Factors leading to success for entrepreneurs in the Chinese online C2C market

Rui Li
Iowa State University

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Factors leading to success for entrepreneurs in the Chinese online C2C market

by

Rui Li

A dissertation submitted to the graduate faculty
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

Major: Apparel, Merchandising, and Design

Program of Study Committee:
Te-Lin (Doreen) Chung, Co-major Professor
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The student author, whose presentation of the scholarship herein was approved by the program of study committee, is solely responsible for the content of this dissertation. The Graduate College will ensure this dissertation is globally accessible and will not permit alterations after a degree is conferred.

Iowa State University

Ames, Iowa

2021

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ABSTRACT

The Chinese online market is growing rapidly and has become the world’s largest online market. The Consumer to Consumer (C2C) sector, an important component of the Chinese online market, has drawn the attention of researchers as a major platform for online entrepreneurship. The present study is the first to systematically explore factors affecting C2C business operations and perceived success according to Chinese online C2C sellers. Guided by a research framework consisting of the modified resource-based theory, institutional theory, and entrepreneurial marketing (EM) framework, the present study qualitatively (a) profiled Chinese online entrepreneurs according to their demographic traits, (b) defined “success” based on Chinese online entrepreneurs’ perceptions, and (c) depicted Chinese online C2C market dynamics according to Chinese online entrepreneurs’ experiences. Additionally, the present study also quantitatively investigated the effects of (a) personal motivations, (b) resources, (c) Chinese institutional environmental factors, and (d) operational strategies such as EM on perceived success. This study appears to be the first to empirically examine the modified resource-based theory, institutional theory, and the EM framework in a non-Western online market.

The study adopted an exploratory sequential mixed-method by following guidelines outlined by Creswell (2014). The qualitative phase of data collection consisted of nine interviews and the quantitative phase consisted of an online survey. Three hundred ten useable responses from the online survey were utilized for the various subsequent statistical analyses. The results suggest that the majority of Chinese online entrepreneurs were relatively young, married, and highly educated. A considerable number had previous industry experience, and the majority sold
apparel, accessories, and beauty products through C2C platforms such as Taobao and instant messaging tools such as Wechat.

Measurement instruments consisted of items adapted from previously validated scales as well as items generated by the investigator. All but the customer-centric innovation dimension of the EM scale proved to be reliable and valid based on exploratory (EFA) and confirmatory (CFA) factor analyses. The following five scales were validated: the business resource, motivation, institutional environment, operational strategies, and factors leading to perceived success and perceived success. A cluster analysis of participants’ perceptions measured by variables in the aforementioned scales, along with demographic traits, revealed factors associated with perceived financial and nonfinancial forms of success. Skilled and experienced entrepreneurs who focused on customer service and risk management as well as ambitious and prepared entrepreneurs who focused on utilizing rich resources for marketing and expansion enjoyed a high level of perceived success. Conversely, entrepreneurs who had fewer resources and who were forced into the market through unemployment or dissatisfaction with a previous job were associated with considerably lower levels of perceived success.

Chinese online entrepreneurs defined their success in terms of financial and nonfinancial dimensions. The financial dimension consisted of profitability and income, sales volume, and investment return. The nonfinancial dimension consisted of customer satisfaction, positive word-of-mouth, and a good reputation with positive social recognition. Additionally, multiple regression results revealed that self-fulfillment and situational motivations, rather than survival motivations, positively affected perceived success. Although all resource capitals positively affected perceived success, social capital played the most important role and explained the largest portion of variance in both financial and nonfinancial success. The Chinese institutional
environment positively impacted perceived success, yet it did not affect entrepreneur’s actual choice of strategies for business operations. However, business operational strategies, such as branding and EM dimensions, influenced both financial and nonfinancial success. Hence, effectively applying one’s resources, especially one’s social networks, to business management, customer services, and marketing activities through innovative and entrepreneurial means is key to achieving success in the Chinese online C2C market. A detailed discussion of the impact of each of the aforementioned factors on success along with suggested theoretical and practical implications is presented. Thus, this study not only offers future research directions but also provides practical insight for those who would like to start their own business in the Chinese online C2C market.

The study contributes to the emerging body of research findings on the Chinese online C2C market and online entrepreneurship. It also provides significant theoretical implications. The modified resource-based theory and the institutional theory, as well as the entrepreneurial marketing framework, are empirically proven to be effective in explaining business success in non-Western online markets, which demonstrates the applicability and robustness of these theories and framework. Hence, future comparative research studies based on these theories and framework, extending across various cultures and/or countries, may be more fully realized.
CHAPTER 1. INTRODUCTION

Background

Entrepreneurship is a significant contributor to economic growth because of the job creation, consumer goods and services offerings, and wealth and competition generated by the new ventures (McCraw, 2010; Phelps, 2013; Wong, Ho, & Autio, 2005; Zahra, 1999). Schumpeter (1934) defined entrepreneurs as innovators who take managerial and decision-making roles in the new ventures they establish. He also described entrepreneurs as individuals who are creative in finding new combinations of resources to develop a new product, design new technology, or secure a new market (Schumpeter, 1934). It has been recognized that entrepreneurs and entrepreneurship play a critical role in successful economies and serve as main drivers of economic development (Anokhin, Grichnik, & Hisrich, 2008). However, it also has been noted that economic activities such as entrepreneurship are usually influenced by the institutional environment in a country, which represents a unique political-social-cultural context (Xing, 2016). Institutions are “the humanly devised constraints that structure human interaction” (North, 1990, p. 3). Institutional theory suggests that the goals, beliefs, and behaviors of individuals are guided and shaped by various institutions, including formal institutions, such as constitutions, laws, and regulations, and informal institutions, such as moral rules, cultures, and social norms (Scott, 2014; Zhu, 2005). Researchers have asserted that both formal and informal institutions can either promote or constrain entrepreneurial activities (Chen, Sun, Newman, & Xu, 2012; Coase & Wang, 2012).

The institutional environment has changed greatly in China since the open-door policy was launched in 1978, which started economic reform in China (Chan, 2010; Simmons & Elkins, 2004). Specifically, the continuous liberalization of the market economy guided by the
government (Xing, 2016), the wider acceptance of Western culture values such as individualism (Lee & Peterson, 2001), and the enhanced social status of businessmen (Gangemi, 2007) have all contributed to a more favorable institutional environment for entrepreneurship in China. As a result, China has experienced a significant increase in entrepreneurship. Over the past 35 years, privately owned businesses have grown from zero to more than 6 million registered enterprises (Chen, 2006). Furthermore, small- and medium-sized private enterprises nationwide accounted for 75% of the new jobs (Loyalka & Dammon, 2006). Online entrepreneurship in particular, one of the newly created private entrepreneurial ventures, has seen rapid growth since the 2000s (Pan & Wu, 2011).

The online market has witnessed a boom recently. Online sales in all categories reached 2 trillion US dollars (USD) in China in 2018 (eMarketer, 2019). Online sales in China accounted for more than 50% of the total sales in the world (eMarketer, 2019). China now has more than 829 million Internet users, and more than 610 million of them are online shoppers (China Internet Network Information Center [CNNIC], 2019). As reported by eMarketer (2019), the total online sales volume in China grew more than 30% between 2017 and 2018, and represented 35.3% of the total retail sales of consumer goods in China. This online market growth was five times higher than the growth of the total retail market in China during same time period (eMarketer, 2019).

The rapid development of the Chinese online market brings with it the maturation and stabilization of the structure of this market. Based on an investigation by iResearch (2019), the ratio of the consumer-to-consumer (C2C) to the business-to-consumer (B2C) sector in the Chinese online market by sales volume shifted from 7.5:2.5 in 2011 to about 4:6 in 2019. The
The makeup of the online market in China has already resembled that in developed countries such as the US (Sohu, 2009).

