Defining Entrepreneurship

The purpose of this chapter is to construct a working definition of entrepreneurship and research method suiting that definition. To accommodate the readers who are less familiar with recent academic discussions on entrepreneurship, we will start with a brief resume of those discussions, before moving on to our working definition of entrepreneurship.

The number of different definitions of entrepreneurship in recent academic publications is enormous. This diversity has not escaped the attention of the academics. A number of researchers have attempted to find the reasons behind this multitude of definitions.

According to Davidson, there is a lack of common understanding of what entrepreneurship precisely is (Davidson 2004; Hill and Levenhagen 1995). Casson contends that most studies about entrepreneurship rely on stereotypes (Casson 1982).

A look of a few concrete definitions of entrepreneurship from notable scholars of entrepreneurship will help getting an idea of the extent of the diversity. We will start with quoting two full definitions and then list a number of other influential researchers and what they consider to be the core issue of entrepreneurship:

The field of entrepreneurship is defined as the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated and exploited. (Shane and Venkataraman 2000, p. 218)

Entrepreneuring is the efforts to bring about new economic, social, institutional, and cultural environments through the actions of an individual or group of individuals. (Rindova et al. 2009, p. 477)
New entry; the creation of new enterprises/organizations

Cole (1949)  
A purposeful activity to initiate, maintain and aggrandize a profit-oriented business

Wiklund (1998)  
Taking advantage of opportunity by novel combinations of resources in ways which have impact on the market

Stevenson and Jarillo (1990)  
The process by which individuals pursue opportunities without regard to the resources they currently control

These definitions have been selected, because they reflect a number of problems in defining entrepreneurship. The first definition uses the noun ‘entrepreneurship’, which evokes a perception of entrepreneurship as an entity, or a trait, while the second definition speaks of ‘entrepreneuring’, a verb, conveying a feeling of process. Weick has already pointed out that people tend to talk about organizations using nouns, and urges researchers to use more verbs, in particular gerunds (like Rindova et al. 2009), direct attention to the processes that construct organizations (Weick 1979, p. 44). Although semantically equivalent, the cognitive difference on the part of the reader between ‘the creation of X’ and ‘creating X’ is significant. The above table indicates that the trend in the recent academic study of entrepreneurship has been to abandon traits and focus on processes.

We also seem to miss something in both definitions: the person of the entrepreneur. Whether you regard entrepreneurship as a set of traits or a process, the focus of the traits/process should be the entrepreneurs as social actors, who posses those traits, or participate in the process. These actors are the ones who ‘create, discover, and exploit value-adding opportunities’, etc.

With these basic considerations, we can have a closer look at the different ways scholars have tried to set up models of entrepreneurship.

**Schools of Thought on Entrepreneurship**

The broad diversity of approaches and definitions found in the literature can be crudely divided into three generic types. All three types are currently still in use, but there is a certain historic order.

1. Economic approach
2. Trait approach
3. Social identity approach

**Economic Approach**

In the economic approach, which we will regard as comprising business based approaches, an entrepreneur is regarded as someone who coordinates different factors of production. This perception of the entrepreneur can be traced back to early...
economists like Cantillon. Cantillon introduced the term in his manuscript ‘Essai sur la Nature du Commerce in Général’ (Rothbard 1995, p. 351). He was the first to regard fixed income wage-earners and non-fixed income earners as the principal social classes. Entrepreneurs are non-fixed income earners; they invest known amounts of money in production, without exactly knowing in advance how much income that investment will generate. However, they do expect the earnings will exceed the investment, based on their knowledge about the demand for the product.

Jean-Baptiste Say provided a different interpretation of the entrepreneurial task (Say 2001). Rather than emphasizing the risk-bearing role of the entrepreneur like Cantillon, Say regarded the entrepreneur as a manager of a firm; an input in the production process. The entrepreneur acts in the static world of equilibrium, where he assesses the most favorable economic opportunities. Entrepreneurs are catalysts for economic change/development. The payoff to the entrepreneur is not profits arising from risk-bearing but instead a wage accruing to a scarce type of labor.

Critique on Economic Approach

Our most important critique to the economic approach is that it does not explain why certain people become entrepreneurs, while others end up as wage earners. Cantillion, Say, Adam Smith, and other early economists seem to take the fact that some people are wage earners and other entrepreneurs for granted. It is beyond the scope of this study to dig deep into the reasons for that, seeming, lack of interest. One reason that comes to mind easily is that the early economists all originated from a relatively restricted, monocultural, region in Western Europe. None of them would have been able to acquire their knowledge, if they had not been born in a social class that allowed access to such education. The bourgeoisie of which they were part had only relatively recently gained political influence from the hereditary nobility of prior ages. Seen from that perspective, they were revolutionary enough, but are not the models that we are looking for to explore the persons of the entrepreneurs and their activities.

Traits Approach

In the course of the twentieth century, researchers started to define the person of the entrepreneur by drawing up a set of traits a person needs to possess to become a successful entrepreneur. The rise of this school took place simultaneously with the increasing role of corporate actors, the ‘businessmen’ in society in general. They started to feature as heroes in the media, in particular the rapidly emerging medium of the motion picture. The number of such sets is large, and we will confine ourselves here to a selection of the most influential ones. See Gartner (1988) for a comprehensive inventory.
An extraordinary person who brings about extraordinary events, an innovator, new technology (specific person, however temporary), can also be an intrapreneur.

Casson (1982) Synthesizes the attributes/concepts above + skills to judge and coordinate scarce resources, environment (supply of sources) and capital thus important for success.

Kirzner (1983) Alert to opportunities for profitable exchange (can be anybody), a middleman who facilitates exchanges, an intermediary function.

**Critique on the Traits Approach**

While still very much intact in society, the traits schools have come under fierce attack in the academic realm. Our first critique is a philosophical one, related to discerning categories in general. Michel Foucault claims that his most important methodological work, The Order of Things (Foucault 1994), has been inspired by reading Jorge Louis Borges’ description of ‘a certain Chinese Encyclopedia,’ the *Celestial Emporium of Benevolent Knowledge*, which contains a division of animals that fails to make sense to a Western reader (Foucault 1994, p. xv). We will not reproduce the list here and also not spend any time and space on discussing the veracity of that encyclopedia. However, in view of the theme of our research, Chinese entrepreneurship, it is ironic to note that one of the founders of postmodern philosophy, on which the research model used in this book has been based, has been at least partly inspired by an, imaginary of real, Chinese classification of animals.

The human mind like has a propensity to seek structure in seemingly unstructured information. The typical way to create such structure is to draw up categorizations. All words of our language fall into one of a limited number of parts of speech. When we ‘know’ that ‘walk’ belongs to the grammatical category of verbs, we are able to tell quite a few things about that word’s meaning, morphology, etc.

However, people also have another propensity regarding classifications: they tend to see their own classification of things as objective reality. As a result, everything needs to be categorized, and when a certain object does not readily fit a particular category, the creators of that categorization will go out of their way to squeeze it into a category. This is a major source of reification, regarding an ad hoc concept as objective reality. Foucault therefore proposed an archaeological approach to knowledge. This methodology is not concerned with the extent to which a certain categorization is true, but studies the way in which that categorization constructs the conditions of what counts as truth. This includes the historic course of social interaction in which a particular categorization has been constructed, hence the term ‘archaeological’. We will leave this discussion on categorization here, and continue it later in this chapter, when we will introduce social constructionist organization theory.
A consequence of taking the position that the world cannot be described by a single system of categorization, is that we should refrain from categorizing at all, or, at least, should use it carefully, as a way to try to see ‘a certain extent of structure’ for a specific purpose. Another consequence is that any system of categorization will always create exceptions, items that do not fit any of the categories entirely.

