected returns (Lin, 2002). As detailed further in Chapter 2, Lin's theory of social capital offers four reasons such investment matters and enhances the outcome of actions for those involved—it facilitates the flow of information in imperfect market conditions allowing actors to learn of opportunities not otherwise widely available, social ties can exert an influence on those social actors connected because of their position in the social hierarchy leading to favourable outcomes, social ties may serve to bolster the social credentials of actors leading to easier access to resources than otherwise available, and social relations serve to bolster actors identification and recognition in society leading to better justification for claims made for future resources (Lin, 2019). The research instrument derived from Lin's perspective, the position generator, has also been demonstrated to overcome shortcomings associated with other theoretical approaches by overcoming biases towards homogenous or homophilous ties found in social networks (Lin, 2008). The position generator achieves this by canvassing the extent of how an owner-manager (or any participant) accesses ranked structural positions in a societal hierarchy. Occupational positions closer to the top of the hierarchy, which are lesser in number but higher in prestige and afford a better view of the rest of the structure, have greater access to and control of valued resources. As a result, this means that an individual accessing a higher prestige position because of their accessibility to more positions has access to a greater level of social capital. The position generator instrument seeks to map the members of a network's occupational positions by asking participants whether they know anyone in their social network who has an occupation from a limited but representative list of occupations ranked by prestige (Lin and Dumin, 1986; Van Der Gaag and Snijders, 2005; Verhaeghe and Li, 2015). These occupational positions are considered good indicators of the resources embedded in a social network. Derived from these theoretical contributions, the following research questions were developed to further investigate social capital generation of born global firm owner-managers.

1.5 Research Questions

The following three research questions have been created to address the overall research objectives and aims from section 1.4:

- *RQ1 How does social capital building occur among born global firms based in Chengdu to overcome resource scarcity?*
- *RQ2 How do born global Firms build their social capital, particularly with high prestige contacts?*
- *RQ3 What are the additional contextual factors which influence how born global firms access high prestige contacts?*

RQ2 and 3 are guided by RQ1 which is the guiding or overarching question that spans both strands of data collection. It is possible to measure social capital through issuing a well-known instrument in strand 1, the online survey, designed for this purpose, i.e., the Position Generator (Lin and Dumin, 1986; Lin, 2002). This is used to gauge and evaluate the amount of social capital owner-managers of born global firms have built as well as detailing which occupations (from lower to higher prestige) participants are connected with to address RQ2. By collecting qualitative data through semi-structured in-depth interviews, it is possible to address RQ3 as well as RQ2 to investigate in detail how connections to high prestige individuals are made and in turn provide access to valuable resources for born global firms. As noted by Bian (2008), position generators suffer from a weakness whereby they do not make reference to the specific events or context in which networking occurs so therefore the second strand was designed to overcome this shortcoming.

To achieve this, an explanatory sequential mixed methods design (Creswell, 2015) was employed in an approach that is described by Bryman and Bell (2011) as quantitative research facilitating qualitative research. The first strand survey data which gauged the levels of social capital built by born global owner-managers using the position generator, also provided the basis for sampling owner-managers to participate in the qualitative second strand. The survey

data provided a surprising finding highlighting unexpected levels of connectivity to political contacts (Communist party and government officials), as well as strong connectivity to high prestige occupations. While noting some expected variance between China Born (CB) and non-Chinese nationals (NCN), born global owner-managers in Chengdu overall showed strong connectivity to high prestige occupations. Going beyond the position generator data to answer questions how and why this was achieved, further in-depth interviews were undertaken using semi-structured questions to gather rich data.

The research questions listed above have been the guide which informed the research being designed into two strands. Also informing the research are the distinctive socio-cultural and political contexts that predominate in this part of China which has meant adapt the position generator only lists occupations which are relevant and have meaning there. Interviews also had had to be conducted in an environment which places high value on trust and face (*mianzi*) (Buckley, Clegg and Tan, 2006). Details of how this impacted research design is discussed in further detail in Chapter 3. Such an approach comes under the research philosophy of pragmatism which means that the three research questions have been the primary guide for the research design (Saunders, Lewis and Thornhill, 2015). This thesis adopts the position research can and does occur in diverse social, historical, political contexts which need to be accounted for (Creswell, 2007). Pragmatism also accommodates the use of both inductive and deductive logics (called abduction) enabling the researcher to test out existing theories and is well suited to building or adapting new theory through using mixed methods research (Morgan, 2014). A full discussion of research methodology will take place in Chapter 3 as well as critiques of both mixed methods research and Pragmatism are long standing within social science (Bryman and Bell, 2011).

1.6 Research Contribution

This research seeks to extend the understanding of how social capital is built by the owner-managers of born global firms in China. This research therefore seeks to extend understanding beyond a North American, Australasian or European perspective. Related research that has looked at western China includes Zhang's (2014) quantitative research on how entrepreneurs in western China, have used their social resources to access debt-

financing. Other research such as a Zhou's (2007) looks at the early internationalisation of firms and includes data from Chengdu which is labelled a developing area within a larger study. However, a marked period has passed since this study took place and it is unlikely any researchers would presently categorise Chengdu as a developing area. As shown below in the chapter appendix, section 1.9, the city and region have been positioned as globally connected and have developed manufacturing, services, infrastructure and communications beyond that of a developing area. It could be stated also that the PR China as a whole has moved into a different phase of development since Zhou's study was published (The World Bank, 2018). This means that research on entrepreneurs, including born global firms, in China needs to be continuously updated and modified to challenge previous arguments and assumptions.

1.7 Background of Research—Context, History and Place

China has become an essential part of any discussions on global business as it has moved into the category of an upper-middle income country and worldwide focus on its thriving economy which has grown substantially since economic opening up began in 1978 (The World Bank, 2022). It has been estimated that China's share of world GDP reached 15% by 2017 and overtook the USA to become the world's largest economy as measured in purchasing-power-parity terms in 2014 (Woetzel et al., 2018). The study of entrepreneurship in China to date has tended to focus more on the coastal regions with less attention given to the less developed interior regions such as Sichuan province, the capital of which is Chengdu (Goodman, 2004). However, as McNally (2004) notes, over various periods in the 20th century Sichuan province has benefitted from varying government attempts of the central authorities to boost development and opportunities in the interior. This included; early encouragement of internal migration to the province to boost the population, the move by the Republic of China government of its capital city to Chongqing (then still part of Sichuan province), the third front projects of the 1960s, and the early experiments with capitalist-style economic reforms from 1978 (McNally, 2004). The third front projects were a Mao-era programme to move key strategic industries inland as Chairman Mao feared an invasion from the Soviet Union, helped to a limited degree increase human and physical capital and the spread of industry there (Naughton, 1988). None of these policies has had as lasting an impact as the

“Go West” policy. Since the emergence of the “Go West” policy (or also translated as the “Open Up the West Policy”) of the Chinese central government, a greater share of capitalist development has been extended from the eastern and southern coastal regions into the interior, such as to Sichuan province (McNally, 2004). The increasingly important role that this part of China plays in overall development is increasingly being understood, but a great deal more research needs to be undertaken outside of the coastal regions and into areas that have distinctive regional variations and how this affects entrepreneurial networks and social capital generation. This wider issue has also been noted by Osburg (2013) who states that English language social science sources rarely mention how important regional differences are in China. The context and location of this research are taken into careful consideration when constructing the research design as well as when conducting the analysis. In addition, more historical and contextual background is also provided in the chapter appendix, section 1.9 of this chapter. The details on the context of the location of the research will be provided showing the significance of Sichuan province and Chengdu city as innovative places which have pioneered important policies which encourage and foster different forms of entrepreneurship, including supporting born global firms.

1.8 Structure of Document and Summary

Chapter 1: Introduction

This chapter covers the motivation, context and scope of the thesis document. It contains the overall research objectives and questions. It also outlines the overall chapter structure of the document and showing a proposed contribution to knowledge. Details on the importance of the context of the research, such as the location it was undertaken in, historical background, as well as theoretical areas that it covers.

Chapter 2: Advanced Literature Review

This chapter is an update of the preliminary literature review completed in document 2. It considers new literature that has been added since completion of document 2 as the research developed a specific focus. The chapter synthesises the debates and gaps in the social capital literature and in International Entrepreneurship (IE), specifically on born global firms. The relevance of a specific view of Chinese networks such as *guanxi* will also be raised and

critiqued. The role of legitimacy as a bridging concept will also be introduced. This literature review will summarise these debates by raising the core issues within each topic area.

Chapter 3: Research Methodology

This chapter will contain a discussion of the philosophy underpinning the research and how it has guided the research design and specific methods. Epistemological, ontological as well as axiological positions will be clearly stated. It will outline how a mixed methods two strand approach was designed and how relevant data was collected. Specific justification of how two distinct strands can be brought together will be made. The chapter will also indicate how data is to be organised and measured as well as analysed. Limitations with the methods taken will also be discussed. Approaches to how ethical issues were addressed and how ethics were treated throughout the research are also outlined here.

Chapter 4: Quantitative Findings Strand 1

This chapter will first discuss strand one of the online survey results. The main analytical tools used will be shown to have been utilised consistently to produce these findings. The key findings which led to the qualitative phase of the research are summarised and how these findings informed the need to conduct in-depth interviews to acquire rich data otherwise not available from quantitative survey responses. The qualitative strand of the research also provided the data which was used to locate and sample the participants for the qualitative second strand.

Chapter 5: Qualitative Findings Strand 2

This chapter will discuss the second strand of the research which covers the in-depth semi-structured interviews that took place with the owner-managers of Chengdu based born global firms. The findings include key representative quotes from the owner-managers which detail their experiences of building social capital as well as the benefits accrued to their born global firms. The owner-managers detailed their approaches how they built their social capital and highlighted the role of high prestige occupation holders in facilitating access to hard to reach resources. The owner-managers also highlighted the complex role legitimacy plays in building social capital, especially with high prestige individuals. This chapter is structured around the key themes which emerged from the cross-case analysis of the qualitative data extracted from

the interview transcripts. A supporting summary table is provided summarising the main findings from each of the strand 2 interviewees.

Chapter 6: Discussion and Conclusions

The ending chapter of the thesis will discuss the overall contribution of the research and presents a conceptual typology of four born global firm types based on the empirical research collected and analysed. It will also highlight the relevance of the research to the field as well as discussing key limitations with its applicability, generalisability and the definitions used. The final part of this chapter will provide suggestions for future research directions that emerge from the findings of this thesis, including suggested research sites for testing out the findings. A research impact plan is presented suggesting how the research is made available for current and future audiences. The managerial implications of the research are discussed, which includes implications for academic and practitioner audiences.

1.9 Chapter Appendix – Additional Background: Sichuan Province and Chengdu City

A historical and distinctive region of China is Sichuan province located in the south-west of the country, which covers a land mass approximately the size of Spain and its population is in excess of 80 million people (Netherlands Business Support Office Chengdu., 2017). According to the Sichuan Provincial Bureau of Statistics, the province has a GDP in excess of 5 trillion RMB, the largest in western China and sixth overall in China (People’s Government of Sichuan Province, 2022). The key industries in the province are; agriculture, aviation, software and high-tech, bioengineering, bio-medicine, Chinese traditional medicine, tourism and alcohol/Chinese liquor (Netherlands Business Support Office Chengdu., 2017). Historically Sichuan province has been seen as a region of abundance because of its productive fertile agricultural land and widely known as “heaven’s storehouse” (*tianfu zhi guo*) throughout China (McNally, 2004). The boundaries of what makes up Sichuan province though have not always remained constant over time with the most recent re-drawing taking place in 1997 when Chongqing city and its surrounding area were split off and made a municipality directly under the control of the central government (Mackerras, 2001). Prior to this boundary change, the province’s borders went through another modification when it fully incorporated the formerly separate Tibetan (Khampa) region of Xikang to its west in 1955 (Bo, 2010). The image below shows the current outline of Sichuan in red, its location to the rest of China and it’s outer borders.

Image 2 Sichuan Province and the People's Republic of China



(Wikimedia, 2008)

Sichuan province is home to a diverse population with made up of ethnic groups such as Tibetan, Qiang, and Yi, however, some controversy exists surrounding these broad categorisations which mainly were created after the establishment of the Communist state, i.e. the People's Republic of China after 1949 (Heberer, 2005). While each of these ethnic groups has their own languages and dialects, the most common language spoken in the province is the Sichuanese dialect either as a first or second language (Ramsey, 1992; Li, 2018). As mentioned in Chapter 3, when discussing interview data collection additional complex issues of language and ethnic variation needed to be carefully considered when translating and interpreting responses given by participants particularly in interview settings.

Chengdu, which is the city the research has taken place in, is the capital of Sichuan province and has been known as the main commercial, financial and transportation centre of western China (Osburg, 2013). As of 2021 Chengdu's total population stands at over 20 million according to the 2020 census which includes the surrounding administrative regions

(Chengdu Development and Reform Commission, 2022). According to the World Economic Forum (WEF), while the city lack a costal port, it ranks number 10 in the WEF Belt and Road Cities Connectivity Index and is the most connected of any new first-tier cities in China (Xu, Wang and Liu, 2022). The city, as of November 2023, is home to 15 consulates general from a diverse range of countries such as, France, South Korea, Germany, Israel and Thailand among the nations represented diplomatically (Embassypages, 2023). There are also several international chambers of commerce connected to the consulates in the city.

The city can claim 5 “Project 211” and 2 “Project 985” Universities (Ministry of Education, 2017), designation of the central government indicating their membership in a select group of institutions. They are given preferential funding from the central government with the stated goal of turning these institutions into globally competitive institutions (Huang, 2015). The “Project 211” Universities in Chengdu are reputable in the fields of medicine, engineering, technology, aviation, aeronautics and agriculture. These institutions, as well as the other provincial level Universities, help create the qualified talent needed for the region to reach its future developmental goals. Chengdu, is noted as having top growth potential in China even amid future uncertainty, offers the opportunity for Chinese university graduates from other regions to move their household registration (*hu kou*) to the city and avail of subsidised housing and other benefits making the city an increasingly attractive and affordable alternative to Beijing, Shanghai and Shenzhen (Economist Intelligence Unit, 2018; 2022). To further spur on start-up innovation in the province, the Sichuan government manages an “angel investment guidance fund” which is valued at around 983 million RMB and they also offer financial aid to start-ups where over 1 billion RMB of loans have been offered to start-ups in Chengdu alone (New Zealand China Trade Association, 2017). The city of Chengdu has made available provision of subsidies of 3 million RMB to firms that are working in several AI related fields, which include medical and military technologies (Shen, 2019). In addition to this, collaborations between universities and industry leading AI firms can tap into sponsorships of up to 10 million RMB for each project (Shen, 2019).

The stated goals at the international level are for the city to become important for; international exchanges, communication and cooperation through its pilot free trade zones. It has been positioning itself as an international centre for transportation, particularly through

a new large capacity airport, as well as international railway port which as of October 2021 has seven international rail lines connecting 20 Chinese cities with 59 outside of China (Xu, Wang and Liu, 2022). This facilitates greater connectedness and trade between this part of China, long considered part of the deep interior cut off from the developed coast to key markets in Europe and central Asia.

The “Chongqing-Chengdu Economic Circle” is an initiative backed by the central government to create a new city cluster in China’s west to rival other clusters found in the north (Beijing-Tianjin-Hebei region), the east (Yangtze river delta) as well as southern Greater Bay Area (Guangdong-Hong Kong-Macau) (Poon, 2022). The primary aims of this new development are to encourage by 2025 the expansion of the transport network as well as developing and expanding key industries-manufacturing and services including the digital economy, as well as high-end technology (Huld, 2021).

Such commitments to further cooperation and collaboration indicate the priority the Chengdu city and Sichuan Provincial governments place on attracting more international businesses to strategic clusters and innovation parks to the region. The environment created in and around the city by the Chengdu municipal and Sichuan provincial governments is one that seeks to continue to attract innovative entrepreneurs with a conducive environment to the area, enabling it to keep up and even surpass other parts of China and the wider region.

Chapter 2 Advanced Literature Review

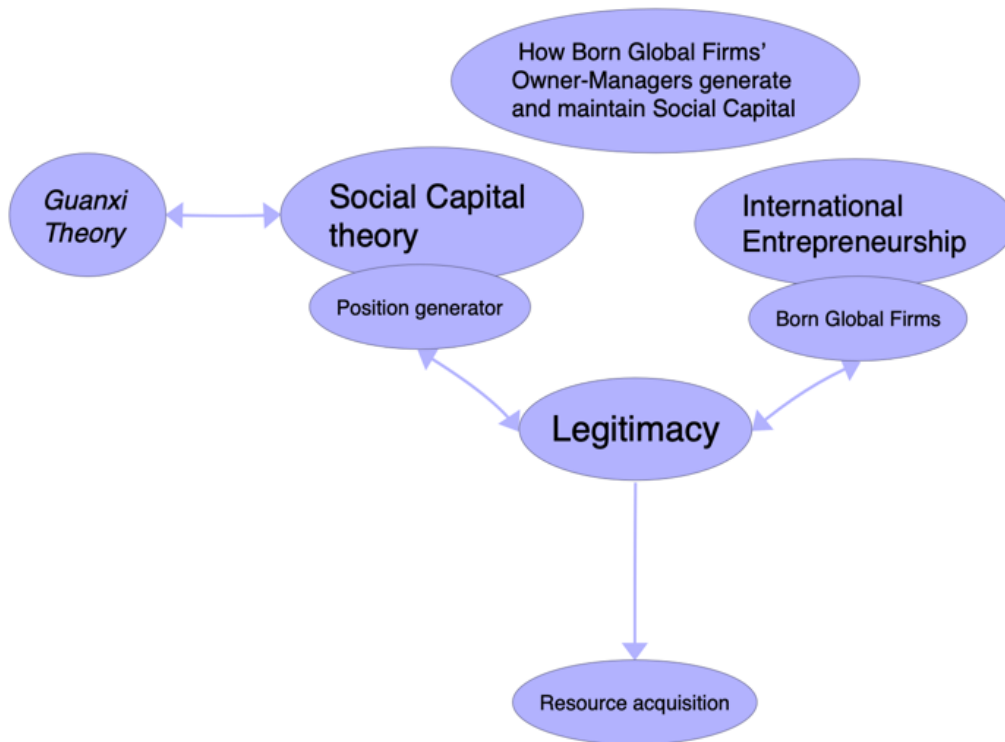
2.1 Chapter Introduction

This chapter contains a review and synthesis of the main literature that informs the research methodology and analysis which is presented in Chapters 3 and 4 as well as the theoretical approach taken. It contains a review of articles upon which the theoretical basis for conducting contextual research on social capital and born global firms is formed. It updates and extends the original literature review submitted for the DBA as “document 2”.

The first section of the chapter discusses the social capital literature, particularly its theoretical development which informs how the research was conducted in the first strand. The development of and suitability of the position generator instrument is discussed in relation to debates on how social capital can be measured and is argued takes a more methodologically consistent and comparative approach than those which can take a purely *guanxi* led perspective. The second section looks at the emergence and definition of the concept of born global firms as derived from the field of International Entrepreneurship (IE) which directly informs the research methods and analysis. The third section in the chapter includes a discussion on the related concept of legitimacy which shares a number of characteristics with the concept of social capital. The discussion will demonstrate how legitimacy can bridge these theoretical concepts, as well as detailing its relevance to the research, along with existing theories, and models from this literature. The final section summarises the overall chapter and provides details on its relevance to the research.

The overall approach taken to this literature review follows the path of taking key concepts from the general to the specific, following the sub-topics of most relevance to this research (Hart, 2018). The aim is to provide clear rationale for the current research in the light of what has been theorized and/or researched before and identifies existing gaps in the literature. This means that under each of the major strands of literature that inform the research framework - Social Capital, Born Global Firms and Legitimacy, the broad debates within each field are discussed and then sub-topics of each discipline relevant to the research are explored. This can be represented with the following map of the key literature drawn upon:

Figure 2.1: Literature Review Map and Key Concepts



2.2. Overview of Social Capital Theory

Social capital is a contemporary term which in fact encapsulates a concept that is often articulated as “it’s not what you know but who you know” (Woolcock, 2001, p.67) or signifying that connections within networks matter. It is a concept that while derived from sociology and received early attention from Bourdieu, and has entered into discussions within other social sciences including business and management (Adam and Roncevic, 2003). However, as noted below the concept of social capital has also suffered from criticisms towards how it has been conceptualised and operationalised, which can vary substantially (Bjornskov and Sonderskov, 2013). The view demonstrated in this section will indicate that the perspective taken does align with those views of social capital where it is seen to be situational and does take different forms in different contexts (Coleman, 1990; Woolcock, 2001) but can also be operationalised and consistently measured between different contexts (Verhaeghe and Li, 2015). This is central to this research as it attempts to broaden the understanding of how a particular dynamic business entity, the born global firm, builds its social capital through gathering and analysing empirical evidence in a major city in China, Chengdu. This is a location

where rapid economic changes have occurred in a short period of time requiring born global firms to constantly update and adapt their networks. It should also be noted that the social capital perspectives drawn upon here are separate to the research stream categorised by Carpenter, Li and Jiang (2012) as “network development research” (2012, p.1330) or social network analysis (SNA) (Scott, 1988). Network development research focuses on recognising determinants and patterns in network formation and change whereas scholars of social capital focus on “recognizing the outcomes and consequences of networks for actors and explaining the underlying mechanisms of these network outcomes and, thus, treat networks and their features as givens and use networks constructs to serve as predictors” (Carpenter, Li and Jiang, 2012, pp.1329–1330).

Network development research, or more generally social network analysis, is based on a quantitative approach has been noted in the literature as being unsuitable for capturing the actual content of networks such capturing participants’ motivations and interests, and are more suited to studying static social structures (Crossley, 2010; Knoke and Yang, 2019). The abstraction of any social system which accompanies this approach means that it is not suitable for researching changes to social structures and related networks (Schipper and Spekkink, 2015). One of the key objectives of this research is to understand how born global owner-managers build their social capital, in particular how micro-processes inform their approaches. This research is also highly contextual with the research site, Chengdu a mega-city in China’s southwest which has undergone profound economic development, having previously not been given sufficient attention in international entrepreneurship/born global research. This means that a qualitative approach is needed as it is most suited to generating rich data which draws upon owner-managers context and experience. Further details on the justification for adopting the methodology followed is provided further in Chapter 3.

Across multiple definitions of social capital is a shared understanding that it is an innate human activity that is founded upon individuals and groups sharing intangible resources based on trust and can be found in any human community (Field, 2003). Societies operate on the principle that relationships matter and this is even more pronounced within communities of MSME or born global owner-managers as relationships are seen to be a crucial facet in finding hard to procure resources, which in the field of entrepreneurship has been

demonstrated to gain a competitive edge for new entrepreneurial ventures (Andersson, 2000; Kiss and Danis, 2008). The key views central to the approach taken to understanding social capital in this document are that of Lin (2001; 2002; 2008; 2019) and Bian (1997; 2008) which builds upon and in part contrasts with the widely cited theoretical views and controversies within social capital concerning the foundational works of Bourdieu (1986), Putnam (2000), Coleman (1990; 2003), Burt (1992; 2000), Nahapiet and Ghoshal (1998) and Granovetter (1973). The literature developed from these theorists has furthered and strengthened the theoretical discussions on social capital, as will be demonstrated, led to the enhancement of theory and a more robust methodology for social capital research. Assumptions relating to the connections between social capital and born global firm research will also be tested against recent debates as this research builds upon them but also seeks to extend its overall conceptualisation and contextualisation.

2.2.1 Foundational Contributions, Debates within and with Social Capital Theory

Largely beginning with Bourdieu, social capital theory emerged as a critique of a purely economic view of capital, which was defined as the accumulated (materialised) labour appropriated privately by agents to appropriate social energy in the form of living (or reified) labour (Bourdieu, 1986). Making an explicit critique of this, Bourdieu proposed an alternative way of understanding the social world which subsequently has brought about a new stream of thinking on how to understand processes and people i.e., entrepreneurship and entrepreneurs, beyond a financial or later human capital perspective:

It is in fact impossible to account for the structure and functioning of the social world unless one reintroduces capital in all its forms and not solely in the one form recognized by economic theory. Economic theory has allowed to be foisted upon it a definition of the economy of practices which is the historical invention of capitalism; and by reducing the universe of exchanges to mercantile exchange, which is objectively and subjectively oriented toward the maximization of profit

(Bourdieu, 1986)

Later critiques of Bourdieu, Lin (2002) included, have noted that Bourdieu was guilty of the use of the “promiscuous proliferation of varieties” (Schuller, Baron and Field, 2000, pp.3–4) of capital in his earlier writings (others also being linguistic capital, scholastic capital) without fully formed definitions of each provided. Bourdieu (1986) simplified this list down to three forms. Leading to Bourdieu’s definition of social capital which emerged from the need to distinguish it from the different forms of capital, with human and cultural capital seen as investments in personal resources for individual actors (Becker, 1964; Lin, 2002). A definition of social capital that emerged emphasised; it is a social asset accessed through networks, the importance of the density and durability of ties within it, as well as the benefits that can accrue to those in possession of this capital:

Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition—or in other words, to membership in a group—which provides each of its members with the backing of the collectivity-owned capital, a ‘credential’ which entitles them to credit, in the various senses of the word

(Bourdieu, 1986)

The contribution of Bourdieu to social capital theory has also led to an understanding that the value of ties to an individual can depend on the number of connections they can mobilise and the volume of capital in the possession of each connection (Field, 2003). These insights according to Portes (1998) were pioneering and credits Bourdieu as introducing the most theoretically refined version of the term into sociological discourse. However, the operationalisation of the concept incurred noteworthy problems (Schuller, Baron and Field, 2000). Li (2007) noted while Bourdieu’s work was conceptually inspiring and ground-breaking, it lacks feasibility for operationalising it into performing large-scale survey research noting the difficulty in measuring a durable network of “more or less institutionalized relationships of mutual acquaintance and recognition” (Bourdieu and Wacquant, 1992, p.119), a critique shared also by Lin (2002). In addition, Bourdieu’s social capital view was based on the premise that it further entrenches social inequalities and therefore would serve to limit social mobility, a view rejected by Lin (2002). As this research was undertaken in China at a time of great

social change and rapid economic development for the wider population, alternative perspectives on social capital needed to be incorporated into the conceptual framework for the study. Further theoretical insights into the development and critique of social capital theory can be gleaned from the contributions made from other key theorists in the field, namely Coleman (1990), Putnam (2000; 2001) and Burt (1992). Through these critiques Lin's approach builds upon these contributions and adds a more theoretically robust view of social capital which is better suited to understanding and researching born global firms in different locations and contexts.

Coleman's contributions for social capital theory are also considerable and is considered one of the "socially embedded" social capital theorists along with Granovetter (1973) meaning it is found in network structures between and among actors and highlights the importance of trust, obligations, and expectations (Manning, 2017). Key to understanding Coleman's approach was to not view the economy as a separate and distinct entity from the social structures which surround it, which influenced Aldrich and Zimmer's (1986) later views on entrepreneurship. Coleman (1990) challenged prevailing views of the primacy of using economic activity to understand society in the *Foundations of Social Theory*, and warned against perpetuating the "fiction" where:

society consists of a set of independent individuals, each of whom acts to achieve goals that are independently arrived at, and that the functioning of the social system consists of the combination of these actions of independent individuals (1990, p.300).

Unlike Bourdieu however, Coleman only mildly critiqued the individualistic notions found in classical economics (Schuller, Baron and Field, 2000), such as role of the "invisible hand" of Adam Smith, by seeking to add to rational choice theory an explanation why individuals engage in cooperative actions. Coleman was interested in how social capital could be used as a conceptual tool to move away from extremes in sociology or economics and to join the two fields together. Economics was guilty of an "under-socialised" (Granovetter, 1985) view of the individual while sociology was guilty of an over-socialised conception of the actor in society (Weber, 2009). Coleman (1988) attempted this by critiquing the human capital theory of Becker (1964) by arguing that it's narrowly individualistic view did not adequately account for

the importance of social structures and cooperation. Coleman argues that “social-structural resources” are a capital asset which is could be referred to as “social capital” (1990, p. 302). These assets are not found in individuals or in physical aspects of production. The concept of “closure” was introduced also by Coleman which explained as the key component in providing repayments of obligations but also for indicating potentially negative consequences or sanctions for undesired behaviour. Building further on this, Coleman furthered an important development of social capital theory, the “credit slip” (1990, p.306) which later was built upon further by Lin (2002) to develop a view of social capital that considers actors’ obligations and signalling their symbolic utility, discussed as part of Lin’s contribution below. Research on entrepreneurship in China has also highlighted a similar concept of “credits of legitimacy” (Yang, 2007, p.66) which entrepreneurs can draw upon. A major contribution of Coleman’s was defining social capital as a concept that connected individuals and the larger collective, demonstrating how individuals use social resources to accomplish goals. The approach taken differed from a Bordieuan perspective which emphasised how elite groups use their connections to reproduce privilege, Coleman could indicate how non-elite groups could also benefit from its use, particularly in an educational context (Schuller, Baron and Field, 2000).

As another example of the importance of Coleman’s contribution to furthering understanding of social capital its contribution to the development of Nahapiet and Ghoshal’s (1998) influential three-dimensional model. Nahapiet and Ghoshal’s (1998) indicated that their operationalisation of social capital was developed from a theoretical interpretation of Coleman’s approach and to distinguish the three dimensions of social capital, structural, relational and cognitive into a relational typography of social capital that is influential in business research and demonstrates at the organisational level that social capital enhances organisational innovativeness by facilitating the flow of information and the creation of intellectual capital. The three dimensions of social capital proposed by Nahapiet and Ghoshal (1998) can be operationalised as follows:

- The structural dimension: Network ties, network configuration and appropriable organization
- The cognitive dimension: Shared codes and language, shared narratives
- The relational dimension: Trust, norms, obligations and identification

It is the last two dimensions pertain to the qualitative aspects of this research and in addressing the research questions. Combining the approach of Lin (2002) with that of Nahapiet and Ghoshal (1998) allows for the researcher to quantify and measure the structural or impersonal dimension of social capital using an established approach, the position generator instrument (detailed further in section 2.3). The relational and cognitive dimensions of social capital are deemed to be more suitable to being measured using qualitative semi-structured interviews due to their concern with personalised and micro interactions they reveal. The research methods adopted explaining the incorporation of the dimension into the research design are explained further in Chapter 3. While Nahapiet and Ghoshal's (1998) model has been operationalised in a range of research settings, it does not clarify the role of hierarchical relationships in a society and their link to resource acquisition to the same extent of that of Lin (2002). This theory of social capital, discussed in section 2.2.2 is based on an understanding of the role the wider social structure plays in motivating actors to share resources.

Another influential explanation of social capital was provided by Putnam who has contributed to popularising and understanding social capital particularly its significance in the context of perceived declining civic engagement. Putnam's role in shaping social capital theory which for some has had a more profound impact on scholarship than Coleman's (Giorgas, 2007; Li, 2007). Putnam has defined social capital differently and as "those features of social organization, such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions" (1993, p.167). This highlights the collective aspect of what social capital is, and that it is a private as well as public good. By this Putnam (2000) states that while some benefits from investing in social capital can go to bystanders some benefit comes back to the person making an investment in it. Putnam's (2000; 2001) main thesis is that there has been a dramatic decline in the level of participation in civic and group activities in the USA. It is this decline can threaten quality of life and even the quality of democracy. An important contribution made by Putnam was the distinguishing between bonding and bridging social capital. Bonding social capital can provide much denser networks and the latter can create much larger networks. From *Bowling Alone*, Putnam (2000) argues that it is bridging social capital that can lead to a well-functioning and more cohesive society. However,

to develop usable operational approaches to measure such public – private as well as formal and informal social capital has not been clearly enunciated in Putnam’s work (Li, 2007).

Criticisms of Putnam’s approach have generally been with the methodology underpinning the research. These specifically have come about from making assumptions these measurements of social capital used were acceptable (Schudson, 1996). Lin (2002) also argues that Putnam’s work when measuring social capital with multiple concepts (such as norms, trust, memberships) there is a “danger of confusing a causal proposition (e.g. networks promote trust or vice versa) with multiple indicators of the same thing (networks, trust, and norms all measure social capital” (2002, p.211). This in turn can result in falling prey to the ecological fallacy when applied to individuals as well as collectives – in other works conclusions drawn at one level are hence assumed to hold for another. To clarify, an ecological fallacy refers to a situation where a potential error can be made when drawing inferences about individuals but is based on group-level data. In the context of social capital, this can occur when studies rely on aggregated measures of social capital at the community or organizational level without considering the individual-level variations (Puntscher et al., 2016). Essentially what is highlighted in this critique is that social capital can only be shown to be increasing or declining as a symptom of how it is measured and defined (Portes, 1998). This therefore limits the accuracy and generalisability of findings. These critiques encouraged other social capital theorists to adopt more nuanced approaches, considering both individual and contextual factors to avoid misinterpretations associated with the ecological fallacy. Putnam (2000) introduced a broader analytical focus to research on social capital which contrasts with the perspective of Bourdieu who viewed social capital as an asset that was for the exclusive use of the privileged elite (Manning, 2015). These criticisms will be returned to when discussing the synthesis of these views under Lin’s theory of social capital theory of social structure and action.

Another significant and related theory which was considered is Huggins’ (2010) network capital approach. Emerging from a critique of the overuse and stretching of the social capital concept in the literature, it is defined as “an investment in calculative relations through which firms gain access to knowledge to enhance expected economic returns” (Huggins, 2010, p.336), and has been utilised to focus on the emergence of innovation networks (Huggins and

Johnston, 2010; Huggins, Johnston and Thompson, 2012). This perspective focuses on the management of network capital and is defined separately from social capital which tends to focus on individual actors. Network capital is distinct from social capital in that it centres on more calculative ties which are held by firms and other organisations, while social capital tends to focus on individual firm members' social interactions along with relationships built on trust and associated obligations (Huggins, 2010). Network capital is also argued by Huggins (2010) to be strategically manageable, while social capital is claimed to be very challenging to manage due to the complexities involved in managing at the organisational level.

Although network capital does illustrate that a firm can strategically cultivate it through a deliberate and calculated approach, previous research employing this concept has largely been employed to understand how firms generate knowledge resources and establish knowledge ties (Huggins and Johnston, 2010; Huggins, Johnston and Thompson, 2012; Huggins and Thompson, 2017). Social capital, particularly Lin's (2002) conceptualisation, considers a wider range of resources which can be accessed socially, all of which are relevant for new firms such as born globals need to survive. Social capital theory recognises the benefits of diverse social relationships which may vary depending on the context and emphasises the how this can increase access to diverse resources and information (Field, Schuller and Baron, 2000). Social capital research places emphasis on human and relational elements which makes this approach more applicable for understanding the microprocesses involved in everyday social interactions. Network capital theory is a more specific firm centric and focused concept useful for understanding the value of networks in business contexts, particularly with respect to innovation to enhance expected economic returns (Byrne, Doyle and Hobbs, 2021). This research takes a broader scope and is not focussing on researching innovation networks or knowledge ties and considers the wider returns to firms and their contacts beyond those which are purely economic. In addition, the literature on born global firms and social capital building in China, including those taking a *guanxi* perspective, indicates establishing trust through reciprocal relationships is a crucial factor which should be considered when conducting research in this context (Andersson, Danilovic and Huang, 2015; Vissak and Zhang, 2016). The following section details which specific theoretical framing of social capital is to be employed in this research and argues with reference to the extant

literature why it is suitable for the research context as well as the research questions proposed.

2.2.2 Social Capital Theory of Social Structure and Action

For individuals such as born global owner-managers to profit or gain, Lin's (2002) perspective emphasises they need to network and interact with each other for mutual benefit. Within the networks that emerge, resources are embedded within them and are of particular importance for producing these mutual benefits. Lin (2001) provides four broad reasons individuals, such as born global firm owner-managers, need to take action to access resources embedded in the social structure:

- It facilitates the flow of information in imperfect market conditions. For born global owner-managers this can help for example with spotting opportunity or gaps in the market and provide vital market intelligence on competitors.
- Ties can influence important decision makers who take decisions to benefit of an individual. For example, for born global owner-managers this could positively impact important decisions such as granting of licences or permission to export their technology or services.
- Social ties can be taken to be a form of credential or recognition which reassures an organisation that an individual can provide additional resources beyond basic personal capital. Regarding born global firms, owner-managers' own prestige can benefit from associations when more prestigious contacts "stand behind" them such as to vouch for their trustworthiness when seeking out financial investment thereby enhancing their network legitimacy.
- Social relations serve to reinforce recognition and identity. The born global owner-manager's worthiness to the wider social group can be reinforced, which not only provides emotional support but public acknowledgement and the additional entitlement to claim resources. Legitimacy can be reflected back to those who have sponsored or supported such owner-managers as they become increasingly recognised and commended through their networks.

While other foundational social capital research, such as Burt's (1992) has looked at the location of individuals in a network as the key to acquiring social capital and uses network mapping and statistical measures such as eigenvector centrality, Lin's (2001) approach draws strongly upon social-resource theory. Burt (1992) however does not adequately explain what motivates actions taken by actors unlike Lin (2002) who explains actors seeking outcomes such as born global firm owner-managers interacting with others of different social status to maintain or gain resources of mutual interest through direct or indirect ties. Heterophilous interactions, which are between actors in a different position in a hierarchical social structure, are likely to predominate when actors/owner-managers seek to gain new resources, while for maintaining existing resources homophilous interactions, between actors in a similar position in a hierarchical society, predominate (Lin, 2002). Valued resources are represented by wealth, power and status so in incorporating these, social capital is made up of all the "resources embedded in one's network or associations" (2002, p.56). As an example, to illustrate this, a friend's vehicle is an owner-manager's social capital as it is a resource that can be used to achieve a certain goal but must be returned to its owner. Therefore, according to Lin (2001), social capital can be analysed and understood by the "amount of variety of such characteristics [wealth, power and status] in others with whom an individual has direct or indirect ties" (2001, p. 13). Lin's (2002) theoretical approach has been demonstrated to be adaptable to different research contexts and environments, including its use in China to produce measurements of social capital relating to not only entrepreneurship research but to education, healthcare and economic outcomes (Lin, Fu and Hsung, 2001). Details on the suitability of this operationalisation of social capital to the research context is further provided in section 2.3. It is Lin that has provided a rational understanding of social capital using network perspectives that complement and reflect Granovetter's (1973) as well as Coleman's (1990; 2003) earlier work, particularly on the strength of weak ties argument, which seeks to understand network processes (Manning, 2015).

Lin's approach to measuring social capital has been shown to have the following advantages:

1. It focuses on the structural dimension of social capital, which refers to the network of relationships and connections between individuals and groups. This can produce a quantitative understanding of how social capital is distributed and how it can be mobilized for various purposes, such as to what extent born global firms access

occupation holders to access embedded resources to overcome resource poverty. Note, Nahapiet and Ghoshal's (1998) cognitive and relational dimensions are operationalised further to gauge the qualitative dimensions.

2. It takes into account both the quantity and quality of social connections, which allows for a more nuanced understanding of how social capital operates, particularly concerning connectivity to political and high prestige occupation holders.
3. It considers both formal and informal networks, which allows for a more comprehensive understanding of social capital and how it is used in different contexts.
4. It allows for the examination of how social capital is distributed among different groups, such as ethnic or underrepresented groups and social classes. In the case of this research, analysis is performed on the distribution of social capital between born global owner-managers from different backgrounds, some of whom are non-China nationals (NCN).
5. It is a widely adopted approach in social capital research, which enables comparability across studies and allows for the accumulation of knowledge over time.

(Lin and Dumin, 1986; Lin, Fu and Hsung, 2001; Bian, 2008; Lin and Erickson, 2008; Van der Gaag, Snijders and Flap, 2008; Verhaeghe and Li, 2015)

For Carpenter, Li and Jiang (2012) Lin's theory is situated within what is classified as the external view of how to gauge the effects of social networks. This means that Lin's external view of social capital emphasises that it is the embedded resources flowing through the networks that lead to outcomes – networks act as conduits of resource flows. This means such an approach can be adopted to researching born global firms in Chengdu to gauge how they build their social capital by analysing the extent to which born global owner-managers access individuals with financial capital, power, prestige, and beneficial contacts. In doing so, it is possible to gauge if born global owner-managers have greater access to structurally embedded resources which in turn offers opportunities for them to overcome resource poverty (Mort and Weerawardena, 2006).

The external view of social capital is different to the internal view which looks upon the structural patterns of networks. Burt's (2000) contribution is suitable for born global research that seeks to understand structural elements of a network such as how network members

gain an advantage for their firm by bridging structural holes (Zhou, Wu and Luo, 2007). Gedajlovic *et al.* (2013) have however noted in the wider entrepreneurship literature, limited focus has been given to measuring actual resources accrued from social relationships or networks. This has important implications for the kinds of research questions that should be formed and the choice of research approach to be adopted. For this research this means a mixed methods approach to research design is proposed, see Chapter 3, whereby a measurement instrument for social capital is used in the first strand of the research followed up by qualitative data collection through semi-structured interviews to capture rich data on how such resources are obtained.

2.3 Measurement and Operationalisation of Social Capital

Social capital is a complex, multi-dimensional concept of which there is no single agreed upon method for measurement (Grootaert; et al., 2004). Lin has developed an approach to measuring of social capital that is conceptually more grounded and precise than that of Putnam to produce a widely used measure of social capital (Manning, 2015). However, this approach does not reveal the complex reasons how the social environment influences access to resources and which appropriate actions are needed to facilitate access to them. The theoretical rationale for combining the approach of Lin (2002) and that of Nahapiet and Ghoshal (1998) to complement each approach and to address all the research questions will be provided in this section.

Progress has been made in developing instruments such as the position generator which can produce a generic measure of social capital which can be compared (Verhaeghe and Li, 2015). As social capital is a latent form of capital it is employed only when required so presents a challenge to a researcher who is not likely to observe this at the time of its use. Researchers can enquire as to when social capital was mobilised e.g., to access a resource, but this only focuses on situations where it was successfully activated so measures the effects of social capital and not the resource of social capital itself (Fernandez and Fernandez-Mateo, 2006). The name generator instrument, which suffers from this drawback, first proposed by Laumann (1966) where participants are asked a series of questions that elicit a list of alters with whom they discuss important matters. However, these have been widely critiqued from

the perspective that they often rely on the strength of participants memories in usually recalling a small number of close network contacts, thereby leading to a likely bias in the research findings towards focussing on strong ties (Marsden, 2005; Rice et al., 2014). Distribution of name generators can also be problematic through using an online survey, which would likely require input of large amounts of textual data into text boxes in response to open questions. The level of consistency in the detail provided between participants and inability of the researcher to ask follow up questions to prompt more detail ruled out the use of this approach. This is in addition to the theoretical issue where this approach will not provide information on a diverse array of social resources accessed and can measure only a small part of an individual's network (Lin and Erickson, 2008).

Lin's instrument for measuring social capital operates in contrast to name generators, instead of asking about social relationships with particular people it instead enquires about "social links to social locations in which different kinds of resources are concentrated" (Lin and Erickson, 2008, p.9). The measurement instrument that does this is called the position generator (also abbreviated to PosGen). Position generators operate by mapping the occupational positions of the participants in the research by asking them whether they know anyone from a limited and yet representative list of occupations in their social network with those occupations (Lin and Dumin, 1986; Lin, Fu and Hsung, 2001). Note, knowing means a participant is familiar with the individual performing an occupation by name and if met in the street both could start a conversation. No actual names of individuals are required to be provided by any participant as with name generators as an occupation list will prompt a sufficient response.

To overcome these drawbacks, the position generator instrument employed in this research surveys born global firm owner-managers about their contacts with a pre-specified list of occupations (Lin and Dumin, 1986) which has been demonstrated as offering a coherent measure of individual-level social capital (Hallsten, Edling and Rydgren, 2015). The two assumptions made when using this instrument are; the distribution of resources in a society is uneven and adequately reflected in that society's occupational structure, which based on a pyramidal hierarchy meaning access to scarce resources are more likely found at the top. This means the position generator thus takes an employment- aggregate view of social

stratification (Breiger, 1981). Secondly, it presupposes that knowing anyone with a certain occupation implies having access to the resources associated with that occupation. For example, if a born global owner-manager knows a scientist, this implies access to harder to find resources than through being connected to a mechanic who is listed lower down in terms of the occupational prestige score. Position generators are widely considered to be good indicators of the resources embedded in a social network (Verhaeghe and Li 2015), which will address research question 1 by gauging whether born global firm owner-managers access embedded resources through connections to a range of occupations and to what extent they access them through contacts with high prestige occupations. From an administrative perspective, position generators have been shown to generate higher response rates with short question times, are adaptable to different contexts and research settings including having been used in China and avoids the strong ties bias found in name generators (Verhaeghe and Li, 2015). As the research is open to investigating weak as well as strong ties and therefore relies in part on Granovetter's (1973) strength of weak ties argument, the position generator is deemed to be an appropriate data collection instrument for the first quantitative strand of the research.