The C2C sector has been the largest component of the Chinese online market for a long time. In 2008, it represented more than 93% of total online sales in China (iResearch, 2009). Despite the rapid development of the B2C sector, the C2C sector had dominated the Chinese online market for about a decade (iResearch, 2015). Although the B2C and C2C sectors shifted to about 6:4 in terms of total sales volume, the majority of consumers had more shopping experience on C2C platforms (CNNIC, 2015). According to CNNIC (2015), 87% of Chinese online shoppers had shopped on the Alibaba group’s C2C platform, Taobao. Meanwhile, 69.7% of Chinese online shoppers had shopped on the Alibaba group’s B2C platform, Tmall, and 45.3% of Chinese online shoppers had shopped on the largest independent B2C retailer platform, JD mall (CNNIC, 2015).

The most distinctive characteristic of the C2C online market is that buyers can also be sellers at the same time. Recently, an increasing number of individuals have joined the C2C market as sellers (CIRN, 2013). For example, Taobao, the largest C2C platform in China, had more than 279 million active users, and 8 million of them owned a store front in 2014 (Sina, 2014). Moreover, a statistic showed that the number of Taobao stores increased about 37% from 2014 to 2015 (Paidai, 2015). There were two main reasons for this phenomenon. First, the Chinese government had been promoting innovation and entrepreneurship across the country, and the online market was one of the best places to start one’s own business because of its easy access, booming sales, and tax-free environment for online sellers (CIRN, 2013; Jing, 2015). In an article in Diplomat News, Ebner (2014) asserted that entrepreneurship is China’s next economic growth engine. Second, in 2015, the 7 million new graduates from colleges and
universities seeking employment created a formidable challenge to the job market (askci.com, 2015). Many of these graduates who were unable to find employment had to find other sources of income such as selling goods online. To alleviate the pressure of the increasing unemployment rate, the Chinese government instituted several policies to encourage self-employment and entrepreneurship for young graduates including simplified loan applications, reduction and remission of taxes, and decreased loan interest rates. Thus, a tightening of employment opportunities and the favorable online business environment had pushed many people, including new college graduates, to the online market to start their own businesses (CIRN, 2013). The Prime Minister of China had publicly recognized Taobao’s contribution to the country, noting its contribution to self-employment opportunities (CIRN, 2013).

**Statement of the Problem**

Although the online market is booming in China, entrepreneurs who start and operate online stores face many difficulties given the specific market environment. For example, although online buyers may enjoy an array of products from a great number of sellers on Taobao, online sellers face fierce competition given the large number of competitors. Online C2C entrepreneurs need to identify and secure various resources then utilize these resources to formulate business strategies to remain competitive. Identifying these competitive strategies to help ensure success for C2C entrepreneurs is important because starting a new business online involves various costs including financial and opportunity costs. In addition, given the importance of the Chinese C2C segment to the online market and income creation within China, there are other benefits to understanding ways to enhance the chances of developing a profitable and sustainable C2C business. In other words, factors contributing to the development and sustainment of successful C2C businesses deserve examination to help individual owners earn a
living and offer better consumer experiences as well as contribute to the economic system within China.

Thus far, researchers have explored the C2C online market from the buyers’ perspectives in both developing and developed countries. This includes examining consumer perceptions regarding the design/quality of C2C websites (Chang & Chen, 2008), seller reputation (Pan, Kuo, & Pan, 2015), and customer relationships (Verma, Sharma, & Sheth, 2016). These past studies answered the question regarding what customers expect from online C2C entrepreneurs. Nevertheless, the current practices and strategies and their effectiveness from the C2C entrepreneurs’ perspectives have not been examined. In particular, it appears that no study thus far has comprehensively investigated Chinese online C2C entrepreneurs’ perceptions and experiences in doing business, such as their means of identifying and acquiring different resources, the operation strategies they employ, and other factors they perceive to have an impact on their business success based on the unique institutional environment in China.

Additionally, research is needed to understand online C2C entrepreneurs’ motivations for starting a business and their subjective definitions of success, which may affect their business operations. These C2C entrepreneurs may define success not only in terms of making a profit, but also in terms of personal accomplishment (Walker & Brown, 2004). Their motivations for starting their own businesses may influence their subjective definition of success. Whether they perceive they have accomplished their goals may depend on different measures of success. For example, those C2C entrepreneurs who start their business because of unemployment and those who would like to enjoy a flexible lifestyle may define success differently, as the former may focus more on the financial success, and their operation strategies may also vary as the former may stress sales and profit maximization.
Entrepreneurs in Western countries have various motivations for starting a business (Dobbs & Hamilton, 2007; Reijonen & Komppula, 2007; Walker & Brown, 2004), and these motivations have been found to influence business performance (Peña, 2002). Based on literature of Chinese entrepreneurs, economic gain is the major motivation to start a business (Li, Yang, Yao, Zhang, & Zhang, 2012). Because of the dearth of literature of the topic, it is not clear whether Chinese entrepreneurs are motivated by other factors to start a business, especially in the online market. There appears to be no study investigating Chinese C2C entrepreneur’s motivation(s) and subjective definitions of success. Hence, research of Chinese C2C entrepreneurs is needed to address the gap in the literature and enhance the understanding of influencing factors contributing to C2C business success.

A modified resource framework specially for small businesses proposed by Greene, Brush, and Brown (1997) was used as a conceptual framework for this study. This modified resource framework is based on the resource-based theory (RBT, Barney, 1991). RBT is one of the most widely used approaches that captures an array of variables that predict entrepreneurship and business success (Dobbs & Hamilton, 2007). It includes an analysis of the sustainable competitive advantage a firm maintains by strategically combining and utilizing resources it possesses (Barney, 1991). Such resources include physical capital, human capital, and organizational capital (Barney, 1991). However, Greene et al. (1997) argued that RBT is often applied to the analysis of large, corporate businesses and is less useful in the analysis of new and small businesses that are constrained by limits in these capitals. They asserted that for new ventures, business survival may be the primary objective rather than achieving long-term sustainable competitive advantages. Moreover, they claimed that social capital and financial capital should be included for a more systematic and comprehensive resource framework for
small firms. As a result, the modified RBT is composed with five resource capitals: human capital, social capital, financial capital, physical capital, and organizational capital. Human capital includes education and experience (Alon, Alonilan, & Lerner, 2008; Islam, Khan, Obaidullah, & Alam, 2011). Social capital includes external relationships or guanxi (Cheah & Dewan, 2015; Street & Cameron, 2007). The addition of social capital may be imperative to the study of Chinese entrepreneurs because of its importance in business dealings in Chinese society, such as its role in leveraging external resources to achieve business success (Luo, 1997). Financial capital; physical capital, which includes technology; and potential organizational capital will also be investigated to examine whether C2C entrepreneurs perceive these to be influential to their success (Dollinger, 1995; Jasra, Hunjra, Rehman, Azam, & Khan, 2011). Hence, the present study adopted the modified RBT framework to investigate Chinese C2C entrepreneurs’ perceptions of the use of resources in their small businesses.

Moreover, with certain resources in hand, Chinese online C2C entrepreneurs need to deliberately apply and allocate these resources in their business operations to form unique strategies to remain competitive. These competitive strategies may vary based on differences in resource combinations, product categories sold, and/or market insights. This study also explored the special operation strategies Chinese C2C entrepreneurs perceive to affect their business success including entrepreneur marketing (EM) strategic practices, innovatively exploring opportunities, creating values, and managing risks to satisfy customers and maintain competitiveness (Fiore, Niehm, Hurst, Son, & Sadachar, 2013).