Back to the traits approach to entrepreneurship, it is possible for any categorization of entrepreneurs proposed in the literature to find entrepreneurs (i.e. people who have set up an enterprise) who does not fit all the criteria of an entrepreneur listed in the definition.

Another problem is created when several ways of categorizing people are applied simultaneously. In the course of history, humanity has divided the world in continents, sovereign states, regions, etc. The percentage of the population that would fit a certain categorization is not equal in all regions. Therefore the question arises why do some regions develop more entrepreneurially than others? Even if a certain categorization of entrepreneurs seems to hold, it would still fail to explain this regional variation. This would point at an academic flaw in that model of entrepreneurship. Unless, of course, one could prove that people born in certain region have a stronger entrepreneurial genome.

Apart from geographic complication, interference in the applicability of the trait approach comes from more social categorizations. In many parts of the world, several times more men become entrepreneurs than women. This points at a gender issue in entrepreneurship. The feminist critique on male oriented academic research has had an especially strong influence in the field of organization theory (Calas and Smircich 1992), including the study of entrepreneurship (Balsamo 1985; Ferguson 1984; Ramsey and Calvert 1994; Smircich 1985; Ogbor 2000). It is also an issue that we will need to address in the empirical chapters. A search for pictures related to the theme of ‘entrepreneur (qiyejia)’ in the Chinese search engine Baidu performed on June 7, 2011, resulted in 36 pictures for the first two pages. These could be broken down in the following types:

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>8</td>
</tr>
<tr>
<td>Women</td>
<td>2</td>
</tr>
<tr>
<td>Groups</td>
<td>20</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
</tr>
</tbody>
</table>

Obviously, we need to point out that what we stated about categorization above, also applies to the above table. A conclusion that women stand out as the underdog in this table would be based on the way the table has been constructed. Nevertheless, taking this perspective into account, single females are a small
minority. We did the same for Google on the same date, which resulted in the following table

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>12</td>
</tr>
<tr>
<td>Women</td>
<td>2</td>
</tr>
<tr>
<td>Groups</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>16</td>
</tr>
</tbody>
</table>

The minority position of single women is even more prominent than for Baidu. The large number of group pictures in the Chinese search result could be explained by the collective nature of Chinese culture as is pointed out by leading researchers on business culture (Hofstede 1980; Trompenaars 1992). The difference in the category ‘others’ is probably a good example of the relative value of categories, in particular a dustbin category like ‘other’. There is therefore no need to analyze these pictures. Suffice it to note that the notion of entrepreneur is strongly related to male gender in China, and on the global scene. Interestingly, not one of the many trait approach definitions of entrepreneurship mentions that a typical entrepreneur is male. This seems to indicate that academics perceive mentioning this trait as inappropriate, but then forget (or take for granted) that their categorization can never reflect the (perceived) reality.

The relativity of the interpretation of these pictures of ‘entrepreneurs’ is increased even more, when we apply other categories than gender. We could, e.g., attempt to divide the same search results in terms of age, and count the ratios of ‘young people’ vs. ‘old people’ to establish whether a typical entrepreneur is perceived as young, or rather older. While gender can at least be linked to a physical sex of the people involved, age related terms like ‘young’, ‘old’, ‘generation’, etc. are much more determined by the personal perception of the researcher. Is a 40-year entrepreneur ‘young’, or ‘old’? These questions do matter, as people link numerous attributes to age. Young people are usually regarded as having a higher propensity for risk taking than elderly in all cultures. If risk taking is then listed as a trait of an entrepreneurial person (Litzinger 1965; Brockhaus 1980; Hull et al. 1980; Welsch and Young 1982), then a young person would have more traits of an entrepreneur than an older one.

There is yet another aspect that is left unexplained by the traits approach. Why do the majority of the start-ups fail and others not? According to a recent BBC news report, four out of every five business start-ups ends in failure and one of the main reasons comes down to either poor planning or a total lack of it (Siteroom 2010). Does that mean that most of the people who decide to give entrepreneurship a try are not ‘real’ entrepreneurs? Phrased more precisely: should we only regard people whose newly founded company has proved successful as entrepreneurs? If the answer to that question is positive, it would immediately trigger a number of new questions, like: what is successful, and at what moment in time success of failure of a start-up should be tested?
To summarize, there seems to be much more involved in entrepreneurship that a handful of traits of the person of the entrepreneur can explain. It seems to be related to the social identities of the entrepreneurs. This social aspect has been slighted by the economic and the trait approach. Social identities can be used as traits, but then we would end up with an open categorization, while a basis trait of any categorization is that it consists of a finite set of categories.

When we define entrepreneurship as the act of establishing an enterprise, we would do better by defining entrepreneurs simply as people who set up a company. This would in fact suit the economic approach in that setting up enterprises is a basic economic activity. It would also to some extent suit the trait approach, as ‘setting up a company’ can be regarded as a single trait, one that is shared by all entrepreneurs.

However, the main difference between the definition proposed here and those of the economic and traits schools is that it defines entrepreneurship as a process; the process that makes certain actors decide to derive their income not from a salaried job, but from their own enterprise. Decisions are part of the sensemaking process, that takes place in the form of social interaction. People who decide to make their living from their own endeavor will therefore have done so on the basis of their interaction with other actors. This makes those other actors equally important for the study of the entrepreneurship of any individual entrepreneur. This in turn means that, if we want to gain insight in entrepreneurship, we need to focus on the social identities of the entrepreneurs, the social influences from other actors that together make certain persons decide not to derive their income from employment, but from his or her own enterprise.

Side Step: Mr. Du Kerong

Before moving on to the social identity approach, we would like to look back at our example case of the previous chapter. When we take a closer look at the way Mr. Du’s attempt to acquire Draka has been perceived in Europe, we can see a combination of the economic and trait approaches. The Reuters article quoted in full completely reflects the thinking of the trait school. He is a real hero who works long days, hardly needs any sleep, can handle a lot of liquor, makes fast decisions, etc. The journalist does include some of Mr. Du’s other social identities, like his family background and his military career, in the story, but the main message of the report is that Mr. Du complies with the generic issues of an astute businessman. In fact, Mr. Du’s Chinese identity also plays at most a background role in this story. When we replace ‘Du’ in this article by ‘Johnson’, it will still read like a description of an almost flawless businessman.
Social Identity Approach

According to Down and Warren, referring to the work of philosophers (Foucault 1982; Taylor 1989; Dennet 1993) and sociologists (Giddens 1991; Jenkins 1996), the entrepreneurial identity is not located in the personality of the individual, but instead it is constituted through interaction between the individual, society and culture (Down and Warren 2008, p. 5). They argue that social identity is not a trait located in the individual, but a process of acquiring that identity in social interaction with others. This suits our conclusion of the previous section, that entrepreneurship should not be regarded as a trait of a person, the entrepreneur, but as a process of deciding to establish an enterprise, the establishment of the enterprise and the exploitation of the enterprise. It is a process that has no clear beginning or end.

