HOW DO ENTREPRENEURS ACQUIRE USEFUL INFORMATION FROM ONLINE COMMUNITIES? (SUMMARY)

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HOW DO ENTREPRENEURS ACQUIRE USEFUL INFORMATION FROM ONLINE COMMUNITIES?

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Principal Topics

Finding access to new information and scarce resources has always been a challenge for entrepreneurs (Dubini & Aldrich, 1991; Stuart & Sorenson, 2007). Responding to this challenge, online communities of entrepreneurs (OCEs) have emerged in various digital platforms like Facebook, LinkedIn and WeChat (major mobile social network in China). Little is known about the mechanism of how entrepreneurs obtain and exchange useful information in such an environment that members are largely strangers among themselves (Faraj & Johnson, 2011). To fill the gap we aim to understand two important research questions: (1) Is online networking different from physical networking? (2) Do tie strength and trust matter in OCEs? By adopting theories of social network, social exchange and interpersonal communication, we suggest that entrepreneurs’ networking in OCEs and physical network has significant difference in the creation of their social relationships. Specifically, entrepreneurs obtain lower levels of tie strength as well as benevolence-based trust, higher level of competence-based trust in OCEs than in physical network. Further more, tie strength mediates the link between benevolence-based trust and information transfer.

Method

We surveyed all the members from an online community of entrepreneurs hosted in WeChat. The community has been around since 2012 and comprises 161 members. 86 respondents eventually completed the survey (response rate =53%). We asked each respondent to report two people who have been most helpful in providing professional advice, and two people in providing emotional support in the online community and physical network respectively. Hence each respondent reported eight relationships, providing a total sample of 659 dyads. We analyzed the data using t-Test and ANOVA for comparing the group means of targeted constructs in the binary context (online community and physical environment). For the relationship of tie strength, trusts and information transfer, we analyzed using OLS regressions with heteroskedasticity-consistent standard errors (Wooldbridge, 2002).

Results and Implications

Overall, the principal results are very consistent with our hypotheses: tie strength and benevolence-based trust are much stronger in the physical network than in OCE, while competence-based trust holds higher score in OCE than in the physical network. This indicates that OCE is complementary to the entrepreneurs’ physical network in acquiring professional advice. Meanwhile, competence-based trust in OCE is not to be associated with tie strength. The result also shows support to the mediation effect of tie-strength between benevolence-based trust and information transfer in OCE. Our study contributes to the literature of both entrepreneurship and online community.

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