Institutions shape individual beliefs and behaviors in a society (Scott, 2014). Given the unique institutional environment in China, the potential impact of political, social, and cultural institution aspects on Chinese C2C entrepreneurs’ motivations, their business operations, and
their business success were also investigated. For example, because of the importance of commitment to the family in Chinese culture, recognition and support from family members may be a key resource for C2C entrepreneurs (Kwong, 1996; Liao & Sohmen, 2001). Family members’ social networks and reputations could help entrepreneurs to expand their social networks to connect with vendors or clients (Greene et al., 1997; Leibenstein, 1968). Hence, culture may lead to heavy dependence of entrepreneurs on the family as a source of social capital. The present study was guided by the following framework shown in Figure 1.1. Institutional environment was taken into account in every step of this study, because all of the motivations, resources, and strategies under consideration are embedded in the unique context of Chinese culture. Entrepreneurial marketing, which refers to the delivery of marketing activities through an entrepreneurial approach to gain and retain profitable customers (Morris, Schindehute, & LaForge, 2002), was included in the research framework. Entrepreneurial marketing represents the innovative approaches to marketing that entrepreneurs with limited resources utilize to explore business opportunities; it fits the context of Chinese online C2C entrepreneurs’ business operations.
Purpose and Objectives

Schumpeter (1934) pointed out that entrepreneurs are distinct from business owners or managers. The critical factor that distinguishes entrepreneurs from non-entrepreneurial managers or small business owners is innovation (Carland, Hoy, Boulton, & Carland, 1984). Starting and operating a C2C online business commonly requires innovation to remain viable in a new and fiercely competitive market. For the present research, the study population included online C2C entrepreneurs who had established online stores and/or who had been operating online stores on a daily basis. These entrepreneurs were the sole owners or co-owners of these online stores.

The purposes of this study were to (1) gain a deeper understanding of the Chinese online C2C market in terms of sellers’ perspectives regarding establishing and operating successful businesses, (2) characterize and categorize Chinese online C2C entrepreneurs according to their
perceptions and demographic traits, and (3) offer insights and suggestions to practitioners who would like to start a business in the online C2C market. The fourth and final objective was to investigate the effects of (a) personal motivations, (b) resources, (c) Chinese institutional environmental factors, and (d) special operational strategies such as EM on perceived success.

To fulfill the study’s purpose, an exploratory sequence mixed method (Creswell, 2014) was used. First, a semi-structured open-ended, in-depth interview was conducted with Chinese online C2C entrepreneurs to understand their motivations for starting online businesses, explore their subjective definitions of success, and identify factors—such as demographic traits, acquired resources, and consequent operational and marketing strategies—that they perceive to have influenced their success.

The results of the qualitative study informed the development of a quantitative online survey distributed to a large sample of Chinese online C2C entrepreneurs to validate, from a statistical standpoint, factors that were perceived to lead to a C2C entrepreneur’s objective financial success and subjective perceived success. The analysis of the survey responses also helped to enhance the understanding of the Chinese C2C entrepreneurs by clustering them into different groups based on their demographic traits, motivations, possessed resources, and business operation strategies.

Based on a comprehensive analysis of both the qualitative and quantitative results, recommendations were developed to help entrepreneurs who would like to start their own business in the Chinese C2C online market. These recommendations are provided to the participating entrepreneurs in an executive summary.

**Significance**

By investigating Chinese online C2C entrepreneurs’ motivations to start their businesses, their subjective definitions of success, and the relationships among their motivations, business
operations and success, this study makes a significant contribution to the study of Chinese online entrepreneurship. This study is also significant because it utilized a well-developed, widely used, and thoughtfully modified conceptual framework in a new field of interest: entrepreneurship in the Chinese online C2C market. Using this framework provides a more systematic and comprehensive understanding of Chinese online C2C entrepreneurs and the Chinese online C2C market and, at the same time, validates the effectiveness of the modified RBT as a tool to analyze small business success in the unique Chinese context.

Specifically, this study investigated how Chinese C2C entrepreneurs identify, acquire, and utilize resources in their business operations to survive and grow, which is a critical task and primary goal of new ventures. This study includes an examination of (a) the effectiveness of previously identified key factors that impact business success and (b) unique factors embedded in the Chinese institutional environment, which has practical value for online C2C entrepreneurs and contributes to understanding the phenomenon from a theoretical perspective. The results of this study shed light on the research field of online business entrepreneurship as well as marketing and management strategies.

From a practical standpoint, with the inclusion of an executive summary in both English and Mandarin Chinese, the outcomes of this study provide valuable guidance to practitioners who want to enter the market and operate a successful business in the Chinese C2C market.

**Definitions of Key Terms**

*Culture*: Hofstede (1980) defined culture as the common beliefs, customs, and values shared by a group of people.

*Education*: Refers to the general education level of the Chinese online C2C entrepreneur and specific entrepreneurship education he or she has received.
Entrepreneurs: Schumpeter (1934) defined entrepreneurs as innovators who take managerial and decision-making roles in the new ventures they establish. He also described entrepreneurs as individuals who are creative in finding new combinations of resources to develop a new product, design new technology, or secure a new market (Schumpeter, 1934).

Entrepreneurial Marketing: Kraus, Harms, and Fink (2009) extended Morris et al.’s definition of EM and combined it with the American Marketing Association’s definition of marketing to offer a more comprehensive definition of EM:

an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, proactiveness, and may be performed without resources currently controlled.

(p. 27)

An entrepreneurial marketing scale, validated using a US sample of small business owners, consists of four dimensions: opportunity vigilance, customer-centric innovation, value creation, and risk management (Fiore et al., 2013). In this study, entrepreneurial marketing is regarded as an innovative strategy, which Chinese online C2C entrepreneurs may incorporate in their business operations.

Experience: Refers to a Chinese online C2C entrepreneur’s business experience and/or relevant industry experience he or she had before starting the online business.

Financial Capital: Financial capital is the “funds used to start and grow the business,” as defined by Greene et al. (1997). In the present study, it is defined as financial resources needed to initiate and maintain the smooth operations of the business.
Guanxi: Bian (2005) defined guanxi as a strong sentimental tie to other people with frequent interactions, high intimacy, emotional attachment, and repeated exchange of resources. In the present study, guanxi with family members, vendors, business partners, and customers is considered as a main part of online C2C entrepreneur’s social capital. It has also been suggested that guanxi is one of the most effective and efficient tools for leveraging resources to achieve business success in China (Luo, 1997).

Human Capital: In RBT, human capital is defined as “the training, experience, judgment, intelligence, relationships, and insight of individual managers and workers” (Barney, 1991, p. 101). Similarly, in the modified RBT, human capital is defined as the attributes of people including their education, experience, and reputation (Greene et al., 1997, p. 28).

Institutions: Institutions are “the humanly devised constraints that structure human interaction” (North, 1990, p. 3). Both formal and informal institutions affect individual behaviors. Formal institutions, such as laws and regulations, influence individual behaviors through the use of incentives, which reward conformity or punish violations, respectively (Ingram & Clay, 2000). Informal institutions, such as social norms and culture, regulate an individual’s behavior as he or she tries to blend into a particular social group or identify themselves with certain social or cultural identities (Stryker, 2000). Scott (2014) has classified formal and informal institutions according to three aspects: regulative, normative, and cognitive, which reflect the legal system, social norms, and cultural context, respectively. The legal system is considered to be a formal institution, whereas social norms and culture are considered to represent informal institutions (Scott, 2014).
Online C2C Entrepreneurs: In this study, the online C2C entrepreneurs are founders of online stores, which sell products and/or services to consumers. They can be the sole founders or co-founders who take the main roles for operations and management.

Organizational Capital: Barney (1991) defined organizational capital as the reporting, planning, controlling, and coordinating structure and systems in a firm. Similarly, Greene et al. (1997) claimed that organizational capital includes internal “relationships, structure, routines, culture and knowledge” (p.28) of a firm.

Physical Capital: Physical capital includes a firm’s physical assets such as a production facility, equipment, and raw materials (Barney, 1991). In the modified RBT framework proposed by Greene et al. (1997), physical capital refers to “tangible assets for business operations” (p.28), including facilities, equipment, and technology.

Resource-Based Theory: Barney (1991) introduced resource-based theory to understand the link between a firm’s resources and its sustained competitive advantage, which in turn leads to a firm’s success. RBT suggests that at least some portion of the resources that a business possesses are stable and different from those of competitors and can be deployed to obtain a sustained competitive advantage, which enhances the chance of firm success (Barney, 1991).