The person of the entrepreneur plays a central role in that process, but is not the only actor involved. Just like any social identity of entrepreneurs is constructed through social interaction with other people, so is their entrepreneurship. Identities are constructed in ongoing social interaction. They are a function of what I believe about myself, what you believe about me and the extent to which these two beliefs match (Weick 1995, p.18 ff). Following this line of thought, the academic study of entrepreneurship then becomes identifying the combination of social influences that have caused an individual actor to become an entrepreneur. For each such individual we need to make an inventory of their social identities and on the basis of that insight try to reconstruct the social construction of that person’s entrepreneurship. This method reminds us of Foucault’s proposal to replace the method of categorization with an archaeological approach, as the method we are trying to formulate includes the historical course of events.

The social embeddedness of entrepreneurs has been a theme in contemporary debates on entrepreneurship for some time (Waldinger et al. 1990; Portes and Sensenbrenner 1993; Granovetter 1995; Rath and Kloosterman 2000; Kloosterman and Rath 2001; Lin 2001). Due to the rapidly increasing influence of China on the global economy, understanding the embeddedness of the emerging class of Chinese entrepreneurs has become more than a merely academic endeavor (Batjargal and Liu 2004; Yang 2007; Xiao and Tsui 2007).

In most of these debates, the notion of embeddedness is linked to social networks. Entrepreneurs are seen as people who combine various resources (capital, knowledge, people, etc.) to create surplus value. These resources can be accessed through the different social networks of which the entrepreneur is a member (Kloosterman and Rath 2001, p. 192).

The sum of the potential access to resources an entrepreneur accumulates in social networks is often referred to as social capital. Bourdieu distinguishes between economic capital, cultural capital and social capital. The capital of each individual is a specific mix of these three (Bourdieu 1986, p. 114). Lin (2001, P. 119) uses a definition that is more focused on the financial meaning of the word capital, when he states that the premise behind the notion of social capital is rather simple and straightforward: investment in social relations with expected returns to
the market place. Lin follows Burt (1992) here in linking social capital to social networks. Network locations are seen to ‘represent and create competitive advantages’ (Lin 2001, p. 22; also see: Batjargal and Liu 2004).

However, the majority of the discussions use the term social network, but do not engage in social network analysis. The minority that do (e.g. Granovetter 1995; Lin 2001) use mainstream social network analysis that describes social relationships in terms of nodes and ties, where the nodes are the individual actors, and ties the relationships that exist between the actors (Brass and Burkhard 1992; Sott 2000, p. 89; Kilduff and Tsai 2003, p. 13–16).

Social network analysis is a useful tool to study how individuals form alliances on the micro level. However, when trying to apply it to higher level problems, this method of analysis seems to deviate from the way people form relationships in social practice. People tend to form relationships on the basis of inclusion in social groups. For example, an interior decorator who has worked as an employee of a firm specializing in decorating private homes for a number of years, may decide to start his own consulting company in the same business. Another option would be to start a similar company in another market segment, like corporate offices. In both cases, this person would be using the same skills, typically acquired through education, but in the first case, he would also use the experience accumulated during his employment whereas, in the second option, he would have to make an additional effort to get into the world of corporate interior decoration. Our entrepreneur could also leave the decorating business and decide to venture into a completely different field requiring an even heavier investment in accessing and combining resources. This explains why people who exchange a salaried job for a private business would be more likely to take the first option: doing what you are used to do, but as your own boss.

This has not gone unnoticed by network researchers. Granovetter (1983) already points at ‘the strength of weak ties’.

The argument asserts that our acquaintances (weak ties) are less likely to be socially involved with one another than are our close friends (strong ties). Thus the set of people made up of any individual and his or her acquaintances comprises a low-density network (one in which many of the possible relational lines are absent) whereas the set consisting of the same individual and his or her close friends will be densely knit (many of the possible lines are present). (op.cit. 201–2)

Elfring and Hulsink (2003) in their research on the role of networks in entrepreneurial processes in new venture development distinguish three roles:

1. Discovery of opportunities
2. Securing resources
3. Obtaining legitimacy

They have further looked at the differences in importance of strong and weak ties for the various roles of networks in entrepreneurship. Although Elfring and Hulsink readily adopt the terms strong and weak ties, without discussing their nature, we will extensively quote their finding here, because they constitute a very complete set of propositions regarding entrepreneurship based on social relationships.
As we will point out later in this chapter, our own research model deviates from the one used by Elfring and Hulsking, but as we will revert to these findings in the concluding chapter of this study, to see to what extent the new way of network analysis proposed here corroborates or denies these findings:

**Discovery of Opportunities**

- **Prop 1a** For ventures pursuing incremental innovations, ventures using more weak ties than strong ties are more likely to discover opportunities than those that do not.
- **Prop 1b** for ventures pursuing radical innovations, ventures using a balanced mix of strong and weak ties are more likely to discover opportunities than those that do not.
- **Prop 1c** strong ties are more important for ventures pursuing radical innovations as they enable ‘trusted’ feedback and exchange or tacit knowledge on the nature of the opportunity.

**Securing Resources**

- **Prop 2a** for ventures pursuing incremental innovations, ventures using more strong ties than weak ties are more likely to secure resources than those that do not.
- **Prop 2b** for ventures pursuing radical innovations, ventures using substantially more strong ties than weak ties are more likely to secure resources than those that do not.
- **Prop 2c** strong ties are more important for ventures pursuing radical innovations as they enable the exchange of tacit knowledge in the deployment of resources.

**Obtaining Legitimacy**

- **Prop 3a** for ventures pursuing incremental innovations, ventures using more strong ties than weak ties are more likely to gain legitimacy than those that do not.
- **Prop 3b** for ventures pursuing radical innovations, ventures using a balanced mix of weak and strong ties are more likely to gain legitimacy than those that do not.
- **Prop 3c** weak ties are more important for ventures pursuing radical innovations as endorsement by outsiders is important in gaining legitimacy.
Burt has attempted to address the problem by regarding strong ties as links between members of a group and weak ties as links between members of different groups. For the latter, he has introduced the concept of structural hole, a gap between tighter networks (Burt 1992, 2005). In this view, society is imagined as consisting of networks of tightly related individuals, which can be linked by brokers, people who have ties within different networks. While we believe this is a major step forward, the problem of this model is that, because it still takes individuals as nodes, it puts the broker in the relatively isolated position of linking groups, while apparently not belonging to any of them. Xiao and Tsui (2007) also highlight this problem (p. 20). A more natural solution would be to conceive the role of brokers as people who are members of multiple networks. This paper attempts to use concepts from Social Integration theory (Peverelli 2000; Peverelli and Verduyn 2010) to add such a model to existing social network analysis.

Combining Kloosterman and Rath’s view of the entrepreneur as someone who combines resources with Lin’s model of social capital, we would like to redefine entrepreneurs as people with a strong capability to create value from their social capital by linking their social networks in various ways. To support this definition, our problem is to find a way to enrich existing social network models with a module that takes into account the multiple social inclusions of the same person. In this study, we will turn to Social Integration theory to find such a module, and test the enriched model on the building of social capital by a Chinese entrepreneur.