Nahapiet and Ghoshal's (1998) typology of social capital as noted is divided into three overlapping dimensions (structural, relational and cognitive), and it is the structural dimension which reveals who is reached in a network and this is being primarily evaluated in strand 1 using the position generator instrument. Strand 2 explores the relational and cognitive dimensions. One drawback that has been noted with the position generator however is that once these quantitative structural measurements were taken, it no longer becomes possible to learn about how social capital was built and maintained by owner-managers in their context and location. This is part of a wider critique as articulated by Emirbayer and Goodwin (1994) where structural approaches "either neglect or inadequately conceptualize the crucial dimension of subjective meaning and motivation" (p. 1413) in social capital research.

2.3.1 The Chinese Context for Social Capital and *Guanxi* Research

A specialist corpus of literature was reviewed on the Chinese concept of *guanxi* which operates in three domains, the personal, business and political (Bian, 2019). As noted in Chapter 1, this research has taken a broader social capital focus over one based on purely *guanxi* lens. It is necessary in this section to clarify the distinctions between both concepts to avoid conceptual confusion and to outline further, how despite its drawbacks, a *guanxi* perspective is partially integrated into the overall conceptual framework which is concerned with Chengdu based owner-managers own contexts and experiences.

The commonly defined and basic meaning of *guanxi* is it is a relationship between two people (Fan, 2002). So therefore by extension *guanxi* is a dyadic tie and is both particular and sentimental which has potential for the facilitation of exchange of favours between the two parties connected by the tie (Bian, 2019). It is also a widely used colloquial term in China which has immediate face validity (Burt and Burzynska, 2017). Research and interest in *guanxi* has increased both inside and outside of China in tandem with the opening of the Chinese economy to foreign direct investment (Gold, 1985) as well as a revival in the work of non-Marxist Chinese social scientists such as Fei Xiaotong (1992) and Liang Shuming (1982). It is generally agreed that this interest has emerged since the 1980s though there remains a lack of clarity between the concepts of *guanxi* and social capital (Zhai, 2018).

Discussions on *guanxi* can be broadly categorised into two parts, with one view treating it as a distinct cultural perspective, i.e., a unique characteristic in Chinese culture (Perks et al., 2009). This would be an extension of the work of Liang and Fei and their work contrasting Chinese society with western society. Another prominent approach is to view it from an institutional perspective whereby *guanxi* is a product of an unripe legal and regulatory structure (Guthrie, 2002). This is a more recent view and can be further subdivided further into those who tend to view it as in decline as development in China increases (Wilson and Brennan, 2010) and others who argue that there is an increasing importance but subtle shift in *guanxi* in Chinese society (Bian, 2019). Guthrie (1998), Wank (1996) and Yang (2002) along with Luo *et al.* (2012) have all debated the continuing relevance of *guanxi* as a result of China's distinctive development and the role the market plays in resource distribution. Shortages caused by the inefficient allocation of resources in the Mao era centrally planned economy have been discussed as giving an impetus to the rise of *guanxi* in modern China (Walder, 1986;

2017). Citizens had to rely on personal connections to access difficult to access services and goods, factory managers used personal connections with state planners and officials to acquire resources (Bian, 2018). Guthrie (1998) has argued that as state enterprises became like private firms (and with the rise of these as competitors) the drive for profits meant that they became more rationalized, meaning less rational behaviour (*guanxi*) becomes less and less prevalent. However, Yang (2002), has critiqued this argument by addressing issues of research methodology used. The critique concerned the approach taken to focus on a limited number of firms in a particular part of China (Shanghai) and to draw more general conclusions about the decline of *guanxi* in general. Yang provides the argument that in fact *guanxi* is resilient, adaptable and rooted in Chinese culture which can persist despite any market reforms (Bian, 2018). In supporting this view, Barbalet (2014) argues that in all modern economies informal networks maintain importance and it is unlikely that the legal and economic development in China would lead to a total demise in *guanxi*. Taking this further towards a view more aligned with a social capital perspective, Chang (2011) views *guanxi* as purposive network behaviour and highlights the instrumental practices at its core.

It is this perspective that is adopted in this research as the legal and economic development within the city of China, Chengdu, which has developed in line with China's overall economic growth. Concerning the emergent business sector, firms in China do see *guanxi* as a mechanism for starting up and maintaining their operations (Guo and Miller, 2010; Bian, 2019). The reasons for this are attributed to the utility in helping overcome the following three structural constraints suggested by Bian (2019) which new or young firms often face:

- Information asymmetry, challenges of acquisition (intentional or unintentional)
- Limits on obtaining start-up capital (particularly from state or local banks)
- Lack of business experience in securing business orders or sales

It has been demonstrated in the literature that the success of private entrepreneurs' new firms is often embedded in *guanxi* networks which predominate in Chinese society (Bian, 2006). What is notable in the literature is an emphasis of reciprocity and closeness in *guanxi* networks, which at times have been demonstrated to nudge individuals into "grey areas" or towards *guanxi's* "dark side" to create "short cuts" for their businesses potentially which may involve corrupt practices and illegal activities such as to seek favours from government officials (Wilson and Brennan, 2010; Qi, 2013). While many similarities are shared with a social

capital perspective, it is recognised in achieving the stated research goals, a purely *guanxi* perspective is limiting.

Relevant arguments have emerged noting research in the Chinese context should not just be reduced to cultural explanations but instead analysis should be done in relation to different varieties of networks and organisations embedded in globalisation and globalised networks, of which the born global firm is an example (Yeung, 2004; Goxe, 2012). Taking this argument further, researchers of Chinese business in IE should try to overcome the “narrow sociocultural and geographic (domestic/host) context” (Yeung, 2004, p.87) that culture-based perspectives such as *guanxi* research suffers from. In particular the following related weaknesses are relevant to this research and a rejection of a purely *guanxi* based approach:

- Static analysis - Chinese business networks emerge from an inward facing defence strategy and once established continue to exist as relatively closed sociocultural formations. At a basic level, born global firms in China need to engage with globalised networks to ensure they can market and sell their goods/services as well as access resources. These networks span not only their locale but also into other regions of the globe.
- Small family firm bias – Has limited the range of research undertaken with a focus on family firms with less attention given to Chinese conglomerate businesses, or newer business forms such as born global firms.
- Lack of attention to capital sourcing – Few studies have focussed on the changing nature of capital sourcing for business expansion, such as born global firms which often suffer from resource poverty.
- Structural determinism – Actors in Chinese business are accorded limited or little power or autonomy to negotiate deterministic structures such as the legacy of the imperial system of China, or Confucianist hierarchies. Research has shown entrepreneurial firms, including born global forms from China, have emerged on the global market to demonstrate world leading innovativeness questioning such deterministic arguments.

(Yeung, 2004; Ahlstrom et al., 2018)

The approach taken in this research concurs with the perspective that social capital research on born global firms in China, in looking at the way actors in Chinese business networks are able to deal with changes brought on by volatile globalisation, do so by “being connected to actor networks that are embedded within much wider geographical and organizational spaces” (Yeung, 2004, p.88). Chinese born global firms do behave differently from counterparts from Europe, the USA and Japan but findings derived from a more contextual basis can help revise existing theories of firms impacted by globalisation, placing context along with culture at their centre. In this research a *guanxi* perspective is included, particularly as it is a concept that is widely discussed, debated and utilised throughout China (Bian, 2019). It is the contextual perspective derived from a pragmatic methodological perspective (see Chapter 3), that underpins this research where a purely culture-based view is avoided in favour of understanding the multi-national contexts of owner-mangers who operate their firms in Chengdu, China.

It is the emergence of research on the born global firm which has helped to further draw into contrast these approaches, with the next section discussing the emergence of this research, particularly for emerging economies and offers critiques of existing born global research which has not taken these contexts as much into consideration. In this research, the term emerging economy is taken to refer to “low-income, rapid-growth countries using economic liberalization as their primary engine of growth” (Hoskisson et al., 2000, p.249).

2.4 Born Global Firms, Social Capital and Networks

These following sections 2.4.1, 2.4.2, 2.4.3, detail the how key theories derived from the field of International Entrepreneurship (IE) provide the lens of focus for the research on a particular organisational form, the born global firm, which has emerged globally. Detail on the debates within the field of IE pertaining to born global firms and its place in entrepreneurship research will be given, particularly concerning how these firms are defined. The importance for researching these firms will be discussed, particularly in understanding the contextual and emerging conditions entrepreneurs face in emerging economies such as in China. Overlaying the discussion is a consideration of different perspectives in the literature

which are concerned with how owner-managers of born global firms utilise social capital to access hard to find resources and overcome limitations associated with being a new firm as they lack legitimacy and can suffer from liabilities of newness.

2.4.1 Entrepreneurship, Born Global Firms and Social Capital:

Della Giusta (2010) along with the earlier work of Aldrich and Zimmer (1986) and Johannisson (1988) have all noted how entrepreneurship is not a solitary endeavour and is in fact embedded in network structures. Being part of a network can provide information and trust to those who are members of it along with an opportunity to enhance the entrepreneur's reputation particularly for trustworthiness (Della Giusta, 2010). Aldrich and Zimmer (1986) noted the importance of relational elements that exist in entrepreneurship and to gain a fuller understanding highlighted a different approach by showing it is a process which is a dynamic process that requires relations/links between key parts rather than viewing it "in cross sectional snapshots" (1986, p.3).

Birley (1985) was among the first to note there can be separate "informal" and "formal" networks that entrepreneurs can rely upon, with informal indicating network links to family, friends, previous employers/colleagues, in other words those who might not be heavily involved in the operation or informed of the plans of an entrepreneur, will be willing to provide advice or listen to them. Research on the importance (or otherwise) of networks has been subject to further rigorous discussion in the entrepreneurship literature (Birley, 1985; Zhao and Aram, 1995; Dodd and Patra, 2002; Greve and Salaff, 2003; Mort and Weerawardena, 2006; Martinez and Aldrich, 2011). Martinez and Aldrich (2011) noted that research on the role of networks specifically for internationally inclined entrepreneurs lagged other research in the entrepreneurship field. The foundational work of Greve and Salaff (2003), as well as Dodd and Patra (2002) made important contributions to the field highlighting regional or national differences in entrepreneurial networking. Specifically, Dodd and Patra (2002) demonstrated through their findings that generic networking behavior across regions should not be assumed. The overall conclusion that networks are firmly embedded in local social structures and "that culture is significant in shaping the nature of entrepreneurial networks" (Dodd and Patra, 2002, p.131). This an argument shared in this

research, though their focus was on developed economies, rather than in an emerging economy such as China.

Social capital research on born global and international new venture (INV) firms has received attention from a number of perspectives such as how it enables firms to internationalise (Coviello, 2006; Han, 2007; Agndal, Chetty and Wilson, 2008; Lindstrand, Melén and Nordman, 2011), assists with obtaining venture capital and funding (Batjargal and Liu, 2004; Fung, Xu and Zhang, 2007), providing motivation through the start-up stage (Davidsson and Honig, 2003) as well as with new product development (Atuahene-Gima and Murray, 2007; Zhang and Wu, 2013) and highlighting the role global research and development networks play in generating social capital (Simba, 2013). The arguments for the relevance of looking at how networks create social capital have been presented by a number of authors (Burt, 2000; Hitt, Lee and Yucel, 2002; Agndal, Chetty and Wilson, 2008; Shirokova and McDougall-Covin, 2012; Rosenbaum, 2013; Burt and Opper, 2017). Shirokova and McDougall-Covin (2012) have argued that IE researchers need to expand the range of studies across a wider range of countries and include emerging economies such as the People's Republic of China. Zolfaghari, Rialp and Nowiński (2013) are in agreement with Shirokova and Mc-Dougall-Covin (2012) with regards to the importance of reorienting IE research towards emerging economies which have been largely overlooked. Section 2.5.2 discusses further the emergence of IE as a distinctive strand of research and the development of the concept of the born global firm and its increasing reorientation towards emerging economies such as China and the other members of the BRICS nations (Brazil, Russia, India, South Africa) (Stuenkel, 2020).

2.4.2 International Entrepreneurship and the Emergence of Born Global Firms

International Entrepreneurship or IE has been summarized as the nexus of research between internationalisation and entrepreneurship “where entrepreneurial behaviour involves cross-border business activity, or is compared across countries” (Jones, Coviello and Tang, 2011, p.632). Welch and Luostarinen (1988) were among the first to bring forward a reappraisal and broad conception of firm internationalisation which they defined as: “the process of increasing involvement in international operations” (1988, p.36). Their rationale in providing such a broad definition was that outward market seeking or inward resource acquisition were

becoming more closely identified with the dynamics of international trade (Welch and Luostarinen, 1988).

While the internationalization process of firms has received a lot of attention over the past four decades, initially the most influential conceptualisation began with of a gradualist or stages model of internationalisation of established firms (Rialp, Rialp and Knight, 2015). The stages model known as the “Uppsala Model” of Johanson and Vahlne (1977) states that internationalisation is a gradual process where the first stage begins with the gradual acquisition of market knowledge in other countries or regions that were often initially psychically close to the home market which became increasingly distant over time. The limitations of this model exposed an important gap in the literature on firm internationalisation which was that some small and medium enterprises (SMEs) were capable of and were actively engaging in early rapid internationalization and following a pathway of gradual expansion and acquisition (Lopez, Kundu and Ciravegna, 2009). To address such shortcomings, one of the first clear conceptualisations of International Entrepreneurship (IE) was made by McDougall (1989) who initially defined IE “as the development of international new ventures or start-ups that, from their inception, engage in international business, thus viewing their operating domain as international from the initial stages of the firm’s operation” (1989, p.388). This definition linked the field of IE as a distinctive strand of entrepreneurship research with specific organisational types that engage in IE, namely International New Ventures (INVs) and born global firms. Rennie (1993) is credited with first contributing the term “Born Global” which built upon the contribution of Ohmae (1990), which focuses on the concept of the borderless world. Rennie (1993) highlighted specific cases from Australia where SMEs were able to compete from inception against large established firms in the global arena. Technological advances were identified as key for competing against large firms, providing more flexibility and cost competitiveness than had previously been possible. Further research reviewed the extent which emerging born global firms utilised information technology (IT), with Loane (2005) Nieto and Fernandez (2005) and Yu *et al.* (2005) each revealing how IT may promote rapid internationalisation and facilitate access to international markets.

Further conceptual clarification has been offered by Knight and Cavusgil (2004; 2005) who consider born global firms as those who are early adopters of internationalisation or in their words “business organisations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries” (2004, p.124). This is a narrower definition than that of the INV provided by Oviatt and McDougall (1994), which is a distinctive conceptualisation that is defined as “business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (1994, p.49). Oviatt and McDougall (1994) further classified INVs into: export/import start-ups, geographically focused start-ups, and global start-ups. The key differences between these foundational definitions of INV and born global firms have been noted as:

- The definition of born global is limited to “sales of product” while the INV definition addressed “competitive advantage”.
- The two definitions utilise the terms “use of resources” and “sales of outputs” which implies INVs are involved in both inward and outward internationalization, while born global firms do not necessarily have to source internationally.
- The definition of born global is also more exclusive due to its emphasis on “entrepreneurial start-ups,” while INVs can be “business organizations” And include any type of business formation.

(Øyna and Alon, 2018)

Debates in the literature still continue and one of the main reasons for this is there is no clear definition, theoretical or empirical for what it means to be a born global firm (Rasmussen and Madsen, 2002). Knight and Cavusgil’s (2004; 2005) definition of born global has been noted to be widely utilised in IE (Coviello, 2015), though critiqued from the perspective that including of the term “global” may not be entirely suitable and that “born regional” or “born local” terms may be more appropriate in certain contexts (Moen, 2002; Lopez, Kundu and Ciravegna, 2009). This has been suggested as such firms do operate in regions close to their home nation rather than operate more further afield and thus are truly global from inception. Also, it should be noted that within the field of IE, research has broadened beyond studies of new firms’ internationalisation and does encompasses research on other forms such as “born

again” or “born late” firms where rapid expansion may occur at a later stage in a firm’s life cycle (Bell, McNaughton and Young, 2001; Aspelund and Moen, 2005).

Svensson (2006) suggested a further conceptualisation, “born globals – they are born locally but strive towards global coverage in the worldwide marketplace in a (very) short period of time” (2006, p.1315). These debates reveal there is no universal consensus for how born global firms are defined and what constitutes a born global firm, with conceptual muddling noted in the literature particularly in the interchangeable use of INV and born global firm definitions (Madsen, 2013). Gabrielsson, Sasi and Darling (2004) offer to clarify this with a more detailed definition, which states born global firms should generate at least 50% of total sales from outside their own continent within a maximum period of 15 years since beginning their operations. This does provide a wider definition of what could be termed a born global firm though other approaches have been suggested for researching born global firms in large emerging economies such as BRIC (Brazil, Russia, India, China), or more recently BRICS (Brazil, Russia, India, China, South Africa) (Kirpalani and Gabrielsson, 2012; Gross, 2013). Following on from the suggestion of Sandberg (2009) that when studying firms in a rapidly emerging market such as China traditional theories “need to be adjusted and complemented to be suitable frameworks” (2009, p.108) such as for studying born global firms. Reviewing early born global firm studies there has been a tendency to focus on the European, Australasian or North American regions i.e., more developed economies, arguments have been made that country size is one factor to explain the emergence of born global firms, tending to have easier access neighbouring markets such as through regional trading blocs such as the EU and NAFTA, and may face weak domestic demand locally (Moen, 2002; Øyna and Alon, 2018). Those countries with more open but small and knowledge based economies also tend to favour the emergence of born global firms (Arenius, 2005; Gabrielsson, 2005).

Dib, da Rocha and da Silva (2010) building upon Dominginhos and Simões (2004) review of born global research noted out of fifty-five early foundational studies, forty-five took place in Europe, twelve in North America, five in Australasia and just two studies conducted in Israel and one in India. Based on the perspective of Zucchella (2002) firms from each country do not have the same equal propensity to be born global as environmental conditions are not homogeneous, Dib, da Rocha and da Silva (2010) have proposed a broader definition more

suiting to emerging economies such as Brazil's. In a large emerging economy such as Brazil's, internationalisation is more difficult than for European firms there due to its geographic location, limited number of bordering countries and the limited size of its high-technology sector relative to other sectors of the economy e.g., commodities. The efforts of born global firms to internationalise from such a large emerging economy are substantially more than for European or North American born global firms, so an adjusted definition of what constitutes a born global firm has been proposed. Dib, da Rocha and da Silva (2010) "adopt the term 'born global' to designate all firms with early and accelerated internationalization, irrespective of where in the world they operate" (2010, p.235). In addition to this, born global firms also should receive initial revenues from their international operations from up to five years from inception which is still within the range of previous studies (Oviatt and McDougall, 1994; Zucchella, 2002; Knight and Cavusgil, 2004; Dib, da Rocha and da Silva, 2010).

This definition has been operationalised in an emerging economy context, Brazil, which like China is a large economy and both face similar locational limitations i.e., effort to internationalise is far greater than it is for European or North American firms. High-technology industries do predominate more than in Brazil, though born global firms in China do face competition for demand from multi-national corporations (MNC) largely in the domestic market. Another more practical reason provided for adopting Dib, da Rocha and da Silva's (2010) definition is due to the specific economic and socio-cultural conditions in China. Survey questions asking to detail revenue, sales and income are likely to elicit weak response rates and may hamper development of trust between researcher and participant (Zhao and Aram, 1995; Roy, Walters and Luk, 2001; Zhang, Tansuhaj and McCullough, 2009). Using a mixed methods approach, this research required the development of trust with participants to participate in the interview strand of research so a decision was made to exclude questions asking for specific details on sales, income and revenue. A measure of markets entered since inception was requested as a proxy instead. Further details on the research approach taken is provided in Chapter 3, section 3.4. Section 2.4.3 below details the additional rationale concerning the regional conditions in China that lead to the distinctive emergence of born global firms which support the suitability of adopting the Dib, da Rocha and da Silva (2010) definition for conducting born global research there.

2.4.3 Emerging Born Global Firms in China

As introduced in Chapter 1, China's economic transition has been rapid and based upon an export led model which re-established global economic linkages with developed economies after a period of near economic autarky of prioritising self-reliance over global economic linkages (Perkins, 1997). Key decisions made in December 1978 at the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party (CCP) signalled the start of what is termed "socialist market-oriented reforms in China" (Milana and Wang, 2013, p.390). From 1979, pioneering Special Economic Zones (SEZ) were established to provide China with a window to the outside world, particularly on the latest innovative technology, knowledge and management practices (Zeng, 2011). Born global firms in China emerged much later on when further market liberalisation and marketisation, such as through China's entry to the World Trade Organisation (WTO) in 2001, brought about fundamental changes to "the formal and informal rules of the game that affect organizations as players" (Peng, 2003, p.275) and therefore fostered increased competition and indigenous entrepreneurship.

As international firms enter and compete in China, small entrepreneurial firms emerged largely in niche areas exploiting gaps in the market. These firms in China have been shown to have weak competitive capabilities including in branding, marketing and research and development in comparison with international equivalents (Cardoza and Fomes, 2011). In addition, liabilities of smallness and newness have also been shown to hinder their internationalisation efforts (Su et al., 2020). As a result of these pressures, a subset of firms in China, born global firms, emerged to operate in the domestic and overseas markets to largely deliver niche products or services. This was particularly the case as competition intensified in the home market, so born global firms in China have increased their innovativeness and their urgency to internationalise (Zhang, Tansuhaj and McCullough, 2009). Gassmann and Keupp (2007) have more widely suggested specialisation to be one of the crucial factors that enable early and rapid internationalization allowing firms to take a specialised position in international value chains. Looking at one region of China, Zhejiang province, Zhang, Chen and Wang (2016) highlight how born global firms there have been successful at capturing market opportunities and responding to economic reforms through innovation, clustering and focusing on small market segments neglected by larger firms. Lin

and Mercier-Suissa (2016), also based on research conducted in Zhejiang province, noted that born global firms tend to arbitrate between the domestic and international market, as the local market also plays an important role in sustaining the international development of these firms. It should be noted that research on born global firms outside of the coastal regions of China is still in development. While emergent research conducted in China has claimed that most born global firms are still located in the Yangtze and Pearl River deltas (She, Yu and Wu, 2020), though this research along with Zhang, Tansuhaj and McCullough (2009) Zhou (2007) and He and Chen (2008) strongly challenge such claims.

Born global firms in China have also been shown to share some similar characteristics with those in developed as well as emerging economies, particularly concerning social capital and network links. These are considered to be important advantages for these firms, as highlighted by Peng, Wang and Jiang (2008) who have suggested interpersonal relationships can act as informal substitutes for support from formal institutions and note that this is not exclusive to China with evidence reported from Argentina, Chile, Czech Republic, Hungary, India, Poland, Russia, and South Korea. Lin and Mercier-Suissa (2016) did conclude that in their China based case analysis, networks are particularly important for born global firms and their internationalisation. A key conclusion made is that considering existing institutional constraints in emerging markets “social networks can facilitate access to resources access to resources and add credibility with respect to the market” (Lin and Mercier-Suissa, 2016, p.92). Adding credibility which has been also labelled as providing legitimacy (Rao, 1994) through networks to access resources, is an area that has subsequently received increased attention, some focused-on China and other emerging economies though limited attention given specifically to born global firms. The next section highlights the literature on of the important role legitimacy plays in supporting new firms become established and accepted in a society. The overlapping links with the social capital literature will also be discussed along with where this has concerned international entrepreneurship and born global research.

It should be noted that a broader definition of what constitutes a born global firm is being proposed than has been used in more traditional studies in western contexts, with rationale for this provided in section 2.4.2. Derived from this discussion are the following criteria used to define a born global firm in an emerging economy:

- Number of employees do not exceed a total of 250
- The firm has been founded within the preceding 5 years
- The firm regards international activities and networks as important for engaging in early and intensive internationalisation activities, internationalisation is a core strategic objective
- Multiple international markets are targeted or being served by the firm

However, such a broader conceptualisation may include firms that change their strategic orientation and instead focus on domestic markets. Firms may over time choose to not sell any products or services overseas. These firms would then not be considered as born global, so this is a recognised limitation of the study. This approach adopted does allow for more internationally ambitious emerging economy born global firms to be included in the research and does avoid the much narrower definition of She, Yu and Wu (2020) which only includes born global firms that have enacted an Initial Public Offering (IPO). This has the potential to exclude a significant number of firms from any study due to the complexities and financial capital required to enact an IPO.

2.5 Legitimacy, Social Capital and Born Global Firms

Legitimacy has been broadly defined as a perception held by another party, based reputation and through direct or indirect connections (Gebert-Persson and Káptalan-Nagy, 2016). An influential definition defines legitimacy as a “generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995, p.574). Legitimacy is a concept that increasingly attracts scholars of business organisations and has been suggested to be a key factor for firms to obtaining resources as without it a network will not be willing to provide them (Mattingly and Westover, 2015). It helps new firms or organisations, which born global firms are, overcome liabilities of newness, and assist them in developing connections to gain valued resources (Suchman, 1995; Zimmerman and Zeitz, 2002; Deeds, Mang and Frandsen, 2004; Göcke, Hülsebusch and Menter, 2021).

A major research stream has emerged around the view where legitimacy itself is treated an operational resource and property which is an intangible asset which firms can possess, known as the legitimacy as property stream (Suddaby, Bitektine and Haack, 2017). Contributions from this stream have detailed the elements and characteristics of legitimacy, with Aldrich and Fiol (1994) offering two primary categories of legitimacy: cognitive and socio-political legitimacy. Socio-political legitimacy refers to the extent to which there is congruence between an organisation/firm's characteristics or behaviours and "the normative expectations in the cultural meaning systems of the other organizations that surround it" (Suddaby, Bitektine and Haack, 2017, p.454). Socio-political legitimacy in other words can be obtained by born global firms through being associated with socio-culturally appropriate values and norms. Examples of this could be their endorsement or sponsorship by prestigious contacts such as government officials and membership of exclusive networks all of which offers a sense of being accepted (Becker-Blease and Sohl, 2015). Research in the context of another emerging economy, India, provided evidence concerning firms who "piggyback" (Bangara, Freeman and Schroder, 2012, p.628) on the legitimacy of more established entities through gaining high profile prestigious endorsements. It should be noted that socio-political legitimacy has also been labelled in a proximate way as moral legitimacy (Suchman, 1995), though in this research the term socio-political legitimacy is preferred as in the case of China, the government and Communist party plays a central and commanding role in the economy and society (Shambaugh, 2008; Guo, 2020). The government in China has been shown to play an important role in supporting the internationalisation of domestic firms (Child and Rodrigues, 2005).

The spread of knowledge about a new firm where it "becomes so familiar and well known it becomes taken for granted" (Aldrich and Fiol, 1994, p.648) concerns the cognitive categorisation of legitimacy. Cognitive legitimacy occurs where there are high levels of congruence between the normative expectations of the firm and its environment where it is becomes to be seen a natural part of it (Suddaby, Bitektine and Haack, 2017). Tensions have also been identified concerning the requirement that firms are seen to fit in within their environment but also sufficiently stand out in demonstrating an entrepreneurial venture is sufficiently novel and acts on hitherto unexplored opportunities (Shane and Venkataraman, 2000; De Clercq and Voronov, 2009). Such tensions remain a source of ongoing debate and

provide ample opportunities for exploration for research. In the context of this research, born global firms in Chengdu also must address these challenges though how they address them is not yet well understood. These tensions also have the potential to impact how firms build their social capital as those that are perceived to be too normatively aligned may not establish the necessary credentials to be seen as an opportunity seeking innovative firm that is likely to succeed on a global scale. In the framing of this research this means born global firms could be perceived to be too normatively aligned and therefore struggle to build social capital with high prestige occupation holders. Born global firms need to convince those in their networks they are credible and need to secure legitimacy in the eyes of others, through to achieve this must balance these paradoxical concerns. Born global firms need to show they are acting on under exploited opportunities in a novel way (Shane and Venkataraman, 2000) so they stand out, while at the same time adhere to expected norms, values and beliefs to fit in, through framing their new firm in the known and believable (De Clercq and Voronov, 2009).

Views that legitimacy is not static and is a dynamic process are aligned with social capital perspectives as the context for legitimacy and social capital building is continuously changing (Suchman, 1995; Gebert-Persson and Káptalan-Nagy, 2016). Both perspectives see that new contacts and relationships, whether direct or indirect, are continuously being built, maintained or even atrophy. Legitimacy as a process, termed legitimation, is socially constructed whereby it is the outcome of social interactions between these dynamically changing actors (Berger and Luckmann, 1967; Johnson, Dowd and Ridgeway, 2006). In the case of this research the key actors being owner-managers of born global firms in Chengdu and their networked contacts. Research has highlighted how firms that signal their social capital are more likely to be perceived as a quality firm and gain the rewards associated with legitimacy (Suchman, 1995). It stands that perceptions therefore can be influenced through the network ties of a key actor, specifically when a firm needs to signal its strategic intent and capability (Khoury, Junkunc and Deeds, 2013). Seen in this way, network ties can be an important source of social capital that build and enhances the perception of a new venture's legitimacy (Shane and Cable, 2002).

A foundational review of international entrepreneurship research in emerging economies noted that research on born global and legitimacy has been underrepresented, with the key

term appearing three times in this review paper in relation to future research directions (Kiss, Danis and Cavusgil, 2012). Nascent research concerning China has begun to explore the linkages between social capital and legitimacy. Low and Johnston (2008) in a case study of Motorola in China, made important connections between how firms can secure legitimacy through strategic involvement in business, social, and political activities to gain access to prestigious network actors and institutions. Other early research in this area by Carlisle and Flynn (2005) proposed that the accumulation of social capital through *guanxi* networks can be an important means for building and maintaining legitimacy. This research concurs with the perspective the cultural context can help or hinder the establishment of legitimacy as well as the increased effort smaller enterprises need to employ for legitimacy building. However, the research takes the perspective that it is purely social capital which increasingly legitimises a new and small organisation. The perspective taken in this research questions whether this relationship is one way and linear and probes whether it is a mutually reinforcing relationship - does legitimacy influence the building of social capital and does social capital influence the building of legitimacy? More recent research on legitimacy in the case of China was conducted by Feng and Wang (2010) highlighting the important role that government plays in providing sponsoring legitimacy for private enterprises. More specifically it focusses on the behaviours that private entrepreneurs take to build legitimacy through regulatory endorsement. Chen *et al.*, (2018) have from a supply chain integration perspective revealed how the social capital of senior managers built up through personal and political ties enhances legitimacy. In an emerging economy context, Prashantham, Kumar and Bhattacharyya (2019) have recently highlighted the role of network connectivity and how it enables emerging economy international new ventures to overcome legitimacy deficits but note that this research avenue largely remains under explored within international entrepreneurship. This opens up an opportunity to add to the research stream concerning emerging economy born global firms and understand more about how legitimacy and social capital building influence each other.

2.6 Chapter Summary

This chapter has brought together the literatures from social capital, international entrepreneurship/born global firms and legitimacy. In doing so it conceptually clarifies for this research:

- The focus on the born global firm and their owner-managers as the main unit of research. Derived from debates within the international entrepreneurship literature, this firm has been researched in a predominantly North American, Australasian and European context. Studies on emerging economy born global firms have proposed a more nuanced and sophisticated understanding of how these firms are defined and operate. This gap in the research is to be addressed in this research by bringing new contextual knowledge on how social capital is built by born global firms in Chengdu, China.
- The theoretical underpinnings of how social capital is viewed, operationalised and measured. Adapting and employing perspectives from the social capital literature enables the research to adopt an approach to viewing social capital as based on social structures and hierarchies and is a multi-dimensional concept. Building upon this, the research employs these theories in a unique research setting to generate new knowledge on social capital building. An alternate perspective using a guanxi approach was argued as being unable to bring the same level of comparability as studies which adopt a social capital perspective.
- The theoretical linkages between legitimacy and social capital theories and where there are overlapping and mutually reinforcing concepts which may explain how some born global firms have more success in building their social capital over others. This approach is largely taken up in the second strand of the research, see Chapter 3, in assisting the answering of the how questions in this research.

Chapter 3 Research Methodology

3.1 Chapter Introduction

The methodology discussed in this chapter will show that in order to address the three research questions with methodological rigour, it is necessary to detail the overall approach which is based on a paradigm of research (Mackenzie and Knipe, 2006). As Mertens (2010) has noted, the specific nature of the definition of research is influenced by the paradigm of a researcher, so this will be outlined before moving on to discussion of research design, data collection and methods of analysis i.e., the method. In this research, a paradigm refers to the belief systems or worldviews which guide researchers (Guba and Lincoln, 1994), and according to Morgan (2007) such shared beliefs among communities of researchers establish consensus about what questions in research are more meaningful and which methods would be most appropriate to address them. This research conducted on born global firms in Chengdu is situated within the paradigm of pragmatism, also known as the pragmatic paradigm (Cherryholmes, 1992) which derives from the work of Dewey (2007; 2012), James (2000) and Peirce (1955), has been argued as a distinct paradigm of research by Morgan (2014), Creswell (2013), Howe (1988), and Tashakkori, Johnson and Teddlie (2020). Operating within the paradigm means placing the research problem at the centre is the central guiding activity and therefore all methods enlisted are employed to understand the problem. In the case of this research, understanding *what* and *how* of the central research problem (Creswell, 2013).

As noted in Chapter 1, this research focusses on understanding socially constructed norms and behaviours, which are contextual by nature. To achieve this appropriate adaptation of instruments to measure social capital, the position generator, of born global owner-managers as well as to select participants for follow up in-depth interviews to generate the rich data needed to answer both types of research questions. In the case of this research, these concern the objectives of measuring the social capital of born global firm owner-managers, i.e., the *what*, and subsequently following up on these initial findings to find detailed explanations how this was achieved. This is through understanding the complex linkages provided by the owner-managers required to form and maintain dynamic relationships. The central problem that led to the creation of the three research questions was the need to counterpose perspectives within the field of IE where the context of the research was not

considered and in opposition to the “Silicon Valley model” (Herrmann, 2019) of entrepreneurship. The belief guiding this research is that it is the questions guiding inquiry that should predominate rather than those that seek to purely attempt to mirror reality, the core guidance questions that matter being: what is the research for, who is it for and how do the researchers values influence the research (Feilzer, 2010).

3.2 Research Overview: Mixed Methods Approach

The main research design addresses the research questions using a sequential mixed methods (SMM) which design allows for one type of data to provide the basis for the collection of another type of data (Cameron, 2009). The widely used definition of mixed methods (MM) research which has been employed is “the class of research where the researcher mixes or combines quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study” (Johnson and Onwuegbuzie, 2004a, p.17). It is also known also as the third research community (Teddlie and Tashakkori, 2009) or as the third research paradigm (Johnson and Onwuegbuzie, 2004b) by these authors. The corresponding approach to logic and making logical inferences from the data is known as abduction and outlined further in section 3.3.4. This highlights the process the researcher undertook in having to move back and forth between the data collected and the literature to construct a better account of what might be likely explanations outlined and discussed in the research findings.

The specific type of sequential mixed methods research design employed is the explanatory sequential design which commences with a quantitative strand and is then followed by a second qualitative strand (Ivankova, Creswell and Stick, 2006). While mixed methods designs have been highlighted as allowing for a researcher to engage in more robust analysis (Greene, Caracelli and Graham, 1989), key issues for this design which the researcher also had to clarify were:

- the priority given to the qualitative and quantitative data collection and analysis in the research (priority)
- the sequence of the qualitative and quantitative data collection and analysis (implementation)

- the stage when the qualitative and quantitative strands in the research process are connected and results integrated (integration)

(Ivankova, Creswell and Stick, 2006)

The resulting choices made are mapped out further in Figure 3.3 and discussed in section 3.4.1, demonstrating the key benefits obtained from adopting this approach which overall allows for participant selection based on the results of the quantitative strand. This specific design involved measuring the social capital of born global owner-managers using the research instrument (position generator) along with born global firm specific data, which provides the quantitative data. In the first strand, labelled as strand 1, the position generator instrument based on Lin's social capital theory (Lin and Dumin, 1986; Lin, Fu and Hsung, 2001), collected data on; the range of occupational contacts, including those considered occupying occupations with high prestige, strength of ties as well as resources accessed by the participants, owner-managers of born global firms from different industries headquartered in Chengdu, China. After the preliminary analysis of the results of this data, participants were selected to provide qualitative data through in-depth semi-structured interviews in the second strand. In the case of this research, the quantitative data provides the basis and starting point for the collection of qualitative data to address the research questions. It should be noted that interviews have been critiqued as "unreliable, impressionistic, and not objective" (Denzin and Lincoln, 2000, p.12). This research is situated within the pragmatic paradigm, which as discussed in more detail in section 3.3, and rejects such criticisms. This perspective views data from interviews as an important approach for gaining a much deeper understanding of the owner-managers personal experiences and also "holds value beyond the context of the immediate research interaction" (Yeo et al., 2014, p.180). Interviews can draw upon owner-managers' explicit interpretation of interactions and events, which is vital in this research which probes complex interactions between owner-managers and a range of individuals in building social capital.

The second strand of research involved the creation of an interview schedule and the questions for semi-structured interviews with born global firm owner-managers. The rich data from these interviews allows for thick description which involves understanding the local context of the situation the owner-managers' social capital building behaviour and involves

ascribing current and future intentionality to it (Ponterotto, 2006). More specifically, thick description “presents human behavior in a way that takes not only the physical and social context into account, but also the actors' intentionality” (Schultze and Avital, 2011, p.3). This contrasts with the survey data which usually contains close-ended questions and results in thin description through measures such as frequencies, distributions or statistical patterns of relationships between constructs (Brekhus, Galliher and Gubrium, 2005). Rich data provides the researcher with information about the underlying process for how social capital is generated, built and mobilised, and reproduced in a specific socio-political and cultural setting (Chen and Tan, 2009). In the case of this research, how born global owner-managers build and maintain their social capital, and how they can utilise this social capital to access embedded resources. The qualitative strand also allowed probing into the reasons why some born global firm owner-managers had more success at establishing high-prestige contacts than others, and to use these responses to construct a typology of born global firms which can explain any divergences in approaches. It is through integrating both types of data that allows for the creation of different findings which in turn can lead to greater depth and diversity in results (Tashakkori and Teddlie, 1998). The next section discusses in more depth the methodological position adopted, pragmatism, and how this has informed the specifics of the research design, presented in section 3.4.

3.3 Research Methodology

A key element of research deemed to be of high quality is the need for it to maintain both methodological coherence as well as logical consistency and what is crucial for this to be achieved is the discussion of a clear position on the research methodology to be utilised (Easterby-Smith et al., 2018). The methodological community that this research fits within is outlined in this section, particularly as the approach adopted might not be accepted from those in the business and management research community who subscribe to the “incompatibility thesis” (Creamer, 2018, p.2) which states different types of data i.e. the qualitative data collected in strand 1 and the quantitative data collected in strand 2 of this research should require distinctive approaches to their collection which prevent them being mixed. In addition to this argument is the related incommensurability position of Burrell and

Morgan (2019) which states research paradigms should not be combined as they could be mutually incompatible.

Pragmatism as a worldview challenges such dualistic thinking, the doing which is “very much part of the Pragmatist agenda” (Elkjaer and Simpson, 2011, p.76). This view will be reflected in the chapter discussion indicating it is possible to mix data collection methods successfully depending on the research questions, which take priority over a focus on a specific method or approach to data collection (Tashakkori and Teddlie, 1998). In other words, researchers choose to collect the data for what works best in the context of each research study (Howe, 1988). The approach to mixing data collection methods and analysis is not a recent trend and in fact has led to some notable pioneering research such as the Hawthorne studies from the 1920s and the Marienthal study on the economic depression in Austria in the 1930s, both utilised experiments and observations collecting and analysing both quantitative and qualitative data to address their research questions (Brewer and Hunter, 2006). Researching social capital is a complex issue that has been shown to benefit from coherent integration of quantitative as well as qualitative approaches, with researchers adopting combinations of these approaches so they best correspond to the type of questions under investigation (Dudwick et al., 2006).

Mertens (2010) argues that the philosophical orientation of a researcher will impact each decision of the research process including the research method chosen and as a result it is necessary to discuss philosophical orientation before methods. Abbott (2004) also notes that paradigms are practical tools or heuristics used in social research used to solve research problems and this appeals to the researcher who, as indicated in further detail, operates within the paradigm of pragmatism. To arrive at any research paradigm, it is therefore necessary to explore in a more structured way the underlying assumptions they are founded upon. As Mertens points out, researching without exploring these underlying philosophical assumptions would mean that the research itself “rests on unexamined and unrecognized assumptions” (Mertens, 2010, p.7) and is therefore less likely to maintain a coherent logical position. To overcome this, a summary table , Table 3.1, below details the core assumptions made in this research based on the approach of pragmatism.

Taking this into consideration a more comprehensive schema for identifying a paradigm, which includes the need for a separate discussion on methods, was proposed by Tashakkori, Johnson and Teddlie (2020). This approach also integrates those of Lincoln and Guba (2000), Miles and Huberman (1994), Teddlie and Tashakkori (2009), Tashakkori and Teddlie (1998), Mertens (2010) and Howe (1988). The seven dimensions used in Table 3.1 outlining the approach taken in this research cover: Epistemology, Axiology, Ontology, Logic, Causal linkages, Generalization and Method (Teddlie and Tashakkori, 2009). In adopting an approach based on pragmatism, the researcher agrees with the view expressed by Morgan (2014) whereby instead of assigning post-positivism and constructivism into two separate different camps from an ontological and epistemological perspective, those operating within the pragmatist paradigm will focus on two different approaches to inquiry i.e., empirical and rationalistic approaches. The following summary table uses the seven dimensions to highlight the approach taken within the broader community aligning with pragmatism and alongside this the specific approach taken by the researcher.

Table 3.1: Summary Table of Pragmatic Paradigm Used in this Research

Dimensions	Pragmatism	Research Approach Taken
<i>Epistemology</i>	Both objective and subjective points of view, depending on stage of research cycle	Approach taken: S1 to objectively engage the participants through collection of quantitative data to measure their social capital. Strand 2, more subjective approach taken collecting qualitative data to provide rich data suitable for addressing "how" research questions <i>Detailed in section 3.3.1</i>
<i>Ontology</i>	Diverse viewpoints regarding social realities, best explanations within personal value systems	Agrees with view there is an external reality independent of thought but also rejects a single explanation of reality i.e., the universalist position which states one explanation is "better" than another. Social phenomena i.e., social capital and networks used to access it, exist in the mind but some stable relationships can be determined among its inherent messiness <i>Detailed in section 3.3.2</i>

<i>Axiology</i>	Values important in interpreting results	Rejects view that research is completely value free. Values driving this research are those which matter to the community where the research takes place <i>Detailed in section 3.3.3</i>
<i>Logic</i>	Both inductive and hypothetico-deductive	Follows abduction grounded in an approach first espoused by Peirce. Some prior theoretical knowledge of social capital and entrepreneurial networking led to interactions with born global firm owner-managers which led to theory matching (social capital and legitimacy theory) and then between theory and data to offer up a better explanation involving (integration of literature on legitimacy) <i>Detailed in section 3.3.4</i>
<i>Causal linkages</i>	Pragmatists believe that there may be causal relationships but that these relationships are transitory and hard to identify	Agrees that linkages are transitory and hard to identify, focus on trustworthiness of inferences made. Credibility is established through transparency and member checking of transcribed data and inferences made <i>Detailed in section 3.2.5</i>
<i>Generalisation</i>	Ideographic statements emphasised, both external validity (quant) and transferability issues (qual) important	Generalisation of results not sought. Ideographic statements i.e., coding of interview transcript qualitative data used to generate conceptual typology. Transferability sought by using widely accepted analytical approach, use of "thick description" in making detailed descriptions of context to allow other researchers make comparisons <i>Detailed in section 3.3.5</i>
<i>Methods</i>	Both QUAL and QUAN, researchers answer questions using best methods	(Strand 1) Quest-quant --> (Strand 2) INT-QUAL Explanatory sequential design, strand 1 online survey assessed social capital of participant (what is social capital and who is contacted) through position generator analysis of which led the creation of interview schedule and questions for strand 2. Strand 2 looks at how social capital

		<p>was built, and why it varied among participants and to understand the role of legitimacy</p> <p><i>Detailed in section 3.4</i></p>
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Table adapted from: Teddlie and Tashakkori (2009), Tashakkori and Teddlie (1998) and Guba and Lincoln (1994)

The next three sections, 3.3.1, 3.3.2, 3.3.3, follows the dimensions listed in Table 1 to detail how pragmatism influenced the research in showing what approach to the theory of knowledge is taken (Epistemology), what view of reality or being is adopted (Ontology), and if values play a role (Axiology), in this research? It is from answering these questions a research design is formed as the results of the overall inquiry paradigm or research worldview (Creswell 2007).