Social Capital: Greene et al. (1997) defined the social capital as the entrepreneur’s external relationships and networks. In this study, it reflects Chinese online C2C entrepreneurs’ external relationships with key personnel such as vendors, business partners, and customers, as well as support from family members, including social networks and reputation.
CHAPTER 2. LITERATURE REVIEW

The Institutional Environment and Entrepreneurship in China

Essentially, the formation of institutions involves social processes by which individuals accept shared meaning of certain activities or behaviors in a process of repetition and adoption (Scott, 1981). Scott (2014) classified institutions into three types: regulative, normative, and cognitive. In a society, these three types are usually reflected by the legal system, moral and ethical system, and cultural system, respectively (Palthe, 2014; Scott, 2014). The legal system is considered a formal institution, as it requires that behaviors conform with laws or rules (Palthe, 2014). On the other hand, the moral and ethical system and the cultural system are considered informal institutions, as they entail conformity with social norms/obligations and cultural context/traditions (Palthe, 2014; Scott, 2014). Institutions, both formal and informal, affect an individual’s behavior in society (North, 1990). Formal institutions, such as those consisting of laws and regulations, influence individual behaviors through the use of incentives, which reward conformity and/or punish violations (Ingram & Clay, 2000). Informal institutions, such as those that reflect social norms and obligations and/or cultural context and traditions, regulate individual behavior through the sense of belonging and recognition as the person tries to fulfill social obligations and responsibilities or blend into a particular cultural group (Stryker, 2000).

The active involvement of government has transformed the Chinese economy from a central, planned economy to a more market-oriented economy since the open-door policy (Xing, 2016). In particular, increased participation in global trade and involvement in international organizations such as the World Trade Organization (WTO) has caused changes in China’s formal and informal institutional environment (Hsueh, 2016). Formal institutional changes, such as fewer restrictions on private business ownership, and informal institutional changes including
more openness to Western culture in China have created a specific political-social-cultural environment, which promotes the revival of entrepreneurship (Haley, Haley, & Tan, 2012). Chinese culture and evolving socialist ideology have together shaped the government’s attitude toward entrepreneurship. Entrepreneurship, which was once seen as a threat from capitalism, is now seen as an economy booster beneficial to China (Tan, 2002). Moreover, China’s long history of trade has also contributed to the favorable entrepreneurship environment in the country (Li, 2013). Research has confirmed the relationship between an encouraging institutional environment and prosperity resulting from entrepreneurial activities (Chen et al., 2012; Coase & Wang, 2012; Wu, Li, & Wu, 2008). Researchers (Spencer & Gómez, 2004) have also noted that various institutions can affect economic development and entrepreneurial activities by defining the context for market interactions. Thanks to the improved institutional environment in China, new venture creation and an increased number of small- and medium-sized enterprises have contributed significantly to China’s economic growth (Huang, 2008; Li, 2013).

Regulative Institutional Changes Affecting Entrepreneurship

The regulative institution, reflecting the legal system, is one of the three elements of institution theory. The regulative element stresses “rule-setting, monitoring and sanctioning activities” (Scott, 2008, p. 428). This formal institution includes laws and rules with which people must comply (Palthe, 2014). Before the open-door policy launched in 1978, China practiced a centrally-planned economy; most market economy activity was strictly forbidden by law (Li et al., 2012). However, a free-market economy, such as the economy in the United States, is an economic system directed, guided, and regulated by the market mechanism, within which the prices of goods or services are determined by supply and demand (Xing, 2016). In a free-market economy, individuals are driven to pursue their own self-interest in economic interactions (Xing, 2016). A free-market economy encourages innovation and promotes
competition in the mass production of goods (Peck & Zhang, 2013). This free-market economy is emblematic of a capitalist ideology, which promotes individualism; this means that individual effort is rewarded within the economic system (Steele & Lynch, 2013).

Conversely, a socialist ideology promotes the common good for the collective rather than for individuals (Steele & Lynch, 2013). Thus, as long as the Chinese Communist Party continues to govern within the socialist ideology, the Chinese government will never promote capitalist values such as individualism, even though it is apparently embracing a free-market economy (Peck & Zhang, 2013; Wang, 2002). Interestingly, the Chinese government coined the phrase “market socialism,” which means that the economy is oriented and driven by market forces, but the economic growth is for people to grow wealthy together for social equality (Huang, 2012). In practice, the Chinese government chooses to retain control of industry sectors with greater political and economic strategic value, such as national defense, the oil industry, and telecommunications (Hsueh, 2016). Meanwhile, industries with lesser strategic value, such as the textile/apparel industry and the food and beverage industry, are under less government control (Hsueh, 2016). Entrepreneurs can start their own businesses in such industry sectors to compete in a free market (Hsueh, 2016).

Guiheux (2006) argued that entrepreneurial activities can be attributed to the less restrictive legal system. Since the early 2000s, the Chinese government further improved the regulative institutions to encourage private entrepreneurship by developing legal and resource support systems such as small business association and administration (Atherton, 2008; Clarke, Murrell, & Whiting, 2008). As a result, since the 2000s, people in China have become enthusiastic about starting new businesses. Entrepreneurs with overseas working experiences in managerial positions and college-graduate entrepreneurs have created a large number of new
ventures, particularly online businesses (Dong, 2013; Milana & Wang, 2013; Pan & Wu, 2011). In summary, the regulative institution in China has changed from forbidding private business to encouraging private entrepreneurship in certain industry sectors.

**Normative Institutional Changes Affecting Entrepreneurship**

According to institution theory, the normative institution represents moral and ethical systems in a society. The normative element “introduces a prescriptive, evaluative, and obligatory dimension into social life” (Scott, 2014, P. 54). This informal institution includes social norms and obligations (Palthe, 2014) and stresses the moral and ethical basis of assessing behavior legitimacy (Scott, 1995). Historically in China, the social status of businessmen was not high. Traditionally, the Chinese ranking of occupations has been as follows: first, government officials; then, farmers and craftsmen; and finally, merchants and businessmen (Siu & Martin, 1992). The low social status of businessmen and merchants was reinforced during the era of Mao Zedong (Chairman of the country from 1949 to 1976), when people were proud to be workers in state-owned enterprises owned by the country and supervised by the government (Liao & Sohmen, 2001). Serving for the country and the people was regarded as a social obligation at Mao’s era (Hoffman, 2006). At that time, becoming a private business owner was often seen as the last resort of those who could not find other jobs (Nair, 1996). Within Chinese society, a highly negative perception of those who tried to build their own business existed, because people perceived that being able to support their own lives while making no contribution to the country was shameful (Harwit, 2002).

Attitudes toward private businesses and entrepreneurship improved in China following Deng Xiaoping’s (leader of Chinese Communist Party from 1978 to 1989) “Southern Tour” in 1992, which accelerated the transition of the economic system to “market socialism” (Han & Baumgarte, 2000; Milana & Wang, 2013). It can be said that the perception of the general public
towards private business ownership shifted from negative to positive owing to the central government leaders’ promotion of economic reform (Xing, 1999). Entrepreneurship has continued to gain respect and accreditation in China, as evidenced by a survey conducted in 2005 that found that 70% of the Chinese respondents regarded entrepreneurship as a good career choice (Gangemi, 2007). Hence, entrepreneurs who have started a business have increasingly become socially accepted. Thus, the normative institution of China has also become more favorable toward entrepreneurship.

**Cognitive Institutional Changes Affecting Entrepreneurship**

The cognitive institution represents the informal cultural system that shapes an individual’s values, beliefs, and assumptions (Palthe, 2014). The cognitive element emphasizes the “shared conceptions that constitute the nature of social reality and the frames through which meaning is made” (Scott, 2014, p. 57). Regulative and normative institutions guide an individual’s behaviors coercively and normatively, whereas the cognitive institution affects an individual’s behaviors because of deeply engrained cultural psychological principles (Palthe, 2014). Specifically, the cognitive institution underscores the cultural legitimacy of behaviors, which means the acceptance of certain behavior is coming from the shared meaning or shared mindset regarding such behavior in a certain cultural group of people (Scott, 1995).