Social Integration Theory

Social Integration Theory draws heavily from the organizing theory of Karl Weick (Weick 1979, 1995), enriched with concepts of postmodern philosophers, in particular Foucault’s ideas on the socially constructed nature of reality as mentioned earlier in this chapter. The central theme in Weick’s theory is that of sensemaking. Actors constantly encounter situations that are multiply interpretable. They try to make sense of such situations by reducing the equivocality to one single interpretation. This reduction process takes place in social interaction between several actors. Actors will exchange information regarding a specific topic until they have reached a certain level of agreement. In this respect, Weick’s definition of interaction is close to the one proposed by McCall and Simmons (1966). The achievement of this purpose is reflected by the degree to which the actors’ behavior becomes interlocked. The interlocking of behavior of actors in continuous social interaction is the basic definition of organizing in Weick’s theory.

Weick further observes that actors perform this interpretation retroactively. Actors first act [enactment] on previous experience, until they encounter an equivocal situation. At that moment, the process to reduce equivocality starts until a sufficient degree of non-equivocality has been attained.

Moreover, actors do no search for the best (most realistic, most true, etc.) interpretation of that situation, but for the most plausible interpretation, i.e., the
interpretation that suits the current context (the moment the interpretation takes place) of the actors best, is selected [selection].

As a result of the reduction, some possible meanings of the equivocal data will be rejected and some will be retained [retention]. The actors will then continue to act based on that interpretation, until more equivocality is met. This cycle of enactment -> selection -> retention is repeated endlessly. Actors build up a certain view of what the world is like based on the continuous process of sensemaking. Weick refers to these views as cause maps. In the course of his sensemaking, actor A may observe event Y and judge that it has been caused by event X. The next time event X occurs, A will presume (retroactive sensemaking) that Y will follow. Consequently, if A wants to prevent Y from happening, A will try to avoid X. This will continue until something happens that runs counter to this part of A’s cause map (e.g., an event X happens without causing an event Y), at which moment A will revise this map.

Another key theme in Weick’s thinking is the notion of double interact, which was proposed to describe the sensemaking process by actors in ongoing interaction. Actors who have to co-operate in performing a certain task will at first hold different interpretations of various aspects related to that task (equivocality). This equivocality will impede them to interlock their behavior. During their initial interaction, the actors will exchange these interpretations and mutually adapt them until a common interpretation (regarding aspects essential to successfully perform the task) has been attained. If we wish to understand such interaction, it is insufficient to observe how B reacts to A. We also have to observe A’s reaction to B’s reaction to A. When actor A makes a statement to actor B, B can either affirm or deny A’s statement. Subsequently, A can accept or reject B’s reaction. This results in four possibilities:

<table>
<thead>
<tr>
<th>Act</th>
<th>Interact</th>
<th>Double interact</th>
<th>Type of influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>A</td>
<td>A</td>
<td>Uniformity</td>
</tr>
<tr>
<td>A</td>
<td>A</td>
<td>B</td>
<td>Anticonformity</td>
</tr>
<tr>
<td>A</td>
<td>B</td>
<td>A</td>
<td>Independence</td>
</tr>
<tr>
<td>A</td>
<td>B</td>
<td>B</td>
<td>Conformity</td>
</tr>
</tbody>
</table>

(Adapted from Weick 1979, p. 115)

Simple interacts are insufficient to assess the relation between A and B. If we know that B rejects A, we only know exactly that. However, if we also know that A in turn rejects B’s rejection, we know that the relation between A and B on that particular issue is one of independence. If A would have accepted B’s rejection, the relation would have been one of conformity. Different outcomes of the double interact have different consequences for the continuation of the interaction between A and B. Moreover, the double interact is also indispensable for the construction of identity of both A and B, i.e. what A is to B and B to A. Again, Weick’s analysis of interaction approaches the one draw up by McCall and Simmons (1966). However, where McCall & Simmons stop at stating that interaction is ‘a joint function, as a mutual or reciprocal influence’ (McCall and Simmons 1966, p. 47), Weick
elaborates on this concept by defining the double interact as the basic building block of social interaction.

Social interaction is an endless repetition of double interacts between actors. In the course of social interaction, actors will adjust their behavior to their fellow actors, resulting in interlocked behavior. Several consecutive cycles of interlocked behavior constitute a collective structure, a pattern of collective behavior, like regularly repeated activities in a company. A typical example of such a structure are the employees of a company who leave home every week day to go to the place of work they share to do the things they do every working day, etc. Their collective sensemaking of the world has crystallized in a number of shared daily routines, symbols of which they make sense in similar ways, etc. That they do not have to make sense of what to do and why to do it every single work day makes life a lot easier for them and allows them to make more efficient use their limited span of attention to make sense of whatever is not compliant with their expectations.

The last key notion from Weick’s theory to be mentioned is ‘partial inclusion.’ Each actor will be part of several groups of actors with interlocked behaviors. The formation of such groups is a continuous process; groups form and disband. Actors enter groups, while others leave them. During an effort to stabilize his inclusion in a certain group, an individual actor may force to integrate more of himself into that group. This notion of inclusion seems to bear great importance to organizing processes, however is not very well elaborated by Weick.

It was especially this aspect that H.J. van Dongen and his associates have used as a starting point to enrich Weick’s theory (de Laat 1983; Maas 1988; Dijk 1989; van Dongen 1991). van Dongen et al. (1996) was their first integrative statement of the Social Integration model. The core theoretical notion of van Dongen et al. is that of configuration. Configurations are groups of actors who, during continuous social interaction, have attained a similar interpretation of reality (compare Weick’s interlocked behavior). This definition reflects the two aspects of configurations:

- A social aspect: frequent, organized, social interaction (e.g., work related meetings)
- A cognitive aspect: similar interpretation of reality.

Reality is understood as having a constructed nature. Actors construct their (version of) reality via an ongoing process of social interaction. These definitions of reality are never comprehensive theories comprising all aspects of reality. Actors only possess a limited span of attention. They will use this span to cover that part of reality that is essential; that which comes to the fore in the present context. Complex phenomena are reduced to simple, comprehensible, treatable, facts (compare Weick’s reduction of equivocality). Reality is constructed using a set of construction rules. Actors apply these rules in a continuous process of re-construction of reality.

Following Weick, van Dongen et al. recognize that actors are simultaneously included in several configurations. However, they replace Weick’s term of ‘partial inclusion’ with the notion of ‘multiple inclusion.’ Weick’s term seems to reflect the perception that actors divided their attention over a number of inclusions and is
therefore never totally included in any one structure. van Dongen’s term ‘multiple inclusion’ emphasizes that actors are included in several, theoretically indefinite, configurations. In each concrete occasion of social interaction, actors will tighten a shared inclusion, but they will also have access to other inclusions.

van Dongen et al. regard Weick’s double interact as a useful tool in describing the interaction between two actors. However, its shortcoming is that it presupposes a dyadic relationship. This may explain why Weick has problems in elaborating his concept of partial inclusion. van Dongen et al. introduce a third party into the relationship between two actors. Instead of dyadic relationships, they look at the relationship between actors as being tertial. This third refers to other inclusions of actors. During social interaction within a certain configuration, actors can bring elements of their other inclusions into that interaction. A particular actor can use a certain definition of reality in one context (configuration), but use another one in another context (configuration). Actors can draw from a multitude of inclusions and the nature of their relationship is different for each different third party.