3.3.1 Epistemology

The philosophical questions that research into social capital, social hierarchies, prestige, legitimacy and networks in IE raise are everyday and complex and in this research stem from a belief they are distinct actual social phenomena which exist in the world. This means these phenomena, exert powerful yet largely invisible influences over owner-managers and their activities. As these are interpreted understood and believed in in society, evidenced by such views that networks matter or “it’s not what you know but who you know” (Woolcock, 2001, p.67), these phenomena become real and therefore can be subject to inquiry and research (Miles, Huberman and Saldana, 2014). An attempt is made here to indicate how these philosophical standpoints shape the research outlook and the questions posed as well as their exploration and analysis.

A guiding principle for the exploration of new knowledge within pragmatism was given by Peirce, who formulated the first rule of reason - do not block the road of inquiry (Brunning and Forster, 1997). This is essentially what has elsewhere been broadly called fallibilism, which refers to a willingness and openness to change one’s mind when a previously known truth may be false instead of the continual pursuit of unshakable theses (Talissee and Aikin, 2008). This way of thinking addresses an assessment of knowledge and reasons for

constituting it where those seeking knowledge are open to criticism. Peirce put forward an approach that would be suited to answering practical questions arising from everyday human life. The research project explored in this document emerged from interactions with the IE community and a belief that existing knowledge did not capture the specific set of circumstances that these owner-managers have to navigate in building social capital for their born global firms.

Rejecting rationalist epistemology, this research takes the perspective that societies are complex, networked and dynamic and never a fixed entity. This research however concurs with the view that the process of acquiring knowledge about societies is not an 'either or' choice between objectivity and subjectivity, positivism or anti-positivism, pragmatism can be found in the middle of a continuum concerning mode of inquiry (Goles and Hirschheim, 2000). This approach can be seen to be anathema to those operating withing a positivistic or post-positivistic paradigm who tend to believe that objective knowledge is gained by engaging in hypothesis testing through looking at empirical evidence (Park, Konge and Artino, 2020). It is also opposes a hard turn towards constructivism which is founded upon a belief that reality is extremely complex and all knowledge is relative (Bryman and Bell, 2011). This required the researcher to engage with participants in different ways to answer highly complex questions through personal interaction during one strand of the research i.e., more subjective collecting rich qualitative data, while during a different strand to provide quantitative data not requiring much interaction between researcher and participant through an online survey, meaning a more distant or objective position taken regarding the participants (Tashakkori and Teddlie, 1998).

Guiding the researcher was the flexibility inherent in pragmatism which is based on a view of knowledge and reality that habits and beliefs are essentially socially constructed (Berger and Luckmann, 1967; Yefimov, 2004). There is a general agreement that knowledge found in this world is socially constructed but some versions of social constructions match experiences of individuals better than others. The source of practical and actionable knowledge was termed "pure experience" by James (2010, p.94), meaning that is through the researcher's own "experimental and reflexive engagement with each other and the natural and social world of which we are a part that over time we affirm habits and uncover new insights to inform our

ongoing conduct. By these means, we continuously construct and reconstruct meanings of both our worlds and selves” (Elkjaer and Simpson, 2011, p.60). This perspective has informed the approach in how the research design places a greater weight on strand 2 of data collection which involves the collection of qualitative data through semi-structured interviews with the owner-managers of born global firms in Chengdu. The question of how these individuals were able to build their stock of social capital can only be addressed when these individuals express their own detailed rich experiences and it is up to the researcher to take this into account and reflect back the insights provided.

3.3.2 Ontology

Ontology is what refers to assumptions made about the nature of reality and the ontology of a researcher determines how they will view the world of their discipline and therefore influence the choice of what to research (Saunders, Lewis and Thornhill, 2019) and issues of ontology and epistemology tend to emerge together in discussions on research methodology (Crotty, 1998). Pragmatists admit that the world can be interpreted in multiple ways and there is no single point of view which can accurately represent the totality and complexity of a problem or issue, leading to the ontological position there must be more than one reality (Kelemen and Rumens, 2008). Pragmatists can be in agreement there is an external reality independent of our minds, but also unsure that one explanation of reality (universalist) is better than another leading to the view a particular explanation “is better than another at producing anticipated or desired outcomes” (Cherryholmes, 1992, p.15).

A rejection of universalism has been one of the driving values of the researcher, in particular to try to overcome a-contextual IE research and understand how the local context and socio-cultural norms impact the behaviour of born global firm owner managers. The complexity of the social reality constructed by this diverse group of owner-managers has been generally underrepresented in the literature particularly in understanding how owner-managers are influenced by the powerful processes of institutionalisation, legitimation and socialisation (Berger and Luckmann, 1967; Yefimov, 2004). As a result, the focus of this research is the owner-managers social reality, a reality of beliefs and habits which is socially constructed by these processes. A reliance on the collection of rich data using this description therefore

emerges in the research design to capture these complex phenomena, detailed further in section 3.5. The research design also acknowledges that social phenomena not only exist in the mind but also in the world and that some stable relationships can be found among the messiness of daily life, an approach that can be termed “pragmatic realism” (Miles, Huberman and Saldana, 2014, p.7). This has led to the approach adopted to first measure the social capital of the owner-managers using the position generator (Lin and Dumin, 1986). Analysis of the position generator reveals the highest prestige occupations owner-managers are connected to and these findings lead to the development of a set of questions which formed the basis of strand 2 of the data collection. Analysis of the quantitative survey data allowed for the identification of owner-managers to take part in the semi-structured interviews which captures the social reality as experienced by them providing rich data to reveal how they navigated the complex social reality to access resources embedded in their networks.

3.3.3 Axiology

Axiology concerns the role of values and ethics in research and also can consider the role that researchers own beliefs and values impact any choices made (Saunders, Lewis and Thornhill, 2019). Overall the approach taken in this research aligns more with the values of pragmatism as espoused by Dewey (2012) where individuals and communities should identify and define issues that matter most within their community and explore them using approaches that make the most sense. This ethical stance has also been summarised by Maxcy as “the greatest good for the greatest number” (2003, p.55) where research is aimed at improving issues in society, in the case of this research to create a greater understanding of the complex approaches of how international entrepreneurs build social capital in a part of China (Chengdu) from the perspectives of both an insider or outsider to the region. Pragmatism has been critiqued from the perspective where due to its overly contextual and problem centred nature, pragmatism is limited in being able to analyse and identify social problems that are structural in nature. Thompson (1996) has pointed to a specific case where using a pragmatic perspective, such as in the context of educational research, may pose questions that ignore underlying structural inequalities and hegemonic power structures as the researcher is a member of a dominant social group who benefits from structural inequality. To get around

this Thompson (1996) suggests rejecting a problem centred approach which runs the risk of seeing differences as deficits.

A major driving force in this research is the need to identify and investigate the diversity and differences inherent in a varied cohort of born global firm owner-managers in a region of China, a number of whom are from diverse cultural backgrounds, are embraced as part of the complexity of the research undertaken. The views expressed by these participants in the qualitative data collection phase can inform the complexity of the social world they inhabit and how they have navigated the complex web of interactions needed to build social capital. Analysis of strand 1 survey data allowed for identification of diverse participants to take part in strand 2 and for the research to progress on to obtaining rich data from owner-managers where themes were predetermined but participants given adequate space to provide detailed data drawn from personal experiences.

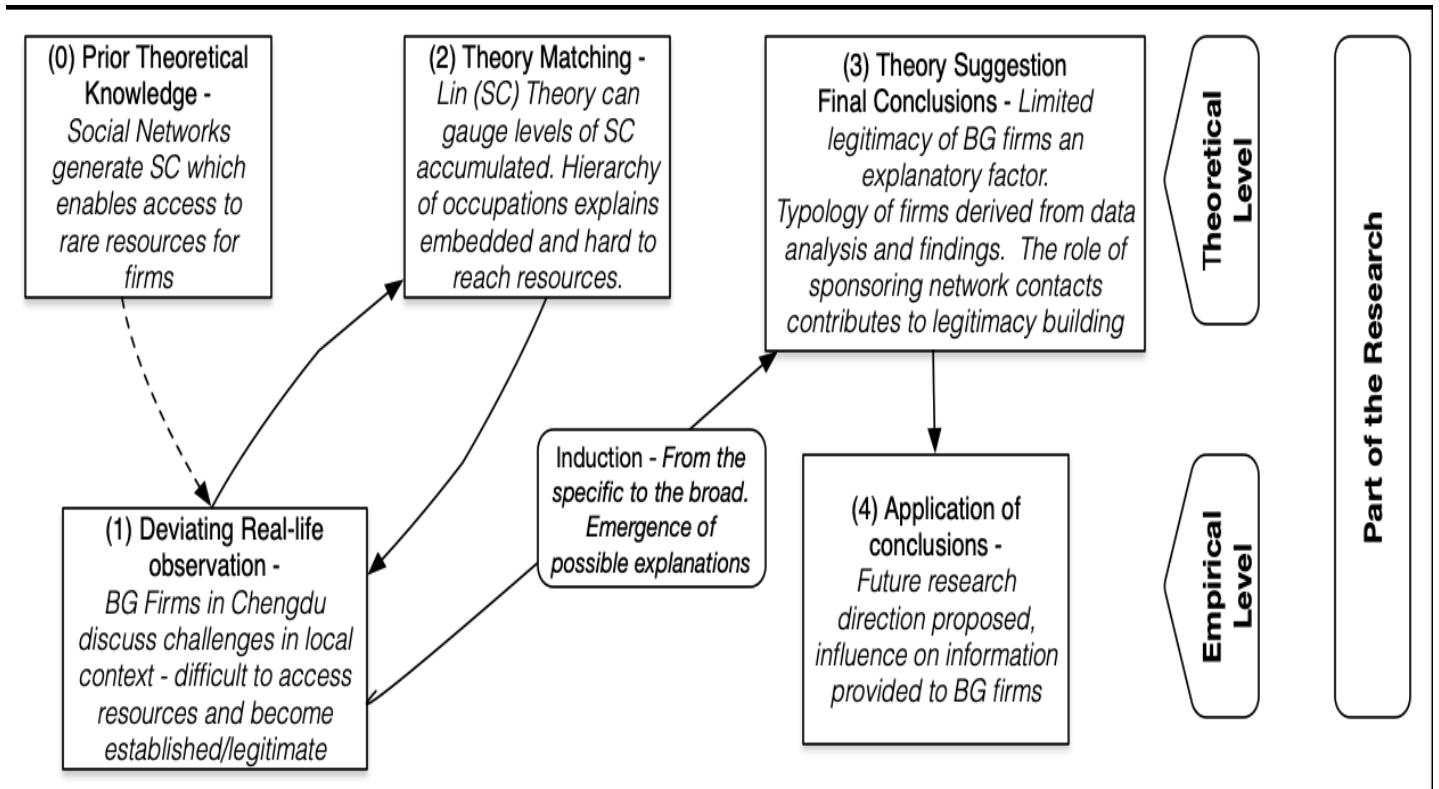
One of the core personal beliefs guiding this research is to present and research knowledge that will have an impact and result in future application, the goals of research are to generate such research knowledge that can contribute to better practice and a positive contribution to understanding a facet of born global firm research. This research concurs with the ethical stance allied to pragmatism that is comfortable with ambiguity and emphasises the place of the researcher in a community of practice that maintains personal responsibility and not an emphasis on a universal codes of ethics (Kelemen and Rumens, 2008). Section 3.8 details the ethical practice followed and approach taken in this research.

3.3.4 Logic

The section discusses the approaches to logic and reasoning which informs the research process and analysis adopted in exploring how born global (BG) firms build their social capital (SC). The approach that is largely followed is known as the abductive approach, also known as abductive reasoning. It is often discussed alongside the deductive and inductive approaches (also called deduction and induction) that can also inform methodology (Saunders, Lewis and Thornhill, 2019). This is also highly complementary to pragmatism as there is an acceptance of messy or incomplete observations derived from experiences that

may lead to better (or a best) prediction of the truth and the possibility to develop or adapt new theory (Mitchell, 2018). It is this capacity to offer better explanations that attracted the researcher to the abductive approach. It is a process that helps generate possibilities or alternative maybes which is a contrast with pure deduction which probes boundaries of thought within a closed system, or pure induction which structures evidence to support the formation of opinions (Elkjaer and Simpson, 2011). Abduction is a mental process and “an intellectual act, a mental leap, that brings together things which one has never associated with one another: a cognitive logic of discovery” (Reichertz, 2019, pp.264–265). A creative leap is made to move past conventional perspectives and to bring together new combinations or features to potentially create new ideas or knowledge. The possibility to unlock the creative potential behind abduction attracted the researcher in addressing the overall research problem as a new perspective was sought on the connections between social capital and legitimacy building by born global firms in Chengdu.

Figure 3.1-- Abductive Research Process.



Adapted from: Kovacs and Spens (2005) and Mitchell (2018)

As illustrated in Figure 3.1, the research project began when the researcher experienced surprise that the newly emerging phenomenon of born global firms developing in the city around the researcher in China were insufficiently represented, understood and analysed in the academic and professional literature. Reflecting later on, there was a recognition that the researcher had an underlying awareness of elements of network and resource theory which could only provide limited explanations for the difficulties the born global firm owner-managers were experiencing (0). These theories were largely confined to general awareness by the researcher of unrelated concepts, the key ones being the homophily principle derived from social network theory (Jackson, 2008), the work of Putnam (2000) on the decline of social capital in the US and the resource based view (RBV) derived from the field of strategic management (Barney, 1991). It is important to note that regarding predisposition of the researcher to theory, Peirce stipulated pure abduction starts from the facts at hand without reliance on any particular theory, it is motivated with a feeling that a theory is needed to explain surprising facts so abduction seeks theory (Reichertz, 2014). However, it would not

be until after experiencing direct interactions with born global firm owner-managers in discussing their difficulties (1) through local entrepreneurship meetings (entrepreneurship/business clubs, chambers of commerce meetings), a broader picture would emerge and then systematic theory matching undertaken. In the case of this research, born global firm owner-managers expressed in various forums their frustration in getting help from others in the local business community.

Enrolling in the DBA meant that the researcher needed to formally engage with the academic literature as required for the completion of documents 1-3. Through the review of the literature (2), Lin's (2002) theory of social capital was identified early on as offering the best possible framework to initiate exploration of the issue as it views social capital as containing resources (wealth, power, reputation and social networks) and these are accessed by individual actors who can gain access to them through direct or indirect ties. Lin's (2002) perspective is that resources which are valued goods in society - they correspond to wealth, reputation and power where social capital consists of resources embedded in one's network or associations. This directly spoke to some of the challenges the born global firms owner-managers were experiencing, for example frustration with gaining access to information and support on local taxation issues (who to speak to, where and how). Another facet of Lin's (2002) approach which also had high relevance is the view that social exchange (such as access to resources for future obligations/favours) is linked to social standing, status and prestige and motivation to engage in such exchanges is via social approval and esteem liking. Utilising the abductive approach (2) meant that the research started off with these surprising facts and proceeded to utilise existing social capital theory to understand and measure the extent of the issue as well as to locate a larger cohort of businesses impacted and establish the broader trends among the community. However, later on this abductive approach helped reveal unanticipated findings, as discussed in Chapters 4 and 5, which is a distinguishing feature of this approach and are investigated further (Dubois and Gadde, 2002).

The researcher in following abductive reasoning utilised where appropriate, inductive or deductive approaches. After collecting the qualitative data in strand 2 the researcher switched to inductive reasoning which uncovered more surprising findings (Morgan, 2007; Van Maanen, Sorensen and Mitchell, 2007). It was necessary to utilise the process of

induction to derive inferences from the qualitative data collected during strand 2 of the research where the results from the interviews served as inputs to the inductive goals of qualitative research. This led to the inference derived from the data that legitimacy (or a lack of it) associated with born global firms can help or hamper their ability to establish contacts with high prestige occupation holders . As a result (3) a typology of born global firms is proposed and discussed further in Chapter 6. In turning towards the empirical part of the research, such a typology can influence the future research agenda (4) of the researcher and even the wider community of research investigating born global firms in China or emerging economies concerning questions of legitimacy and the role it plays in social capital building.

3.3.5 Causal Linkages and Generalisation

Stemming from the abductive approach outlined whereby it seeks to generate possibilities or alternatives to what is known about a phenomena, this guides the belief that while there may be causal relationships identified in a study, these are transitory and often hard to identify (Tashakkori, Johnson and Teddlie, 2020). The social capital perspective the researcher has taken on is that while it is possible to measure and correlate relationships between variables, it also concurs with Robins (2015) who states network perspectives are not a straightforward extension to standard social science research due to its reliance on dependant and not independent observations i.e. it is the actors in the study are looked at for their connectedness. In broader terms, this links with the view that pragmatists believe it is not possible to completely understand causal relationships, as the results of any research study will contain multiple possible explanations (Teddlie and Tashakkori, 2009). The dominant approach to investigating *how* born global firm owner-managers have built their store of social capital and how they have been able to access high prestige occupations have been the guiding concerns of the research. This has meant that qualitative data collection and analysis has dominated and therefore rich detail from individual descriptions including their perceptions to extract relational information to produce novel findings.

As causal linkages are not being sought in this research it is instead important to focus on the credibility of the quality of the inferences made from the data collected (Greene, 2007). This research took an approach that emphasised transparency and trustworthiness in the research

by using an approach called member checking which is considered one of the most important methods for establishing the credibility of a study using qualitative approaches which involves the negotiation of meaning between the participant and the researcher (Doyle, 2007). Member checking is a strategy for enhancing data quality by asking members of stakeholder groups from whom the data was collected to verify the researchers representations of events, behaviours of phenomena (Lincoln and Guba, 1985; Teddlie and Tashakkori, 2009). In the case of this research, all transcripts produced from the in-depth semi-structured interviews in strand 2 were shared with each of the participants and comment invited as to their accuracy and reliability. All participants responded to this request and confirmed that the transcripts were an accurate representation of what was discussed before the researcher conducted the analysis.

In addition, when preliminary analysis of the interview data was undertaken, it was shared with each participant and comment invited as to the researcher's interpretation of the interviews. It is worth noting, a high degree of trustworthiness was established with participants starting from strand 1 of the research whereby once contact was established with a research participant on social media (WeChat or LinkedIn) the researcher kept the participant informed by sharing the bilingual participant information sheets and consent forms (See Appendices C, D and E). These outlined the purpose of the study including how the information is secured, why the individual was approached, the possible benefits from taking part, and a range of contact details for the researcher to be reached on, including social media, to raise any questions or concerns. This was an important aspect in enhancing the approachability and accessibility of the researcher and thereby creating trust and credibility towards the project.

3.4 Research Methods and Design

As noted in section 3.2, this research followed a sequential mixed methods approach to address the three research questions. As noted by Creswell and Plano Clark (2007), this is an approach that can provide a better understanding of research problems than either alone. By combining two distinctive strands of research, where strand 1 focussed on collecting quantitative data, with the qualitative strand, strand 2, this has allowed the researcher to

integrate information into a single study that otherwise would not have been readily available to the researcher. In the case of this research, it allowed for the selection of participants, born global firm owner-managers, for in-depth interviews in strand 2 selected based on their responses to the strand 1 online survey who conformed to the criteria for inclusion discussed further in section 3.6. It also allowed the researcher to create an interview schedule that was linked to the findings of the results of the strand 1 survey leading to a focussed investigation of all research questions. In this research the qualitative and quantitative results are integrated across the different strands of the study thereby making this research truly mixed with clearly identifiable separate inferences from each strand and an integration of these inferences made as shown in Figure 3.3.

3.4.1 Explanatory Sequential Design

The method used first in this study is an online survey that served to collect numerical i.e., quantitative data to inform strand 2, the main qualitative data collection strand. It should be emphasised that the objective of this research is not to seek or develop causal explanations or to make predictions, but to understand complex social phenomena. The method used first in this study is an online survey that served to collect numerical i.e., quantitative data to inform strand 2, the main qualitative data collection strand. Such an approach employed the position generator instrument to collect quantitative data about participants' social capital. Prior to the start of the second strand, the analysis of the results was used to inform the generation of questions for semi-structured interviews. A notable strength with this approach has been identified as producing a more focussed qualitative study which is more specific in both its analysis and in its development (Harrison and Reilly, 2011). Therefore, as this research is qualitatively focussed as indicated by the research questions, this is deemed to be the most suitable design.

The sequential mixed methods approach to data collection adopted is one where one type of data provides the basis for the collection of another type of data (Cameron, 2009). Using the Morse (1991) notation for mixed methods studies, this project broadly adopts the following approach: **quan → QUAL**. This notation indicates that the project is more qualitatively (QUAL) oriented and it the more dominant aspect of the design. It also indicates the sequence of the

design i.e.; the study followed a chronological order where the QUAL strand followed the quantitative (quan) strand whereby explanations for the data analysed from this strand were sought. This is known as an explanatory sequential mixed methods design (Creswell and Creswell, 2018). The overall purpose of this explanatory sequential study was to understand how social capital building occurs among a diverse cohort of born global firms based in Chengdu by first obtaining quantitative results from an open online survey of born global firm owner-managers, and then following up with purposefully selected owner-managers to elaborate the findings of the survey through a series of in-depth semi-structured interviews. This leads to a much richer understanding of the contextual rationale of the process for how social capital is accessed via a range of occupations holders, particularly concerning those ranked as high prestige. According to Lin's (2002) theory of social capital, it is these high prestige occupation holders, fewer in number, that are closer to the top of the social structure which is pyramidal in shape and these occupants have distinct advantages. This is explained in the following way:

A position closer to the top of the structure has greater access to and control of the valued resources not only because more valued resources are intrinsically attached to that position, but also because of the position's greater accessibility to positions at other (primarily lower) rankings. Thus, an individual occupying a higher position, because of its accessibility to more positions, also has a greater command of social capital.

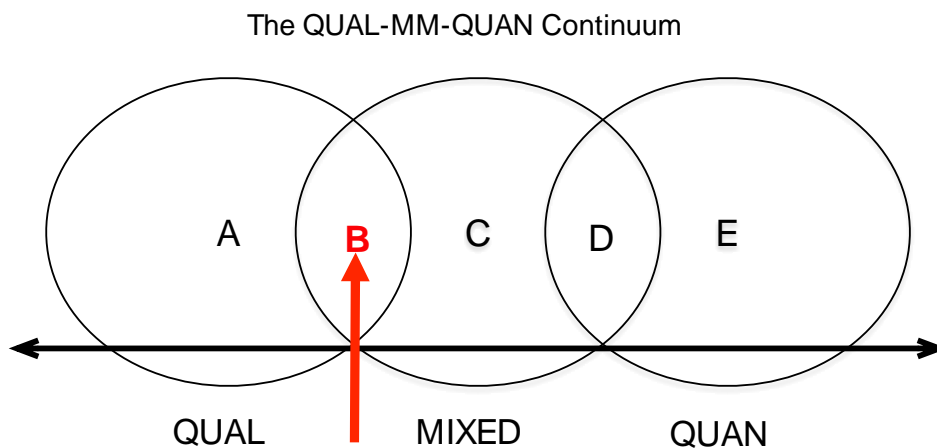
(Lin, 2002, p.56)

The purpose of strand 2 was to gain rich insights from owner-managers experiences and perceptions on how they built up and accumulated their social capital, as well as how they developed and maintenance hierarchical relationships to establish and enhance their born global firms' legitimacy. Semi-structured interviews are deemed to be the most suitable approach for answering these questions as they allow for the asking of open-ended and close-ended questions allowing owner-managers the opportunity to share their particular insights in building up their social capital. The interviewees all came from a mix of diverse backgrounds, another important aspect of this research as it allows for the incorporation of non-standard

or minority views, particularly from non-China national owner-managers and those who grew up outside of China for the majority of their lives.

The following diagram, the qualitative-mixed methods-quantitative continuum, illustrates the overall diversity inherent in mixed methods research, which also illustrates no simple dichotomy between qualitative and quantitative research exists (Newman et al., 2003). Adapting the continuum to this research, Figure 3.2 indicates this is a “B” type project which indicates it is primarily focussed on qualitative methods and data with some quantitative components.

Figure 3.2 The Qualitative-Mixed Methods-Quantitative Continuum



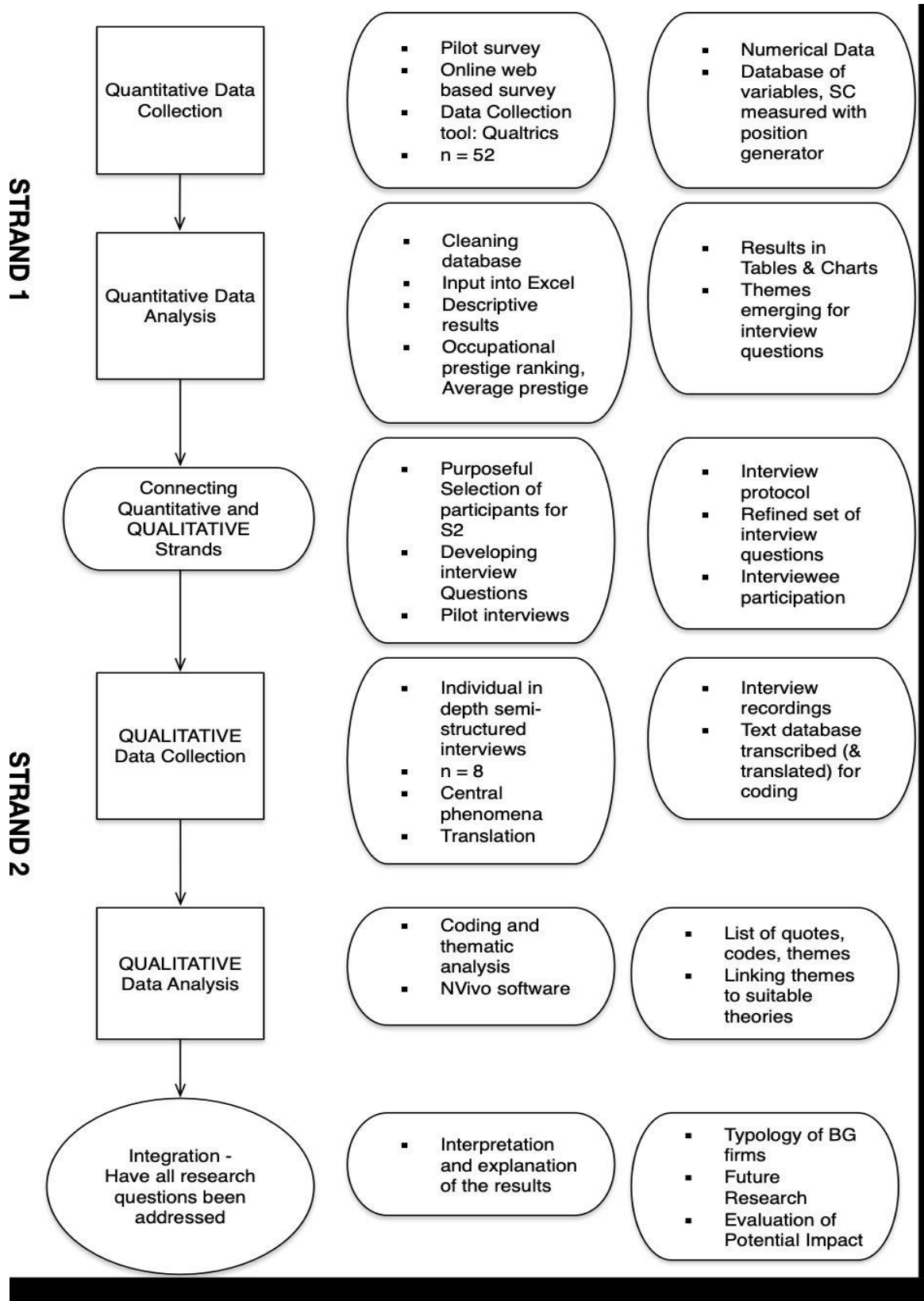
Adapted from: Johnson, Onwuegbuzie and Turner (2007), Teddlie and Tashakkori (2009) and Newman et al. (2003)

As indicated by the research questions, this project aims to understand, through gathering rich data, how owner-managers of born global firms build their social capital. The research is not interested in testing theory such as investigating a set of *a priori* hypotheses. Individual actors, born global firms' owner-managers, are the subject of this research and are the basic modelling unit. The theory of social capital (as outlined in Chapter 2) underpinning this research does not focus on network structure or network processes directly, as SNA does (Wasserman and Faust, 1994). Taking this perspective further, when conducting this research on social capital, it involves not only requiring an approach to fact finding using surveys which

generate quantitative (numerical) data but to follow up on the facts established by engaging in the social world of the born global firm practitioners by conducting detailed discussions to produce verbal responses and when transcribed, qualitative (textural) data. A simple dichotomy between qualitative and quantitative “research” is not helpful in that researchers with similar assumptions about reality or how knowledge is created, may believe they have nothing in common or can work towards creating siloed knowledge (Biesta, 2010), thus limiting understanding of contextual phenomena such as the behaviours of born global firms in emerging economies.

To show how these issues were considered and addressed, a visual model (Figure 3.3) of the explanatory sequential design was developed. This allowed the researcher to visualise the priority of data collection and analysis, the sequence of the data collection as well as indicating the stage of integration between the qualitative and quantitative strands.

Figure 3.3 Explanatory Sequential Mixed Methods Design



Adapted from: Ivankova, Creswell and Stick (2006) and Creswell (2015)

The ten rules for drawing visual models for mixed methods designs (Ivankova, Creswell and Stick, 2006) were also adhered to. The visual model indicates an emphasis on the qualitative data collection and analysis by capitalising the term QUALITATIVE. It also demonstrates the sequence of implementation where the quantitative approach is both the preliminary approach and complements the principal approach which is qualitative, which takes place after quantitative data analysis has taken place (quan → QUAL). The visual model lists all the procedures and products for each strand of the research as well as the connecting points between the qualitative and quantitative strands. As can be seen in the central section of the visual model, the point of integration of the quantitative and qualitative strands occurs where both participant selection as well as interview questions were the key outputs/products. This purpose of this approach, following the approach of Morgan (1998), is to employ a small quantitative study in assisting with the data collection for a principally qualitative study. In this research, it takes the form of using an online survey of the field setting i.e., enlisting born global firms in Chengdu to respond to the survey questions. A strong theoretical grounding for the research was established from the beginning which helped establish the key themes to be explained in greater detail in strand 2. As will be discussed under section 3.5, one of the data collection instruments employed in this strand of the research is the position generator, as based on the theory of social capital discussed in Chapter 2.

Finding firms in Chengdu that fit agreed on definitions of born global firms as outlined in the literature review was recognised as a challenge, particularly as these firm types emerged later in this region than elsewhere (Zhang, Tansuhaj and McCullough, 2009). This early challenge was recognised by the researcher who has been an active member of the local entrepreneurship community. Many of the firms encountered by the researcher in the community were ostensibly born global as described by their members or had the capacity to become born global. However, it was necessary to find firms that aligned with the appropriate definition of born global (as outlined in Chapter 2) and an online survey was deemed an appropriate was to gauge whether a participant's firm met this categorisation according to the literature.

Another limitation recognised with the explanatory sequential approach was the length of time it took to complete the collection and analysis across both strands, plus the limited range of resources, such as time and cost, available to the researcher (Cameron, 2009). The researcher was able to conduct data collection while working in a part-time capacity for their role in China allowing them sufficient time to complete according to the research plan. Costs were minimised with the employment of a local translator for specific tasks such as checking the translations of the online survey, as well as only being utilised for interviews where the participant preferred to respond in Standard Mandarin or Sichuanese rather than English. The last substantial set of costs incurred concerned the time and monetary expenses associated with transcribing each of the audio recorded interviews from strand 2 into text. Transcription is seen as a time-consuming process with Walford (2001) suggesting it takes approximately 5 hours to transcribe 1 hour of interviews. In utilising artificial intelligence (AI) transcription services, the researcher found a time efficient way of producing an initial draft transcript of the audio recording. This is an approach known as automated generation of 'good enough' transcripts in the first stage in transcribing audio recorded data (Bokhove and Downey, 2018). The researcher recognised all transcripts produced in this way were imperfect and needed to be fully reviewed and updated for accuracy. All transcripts produced this way using the *Sonxi.ai* service were reviewed and corrected carefully before being sent to each owner-manager for verification following the approach known as member checking (Birt et al., 2016). As will be discussed further in section 3.5, this manual checking of each draft transcript provided the first opportunity for the researcher to begin the process of analysis by reviewing in detail what was said, taking the position where transcription itself is an interpretative act which produces meaning (Lapadat and Lindsay, 1999). The next section, will outline the data collection approaches taken across strands 1 and 2 within the overall explanatory sequential design.

3.5 Data Collection

Figure 3.3, the visual model of explanatory sequential design, indicates two separate but interlinked phases of data collection: strand 1 quantitative data collection and strand 2 qualitative data collection. Each will be discussed in turn within this section of the chapter.

3.5.1 Strand 1 Quantitative Data Collection (quant):

The first element of data collection which commenced the study was to understand the population for the study. A population as defined by Bryman as “the universe of units from which the sample is to be selected” (2012, p.187) whereby units do not necessarily always refer to people and can refer to nations, cities or regions. In the case of this research, the universe to which to choose participants from are individuals who are owner-managers in a Chengdu headquartered born global firm. This means that the population is defined in terms of geographic location as well as by position held in a specific type of firm engaging in IE. Owner-manager is defined according to a widely used definition in the literature as an individual who owns and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and consumes the majority of the owner-manager’s time and resources. And they perceive the business as an extension of their personality, closely bound with needs and desires (Carland et al., 1984). Each participant was required to indicate their role in the firm which confirmed whether they were the appropriate person to take the survey.

It was necessary for the owner-managers to indicate whether their firms were headquartered in Chengdu as the research questions concern this location and not in other cities or regions of China or elsewhere. This allowed the researcher to filter out participants who did not meet this essential criterion. The online survey data collection tool used was Qualtrics which is a very popular professional survey platform (Molnar, 2019). It included an electronic informed consent section at the start of the survey requiring the signing of a digital signature to proceed (see section 3.8 for further information on approach taken). It should be noted however, that while Qualtrics has a number of advantages for this research – no programme skills are required to construct the online survey, are web-based making it easy to distribute, and offer a streamlined and intuitive interface to the researcher adhering with the latest in visual design, the main limitation of its use is it does not allow for interaction between the researcher and the participant to collect rich data (Molnar, 2019). In addition, the collection of data purely through online surveys have been more broadly critiqued as neglecting the importance of the social context of a study (Dominguez and Hollstein, 2014).

Another important limitation of using an online based survey, particularly at the first strand of data collection, concerns there being no accurate sampling frames that exist for the general online population (Bryman and Bell, 2011). In the case of this specific research those containing details of born global firms in Chengdu. As a result, this necessitated the need to establish, through a widely distributed survey among the broader entrepreneur community, whether the participants met the theoretical definition of being a born global firm for inclusion in the research. The meant that the following needed to be provided by each owner-manager: the age of the firm, the time from when it commenced international activity and the markets that are served by the firm need to be captured. Note, this quantitative strand of the research did not collect specific data on the total percentage of total sales or requesting monetary turnover data derived from foreign sales. This was a decision made due to the researchers own experience where such information is unlikely be shared unless high levels of trust was established with the owner-managers. In the context of other studies similar issues have been observed which can lead to poor completion rates and a reticence by participants to take part in further questioning (Zhao and Aram, 1995; Roy, Walters and Luk, 2001; Zhang, Tansuhaj and McCullough, 2009).

Piloting is an essential stage for pretesting under real-world conditions, which is undertaken by both emerging as well as expert researchers (Ekinci, 2015). Prior to the finalising of the strand 1 online survey questions, a pilot study was undertaken using the same online platform (Qualtrics) with the researcher requesting feedback on:

- The accessibility and readability of the survey,
- The length of time required for full completion,
- The flow and phrasing of the survey questions,
- The quality of the translated questions (for the Chinese version),
- Any perceived bias in the questions,
- Any other observations the pilot testers wished to raise.

Those who took part in the strand 1 pilot were five colleagues of the researcher (academics teaching on UK undergraduate business awards) along with four owner-managers of Chengdu

based MSMEs who did not participate in the final survey. In total 9 pilot surveys were completed with all feedback comments captured in an additional designated text box where pilot participants entered their comments under each heading. Comments received by all pilot participants in summary revealed that the survey was not impacted by any firewall blocking with response times being reported as expected for a survey of this length. Piloting also revealed that the mobile friendly design of the survey worked well for answering on mobile devices and through the inbuilt browser in the WeChat app, widely used within China for social networking and communicating. This meant distribution of the survey would be greatly enhanced as WeChat is a more popular daily communication tool to use over email in China. It should be noted that as 9 participants took part in the pilot survey, this approach could not fully replicate the complete range of issues that would happen in the field. As such, a conventional approach to piloting took place to collect comments on the key issues as stated. It should be noted a more formal and rigorous piloting approach such as those involving cognitive testing or pilot participant observations (Ekinci, 2015) was not conducted due to time and resourcing considerations.

The approach to piloting adopted strengthened the sampling method for identifying owner-managers to part in the in-depth semi-structured interviews. The approach taken in strand 1 was that of convenience non-probability sampling (Vehovar, Toepoel and Steinmetz, 2016), seeking volunteers using online social networking platforms, WeChat and LinkedIn, as well as through word of mouth and the snowball method. In the final part of the survey, snowball sampling (Goodman, 1961), was also attempted. A message of thanks was shared with the participants and a request to also contribute the names of 1 or 2 individuals who could be contacted about joining the research. Individual names, firm names, position in firm (if known) and contact details (such as WeChat) could be entered at the end of the survey. This approach was secondary in supporting the main sampling approach adopted.

An advantage of using the LinkedIn platform at the time was it is one of the few major non-Chinese networking platforms allowed to operate in China (Ford, 2021). This made it possible to reach a much wider number of participants through the platform, particularly in approaching those from diverse industries and backgrounds. While research on the use of LinkedIn by born global owner-managers is not prevalent in the literature, Sigfusson and

Chetty (2013) have indicated that it is a platform embraced by some international entrepreneurs to develop and expand their contacts and relationships around their firms' activities. The approach taken in the research takes advantage of this proclivity and therefore the platform was used to identify and message similar individuals who could take part in the research. It should be noted that this approach to sampling in strand 1 suffers from the associated problem of self-selection bias and therefore is a limitation of the study (Tanner, 2018). As the research does not aim for generalisation of its findings or is testing hypotheses, the purpose of this survey is to facilitate purposive sampling for conducting in-depth interviews with participants in strand 2 by generating data from the owner-managers of Chengdu headquartered born global firms. Self-selection (or volunteer) bias occurs where those who answer the online survey or respond to messages through LinkedIn/social media are those more likely to hold stronger opinions or have a particular and interest in the research topic leading to a skewed sample. As a second strand of research takes place after strand 1, there is a potential for participants in strand 2 who are a subsample of strand 1 to be less representative of the wider population of firms.

To identify likely participants for strand 1, the researcher utilised the advanced search functions provided with the upgraded premium account called "Sales Navigator" primarily designed for developing leads for sales-based firms (Lucidchart Content Team, 2019). This enabled the researcher to find owner-managers through searching through the entire active LinkedIn user database, even with contacts that are not part of their own connections, and to identify leads based on keyword search criteria. In the case of this research, the leads were in fact potential research participants and were identified through keyword searches using their location (listed in LinkedIn as Chengdu), the status of the individual (listed as owner, founder/cofounder and/or from senior management) as well as, if indicated in the profile, the age of the firm. As the research did not focus on a particular industry, this was not a criterion used at this stage in the research. A tendency for researching high technology born global firms has been noted in the literature (Rialp et al., 2005; Falahat, Knight and Alon, 2018). As a result, this research has sought to include firms from a wider range of industries, such as from medical services and digital marketing, to represent the diversity of born global firms active in Chengdu. The findings derived from such a study also tend to demonstrate stronger reliability (Teddle and Tashakkori, 2009).

Potential leads were then contacted through the internal messaging system in LinkedIn with an invitation to also connect either via email or WeChat for a fuller discussion of the research and its objectives if required. Those who responded were then sent the bilingual participation sheet before discussing whether they would like to take part in the online survey. Such trust building was an important contributing factor in achieving a total of 56 completions of the online survey. However, four were later identified as not being Chengdu headquartered firms and removed giving n=52. WeChat was employed as an additional survey distribution platform due to its popularity with more than one billion monthly active users making it one of the most popular social media platforms in the world, particularly in China (Montag, Becker and Gan, 2018). A limitation with WeChat is that it employs a closed search approach limiting search only to within those who are existing connections. The chat group function, which allows group owners to add up to 500 members was an important approach used to disseminate participation beyond their own direct contacts within the app. Each group chat was sent details inviting participants to take part in the research with the participation sheet shared with an invitation to discuss it further with the researcher on WeChat. As the researcher was also a co-organiser of the Chengdu entrepreneurship meetup, a monthly forum for meeting to discuss topics of interest to the local entrepreneur community, the researcher was able to also distribute the invitation to participate in the research among this group (+100 individuals). Regarding internet accessibility issues, the researcher was confident that due to the globally connected multinational nature of the types of business born global firms engage in, access to the internet would not be a barrier to participation. In addition, as a major Chinese city Chengdu has among the highest number of active internet users (netizens) with an internet penetration rate of 84.9% of the population reported in 2021, with the total figure of internet users in the city at 17.99 million, an increase of 7.4% on the previous year (Bai, Yang and Chen, 2022).

Detailed further in section 3.8 on research ethics, the survey commenced with an online consent form requiring a digital signature needed to proceed and detailing how a participant could withdraw from the research. All signatures entered in by participants are stored securely within the Qualtrics site.

3.5.2 Strand 2 Qualitative Data Collection (QUAL)

Having noted in section 2.3, measurement of social capital using name generators have been shown to be problematic due to the samples generated based on memory recall of when social capital was mobilised with selective individuals. This approach has been demonstrated to be subject to respondent fatigue and recall bias (Rice et al., 2014). As a result, the position generator was selected to measure social capital more accurately in strand 1 in this research, alongside relevant demographic and background data concerning details of the firm and their owner-managers. Once this data was analysed these results informed the development of strand 2, as detailed in Figure 3.3. This means the quantitative and qualitative strands are connected in the intermediate stage of the study (Ivankova, Creswell and Stick, 2006). Strand 2 builds on strand 1, meaning the quantitative captured and analysed provided a general understanding of the research questions. In this research, this concerns the occupational prestige of contacts owner-managers build their social capital with, to what extent they connect with high prestige occupation holders and the types of ties that are involved. The qualitative data, gathered through interviews and its analysis refines and explains these quantitative results by exploring owner-managers views in more detail. This approach also overcomes a drawback of network-based social capital research, which sometimes overlooks the actual complex situation of social interactions (Salvini, 2010). Qualitative social capital research looks at how the situation of social interactions interplay between individual owner-managers and their contacts (Lee, 2014), and how they internalise meanings inherent in social interactions i.e., language, narratives, myths, obligations, expectations, reputation, trust, all elements of the cognitive and relational dimensions of social capital (Nahapiet and Ghoshal, 1998). It is though gathering this rich data that understanding can be gained on the complex linkages between occupational prestige, legitimacy and social capital building.

In this research, the research questions concern how owner-managers built their social capital with higher prestige occupation holders, how they used this social capital and associated resources for their firms' benefit, what were the contextual factors which helped or hindered them in doing so. To achieve this, in-depth semi-structured interviews were chosen as this approach provides the appropriate level of flexibility for the researcher to gain a deeper understanding of the complex contextual forces shaping the behaviours of born global firm

owner-managers. In this research semi-structured interviews are those which consist of "...a question stem, to which the participant may respond freely. Probing questions, planned or arising from the participant's response, may be asked" (Morse, 2012, p.197). This interview format is best suited to when the researcher has already identified the domain of the research. It has also been noted that this form of qualitative data collection is widely used and well-recognised approach (DiCicco-Bloom and Crabtree, 2006; Bryman and Bell, 2011).