Hofstede (1980) defined culture as the common beliefs, customs, and values shared by a group of people. According to Sexton and Bowman (1985), societies that encourage mobility among social classes, promote independent thinking, require low conformity to norms, and support individuals to pursue higher material wealth are better for entrepreneurship. Busenitz and Lau (1996) also suggested that cultures that stress individual accomplishment, materialism and wealth, are less stratified among people, and have higher acceptance of uncertain risks create a more favorable environment for entrepreneurship. However, traditional Chinese culture,
rooted in Confucianism, places high value on a sense of hierarchical order (Tsang, 1996; Zapalska & Edwards, 2001), obligations to family and community (Li, 2006; Tsang, 1996), and harmony in interpersonal relationships (Tsang, 1996), which are not favorable for entrepreneurship. However, the strong commitment to family among the Chinese was one factor supportive of entrepreneurship, especially shown in family-owned small businesses (Kwong, 1996; Liao & Sohmen, 2001). Thus, Liao and Sohmen (2001) concluded that Chinese culture appears to be only partially supportive of entrepreneurship, because important entrepreneurial attributes, such as willingness to change and profit orientation, are not fostered in traditional Chinese culture.

In his 1980 study, Hofstede concluded that economic profit encourages individualism rather than collectivism, which in turn promotes economic development. In the past, Chinese people were motivated more by political and moral rewards rather than by economic profit in their work for the collective good (Zapalska & Edwards, 2001). Moore (2005) argued that the increasing economic freedom that began in China in the 1980s has encouraged people in that country to accept more individualism. Moreover, with the continuing institutional changes in China, people of that country, especially those of younger generations, have exhibited more entrepreneurial characteristics, such as innovative thinking and individualism, which are valued in Western countries (Lee & Peterson, 2001; Zapalska & Edwards, 2001). Thus, the shared mindset among Chinese people, especially younger generation, has changed to be more favorable for entrepreneurship. In addition, Hofstede, Hofstede, and Minkov (2010) found that Chinese people tend to emphasize long-term achievement and sacrifice short-term gratification. This finding is evidenced by Chinese people’s hard-working nature, which can also be an important contributor to entrepreneurial success. As China’s political, social, and cultural systems continue
to evolve and change, the future of entrepreneurship in the country is expected to continue to improve (Lee & Peterson, 2001).

**Entrepreneurship Development in China**

After the establishment of the People’s Republic of China in 1949, the Chinese government collectivized agriculture and nationalized industry, leaving no room for private businesses. Although entrepreneurship has a long history in China, as a capitalist activity it was forbidden during the Cultural Revolution from 1966-1976 (Li et al., 2012). As a result, small- and medium-sized enterprises were illegal and were eliminated (Rawski, 1989). In 1978, the Central Committee of the Communist Party (CCCP) decided to begin economic reforms to address societal problems, such as the low employment rate and the shortage of consumer goods and services, and thus instituted the open-door policy (Li et al., 2012). After the open-door policy was launched in 1978, the Chinese economy started to transform from a centrally-planned and party-controlled economy to an economy supervised and regulated by the communist party and the broader governmental body in combination with market mechanisms (Xing, 2016). The private business sector began to regain its legitimacy with the advent of the open-door policy and has been contributing greatly to the Chinese economy (Krug & Hendrischke, 2003; Li et al., 2012; Tsang, 1994).

During the period of 1978-1983, individually-owned business, called getihu, emerged (Krug & Hendrischke, 2003). Getihu literally means “individual family-owned business” in Mandarin, and this was the simplest form of business ownership (Tsang, 1994). Getihu was usually owned by a single individual or family who was allowed to hire only one or two helpers and several apprentices (Tsang, 1994). As a result, getihu operations could only engage in small-scale business activities, such as consumer retail and service business (Liao & Sohmen, 2001).
Typical getihu included small food stalls or convenience shops operated on the street corner day and night (Tsang, 1994).

Between 1984 and 1992, enterprises began to evolve into larger organizational structures (Krug & Hendrischke, 2003). During this time period, most of the companies were registered as collective enterprises owned by the totality of village or town residents and usually managed by a village or town official or a former state-owned enterprise engineer or manager originally from the area (Li, 2013; Liao & Sohmen, 2001). Compared to private enterprises, collective enterprises tended to have better access to bank loans, raw materials, and tax subsidies (Ma, 1988). To enjoy the benefits, many individual entrepreneurs preferred to pay fees to governmental agencies to be registered as a collective enterprise (Krug & Hendrischke, 2003).

Since the 1990s, the Chinese government has promoted the unique economic development model called “socialism with Chinese characteristics” or “market socialism,” which represents the idea that socialism can use a capitalistic economic system to accelerate economic development and increase the power of the Chinese nation (Ong, 1997; Xing, 2016). In 1992, Deng Xiaoping made his landmark “Southern Tour” in which he effectively legitimized entrepreneurship by declaring “to get rich is glorious” (Xing, 1999, p. 91) and altered the previously perceived low social status attributed to private business owners (Liao & Sohmen, 2001). The continual shift from a central planning regime to a free-market economy diminished government control and redistributed resources to all economic participants, not just to state-owned enterprises (Pistor, Raiser, & Gelfer, 2000). The boundary between state-owned and privately-owned businesses started to blur, thus cultivating more acceptance of entrepreneurship (Zhang & Duysters, 2010). Meanwhile, collective enterprises began to become privately-owned companies in the late 1990s (Li, 2003). Within this time period, an increasing number of private
companies were founded by many highly educated Chinese entrepreneurs, including those who were educated and trained overseas (Liao & Sohmen, 2001). The start of the flourishing Internet businesses in China can be traced back to this time period. The Alibaba group was established in 1999, and in 2003, it launched the C2C platform Taobao.com (Taobao, 2017).

Following the economic reform of 1978, the Chinese government launched a series of policy modifications and supportive initiatives to create a better institutional environment for entrepreneurs (Di, 2002; Kshetri, 2007). These policies included laws focused on the protection of private property and legal enforcement of contracts, which had a significant impact on bolstering entrepreneurial activities in China (Lu & Tao, 2010). Moreover, attitudes toward entrepreneurship and the idea of starting one’s own business improved (Gangemi, 2007). Djankov, Qian, Roland, and Zhuravskaya (2006) compared entrepreneurs’ perceptions toward institutional environments in both China and Russia, as they both have strong developing economies and have experienced similar political reform. They found that, in comparison to Russian entrepreneurs’ views of their country’s institutional environment, Chinese entrepreneurs perceived the institutional environment of their country as better for entrepreneurial activities (Djankov et al., 2006). Research confirms that China has more supportive normative and cognitive institutions than other BRIC countries including Brazil, Russia, and India (Eunni & Manolova, 2012).

The rapid growth of the Chinese economy has been paralleled by the growth of China’s private sector, especially labor-intensive industry sectors such as retail, service, transportation, and light manufacturing (Batjargal, 2007; Li et al., 2012). Private sector businesses are more flexible in their operations in comparison to state-owned enterprises, which allows private sector businesses to more quickly respond to a fast-changing market (Batjargal, 2007). Because private
entrepreneurs are driven by the pursuit of profit in the marketplace, they tend to provide a higher standard of service and more innovative products to meet consumer demand (Chow & Tsang, 1994). As a result, the private sector in China has significantly changed the components of the economic system of the country. According to the National Bureau of Statistics of China, employment opportunities provided by the private sector increased from 15.2% to 62.1% during the period of 2000-2019 (National Statistics Bureau, 2019).