Peverelli suggested use a term cognitive space (usually abbreviated as ‘space’) for most of the social cognitive groups that were referred to as configurations in the van Dongen model of the SI model. ‘Configuration’ should then be reserved to ‘a relatively small group of actors who frequently interact about a specific topic.’ (Peverelli and Verduyn 2010, p. 25). The term space refers to something that confines, but is broader than the notion of configuration. space touches upon time as well as place, it refers to space in which interaction can take place, but simultaneously to the socially constructed limitations (impediments) of the interaction. Within a certain space, activities proceed according to the rules that hold in that space. It is like Weick’s bracketing: actors are unable to comprehend all cues that come to them from their environment and construct their version of reality using a selection of cues (Weick 1979, p. 113). Actors give meaning to their activities and agree on rules prescribing the ways how to act or not to act during interaction and consequently start regarding those meanings and rules as existing confinements of their actions (reification). However, contrary to the framework of van Dongen et al. we believe that this not only holds for social cognitive configurations, but also for larger groups of actors, which we are now referring to as spaces. The cognitive element (cause maps, construction rules, etc.) of such spaces are less specific than within configurations. Moreover, spaces differ in their degree of specificity. Larger, more diffuse, spaces can comprise smaller, more specific, spaces, which will inherit the traits of the larger space, while adding some specific traits of their own. California is a space. San Francisco is a more specific version of the California space. In this framework, configurations are in fact very similar to spaces. They could be defined as small groups of actors with frequent social interaction evolving around a strong specific cognitive element. As a special type of sub-space, configurations will inherit the cognitive and social traits of the Space in which they are constructed and will add more specific ones pertaining to their particular configurations.

Spaces can also be regarded as potential triggers of organizing processes. We can not only observe ongoing social interaction within a space, but once we
understand the cognitive element of a particular space, we may attempt to predict possible social interaction that may take place, or could have taken place, as a consequence of the cognitive element of that space, including the way(s) such interaction could be initiated and developed. Such insight will be valuable for an in-depth understanding of organizing processes by organization theorists, social psychologists, sociologists, etc., but will also serve a number of practical purposes, such as: analysis of and intervention in organizational problems, marketing research, feasibility studies, etc. We will not elaborate this topic here, but will illustrate several uses of spaces as potentialities at several places in this study.

With our methodological tool of space, we now have a simple and elegant solution for this problem. Enterprises, associations, institutions, unions, clubs, etc., are spaces. An enterprise comprises a number of actors (the employees) who continuously re-construct the enterprise in their (work) daily routines. An enterprise also has a distinct cognitive aspect. Through the frequent social interaction employees of an enterprise share a certain cause map. Employees do certain activities in certain prescribed ways (construction rules). An important activity in enterprise spaces is the production of texts (brochures of the enterprise itself, or its products, magazines, annual reports, advertisements, etc.). Such texts serve a dual purpose: they present the space to the outside world and provide instructional material for the socialization of new employees.

Although we have described a space as having both a cognitive and a social element and have stated that those elements are mutually influencing, the cognitive element is stronger in a space than the social element. As sensemaking, the reduction of equivocality, is the basic motor for human organizing processes, the influence of the cognitive element on the social element is stronger than the opposite. Once social activity has been set off, it can in turn influence cognitive activity, which can again affect social activity, in a continuous double-helix-like process. Moreover, when we observe structures of large spaces comprising one or more sub-spaces, the former seem to have a strong cognitive element, while the social element is quite weak. Information, meanings, etc., are easy to spread to a high number of people through the various means of communication. However, within a large space like, e.g., a province, opportunities for common intensive social activities diminish. Seen from this angle, we could put space and Configuration on a gliding scale. On one end of that scale there are very large spaces, which are almost purely cognitive spaces (nation spaces may be tentatively taken examples of such spaces). When we proceed to the other end of the scale, spaces get smaller in terms of numbers of actors and the social element becomes more elaborate. At a certain moment, not too far from the other end, we encounter spaces like enterprise spaces. Arrived at the opposite end, we find the social cognitive configurations, or shortly, configurations. There, the cognitive and the social element are equally strong.

The notion of (multiple) inclusion can be applied to cognitive space as it was applied to configurations by van Dongen et al. A particular instance of social interaction will always take place in a specific social cognitive context (space),
but actors can access the cognitive elements of other spaces through their multiple
inclusions.

SI theory includes a graphic convention. As soon as two or more actors start
interacting about a certain theme, they will create a configuration consisting of the
actors and the cognitive matter they share (typical language, symbols, ways to do
things, etc.).

Figure 2.1 represents a situation in which two configurations are linked by the
fact that actor A is included in both.

Mainstream social network analysis would not be able to handle this situation, as
you need at least two actors to draw a basic network.

In SI research, one observes who interacts with whom and the nature of that
interaction. While observing, the researcher gradually becomes aware of the social-
cognitive groups, the key actors and each actor’s multiple inclusions. SI researchers
build up their insight in the social construction of the object of their research by
laying down the observed data into graphs such as Fig. 2.1, which can be regarded
as a representation of the social embeddedness of actors.

As such, the SI model is a tool to map and link the social capital of each key actor
involved in the case under investigation and simultaneously see how the social
capital of all these actors is organically integrated.

Social Integration and Networks

A look at the graph in Fig. 2.1 will show that SI graphs resemble the graphic
representation of a network. This is not a coincidence, considering that social
relationships are the core theme of SI theory. The main difference between main-
stream social network graphs and SI graphs is that in the former the nodes are
individual actors, while in the latter the nodes represent groups of actors.
Two (social cognitive) groups is SI graphs are linked by actors who are included in both. These actors are the channels through which members of one group can access the cognitive matter of the other group.

The strength of the SI graphs is that they not only demonstrate how all actors are linked to all others, but also indicates the nature of the linkages. An SI graph is a not a network of individuals, but of social groups. Although the SI graph in Fig. 2.1 only includes 1 actor, the graph actually represents a much larger group of people, as each inclusion, represented by the circle, stands for a group of people. The left circle could, e.g., represent the work inclusion of the actor, and the right one the family inclusion. We can imagine that work organization includes numerous colleagues and the family several other family members. The strength of the SI model is that we do not need to draw in all those other actors, as we know, from our general knowledge of society, that work organizations and families consist of several people.

The strong point of this methodology is that it accounts for actors acting from different identities. The actor in Fig. 2.1 can have different points of view concerning the same issue, depending on whether (s)he is regarding it from a work point of view or a family point of view. Moreover, in all situations, the actor enacts all roles simultaneously. What varies is that in one situation one inclusion will be more prominently invoked than the other inclusions.

Applying this new concept of social network analysis can lead to a breakthrough in any research involving the social embeddedness of people, like the social embeddedness of entrepreneurs, the core theme in this study. People decide to undertake actions on the basis of their sensemaking of the world and their role in it vis à vis other people. This way of sensemaking is a product of ongoing social interaction with exactly these other people. Actions within a certain social-cognitive context (inclusion) can be influenced by sensemaking that takes place within that inclusion, but very often also by sensemaking in other inclusions of the actor.