The questions in the interview contained in the interview schedule, see Appendix F, were divided into three different sections or stems linked to the research questions relevant for strand 2. The sequencing of the questions was given careful consideration after pilot interviews took place (see Table 3.2). Three sections of questions were constructed based on an approach to first ask introductory questions to make participants feel comfortable and to establish rapport (Adams, 2015). This is followed up by the main bank of questions in section 2 to explore the core themes, in the case of this research RQs 1,2 and 3. Not all questions from section 2 were asked in the exact same order to each participant. Interview conversations with participants did diverge from the intended order and sequencing of questions as can be expected (Adams, 2015) so written notes were taken during the interviews with a copy of the interview schedule used to check off when the RQ and relevant themes were covered in sufficient detail. All participants were asked for their consent for the audio recording of the interview for transcription purposes and informed of the confidential nature of the interview. Consent was provided by signing the strand 2 Consent Form which was provided to each participant prior to the interview (see Appendix E). The final section in the interview schedule contained the question "Is there anything you would like to add to what has already been covered today?" and was asked to all participants at the end of the interviews. This was to ensure that participants had the opportunity to reflect on their responses and to give them an opportunity to add any additional insights (Bearman, 2019).

The model used to prepare for and conduct the interviews in strand 2 is Kvale's (2007) seven stages of interview inquiry. This approach meant moving through the stages detailed in Table 3.2 which guided the qualitative strand of the research.

Table 3.2 Stages in Planning and Executing Strand 2 Interviews

Kvale's (2007) 7 Stages of Interview Inquiry		
Inquiry	Description of Stage	Summary Action taken for Strand 2
Thematising	Formulating the purpose of the investigation and conception of the themes	Built upon tentative quantitative data collected and analysed from strand 1, interview questions were developed based on trends from analysis strand 1 data of born global firms.
Designing	Planning the interview	Piloting also took place to improve reliability and consistency. Questions could not be changed once data collection began, ensured consistency and checks what is asked adequately covers the research questions being addressed. Planning interviews with owner-managers of Chengdu born global firms until saturation. Participation sheet and consent form designed for distribution prior to each interview. Sampling of participants was undertaken from the database of participants who completed the strand 1 survey.
Interviewing	Conducting the interview based on the interview schedule with a reflective approach	Detailed interview schedule used for audio recorded in-depth semi-structured interviews, each lasting 50 minutes on average. Owner-managers given choice to answer in Standard Mandarin, Sichuanese or English. For those (two participants) who preferred Standard Mandarin, a local translator was employed to translate the researcher's questions and the participants responses during the interviews, all of which were recorded for later transcription.
Transcribing	Preparing the data for analysis by converting it from oral speech to written text	All eight interviews transcribed verbatim, resulting in approximately 180 pages of text.
Analysing	Deciding on the modes of analysis appropriate for the interviews	Thematic analysis undertaken using conceptually clustered matrices to conduct cross-case analysis.
Verifying	Ascertaining the validity and reliability of the interview findings	Reliability and validity checks undertaken through member checking of accuracy of transcripts produced.

Reporting	Communicating the findings in an appropriate form according to ethical standards expected	Findings communicated primarily through doctoral thesis, additionally through conference presentation and engagement with Chambers of Commerce in Chengdu. Ethical approach also detailed in thesis document.
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Adapted from: Kvale (2007)

Concerning the thematising stage, qualitative data collection in strand 2 was reliant on the completion of the data collection and analysis of the quantitative data from strand 1. The conversion of the quantitative data into findings utilised in the second strand was facilitated using descriptive statistics and share a consistent theoretical framework and understanding of social capital which is based on theory (Nahapiet and Ghoshal, 1998; Lin, 2002). The research questions for this research are designed as such to allow for a deep exploration of the behaviours and steps taken by owner-managers of born global firms to build their social capital, which are complex and were expected to reveal detailed cognitive and relational practices and experiences.

The categorisation of sampling utilised for strand 2 is known as purposive sampling, which is a non-probability approach (Bryman and Bell, 2011). As noted previously, the goal of this research is not to generalise the information but to focus on and elucidate the particular (Pinnegar and Daynes, 2007). The purpose of strand 2 was to gain deeper insights from experiences and perceptions of a diverse range of owner-managers on how they built up social capital and whether they developed contacts with high prestige occupations, how this was achieved and whether it was a factor in enhancing their firm's legitimacy. The specific form of purposive sampling adhered to is known as "sampling to achieve representativeness or comparability" (Teddlie and Tashakkori, 2009, p.174). The goal is to select a sample of participants that represent the broader trends observed in strand 1 and to allow for selection of different cases thereby ensuring representation of China born and non-China national owner-managers. The results of this approach meant there was an oversampling of owner-managers born outside of China compared to their overall representativeness in Chengdu. This decision was made to understand a very underrepresented group in the China born global literature so as to focus on this group which hitherto have been too small to report on (Mercer, 2016). Also highlighted in Chapter 1 was the motivation to more widely disseminate

this minority groups experiences which can provide important novel research findings which can be of interest to academic as well as practitioner audiences.

All owner-managers needed to be categorised as founder/co-founder, owner/co-owner of their firm. The interviewees are also to be selected from a mix of diverse backgrounds, China born and non-China national owner-managers in similar proportion to the response rate to the online survey. This allows for the incorporation of non-standard minority views, particularly from born global firm entrepreneurs from overseas and grew up outside of China. Five participants are Chinese nationals, with three non-China nationals, one each from the Netherlands, the UK and the US. The strand 1 survey response of each owner-manager was analysed before sending out an invitation to participate in strand 2 ensuring they met the criteria as well as displaying proportional trends in terms of the social capital measures captured by the position generator. This specifically was the trend for social capital to be more likely built through higher occupation prestige holders, imbalanced results between knowing Communist party and government officials, acquisition of overseas experience as well as international networks, location of market focus and having an overseas market presence in multiple countries. The owner-managers also need to have indicated they were operating a firm founded inside of five years. The sample is also to include representation from newly emerging industries such as edtech/education services and medical services. Membership of the Communist party was not one of the selection criteria used as this was deemed to substantially narrow the pool of potential participants. While public data is difficult to obtain, it has been estimated that 20-25% of all entrepreneurs in China are party members (Marquis and Qiao, 2018). An additional issue with using Communist party membership is also referred to in Section 4.3.2, whereby the development of closeness and trust could be compromised by asking about this sensitive matter thereby reducing the number of willing participants in the strand 2 semi-structured interviews. A reduced lack of trust may also reduce the willingness to be more candid and forthright in the interviews themselves. This criterion would also preclude non-China nationals as they are not admitted as members to the Chinese Communist party.

As suggested by Creswell (2007), the minimum sample size in research of this nature can range between 5-25 and in the case of strand 2, eight participants took part in the final study,

so this strand fell within this guideline. However, as rich data derived from the interviews was a key consideration, owner-managers were expected to speak in depth in their personal experiences of building social capital, strict adherence to numerical targets during data collection was avoided in favour of the objective of reaching saturation. As a result, a predetermined fixed sample was avoided in favour of saturation which is the point at which no new insights or additional issues are highlighted, and information collected is repeated (Hennink and Kaiser, 2022). Preliminary thematic analysis of the data in the detailed notes taken after each interview revealed that by the eighth interview saturation was reached and no further interviews deemed necessary. The range of themes listed in the interview schedule were deemed sufficiently covered across all eight interviews with no new information being added to what was collected before (Krueger and Casey, 2014). Once data saturation was reached, coding and data analysis as detailed in section 3.7 commenced.

3.6 Strand 1 Data Analysis

As a key objective for strand 1 was facilitation of suitable participant selection for strand 2 using a participant selection approach. Strand 2 requires interviews requiring responses that elicited answers for categorising the firms being researched were constructed. As a broad interpretation of what constitutes a born global firm, in line with the Dib *et al* (2010) discussion on the nature of born global firms within an emerging market context (as discussed in Chapter 2, section 2.4), the following key criteria were requested in the online survey, requiring un-skippable answers:

- Firm size
- Industry
- Role of participant in the firm
- Location of firm's headquarters
- Firm's official registration under Chinese law
- General designation of firm
- Length of time firm has been in operation
- Length of time since founding in commencing international activity
- Importance of international networks

- Location of firms' customers (%)

Each of the above is analysed using IE theory and relevant research on Chinese entrepreneurship to raise the issues that these findings present. These criteria align with the wider conceptualisation of born global firms discussed in section 2.4.3 and are used to evaluate the size of the firm by employees and whether the firm has been founded within the preceding 5 years. These criteria also evaluate whether a firm is born global by gauging the length of time since founding they have engaged in international activity, as well as the strategic importance a firm places on international networks for their operations. This serves as a proxy for international engagement and intent in the absence of collecting data on foreign sales and revenues. Questions pertinent to domestic networks are not included as these are not suitable proxies for international strategic intent. The survey uses the criterion of location of customers to gauge the number of markets served by the firm. Other criteria confirm whether a firm surveyed is Chengdu based and can be included in the study, as well as confirming they have appropriate legal status to operate in China. The limitations with adopting this approach are summarised in section 6.5.

Exploration of the trends that emerged from this analysis is used to inform the creation of the interview schedule for strand 2 which allows the researcher to probe for detailed responses which can validate or reject the explanations that have been provided in the literature. This data is analysed separately from that of the instrument which measures the social capital built by each owner-manager. The next section details how this analysis is conducted.

3.6.1 Strand 1 Social Capital Data Analysis

The sample of occupations used in the position generator section of the online survey are those which have been identified with valued resources in Chinese society. The survey asks the participant to indicate whether they know anyone having that job or position providing a yes/no response to each. The position generator in this research utilised a list of 24 occupations, which participants must also indicate in answering the strength of the contact with that occupational position. The definition of "knowing" is that as used by Van der Gaag, Snijders and Flap (2008) where at a minimum the participant is familiar with the person

performing the occupation by name and if they were encountered in the street, both could start a conversation with each other. The occupations listed, sample a range of hierarchical positions in Chinese society and are taken from the measures created for social capital research in a mainland Chinese context by Bian (2004) including occupations highly relevant to mainland China. This ranking is directly based upon the assessment and hierarchical sorting of Chinese occupations conducted by Xu (2000) to create occupational prestige rankings based on data from 63 cities across China based on the Treiman scale of occupational prestige which is widely recognised internationally and used for comparative studies (Ganzeboom and Treiman, 1996; Lin and Xie, 2019). Xu (2000) notes China has not been an exception as to how evaluations of job positions in different countries have been relatively close and stable over time. Heeding the guidance of Lin (2002), where position generator should sample positions from a meaningful hierarchy in Chinese society, four additional occupations deemed most relevant to contemporary Chinese society, representing newer occupations as proposed by Hallsten, Edling and Rydgren (2015) were added: venture capitalist (financial) with occupational prestige score of 81, self-employed entrepreneur (with staff) with occupational prestige score of 78, computer programmer with occupational prestige score of 76, and mechanic with occupational prestige score of 58. These occupations have been assigned Treiman prestige scores by Hallsten, Edling and Rydgren (2015), which represent occupations that have high, medium and lower occupational prestige. Inclusion of this spread of occupations was deemed important to ensure the balance of high, medium and low prestige occupation within Bian's (2004) original list of 20 was maintained. The occupations chosen are those which have been observed as more widely recognisable within Chinese society. Based on living and working in China, the researcher observed that the 4 new occupations chosen were those which they observed regularly through interaction on a regular basis in their work and personal life.

The list of 24 occupations provided in Appendix A represent a wide cross section of representative jobs performed in Chinese society. The occupations represent a wide range of socioeconomic status and therefore varying resources each occupation could grant to its occupants in the social structure of urban China (Bian, 2008). The scores for occupational prestige are derived from the ranking system proposed and utilised by Bian (Bian, 1997; 2004) for use in social capital research in urban China, based on the Treiman occupational prestige

score (Ganzeboom and Treiman, 1996). Lin and Erickson (2008) noted this approach as being particularly well suited to social capital research in China due to the inclusion of occupations what have a contextual relevance and importance in Chinese society e.g., government official and communist party official. The position generator instrument for measuring social capital has also been amply demonstrated to have high construct validity (Fu, 2005; Lin and Erickson, 2008). It has been used to answer a range of research questions such as those concerning labour market questions utilising measures such as extensity (total number of occupational contacts), upper reachability (the highest accessed prestige) and prestige range (the range between the highest and lowest accessed prestige) (Hallsten, Edling and Rydgren, 2015). The approach taken in this research required analysis of the average prestige accessed by owner-managers and is based on the approach of Van der Gaag, Snijders and Flap (2008) who suggest the suitable measures of:

- Average prestige
- Total prestige

It is the measure of average prestige which is allows this research to address the research questions concerning the range with whom owner-managers build their social capital with and to what extent it is with high prestige occupation holders. Analysis of this measure will reveal the diverse range of occupations accessed in terms of “knowing” which will be ranked high to low occupational prestige (van der Gaag, Snijders and Flap, 2008). An average measure is deemed to be an appropriate measure as Lin (2002) has posited when considering structural positions in a hierarchy, upper reachability is a measure suited to gauging the best resource accessed through social ties. However, not all resources need to be accessed through the highest status occupation holders and therefore resource heterogeneity accessed across all occupations also needs consideration. This is defined as “the range of positions whose resources are reachable through social ties” (Lin, 2002, p.62) Therefore, heterogeneity in resources which are provided through diverse social ties indicate better access to social capital which better suit the diverse needs of born global firms.

Computing the percent knowing score for each occupation will allow for the analysis of whether there is a trend towards knowing high or lower prestige occupations and not solely

focused on which owner-managers have accessed the best resources. Answers in the survey can be displayed using percentages of “yes” listed against each of the occupations ranked by prestige. The results of how and why these occupations are accessed more than others serve as one of the drivers of investigation for strand 2 of the research where semi-structured interviews are the most appropriate way of obtaining this rich data. Participants in the strand 1 online survey were not privy to the occupation rankings and prestige scores and were presented with the matrix of questions found in Appendix B. Occupations were arranged to be presented in random order by Qualtrics per survey. This ensured that occupations listed were not presented to participants in a high to low prestige order which could have potentially skewed the findings.

3.7 Strand 2 Data Analysis and Coding

A drawback that noted with Lin’s position generator is that was once quantitative social capital measurements were taken, there are limited opportunities to learn about the detailed context of how social capital was built by owner-managers. This is part of a wider critique as already noted previously from Emirbayer and Goodwin (1994).

Taking account of this critique and the observation made in section 2.3 that the position generator limits analysis of social capital to the structural dimension, careful consideration was made in choosing the appropriate of coding method to ensure the remaining dimensions of social capital were captured for qualitative data analysis. The first cycle coding method which was used in this research is known as “Provisional coding” (Saldana, 2016, p.168), starting with a pre-established list of *a priori* codes. The categories which were anticipated in advance were derived from a review of born global, social capital and legitimacy literatures and combined with the initial findings of the strand 1 online survey. These were:

- Social capital: Trust, Norms, Obligations, Expectations, Identification, Shared language, Shared codes, Shared narratives, Shared Myths, Personal relationships, Reputation
- Occupational Prestige: High prestige, Middle prestige, Low prestige
- Legitimacy: Socio-political legitimacy, Cognitive legitimacy, Isomorphism, Decoupling, Performing

Specifically, all transcripts were coded using the NVivo software package then these provisional codes were updated in the second cycle of coding to reduce the total number by removing redundant and marginal codes. This was achieved using the process labelled “Pattern coding” (Saldana, 2016, p.236). Pattern coding is noted as being suitable for cross-case analysis through generating common themes and for condensing large amounts of data into smaller quantities of analytic units. In the case of this research, the elements of each dimension of relational and cognitive social capital were combined where these were seen to be of the same category or element. The number of codes relating legitimacy were also reduced based on frequency in the transcripts. The following codes emerged:

- Social capital: Personal relationships and Trust, Obligations and Expectations, Identification and Reputation, Shared language and Codes, Shared Narratives and Myths
- Occupational Prestige: High prestige, Middle prestige, Low prestige
- Legitimacy: Socio-political legitimacy, Cognitive legitimacy

The overarching approach to analysing the data collected from the qualitative in-depth semi-structured interviews is what has been described by Dey (1993) as, describing, clarifying and connecting. This involves describing the phenomena observed i.e., using thick description (Geertz, 1973; Ponterotto, 2006), which is derived from the experiences of the born global firm owner-managers who have each experienced the process of building social capital for their born global firms. For this research, such processes are those where born global firm owner-managers are seeking resources which are embedded in the social structure and are accessed through instrumental action (Lin, 2002). The final element of the qualitative analysis followed is identifying how all key the concepts interconnect and potentially offer new insights. As the research questions require investigation into the process of building social capital and by extension resource acquisition through the networks of the owner-managers.

Analysis of the qualitative data collected in strand 2 relies upon the approach of cross-case analysis where each born global firm selected to take part in strand 2 represents a single case. Sometimes referred to as a multiple-case studies (Yin, 2014), cross-case analysis allows for a

greater opportunity to generalise across born global firms drawn from different industries, not only high-technology, in this research. This is deemed appropriate for construction of the final conceptual typology involving categorising born global firms by type and the linkages shown between the levels of socio-political legitimacy achieved and connections to occupational prestige holders, a proxy for levels of social capital built. This approach also been generally argued to be more compelling than the single case approach (Borman et al., 2012). Another key reason for adopting the approach concerns its suitability to deepen understanding and explanation. As this approach allows for the examination of similarities and differences across the cases, it becomes possible to narrow down the conditions under which the findings occur and therefore helps “form more general categories of how those conditions may be related” (Miles, Huberman and Saldana, 2014, p.101). The sorting and rearranging of the coded qualitative data were accomplished using the conceptually clustered matrix approach which allowed the researcher to display all of the relevant codes from all owner-managers, allowed for comparisons between the responses between each of the owner-managers, and provided theoretical standardisation across all of the two strands of the research (Miles, Huberman and Saldana, 2014). This was an iterative process moving back and forth between interpretation and analysis of the data (Aspers and Corte, 2019). This led the researcher to review and revise the clustered matrix ensuring alignment with the research questions posed.

3.8 Research Ethics

As raised in the discussion on Axiology in section 3.3.3, this research maintains a strong commitment to ethics which help drive the research. The researcher concurs with Israel and Hay (2006) in acknowledging the importance of and adherence to ethical issues in research will promote the integrity of the output and should be given additional weight by peers and readers. A strong commitment to ethics was achieved in part by having received approval from the Professional Doctorates Research Ethics Committee (PDREC) of Nottingham Business School prior to any data collection was undertaken, but in addition to this the adoption of best practices for research in the field also adhered to. In this research, the key ethical areas which were covered through a bilingual consent form are: informed consent, confidentiality, consequences, researcher integrity (Kvale, 2007).

When conducting online survey research, it is important to be aware of associated issues where it is not possible for every participant: to fully validate their identity, be sure of their age, completely verify meaning/clarify the context of the response, and develop open two-way communication (Hewson, Vogel and Laurent, 2016). To attempt to overcome these issues, the researcher provided the participation sheet electronically to each owner-manager using the platform the person was comfortable with such as WeChat or LinkedIn at least a week in advance of receiving the link to the actual survey. This was to ensure they had sufficient time to ask any questions about the research, to be aware of the requirements for taking part in the research and to opt out of taking part. In addition to this, all participants taking the online survey were required to complete a digital consent form at the start of the survey needing a signed digital signature indicating agreement to proceed. It also clearly indicated the conditions for participation as well as outlining the subsequent right of withdrawal from the research. Participants could select either language version of the survey which will provide them with the consent form in Chinese or English.

Regarding the approach taken for strand 2, a community of practice influenced the ethical approach taken as the consent form and participation sheet for strand 2 followed a model consent form and participation sheet from the Economic and Social Research Council (ESRC). As the research was also undertaken in a non-English speaking country, these forms were made available in both Chinese and English, with a professional translator involved in ensuring accurate translation took place using the approach of back-translation (Saunders, Lewis and Thornhill, 2019). This approach aims to have both sets of questions containing the same meaning for all respondents no matter which version of the survey was undertaken. Appendices C, D and E contain copies of the participation and consent sheets which were used for strand 1 and strand 2 of the research. The researcher has kept copies of all signatures confirming acceptance of the research terms securely.

Regarding data protection and storage, the researcher felt it was important to highlight to the participants how data was to be stored and how secure it would be kept. Those taking part in the research from the experience of the researcher are acutely aware of data security and anonymity issues due to their proximity to technology and tools available to them. The

researcher therefore ensure that all data followed the requirements of the UK Data Protection Act, 2018 and the Nottingham Trent University *Code of Practice for Research* (Nottingham Trent University, 2021).

In addition to ethics, micro-political and potential bias issues were identified that the researcher needed to be aware of and overcome. While the researcher was not a member of any of the born global firms that took part in the research, they were a member of a number of networking communities in Chengdu which meant they were familiar with some organisations before the research commenced. The strength of the research design and the approach of pragmatism of the researcher meant that a wide number of born global firms were incorporated into the research through the strand 1 online survey, and it was these findings, based on the overall research questions, which determined participant selection as part of strand 2 thereby avoiding conformity and selection biases (Bryman and Bell, 2011). Participants were unfamiliar with the researcher beforehand, though networking communities were supportive in sharing general details about participating in the research that was being conducted. Concerning positionality, which means a researcher may shift from taking an outsider perspective that is objective and neutral to one that is more akin to a co-participant (Wardale, Cameron and Li, 2015), the researcher attempted to remove themselves from projections or indicators of power. For example, research interviews were always conducted in neutral venues such as coffee shops and business cards which contain titles and positions were not exchanged. During interviews, the researcher also avoided providing opinions, judgements on or disagreeing with the responses provided by the owner-managers.

Chapter 4 Quantitative Findings Strand 1

4.1 Chapter Introduction

This chapter presents the findings from strand 1 of the research, which derive from the online survey. As noted in Chapter 3, the first strand of the research gathers quantitative data to inform the selection of participants of the second strand and uncover contextual reasons for findings suggested the online survey. Section 4.2 outlines the structure of the online survey; section 4.2.2 presents the demographic findings from the survey. Section 4.2.3 discusses the position generator measurement of social capital from the born global firm owner-managers, highlighting the key findings as they relate to the theoretical discussion in the preceding chapters. The findings specifically seek to explain whether owner-managers access resources embedded in their networks through using high prestige contacts, and to what extent they do so. It also seeks to uncover whether any nascent trends can be detected between participants such as China born and non-China national owner-managers. The online survey also initially probes whether there are any underlying factors specific to this group of owner-managers in how they adapt their approach to building social capital, and the role of legitimacy. It is these factors identified from the findings of strand 1 for which detailed explanations are sought in strand 2. Inferential analysis is not conducted on the quantitative data collected as the objective of strand 1 is not to draw wider inferences from the sample collected about the wider population of born global firms (Dawson, 2017). As these findings are abstracted from everyday practice of the owner-managers, interviews were required to follow up on the information provided in the survey. The findings here will indicate what specific explanation was required from the owner-managers in strand 2, particularly concerning the emergence of born global firms in Chengdu, social capital building efforts and the relationship with high prestige individuals and legitimacy.

4.2 Online Survey Overview:

The structure of the online survey is indicated below, included separate headed sections along with a progress bar to notify the participants of how long the survey would take and

what remaining sections needed completion. Participants could save their progress and return to complete at a later day. The survey distributed to all participants was divided as follows:

- Introduction and digitally signed consent
- Position Generator instrument (measuring social capital)
- Details about the owner-manager and their firm
- Details about overall internationalisation of the firm
- End of survey message and request for details of other owner-managers to take part (optional)

Qualtrics contains the facility to export all data in a range of file formats, with XLSX and SAV file formats allowing for the importing of all data collected into the Excel and SPSS statistical analysis software packages. A decision was made to conduct most of the analysis with the Excel package and where necessary to support secondary analysis with SPSS. After all data is inputted, an initial evaluation of the accuracy of the data took place. A frequency analysis is employed to provide data on the number of observations made as well as the frequency of any potential missing data. The next step in strand 1 quantitative data analysis is to examine the distribution of the data collected and evaluate any outliers. Graphical methods were employed to examine frequency distributions (Scherbaum and Shockley, 2015), as Qualtrics produces histograms and bar charts for each question within the survey.

4.2.1 Strand 1 Findings, Online Survey

The data collected from the online survey allowed for born global firms to be identified according to:

- YO: Operating time in years, from firm's inception to date survey completed (Speed)
- YA: International Activity – years of activity in overseas markets since inception (Speed, Extent)
- SF: Size of firm, measured by total employees (Entrepreneurial start-up, SME)
- IN: Industry firm operates in (Entrepreneurial start-up, Extent)
- RP: Role survey participant plays in the firm (Entrepreneurial start-up)

- BN: Country/region where participant was born (Mindset)
- LR: Official legal registration status of firm in China (Entrepreneurial start-up)
- LE: Location where most recent business experience was acquired (Mindset)
- IM: Views of the importance of international networks/connections outside of China (Mindset, Vision)
- LC: Location of firms' customers (Scope, Extent)

(Øyna and Alon, 2018)

As noted in section 2.4.2, posing direct questions on sales, revenue and turnover to participants has been avoided due to the awareness of the cultural sensitivities towards these types of questions and their potential negative impact on participant selection for the qualitative strand of the research. This would impact the ability to access the widest group possibly of willing participants to take part in strand 2. This however, is noted as a limitation of this research as comparator studies of born global firms, particularly in more western contexts, often include a measure of the minimum share of international foreign sales as a percentage of total sales and/or a minimum number of markets exported to (Eurofound, 2012). Also noted in the research strategy was the importance of building and maintaining trust through displaying cultural sensitivity which subsequently was an important element in generating a high response and engagement rate through both strands of research. This approach contrasts with that of She, Yu and Wu (2020) who downloaded firm data from stock markets in China to identify born global firms. This was not deemed an appropriate strategy for this research as it limits it to a much smaller sub-set of born global firms in China, those who have chosen to go public. As born global firms are usually newly founded entities, the majority would not be in a financially strong position early in their lifespan to enact an initial public offering (IPO).

4.2.2 Strand 1 Findings, Descriptive and Demographic Results

A total of 56 fully completed responses were submitted, representing a response rate of over 50%. Four of the responses indicated their firms were not headquartered in Chengdu so their responses were deleted from the online survey findings, resulting in a total n=52. This section, 4.3.1 details the findings of the survey which indicate the “degree of born-globalness”

(Kuivalainen, Sundqvist and Servais, 2007, p.255) of the firms sampled as well as key details on the background of the owner-managers. Then, section 4.2.3 presents the findings from analysis of the position generator instrument.

Details on operating time and international activity measured in years are given below in Table 4.1 indicate that the operating time of owner-managers firms surveyed in Chengdu ranged between 0 and 10 years, with the mean operating time calculated at 2.98 years indicating on average the firms surveyed were newly established businesses in Chengdu. The data presented in Table 4.1 indicates that a clear majority of firms surveyed already fit within this categorisation of being newly established firms and have been in operation for five years or less.

YO: Operating time in years, YA: International Activity:

This data reveals a time gap from when these firms first commenced operations to when they first engaged in international activity. Born global firms traditionally export to global markets close to birth, though there has been debate in the literature as to whether many firms classified as born global can achieve this due to the specific context in which they operate (Moen, 2002; Lopez, Kundu and Ciravegna, 2009). These findings are consistent with recent research on born global firms in China and emerging economies which argues that due to protectionist measures in other parts of the globe, such as trade barriers, these slow down or prevent firms based in China access to particular markets (Dib, da Rocha and da Silva, 2010; She, Yu and Wu, 2020). This makes it difficult to rapidly enter and export immediately at inception and therefore limits the amount and scale of exports which can be achieved from those markets within a short space of time (She, Yu and Wu, 2020).

Table 4.1: Strand 1 Findings: Operating Time and Years of International Activity

	Years Minimum (MIN)	Years Maximum (MAX)	Mean (\bar{x})	Std Deviation (σ)	Count (n)	Question Response Rate %
YO. Operating Time	0	10	2.98	2.54	50	96%

YA. Years of international activity	0	10	1.39	2.28	46	88%
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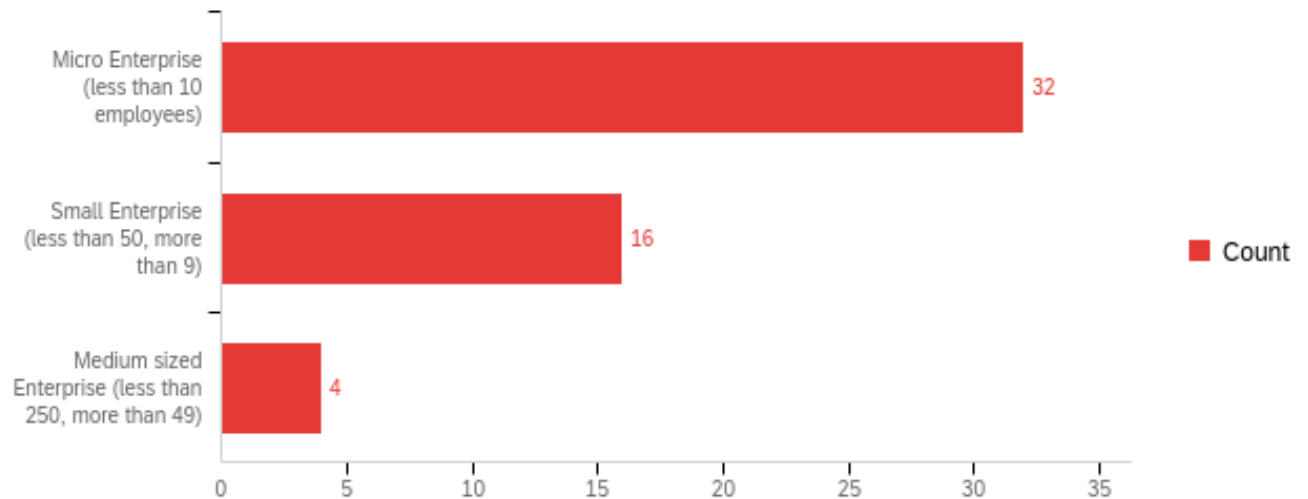
To gauge the level of international activity the owner-manager firms' have engaged in, using the mean of YA, the average for firms in the survey is 1.39 years. This shows on average the firms of these owner-manager are not immediately active internationally i.e., at the time the firm's inception but on average within two years after their founding. A widely used measure from Eurofound (2012), indicates the minimum for firms considered born global can be two years with a maximum of up to 10 years before born global firms commence their international activity. For participant selection in strand 2, any firms who had not yet begun any international activity were excluded as firms with international experience were considered to have developed more extensive social capital with a global reach. Overall, a slightly lower response rate was noted on YA with 46 participants out of 52 offering a response, indicating some likely cultural sensitivity towards this question. International expansion of firms from China has received increased scrutiny both from domestic regulators but also foreign governments which may be responsible for a reluctance of some participants to answer this question.

As noted, protectionist trade barriers prevent firms in China the same levels of access that firms within the Europe or North America enjoy through access to regional trading blocks and allow them to more readily internationalise upon inception. The average operating time listed in Table 1, YO revealed a finding which indicates born global firms surveyed have been operating close to 3 years on average (mean 2.98 years). A number of these firms may not yet have internationalised yet due to the noted additional trade barriers in place as the indicated average for international activity is 1.39 years. Therefore, the wider definition of born global argued in Chapter 3 is applied rather than the narrower definition to these younger Chengdu based born global firms. One area for further exploration which requires probing in strand 2, concerns how these young born global firms' owner-managers have been able to legitimise their firms through building their social capital with prestigious occupation holders to acquire resources to survive. Explanations for this finding are explored as part of the strand 2 interviews and discussed in sections 4.2.3 and 4.3. Understanding the factors which enabled firms to establish themselves is an important contribution in establishing

recovery strategies for entrepreneurship in emerging economies and in explaining how born global firms overcome their resource poverty (Mort and Weerawardena, 2006).

SF: Size of firm, measured by total employees

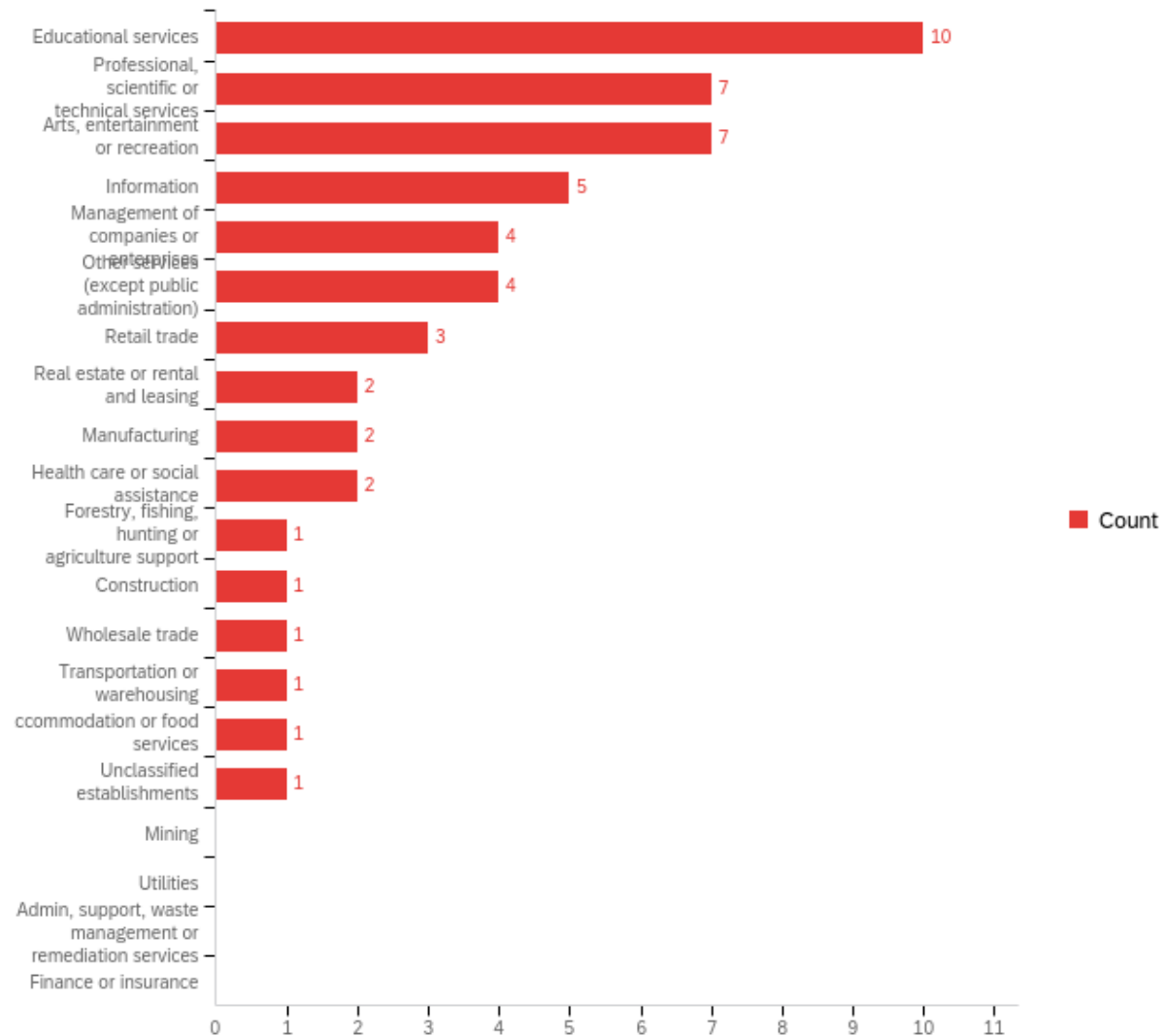
Chart 4.1: SF. How would you categorise your current firm, in terms of total employees?



A combined total of 48 owner-managers reported operating a firm with less than 50 employees, which are either small or micro enterprises, representing 92% of firms represented in this survey. This finding is consistent within the wider context of entrepreneurship in China, where micro, small and medium enterprises represent 97% of all firms in China, with 44.2% of all firms having 9 or fewer employees and 27% have 10-19 employees (OECD, 2016, p.174). The findings in this survey fall within this broader overall national trend in China. A surprising finding does emerge as it challenges the view in the born global literature that small open national economies tend to see the proliferation of smaller sized born global firms, such as in Israel, Finland and Denmark (Freeman and Cavusgil, 2007). The survey responses from firms all headquartered in Chengdu shows that large emerging economies can also accommodate the proliferation of micro and small businesses. Newly established firms there can take advantage of new and different regional incentives found within China to establish themselves. The disparity and diversity of entrepreneurial development policies in China's provinces and regions has created an uneven playing field, one which born global firms can take advantage of to establish themselves and grow taking advantage of e.g., tax breaks, reduced firm registration and legal barriers, residence (*hukou*) and housing benefits.

IN: Industry firm operates in

Chart 4.2: IN. Which of the following industries most closely matches the one in which your firm operates?



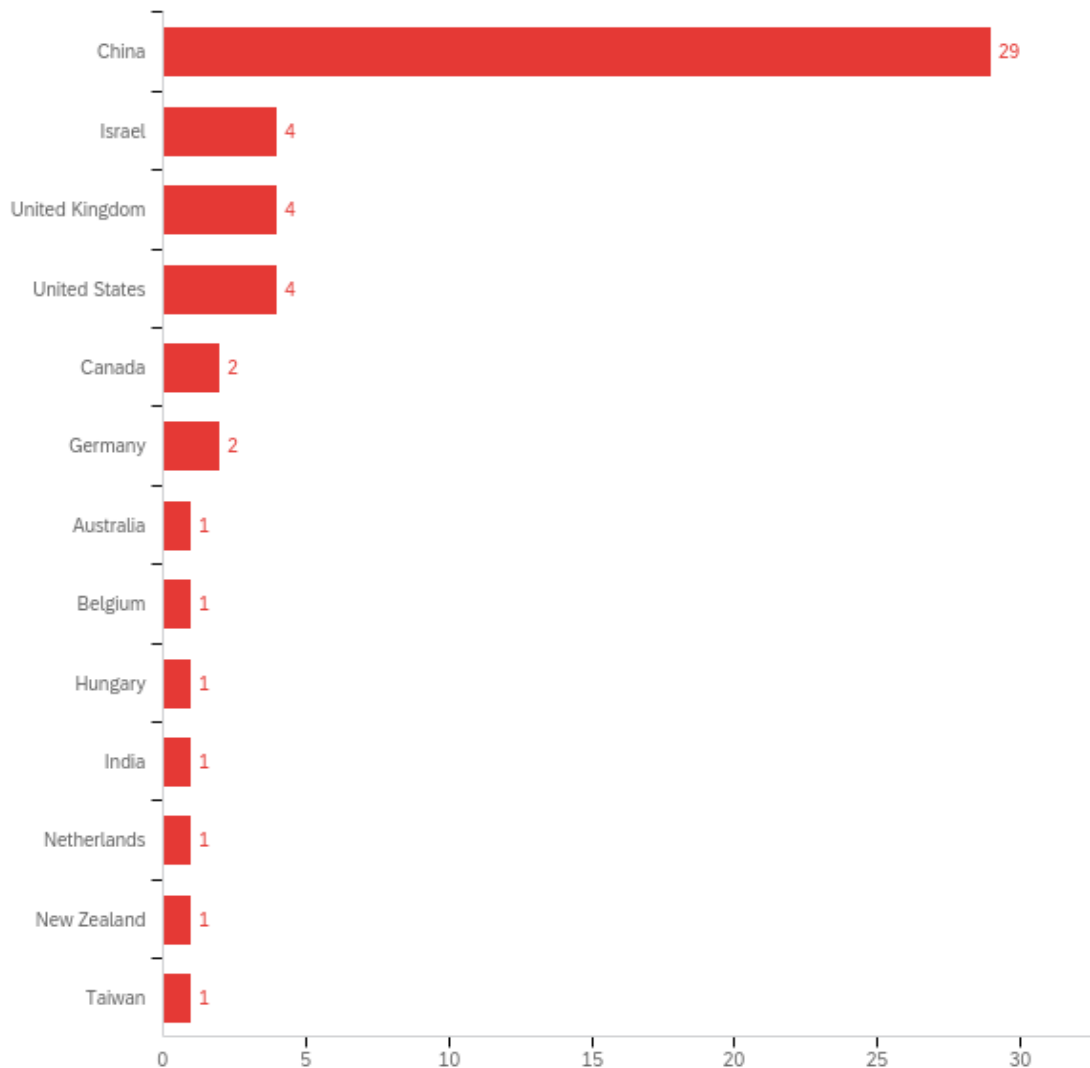
The survey shows that 38% of responses in the survey represent typical industries which born global firms operate in, mostly technology and services firms. The majority of firms in the survey can be categorised as high-technology and scientific industries but education, art, creative, recreational industries are represented. Only 2 manufacturing firms are represented in the survey, where newer industries predominate reflecting lower entry barriers and the global nature of their resource and customer bases. The largest stand-alone industry represented is “Educational services” with 10 responses, which is a surprising finding for research on born global firms. Educational services, being a softer type of service, have not widely been represented in the born global literature (Taylor et al., 2021), one reason for this

could be the disaggregation of educational services and high-technology firms in the North America and Europe where educational services have traditionally been offered offline, though online offerings accelerated due to the Covid-19 pandemic. Education services and edtech firms in China, some emerging as born global start-ups such as *VIPKid*, have tapped into strong demand inside and outside of China and for digital learning services. This is evidenced by China being the world's largest destination for edtech funding, receiving \$10.2Bn USD in 2020, \$3.9Bn USD in 2019 and \$5.2Bn USD in 2018 (HolonIQ, 2021). Edtech firms have also pioneered business models to have staff based in multiple countries without having to relocate to China relying on a global resource base. These firms have received little attention in the literature, particularly on how the unique Chinese context has created an environment to support them to go global. These firms along with born global firms from other industries face unequal opportunities in building social capital, particularly those in emerging new but unstable industries and therefore also lack legitimacy. Firms emerging within new industries in China such as edtech/education services, will suffer from an increased lack of legitimacy and an understanding of how such born global firms address this is an important research objective. Strand 2 will include born global firms from new and traditional industries such as education services to find detailed explanations.

It should be noted, actions taken by the Chinese central government in Summer 2021 have meant that provision of some educational services has been severely impacted by regulations (Zaagman, 2021). After school for profit tutoring in core education subjects has been prohibited with regulations also in place for private schools carrying out compulsory education, though many of these were for offline services. Additional regulations also prohibit online tutoring companies employing foreign tutors based outside of China to provide tutoring in core education subjects (Chipman Koty, 2021)

BN: Country/region where participant was born

Chart 4.3: BN. In what country/territory were you born?