Motivated Individuals Entering the Online C2C Market as Entrepreneurs

In recent years, the unemployment rate of college graduates has become a significant concern in China (Zhao & Xu, 2011). Following the 2008 global financial crisis, the demand for college graduates declined sharply, putting great pressure on the government to open up new employment opportunities (Qunlian, 2011). College graduates were encouraged to engage in entrepreneurship to create more jobs; this became a key strategy of the government to bolster growth in the job market (Qunlian, 2011). Specifically, the government introduced more than 10 policies regarding college graduate employment, including favorable financial support such as a business tax reduction for college graduate entrepreneurs (Li, Xu, & Liu, 2011). The CCCP declared the intent to “implement a development strategy that promotes job creation and encourage[s] entrepreneurship to create more employment opportunities” (Xu, Lin, Li, & Zhao, 2011).

Online C2C platforms such as Taobao serve as a viable vehicle for new graduates to start their own businesses. Many new graduates rushed to Taobao because of its easy access, sophisticated transaction mechanism, and booming sales (CIRN, 2013). In addition, the current tax system in China creates a tax-free marketplace for online sellers (Jing, 2015). Taobao now has more than 279 million active users, among which more than 8 million own a storefront (Sina, 2014). Those sellers are similar to the sellers on Amazon or eBay who sell new or used products
for profit. These online sellers can be regarded as entrepreneurs because they need to be innovative and proactive to effectively identify, collect, and utilize their resources to make a profit (Schumpeter, 1934).

**Chinese Online Entrepreneurs’ Motivations to Start Their Business**

In the present study, motivation is defined as the factors, internal or external, that drive Chinese online entrepreneurs to start their businesses. Although improvement in one’s economic situation is the major reason for Chinese entrepreneurship (Li et al., 2012), Chinese online entrepreneurs may also be strongly motivated by factors other than money. An entrepreneur’s motivations should be identified because they affect the operations and performance of the business (Dobbs & Hamilton, 2007). Evidenced by previous research (Walker & Brown, 2004), highly motivated entrepreneurs tend to adopt various operational strategies to achieve their goals of starting businesses. Their persistence in the active involvement of daily operations often leads to the success of the business (Chawla, Hazeldine, Jackson, & Lawrence, 2007; Peña, 2002; Zhang & Yang, 2006).

Entrepreneurs have other motivations for starting a business in addition to making a profit, such as gaining satisfied and loyal customers (Reijonen & Komppula, 2007), exploiting new market opportunities (Dobbs & Hamilton, 2007), or seeking peer recognition (Simpson, Tuck, & Bellamy, 2004; Walker & Brown, 2004). Such motivations may be identified as “pull” factors, which include the pursuit of achievement and recognition (Pistrui, Huang, Oksoy, Jing, & Welsch, 2001; Simpson et al., 2004; Walker & Brown, 2004), the pursuit of the pride and enjoyment of being one’s own boss (Reijonen & Komppula, 2007; Simpson et al., 2004; Walker & Brown, 2004), and the pursuit of a flexible lifestyle (Dobbs & Hamilton, 2007; Walker & Brown, 2004). These motivations can also be categorized as self-fulfillment motivations (Gu, Li, & Liu, 2015).
Conversely, motivations such as unemployment (Hamilton & Lawrence, 2001) and dissatisfaction with one’s present job (Smallbone, Leig, & North, 1995; Smallbone & Wyer, 2000) may be identified as “push” factors, which may force entrepreneurs to start their own businesses to seek an alternative way to make a living. These “push” factors can also be categorized as survival motivations (Gu et al., 2015).

Entrepreneurs who are driven by “pull” motivations may be more proactive in engaging in entrepreneurial activities and applying innovative business strategies, which may enhance business success (Gu et al., 2015). Moreover, entrepreneurs who are driven by “push” motivations may seek more effective business strategies to maximize financial profit, as they rely on their businesses to support themselves and perhaps others (Gu et al., 2015). Thus, identifying motivations behind starting a business is very important, as particular motivations may affect business operations and success.

**Chinese Online Entrepreneurs’ Subjective Perception of Success**

Although business success can be measured by various objective criteria such as profitability, customer retention, and asset growth, an entrepreneur’s perception of success may consist of other subjective components such as self-fulfillment and satisfaction. According to a study of Chinese entrepreneurs by Li et al. (2012), many personal characteristics such as the need for achievement, willingness to take risk, and self-confidence can spur individuals to engage in entrepreneurship. However, Li et al. (2012) found that the major driver for Chinese entrepreneurs is the desire to achieve a better economic standard of living. Therefore, financial benefits are usually considered to be the most important measure of success for Chinese entrepreneurs.

Conversely, in Western countries, many small business owners consider lifestyle or personal factors such as pride in business operations rather than financial benefits as measures of
success (Walker & Brown, 2004). With the growing influence of Western culture on younger Chinese in particular, both financial benefits and achievement of personal goals may be measures of success for young Chinese entrepreneurs. Nonfinancial goals may lead to alternative measures of success, particularly in the small business sector. Research findings suggest that both financial and nonfinancial aspects are used by business owners to assess business success, with the latter being the more important of the two (Walker & Brown, 2004). Personal satisfaction and achievement in the business, pride in the job, and a flexible lifestyle are generally valued more than wealth creation by entrepreneurs in developed countries (Walker & Brown, 2004). Consequently, entrepreneurs are likely to measure their success using criteria other than financial success (Reijonen & Komppula, 2007). Because of the various potential definitions of success used by Chinese online entrepreneurs, they may operate their businesses differently in pursuit of the success they envision. Thus, it is very important to investigate their individual definitions of success, which may or may not include objective financial success.

Modified Resource-Based Theory as a Research Framework

Barney (1991) introduced resource-based theory (RBT) to understand the link between a firm’s resources and sustained competitive advantage, which in turn leads to a firm’s success. RBT is based on the assumption that the resources possessed by businesses are usually different across firms, and such differences usually last for a considerable period of time (Barney, 1991). Thus, these unique resources may be deployed to obtain a sustained competitive advantage, which enhances the chance of firm success (Barney, 1991). These resources include all the assets, capabilities, and information that a firm controls and uses to implement strategies that improve the effectiveness and efficiency of the firm.

Barney defined competitive advantage as the implementation of value-creating strategies that no other competitors are implementing, and a sustained competitive advantage entails
benefits that cannot be duplicated by current or potential competitors (Barney, 1991). To satisfy the requirement of the RBT assumption in gaining a sustained competitive advantage, the resources that a firm possesses should be valuable, scarce, hard to imitate or replace, and sustainable (Barney, 1991). In other words, the resources may neutralize threats, provide opportunities for a firm, and should not be easy for competitors to acquire or replicate (Barney, 1991).

According to Barney, Ketchen, and Wright (2011), after two decades of integration and development, RBT has become one of the most popular theories for explaining competitive advantage and one of the most powerful theories for understanding organizations. An early study on RBT acknowledged that entrepreneurship is an intricate part of the RBT (Conner, 1991). According to Alvarez and Busenitz (2001), entrepreneurship research and RBT adopt the same unit of analysis—the resource—but resources may manifest themselves in different ways. Whereas RBT focuses on the difference of resources, entrepreneurship research tends to focus on the difference of beliefs about the value of resources by entrepreneurs (Alvarez & Busenitz, 2001). Entrepreneurial opportunities exist primarily because entrepreneurs have different beliefs about the value of resources utilized to create profits (Schumpeter, 1934; Shane & Venkataraman, 2000). Thus, one firm’s unique compilation of resources is potentially valuable because of the innovativeness of the firm’s owners or executive management, as they deliberately combine and organize the resources to gain a competitive advantage (Alvarez & Busenitz, 2001).