Members of the same household may decide to have an early dinner, so the sports lovers among them can watch the kick off of an important football game on TV. However, one or more of that family’s members may request an early dinner for the same purpose, because they want to discuss the game with their colleagues at work the following day. We can still use the basic graph of Fig. 2.1 and imagine that the first circle refers to the household inclusion of that actor and the second one to the work inclusion. What happens in one inclusion (discussing yesterday’s football game) influences actions in another (setting the time of the family dinner).

However, the SI model allows the researcher to account for much more. ‘Discussing football with ones colleagues’ is most probably not about a shared liking, but something that is part of the identity construction of those colleagues. It sets the football fans apart as a configuration on their work floor, separate from those who are not interested in that type sport. This makes it imperative for the members of that configuration to watch the game. That in turn will affect the way they will ‘request’ an early dinner. It is likely to be phrased as a strong request.

The previous paragraph explains how multiple inclusions of an actor can act as channels through which cognitive matter from one inclusion can influence that in
another. The actor in our example has two identities: ‘family member’ and ‘colleague’. These different identities are constructed in different inclusions. In each inclusion our actor has relationships with the other actors in that inclusion, that co-construct their social identity.

A main research question in this study is finding out the social drivers that make certain actors decide to become entrepreneurs. The decision will be made in a certain inclusion, but we can expect, again based on our general knowledge of society and human behavior, that such a major decision in life will be made under the influence of at least one, and probably several, other inclusions. Using the SI model, we can make an inventory of the entrepreneur’s social identities (inclusions) and determine how the sensemaking in each has contributed to the decision to become an entrepreneur. Once a number of (Chinese) entrepreneurs’ entrepreneurship has been analyzed in this way, we may be able to identify a number of recurrent patterns, certain inclusions, or combinations of inclusions, that seem to play a major influential role in the construction of Chinese entrepreneurship.

As stated earlier in this section, a strong advantage of the SI model is that researchers are not obliged to draw in all the actors in the network. It is general knowledge that families consist of several people. It therefore suffices to discern a ‘family’ inclusion of an actor; there is no need to draw in all members of that actor. The same implies to the ‘colleagues’ inclusion. However, in some cases particular actors are regarded as especially influential. From the interview with an entrepreneur we may conclude that a certain family member, say an uncle, has been a major influence on that person’s entrepreneurship. The uncle can be drawn into the graph. Moreover, if we can determine that the uncle’s influence is based on a specific other inclusion, e.g. his work inclusion, we can add that inclusion to the graph. The resulting extended graph is shown in Fig. 2.2.

Entrepreneur E is influenced by uncle U in the family inclusion. U’s influential position is based on his work inclusion. The circles in the graphic convention are still symbolic for groups of people, who do not need to be indicated, because it is part of the graphic convention that circles denote social-cognitive groups of people, people bound together by a shared way of making sense. We can now not only link actor E to actor U, but also link the way E makes sense of himself as an entrepreneur.

Fig. 2.2 The uncle’s work inclusion influences the entrepreneur through their shared family inclusion
is linked to the work inclusion of the uncle: through the multiple inclusions of U. This is why the model has been named Social Integration theory.

Another important advantage of this model of social network analysis is that it can lead the researchers to influences that are less visible at first sight. This advantage is again based in the basic belief of the social constructionist paradigm that beliefs, values, perceptions, etc., of people are not innate, but the result of influence from other people obtained through social interaction. We are able to pinpoint the source of many of our most cherished beliefs, but many others have come to us subconsciously through regular interaction. It can be something ‘my mother always used to say’, or a favorable one-liner of a school teacher. An well-trained experienced researcher will have developed a radar to detect such cognitive aspects of the entrepreneur during interviews. Researchers can pick such signals up and include ad hoc questions, or other triggers (see the section on interview techniques below), to stimulate the interviewee to engage in self-reflection, which will, hopefully, reveal the source of such tacit beliefs.

We are not arguing that standard social network analysis should be replaced by the SI model, but rather attempting to increase the explanatory power of both by combining them. The social groups indicated in SI graphs by circles usually represent networks as understood by mainstream social network theory. To continue our example of work and family inclusions, both groups form a social network that can be described as using standard social network analysis. In this way we believe we have found a better alternative to deal with the major problem in network theory, linking networks, than Burt’s structural hole model.

We will revert to this in more detail in the concluding chapter, when we will be able to substantiate our claim with the practical examples from the case chapters.

**Life Story Analysis: A Historic Approach**

The core theme of this study is the social embeddedness of Chinese entrepreneurs. We will study this by identifying the relevant social inclusions of the entrepreneurs by means of in-depth interviews with the entrepreneurs themselves and key people in their most essential inclusions. The current set of inclusions of any person is only a snapshot in time. It can change rapidly in different directions, that can not be readily predicted. However, we can attempt to trace back the history of the inclusions of entrepreneurs by dividing their life story in several periods.

This research method is referred to as life story analysis, which has been developed by a number of scholars (McAdams 1993; Linde 1993). In this method, the life story of an entrepreneur is divided in chapters, different stages in the lives of the entrepreneur. This division should not be made the researcher based on a general set of assumptions about a person’s life stages (Linde 1993, p. 21). For example, for many people with a university education, the moment of graduation and the consecutive search for an occupation may be regarded as an typical marking of the end of one stage and the beginning of the next, but this may not be the case for
a particular entrepreneur. During interviews, researchers therefore are required to
detect cues that point at such moments, or try to trigger interviewees in such a way,
that they provide such cues spontaneously.

The underlying assumption of the methodology is that people construct their
own story about what is true about themselves, and that experience can only be
understood through a discursive analysis of such stories, we use and practice the
narrative approach in this assignment to understand the (entrepreneurial) identity of
the entrepreneurs in our case studies. Life-story narratives can be regarded as
‘personal myths’, accounting for the fact that identity is created by organizing
stories about multiple identifications into continually revised biographical
narratives that provide answers to the question: ‘Who am I?’ (McAdams 1993).
Hence, life-stories are suitable when the researcher aims to obtain a deeper under-
standing of the identities of particular people, in this case entrepreneurs.

Following McAdams’ model on the life-story approach, the entrepreneurs will
be asked to organize their life-story in life-chapters, just like a novel. The beginning
of a new chapter is usually an event that the entrepreneurs themselves perceive as a
significant turn in their life. This approach fits in with Foucault’s proposal for an
archaeological approach to categorizations mentioned in our critique on the trait
approach of entrepreneurship earlier in this chapter, that takes into account the
course of social interaction that has constructed a certain world view. The same
ideas of Foucault have also been incorporated in the Social Integration model. The
idea is that ‘present’ is constantly reconstructed from ‘past’. Building blocks from
the a previous life chapter can be used in following ones, but often with a slightly
different interpretation, caused by a different configuration of relevant inclusions of
the entrepreneur in question.

Researchers will ask the entrepreneurs to start with the most important chapter
first, and focus where possible on the messages they received from their family and
peers (and other actors) regarding entrepreneurship/entrepreneurial (‘agentic’/
autonomous) behavior and the development of their entrepreneurial identity (as
well as their experiences in this respect) in relation to their other inclusions such as
gender, ethnicity, religion, class, age, sexuality etc. After a more general open
interview, the researcher will pose a few specific questions concerning the theoreti-
cal concepts.