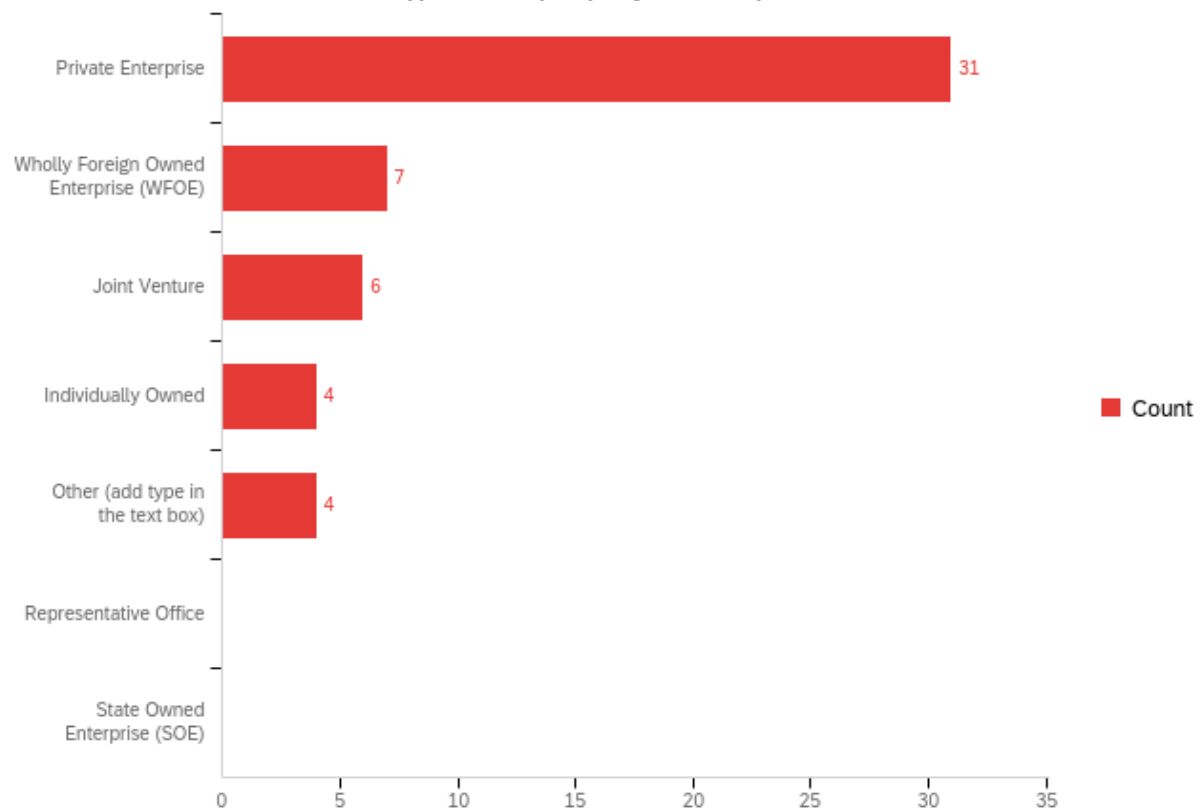


The survey respondents represent a novel sample of born global firms as it includes owner-managers from diverse backgrounds, i.e., non-China nationals. 13 different territories or countries are represented in the survey, with 56% of respondents born in China and the remainder indicating they are non-China nationals. This proportion compares favourably to research on expatriates and *guanxi* by Bruning, Sonpar and Wang (2012). Making up a small but notable share of the mix of owner-managers in Chengdu, Non-China national owner-managers may have access to more diverse international networks to build their social capital which may be an asset or liability for legitimising their firms.

It must also be pointed out that the researcher’s own local networks played a part in reaching suitable survey participants through in part contacting local chambers of commerce in Chengdu (UK, Netherlands, Israel). This may have skewed the responses in this direction and therefore is not a representative sample of the wider born global community, one in which Chinese born owner-managers will predominate. A motivating objective has been to include more diversity in research on born global firms in China thereby giving a voice to an overlooked but important cohort of owner-managers in the literature. This prompted the need to conduct in-depth interviews in strand 2 to acquire valuable rich data from this diverse cohort of owner-managers.

LR: Official legal registration status

Chart 4.4: LR. What is the main type of company registration your firm has under Chinese law?



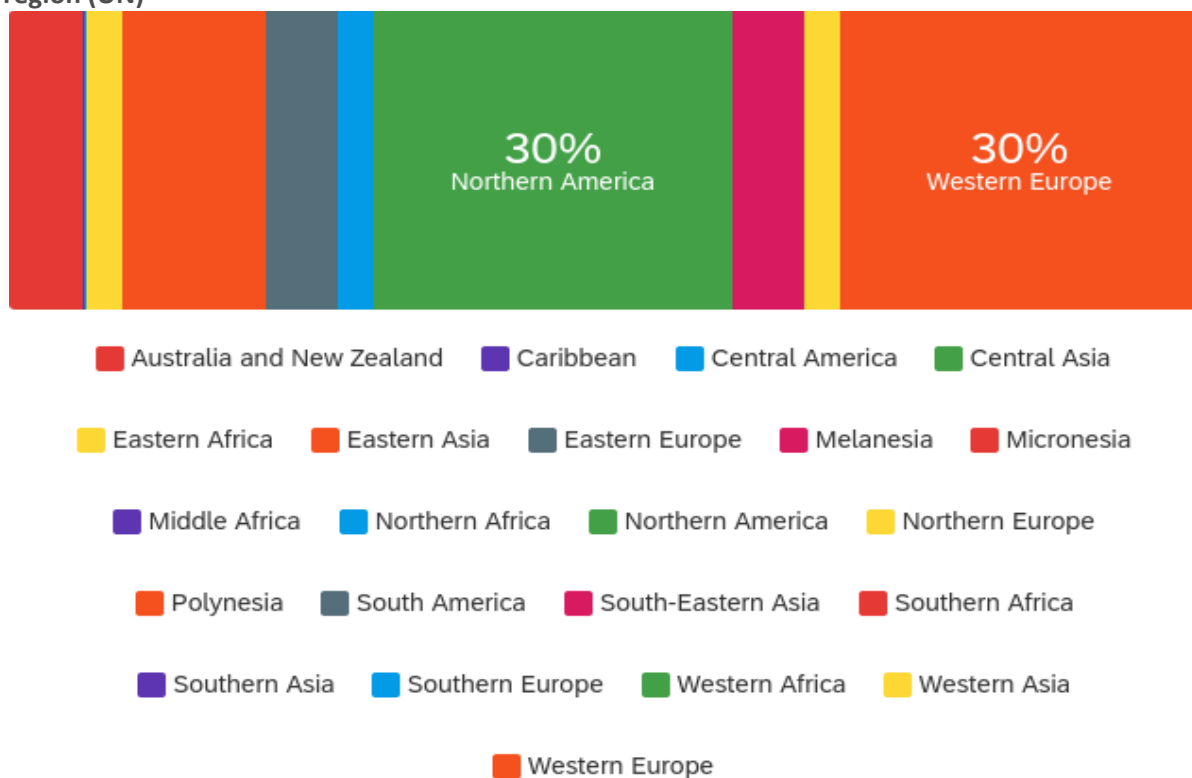
Most of the born global firms, with 60% surveyed, are registered as “Private Enterprise”. Only 7 firm were registered as “Wholly Foreign Owned Enterprise” (WFOE), which shows just 7 firms registered as such. Local knowledge of how to choose the optimal business type which can confer advantages in the start-up phase sidesteps more onerous registration requirements required when forming other types such as the WFOE which can be established

with foreign investment without the involvement of a domestic investor. The WFOE has traditionally been utilised by non-China national entrepreneurs in China as it grants them greater degrees of control such as over Intellectual Property (IP) which would not need to be shared with a joint venture partner. Limitations are placed however on WFOEs as they can operate only in certain industries and require registered capital larger than most other forms. In addition, the steps in forming them are frequently costly and time consuming (Kenneth-Southworth, Watters and Gu, 2018). The Joint Venture (JV), representing 12% of firms surveyed, is a form that allows for formation of an entity with investments from a foreign and Chinese entity. The ratio between investment capital contributed by either entity is prescribed by industry type. A drawback with this form is the limitation on how much and when equity can be withdrawn needing to be approved by the government. The set-up of JVs has also been noted as complex and challenging (Peng and Shenkar, 2002), due to the complex requirements involved in agreeing profit sharing, IP protection and transfer, and aligning strategies between partners so it is unsurprising to find this has limited appeal for born global firms in Chengdu.

Acquiring knowledge about how to register as an optimally efficient form such as a private enterprise is an example of a valued resources that owner-managers need to acquire, with non-China national owner-managers more likely to be disadvantaged or constrained and lacking this knowledge through constrained networking opportunities. Awareness of the legal routes through which registrations can be optimally navigated are an important embedded network resource, one which requires the patient accumulation of social capital. The nature of how this is achieved is explored with individual owner-managers through the semi-structured interviews in strand 2 to find explanations and develop understanding of the inherent knowledge-based challenges non-China national owner-managers face before their born global firm has commenced trading.

LE: Location where most recent business experience was acquired

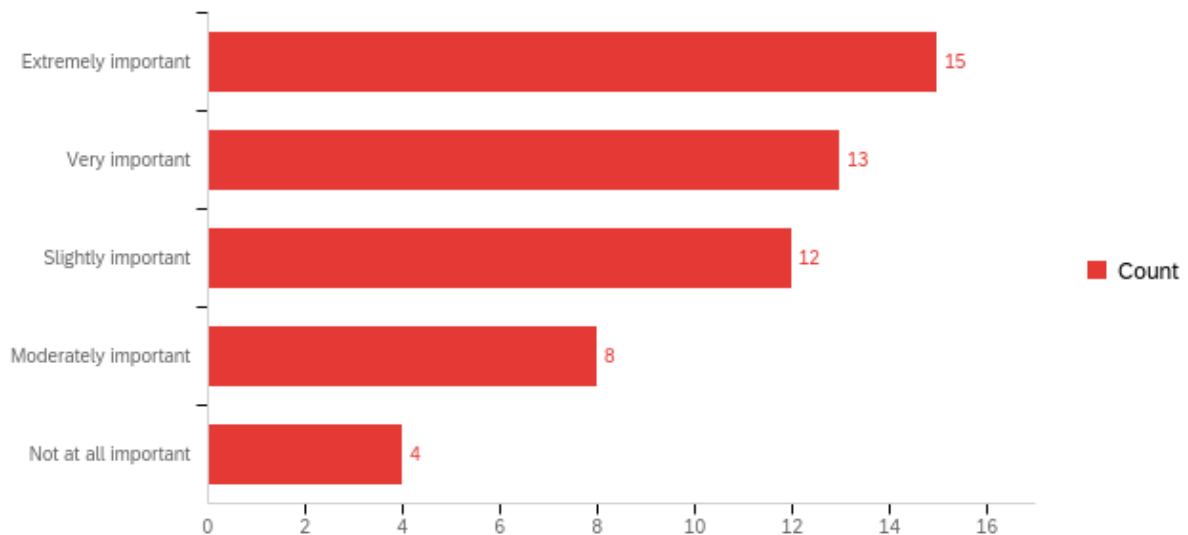
Chart 4.5: LE. Where have you acquired your previous business experience? Select the most recent region (UN)



A surprising finding is that while 56% of participants are China born only 12% respondents have acquired their most recent business experience in Eastern Asia. 61% have gained experience in the regions of Western Europe or Northern America, indicating a high familiarity with foreign market conditions. While the Chengdu based firms of the owner-managers take some time to enter international markets, as indicated in Table 4.1 (YA), they are primed to do so and rely on the diverse international experience of the owner-managers to rapidly exploit opportunities, as well as expand business networks further. There are potentially multiple complex reasons for why these owner-mangers have obtained recent business experience overseas, though this is beyond the scope of this research. What this finding does indicate is that these firms surveyed have a different profile in terms business experience of their founders than from “western” based born global firms. As noted in Chapter 2, Section 2.4.2, born globals from China and other developing regions face additional restrictions on their expansion efforts limiting how rapidly they can internationalise. This finding indicates the firms’ owner-managers surveyed have already acquired appropriate international experience to expand their firms overseas and can do so when those barriers are overcome.

IM: Views of the importance of international networks/connections outside of China

Chart 4.6: IM. How important do you view your firm's reliance on international networks/connections (i.e. outside of China)?



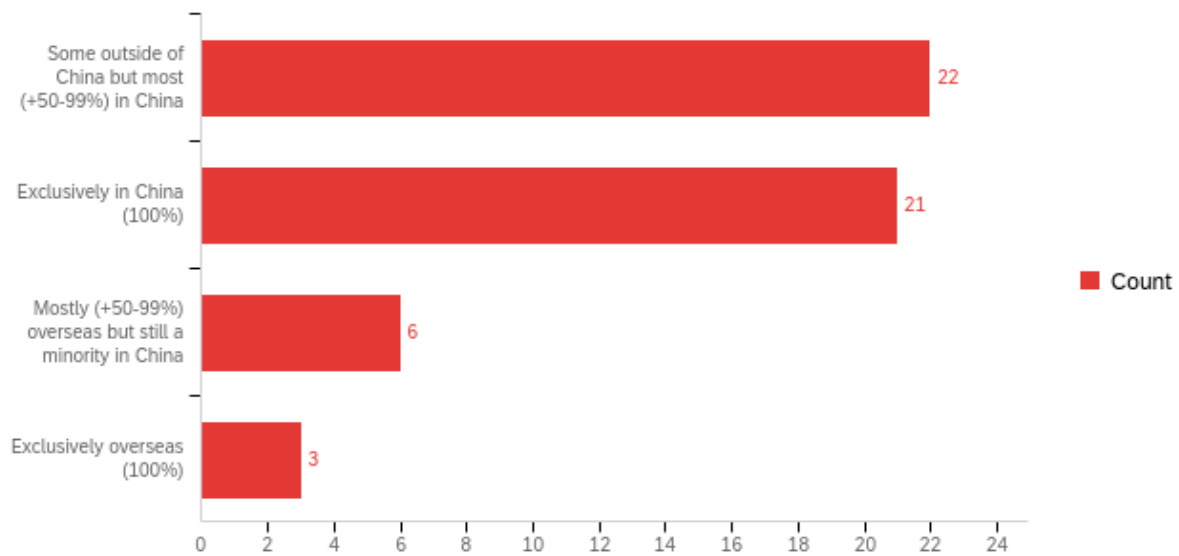
A majority of 54% of participants (28) indicate international networks are extremely important or very important. This new finding suggests that owner-managers surveyed in Chengdu seek to engage not just domestic but also international networks to acquire resources for their firms, an area which has not been deeply explored in the literature on born global firms in China. Research on born global SMEs in China has focussed on the importance of home-based social networks as a mediating factor such as when linking it to firm performance and international orientation (Zhou, Wu and Luo, 2007), though this may not provide an insufficient explanation in itself for born global firms with global vision in a highly competitive dynamic environment such as in Chengdu.

The high regard attributed to international networks by the surveyed owner-managers, particularly for resource acquisition (prospective and actual) suggests these firms may contain a strong international mindset and have the potential to take advantage of these networks connections to facilitate the decision to rapidly internationalise. This can provide advantages for the firms over those who have chosen to de-prioritise international networks in favour of domestic ones, particularly for those which choose to grow fast internationally and will require additional resources to achieve this. Research has shown that international as well as

local/domestic networks are important during the early period of a born global firms' development, particularly when recruiting human resources with international experience to overcome language and differences (Andersson, 2011). This will be explored in-depth in the strand 2 interviews with the owner-managers seeking explanations that identify how this mindset influences actions and behaviour particularly in enhancing legitimacy to build social capital to benefit and internationalise their firms. As 44% of owner-managers surveyed are non-China nationals, this finding may reflect the international mix of owner-managers in the survey and therefore are more likely to have an international mindset by virtue of establishing their firm in a country/region different to that of their birth.

LC: Location of firms' customers

Chart 4.7: LC. Where are the firm's customers located?



Concerning location of born global firms' customers, few firms had an exclusively overseas based customer base with 3 out of 52 responses (5.8%) indicating so. A total of 31 (60%) owner-managers indicated that their firms had customers outside of China. What is suggested here is additional effort may be required from these Chengdu based firms to enter overseas markets. As previously discussed, trade barriers or protectionist measures in other regions could provide a possible reason for why these born global firms are also focussing on a potentially large captive domestic market or on regions geographically close by. Literature examining born global firms in emerging economies has highlighted the prevalence of born local and born regional firms alongside true born global firms, particularly those in the high-technology sector which need to expand rapidly overseas to survive (Lopez, Kundu and Ciravegna, 2009). The findings also suggest a number of the Chengdu based firms surveyed display similar characteristics to those that enter and expand in markets that are psychically and culturally proximate while building up local networks and developing domestically at the same time (Freeman, Hutchings and Chetty, 2012). When considered alongside the responses on overseas business experience, where the majority of owner-managers' recent has been in Europe and North America, owner-managers potentially have residual overseas network links in place, which may be useful for expansion into these regions or accessing resources not found locally. These are both initial findings that requires further explanation in-depth in strand 2. The significance of using these linkages for enhancing legitimacy will also be explored.

Of the total of 52 Owner-managers who completed the survey, 21 (40%) indicated their customers were in China, suggesting these newly formed born global firms took a decision to develop the domestic market first before overseas expansion. Recent examples of global Chinese firms that focussed initially on the opportunities presented within the domestic market before making a rapid leap abroad have been widely publicised. Examples of globally ambitious technology firms such as in ride sharing (*Didi Chuxing*) and the sharing economy (*Mobike*) provide examples of where firms engaged in intense domestic competition to capture market share, and in the case of *Didi Chuxing* to push *Uber* out of the mainland China market in 2016 (Abkowitz and Carew, 2016), before expanding overseas. This began shortly after in 2017 when *Didi Chuxing* made a strategic investment to allow it to enter the Brazilian market after receiving a large investment from overseas investors including *Apple Inc.* (Solomon, 2017). The born global firms represented in this survey are faced also with alternative strategies for internationalising their firms, such as at inception or shortly after they have captures sufficient domestic market share. This highlights the importance for born global firms in balancing several competing objectives including finding the right resources, such as investors and government support, as well as developing in-demand innovative products or services. These findings suggest born global firms in Chengdu with global ambitions are more likely to start are born local before becoming fully globalised firms. The relationship between these born global firms' efforts to build social capital and legitimise of their firms may be a potential factor in explaining why some firms adopt an initial domestic focus before overseas expansion. This is probed and explanations sought from the in-depth semi-structured interviews that took place with eight born global firm owner-managers. The next section explored the findings that emerged from the analysis of the position generator section of the online survey which measured the social capital of each owner-manager.

4.2.3 Strand 1 Findings, Position Generator

The online survey also captured data on measuring the social capital of owner-managers using an adapted position generator instrument. The findings displayed graphically in Chart 4.8 below challenge existing assumptions made concerning how social capital may be accumulated by owner-managers in China, particularly by those who have recently established born global firms. Chart 4.8 showing the percentage of respondents who know any individual performing the occupations listed. Each bar indicates a percentage knowing score for each occupation by the owner-managers surveyed (Van der Gaag, Snijders and Flap, 2008). The X-axis sorts the occupations extracted from the position generator sorting from highest to lowest prestige. The highest prestige occupation is ranked as 1, with the least prestigious as 24.

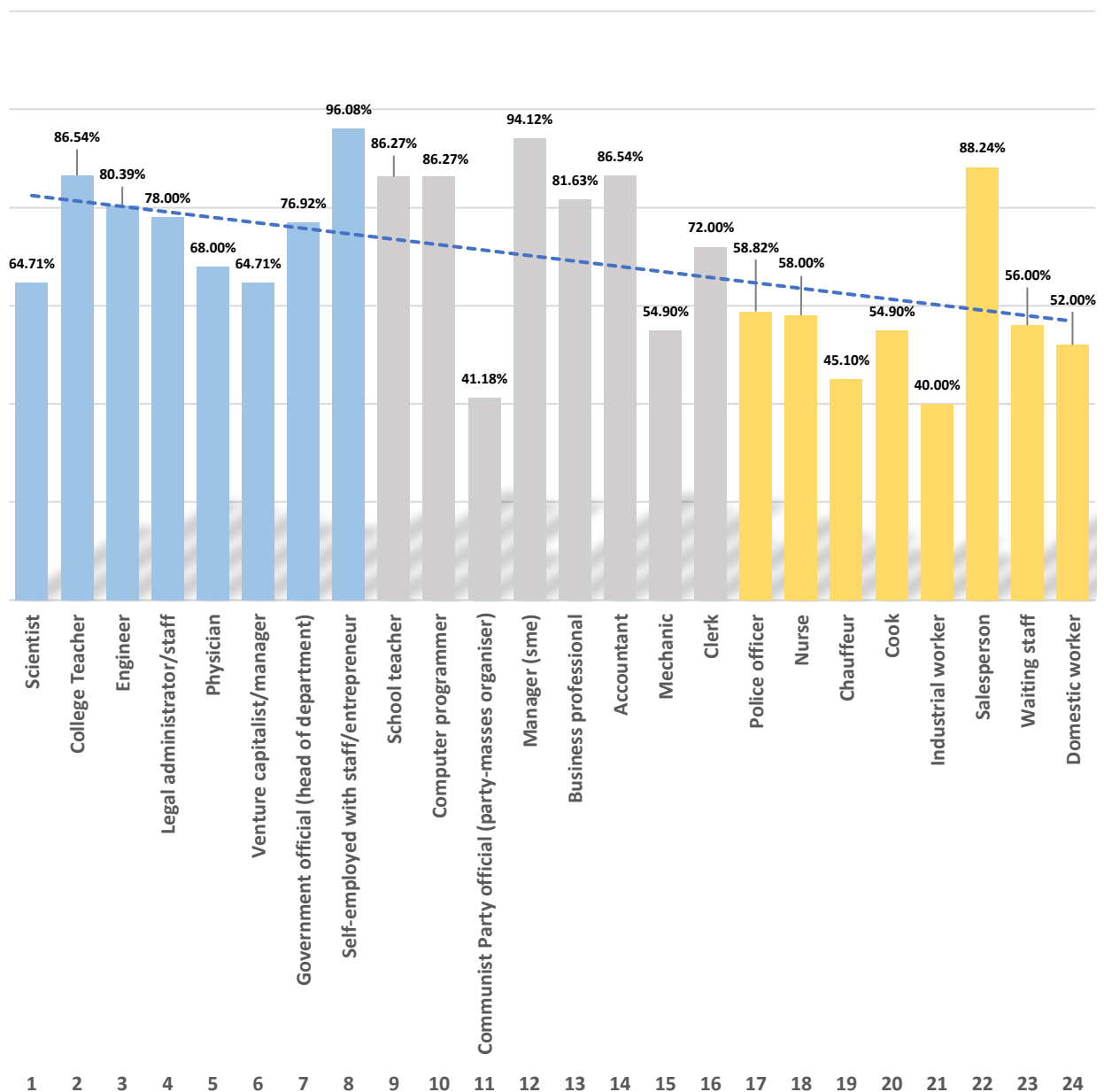
Chart 4.8, along with charts 4.9 and 4.10, is fitted with a linear trend line computed using the linear least squares method. The equation used to calculate the trend line is:

$$y = bx + a$$

where **b** is the slope of the trend line and **a** is the **y** intercept. This is the expected mean value of **y** when all **x** variables equal zero and on this chart is the point where the trend line crosses the y-axis (Cheusheva, 2023). The linear trend line in Chart 4.8 illustrates the % familiarity score fitted across all the occupations listed and shows a negative slope from left to right. This represents a substantial emerging finding as it indicates the born global firm owner-managers surveyed have higher familiarity scores with the top third most prestigious occupations (ranked 1-8) and therefore are less likely to know those performing the occupations with the lowest prestige (ranked 17-24). According to the social capital theory of Lin (2002) this indicates the owner-managers surveyed tend to access through high prestige occupation holders in their network to the more valuable and harder to research resources. This is noteworthy as views that born global firms, mainly looked at in “western” contexts, tended to have more difficulty accessing such resources, particularly soon after the inception of the firm (Knight and Cavusgil, 2004; Sasi and Arenius, 2012). This data demonstrates that a cohort of born global firm owner-managers in Chengdu have used their networks to build comparatively high levels of social capital early in the life of their firms. As discussed in Chapter 2, developing legitimacy has been demonstrated to be an explanatory factor in

literature for the strategic building of social capital in China. This reveals an important area for exploration to through in-depth interviews with owner-managers to seek detailed explanations to gauge to what extent this was a factor in facilitating access to high prestige occupation holders and therefore embedded resources.

Chart 4.8: Prestige Rank and % responses to "Yes" I know someone in this occupation (n=52)



Another finding observed from Chart 4.8 is the uneven distribution of familiarity scores across the 24 occupations listed. This was not entirely unexpected as in each different research

setting certain occupations will be more prevalent than others and will vary by society and across time (Lin, Fu and Hsung, 2001). For owner-managers surveyed there is a near 100% familiarity score for the higher prestige occupations Self-employed/entrepreneur at 96.08%, Manger (SME) at 94.21%. The lower prestige occupation Salesperson at 88.4% who known by almost all survey participants from diverse backgrounds. The lowest average familiarity score recorded was for the low occupational prestige post of Industrial worker at 40%. Another low prestige occupation, Chauffeur at 45.1%, scores among the lowest in the survey. Caution should be observed where this may be an indicator of network heterogeneity whereby born global owner-managers have a tendency to be connected to other similar individuals as themselves and therefore report higher familiarity with such occupation holders.

Additional factors may also explain the higher familiarity scores with occupation holders operating in the private sector compared with Bian's (2004) research conducted in China in 1998. The development of China's economy is one which has resulted in uneven development between its diverse regions with also differing acceptance in those regions for private enterprise. During the early phase of the economic transition, private businesses and entrepreneurs were hampered by a lack of legitimacy with poor protection of property rights which necessitated close links to government and party officials (Naughton, 2008). Born global firms in Chengdu, in particular as a new form of entrepreneurial start up in China, have had to grapple with a key challenge associated with rapid and often unforeseen economic and societal changes. This means in this context there is a need for born global firms as well as other organisations to respond to the challenge to earn and maintain their legitimacy (Low and Johnston, 2008).

The survey has provided surprising findings concerning links to political occupation holders, with a low average familiarity score reported for the medium prestige occupation of a mid-ranking Communist party official at 41.18%. An unexpected finding as there are inconsistencies in the average familiarity scores shown between the political occupations of party official and government official, the latter a top third ranked prestige occupation. Government official scores a higher 76.92% familiarity score overall. This inconsistency seems contradictory as Government officials in China are very likely to also be Communist party members and are likely to hold parallel positions. This suggests that owner-manager low

familiarity with party occupations held is due to this being less visible to them compared to knowing officials performing a government role. Expressing publicly close contacts and familiarity with Communist party members, particularly to researchers, may be less socially acceptable than in the past, particularly due to the increasing emphasis on political control over issues such as economic growth (Pearson, Rithmire and Tsai, 2021). Expressing close contacts and familiarity with government officials is likely to be more socially acceptable as the state is the most visible and outward facing entity in Chinese society. Compared to the Communist party which prefers a high degree of secrecy, and is opaque to non-members in its decision making, discipline and control mechanisms (Cabestan, 2017). Another explanatory factor could be found in Bian's (2004) position generator which used a specific mid-level Party occupation (party-masses organiser) rather than the broad but non-specific option for "Party member". While many in Chinese society are likely to be familiar with a Party member who may be from any rank, a specific named mid-ranking position may be more unfamiliar to owner-managers of born global firms. Strand 2 allows for the further exploration of this issue which can reveal reasons for the inconsistency or offer other explanations which have not been considered due to the limitations inherent in quantitative survey data. With government official being a highly ranked prestigious occupation and one which has a particular resonance in Chinese society, interview questions probing these links for how building social capital with them were included in the interview schedule.

Chart 4.9: Chinese Born: "Yes" I know someone in this occupation (n=29)

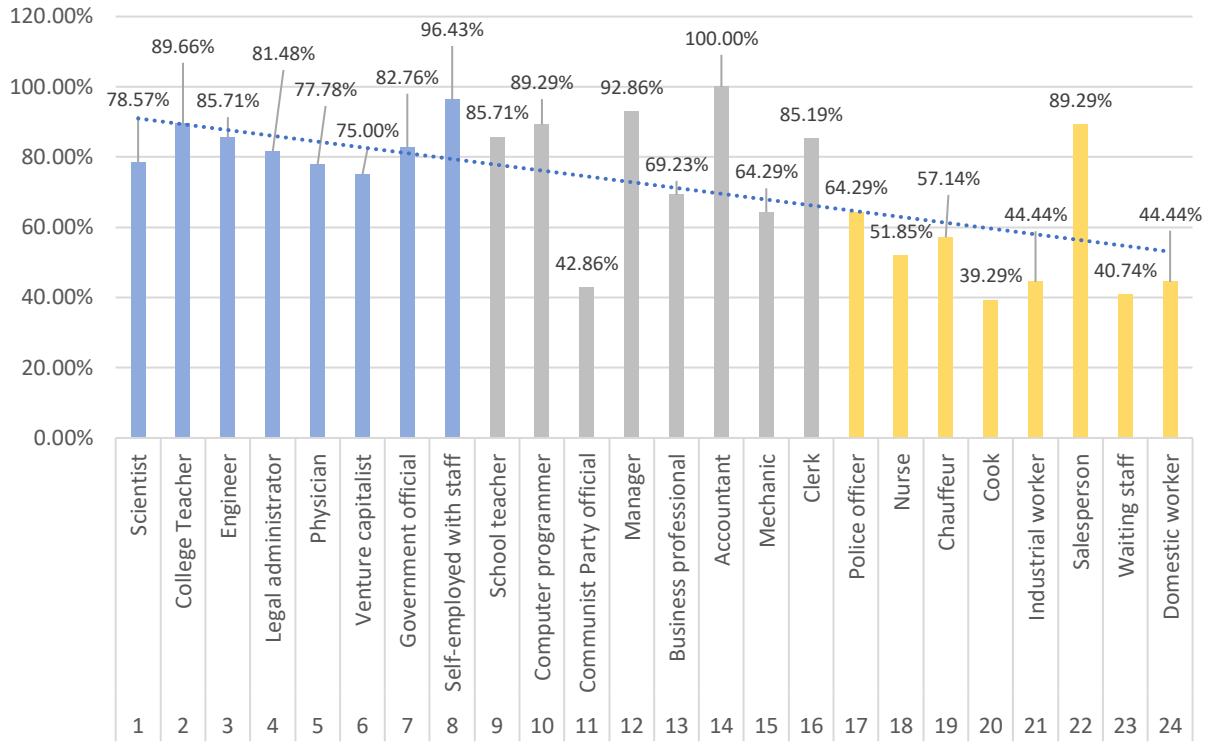
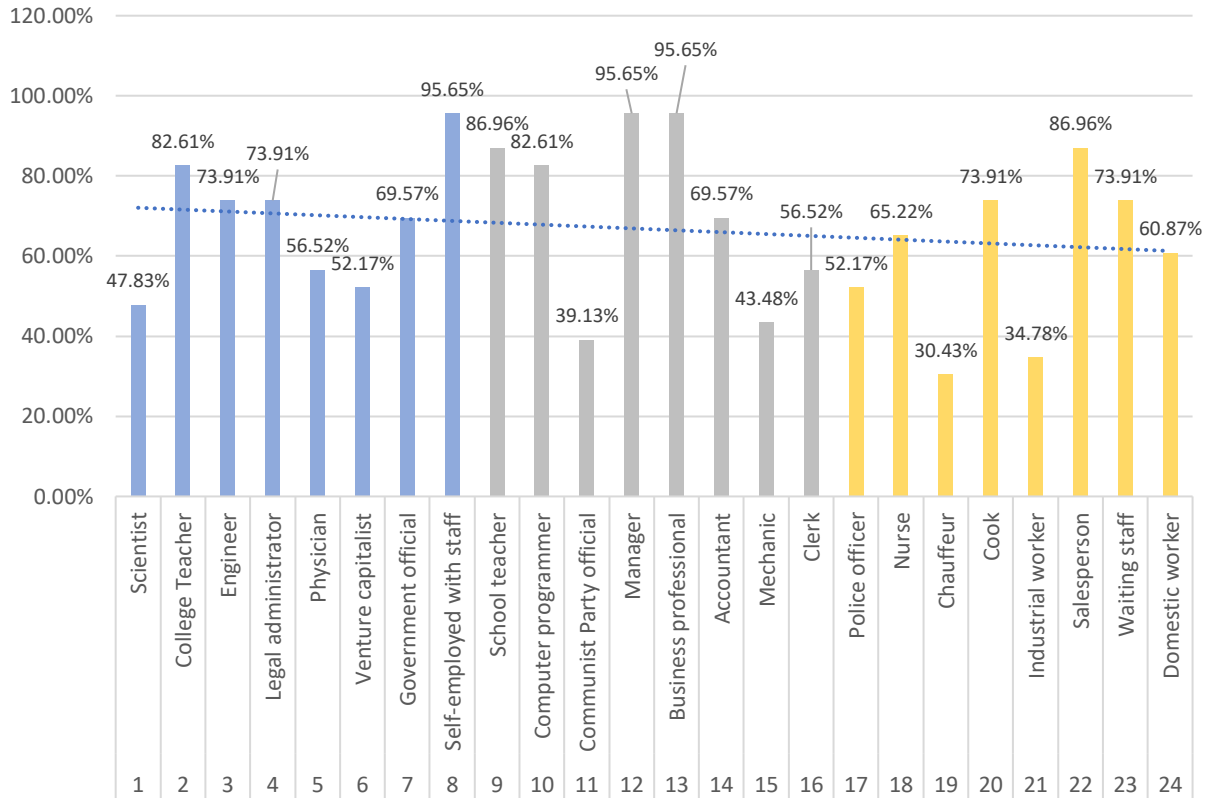


Chart 4.10: Non-China Nationals: "Yes" I know someone in this occupation (n=23)



Charts 4.9 and 4.10 represent a further breakdown of the data shown in Chart 4.8 divided by location of birth. Owner-managers in the survey can be divided into two groups, China born (n=29) and non-China nationals (NCN) (n=23). Chart 4.9 shows a negative sloped trend line for Chinese born owner-managers indicating they are more likely to be familiar with the top third highest prestige occupations and show lower familiarity with the less prestigious occupations. Chinese national owner-managers were much more likely on average at 83% to be familiar with occupations ranked in the top third tier. Chart 4.9 confirms that familiarity with the top third high prestige occupations does not drop below an average familiarity score of 75% for a single occupation.

The trend line for Chart 4.10 has a slight negative to zero slope. This flatter trend line indicates a more even distribution for familiarity with occupations with differing levels of prestige from high to low. Chart 4.10 suggests non-China national owner-managers have lower familiarity with the highest prestige occupation holders – Scientist, Physician and Venture Capitalist. Non-China national owner-managers show a 69% familiarity with the most prestigious occupations ranked in the top third tier. The overall implication here is non-China national owner-managers' low scores could impede their access to hard-to-reach resources for growth and further expansion. This is an unsurprising finding itself but when comparing to explanations in the literature that rely on cultural or behavioural perspectives such as *guanxi*, utilising a mixed method based on social capital and legitimacy theory allows for the exploration of alternatives and contextual rationale to explain why certain owner-managers may have been more successful in accumulating social capital more than others, particularly any from overseas.

Noticing the two political occupations (Communist party official and Government official) in Charts 4.9 and 4.10, further evidence shows both China born, and non-China nationals have near identical average low average scores for familiarity with mid-ranking Communist party officials, 42.86% and 39.13% respectively. This is a surprising emerging finding as previous research, particularly drawing from the *guanxi* literature, highlights those who hail from outside of China are likely to be disadvantaged in establishing such networks due to their limited familiarity with Chinese culture and awareness of contextual power relations and therefore even less likely to be familiar with Communist party officials (Guo et al., 2018; Hou

and Zhu, 2020). The legitimacy literature may offer an explanation with the concepts of socio-political and confirming legitimacy which indicates firms' acceptance and ability to fit in, where complying with social pressures allows organisations to increase their chances of survivability but can also create a high level of similarity between organisations in a similar field (Suddaby, Bitektine and Haack, 2017). For these born global firms in Chengdu, this presents a situation referred to as the uniqueness paradox where firms are under pressure to conform but also to be different and have a unique identity (Martin et al., 1983). This creates additional pressures on born global firms who must continually, as stated earlier, grapple with and navigate unforeseen changes in the wider society. Such pressures as seen through the legitimacy have not been fully explored in the born global literature yet.

A substantial difference between China born and non-China national owner-managers can also be noted where China born owner-managers are more likely to know a government official at 82.76% compared to 69.57% non-China national owner-managers. These emergent findings are probed further in strand 2 to understand these divergences and whether they are due to born global owner-managers efforts to continually adjust, maintain and earn legitimacy. For born global firm owner-managers in Chengdu, this concept is connected to the processes of accumulating and maintaining their overall social capital as it provides motivation for others to provide resources necessary for their survival, growth and longevity. Those connected within the network as individual members need to recognise other members (alters) and are signalled as legitimate partners who are able and willing to contribute to collective outcomes in spite of any difference in prestige. With legitimacy being an antecedent for making connections in a network, it also results in outcomes where perceived legitimacy may be enhanced as a result of successful cooperation or exchange, particularly with higher prestige connections. Perceived legitimacy as conveyed through a network can therefore reflect the cognitive social capital of a network by signalling to other members proper standards of exchange and expected normative behaviours which in turn indicate members shared meanings of collective goals, rights and network utility (Randolph, Hu and Silvernail, 2020). It is then also possible to then extend this argument by incorporating Lin's (2002) theory of social capital to suggest signalling prestige of connections is also a key element necessary prior to enhance signalling of legitimacy and therefore the possibilities of making useful connections. Few studies have combined the phenomenon of Chinese born

global firms, social capital accumulation and legitimacy to understand how owner-managers achieve this.

A limitation from this data, which suggests that the owners of born global firms in Chengdu have a better chance of accessing harder to research resources, is due to the nature of the survey instrument itself, which is limited by the input of numerical quantitative data, the specific contextual reasons based on the owner-managers experience for how this is possible cannot be ascertained at this stage. As a result, this promising finding suggests the need for further exploration of this theme in the qualitative in-depth interview stage to allow owner-managers to detail what causes these conflicting issues and how they are overcome. The responses from non-China national and China born owner-managers can provide comparisons and contrasting perspectives on how social capital is built with high prestige occupation holders, including political contacts.

4.3 Chapter Summary

This chapter detailed the findings from the first strand of the explanatory sequential design. This aim of this design is to select participants for strand 2 as well as to understand initial trends concerning the born global landscape in Chengdu including measuring the structural dimension of social capital. These findings allow the researcher to create a more targeted interview schedule and to better understand the emerging trends from the first strand. In contrast to critical views of mixed methods which are on the basis they are incompatible and will provide contradictory or uncomplimentary findings (Ghiara, 2020), the approach adopted here allows for the identification of key themes which emerged from the findings of strand 1 for exploring in depth with participants. These initial findings cannot provide the kind of rich data required to understand the micro processes and behaviours that comprise the actions taken by owner-managers that explain how they build their social capital. The initial findings from strand 1 as discussed in Chapter 4 highlighted specific areas that requires exploration in strand 2. The same theoretical underpinnings, those discussed in Chapter 2 from social capital and legitimacy theory are used in strand 2 to ensure consistency and to further understand

how these findings interact to create a more contextually derived understanding of how born global firms operate in Chengdu.

The following suggested findings fed into the design of strand 2 and provided the focus of exploration in the semi-structured interviews:

- Born global firms' owner-managers surveyed are likely to be connected to and know high prestige occupation holders who by theoretical extension have access to rare and hard to research resources. Differences between knowing government and Communist party officials should be explored further as these are key occupations in China which command access to important resources.
- Some variation exists in social capital levels measured between China born and non-China national born global firms' owner-managers. This was not a surprising finding though this needs deeper exploration in strand 2. Non-China nationals may face cultural barriers which hamper their efforts at building social capital, though some may also provide detailed contextual findings on how they have managed to build their social capital in a creative or surprising way.
- Discuss whether prioritising domestic over international contacts has any impact on the firms perceived ability to go global or be perceived as having a sufficiently international outlook. Have prior connections played any role in furthering the firm's social capital and legitimacy building?

Chapter 5 Qualitative Findings Strand 2

5.1 Chapter Introduction

The previous chapter discussed the findings from the strand 1 online survey which include those from the position generator instrument which is concerned with the structural dimension of social capital. The survey also provided information on the background of the owner-managers and the types of the born global firms participating in the survey. While aspects of relational and cognitive dimensions of social capital have been suggested in the findings of the online survey, strand 2, is deemed to be a more appropriate strand to gather rich data on these complex dimensions. The position generator measurement of social capital results in broad findings but cannot provide the detailed underlying contextual reasons for how this social capital is built. It is therefore necessary to seek detailed responses with owner-managers on these complex dimensions which involve understanding their experiences. Discussion around the role political contacts play, emerged as a promising emergent finding in strand 1 and the use of interviews provided an opportunity to find explanations for any surprising findings as well as to explore the detailed explanatory rationale for building social capital provided by owner-managers. The researcher deemed that sufficient trust was generated with participants through their communication of the rationale for the research as well as research ethics, owner-managers therefore were more likely to share their views about this sensitive area.

The findings in section 5.2.2 across all of owner-managers interviewed highlight the conflicting role that obligations place on born global firms, particularly when interacting with political contacts i.e., Communist party or in particular government officials. For owner-managers, these obligations serve as an unavoidable but at times constraining factor on their development while for others it proved to be of mutual benefit in building their social capital. The findings strongly suggest these relationships do enhance the legitimacy of the firm, particularly when these contacts act as sponsors which serve to bolster their socio-political legitimacy.

Section 5.2.3 discusses identification which refers to the process where the owner-managers view themselves as part of or at one with another person or group (Nahapiet and Ghoshal, 1998). For Chengdu owner-managers of born global firms it has involved taking on the values or standards from other groups, such as government or universities, as a frame of reference which in highlighted cases has improved the opportunities for exchange to emerge and directly benefit their firms. At the same time, owner-managers have recognised there is a “uniqueness paradox” (Martin et al., 1983) where aligning with wider group pressures can create uniformity, they also recognise the importance to maintain and develop a unique identity.

The findings relating to prestige or reputation as an aspect of relational social capital is also discussed in section 5.2.3. The findings suggest it does play a role in furthering social exchanges and unequal transactions among the owner-managers and their contacts. This enhances their social capital and strengthens the legitimacy of the owner-managers who claim resources and positions by offering incentives for further exchanges.

Appendix G contains a table summarising the details of the 8 born global firm owner-managers that took part in this strand of the research. The owner-managers were assigned pseudonyms by the researcher, their real names are not used anywhere in this research following research ethics guidelines. This is an approach that is suited to protecting confidentiality and enhancing trust in the research process (Kaiser, 2009). The table also lists key details on their born global firms such as age and size of firm and main market focus. Industries represented are, education/edtech, marketing (digital), medical, insurance and sports services, agricultural services (drone), and other high-technology firms (blockchain, artificial intelligence).

5.2 Qualitative Findings – Relational Social Capital and Legitimacy

The following aspects of relational social capital emerged from the semi-structured interviews which took place with owner-managers of born global firms in Chengdu. After coding the interview transcripts, the following key themes emerged relating to how relational social

capital was built with prestigious occupation holders, highlighting those cases mentioning high prestige and/or political occupation holders and where different forms of legitimacy were needed to facilitate networking exchanges. Relational social capital is the dimension that encompasses trust, norms, sanctions, expectations, obligations, identity, and identification, though after second cycle coding as mentioned in section 3.7, these were reduced to; Personal relationships and trust, obligations and expectations, identification and reputation, shared language and codes, shared narratives and myths.

5.2.1 Personal Relationships and Trust

Rick Yang (I2) and Hugh Wang (I5), both China born participants, emphasised the importance of close contacts who were stated to be school friends and classmates, and are classed as prior networks, in providing the initial openings for them into established industries i.e., insurance and finance respectively. According to Hugh Wang, the initial challenge for them to overcome their reticence to engage in networking activities and had to rely primarily on family prior networks and the social capital accumulated through them:

So in 2015 before I started my business, I only knew very few people in Chengdu and also I wasn't very socially active, so I didn't like to go out and meet with people and after I started my company and I started to reach out. First it was based on my own family members and then they will refer me to their friend, their classmate from graduate school and that's how I actually viewed my network and know a lot of people and in the beginning it wasn't easy

After initially having a difficult experience getting to know others, Hugh Wang started to expand the business both domestically and internationally to reach prospective clients through a greater reliance on social capital accumulated from classmates' prior networks. Contrasting with this approach, accessing online social networks were seen to the most appropriate method of reaching international clients, where no prior networks are needed:

I have accessed my customers through my classmates, through my friend and through them we introduce our product to our potential customers. After a period of

communication, we would move to the selling stage. For the overseas market we mainly use LinkedIn to find our potential customers and after that we would email them

Hugh Wang developed confidence once his business was operational to use his existing domestic based contacts to enhance what Lin terms their “social credentials” (2002, p.20). Their social ties to classmates and family act as a form of certification of their social standing which reflect their ability to access resources through domestic networks and social relations. These ties can enhance others (other firms, prospective customers) they can provide resources beyond their personal capacity. International networks were viewed as being more challenging at this stage in the firm’s growth so online social networks are preferred.