Barney (1991) classified possible firm resources into three categories—physical capital, human capital, and organizational capital—which are discussed below. Although the RBT has been widely used and proven to be a useful tool for the study of entrepreneurship, as noted by
Dobbs and Hamilton (2007), some researchers have argued that it is less useful in the analysis of new ventures and small businesses, because these firms do not possess the considerable resources of established corporations and large firms, which can be deployed strategically to maintain competitiveness in the market (Greene et al., 1997). Furthermore, for entrepreneurs who create new ventures, the identification, acquisition, and allocation of resources to initialize business operations is more central to their thinking than concerns about developing sustainable advantages (Greene et al., 1997). Therefore, given that RBT focuses on strategic utilization of existing resources to develop sustained competitive advantages rather than acquisition and use of new resources, RBT may not be sufficient for the analysis of new ventures or small businesses (Greene et al., 1997).

Resources in new and small businesses are usually scarce, thus an entrepreneur’s decisions regarding acquiring and utilizing available resources is critical for business operations in the initial stages (Greene et al., 1997). In reality, many new and small ventures do not have factory plants or a sophisticated organizational structure; thus, they lack salient physical and organizational capitals (Greene et al., 1997). Rather, an entrepreneur’s personal experiences and social networks may be more important as they can be leveraged for gaining resources or opportunities (Greene et al., 1997). Moreover, financial capital is always critical for any new venture as it is essential to start and grow the business (Greene et al., 1997). Hence, Greene et al. claimed that social capital and financial capital should be included in the resource framework for a more systematic and comprehensive analysis of small firms. They developed a modified RBT framework and added social and financial capital to the original RBT resource categories (Greene et al., 1997). Both the original and modified RBT resource categories are shown in Table 2.1.
The study population in the present research is Chinese online C2C entrepreneurs who compete not only with big online retailers but also with other online sellers. They may not possess all types of resources listed in the modified RBT to operate their business. The success of these C2C entrepreneurs depends on their ability to leverage the resources they possess, to acquire new resources, to seek a unique way of operation, and to gain sustainable competitive advantages. Usually, the operational decisions are made solely by the online entrepreneurs. If the operation strategies used by online entrepreneurs are valuable and effective, rarely thought of, and hard for others to imitate, they can potentially lead to success (Alvarez & Busenitz, 2001). Hence, the modified RBT is a suitable framework for guiding this proposed study as it covers a wide range of tangible and intangible resources that Chinese online C2C entrepreneurs may possess.

Table 2.1. Types and definitions of resources in RBT and modified RBT

<table>
<thead>
<tr>
<th>Resources Types</th>
<th>RBT Definitions</th>
<th>Modified RBT Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital</td>
<td>The training, experience, judgment, intelligence, relationships, and insight of individual managers and workers</td>
<td>Entrepreneurs’ attributes, education, experience, and reputation</td>
</tr>
<tr>
<td>Social Capital</td>
<td>N/A</td>
<td>Social relationships and networks, race and ethnicity, and political connections</td>
</tr>
<tr>
<td>Financial Capital</td>
<td>N/A</td>
<td>Funds to start and operate the business</td>
</tr>
<tr>
<td>Physical Capital</td>
<td>Physical assets such as a production facility, equipment, and raw materials</td>
<td>Tangible assets necessary for business operations, facilities, equipment, and technology</td>
</tr>
<tr>
<td>Organizational Capital</td>
<td>The reporting, planning, controlling, and coordinating structure and systems</td>
<td>Organizational structures, routines, cultures, and relationships</td>
</tr>
</tbody>
</table>
Human Capital

As mentioned above, human capital is the set of knowledge, experience, and skills that entrepreneurs can utilize to help them better understand market trends and implement strategic operations to achieve their business goals. Motivated and prepared entrepreneurs with suitable human capital may take advantage of evolving opportunities in the market to benefit their business (Batjargal, 2007). The performance of small businesses, such as the online stores operated by the sellers, is highly influenced by the business’s key personnel, who is typically the owner of the store (Horne, Lloyd, Pay, & Roe, 1992). Empirical studies stress the impact of decision-making abilities on the business strategy on overall performance (Horne et al., 1992; OECD, 2013). In the present study, two kinds of human capital were explored—namely education and entrepreneurial and industry experience, and their influence on perceived business success was examined. Previous studies in both developed and developing countries have found a positive relationship between the entrepreneur’s education level and the firm’s performance (Brüderl, Preisendörfer, & Ziegler, 1992; Cooper, Gimeno-Gascon, & Woo, 1994; Peña, 2002). Moreover, numerous studies have shown that an entrepreneur’s entrepreneurial and industry experience is essential for business success (Brüderl et al., 1992; Chawla et al., 2007; Cooper et al., 1994; Peña, 2002; Watkins-Mathys & Foster, 2006).

Education

A business owner’s educational background and business-related training are believed to impact business success (Dobbs & Hamilton, 2007; Smallbone & Wyer, 2000). Education can enhance a number of important skills including search skills, information processing capabilities, communication skills, foresight, and imagination (Dobbs & Hamilton, 2007). These capabilities and skills are crucial for the business owner to make the right decisions in a complex and changing market. Specifically, given the fierce competition in the Chinese C2C online market,
the general education level of these online C2C entrepreneurs can be one determinant of whether they can deliberately operate their businesses and further influence their business success. Previous studies confirmed the positive effect of educational level of business owners on business success in both developed and developing countries (Alon et al., 2008; Coy, Shipley, Omer, & Khan, 2007; Islam et al., 2011; Lussier & Pfeifer, 2001; Peña, 2002; Rose, Kumar, & Yen, 2006; Simpson et al., 2004; Unger, Keith, Hilling, Gielnik, & Frese, 2009; Yusuf, 1995).

Entrepreneurship education in particular plays a key role in fostering entrepreneur activities and in developing an entrepreneurial mindset (Lee, Lim, Pathak, Chang, & Li, 2006). Research has confirmed that entrepreneurship education positively affects the creation of new ventures in China (Li & Liu, 2011). In fact, not having proper entrepreneurship education is the main constraint for entrepreneurial success in China (GEM, 2013). Zhao and Xu (2011) attributed the high failure rate of new ventures in China to inadequate entrepreneurship education and training, especially for new graduates who lack experience. Fortunately, there are many workshops and online resources available for potential entrepreneurs to receive educational information and specific operational training for their businesses. For example, Taobao.com has a fee-based online service called Taobao College (see https://daxue.taobao.com/) where online C2C entrepreneurs can learn how to start an online store step-by-step. There are also Taobao store operation consultants who are online sellers themselves. They share their experience-based operational practices and know-how via video lectures or PowerPoint slides. Online C2C entrepreneurs pay to learn from these consultants to enhance their business strategies and improve their efficiency. When the sellers successfully apply the business strategies they have learned, they may not only enhance their store’s performance, but also build confidence and pride that they have transferred their knowledge into profit. Education, whether an individual’s
general education level or specific entrepreneur education, may be an important factor that affects business success for Chinese online C2C entrepreneurs.

**Experience**

An entrepreneur’s previous experiences can contribute to the success of his or her business (Dobbs & Hamilton, 2007). First, an entrepreneur’s previous entrepreneurial experience can influence the business’s performance (Singer, 1995). Experienced entrepreneurs have likely encountered different market situations and may know how to deal with subtle market changes (Singer, 1995). They are also more familiar with policies and regulations that can promote the growth of their business. As a result, they have a distinct advantage over those with no prior entrepreneurial experience who may be more likely to make costly mistakes in their business operations (Dobbs & Hamilton, 2007). Specifically, entrepreneurs who have been involved in a number of businesses have a great advantage not only in reading market situations, but also in the efficiency of management and effectiveness of decision making (Smallbone & Wyer, 2000). Therefore, previous entrepreneurial experience may help Chinese C2C entrepreneurs operate their businesses more efficiently and take advantage of current regulations leading to business success.