The analysis of these life-stories starts with a division of the life chapters. Then
for each life chapter a set of relevant inclusions is determined from the story of the
entrepreneurs. For each inclusion, a content analysis is performed to discover the
dominant themes of the cognitive matter of that inclusion. This will result in a
historical reconstruction of the social influences that have shaped each
entrepreneur’s word outlook. Only then we can determine which social identities
have been constructive of that person’s entrepreneurship, i.e., which social
influences have been essential in making that person decide to set up an enterprise.

The network analysis as introduced in the previous section of this chapter will be
used to map the various inclusions of the entrepreneur and the major influential
actors. The network graphs of each life chapter will then read like a graphic novel of
the entrepreneur’s life story. Inclusions will be added in each chapter, while others
may become less influential. Some inclusions that started out as direct other inclusions of the entrepreneur, i.e. other than the inclusion in the enterprise, but can downgrade into indirect ones in a following life chapter. In one of the cases used in this study, a young man from Anhui province goes to Beijing to work as an apprentice home renovator. His prime motivation was to make money to alleviate the poverty of his family. In this life chapter the core inclusion is the configuration with the relative, and the family is one of the direct other inclusions; the most important one even. Later, when he has set up his own company, that company becomes his primary inclusion. The configuration with the relative in Beijing remains, but has been downgraded to an other inclusion.

Narrative Analysis

A story is one of the basic methods used by humans to organize events and facts in such a way that they make sense (Van Eeten et al. 1996). Stories, like the life stories of entrepreneurs that constitute the basic data collected and analyzed in this study, are therefore sensemaking devices and belong to (groups of) actors. They can be regarded as carriers of the cognitive element of social-cognitive structures. They are containers for the shared perception of reality, symbols, special jargon, etc. They define the role of each actor and describe the relationships between the actors.

What makes a story a story and not just an account of events and facts is a sequence of events, connected by a plot (for example: Van Eeten et al. 1996; Czarniawska 1998). Plots – consisting of dominant ideas/recurring themes – are indicative of the narrative’s author’s justification of actions and events. The plot is put in the story (Czarniawska 1998).

An important sociolinguistic method to study stories is narrative analysis. Narrative analysis has a large overlap with life story analysis, in the sense that the former is part of the latter. A leading scholar in this field is David Boje. Boje (2001) makes a distinction between antenarrative, story and narrative. The ‘ante’ part in ‘antenarrative’ is taken in both of its basic meanings: ‘prior’ and ‘bet’ (Boje 2011).

Antenarrative is a “pre-narrative,” and a “bet” (ante) that you can tell an antenarrative that will become a living story that is world-changing and transforming to narrative hegemony. An antenarrative is a story that is NOT YET, and a BEFORE narrative…

Antenarrative has not yet enrolled its cast of characters. It has not yet become REAL-ized in the world of objects and processes and institutional systems. Antenarrative has not yet changed the context. Antenarrating means you are trying to recontextualize or decontextualize…

Antenarratives collect events and characters into their psychic economy. Antenarrative flight continues as long as their is context left to transform. Antenarratives feed on new contexts, they consume contexts, they recontextualize. Antenarratives stay in flight until they become domesticated, or become Framed and tamed within some dominant storyline. (Boje 2011)
According to Boje, once an antenarrative has been domesticated or framed, it turns into a story. A story is still relatively lively, but has a coherent structure, unlike to incoherent sequence of short clipped sentences, phrases and even single words that make up an antenarrative. Some stories are selected to be told not for the events that make up the story, but to convey a certain message. To make a point, such stories are told and retold numerous times, without major changes. It is hoped that the messages will settle down firmer and firmer in the minds of the audience each time the story is retold. Such a story is referred to as narrative in Boje’s model. It adds more plot and tighter coherence than ‘spontaneously’ present in the story. Antenarrative comes before story and narrative comes after story. We will use the term ‘narrative’ when referring to the plotted story (Table 2.1).

When analyzing interviews, it is significant whether the reply by an interviewee about a certain topic is an antenarrative, a story or a narrative. An antenarrative reply indicates that the interviewee is communicating his/her own feelings. Antenarratives are still constructs in the sense that they represent the interviewee’s perception of what happened, but should not be regarded as equal to what happened. However, the interviewee is making an effort to make the interviewer feel what (s)he felt at the time the events took place.

In case a reply is given in the form of a story, it indicates that the interviewee still wishes to let the interviewer share his/her feelings when the events happened. However, (s)he is taking a certain distance from the related events. The interviewee has finalized the sensemaking about the events. A trained interviewer can still trigger the interviewee to engage in self-reflection to reinterpret the events to obtain more information about certain events.

When the interviewer detects a narrative reply, it indicates that the interviewee is not in a mode to ‘tell what happened’, but has the intent to make the interviewer believe his/her version of the what happened, or to use the story as a tool to convey a certain message. It therefore also gives an important signal about the way that interviewer perceives the interview and the interviewer. Professional interviewers can still try to break a narrative open, but it will require considerably more effort.

Narratives can be recognized by the interviewer, because the story is tightly plotted, phrased with grammatically correct sentences. However, often narratives are detected during the tertialization stage (see the next section on naturalistic inquiry for details). For one of the cases used in this study, the entrepreneur spontaneously started talking about his father, when we asked him about the roots of his entrepreneurship. It sounded like a quite credible story at the time of the interview. However, when analyzing the recorded reply, we noticed that it was well plotted, even quite slick. During the tertialization phase of our analysis of this

Table 2.1: Antenarrative, story and narrative

<table>
<thead>
<tr>
<th>Antenarrative</th>
<th>Story</th>
<th>Narrative</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Lived experience’</td>
<td>Account of events, facts and incidents as they happened</td>
<td>Events are sequenced and plotted. Tighter coherence</td>
</tr>
</tbody>
</table>

Entrepreneurship
entrepreneur, we found a story about his father on his blog, dating a year before our interview with him, which was strikingly similar, with entire sections exactly the same. This was solid proof that we were dealing with a narrative. This narrative will be treated in detail in the chapter on Family.

**Naturalistic Inquiry**

The research methods described above (life story analysis, narrative analysis) all fit in the methodology of Naturalistic Inquiry as proposed by Lincoln and Guba (1985). Naturalistic inquiry is called ‘naturalistic’, because it is based on the belief that aspects of society and human behavior are consistent and coherent, but not measurable or calculable like the objects of natural sciences. To discover those consistent and coherent aspects, researchers of social sciences need to collect data in the same way natural persons try to make sense of the world in everyday life. Natural persons do so by observing using all their senses, picking up sensible cues from the data streams obtained through the senses, and building an understanding of reality using those cues as building blocks. For example, to understand what a ‘table’ is, we observe several examples of (objects referred to as) tables and abstract out the similarities common to all instances of tables thus observed. We do not determine the way people organize their worlds, but rather we discover it – by continuous meticulous observing those people.

Another reason to speak of naturalistic inquiry is that in the social constructionist paradigm we believe that the inquirer and the object of inquiry interact and influence each other; they are inseparable. Researchers are people and so are the entrepreneurs we are studying. Entrepreneurship research is a concatenation of social interaction between people, some in their role as observers others as in their role of entrepreneur. However, seen from an organizing perspective, it is not a special type of social interaction. This also applies to the consequences of that interaction. During their interaction, researchers and entrepreneurs will construct their own reality. The life stories of the entrepreneurs are not THE life stories of the entrepreneurs, but constructs, resulting from the interaction between researchers and entrepreneurs. Linde there calls life stories a ‘cooperative achievement’ of the speaker (the entrepreneur in our case) and the addressee (researchers) (Linde 1993, p. 12).