Along similar lines, Rick Yang spoke about the importance of “pure friendship” among his former classmates and friends as the firm’s key linkage into the financial industry. They were able to build upon these prior networks to move away from their reliance on them and develop what they termed formal connections in the industry which were for purely instrumental reasons, relying more on what Granovetter (1973) termed weak ties, as opposed to an earlier reliance on strong ties:

...when we were classmates or roommates or whatever, that’s connections prior to when we started this business and there’s connections built after that. These two types of connections are quite different in nature. Prior connections we normally have much deeper empathy for each other, because there’s no, you know there’s no money involved or whatever it is, pure friendship

Here Rick Yang is highlighting how like Hugh Wang, they expanded their network through purposive actions, such as finding openings for clients or locating an individual leading a major hedge fund to pitch to, leading to more transactional or instrumental action on their behalf:

...but after that, after last year, I mean after we started our business, then those connections built upon are based on this...our business, it’s built for a reason, that’s those connections are built so that we can sell our product or we can use or use his or

her connections to get a customer. So that kind of connections are built for a reason and that those connections are not, you know, so it's built on purpose.

As Rick Yang's business subsequently established a presence in other overseas locations to have a physical presence near commodities traders and hedge funds (London and New York), they highlighted where both quality and quantity of formal connections increasingly matter:

I can make a lot of formal connections, because everybody needs formal connections they may need their business growing, they need to do things. So, the quantity of that formal connections and also the quality are both very good

Rick Yang demonstrates as their firm becomes more widely known and trusted, and in turn impacts the cognitive and socio-political legitimacy of the firm, relationships built up from "pure friendship" are balanced out by more distant professional contacts. When discussing the level of trust which developed with political contacts, party or government occupation holders, they stated these contacts "really cared" about the progress and development of the firm and would ask regularly what difficulties they were encountering and could assist with overcoming. As a recipient of the Chengdu city government *Rong Piao* talent programme, Rick Yang and their born global firm benefitted not only from close personal relationships with high trust from former classmates, but also from close political contacts with government officials which emerged over time as trust was established. As with Hugh Wang and Charlie Gribbin, detailed further in section 5.2.2, this came with obligations and expectations which they felt were important to meet to maintain trust with these occupation holders which serves to enhance socio-political legitimacy.

One China born owner-manager had a different view where they played down the importance of contacts obtained through classmates or lifelong friends. Anne Huang (16) highlighted the importance of the contacts made through previous employment with a major multinational entertainment and casino operator based in Macau, upon which they established their social credentials and therefore earned trust among prospective customers. Their approach was based on the newness of the industry their firm operates in, Fertility services/Medical Tourism. Their family background did not afford them any prior connections to access

influential occupational holders of high prestige. It had to be earned and subsequently had demonstrate their credentials to demonstrate cognitive and socio-political legitimacy to former clients, wealthy and influential businesspeople, which made up their first cohort of customers:

Because I was born in a very common family and all my family members cannot, you know, do any support for me when I was involved in this business. Because this business is not traditional business, it's not like the real estate business world like the construction business, you have to know a lot of government officials, you know to make everything like smoothly, (it's) so different. You know this is so different from the traditional industry. This is a very new industry so I started this business I feel like I was very lucky, you know to know the high end customers because of [Company Name] work

Anne Huang in this statement is providing evidence for where “symbolic utility” (Lin, 2002, p.44) was used to overcome the lack of substantial prior network contacts, unlike Rick Yang and Hugh Wang. Anne Huang in this statement indicates how their networked high prestige business professional contacts provides enhanced cognitive and socio-political legitimacy demonstrating their firm’s ability to achieve positive outcomes for similar clients. The newness of the industry is also highlighted conferring an advantage in developing high prestige contacts and expanding their network. To maintain the social capital accumulated with these high prestige contacts, Anne Huang shows it is necessary to develop close personal relationships which blurs the boundaries between professional and private life:

So the relationship is very intimate, it's not just like business relationship, they trust me and they told me many personal life stuff things I think is very good. It is a very strong relationship I think is valuable but I also have some you know like flaws. I think it's because, when they trust you they put so many personal feelings involved you know, but business is business

Such intimate relationships create additional obligations and expectations for the owner-manager to maintain on an ongoing basis and provides some evidence for how these born

global firms adapt their approach to building social capital and react to the dynamic changes in China. This is discussed further in section 5.2.2.

To note the experience of a non-China national owner-manager who relocated to set up their business in Chengdu after moving from the UK, Toby Elliott (I3) commented that

So there is always a chain of command somewhere along the line where, yeah there's somebody new and you can't obviously have complete trust in them but someone else has to vouch for most things that we do. It's very rare that I could think of, that we've gone into business with someone that is completely alien and blind to us. One, they probably wouldn't know who we are, two we wouldn't know who they are to what it is they want to get their business started in the first place

This statement highlights more the linkages between occupational prestige, legitimacy and trust when building social capital. Toby Elliott demonstrates how important it is for their business to have a prestigious contact who does “vouch” for their business, and this owner-manager highlights an important approach that can help overcome their lack of legitimacy in the start-up phase. The prestige of the vouching or sponsoring party may also enhance perceived socio-political legitimacy and cognitive social capital as has also been suggested by Rick Yang and Anne Huang. Rick Yang has benefitted from participation in a prestigious government backed talent programme while Anne Huang from her personal relationships with wealthy families and individuals. Other owner-managers when discussing identity and identification in section 5.2.3 also reveal benefits from associating their firm with the NGO/charity sector and through philanthropic acts that connect with government campaigns.

Aligning with the view another of the participants, a non-China national interviewee, highlighted the newness of their respective industry noting it being far less reliant on prior networks where trust needs to be established over a long period of time. Jacky Stacey (I1) highlighted the low barriers to entry for the Cryptocurrency/Blockchain industry, stating in their words how it was currently going through an exploratory “phase” of understanding, with emerging firms readily probing for the latest information. This sector was seen to be in a state of flux and development, which in turn meant there was an openness to establishing

connections to share resources, information and further contacts. A mitigating factor against having no prior networks to call upon for Anne Huang (I6) and Jacky Stacey (I1) has been the newness of their industries, creating the conditions to connect with high prestige occupation holders more easily. Exploration of the role of symbolic utility as well the importance of identifying born global firms with symbols of legitimacy associated with high prestige individuals will be detailed further as part of the findings relating to the cognitive dimension of social capital in section 5.3.

The three non-China national owner-managers all indicated they have not been able to rely on their prior networks from their home countries and awareness of a different set of factors determined how connections are established locally in Chengdu. This was confirmed by Charlie Gribbin (I8) who saw the process as a “different game” with distinct rules which must be learned and approached as such to earn and develop trust. Contrasting two approaches to generating social capital (divided by them into the categories of “Western” and “Chinese”) Charlie Gribbin stated:

...in the West we might have a more transactional thought about how we are supposed to do business but to be honest I really admire the way the Chinese do it, because they are basically saying - alright, especially if we're getting into larger sums of money, I need to care about who you are as a person, I need to care about your family, I need to know that...like want you to be doing well. And so, they don't look at it as just purely transactional

Charlie Gribbin, who is originally from the USA, highlights how a more holistic perspective is required to understand how social capital is built in Chengdu and adopts a perspective of that of an admiring outsider. Their views show a degree of convergence with an insider view of Rick Yang (I2). Rick Yang who began from the perspective of “pure friendship” relies on their most trusted contacts, classmates, before moving to a more transactional approach to achieve specific outcomes outside of Chengdu beyond the reach of these contacts, the setting up a branch office in Wall Street, New York. These mentions of transactional approaches provide support for what Lin terms “instrumental actions” (2002, p.46) which are needed to obtain resources not yet at ego’s (the owner-manager) disposal. The holistic approach

outlined as “pure friendship” and caring about your contact, when discussing prior networks provides evidence for what Lin terms “expressive actions” (2002, p.45). Such actions are needed to maintain existing valued resources through keeping in contact, communicating and sympathising with alter (contacts part of their prior network).

In summary, all owner-managers noted the importance of close personal relationships and trust in creating the right conditions for their emerging born global firms to build social capital by having others “vouch” for them and their firm’s providing socio-political legitimacy. Owner-managers who were born in China and developed close personal relationships and trust through classmates and friends tended to view this as both an advantage as well as a constraining factor whereby the strong trust created allowed for introductions to be made into the financial industries (I2, Rick Yang) or high prestige occupation holders (I6, Anne Huang). Non-China national owner-managers noted the differences in social capital building mindsets and how the approach required locally was to first focus on developing connections based on trust. While some newly emerging industries allowed for greater opportunities to build personal relationships quickly, in the main these outsider owner-managers need to get past a transactional approach to build authentic trust. The need to have others “vouch” for an owner-manager is another important finding which suggests that the prestige of the vouching or sponsoring contact plays a substantial role in enhancing perceived legitimacy, particularly socio-political, for these owner-managers. This finding which is also explored further in conjunction with the discussion on the cognitive dimension of social capital in section 5.3.

5.2.2 Obligations and Expectations

The following findings, which also concern the relational dimension of social capital, revealed distinctive groupings within the owner-managers interviewed. Discussion of obligations and expectations was a subject that all owner-managers felt was central to building social capital with political connections, particularly government officials. They highlighted, regardless of background (non-China national or China born), all participants agreed these were instrumental to the operation of their born global firm. Divergent opinions emerged when

owner-managers discussed the level of obligations they were under, and the effort required to meet the expectations of their political contacts.

Also revealed was the importance of maintaining or signalling to others their links though weak ties to government officials. In some cases, owner-managers raised how government officials which are socially dissimilar from themselves led to increased burden on themselves and their firms. Additional efforts were needed to meet these obligations and strong emotions expressed by owner-managers when discussing these facets of relational social capital. Owner-managers also revealed that concerning political contacts listed in the position generator, they were comfortable speaking about government officials as they are with whom they recognise in their day-to-day operations. The Communist party was only raised by one owner-manager, and this was in relation to their own membership.

Owner-managers were also aware of a fine balancing act that must be maintained when interacting with government officials to build social capital in comparison with other occupation holders. The anti-corruption campaigns in China, which have characterised the current government administration since 2012 (Brown, 2018), have played a role in tempering expectations between owner-managers creating a perceived and necessary distance in their ties with these contacts as illustrated by Andy Zhou (I4) whose agricultural drone services firm, an emerging industry, interacts with village and country government officials in China on a regular basis:

Me and my partners do not like to get too close with the government officials and also because the policies and the current situation with how people do (engage) with the government officials, we are not fond of those relationships, we are not willing to get too close with the government.

Expressing a more emotional response indicating a negative reaction regarding obligations required to build and maintain social capital, specifically with government officials, Anne Huang (I6) stated they in part established their fertility services business as a way to avoid having to work closely with and therefore needing to meet expectations to regularly socialise with officials:

Actually, I really hate to deal with the government officials I really hate that part...it's difficult and it's unfair, you know when you would want to deal with them. I don't, I really don't like that, that's why I choose this industry because I don't need to social(ise) a lot, I mean social(ise) is I don't need to invite them to dinner and drink a lot

However, the legal obligations to pay taxes and rates which requires negotiation with the local government indicated that Anne Huang still needs to maintain a minimum level of weak ties with them. This was achieved through gift giving and invitations to dinner events which was perceived as acceptable acts to show respect to develop obligations and reciprocity (Steidlmeier, 1997; Yang, 2016). Anne Huang also discussed obligations which exist outside of their political contacts by highlighting the link to a high prestige connection, a well-known fertility doctor based in Thailand who provides seminars for Anne Huang's customers. A mutually beneficial relationship developed whereby Anne Huang developed a high referral rate for third generation IVF treatment to their clinic in Thailand and the doctor provided in person seminars, mainly in large cities throughout China but also Singapore. The importance of reciprocity even in an asymmetrical relationship with unequal occupational prestige is important in accumulating social capital for Anne Huang. The instrumental actions, those which lead to more allocation of resources, taken with non-political contacts are prioritised and largely involve socialising with government officials without clear outcomes such as potential enhancement of socio-political or cognitive legitimacy. This contrasts with Lin's (2002) assumption which states expressive actions take precedent over instrumental action as the effort to maintain the former is stronger than that for acquiring new resources.

Bess Li (I7) also echoed these views, who had low expectations of the value of developing contacts with government officials stating they are "very hard to cooperate with" and demonstrate in Bess Li's eyes "very low efficiency". In their view they display a lack of responsiveness to issues small businesses encounter and lack awareness of the latest changes in the digital-retail sector – "they know nothing about the industry", demonstrating a low level of trust between them. Obligations and expectations are not evenly balanced leading to an avoidance in dealing with government officials wherever possible. As with Anne Huang (I6),

Bess Li also has to reluctantly develop and maintain political contacts for tax purposes and gathering knowledge relating to payment rates for their firm. This confirms that proposition that among the highly diverse group of born global organisations in Chengdu, not all maintain an interest in all types of ties and not all ties are of equal benefit to all firms (Peng and Luo, 2000). This heterogeneity among born global firms suggests that industry type/sector and industry growth are determinants whether they are more likely or not to cultivate political contacts and take on the necessary obligations required. Looking at a more established industry with slower growth, insurance services, Hugh Wang (15) provides a contrast to the more negative views of Anne Huang and Bess Li.

Hugh Wang, who has adopted an approach of distant patient cultivation of government officials as they operate in the insurance industry. They highlighted how building social capital with them requires careful attention and awareness of how to build expectations and obligations on both sides by identifying mutual areas of development which these contacts could benefit from. While signalling their political contacts are weaker rather than strong ties, there is a “fine line” which can be navigated:

It is still a comparatively distant connection because the policy makers, the government officials, and the business if we get too close it might be viewed as the connection between power and money and so it might affect the reputation and people might think there is corruption. Also, it is a fine line there between (being) too distant from the government because if we stay too far away from them it's hard to do business and we also have to pay attention that we can't get too close to them. So there's a fine line there. What we do is we just talk about business. We solve the problem, we solve the business problem not the private ones, not the personal ones.

Hugh Wang discussed how their firm were developing new connections with political contacts in Guangdong province, crucial for also establishing a presence next to Hong Kong. As an outsider also in this part of China, the approach taken was to offer free consulting services and information briefings for local government to enhance their knowledge of the insurance industry but had an added benefit in enhancing via networks the perceived socio-political legitimacy of their firm in the eyes of other political contacts but also other stakeholders such

as their customers and competitors in the insurance industry (Low and Johnston, 2008). Reciprocal expectations and obligations were more proactively arranged and managed by Hugh Wang to enable more mutually sustaining relationships to develop.

Two other owner-managers, each with different experiences concerning relational social capital with government officials, discussed more positive encounters which benefitted their respective firms with direct support and legitimacy benefits. Rick Yang (I2) completed their PhD at the University of Southern California and returned to Chengdu to establish their AI/Satellite sensing born global firm with a lifelong friend from nearby Chongqing city. When asked about why they were given attention by the local Chengdu government they stated:

Ok, so first I am Chinese and the second is I studied abroad, I studied in the United States. I spent six years there, I got a PhD degree and come back to Chengdu

Rick Yang is signalling that by being both a PR China national and having a doctoral qualification from an elite US institution helped to generate the necessary socio-political legitimacy for their firm to be accepted into the Chengdu Talent Programme, the *Rong Piao* Project. This city funded project is for supporting highly promising Chengdu based high-level innovative and entrepreneurial talent with support provided for settlement and housing including discounted apartments, financing, and exclusive networking events (Hou, 2021). The project has allowed Rick Yang's firm to locate their firm in one of the main technology hubs of the city while paying a much reduced rental rate, in addition to as getting subsidised accommodation. They also receive regular visits from city officials which Rick Yang interpreted as them displaying their genuine "care" for the firm and its development:

I do receive a lot of care from local officials. I mean really care, they would come and ask us if we have any difficulties running our business and if we are what kind of difficulties, they can be helpful with. So, there's also some middle or higher-level government officials coming to visit us and you know, and see how we are running. I think that's a very good thing but we do not really depend on them to grow our business and also size does matter. We are too small that they don't really, that does

not have the similar impact as maybe as “Jingdong” or some other big international corporates coming to Chengdu, they would receive a lot more individual attention.

Rick Yang highlighted how being part of the talent programme has provided “social status” and the feeling of being “endorsed by the government”. Obligations for their firm included having to host visits of officials who toured their business premises occasionally to track progress of the firm and showcase them as an exemplar to officials from higher ranks or other cities. Rick Yang also discussed the requirement to attend talks and social events organised exclusively for talent programme members. These events have proven useful for meeting other programme recipients who have established high-tech firms locally. These events have also benefitted Rick Yang giving talks for these individuals resulting in getting to know more individuals in high prestige occupations and building associated social capital. Accumulated social capital with political connections for Rick Yang is accompanied with obligations and high expectations but also comes with substantial benefits for their firm in terms of the enhanced socio-political legitimacy it provides and additional networking opportunities. This owner-manager also proposes that political ties are governed also by the firm size, suggesting that while smaller born global firms have flexibility and enthusiasm for developing and enhancing ties, they may not meet expectations set by political contacts to merit closer cooperation and attention. Rick Yang’s views support the view that political ties improve a firm’s legitimacy where their born global firm displays proper actions which are seen as desirable and proper resulting in favourable treatment (Sheng, Zhou and Li, 2011).

This contrasts with the views of Anne Huang (16) and Bess Li (17), who tend to avoid all but essential links with their political contacts but also not gain any additional social capital building opportunities as a result. Their firms are operating in fields that are outside the scope of the talent programme as well as the high-profile developmental goals for officials in Chengdu city. Their firms are not considered to be sufficiently high-tech or innovative, though digital marketing and fertility treatment services are themselves innovative fields with high growth potential in China (Bu et al., 2021; Scott, 2022). Anne Huang and Bess Li are also not holders of advanced degrees from globally recognised institutions which may prevent them from qualifying for the local elite talent programme and their firms seem to demonstrate weak cognitive legitimacy.

Charlie Gribbin (18), a Non-China national born global firm owner-manager, in contrast managed to fit their born global firm between different operating environments which stands in contrast to other born global firms represented. Their Edtech born global firm which uses a patented digital methodology to teach Standard Mandarin also happens to align with broader national government goals to promote Chinese language and culture internationally. The 14th Five-year plan explicitly mentions in Article XXXV, section 3 the objective of enhancing the global influence of Chinese language and culture (Center for Security and Emerging Technology, 2021). In managing decouple their firm its foreignness and fit in with local social conditions and objectives, they were able to build social capital with a high prestige occupation holder, a professor at a highly ranked university in Chengdu (also discussed in in section 5.2.3). This university professor, where they were a language student, provided them with valuable information on the launch of the first ever entrepreneurship visa in Sichuan province and vouched for them to the government officials involved. Outlining why they believed officials were willing to provide this assistance:

I really have a good relationship with all of them now because it was in the news that I was the first entrepreneurship visa in Sichuan, so like I think they're kind of bigging me up a little bit to be like - "Hey look here is a foreigner in our new program and he's doing well, he's teaching Mandarin". They love it, they think it's a cool idea and so I've gotten a lot of moral support from them but when it came down to it... and they gave me a two-year visa for just an application so that's amazing

The resulting obligations Charlie Gribbin needed to meet in return were similar in form to those described by Rick Yang. This involved attendance at networking events arranged by local government or by the university staff who viewed Charlie's Gribbin's firm as a model or champion to promote. These were seen to be worth the investment of time in repaying the benefits already received. They felt "grateful" and "happy" about repaying the trust placed in getting them the first entrepreneurship visa in the province and the resulting media attention it brought them and their firm. As with Rick Yang, these were seen to also be opportunities to connect with hitherto hidden contacts and build their social capital with high prestige

individuals. A specific example was given where an official event led to more business opportunities as well as new connections:

The point is, we actually did the entrepreneurship competition in Chengdu, the "Tianfu Bei". And it was the first time we got second place in the preliminary competition, so that was kind of a good networking opportunity, we definitely got clients from that, we got some connections from that...

They were able to take advantage of the socio-political legitimacy that was granted to their born global firm through the high prestige occupation holders, university professor and government officials, which had direct benefits to their social capital and therefore the business itself. Charlie Gribbin was able to both benefit from widespread media attention to establish a unique legitimising identity for themselves and their born global firm. At the same time, they were able to be simultaneously isomorphic by aligning with wider national governmental goals and objectives concerning promotion of Chinese language and culture. Charlie Gribbin's firm directly benefitted from this approach with access to hitherto previously unavailable networking opportunities. This has provided the necessary justification for local government to support the business and to smooth their interactions with bureaucracy. Both Rick Yang and Charlie Gribbin highlight that while both operate in knowledge-intensive industries, they still benefit from and engage in political networking in contrast to views which state they are highly likely to refuse to engage in this kind of networking (Nee and Opper, 2007). This also challenges the view of Peng and Luo (2000) who suggest it is the social capital embedded in managerial ties that may be more important where there is weak institutional support and distorted information. In addition, while Rick Yang signalled their Chinese background as being important for these connections, Charlie Gribbin has shown that when their firm's identity and goals align with those of their political contacts, they too are provided with opportunities that directly benefit their firm.

Concerning the two other foreign nationals interviewed, one of them, Toby Elliott (I3), when discussing direct political ties and connections to government officials, they stated they had none - "Absolutely not" "I couldn't even tell you if I knew one to be honest". However, as shown in section 5.2.3, Toby Elliott revealed indirect political ties which enabled their firm to

access rare resources. Jacky Stacey (I1) mentioned they tried to avoid local government officials wherever possible due to the “grey area” surrounding crypto based investments at the time, particularly in promoting ICOs (initial coin offerings). This also aligns with the views expressed before where the owner-manager felt when their industry or business field was in an area that was not particularly attractive or connected to priority government policies, they were highly unlikely to receive any direct support. This also illustrates that a very new and fast-growing industry but one with where government in China had yet to establish clear guidance and legal frameworks supports the view that political ties are seen as more of a liability for both the born global firm and any political contacts (Sheng, Zhou and Li, 2011). Relationships with firms such as those operating crypto investments in “grey areas” also present opportunities for local political rivals to block promotion or political progress (Siegel, 2007). As a result, such born global firms will have few opportunities to develop relational social capital by meeting obligations and expectations with these political contacts.

5.2.3 Identification and Reputation

Further details which explained another facet of relational social capital revealed unexpected findings concern those born global firms who were less successful in developing ties to high prestige business and political contacts, enhanced their own firms’ reputation through alignment with high-profile government policies but may not directly be aligned with the firms’ industry or field. These findings are well illustrated by two owner-managers from different cultural backgrounds who both founded Chengdu based born global firms. Both Toby Elliott (I3) a UK national and China national Andy Zhou (I4) discussed the role that their authentic identification with charity and philanthropy served to publicly enhancing their reputation and in turn socio-political legitimacy which led in both their cases building social capital with high prestige business as well as political contacts. These contacts provided rare resources which would otherwise be inaccessible to their firms.

Through their membership in the local branch of the British Chamber of Commerce, Toby Elliott openly offered the donation of old sports equipment which generated a contact who supports schools for the children of migrant labourers. After donating this equipment along with the provision of free coaching sessions, Toby Elliott soon received a request to provide

coaches at one of China's most important sports stadiums, the Beijing National Stadium known as the "Birds Nest", main venue of the 2008 summer Olympics. Through demonstrating their firm's commitment to the central government's extreme poverty eradication project, in even a small demonstrable way, Toby Elliott gained recognition for this act locally which benefitted their firm:

But from that, maybe a month or so later (Person XYZ) sent us a message saying somebody I know needs British football coaches in Beijing for a summer camp at the Bird's Nest. So through purely doing something just for absolutely no gain and just because we had a bit of spare time, we ended up making the connection that got us teaching in the Bird's Nest for the last two weeks of the summer.

Operating an online coaching platform as part of their business, Toby Elliott's born global firm was able to use this venue to film new coaching and promotional content providing an opportunity to further enhance the legitimacy of the firm. Reflecting on how such access was granted to their firm, Toby Elliott explained the owner-manager of a firm who required the coaches has a close personal contact within the National Sports Bureau of China which enabled access to be granted to the stadium. Toby Elliott noted this if his firm had to hire the venue it would cost 2 million RMB per day, but this valuable resource was made available for no cost:

So obviously he's got it for free for two weeks, so it's quite a good connection right, and obviously now he's a good fan of us and all of that has stemmed from - we've got a few uniforms left over and we do something to give these away.

Andy Zhou (I4) also spoke about charitable acts and identification with the charity sector, referring to them as their "habit" since they were a high school student. After explaining how as a University student in 2008 they took part in the Sichuan/Wenchuan earthquake disaster relief efforts, they continued to take part in charitable or philanthropic activities after graduation and before commencing further studies in the US. They highlighted two more recent activities their firm engaged in which helped to demonstrate how their firm works towards aligning with other national policies. Less than a year before the interview took place,

a severe earthquake took place north of Chengdu (Zheng et al., 2020), Andy Zhou highlighted how their firm volunteered use of their specialist drones and experts as part of the rescue effort to spray disinfectant over the impacted areas which are mountainous and difficult to reach. While they have indicated that they like to minimise close connections with political contacts, Andy Zhou has indicated that when operating in the local domestic market, support from village and county level government officials was vital in gaining access to agricultural cooperatives, as well as providing socio-political legitimacy to the firms when testing and introducing their new but not yet widely known services. As Andy Zhou stated many farmers are unaware of the technology and the benefits of the services as a result the village or country government officials launched awareness programmes to inform them how they could benefit. In addition to this some have provided allowances to the farmers to use their drone services, after which Andy Zhou's firm engage services with the farmers directly.

Another outreach activity Andy Zhou's firm regularly engages in is to support a local vocational college in the suburbs of Chengdu, one where students from under-privileged backgrounds attend. The government in China has reform of vocational education as a high priority and encourages private enterprise involvement, which contrasts with the tightening of regulations on academic tutoring for school students (Zhang, 2021). Andy Zhou's firm is aligning with such broader government policies and benefits by accessing a qualified and motivated workforce through the tacit support of the local officials involved:

that School was actually, most of our students are from poor families. So that's why they actually fit our requirements for employees, for example they are always hard working and those students, they are willing to go to the countryside to work. Like other students most of them are not willing to do that, they think the environment is not good enough and so, and also one thing is that they are happy with their salary they are offering. So in the beginning it's because we have employed some students from that school... most of them just stay much longer than other employees

While these actions helped build social capital for their firm and further enhanced socio-political legitimacy through wider exposure of their firm through network activities. While working with a vocational college to gain a reliable source of employees, the opportunities

for approaches and direct linkages to political contacts were relatively limited. The constant need or “habit” to Andy Zhou to engage in and identify with charitable causes has developed their firm a reputation for also being aligned with political and development goals. This has resulted in tacit support for their firm through the political contacts gained from these actions. This finding supports the views which posit that government in China is more willing to cooperate with and recognise managers and their firms who are more active in charitable activities by providing rare and critical resources (Dickson, 2003; Wang and Qian, 2011). These findings also highlight where both of these owner-manager actions’ by engaging in charitable and philanthropic activities to make their firms stand out from their competitors, but also align with tackling societal issues which intersect with broad national political goals. Through these authentic actions these owner-managers have managed to build their store of social capital while also benefitting from the improved legitimacy that this has brought to their firms.

An alternative interpretation on the offering of firm time and resources for free is situated within the “dark side” view of *guanxi* relationships (Qi, 2013; Karhunen et al., 2018). *Guanxi* has been shown to generate ethical concerns whereby it can benefit select actors (such as firm owners and government officials) at the expense of wider society (Fan, 2002). It has also been demonstrated that different forms of corruption (cronyism, bribery, and extortion) can be linked by different social network forms of *guanxi* (open, closed, or negative reciprocity) (Karhunen et al., 2018). It is this view that could also interpret that owner-managers who offer free services and resources to government or party officials are interacting within a form of “closed reciprocity” as the owner-managers and officials views each other as having distinct social and economic interests and interact to exploit what they personally require (Karhunen et al., 2018). Shown to emerge from this form of reciprocity are actions which can range from gift giving to kickbacks or payment of “commission” whereby favourable decisions are reciprocated with financial or other rewards. In many cultures, such as Western European, North American, and Israeli, such behaviours can be illegal or considered bribery (Millington, Eberhardt and Wilkinson, 2005; Bian, 2019). While no owner-managers interviewed stated they engaged in bribery or other such behaviours, the deep-seated practices associated with *guanxi*, positive and negative, the findings suggest the potential that owner-managers and their contacts may also wish to gain personally from their relationship beyond pure altruism.

Charlie Gribbin (18) noted the role that identification with the public state-owned university, where he attended as a foreign student, played in providing timely information on the awarding the first entrepreneurship visas in Sichuan province:

The day of my (undergraduate) thesis defence at XYZ University the office called me and said, the students affairs office called me and said - "hey there's this event at the PSB today you should go"... so I showed up and I was like oh there's a new visa for entrepreneurs if you have a good idea you can apply for this visa. I went - "well I just wrote my thesis about how to write, how to learn Chinese faster

Charlie Gribbin also outlined how by after graduating they took part in local entrepreneurship talent competition, where they presented their business idea in fluent Mandarin, for developing a new online methodology for Mandarin learning. As well as being noticed by local government representatives, they found the trust and respect of a senior university leader. Charlie Gribbin became a model representative of the university's alumni enhancing the identities of both the graduate-owner-manager and the university brand. They enhanced their own legitimacy by being identified with a well-recognised symbol of legitimacy in Chengdu i.e., the institution itself. Being awarded the first entrepreneur visa granted to foreigners in Sichuan province also became a "badge of honour" for both the university and their born global firm, generating media coverage in major provincial news outlets which was of mutual benefit to both sides. Charlie Gribbin also referred to this in their own words as helping establish their "bona fides" as a committed Chengdu based firm that indirectly shows some alignment with broad governmental directives to spread Chinese culture and language worldwide.

Not all owner-managers indicated their firms aligned with political objectives with some admitting to operating in "grey areas" which were anathema to local government objectives. These findings align also with those from Anne Huang and Bess Li who highlighted their industries were either too new or outside of the scope of government objectives to receive support. A surprising finding emerged when discussion took place with one owner-manager from the Netherlands who had direct experience of government support across different

countries and regions. Perceptions of what “grey areas” are differ largely among owner-managers based on how well defined the regulatory environment is, leading to opportunities to identify born global firms with these symbols of legitimacy. Jacky Stacey (I1), who has highlighted the low barriers to entry for their industry (cryptocurrency/blockchain technology), also highlighted the challenges they have establishing their identity as a newly established born global firm. Acting as a bridge between different client groups in and outside of China, they have been able to switch their identity with Chinese clients as deriving their socio-political legitimacy from organisations such as the EU Chamber of Commerce in SW China and used their link to the Belgian government (the then Deputy Prime Minister) to enhance their reputation “to show they know what they are doing in China”. However, the nature of the industry itself was perceived to be a hindrance in developing socio-political legitimacy by associating their firm with government objectives and therefore denying access to the social capital building opportunities described by other owner-managers:

I try to stay away a bit from the government in that way because it's just in the grey area of what is allowed and what's not allowed, and the Chinese government is really... I don't think they will be very happy if they see us promoting foreign ICOs¹ and convince Chinese to invest in this, so that's kind of a grey area because it is allowed for them to participate but I don't think the Chinese government will be happy that we promote them here in China.

The “grey area” nature of the industry in their experience prevents their born global firm from establishing ties with government officials, except on an ad hoc basis. Jacky Stacey explained how they needed to keep a distance from officials, while their business was not illegal, it was in an area that does not provide reciprocal opportunities to enhance each sides legitimacy. This contrasts with Andy Zhou (I4), Charlie Gribbin (I8) and Rick Yang (I2) who either operate firms that directly enhance political contacts objectives or tacitly align with them through engaging in charitable actions and thereby acquiring socio-political legitimacy. Firms like those of Jacky Stacey in “grey areas” face a more challenging environment in which to procure

¹ Initial Coin Offerings

resources for their firms through building social capital through high prestige and political contacts.

These findings do not support the views that the role of political ties and contacts are declining as institutional infrastructure improves but does support the perspective that firms must exercise caution when developing and maintaining them. There is mixed evidence to state that this cohort of owner-managers have “faith in the system” (Peng and Luo, 2000, p.499) meaning their reliance on political ties has substantially declined. As high-profile political campaigns against corruption in the Communist Party continue to play out across China since 2012, reluctance to get too close to government and party officials characterised those owner-managers who were operating in new and fast-developing industries. The suggestion made is that these campaigns may have had some role in tempering the obligations and expectations of the owner-managers as well as government officials.

Those owner-managers who developed close ties with government officials felt more comfortable in signalling their uniqueness and meeting the obligations required to maintain their social capital. This gave these owner-managers the required legitimacy to pursue a more distinctive networking strategy, taking advantage of hitherto hidden events to develop additional business contacts for their firms. This also illustrates that very new and fast-growing industry, but one with where government in China had yet to establish clear guidance and legal frameworks, tend to view political ties as more of a liability for both the born global firm and any political contacts themselves (Sheng, Zhou and Li, 2011). Relationships with firms such as those operating crypto investments in “grey areas” can present opportunities for local political rivals to block promotion or political progress for those officials who maintain these contacts (Siegel, 2007). As a result, such born global firms will have few opportunities to develop relational social capital through meeting any obligations and expectations from political contacts.

5.3 Qualitative Findings - Cognitive Social Capital and Legitimacy

This section deals with the dimension of social capital referred to as the cognitive dimension which is concerned with “shared representations, interpretations, and systems of meaning

among parties”(Nahapiet and Ghoshal, 1998, p.244). This allows for born global firm owner-managers to make sense of the myriad information they receive through their networks and I doing so legitimise their firms. It allows for the exchange of information and its classification into manageable categories through using shared systems of meaning and language (De Carolis and Saporito, 2006). This allows individuals to share their thinking processes with other contacts. The following findings emerged from cross-case analysis with the following codes tagged in NVivo: shared language and codes, shared narratives and myths. The majority of the owner-managers interviewed have highlighted how their interpretation and navigation various systems of meaning can inhibit or strengthen the legitimacy for their born global firms. This legitimacy does in turn impact the ability of these born global firms to build social capital.

Owner-managers who are native speakers of the local Sichuanese dialect as well as Standard Mandarin were interviewed alongside non-native speakers who were born outside China. The latter group of owner-managers interviewed were from the UK, the USA and the Netherlands. The UK and Dutch participant spoke functional Standard Mandarin while the participant from the USA was fluent after achieving a degree in Chinese language from a local elite university. Their business was also predicated on leveraging the experience and methodology of its founders in learning Standard Mandarin to a very high level in a compressed period of time. An important point of distinction with these owner-managers can be made with the owner-managers born in China. All stated they were users of not only Standard Mandarin, but also of Sichuanese which is the predominant dialect in use in daily life in Chengdu.

5.3.1 Shared Language and Codes

An important element in facilitating exchange for all owner-managers is shared language which has a key role in influencing perception and provides owner-managers the ability to exchange, question and discuss information which in turn facilitates how business activities including networking is conducted in wider society (Berger and Luckmann, 1967; Nahapiet and Ghoshal, 1998). Along with language, codes facilitate the organisation of sensory data into categories for owner managers and a frame of reference for making sense of the environment and sharing context (Nahapiet and Ghoshal, 1998). The owner-managers interviewed all noted how use of situational language and code switching between the

different environments their firms operate in is a consistent finding. This was irrespective of the cultural background of the owner-manager. Specifically, the ability to switch between and utilise the local Sichuanese dialect, Standard Mandarin Chinese, and English were all mentioned as important for their born global firms. Participants noted their own varying abilities to switch between languages at appropriate moments which in turn can assist or hinder the development of trust. Use of English emerged as an effective way to signal a born global firm has an international pedigree and implied global connectedness beyond the owner-managers' base of operations in Chengdu and thereby signalling their cognitive legitimacy. As demonstrated, most owner-managers utilised their ability to switch between multiple languages or codes to build their social capital, particularly among high prestige occupation holders. Such a finding partially supports the views of Szymanski *et al.* (2021) who state multicultural individuals enjoy easier access to multicultural knowledge and skills which enables the construction of larger networks.

A distinct group of owner-managers interviewed highlighted the importance of switching between different languages in the regions their firms operate in to share accurate information and generate necessary trust by being seen as adaptive to local conditions. For example, to appear local and bridge generational differences, an owner-manager needed to use Sichuanese dialect to build trust with clients over the age of 40. This group in general are comfortable speaking in Sichuanese dialect and therefore trust giving business to a fellow speaker and a perceived "local" even if less costly alternatives are available:

they trust local people more instead of people from another province. Sometimes they think that they compare the same, the same package I offer, or a company from Shenzhen offers, but (its) far away and they compare. Yes, that is cheaper (Shenzhen) but 'I still choose you because your company is here, its local. I can find you anyway, you can't mess up with me because I can find you anyway, you're from the local(ity)' ...That's what they said!

Anne Huang (16)

This owner-manager is also fluent in English and Thai as well as Standard Mandarin which has allowed them to build social capital through a global network, which includes high prestige individuals such as doctors, scientists and university researchers in multiple countries.

Another multilingual owner-manager, Jacky Stacey (I1), stated their firms “two strategies” to demonstrate their localness. When operating in Europe they highlight their China knowledge, language skills and experience of working with two large blockchain projects in China. They “play the other card” when building social capital in China by highlighting links to the European Commission and Belgian government (see also section 5.2.3). In both instances, the socio-political legitimacy that this confers in each place is different and Jacky Stacey is aware of how the skilfully exploit this when building their social capital. This owner manager along with Charlie Gribbin (I8) both highlighted the use of English as a *lingua franca* by their firms while not a standard local practice among firms in Chengdu normally only seen in multinational corporations, serves to enhance the firms international pedigree and implied global connectedness, boosting cognitive legitimacy.

Charlie Gribbin operates their firm from Chengdu with employees based in Serbia, Taiwan, Belgium and Myanmar who while working in a decentralised way, are aligned closely with the firms vision for proving a method for the speedy learning of Standard Mandarin. Being able to switch over to using English as a *lingua franca* for the wider firm allows these born global firms to access a wider talent pool for backroom operations which are less constrained by geography and are able to limit operating costs accordingly. For Charlie Gribbin it is also important also to always have staff in Chengdu as it enhances the firms cognitive legitimacy as being sufficiently “local” for selling their firms core service:

we need to be based in China to be interacting with China in order for our bone fides to be legitimate as it were. It's even deeper than that really because we make videos all the time so we need to be interacting with China so that we can actually comment based on real experience that we are interacting with China and therefore we have the bone fides to teach Chinese even as foreigners.

Charlie Gribbin, I8

Like Anne Huang and Jackey Stacey, Charlie Gribbin is very comfortable crossing cultural and linguistic boundaries which serves to enhance the cognitive legitimacy of their firm. Government officials have requested Charlie Gribbin to attend events and competitions focussed on international entrepreneurship in the city due to their perceived worldliness which mutually reinforces socio-political legitimacy. This socio-political legitimacy provides a

sufficient basis for developing other connections with high prestige occupation holders and associated resources. Examples given were gaining access to human capital and knowledge of market opportunities. Speaking of how language serves to gain positive responses from individuals in building their social capital, Charlie Gribbin explained how it helps to establish a unique connection among them:

But every response I get from a Chinese person is almost always like - "you're teaching Chinese, you're not teaching English? So you teach Chinese but..." and then they think about it second and just go - "Oh that's a good idea". Like you know it's nice to have a Chinese person explain some things about learning English, when just starting to get it.

I mean I am a tall white guy who speaks pretty good Chinese and can communicate somewhat deeper ideas. It's like, 10 years ago you could be in China and just be a foreigner making any attempt to learn Mandarin and like people would be really impressed. It's not so much the case anymore but that doesn't mean that they're not still recognising it's a rare opportunity to have a conversation with a foreigner especially if you get into something that's kind of deeper

The above comments indicate that Charlie Gribbin (I8), while of a different cultural background, is still able to gain important feedback and information with locals as well as running a multi-cultural and multi-location business. All three owner-managers have provided insights into how to successfully navigate these challenges. This group of owner-manager highlighted how switching between languages whether operating in Europe, China or other parts of Asia, they have demonstrated they can project their knowledge of the “local” which provides them with increased access to high prestige individuals and enhanced socio-political and cognitive legitimacy.

To contrast with this group, two owner-managers noted issues that provide insights into how limitations relating to language and therefore sharing of information restricted their range of their social capital generating activities. Bess Li I7 and Hugh Wang I5 spoke of the limitations their born global firms have experienced in being limited to switching between using Sichuanese and Standard Mandarin. Lacking fluent English language users in their firms, Hugh

Wang and Bess Li mainly focus their born global firms' networking within the Chinese speaking Sinophone world (McDonald, 2011). They described the focus and limits to networking and building social capital:

For people, mostly in Taiwan and Hong Kong, based in Chinese language speaking background – so there is understanding between us. Also, in Singapore... Singapore and some in Malaysia.

You know firstly if you go to international world, the language you have to know that is English and, in my company, now the only one who can communicate in English is me.

Bess Li, 17

We are currently engaging in both markets domestic and overseas and for the domestic market we use our domestic team and for the overseas market we have an employee from Singapore and he is also in Singapore in working for the company doing marketing work. And we have also contacted people in Hong Kong to try to understand the business model of Western insurance companies, how do they do this kind of cooperation. And they have also contacted some insurance companies and they have the potential to cooperate in the future.

Hugh Wang, 15

These owner-managers contract with the earlier group who are comfortable switching between regional relevant languages for networking. In the case of Hugh Wang, use of social networks to acquire important knowledge about and links into “western” insurance companies has delayed the launch of the English language version of their firms’ app, though a Chinese language version was already in operation. Attempts to contact strong ties, “friends”, with high trust overseas to solve this issue resulted in limited success which meant the product’s launch in overseas markets had to be shelved. Bess Li, who operates in the Digital Marketing industry, has regretfully had to restrain their expansion efforts due to their born global firms limited reach. This was highlighted as due to the substantial challenges that exists whereby local graduates who have sufficient language skills usually are all hired by large well established firms or state enterprises with much higher socio-political legitimacy. Bess Li, who is an English user, highlighted the near impossibility for their small firm to legally hire native speakers (“foreigners”) but also the substantial challenges that exist whereby local

graduates who have sufficient language skills usually are all hired by large well established firms or state enterprises.

Both owner-managers showed their firms have a lower level of international experience and knowledge which contrasts with the first group of owner-managers. These owner-managers demonstrate their firms have the capability to switch between language and culture to expand their network reach and in doing so can demonstrate to others their socio-political legitimacy for generating new and unique foreign contacts. The range of contacts that they have also generated through having the ability to navigate different cultural environments was stated by owner-managers as principal assets and were an explanatory factor for how their firms could become legitimised. The second group admitted they cannot achieve the same levels of language switching limiting their access to multicultural knowledge which in turn has created a notable business constraint. Markets which were earlier considered as being important for expansion, became inaccessible or efforts to access them were postponed. This group has found that being restricted in being able to switch between languages has restricted market opportunities as well as their ability to access human capital for their firm through networks using the same language as the owner-managers.

This is a new and emergent finding whose significance is explored in Chapter 6, particularly as it pertains to the construction of the conceptual typology proposed. Cognitive social capital and its role in enhancing of socio-political legitimacy is strongly suggested here as it enables owner-managers to signal their born globalness and international credentials to those they are connected with, particularly those performing high prestige occupations. These signals indicate the readiness and strategic intent for these firms to expand overseas and become more fully globalised. It should be noted however that an additional aspect of language and code switching was not explored during these interviews. This was to investigate the influence of whether China born owner-managers who do not speak the local dialect (Sichuanese) are still able to access to high prestige occupation holders as those who do. While Standard Mandarin is the official language of China and is expected to be used in official settings, the dominance of the use of Sichuanese in daily life in Chengdu does suggest this could be a factor for consideration in future research. Other regions of China also have local dialects which could negatively influence access to social capital for those who do not speak it.

5.3.2 Shared Narratives and Myths:

The importance of signalling or communicating all contacts in their networks are treated fairly and relations are reciprocated was raised by the majority of the owner-managers. Owner-managers of born global firms in Chengdu highlighted the importance of various types of staged performances with contacts which convey myths, stories or metaphors and play a role in developing contacts with high prestige occupation holders in their networks. Performances are the activities of the owner-manager which are staged on particular occasions, such as the first meeting with a high prestige individual and serve to influence any other participants in their interactions (Goffman, 1990). In the case of owner-managers of born global firms, these encounters range from those with strong ties such as friends, family to those which are weak ties who tend to be political and business contacts. Such encounters enable the owner-managers to create and exchange rich context/domain specific information with meaning in a specific context. Findings revealed that owner-managers often referred to the use of different “masks” to enable them to switch between situations and context in their interactions with others. This enabled most owner managers to present evidence through stories of their own competency and expertise. These details frequently led to demonstrations of how they gained influence among high prestige individuals in their networks. Owner-managers have highlighted an awareness that through switching their masks to stage different performances they can build common narratives and expectations of expertise which may lead to enhanced legitimacy signalling through their network. Challenging myths particularly about networking culture and activities through alternative narratives and observations has also enabled owner-managers to generate new contacts and social capital. Having learned how myths were largely untrue, this created a new narrative for future networking activities that is rich with meaning for these owner-managers.

