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VIRTUAL COMMUNITY CORRELATES OF MUTUALLY BENEFICIAL ENTREPRENEURIAL BEHAVIOR (SUMMARY)

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ENVIRONMENT

SUMMARY

VIRTUAL COMMUNITY CORRELATES OF MUTUALLY BENEFICIAL ENTREPRENEURIAL BEHAVIOR

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Principal Topics

The operational environments of virtual entrepreneurial firms offer unique opportunities that may not be evident in physical/brick and mortar contexts. Sweeping developments in information and communication technologies, ease of information flows, and low cost access to technological tools have led to radical changes in the opportunities available to entrepreneurs and their exploitation methods as well (Roberts, 2001). However, not much is known about the nature and dynamics of the online entrepreneurial ecosystem or if and how it promotes novel interactions. In particular, virtual entrepreneurs that choose to host their business on a common cybermediary platform may experience greater sense of identity, shared values, and membership due to their shared online environment. This sense of virtual community may give rise to mutually beneficial firm behaviors whereby support of other businesses becomes the norm in contrast to entrepreneurial firms existing in physical environments which tend to view other firms competitively. We integrate the literatures on sense of virtual community (Blanchard, 2007), virtual e-word of mouth (Kozinets, 1999), online social capital (Williams, 2006) and e-community support (Rothaermel & Sugiyama, 2001) to answer the research question: What are the virtual community correlates of mutually beneficial entrepreneurial behavior?

Method

A total of 1500 virtual entrepreneurial firms hosted on a worldwide cybermediary platform were contacted for sampling purposes. The dependent variable i.e. firm performance was operationalized as average sales per quarter and satisfaction with business experienced by entrepreneur. The data on four independent variables were obtained from primary sources via survey questionnaires (a) Sense of virtual community: sense of community experienced towards others in the community; (b) E-community support: frequently making purchases at other shopfronts; (c) Virtual/e-word of mouth: how many other businesses the virtual firm features; (d) Online social capital: social capital resource accumulated.

Results/Implications

This study contributes to understanding the mutually beneficial behaviors of virtual firms and their effects on firm performance. It is an initial attempt to elucidate the dynamics of the supportive online entrepreneurial ecosystem. Results indicate performance measures were related to e-community support and online social capital. We draw attention to the nature and effects of cooperative inter-firm behaviors in the virtual domain.

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