Moreover, in this methodology the relationship between the researchers and the entrepreneurs are not regarded as that of subject and object. We regularly share our findings with the entrepreneurs and include their feedback to those findings. In this way, the entrepreneurs become co-researchers. This will invite the entrepreneurs to share their life story with the researchers as freely and openly as possible.

Yet another motivation to speak of “naturalistic” inquiry is that we need to observe people acting in their natural environment. Researchers must identify and gain entry to that environment to study and determine:
– The role(s) the researchers will take at those sites (observers, interviewers, participants, etc.);
– What the researchers want to observe (which people in which processes at what locations, etc.);
– How the researchers will make those observations (including physical positions in the environment);
– Whom the researchers will interview and what topics they will take up;
– How the researchers will record and analyze the information they acquire;
– How to write up or otherwise present the research study.

To maximize our exposure to actors involved in each case, extensive use has been made of unstructured observations and in-depth conversations documented by detailed field notes. To maximize the information obtained from such conversations, researchers need to be aware of the different types of questions used to extract different types of information. There is no fixed typology of questions, but the following list is useful. Typical example questions are provided between brackets. Note that ‘questions’ do not literally have to be questions. Interviewers can use declarative sentences to bring the interviewees in a certain mode of thinking, or bring up a specific topic.

– **Experience/behavior**: eliciting descriptions of experience, behavior, actions
  Example:
  What are some of the most memorable experiences you have had when you started up your business?
– **Opinion/value**: try to find out what people think, to tell us the goals, intentions, desires, values; from a constructionist perspective, it is advisable to try to make the interviewer link opinions to a certain source,
  Example:
  How did you get the idea to begin an online language school? (this is a better way to phrase this question than starting it with ‘why’, because a how-question stimulate the interviewee to relate to the sensemaking behind that choice and the people in various inclusions, who may have suggested that choice).
– **Feeling**: understanding emotional responses
  Example:
  How did you feel when ...? (This is a very generic question in this category. Another technique is that interviewers express a certain feeling about what is being discussed, leaving it undetermined whether is their own feeling or the feeling they expect from the interviewee, and then observe the reaction of the interviewee. For example, when an interviewee while telling a story mentions something could be perceived as threatening, but the interviewee does not express his/her emotions, the interviewers can spontaneously say: ‘Frightening!’ The interviewee may then continue without responding, show assent, show disagreement, etc.)
– **Knowledge**: factual information; although perceptions of the interviewees and the social sources of those perceptions are the core information we want to extract in the constructionist paradigm, every now and then one will need simple factual information.
Example:
How many people are working here?

- **Sensory**: what sensory stimuli are respondents sensitive to. This information should not be confused with ‘opinions’ or ‘values’. Sensory aspects of human sensemaking are a mix of subconscious likings, preferences, etc. While opinions and values always have a social background, sensory aspects can also be the result of conditioning in certain physical environments, like the scent of a flower that used to grow in the family garden, that, whenever you catch that scent, generates a ‘feeling like home’, without you realizing it. Many replies to this type questions may trigger the interviewers to continue with a question that tries to discover the social source of that sensory aspect.

Example:
Why do you like plants in your room? (if the reply to this question is that the interviewer has grown up in a home full with plants, the interviewers could ask something like: ‘Did your mother like plants?’ or ‘who in your family took care of those plant?’)

- **Background/demographic**: understanding the respondent’s education, previous experiences, age, birth region, residence etc. In the Chinese cultural setting, many aspects that fall under this category are regarded as highly influential to a person’s sensemaking of the world. This is reflected in the structure of this book, in which a number of chapters has been dedicated to these aspects, e.g. home region.

Examples:
Where in China are you from? (the reply will be very factual, but it can be followed by a sensory type of question like: ‘What are the typical traits of people from . . .?’ Note that this question is meant to trigger the interviewer to get into a subjective, chauvinist, mood. We are not really that interested in the reply itself. Many Chinese interviewees will try to list a number of general positive traits and one or two less positive ones, to show the obligatory modesty. However, some Chinese will try to get around a direct reply, which is an indication that they do not perceive their home region as an important aspect of their sensemaking.)

- **Relational**: all of the above linked to a specific social inclusion. Social relations of entrepreneurs is a core issue in this research. In our comments to the above listed types of questions we already indicated that it is important to extract the interviewees’ perceptions and link each perception to a certain social source, a person whose influence on the interviewee in a certain inclusion has given the interviewee this perception. Interviewers can also uncover the multiple ways an interviewee makes sense of a certain issue by linking one way of making sense of that issue to a concrete other actor.

Example
How would your partner react to this? (if the reply would be that the partner would have the same opinion as the partner, the interviewers can try to link this to a certain shared inclusion. If the reply is that the partner’s reaction would be different from that of the interviewee, the interviewers can try to find out the inclusion of the partner from which his/her opinion in this matter originates.)
Apart from interviews with the entrepreneurs themselves, people in important inclusions of the entrepreneurs can also be interviewed. The resulting information can be used for another essential element of naturalistic inquiry: tertialization. From the entrepreneurs’ stories, we can construct their life stories as they see them. The qualitative alternative for the mathematical verification procedures in quantitative research is tertialization, checking primary data against data originating from sources close to the people who are being researched. In terms of the SI model, we can look for key other actors in essential inclusions, and interview them as well. Those interviews will be more specific than life story interviews. They will be more focused on the relationship between the interviewee and the entrepreneur. However, even in those interviews, the researchers should try to extract a broad range of information, using the same types of questions and other interview techniques as introduced in the previous paragraphs.

The researchers will compare those stories with the stories of the entrepreneurs themselves and make an inventory of similarities and discrepancies. Both are significant. In the constructionist paradigm, the similarities and discrepancies both contribute to the insight in the relationship between the interviewee and the entrepreneur. When information provided by such a secondary actor denies certain statements by the entrepreneur, the reaction of a constructionist researcher is not trying to determine who is ‘right’, but what the source of the difference could be. Differences can usually be attributed to different sets of inclusions.

The third source of information for the triangulation process is a mix of published texts: media reports, websites, company brochures, product information, etc. When the entrepreneur being researched is operating in the furniture business, the China Furniture Industry Association may be a useful source to learn more about the general sensemaking with that industry in China.

The information thus collected can be used to construct the (life) stories, and their substories (life chapters), of the entrepreneurs. These stories are the containers for the shared perception of reality, the symbols, etc., of each group. They define the role of each actor and describe the relationships between the actors (Van Eeten et al. 1996; Czarniawska 1998; Boje 2001). In the SI framework, each social-cognitive group is regarded as having its own story of the case. Such stories only pertain to one particular group and are linked to one particular moment in time (Gergen 1992, p. 220). The groups are then integrated by the multiple inclusions of the actors involved.

As the study of social capital building by Chinese private entrepreneurs is still in its initial stage, we are coping with a relatively high number of variables of potential interest and a large number of sources of data. In such a context, the case study is the most appropriate approach (Yin 2004). The combination of a case study and naturalistic inquiry will generate a framework that can be applied to a larger number of cases in the future and this will gradually lead to the construction of a model of social capital in relation to Chinese private entrepreneurs.
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