There are also situations where owner-managers have in contrast refused to engage in such behaviour resulting in fewer connections but those are more heavily based on trust which stems from their openness and honesty. Interactions with officials proved to be one area where the majority of participants either has a positive or negative experience ranging from an unwillingness or an inability to engage in sharing of stories and narratives, to being

comfortable engaging in such practices. Bess Li (17) specifically mentioned how many of their contacts had to utilise different personae in their daily lives but they themselves do not engage in this approach:

So you know people in work and people at home and people with friends, they're all wearing different masks. But I'm a kind of person, I don't know why, I don't have this kind of mask, I don't know how to wear it. I treat everyone (with) the same face. So I think that maybe gives the friends and employees over me, around me and also the customers they feel like kind of safety. Yeah. Yeah I think so... I don't hide anything. I think the best way to trust anybody, or you let people trust you is to always tell the truth. Although the truth maybe hurts.

Shared narratives such as these shared by Bess Li signal the importance of being direct and honest in interactions, which for Bess Li does not result in establishing or maintaining contacts with officials, those which in Chengdu require a high degree of discretion. Their approach relies on openness and a willingness to not “play games” by adopting a different persona based on who they are interacting with. In sharing such narratives with others in their network, Bess Li is signalling their rejection of traditional local modes of accumulating social capital by refusing to stage performances as expected using different masks. In sharing a specific anecdote, Bess Li contrasted their approach is a different tactic to that of a competitor who has “a lot of relationships with government officials”. This allows them to focus their limited time and resources on building up their contacts with other small business owners to overcome shared business challenges which otherwise need the intervention of officials. One example given how they overcame issues in hiring staff by establishing a joint venture firm with other businesses in their co-working community to share programmers and content creators. Anne Huang, who similarly has also discussed their reluctance to engage with government and political contacts but has been more willing to use different “masks” and sharing of stories to build their social capital. Anne Huang noted the role a foundational story played in establishing their socio-political legitimacy among a network of high prestige individuals, some of whom have party or government links. After expectations were exceeded with the service provided to one of their first clients, Anne explained how this individual:

introduced me to many customers and to the friends in her circle you know and those customers that they don't care about the money they don't care about the cost and they won't go to the internet or they won't go to ask other people to compare, you know they just trust you because - "my friend she did this successfully" you know, but you, "you could help her so if I find you do it just give you the money

Another owner-manager, Rick Yang, in contrast has noted their successful cultivation of contacts with government officials. As noted in section 5.2.X this was in part due the legitimacy granted them by admittance to a talent development programme and their academic standing. In addition to this Rick Yang highlighted a narrative of themselves being a member of the Chinese Communist Party during the interview, the only one to do so unprompted. By signalling their membership in the Party while playing down the type of ties they have among official as “not close”, Rick Yang is signalling a narrative they can draw upon an influential network of party members which are otherwise not available to other owner-managers interviewed, particularly those born outside of China. They are also sharing their tacit experience, rare among these owner-managers, in gaining their support and counting a subset as strong ties or friends and further enhancing their legitimacy with an appropriate community. Rick Yang addressed a narrative, bordering on a myth, where simply being a party member gave them direct ties to party or government contacts which for them was not entirely accurate. They stated they did not play a role in the growth of the business directly. Operating a firm adjacent to the financial services industry, Rick Yang stated when interviewed the industry in China was largely marketised and regulated, and government intervention was relatively light. For Rick Yang it was important to utilise different masks when networking and signalling their legitimacy. At various times this called for demonstrations of their own expert research knowledge and their expertise in developing a highly innovative product. This allowed them to bolster the socio-political legitimacy conferred on their firm and gain access to elite networks of high prestige occupation holders, such as among hedge fund managers, officials or other business owners such as recipients of coveted talent development programmes.

Other owner-managers, those who were unable to become party members noted additional myths that had emerged among their network, particularly non-Chinese participants. Charlie

Gribbin explained the importance that stories, and observations played to develop an awareness of how to successfully interact with local government and party officials. A mentor from a similar background, also a “foreigner” in Chengdu who “just gets” differences in culture, demonstrated to Charlie their actions exposed negative myths propagated on how to build social capital in China such as “Oh, in China they only care about face and *guanxi*”. Charlie Gribbin commented this individual, by showing genuine care and concern for the wellbeing of their contacts by being genuine and respectful and not “kowtowing”, dismantled a prevailing myth about generating social capital i.e., local networks of high prestige individuals are tightknit and largely impenetrable to outsiders and to access such individuals it is necessary to show excessive or staged respect. The new narrative constructed by Charlie Gribbin on successful social capital generation enables them to reconstruct their outsider frame of reference, avoid constantly looking for negatives in the local culture and to attempt to understand why different approaches are needed. Summarising their experience, Charlie Gribbin noted the contrast between their mentor and other “Westerners” who adhere to negative myths which hampers understanding:

It's like he never at any point looked down on the culture or saw it in any way, it's like you know only Westerners sometimes who seem to always point out the negatives of the culture and sometimes ...maybe sometimes they might be right about something but sometimes I think I don't think you're actually right about this you're just not seeing it from a Chinese frame of reference and so if you did you would see there's a lot of good reasons why they might have some kind of behaviour or whatever that you're not used to... so like when I hear foreigners kind of, sort of criticising, I would say criticising Chinese people. I mean they are not the same culturally but there is plenty to learn...

It allowed them to establish common ground with different contacts, switching their ability to understand their mindset and culture to be more empathetic. Similarly, Andy Zhou mentioned the importance also in developing empathy, but in a more cautious way. They need to initially gauge whether they share genuine similar values as their contacts and avoid those who are deemed to have “negative characteristics”, such as engaging in corrupt practices and rent seeking. They too have learned through confronting myths that in reality it

is necessary to build social capital through authentic actions and experiences. Critiquing a prevailing myth that owner-managers need to be enthusiastic networkers attending available industry conferences and meetings, Andy Zhou highlighted the niche nature and size of their industry, agricultural drone services, resulting in meeting the same “small circle” of individuals each time. This was deemed not to be a “constructive” use of time and resources preferring to move towards online networking to extend their network reach and range of contacts. A specific example provided was their engagement with an online platform in China called “*Zhi Hu*”, often compared to Quora, a questions and answers platform which by its nature seeks to provide accurate and timely information to a wide captive audience. By sharing their firm’s expertise in answering queries online, Andy Zhou also shares the perspective it is better to connect with a wider community rather than being closed off from making new connections though giving in to myths or narratives that result in unproductive networking activities. They also have contributed to online community building efforts which can enhance their socio-political legitimacy through the sharing of relevant and useful knowledge about the industry.

5.4 Chapter Summary

This chapter has presented and detailed the key findings from a cross-case analysis of the in-depth interview data. A summary of the main findings of each strand 2 participant is provided in Appendix H. Each of the 8 interviewees responses are aligned against the dimensions of relational social capital and socio-political legitimacy. The findings of strand 2 showed there are complex linkages between the relational and cognitive dimensions of social capital, which deal with micro personal processes for building social capital and legitimacy. These findings showed substantial areas where these facets of social capital directly impact on enhancing legitimacy but also on how legitimacy, specifically socio-political legitimacy influences how owner-managers build their social capital with influential individuals. A number of representative examples were provided by owner-managers to illustrate how achieved this and what the direct and indirect benefits to their firms were. A surprising and consistent finding from the data is the role that outreach activities such as community building or charitable and philanthropic acts can play in building social capital, though the potential “dark side” associated with these activities has also been highlighted. Through taking part in such

activities, owner-managers can bolster their socio-political legitimacy and then receive recognition from highly prestigious individuals such as government officials who act as sponsors and recognise their efforts which align with national goals and objectives.

Chapter 6 Discussion and Conclusion

6.1 Chapter Introduction

Chapter 5 discussed the findings from the qualitatively weighed second strand of the research design which relied on cross case-analysis. Chapter 4 detailing the findings from the quantitative first strand which informed the participant selection as well as interview focus for strand 2. This chapter will in section 6.2 summarise the overall main findings from the research. The chapter then show the implications of this research and uses extant literature to demonstrate the wider linkages to the field. A conceptual typology of four born global firm types derived from the research findings is presented in section 6.3. Research impact, including a reflection on the original research plan is given in section 6.4. Section 6.5 outlines the limitations of this study and section 6.6 contains a discussion on managerial implications. The chapter then concludes with further potential research directions and recommendations in section 6.7.

6.2 Discussion and Implications:

This research employed an explanatory sequential design, with the qualitative strand of research the dominant strand. As noted in Figure 3.3, it is the qualitative data analysis that precedes the interpretation and explanation of results out of which findings are displayed along with future research directions and the evaluation of impact. The findings of strand 1, as noted in Chapter 4 section 4.3, fed into the development of strand 2 allowing for participant selection and the design of the semi-structured interview questions. Therefore, this section in the main details the key findings obtained from completing the in-depth interviews in strand 2. This section discusses and evaluates the significance of the findings in relation to the wider social capital and legitimacy literatures in relation to born global firms. This section summarises together the main findings, showing how these born global firms built their social capital and to what extent legitimacy is an important bridging concept in explaining how this was achieved in particular with high prestige occupation holders.

To summarise, strong evidence has been found from the findings in strand 2 that legitimacy and social capital have a strong mutually reinforcing relationship and firms that are able to build and leverage their legitimacy, particularly socio-political legitimacy, are more successful at building their social capital. The relational and cognitive dimensions of social capital were also shown to influence how born global firms socially construct perceptions of their firms among their contacts. Born global firm owner-managers have demonstrated how in cultivating; obligations and expectations, identification and reputation, trust, shared language and codes, as well as shared narratives and myths how they have furthered their contacts with those occupying places higher up in the social hierarchy. They also have shown how these acts can help or hinder their efforts at enhancing legitimacy. An example that was regularly brought up in the findings is where owner-managers signalled their awareness of the normative socially constructed “rules of the game” for how to build their social capital. The importance of obligations and expectations help to build genuine interactions with high prestige contacts was noted by owner-managers to be central to these rules of the game, though not all approached it in the same way. The research provides the detailed contextual factors which influence how born global firms access high prestige occupation holders and their resources. This was noted by Lin as needing “extraordinary interactions requiring greater effort” (2002, p.50) compared to engaging those of a similar background and level of resources. Burt (1992) makes the link between social capital and legitimacy more explicit noting that to become accepted as a legitimate member of a population is necessary “to develop a strong relation with a prestigious member of the population and develop a contact network in the population built around the person as a strategic partner”(1992, p.76).

Owner-managers gave consistent evidence that leveraging legitimacy, especially socio-political legitimacy, can build contact with high prestige occupation holders, many of whom are tied to the government or state in China. Such occupation holders have been shown to provide valuable and difficult to access resources which have been an important benefit to born global firms. The findings demonstrate also how high prestige occupation holders look to build their own social capital by acting as sponsors of born global firms. In doing so, these sponsors can demonstrate their alignment with objectives relevant for themselves such as demonstrating alignment talent development initiatives of the city government. This helps

address an important question in the literature concerning asymmetric resource exchange. As noted in the social capital literature this concerns understanding why an individual in a higher hierarchical position in society, represented through their occupational prestige, would offer its resources to those in a lower position (Lin, 2002).

The findings also highlight a novel finding which is the role that outreach activities such as charitable acts, philanthropy or community building play in building socio-political legitimacy for Chengdu born global firms. While research has explored the positive links between philanthropy and enhancing socio-political legitimacy in China, this research has focussed on larger corporations and social enterprises (Wang and Qian, 2011; Xu, Liu and Wu, 2021). Digital ecosystem research has suggested community building efforts are an important part of resource and knowledge acquisition by born global firms operating in the blockchain industry (Zalan, 2018). This research extends awareness of these efforts among a wider cohort of born global firms which represent industries such as medical services, edtech, and artificial intelligence.

These findings suggest that some born global firms strategically make use of these activities to enhance their socio-political legitimacy, particularly when those activities align with national or regional development goals and objectives. Born global firms that earn “credits of legitimacy” (Yang, 2007, p.66) through such actions and can draw upon them to access opportunities in the future. The primacy of building social capital through domestic networks has also been shown which supports those views in the literature and as noted previously in Chapter 4.

6.2.1 Chengdu Born Global Firms’ Approaches to Building Social Capital

An established view in the IE literature concerns the need for firms to compensate for their limited access to resources through generating social capital or to use networks to access opportunities, customers and markets (Coviello, 2006; Freeman, Edwards and Schroder, 2006; Mort and Weerawardena, 2006; Zhou, Wu and Luo, 2007). These research findings do not challenge the assumptions underpinning these views, though they add further understanding through the analysis of rich data to the complex contextual processes at play in an emerging

economy. The born global literature has an acknowledged knowledge gap concerning emerging economies resulting in the need for IE scholars and practitioners to study and learn from more diverse cases. As noted in Chapter 1, these regions can provide additional information to understand the effective development of born global firms. In the case of this research, new findings have emerged that add understanding on how born global firms build their social capital.

The findings suggested from an initial measurement of structural social capital, that born global owner-managers tended to have high levels of social capital as evidenced through ties to high prestige occupation holders. The % knowing score trend line, see chart 4.8, indicates owner-managers surveyed are more likely to know high prestige occupation holders than those with lower prestige occupations. According to Lin's (2002) theory of social capital, this implies these owner-managers can more easily access hard to reach resources for their firm. Other studies, though in a European, Australasian or North American context have previously found that born global firms often prioritise resource acquisition early in the establishment or start-up phase (Moen and Servais, 2002; Chetty and Wilson, 2003; Andersson and Berggren, 2016).

Some variation was observed between China born and non-China national owner-managers. While non-China nationals who, while still showing a positive trend towards knowing high prestige occupation holders, this was lower overall than for China born owner-managers. Unclear findings emerged concerning the political occupations; Communist party official and government official as there were inconsistencies noted between knowing measures for these two occupations. This was deemed important to follow up on in strand 2 as in China these are seen to be socially significant positions commanding access to valued resources (Lin and Erickson, 2008). It was acknowledged an online survey that focussed on measuring the structural dimension of social capital cannot provide the rich data needed, the findings of the qualitative strand reveal how this was achieved. The role legitimacy plays in helping or hindering social capital building also needed to be explored through in-depth interviews. As noted, legitimacy has been suggested as important in explaining how new firms such as born globals can leverage it to gain resources (Zimmerman and Zeitz, 2002), which overlaps with social capital theory. Perspectives which view legitimacy as socially constructed, have not

adequately demonstrated how embedded resources are obtained through networks specifically in the Chinese context. The strength of combining with a social capital perspective can show with whom born global firms acquire socially embedded resources with and how they can achieve this by being perceived to be socially desirable, appropriate and “proper” (Suchman, 1995, p.574) in their socio-political and cultural context.

The findings from strand 2 strongly suggest the born global firms who participated in this research place greater emphasis on building their social capital through connections that are culturally proximate and closer to the firm (Freeman, Hutchings and Chetty, 2012). Firm owner-managers who took part in the semi-structured interviews all discussed building their social capital with individuals that are accessible locally such as the government officials or university lecturers played in assisting them in acquiring resources needed locally. Owner-managers did also mention their contacts with high prestige occupation holders in regions or countries outside of China, but these were perceived to be comparatively distant compared to those who could more readily assist with resource acquisition domestically. This suggests further support for the views of Dib, da Rocha and da Silva (2010) who have argued that born global firms in emerging economies do not have the same propensity to instantly emerge as global firms and tend to initially adopt a domestic focus. The broader IE literature has supported the view that both international and domestic networks can be utilised by firms to overcome resource poverty, though largely from a North American, European or Australasian perspective (McDougall, Shane and Oviatt, 1994; Madsen and Servais, 1997; Baum, Calabrese and Silverman, 2000). This research adds to and extends these views, through understanding how born global owner-managers in a region of China prioritise their domestic networks early on in their development, particularly as there are constant and abrupt changes brought about by China’s particular rapid development (Low and Johnston, 2008).

Scholars of Chinese firms have tended to focus on the role of strong ties in this phase who tend to be friends and family of the owner-managers. This research however shows that while these do provide support, they are generally insufficient for wider expansion of their social capital among high prestige individuals through weaker ties. The findings from this research provide additional support for the perspective that strong ties provide sufficient social support for owner-managers but adds the level of obligations and reciprocity expected across

weak and strong ties varied not by tie strength but by level of prestige (as represented by occupational hierarchy).

6.2.2 Connecting Legitimacy with Social Capital

The research does concur with view that entrepreneurs in China, of which born global owner-managers are a subset, do invest a great deal of effort to enhance their legitimacy (Carlisle and Flynn, 2005; Feng and Wang, 2010). The findings did reveal how born global firms have been able to leverage connections to those performing high prestige occupations to build their legitimacy. The role of legitimacy, particularly socio-political legitimacy, which means how much a born global firm's actions and beliefs match what is considered normal or accepted by society (Suddaby, Bitektine and Haack, 2017), has been suggested in the findings as a vital link in building their social capital. What was revealed was where owner-mangers were able to align their firm (directly or indirectly) with national developmental priorities and objectives, officials or other high prestige occupation holders often acted as sponsors which further enhanced socio-political legitimacy. This finding detailing the supportive role of government and high prestige occupation holders aligns the earlier perspectives of Yang (2007) as well as Jiang and Hall (1996), and Yang and Li (2008). These views put forward the need to understand China's distinctive environment so entrepreneurship can develop and prosper there. Yang noted the key role socio-political legitimacy plays in legitimising private enterprises, and by extension born global firms:

the legitimacy of private enterprises should rest on their contributions to China's economic development, not on their ownership. More generally, the legitimacy of all types of firm should be judged by what they have done to the national economy rather than by who owns them.

(Yang, 2007, p.91)

Such firms need to earn "credits of legitimacy" (Yang, 2007, p.66), the most beneficial of all being those eared though perceived contribution to national economic development and enhancing national reputation. These credits can benefit born global businesses in providing future opportunities and protection in difficult times (Yang, 2007).

In the findings, some owner-managers revealed how aligning their firms with national development goals or targets earned such credits bolstering their socio-political legitimacy. By being recognised and sponsored by high prestige occupation holders, their access to other high prestige individuals can be increased. An example given from one owner-manager explained how they have been able to acquire investors for their firm after supporting an entrepreneurship competition arranged by the local city government. Another owner-manager detailed how they felt after being endorsed by the government, could attend networking events which were only available for participants of a talent development programme which hitherto would have remained inaccessible to them. Findings from Liu and Wang (2022) have highlighted how small firms in China are willing and do engage in innovative activities to meet the expectations of government, as the strong role the government plays in encouraging entrepreneurship and innovation there is recognised. Alon *et al.*, (2014) have noted that state sponsorship in China is a key factor in supporting firms to go global and has had a substantial impact on the internationalisation of Chinese firms. These findings support the view that born global firms in Chengdu have shown a willingness to engage with government and representatives of the state which allows each party to engage in “reflecting the glory of the partner” (Rao, Chandy and Prabhu, 2008, p.60). Government and high prestige occupation holders have been shown to also benefit themselves in borrowing the legitimacy of the born global firm. In doing so they can enhance their own socio-political legitimacy through being associated with a high potential and highly aligned “proper” firm (Suchman, 1995, p.574).

Not all born global owner-managers felt their firm could benefit from adopting such an approach. These firms tended to have low socio-political legitimacy as they were operating in fields that were perceived to be risky for government to tolerate or be associated with. Examples given in the findings were firms operating in “grey areas” such as blockchain/cryptocurrency trading as well as medical services offering advanced IVF treatment/surrogacy. Born global firms’ willingness to risk navigating “grey areas” challenges both local government and established organisations with their potential for international boundary pushing. Descriptions of being the “first” or being within a “select group” of owner-managers are central to the identities of a number of the owner-managers interviewed. They

have communicated these readily and demonstrated how they navigate grey spaces between what is readily accepted and what is deemed out of bounds or even illegal. The evidence in this research supports the views that owner-managers or founders who communicate internally consistent messaging which encompasses awareness of; socio-cultural norms, the boundaries of acceptable risks by their firms as well as the community building or outreach activities they engage in. There is also a related risk to born global firms operating in such a way they could lose even more socio-political legitimacy and become illegitimate. Once born global firms are labelled as illegitimate, social support may disappear or become lost (Hudson, 2008; Díez-Martín, Prado-Roman and Blanco-González, 2013). This in turn impacts the ability of the born global firm to access high prestige occupation holders who are unlikely to associate with such firms. It should also be noted though that what is seen to be legitimate or illegitimate is socially constructed which is subject to changing interpretations over time (Khoury, Junkunc and Deeds, 2013). This means that born global firms need to constantly be aware of the “rules of the game” concerning who they continue to build their social capital with. These findings do suggest that there needs to be more research on how new or previously unknown industries can become more legitimate in China and other emerging economies. This is an important area for investigation as new developing industries such as there are likely to be where future born global firms become established in. Limited research has been conducted so far concerning new industry legitimation in emerging economies (Turcan and Fraser, 2012), so these findings contribute to further opening an avenue into further exploring this related research area.

As noted, a novel finding in this research is the role that outreach activities such as charitable acts, philanthropy or community building play in enhancing socio-political legitimacy for born global firms in Chengdu and has been shown to have positive benefits in building social capital. Born global firms which have attempted to engage in these activities have reported positive outcomes for their firms. An example provided concerned a firm that made a donation of spare resources to local schools which boosted their socio-political legitimacy and in turn provided a link to a high prestige occupation holder. In doing so, the firm built additional social capital which resulted in tangible benefits for the firm in obtaining access to a restricted national sports arena for promotional activities through an official at the national level. While this owner-manager did not predict this intended outcome, it demonstrates the link between

outreach activities, the benefits of enhanced socio-political legitimacy, and the resulting new links made to high prestige occupation holders. Other owner-managers in the findings also demonstrated how outreach/community building also benefitted in building their social capital.

These findings represent a new insight as previous research has suggested that it is in signalling social capital, legitimacy can be conveyed to potential resource providers (Khoury, Junkunc and Deeds, 2013). More specific research on the links between legitimacy and social capital in China also suggested similarly that *guanxi* as a cultural artifact allows firms to build their social capital which then contributes to successful legitimacy building (Carlisle and Flynn, 2005). These findings suggest that the relationship is much more complex and mutually reinforcing (Prashantham, Kumar and Bhattacharyya, 2019). It is actions that enhance legitimacy, particularly socio-political legitimacy, which can also develop contacts that build social capital. While some born global firms in the findings reported a direct impact on their social capital, it should also be noted not all owner-managers reported such rapid instrumental returns. An example was provided where one owner-manager developed a longstanding “habit” of engaging in charitable outreach work but did not seek any immediate returns for this. It is theorised though that as firms such as this become more widely known for its ethical or moral stance, enhanced social capital may more likely result over the longer term. As noted previously, the above findings are novel as applied to born global firms in China as previous research has discussed outreach and philanthropy effects concerning larger corporations and social enterprises (Wang and Qian, 2011; Xu, Liu and Wu, 2021).

The next section draws together the findings and the subsequent discussion and presents a conceptual typology which outlines the different born global firm types which have emerged from cross-case analysis of the findings in this research. This is a new contribution to developing a contextual understanding for how born global firms build their social capital in a distinctive cultural and socio-political setting. The typology attempts to show the relationship between level of socio-political legitimacy the firm has built and their level of social capital. The typology offers insights into this relationship and how each factor can influence the other in a mutually reinforcing way.

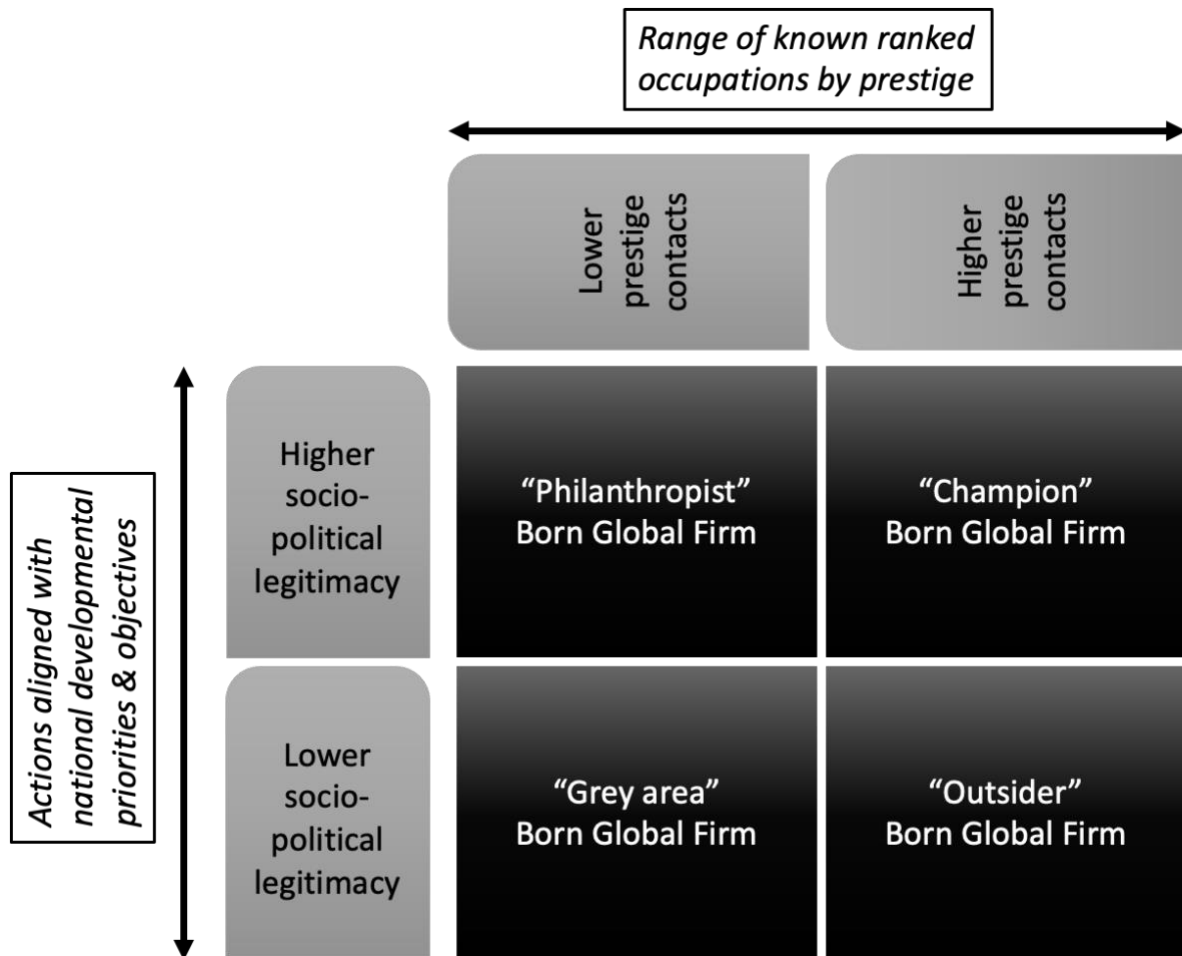
6.3 Conceptual Typology of Born Global Firms:

The following conceptual typology brings together the findings from the cross-case analysis from strand 2. This four firm typology clarifies the connections between these explanatory concepts as well as identifying hierarchical relationships between them. This was achieved through identification of patterns of shared meaning across the research findings (Braun and Clarke, 2006). The typology presents the findings which highlight the linkages between the levels of socio-political legitimacy achieved and connections to occupational prestige holders, a proxy for levels of social capital built. Socio-political legitimacy is listed on the Y axis from low to high, and linkages to occupational prestige holders on the X axis from low to high. Factors which influence movement from one category to another are included. The four born global firm types derived from the empirical research findings have been given the following labels by the author, with each detailed in turn below:

- “Philanthropist” Born Global Firms
- “Grey area” Born Global Firm
- “Outsider” Born Global Firm
- “Champion” Born Global Firm

A fifth type, a “degraded illegitimate” firm, is also discussed as this represents where a born global firm has insufficiently developed and/or maintained their social capital as well as socio-political legitimacy. This in turn leads to widespread negative evaluation of the firm by key stakeholders and social audiences (Hudson, 2008). While no data collected in this research indicated any firms were “degraded illegitimate”, this type illustrates the potential risks that could await any born global firm that insufficiently develops and maintains their socio-political legitimacy as well as connections to higher prestige occupation holders.

Chart 6.1: Conceptual Typology of Born Global Firm Types, Legitimacy and Occupational Prestige



"Philanthropist" Born Global Firms

This type of born global firm has gained high socio-political legitimacy, such as from being recognised in the community for supporting vocational education or rural development projects. While such a firm can be generally recognised for these efforts, their corresponding links to high prestige occupation holders are relatively low meaning they have built correspondingly low levels of social capital. Relational social capital, specifically formed through obligations and expectations, is more difficult to build for these firms due to the effort required converting their authentic actions through outreach and community building into increased socio-political legitimacy. Higher prestige occupation holders have been shown to sponsor born global firms to benefit themselves by borrowing their legitimacy but in the case of "Philanthropist" born global firms a calculation is made to limit or withhold such

sponsorship. This is likely due to these activities showing low levels of congruence between these actions and the normative expectations in the local cultural and political context (contrast with the “Champion” born global firm below).

Cognitive social capital, particularly derived through enhancing identification and reputation, has been demonstrated to influence socio-political legitimacy more positively for the “Philanthropist” born global firm in the longer term. The “credits of legitimacy” (Yang, 2007, p.66) generated through acts of community building or supporting government directly may over time assist these firms in becoming “Champion” born global firms as their efforts become increasingly recognised and increasingly align with national developmental priorities. Such firms at the same time may be threatened by rapidly changing government priorities and regulations which requires social capital to be reconfigured or built anew. An example here has been the changing edtech/education services landscape where some born global firms had to dramatically alter their operating models due to rules concerning after school tutoring services (Zaagman, 2021).

“Philanthropist” born global firms have been shown in this research as seeing their attainment of high socio-political legitimacy as a “duty” or moral imperative without seeking specific instrumental returns being sought. The building of legitimacy is not a calculated strategy for these firms (Zimmerman and Zeitz, 2002). The objective of attaining high levels of socio-political legitimacy is mainly to provide emotional support for the firm which can have positive impacts on other aspects of the firm which have seen are a priority e.g., developing identification through being seen as having a caring, positive organisational culture. These firms have yet to build sufficient links to high prestige occupation holder such as government officials, which thereby limits any “close reciprocity” that can emerge in these relationships and can subsequently lead to potentially illegal or unethical behaviours such as bribery. There is a risk over time that as these firms generate additional legitimacy through their actions, they may be at risk that philanthropic or charitable acts could become ways to generate kickbacks or seek favours with officials instead of acts of altruism that benefit wider society. Exposure of such rent seeking behaviour has the potential for “Philanthropist” born global firms to degrade into the “Degraded illegitimate” born global firm discussed below.

This would imperil the future survivability of the born global firm requiring severe strategic actions to be taken to recover the firm's legitimacy.

The summarised findings of this research which suggest the factors why "Philanthropist" born global firms build social capital through lower occupational prestige contacts are:

- Weak perception from high occupation prestige holders of industry/sector potential, including economic growth prospects.
- Sponsor perceives firm to demonstrate weak potential or immediate returns in enhancing their own legitimacy despite recognition of their philanthropy/community building efforts.
- Low risk tolerance for engaging in networking activities that involve close contacts such as family, former classmates, former clients. Avoidance of situations which could impact the ethics and morality of the firm.
- Weaker awareness of the "rules of the game" in how to build social capital. Awareness of local socio-cultural norms such as being genuine in interactions and expressing emotional awareness of when to interact with high prestige contacts.
- Weak alignment with high-profile government initiatives e.g., belt and road, development goals from the latest five-year plan.

"Philanthropist" Born Global firms are in a stronger position than "Grey area" or "Outsider" born global firms to enhance their connectivity to higher prestige occupation holders in their ability to convert their high socio-political prestige into social capital. This may be achieved when some of the conditions listed above change or weaken. For example, if a top government priority shifts towards a firm's area of community building or philanthropy. This presents an opportunity to develop stronger ties with high prestige occupation holders such as government officials, college/university academics and scientists.

"Grey area" Born Global Firm

This type of born global firm has achieved low socio-political legitimacy and has links to lower occupation holders and thereby lower social capital compared to the three other types of born global firms. "Grey area" born global firms find building their social capital and by

theoretical extension resource acquisition, to be most challenging as they cannot easily convert their socio-political legitimacy into access to higher prestige occupation holders. Building relational social capital, specifically through wider efforts at identification and reputation building, is seen to be risky as these firms tend to operate in ill-defined legal areas (“grey areas”) or not legal in one of the jurisdictions they operate in. This was explained by owner-managers as carefully building social capital that avoids or minimises contact specifically with government officials. Efforts at community building or offering direct support to officials potentially exposes these firms to wider exposure. Wider awareness of the “grey area” these firms operate in increases the risk they become stigmatised as the firm becomes increasingly perceived as illegitimate (Hudson, 2008).

Cognitive social capital was also hampered by these firms limited or lack ability to switch codes or languages. Having a limited capacity to switch codes or languages was indicated in the findings as an issue where these firms may struggle to communicate their overall role and contribution to society and thereby limits their access to higher prestige occupation holders, particularly those in government (Nahapiet and Ghoshal, 1998; Lin, 2002). These firms also were likely to agree with prevailing narratives or myths that developing ties with government officials in China was extremely challenging or next to impossible thereby adding to the risk perception that taking such steps could jeopardise the firm further and add to the risk of becoming illegitimate (Hudson, 2008).

The summarised findings of this research which suggest the factors why “Grey area” born global firms have comparatively lower socio-political legitimacy and social capital as accessed through lower occupational prestige contacts are:

- Weak perception from high occupation prestige holders of industry/sector potential, including economic growth prospects.
- Sponsor perceives firm to demonstrate weak potential or immediate returns in furthering their legitimacy despite their philanthropy/community building efforts.
- Low risk tolerance for engaging in networking activities that involve close contacts such as family, former classmates, former clients. Avoidance of situations which could impact the ethics and morality of the firm.

- Weaker awareness of the “rules of the game” in how to build social capital. Awareness of local socio-cultural norms such as being genuine and sincere in interactions with high prestige contacts.
- Weak alignment with formal high-profile government initiatives e.g., belt and road, development goals from the latest five-year plan.

The challenge for “Grey area” born global firms is to prevent their firm losing further socio-political legitimacy to the point it becomes widely perceived as an illegitimate form labelled as the “Degraded illegitimate” firm discussed below. The “Grey area” firm type may continue to strategically avoid developing linkages to higher prestige occupation holders, particularly government officials, thus minimising exposure of the firm. This is a high-risk approach as owner-managers have indicated that simple avoidance of officials in Chengdu is challenging. Resolving issues concerning to tax and rates are one such widely reported situation where born global firms had to proactively approach officials and an avoidance strategy is not appropriate.

An alternative approach for these firms would be to enact a “challenging strategy” (Hudson, 2008, p.260). The firm may seek to develop linkages with higher prestige occupation holders who could lobby on behalf of their firm to codify existing regulations or effect a change in the law. This would be a higher risk strategy in the context of China as lobbying takes a different form to how it is conducted in democratic states such as while structure access exists in the system, the wider institutional set-up for lobbying has not yet matured (Weil, 2017). Lobbying by chambers of commerce, both international and local, as well as specially formed interest groups are strategies that have been shown to have a degree of effectiveness in China, provided they are non-confrontational (Weil, 2017).

“Outsider” Born Global Firm

The “Outsider” born global firm displays low socio-political legitimacy but has relatively high social capital as gauged through their ties to high prestige occupation holders. These are born global firms that have gained in particular high levels of relational social capital by establishing high levels of trust, formed initially through networks established prior to the born global

firms' inception. These prior networks allow for the firm to be vouched for, allowing for sponsors to add a vital "corroborating external voice" (Burt, 1992, p.75). This sponsorship allows for the born global firm to be "vouched for" which enhances both the firms' reputation and strengthens identification. It also has positive effects on relational social capital in that it strengthens trust between the firm, their sponsor (e.g., family, friends) and the high prestige contacts that result from networking activities.

The summarised findings of this research which suggest the factors why "Outsider" born global firms build social capital through lower occupational prestige contacts but express low socio-political legitimacy are:

- Acknowledgement from high occupation prestige holders of industry/sector potential, but newness and therefore risk prevents firm from acquiring high socio-political legitimacy. An example provided from the findings, medical tourism/services (Advanced IVF/surrogacy) suggested weak congruence between the "outsider" firms offering and wider normative expectations in society, public perception has been shown to be largely negative on issues such as surrogacy (Liu, Xian and Du, 2022).
- Higher risk tolerance for engaging in networking activities that can rely on close contacts such as family and former clients. These links help the firm to acquire contacts with higher prestige occupation holders, with examples provided such as university academics, researchers/scientists and government officials.
- Stronger awareness of the "rules of the game" for how to build social capital. This involves awareness of the necessity of investment of firm resources in building genuine interactions with high prestige contacts.
- Reluctance/inability to signal publicly culturally relevant symbols of legitimacy such as academic qualifications, ties to reputable organisations such as charities, political entities such as evidenced in the findings, e.g., the European Commission.
- Limited capability to demonstrate firms born globalness, examples provided concerned limited ability for firm to switch between languages and cultures limiting their research but also impacting on socio-political legitimacy.

These firms have limited their efforts at building their socio-political legitimacy which leaves them potentially exposed when regulatory or economic changes may result in their networks reconfigured and changes their access to high prestige contacts. The process of bureaucratic management in China means that government and party officials including senior university academics are rotated as a form of corruption control, known as “cadre rotation” (Zeng, 2017, p.168). Linkages to high prestige occupation holders who are reallocated will leave these firms at risk of becoming “grey area” firms. These firms may choose to engage more with activities that build their firms socio-political legitimacy, such as through volunteer or charitable acts, which could generate wider awareness of the firm and its activities. If these carefully constructed activities are noticed as aligning with current national developmental goals or priorities this may serve to ensure these firms renew or develop ties to high prestige occupation holders.

“Champion” Born Global Firm

A “Champion” born global firm shows both high socio-political legitimacy and high levels of social capital through ties to high prestige occupation holders. This by theoretical extension means these firms have access to harder to reach resources. These firms have been able to leverage their high level of socio-political legitimacy to develop ties to high prestige occupation holders. These firms’ activities, which can include those of their core business operations but also charitable or community building efforts, are publicly and widely recognised as showing high levels of congruence between these actions and the normative expectations in the local cultural and political context. High socio-political legitimacy is conferred through activities and behaviours which are similar to those of “Philanthropist” born global firms. This has been demonstrated in the findings as engaging in acts such as community building and volunteering time and resources to benefit the wider community. Examples provided were of owner-managers that gave up their time to give guest speeches or lectures, took part as judges in entrepreneurship competitions and volunteered firm resources for charities.

“Champion” firms, similar to “Outsider” firms, are also likely to have developed high trust networks that were established prior to the born global firms’ inception often having pre-

existing links to high prestige occupation holders. As noted previously, higher prestige occupation holders have been shown to act as sponsors of born global firms that offer them a range of networking opportunities that not only recognise their efforts at building socio-political legitimacy but to also enhance their own reputations and social capital.

Like “Outsider” firms, “Champion” firms have sponsors that vouch for them in enhancing reputation and furthering identification. These firms in combination with their high socio-political legitimacy are even more likely to be associated with high-profile initiatives such as the granting of coveted entrepreneurship visas or access to exclusive networking events through talent development programmes. An example provided by an owner-manager illustrated how by becoming well known in the media for their entrepreneurship talents through their participation in competitions and awarding of a coveted visa, their firm was given attention and support by an elite university. This media attention brought awareness to not only the firm itself but the university lecturer which sponsored the owner-manager. Such sponsors, those of high prestige, are willing to act as sponsor because they are going to benefit from the reflected prestige of the born global firm.

The summarised findings of this research which suggest the factors why “Champion” born global firms build high levels of social capital while also maintaining high levels of socio-political legitimacy are:

- Strong alignment with high-profile government initiatives e.g., belt and road, priorities from the latest five-year plan. Examples provided in findings referred to firms which furthered high-technology AI and efforts at promotion of Chinese language and culture.
- Skilled at signalling their “born globalness” within networks. Having a multicultural and multilingual organisation is perceived to enhance cognitive social capital. Owner-managers of these firms are comfortable crossing linguistic and cultural boundaries and demonstrate their capability for rapid global expansion.
- As for “outsider” born global firms, the “Champion” displays a strong awareness of the “rules of the game” in building social capital. This involves awareness of the

necessity of investment of firm resources in building genuine interactions with high prestige contacts.

- High prestige occupation holders see benefits to enhancing their own prestige and therefore social capital by association with “Champion” born global firms. These firms are likely to be operating in industries/sectors that are seen as offering high potential growth opportunities.
- Skilled at signalling in public culturally relevant symbols of legitimacy such as academic qualifications, ties to reputable entities such as community building event, elite academic institutions, media organisations.
- Higher risk tolerance for engaging in networking activities which can rely on close contacts such as family and friends.

Potential threats to the “Champion” born global firm are like those of the “Outsider” and “Philanthropist” firm types. Regulatory or economic changes may result in their networks reconfigured and changes their access to high prestige contacts. Champion firms may be threatened by sudden or unforeseen policy changes which increases risk perception of the industry/sector they operate in. A recent example discussed has been the regulatory changes which have impacted the edtech/education services sector. Other industries that may be at risk where regulations or public perceptions may impinge on socio-political legitimacy are those connected to finance, banking and property (North Head, 2019; Dollar, Huang and Yao, 2021; Aguinier, 2022).

“Degraded Illegitimate” Born Global Firm

A fifth form, a “Degraded illegitimate” firm is one which drops off of the typology of legitimate born global firms as they represent those which through their actions, particularly the repeated poor strategic prioritisation to build social capital with high prestige occupations or a lack of awareness how to build legitimacy through alignment with developmental priorities. It should be noted that no “Degraded illegitimate” firms were surveyed in this research, though the following discussion provides awareness as to the potential implications of neglecting legitimacy and social capital building for born global firms. “Degraded illegitimate” firms are those which have lost legitimacy and are negatively evaluated by their stakeholders

and are most likely to have previously been “Grey area” firms. A “Grey area” firm which degrades is one which neglects or abandons building relational social capital and has been exposed as operating in ill-defined or illegal areas. An example of such a firm would be one that has been exposed as illegitimate through legal judgements against the firm or through exposure, such as by journalists, into the public domain of actions perceived to be illegitimate. A firm that drops into this category must be distinguished from illegitimate organisations who from the inception have decided to use illegitimate means for making a profit such as illegal smuggling (Huisman, 2020). A born global firm which degrades into illegitimacy, results in their social support steadily disappearing or becoming lost (Hudson, 2008; Díez-Martín, Prado-Roman and Blanco-González, 2013). This in turn severely impacts the ability of the born global firm to realistically access any high prestige occupation holders who are highly unlikely to associate with such firms and therefore lose support for growth opportunities and resource acquisition (Nunan and Di Domenico, 2021). As a result, these firms’ survivability is at risk as access to needed resources will be severely constrained and are likely to be stigmatised as illegitimate for a protracted period of time (Hudson, 2008). It should also be noted though that what is seen to be legitimate or illegitimate is socially constructed and is subject to changing interpretations over time (Khoury, Junkunc and Deeds, 2013). This perspective concurs with the view legitimacy is a not a linear construct that can be amassed without risk of loss or decline, it contains trade-offs with constant challenges and associated risks (Nunan and Di Domenico, 2021). While a substantial challenge for a born global firm in this category, as their survivability is severely threatened and are likely to not succeed, through actions outlined below these firms could potentially re-emerge to become a “Grey area” or other type of firm.

“Degraded illegitimate” firms could consider the following actions to increase their survivability and return to becoming one of the four main types outlined by:

- Relocating the firm, temporarily or otherwise, to a new location where legitimacy judgements have not been made previously by stakeholders.
- Enlisting the specialist support of public relations specialists to change public perceptions of the industry the firm operates in or legitimacy judgements made by stakeholders.

- Auditing and highlighting, in combination with public relations efforts, the core “symbols of legitimacy” contained within the firm.
- Leveraging uncovered symbols of legitimacy to re-engage in social capital building efforts with prestigious occupation holders. “Grey area” firms tend to minimise contact with government or state linked occupations so these could potentially be avoided during initial revival efforts for a “Degraded illegitimate” firm.

The four firm typology represents a new contribution to the literature and will inform practice in assisting members of born global firms in China. The typology can be used to diagnose firm type and it can be used to strategically plan how they can move towards either building their socio-political legitimacy, as argued the key dimension of legitimacy that generated positive recognition of these firms, and/or their social capital through developing contacts with to high prestige occupation holders. Awareness of how born global firms could become “Degraded illegitimate” firms is also highlighted which presents the risks of continually neglecting social capital building and legitimacy building efforts. By proactively focussing on these actions, firms can instead gain greater access to hard-to-find resources and enhance the survivability of their firms. Some examples provided by owner-managers in this research included access to hitherto hidden networking events leading to investor investment, prior knowledge/awareness of new regulations (issuing of new visas), access to specialist legal advice. All of which provided these firms with the necessary resources to develop their firm.

This research more generally contributes to new knowledge on born global firms in an emerging economy in the following ways; understanding and clarifying the linkages between born global firms, legitimacy and social capital building in the Chinese context. These links build upon theories which has been developed in a different context but can also be utilised to understand Chinese born global firms using comparative theoretical tools in economies with similar characteristics. This research extends and connects the work of Lin (2001; 2002) and Nahapiet and Ghoshal (1998) from the social capital literature and that of Zimmerman and Zeitz (2002), Aldrich and Fiol (1994) and Khoury, Junkunc and Deeds (2013) from the legitimacy side. However, this research goes beyond these studies and offers a typology of born global firms which bring the two theoretical fields together to explain how these firms can strategically build social capital. In doing so, it reveals the complex interactions required

to navigate the distinctive socio-cultural contexts which born global firm owner-managers find themselves in, which is a strand of research that is still only still emerging.

6.4 Research Impact

Regarding research impact, an initial impact plan was drafted early in the data collection process utilising a stakeholder approach (Reed, 2016). An objective of writing this thesis document has been to consider impact not only among the academic context to also wider afield such as among born global firm practitioners and those who have an interest in supporting them such as government. Using an adapted framework to identify stakeholders by closeness-distance to the research activity as proposed by Daley and Shinton (2014, p.73) the following areas of impact were identified during the course of completing this thesis:

Table 6.1 Impact of Research, Planned and Achieved

	Stakeholder Identity	Activities
Closest to research and researcher	Doctoral Students, Academics, Universities, Individual Business Owners (MSMEs)	Organised for born global owner-manager presentations at university in Chengdu (2016-2019), NTU doctoral conference presentation (2018)
Looking more widely	Academic Networks: International Conferences (IB, IE)	China Goes Global Conference Shanghai Summer 2018 – Participant and Presenter. Professional contacts with Chinese academic institutions engaged in born global research
Looking beyond research communities	Networks of: MSMEs, Foreign Business Owners (China), Chambers of Commerce, Media including social media, Social Networks (Research Gate, LI)	Chengdu Entrepreneurship Start-up Community Presenter and Organiser, “Orange Community*” Presentation and Organiser,

*Orange Community is a Chengdu based community of business owners affiliated with the Netherlands Business Support Office Chengdu

The stakeholders actively engaged during the course of DBA studies are detailed in column three of the above table.

The author had recognised (see further details in section 6.5) the limitations this thesis, particularly as the environment under which SME firms in China have been operating has been increasingly challenging since data collection. In a survey conducted early in the covid-19 pandemic, 14% of surveyed firms stated they would be unable to survive beyond a month on a cash flow basis, and 50% beyond three months (Dai, Hu and Zhang, 2020). The same survey highlighted the disproportionate impact the pandemic has had on different industries, noting that services firms may take longer to recover than those in the manufacturing sector and the negative impact limited business travel has had on some firms. Strict border and quarantine controls remained in place in China from 2020 to 2022, preventing the author returning to China to further engage with stakeholders. As of January 2023, quarantine restrictions for PR China have been eased substantially allowing for smoother travel to and from mainland China (Ng, 2023). On a personal level, Covid-19, changing job and residency as well as the researcher's own medical issues have hampered additional impact activities originally planned to take place between 2020-2022.

6.5 Limitations of Thesis

Limitations present in this research must be acknowledged the first of which being the use of semi-structured interviews, along with the born global firm data captured being only that from owner-managers who participated in this research. The research does not attempt to make generalisations based on a statistically representative sample as would be the case using a quantitative research design. Using a mixed methods approach where the quantitative strand preceded the dominant qualitative strand, allowed for the purposive selection of a wider demographic of owner-managers than those from the researcher's own network. The intention was to minimise conformity and selection biases in doing so but issues with small sample research cannot be ignored. The sample size of eight owner-mangers limits the generalisations that can be drawn from this thesis and therefore the ability to build upon it

by other researchers. Even though there were this small number of cases, the researcher believed a close examination of even a single owner-manager's lived experience can yield rich data leading to useful insights. A close analysis of the data collected in this research draws upon each born global owner-manager's lived experience and has yielded valuable insights showing the interplay between the concepts of legitimacy and social capital in a way not previously captured in the literature.

The definition used to explain the forms born global firms in emerging economies take compared to those of western contexts is much broader than those used in other studies. There is a risk that firms which change their international strategic intentions away from selling to and networking in international markets, these then do not then constitute born global firms. Firms also included in strand 1 may have indicated they have not yet started exported any products or services outside of China. These limitations were recognised in the research therefore, when selection of participants for strand 2 semi-structured interviews was made, each participant included confirmed they had already an overseas market presence and were active in multiple regions outside of China. Another research limitation concerning the strand 1 online survey was the potential for self-selection bias from the research design. Participants included the strand 1 survey also potentially could have skewed the data through volunteering to complete the survey as it is a subject that meets personal interests or they have strong opinions about. Those owner-managers who respond may not represent the wider population from which they are drawn from. As strand 2 drew the sample from strand 1, this bias could have also influenced its overall representativeness. Future research could attempt to further minimise self-selection biases by adopting randomisation techniques to incorporate a sample that is representative of the wider population under study. Additional research that stems from this project could test the generalisability of the findings further and this would require such sampling techniques to be employed.

The data collected for this research took place before the outbreak of Covid-19 in China. While it is still early to fully assess the impact this has had on born global firms, it should be acknowledged that the environment which born global firms in Chengdu have operated in has changed. The disruption this event caused to firm legitimacy, particularly if the firm was

in the medical, property or adjacent industries, has not been yet assessed though this would suggest one future research direction.

While this thesis document has revealed an important link between legitimacy and social capital building, revealing they are important factors influencing how born global firms become established and thrive. At the same time, social capital is but one of the other important capitals born global firms need for survival and growth, such as financial, human and psychological (Envick, 2005). Human capital factors impacting survivability such as the specific skillset and knowledge base of the owner-managers and their employees was not in scope of this research. It should also be noted the condition of the global and Chinese economy is placing unforeseen pressure impacting previous patterns of globalisation. Emergences of concepts such as de-coupling (Johnson and Gramer, 2020) and friendshoring (Yellen, 2022) may lead to a reconfiguration of supply chains requiring born global firms to physically relocate or reconfigure existing networks, which also suggests another related research direction. What this research does confirm is the vital role legitimacy plays along with social capital for how born global firms can strategically work to obtain hard to access embedded resources in their context.

6.6 Managerial Implications

Born global firms are now emerging in diverse locations, extending beyond the regions where they were originally studied and conceptualised, which was primarily within western societies, as discussed in Chapter 2. The findings of this research have implications for both academic and practitioner audiences, in particular those who operate in or engage in the study of emerging economies, each of which are detailed below. Note, this distinction is made to highlight the range of implications this study offers, though there is overlap between both academic and practitioner audiences. This research has demonstrated that existing models do not adequately explain how born global firms in emerging economies build social capital. In particular, the linkages between social capital and legitimacy building reveal new important findings, in particular approaches for how owner-managers generate and maintain their contacts with key high prestige occupations holders. An important theoretical contribution

has been the role and influence a dimension of legitimacy plays (socio-political) in this process to benefit their own firms, as well as the connections themselves.

Practitioner Implications

In the case of this research, practitioners most likely to benefit from the findings are those who have established or are considering establishing a born global firm in Chengdu, China. It is also likely to be applicable to those also planning to establish or grow in the similar regions and cities, suggested in section 6.7, though further research is suggested to test this. With a renewed effort post-pandemic to reinvigorate entrepreneurship in these regions, born global firm owner-managers may consider founding or locating their firm in Chengdu to gain from the logistical support offered for firms in the high-tech zones, particularly those from the electronic information, biomedicine and digital economy sectors, all growth priorities for the city and provincial government (CDHT, 2023). The typology of four firms with the inclusion of a fifth degraded illegitimate type, enable owner-managers of newly established or imminent born global firms a clear diagnostic tool which can be used to create strategies to purposefully build connections with high prestige occupation holders to overcome resource poverty. The typology demonstrates the crucial role that socio-political legitimacy plays in establishing connections to such occupation holders and shows actions can be taken to increase the changes to developing ties to key occupations in China, government and party officials. The importance of reciprocity and the need to high prestige occupation holders to “vouch” or support born global firms with limited legitimacy is another finding that owner-managers need to be cognizant of, as this has been shown to reveal previously unavailable opportunities to develop connections with other prestigious occupation holders.

The typology also allows for owner-managers after performing a diagnostic examination to understand the risks whether their firm may drop into a less appropriate type for their industry or region, or even atrophy into the “Degraded illegitimate” firm. Firms which neglect the importance of strategically and purposefully building and maintaining their social capital may imperil the born global firm’s survivability, particularly if a firm cannot access resources previously only available through their connections to high prestige occupation holders. Chambers of commerce or their equivalent may also benefit from these findings as they can provided more targeted lobbying efforts on behalf of member organisations, such as “Grey

area” born global firms, which require backing to overcome a lack of awareness or stigmas surrounding their industry thereby hampering their legitimacy. Policy makers and entities which support international entrepreneurship, such as the Enterprise Europe Network (EEN), can also benefit from this research by using the findings to develop supporting strategies for born global firms which have clear needs to grow internationally.

Academic Implications

This study questions the idea that social capital is constructed independently of culturally linked socially constructed concepts, such as legitimacy. It rejects perspectives based on a single model or concept such as the “Silicon Valley Model” (Herrmann, 2019). The findings demonstrate how the everyday activities of born global firm owner-managers impact future opportunities to develop lasting relationships to overcome resource poverty in contexts outside of those of developed economies (Welter, Baker and Wirsching, 2019). Such a new understanding therefore raises additional research avenues and questions requiring future exploration. The findings suggest multicultural born global owner-managers in Chengdu do understand there are different “rules of the game” to observe within local situational contexts and note distinctive approaches are needed to “play the game”.

The four firm typology proposed will be of relevance to academic audiences who seek to further understand the strengths of combining a social capital and legitimacy theoretical perspective. It will also appeal to those who seek an understanding of how born global firms in regions of emerging economies with a limited political participation model can engage important political and high prestige actors to benefit their firm and mutual benefit of other stakeholders. The typology provides for researchers investigating born global firms a deeper awareness of whether intentional networking strategies enhance these firms' capacity to acquire socially embedded resources. Using the research findings in this study, researchers can incorporate a legitimacy perspective to gauge to what extent these networking strategies can enhance them being perceived as socially desirable and appropriate. Prior research on born global firm legitimation in emerging economies has been limited (Turcan and Fraser, 2012). Therefore, these findings present a novel theoretical lens with which to further explore and expand this research stream. This study also raises the potential for born global firms to become illegitimate firms which thereby creates significant issues for resource acquisition

and survivability. Academic audiences interested in born global firms' survivability may also consider the findings proposed as a basis to engage in further research to test these assumptions, specifically in emerging economy contexts. The next section 6.7 contains further discussion on future proposed research directions for academic practitioners and expands on the themes raised in this section.

6.7 Research Recommendations and Directions

As noted in Chapter 1, this research seeks to broader understanding of born global firms in other rapidly growing parts of China beyond the more studied locations such as Yangtze or Pearl River deltas. While this research does shed some light on the behaviours of a cohort of Chengdu based born global firms, more research is required on a larger scale to confirm the wider applicability of the findings and typology presented. This research could be replicated in other similar regions of China which may support or contradict the findings and conclusions from this thesis. Replication of this study could serve to validate these original findings and may also reveal other insights such as whether choosing to enhance socio-political legitimacy (or another type) also plays as strong a role in building firm legitimacy. It is anticipated by the author that in the case of China, once inbound and outbound travel becomes easier there will be a revived interest in restabilising or establishing new knowledge concerning the behaviours of born global firms there. These findings may have applicability for other less studied cities in regions inside China where born global firms are increasingly beginning to operate in such as the North East (*Dongbei* region, Harbin, Shenyang, Changchun), North West (*Gansu* province, Lanzhou), South West (*Guizhou* province, Guiyang) or in the border province cities next to Laos, Myanmar and Vietnam (Kunming in *Yunnan* and Nanning in *Guangxi*). Other New Tier 1 cities, Hangzhou, Chongqing, Wuhan and Nanjing, would also be suitable although Hangzhou and Nanjing are located on the more developed Eastern seaboard which has already attracted more attention from international entrepreneurship researchers. The city of Guiyang in *Guizhou* province is a particularly promising location to conduct future research in as it has been adopting a similar approach to development as Chengdu in a short period of time experiencing economic disruption and choosing a developmental model that prioritises high-tech industries. Guiyang city has emerged from being one of the least developed

provincial capitals in China to becoming one of the pioneering “Big data” cities of China within a space of seven years and hosts China’s first data exchange centre – GBDEX (Guiyang Global Big Data Exchange) (Ye et al., 2022). Firms such as Apple Inc., Huawei, and Alibaba have recently built large data centres for China in the city as well (Datacentre.me, 2021). This presents born global firms with notable opportunities, such as Chengdu has offered, to establish within a city where the local government is actively seeking to promote rapid growth of high-tech globally adaptable firms leveraging advanced technologies such as AI that rely on big data.

This research could also be undertaken in those areas or countries outside of China where high prestige and political contacts within a closed or opaque political system operate as key network connections and are needed for new firms to access scarce resources. Other cities where this research could potentially be tested in are; Vietnam (Hanoi, Ho Chi Minh City), Laos (Vientiane), Kazakhstan (Almaty), Tajikistan (Dushanbe). Each of these countries seek generally to follow a similar growth model to China while maintaining a one party or restricted political participatory model leading to the importance and emergence of high prestige networks linked to the building of a firm’s socio-political legitimacy. Future research can explore whether these findings can be generalized to similar economies in transition or can explore to what extent these are explained by local culturally specific explanations.

Arguments that born globals are becoming “born digitals” (Torkkeli, Faroque and Velt, 2022, p.48) because of the pandemic will also need to be tested further. The author’s findings would suggest that in the Chengdu context the importance of engaging contacts through in person events and meetings to establish socio-political legitimacy was demonstrated to be an important activity, particularly among high prestige occupation holders. Questions over whether this can be established to the same degree through online networking needs to be raised, particularly as to their efficacy and equivalence. One additional area for future research is to consider how familiarity and use of local dialects can influence access to social capital, particularly to high prestige occupation holders. While this was not explored in this research, it may reveal an additional layer of detail on whether those who hail from other parts of China can also face additional barriers in building social capital. Another consideration that could be brought to future research in this area is to explore how a combination of non

China born and China born co-founder owner-managers could potentially access different forms of legitimacy and high prestige occupation holders and thereby gaining an advantage over those who do not. This was not explored in this research, owing to time constraints as a single owner-manager was interviewed from each born global firm. Co-founders as well as founders could also be interviewed and further analysed in the findings by their use and knowledge of local dialects and how this presents additional opportunities or otherwise.

Finally, this research also fits in with wider queries that seek to study firms in China, particularly the combination of firms and the party-state. Further research could fit in with questions that seek to understand, how and why does the party-state organises economic activities in relation to the market and firms? How and why is the party-state structured in its unique way? (Li, 2022).

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Appendices

Appendix A Occupation Prestige Scores and Ranking

Rank (Prestige)	Occupation	Occupational Prestige Score Bian, Hallsten, Edling & Rydgren, Ganzebook & Treiman (1996)
1.00	Scientist	95.00
2.00	College teacher	91.00
3.00	Engineer	86.00
4.00	Legal staff	86.00
5.00	Physician	86.00
6.00	Venture capitalist (financial)	81.00
7.00	Government official (head of department)	80.00
8.00	Self-employed with staff / entrepreneur	78.00
9.00	School teacher	77.00
10.00	Computer Programmer	76.00
11.00	Communist Party official (party-masses organiser)	73.00
12.00	Manager	71.00
13.00	Business professional	64.00
14.00	Accountant	58.00
15.00	Mechanic	58.00
16.00	Clerk	53.00
17.00	Police	52.00
18.00	Nurse	48.00
19.00	Chauffeur	25.00
20.00	Cook	24.00
21.00	Industrial worker	20.00
22.00	Salesperson	15.00
23.00	Waiter/waitress	11.00
24.00	Domestic worker	6.00

Appendix B Online Survey Position Generator

Occupations listed were randomised by Qualtrics per survey and not sorted by occupational prestige score. Participants chose from the following drop-down options when asked "How familiar are you with them?" – Not Familiar, Acquainted, Friend, Family

Social Capital Measurement, Occupation List

This part of the survey deals with social relations whereby entrepreneurs often have to deal with people in different occupations.

- Choose one answer per column for each occupation listed by row, answering a row each time.
- If you know more than one person in this occupation, choose the person you are most familiar with.

	Do you know anyone in each of these occupations? (knowing means you are familiar with that person by name and if you met in the street you both could start a conversation)	How familiar are you with them? (If not familiar select "Not familiar")
Scientist	<input type="text"/>	<input type="text"/>
College Teacher	<input type="text"/>	<input type="text"/>
Engineer	<input type="text"/>	<input type="text"/>
Legal administrator	<input type="text"/>	<input type="text"/>
Physician	<input type="text"/>	<input type="text"/>
Government official	<input type="text"/>	<input type="text"/>
School teacher	<input type="text"/>	<input type="text"/>
Communist Party official (party-masses organiser)	<input type="text"/>	<input type="text"/>
Manager	<input type="text"/>	<input type="text"/>
Business professional	<input type="text"/>	<input type="text"/>
Accountant	<input type="text"/>	<input type="text"/>
Clerk	<input type="text"/>	<input type="text"/>

- Choose one answer per column for each occupation listed by row, answering a row each time.
- If you know more than one person in this occupation, choose the person you are most familiar with.

	Do you know anyone in each of these occupations? (knowing means you are familiar with that person by name and if you met in the street you both could start a conversation)	How familiar are you with them? (If not familiar select "Not familiar")
Self-employed with staff	<input type="text"/>	<input type="text"/>
Mechanic	<input type="text"/>	<input type="text"/>
Computer programmer	<input type="text"/>	<input type="text"/>
Venture capitalist	<input type="text"/>	<input type="text"/>
Domestic worker	<input type="text"/>	<input type="text"/>
Waiting staff	<input type="text"/>	<input type="text"/>
Salesperson	<input type="text"/>	<input type="text"/>
Industrial worker	<input type="text"/>	<input type="text"/>
Cook	<input type="text"/>	<input type="text"/>
Chauffeur	<input type="text"/>	<input type="text"/>
Nurse	<input type="text"/>	<input type="text"/>
Police officer	<input type="text"/>	<input type="text"/>

Powered by Qualtrics



Participant Information Sheet

参与者信息参考单

COLLEGE OF BUSINESS, LAW AND SOCIAL SCIENCES - Doctor of Business Administration

商业、法律和社会科学学院 - 工商管理博士

Introduction

介绍

My name is Gordon Leonard and am a student on the Doctor of Business Administration award at Nottingham Business School. I am conducting research as part of my Doctoral studies and would like you to participate. I would be grateful if you would take time to read the following information carefully and discuss it with other people if you wish. Please feel welcome to get back to me if anything is unclear.

本人名为 Gordon Leonard，是一名诺丁汉商学院的工商管理博士生。作为博士学习的一部分，我正在进行一项研究，希望有您的参与。若您愿意花时间仔细阅读以下信息，我将不胜感激，若您希望，也可与其他人讨论。如有任何不清楚的地方欢迎与我联系。

What is the purpose of the study and what will I need to do?

该项研究的目的是为何以及我需要做什么？

The main purpose of this study is to investigate new entrepreneurial business ventures, with an emphasis on those termed “Born Global” firms or International New Ventures. To the researcher’s knowledge, this is the first time research into these firms has been conducted in South-West China and the particular focus of this research is to understand the social capital building behaviour of new business ventures. The questionnaire will first ask you to evaluate your relationships to people in Chengdu pursuing a variety of different occupations. It will then ask you to complete a series of basic questions about you and your firm. The method of gathering information is through an online survey. This survey is hosted on the Qualtrics website which is a secure and dedicated tool used for academic online research. You will be provided with a link to the survey which is estimated to take no more than 25 minutes. You will also be asked at the end of the survey to recommend 1-3 people who you think may be qualified to take part in the research.

该研究的主要目的在于调查研究一种较新的商业组织，通常被称为“天生国际化”企业或国际新创企业。这将是首次在中国西南地区对这类公司进行研究。研究主要集中于了解“天生国际化公司”的社会资本建立行为。该调查研究将需要您回答一系列关于您以及您公司的基本问题，而后评估您与在成都从事不同职业的人群的关系。信息收集方式将通过一份在线调查问卷。调查问卷将发布在 Qualtrics 网站，该网站安全性高，且专用于在线学术调查。您将收到此调查问卷的链接，完成问卷耗时将不会超过 25 分钟。在问卷最后将需要您推荐 1 至 3 位您认为有资格参与该项调查研究的人。

All information given by you in this survey will be fully anonymised and is accessible only by the researcher through Qualtrics’ password protected portal. By taking part in this survey you recognise that you may be asked at a later date to take part in a more in-depth face to face interview. Details of how your privacy is protected when using the survey website can be found at: <https://www.qualtrics.com/privacy-statement/>

您在调查问卷中提供的所有信息将完全匿名，并且仅研究者有权限通过 Qualtrics 的密码保护门户访问。通过参与此问卷调查，您已知在后期您可能需要接受更深入的面对面访谈。了解在使用问卷网站时您的隐私将如何被保护，请进入该网站链接：<https://www.qualtrics.com/privacy-statement/>

Why have I been chosen to take part?

为何我被选中参与？

Your experience and background have indicated that you are a founder and/or owner of a new business venture based here in Chengdu. You have been recommended to take part in this study from other members of the local entrepreneurship/start-up scene. Your participation is entirely voluntary.

您的经历及背景表明您是位于成都的新创公司的创始人及/或所有人。在本地创业/初创公司的其他成员推荐了您参与此次研究。您的参与属于完全自愿。

What are the possible benefits?

有何潜在益处？

I hope that you will find the research process interesting, and will take satisfaction from helping to develop knowledge of this important topic, the first study of it's kind in this part of China. I believe you will find the results of the project helpful to your work and to your peers by showing the importance of social capital in modern business and how this can help other Born Global firms establish themselves in a city such as Chengdu.

我希望您会发现研究过程有趣，并且在协助开发这一重要课题的知识中获得满足，这也是第一次在中国该地区进行的此类研究。我相信您会发现该项目研究成果对您的工作和同行皆有助力，其展示了在现代商业中社会资源的重要性，以及如何帮助其他天生国际化企业在像成都这样的城市立足。

How can I find out more about this project and its results?

我如何获得关于该研究项目及其成果的更多信息？

I will endeavour to keep in touch with you via electronic means (such as WeChat) to inform you of progress in the research project and if the outcomes will be used in work outside of the final thesis document. Any articles that emerge from this research will be shared with all participants.

我会尽力通过电子手段（如微信）与您保持联系，告知您研究项目的进展，以及如果研究成果将被用于最终论文文档之外的地方。任何来源于本研究的文章都将分享给所有参与者。

Contacts for further information

更多信息请联系

Please feel welcome to contact me for further information at:

欢迎随时通过下列方式与我联系，了解进一步信息：

WeChat ID: gordongaodeng

微信号: gordongaodeng

Email: N0634026@ntu.ac.uk

电子邮箱: N0634026@ntu.ac.uk

Appendix D Strand 1 Consent Form

Q1.1

Please read and confirm your consent to taking part in this project by reading the following statements and signing your agreement to take part. (Note: An electronic signature for acceptance of these terms is required)

- I confirm that the purpose of the project has been explained to me, that I have been given information about it in writing, and that I have had the opportunity to ask questions about the research
- I understand that my participation is voluntary, and that I am free to withdraw up to two weeks after completing the survey without giving any reason and without any implications for my legal rights*
- I have been made aware of how my data is protected and how any identifying features are kept anonymous
- I agree to take part in this project and confirm I am over 18 years of age.

*You may withdraw from the survey within the timeframe specified by emailing me at: N0634026@ntu.ac.uk

SIGN HERE

xclear

**NOTTINGHAM
BUSINESS SCHOOL**
Nottingham Trent University 

Please read and confirm your consent to taking part in this project by reading the following statements and signing your agreement to take part.

(Note: A signature for acceptance of these terms is required)

- I confirm that the purpose of the project has been explained to me, that I have been given information about it in writing, and that I have had the opportunity to ask questions about the research
- I understand that my participation is voluntary, and that I am free to withdraw up to two weeks after completing the survey without giving any reason and without any implications for my legal rights*
- I have been made aware of how my data is protected and how any identifying features are kept anonymous
- I understand that by taking part in the interview my responses will be audio recorded
- I agree to take part in this project and confirm I am over 18 years of age.

*You may withdraw from the survey within the timeframe specified by emailing me at: N0634026@ntu.ac.uk

请阅读以下陈述并签字确认您同意参与此项目。

(注：须有签名以示同意接受下列条款)

- 我确认已获得关于此项目的研究目的解释，并已得到相关的书面信息，同时我也曾有过机会提出关于此研究的疑问。
- 我明白我的参与属于自愿，在完成调查问卷后的两周内我可以自由选择退出，无需给出任何理由，也不会对我的合法权益造成任何影响。
- 我已认识到我的数据将会受到何种保护，本次参与会被保持匿名，任何相关的识别特征都将被抹去。
- 我了解通过参加访问，我的回答将被录音
- 我同意参与此研究项目并确认我已年满 18 周岁

您可在指定时间范围内选择退出该调查。如果选择退出，请发送电子邮件至：
N0634026@ntu.ac.uk

(Participant signature) (参与者签名)

Appendix F Strand 2 Semi-structured Interview Questions

	Start of interview:	RQ Relevant Theme
1.1	Can you tell me a little about yourself? (prompts could be - when did you start your current business in Chengdu, when did you come here, and why did you choose Chengdu as the location for your business?)	Introduction / Establishment of BG in Chengdu
1.2	<i>Basic Facts check</i> - How many employees do you have at present? Is the business still headquartered in Chengdu? And how many years has the firm been operating?	Introduction / Establishment of BG in Chengdu
1.3	How is the firm performing at present? Are there any noteworthy changes from when you completed the online survey (in Dec/Jan/Feb)? (Such as - Entering into the international market, how is that progressing? Are you expanding your customer base to more than one foreign country/region outside China?)	Establishment of BG in Chengdu / expansion / changes
1.4	According to Q4.15 of the online questionnaire, you stated your firm is one that uses a (domestic/international) mix of people and resources to go after (domestic/overseas) market opportunities. Can you explain why you selected that?	Establishment of BG in Chengdu
1.5	Can you describe your social network and its value to you? What benefits do you derive from it here? Any downsides? (<i>Your Social Network here means - the set of people you are connected to involving social interactions and personal relationships</i>)	Establishment of BG in Chengdu / value of social network
	Main Body:	
2.1	Have you been able to build positive mutual feelings and goodwill towards yourself and your firm through your network to help achieve specific goals? If so, can you explain with an example or two?	Social capital approach / legitimacy
2.2	How do you go about building such social capital here? Describe your approach. (Such as - Does it involve mainly a social/relaxed or a more purposeful approach? Do you help people without expecting much in return? Do others do the same for you? Do you seek out different types of people on purpose? Do you have to demonstrate expertise or value to any contacts?)	Social capital approach / legitimacy
2.3	How could your <u>background</u> (particularly as being foreign, Chinese or local Sichuanese/Chengdunese) have an impact on how you have built your connections in Chengdu? In any way do you think it will affect your ability to continue	Social capital building / background influence

	to do so going forward? Explain, is there an example (or more) of this?	
2.4	Are there any distinctive advantages or drawbacks linked to your background for building your connections here? Any examples you can provide? Do you have to show how your background help/hinders you in building your connections? (Possible follow up - Does having any cultural knowledge/awareness help or hinder your efforts?)	Social capital building / background influence
2.5	Looking at these 24 occupations (<i>prompt</i> : show from online survey), Have you used your connections to anybody here in helping your firm gain credibility or recognition? If so, explain how, do you have a specific example, what did they help with? OR If not, is there anyone there you could call upon for your future international expansion?	Social capital/ prestige / legitimacy
2.6	Do you call upon any of them to help you gain any resources for your firm? If not, then who do you regularly call upon, why? How do they help? What do they do/occupation?	Social capital building / legitimacy
2.7	Are there particular resources which are most desired for international expansion which are hard to find locally in Chengdu?	Social capital building / resource access
	(These could be: Reputational, Financial, Physical, Human, Organisational, Technical, Other)	
2.8	How would you describe your approach to obtaining new resources for your Chengdu based business?	Obtaining resources/ legitimacy
2.9	At any stage do you need to rely on highly connected contacts to access resources? If so, who could they be? How do you go about gaining access to them? Do you happen to have a specific example(s) where you used a highly connected prestigious contact to access them?	Social capital building / resource access/ legitimacy
2.10.0	Would you regard "officials" to be part of your close connections? Can you say why your "knowing" score for Communist party official (party masses coordinator) is lower than for government official? Are they a priority in building your network? If so, why or why not?	Social capital building / officials' access/ legitimacy
2.11	Which are most important to you; your friends, family or casual acquaintances in helping you accessing highly connected occupations? In what way? Any examples here?	Social capital building / friends/ legitimacy

2.12	<p>What role does trust building play with your friends, family or casual acquaintances if any?</p> <p>Do your friends, family or casual acquaintances help you overcome any challenges you might have when trying to build (and keep) your network in Chengdu?</p>	Relational social capital / friends / legitimacy
2.13	<p>Are there any plans for expanding your business to other countries/regions? If so, who are you likely to call upon for support within your network in future for that? Why?</p> <p>OR</p> <p>Now you have confirmed your firm has started international expansion, who within your network are you likely to call upon for support? Why?</p>	Social capital building / born globalness/ international expansion
2.14	<p>Could any expansion plans abroad impact your approach for further building your network in Chengdu?</p>	Social capital building / international expansion
	Closing:	
3.1	<p>Is there anything you would like to add to what has already been covered today?</p>	Conclusion

Appendix G Summary Table of Strand 2 Interview Participants

Interviewee	Pseudonym	China Born	Role in Firm	Industry/Sector	No. of employees	Overseas Market Presence	Age of Firm (years)	Main Market Focus
1	Jack Stacey	No	Co-Founder	Blockchain, Cryptocurrency, Technology	<10-1	Y	<1	EU (Benelux) and China
2	Rick Yang	Yes	Co-Founder	AI & Satellite Sensing, Technology	<20-10	Y	<2	UK, USA and China
3	Toby Elliott	No	Founder	Sports Coaching, Technology, Education Services	<20-10	Y	<2	UK and China
4	Andy Zhou	Yes	Co-Founder	Drone Agricultural Services, Technology	<30-20	Y	<3	SE Asia (Malaysia) and China
5	Hugh Wang	Yes	Founder	Insurance, Risk Assessment, Services, Technology	<20-10	Y	<3	Singapore, Hong Kong and China
6	Anne Huang	Yes	Founder	Medical Services, IVF Services, Medical Tourism	<20-10	Y	<4	Thailand, USA, Australia and China
7	Bess Li	Yes	Founder	Digital Branding and Marketing, Services, Technology	<10-1	Y	<4	SE Asia (Thailand) and China
8	Charlie Gribbin	No	Co-Founder	Language Learning, Education Technology (EdTech)	<10-1	Y	<3	USA, Canada, EU, Rest of World

Appendix H Summary Table of Strand 2 Interview Findings

Interviewee Number, Pseudonym, Country of birth	Relational Social Capital & Socio-political Legitimacy			Cognitive Social Capital & Socio-political Legitimacy	
	Personal Relationships & Trust	Obligations & Expectations	Identification & Reputation	Shared Language & Codes	Shared Narratives & Myths
1 Jack Stacey (Netherlands)	<ul style="list-style-type: none"> • Importance of building trust through networking with key occupation holders - positive on relationship with local district city official (was introduced to Chengdu international horse racing event relevant to one project). • Extremely wary of involvement with other Chinese officials due to grey nature of crypto currencies/ICO in China (low trust). 	<ul style="list-style-type: none"> • Promotion of block chain to wider public and rest of industry stated as a goal/objective. • Aim to try and overcome mistrust particularly of Chinese based projects in this new industry by attending local entrepreneurship/start-up networking events. 	<ul style="list-style-type: none"> • Highlighted ties to EU Chamber of Commerce, Belgian govt/Deputy PM. No equivalent links on China side of business. Wary of establishing too significant a profile due to firm operating around "grey areas". • Outlined connection to city district level local government official who has introduced to potential clients/projects. 	<ul style="list-style-type: none"> • In a brokerage position between "east and west", not really situated firmly in either. • Leverages experience and knowledge of European and Chinese culture and languages in each respective region. 	<ul style="list-style-type: none"> • Importance of <i>mianzi</i> or face when operating in China. • Blockchain is youthful industry with low barriers to entry but understanding and awareness low or mixed with misinterpretation.

<p>2 Rick Yang (PR China)</p>	<ul style="list-style-type: none"> • Importance of close pre-existing contacts, friends/classmates with whom high trust has been established. • Purely transactional formal but distant contacts increasingly more important as firm has a product to showcase and convince the market/investors. Harder to build trust but leverages high prestige occupation holders to vouch for them. 	<ul style="list-style-type: none"> • Does give talks and lectures when requested by contacts especially government officials. • Takes part in networking activities for talent programme participants. Makes office available for visits of middle level officials who monitor firm's progress. • Attends conferences but limited in terms of changing wider values in society or industry. 	<ul style="list-style-type: none"> • Signalled importance of having PhD from University of California, establishing links between competence of founder, talent acquisition programme and beneficial treatment for their firm. • Part of the "Rong Piao Talent Acquisition Programme" of city government - creates a type of "social status" and feeling of being endorsed by the govt allowing access to networking events. 	<ul style="list-style-type: none"> • Awarded PhD from high ranked US University after completing previous education in, Chengdu, China. • Comfortable code switching between China and US and identifies as a "local" who speaks Sichuanese dialect. Co-founder from Chongqing speaks branch of dialect and has similar educational background. 	<ul style="list-style-type: none"> • Stated is member of Chinese Communist Party, some distant ties but signalling potential to draw upon influential network of members that are otherwise not accessible to other owner-managers interviewed.
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<p>3 Toby Elliott (UK)</p>	<ul style="list-style-type: none"> • Importance of having other prestige occupation holders vouch for their business, through high trust connections. • Trust established through offering high quality service and reputation in coaching industry. • "Name dropping" contacts within government sports administration bodies also assists with reputation and trust building. 	<ul style="list-style-type: none"> • Initially took approach of not seeking returns for contributions to charity. Learned how such actions are recognised and rewarded within local networks and led to connection to high level official in National Sports Bureau after being "vouched" for. • Stated no significant contacts established with local officials and therefore no direct obligations to reciprocate. 	<ul style="list-style-type: none"> • Signalled being a qualified and globally mobile coach and having connections with industry important in demonstrating competence and establishing reputation locally. Example of connection to Spanish sportswear brand sponsor came about through coaching reputation signalled through network. • Believes legitimacy can be bolstered by linking to prestigious symbols, British Chamber of Commerce (initially), Sports bureau/central government desirable. Highlighted legitimacy building summer camp held in symbolic Olympic Birds Nest Stadium. 	<ul style="list-style-type: none"> • Firm employs foreign coaches, founder from UK with limited Chinese language skills. Projects "foreignness" and "quality coaching" as core firm offerings. • Presents constraint when looking to expand business into accessing local schools and training schemes. Significant barrier in communicating with officials directly, requires intermediary. • Attempts made to overcome constraint using Chinese social media (WeChat). 	<ul style="list-style-type: none"> • Highlighted importance of "chain of command" when accessing occupation holders through hierarchical social networks.
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<p>4 Andy Zhou (PR China)</p>	<ul style="list-style-type: none"> • Values friendships and shared ideals as foundations for successful trusting relationships. • Instrumental ties cultivated through online social networks (LinkedIn, Mai Mai, Zhi Hu). Difficult to establish close trust but can develop indirect ties through demonstrating expertness in industry. 	<ul style="list-style-type: none"> • Cultivated link with local vocational college to train up specialists for the drone industry, feels is a contribution to the industry at large as start of creating a wider pool of suitably qualified talent. • Also has been involved extensively with charity - assisted earthquake relief efforts, used drones to disinfect disaster area. Part of "habit" of giving back to society since high school, rather than seeking immediate reward. 	<ul style="list-style-type: none"> • Signals links to global leading firm, DJI - premier drone manufacturer, who have been a source of business and a important contact for furthering overseas expansion. • Linked to county level local government officials in rural areas, claims distance is kept - important for introducing their services to farmers who are unaware of and distrustful of new services. 	<ul style="list-style-type: none"> • Comfortable networking within Chinese speaking Sinophone world and speaker of Sichuanese. • Previously took part in short term study abroad in US so has acquired some overseas experience, though reliant on social network LinkedIn for further engagement. 	<ul style="list-style-type: none"> • Raised how central government anti-corruption campaigns require owner-manager and firm to be seen to keep their distance with government and party officials.
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<p>5 Hugh Wang (PR China)</p>	<ul style="list-style-type: none"> • Similar to I2 and I4, noted importance of close pre-existing contacts, friends/classmates with whom high trust has been established. • Classmates contacts an important link for introductions to local Chengdu officials/insurance regulators, giving an "in". One contact works in local government and instrumental in introducing to Chengdu insurance regulator. 	<ul style="list-style-type: none"> • Firm is adapting to local conditions by assisting local government department (with safety remit) through offering free services to improve safety awareness. Believes is enhancing trust and develop legitimacy in eyes of local officials, seen to be offering a solution that is needed. • Contrasts this approach to similar efforts taken by Guangzhou branch where cannot find a "broker" to confer legitimacy and make the right introduction. 	<ul style="list-style-type: none"> • Government endorsement discussed as being crucial in the industry due to role in regulation and oversight. Signals their connectivity but careful not to signal as too close, a balancing act. • In addition, not too distant - recognises that officials have an important role to play in encouraging safer working practices but their knowledge on how to achieve that is limited. Aims to keep relationships as transactional and distant as possible. 	<ul style="list-style-type: none"> • No significant previous international experience so adopts conservative approach. As Chengdu native is most comfortable operating in South West region, firm facing challenges networking in Guangzhou. • Reaches out to immediate high trust contacts and internet. Using LinkedIn and one locally based employee in Singapore to spearhead international networking. Also reaching out to friends in other countries. 	<ul style="list-style-type: none"> • Similar to I4, also expressed awareness of how anti-corruption campaigns influence networking approaches with government officials. Attempts to offer similar training to Guangzhou officials as Chengdu officials though weaker outcome.
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<p>6 Anne Huang (PR China)</p>	<ul style="list-style-type: none"> • Often has VIP events for high end clients (example of jewellery event). Sees keeping close connections to high end client as "double edged" - results in many referrals, but also stress and blame if does not work out. • Invites to dinners, seminars, meetings to "impress" high prestige clients and build trust. • Friends and former classmates assisted with connections in Thailand and US. High trust connections, high prestige important in particular during firm's emergence. 	<ul style="list-style-type: none"> • Negative view concerning building contact with government officials. Stated dislike of "old fashioned way" to build connections. Recognises the utility of these connections particularly when addressing governance/tax matters, gift giving and dinners necessary for assistance. • Government connections not seen to be most crucial to firm development, connections to medical professionals are most valued links. Support to select medical experts offered to help them raise their profile in China through launch events, seminars, conferences and exclusive networking events. 	<ul style="list-style-type: none"> • Links to major American luxury hospitality MNC mentioned to signal where initial experience of working with high net worth individuals came from and how they gained access to more high net worth, high prestige occupation holders. • Signalled links to global academic and research institutions, raised to indicate where connections into industry meet with leading researchers in the field. Attempted to generate links to government officials but unsuccessful due to the legal grey areas surrounding fertility services in China. 	<ul style="list-style-type: none"> • Sees a distinct advantage in being from SW China, speaks local dialect creates stronger bonds with older high prestige clients who are conservative networking with those from other regions of China. Graduate of local University with degree in English. • Spent time living overseas (Thailand) to immerse in language and culture, created more meaningful connections to be more localised. Comfortable code and language switching between China, Thailand and Australia. 	<ul style="list-style-type: none"> • New industry in China, contrasted with "traditional" such as construction, which limits the need to build connections with government/party officials. • Attempted to engage officials to address the lack of specialist medical clinics in Chengdu which are only available in Shanghai and Beijing but unsuccessful in attempts.
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<p>7 Bess Li (PR China)</p>	<ul style="list-style-type: none"> • Sees high trust relationships (classmates and friends) as important, mentions in particular those who have settled overseas. Can connect with them when seeking overseas resources. • Comfortable using social networks which are more popular outside of China i.e. Facebook, Line, WhatsApp to connect with other media/branding professionals. 	<ul style="list-style-type: none"> • Publishes material freely online for industry specialists. Those follow the account often reach out to connect after reading material. Not seeking direct returns or rewards, seeking to raise standards and awareness of Digital Marketing industry in China. • Dislikes need to engage government officials and required obligations. Negative views expressed on building connections with them. Perceived as inefficient and time consuming, faces barriers and delay tactics when trying to engage. Cannot avoid as has to interact with Chengdu Retail Association (govt run entity). 	<ul style="list-style-type: none"> • Sees value in attending industry (branding related) exhibitions - example given of presenting at event in Shanghai which enhanced perceived reputation of firm. • Sector is new and fast developing allowing for easier access and engagement with other new firms in industry but challenging when seeking to connect with government/party officials. 	<ul style="list-style-type: none"> • Comfortable operating in Sinophone world but has constrained expansion of firm due limited beyond. Challenges employing local staff who can speak global languages especially English to appropriate level. Hiring of international staff seen as too costly. • Limited ability to code switch between different cultures limiting reach of connecting to global contacts. 	<ul style="list-style-type: none"> • Sees having no to barely connections with govt as a separate tactic. Contrasted to one of the rival firms that relies a lot on such relationships. • Does not wear "many masks" - feels truth and directness are important, can create a kind of feeling of "safety" with employees, customers and friends. Not a popular approach that appeals to all.
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<p>8 Charlie Gribbin (USA)</p>	<ul style="list-style-type: none"> • Establishing trust and close relationships seen as a "different game" to experience in western/US society. • Trusting relationships involve "really caring" about contacts beyond symbolic gestures. • Found support through University in Chengdu when a student at for business idea. Established trust with academic who opened door to applying for entrepreneurship visa. 	<ul style="list-style-type: none"> • Received support from University and Police authorities for applications. • Positive about supporting local government entrepreneurship events in return for support received in setting up business. Saw additional merit in attending local entrepreneurship competitions invited to, made more connections which led to additional clients and investor interest. 	<ul style="list-style-type: none"> • Firm services shown to align with national objectives to promote Chinese culture and language which receives attention from government and state bodies. • Discussed relationship between PSB (police) and themselves which involved then acquiring the first entrepreneur visa awarded in Sichuan province. • Subsequent media attention raised profile of owner-manager and University for mutual recognition - a "badge of honour" conferring legitimacy on involved parties. 	<ul style="list-style-type: none"> • Derive their "bona fides" from being in China and interacting with the culture on a regular basis lending additional legitimacy to their firm. • De-centralised firm with staff located across two continents, English adopted as firm <i>lingua franca</i>, and learning Chinese (Standard Mandarin) the main service offering to customers. 	<ul style="list-style-type: none"> • More to business in CD than superficial understanding of <i>mianzi</i> (face) or <i>guanxi</i>. Important to know the culture behind all of it and the it makes life easier. Take approach of respect even if not fully in acceptance or understand culturally specific approaches.
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