A business owner’s relevant industry experience also contributes to the success of a business. Chinese C2C entrepreneurs may sell various products from apparel and food to home appliances; their previous work experiences in such industries offer them tremendous advantages. First, specific industry knowledge and know-how, whether it relates to technology or to the market, can create a competitive advantage for a business. Second, established connections with industry contacts can help entrepreneurs obtain resources such as raw materials or the latest industry information more easily and in a timelier manner, therefore creating a distinct advantage over competitors (Dobbs & Hamilton, 2007; MacMillan & Day, 1987). The
positive effect of a business owner’s relevant industry experience on business success has been confirmed in many studies (Chawla, Pullig, & Alexander, 1997; Cooper et al., 1994; Fine, Meng, Feldman, & Nevo, 2012; Islam et al., 2011; Rose et al., 2006; Simpson et al., 2004; Yusuf, 1995). Chinese C2C entrepreneurs who have useful knowledge about and connections to the product-manufacturing or online retailing industry may gain advantages such as sourcing lower priced goods, as well as acquiring access to well-developed distribution channels and existing customer bases. As a result, previous work or industry experience may positively affect the business success of Chinese C2C entrepreneurs.

**Social Capital**

In the present study, social capital is defined as the valuable relationships Chinese C2C entrepreneurs maintain with key personnel such as vendors, business partners, and customers. Family members’ support and help is also categorized as a social capital. Opportunities and access to valuable resources embedded in social relationships may generate benefits for the businesses. Moreover, through strategically managing these social relationships may influence the business’s competitive advantage and may affect business performance and success (Street & Cameron, 2007). For example, using social capital to secure resources that other competitors do not have access to creates competitive advantage; social capital has a positive impact on the likelihood of business survival, business performance, and success (Batjargal, 2007; Peña, 2002; Street & Cameron, 2007). Specifically, research has revealed that guanxi and networking opportunities are critical for the success of a business venture in China (Watkins-Mathys & Foster, 2006).

**Guanxi**

Guanxi is a Mandarin term used to express close connections among people and literally means “pass the gate and get connected” (Lee & Dawes, 2005; Tsang, 1994). Some scholars
have defined guanxi as the Chinese version of social networks because both strong (e.g., emotional attachment) and weak (e.g., information sharing) ties exist (Lin, 2001; Wellman, Chen, & Dong, 2002). In contrast, other scholars (Carlisle & Flynn, 2005; Guo & Miller, 2010; Tsang, 1996) have considered guanxi to be a special Chinese phenomenon rooted in Chinese culture, which values hierarchical order and harmonious interpersonal relationships and requires acquaintance and intimacy that are based on mutual interests and benefits (Yang, 1994). As a result, in Chinese culture, building stable guanxi requires long-term cultivation through the use of intimate communications and exchanging of favors. Bian (2005) defined guanxi as a strong sentimental tie with frequent interactions, high intimacy, emotional attachment, and repeated exchange of resources. However, no matter how differently researchers have defined guanxi, they all agreed that guanxi can generate protection, resources, and opportunities for Chinese entrepreneurs (Wank, 1999). Furthermore, many studies have demonstrated that guanxi can be cultivated to develop a competitive advantage for a business (Siu, 2001), which supports that guanxi may be critical for business creation, survival, and success (Carlisle & Flynn, 2005; Guo & Miller, 2010; Luo, 2003; Park & Luo, 2001).

Although studies have found that some Chinese entrepreneurs are not fond of building guanxi, because they think it is old fashioned and will diminish with the further improvement of the market environment (Anderson & Lee, 2008; Lee & Anderson, 2007), guanxi is still considered to be crucially important in the midst of China’s transformation from a centrally planned economy to a free market economy (Guo & Miller, 2010). Researchers (Park & Luo, 2001) have suggested that a major concern for Chinese company management teams is how to expand guanxi networks with external organizations that lead to trust and an exchange of favors. Furthermore, entrepreneurs have expressed that operations were difficult at first but became
easier once they had established stable guanxi with relevant personnel or organizations (Liu, 1992). It also has been suggested that guanxi is one of the most effective and efficient marketing tools in China (Luo, 1997). Chinese C2C entrepreneurs also need to cultivate guanxi to become more competitive and successful. Among their relationship network, they especially need to maintain guanxi with their vendors, business partners, and customers.

**Guanxi with vendors**

Guanxi with vendors is very important for Chinese C2C entrepreneurs because it may affect their inventory level, product assortment and variety, and cash flow. Maintaining strong guanxi with vendors can bring sellers many benefits. For example, vendors may reduce wholesale prices and extend billing cycles for C2C entrepreneurs with whom they have strong guanxi, which requires a long time to build but allows the sellers to have better cash flow to implement their marketing strategies. Additionally, sellers may also enjoy other benefits such as saving time and effort by displaying the upload-ready photographs of products that are provided by the vendors. Therefore, strong guanxi with vendors may generate competitive advantages for Chinese C2C entrepreneurs and lead to business success.

**Guanxi with business partners**

Guanxi with business partners is another important factor for Chinese C2C entrepreneurs. In the present study, business partners are defined as online C2C stores that have a business alliance or collaboration with each other. Business associations or partnerships in an online environment allow both parties to leverage their Internet presence and expand their respective businesses by endorsing credibility and reputation and sharing customer bases between businesses (Feindt, Jeffcoate, & Chappell, 2002). These partnerships can be horizontal or vertical. Sellers of goods from the same product category but sourcing from different places or brands may form a horizontal partnership. For example, an online running shoe seller who sells
mainly American brands, such as New Balance and Saucony, may form a horizontal partnership with another shoe seller who sells mainly Japanese brands, such as Mizuno and Asics. They can establish a good partnership because they target the same customer population but focus on different brand preferences. Sellers of goods from different product categories may form a vertical partnership. For example, an online seller who sells maternity products can establish a partnership with another seller of infant products because it is natural for a family that is expecting a baby to purchase both kinds of products. The sellers can endorse each other in terms of product quality and customer service to guide customers from one store to the other by listing each other’s store link in the recommendation column on their own store’s website, for example. In both cases, maintaining strong guanxi with deliberately selected partners can be a critical success factor for entrepreneurs (Feindt et al., 2002; Jeffcoate, Chappell, & Feindt, 2002; Street & Cameron, 2007).

**Guanxi with customers**

Guanxi with customers may be one of the most important factors affecting the business success of Chinese C2C entrepreneurs. Research has confirmed that a strong linkage with customers plays a positive and important role in cultivating entrepreneurship (Guo, He, & Li, 2015). Ties with customers usually increase customer loyalty, sales volume, and reliable payments (Park & Luo, 2001). Studies also support that retaining current customers is more cost effective and beneficial than acquiring new customers (Brynley-Jones, 2015; Stark & Steward, 2011). Therefore, maintaining strong guanxi with customers becomes a key factor for business success. Customer-focused and -oriented strategies are important for the survival and prosperity of firms in a competitive business environment (Davis, Morris, & Allen, 1991; Kohli & Jaworski, 1990; Slater & Narver, 1995). Placing an emphasis on customer needs and having good customer service are ranked as highly important for successful businesses by small
business owners (Lin, 1998; Luk, 1996), especially in Asian cultures, where fostering long-term
hanxi with customers is highly valued and appreciated (Cheah & Dewan, 2015). For Chinese
C2C entrepreneurs, strong guanxi with customers means having a stable customer base and
enjoying positive word-of-mouth, both of which are critically important in a highly competitive
business environment such as the online market in China. Therefore, maintaining strong guanxi
with customers can lead to business success for Chinese C2C entrepreneurs.

**Family member support**

A Chinese online C2C entrepreneur’s family culture, family member support, and family
resource sharing may play a significant role in business operations and success. As noted
previously, commitment to family is a strong reason for Chinese individuals to engage in
entrepreneurship (Kwong, 1996; Liao & Sohmen, 2001). In addition, according to Greene et al.
(1997) and Leibenstein (1968), a family member’s social relationships and reputation among
certain ethnic groups can help entrepreneurs expand their social networks to connect with
vendors or clients. With the physical and emotional support of family members, effective and
efficient operations of a business may be achieved by a Chinese C2C entrepreneur. Thus, family
support may be a key social capital factor for Chinese C2C entrepreneurs.

**Financial Capital**

Financial capital is critical for entrepreneurs to establish and develop their businesses.
With sufficient financial capital, entrepreneurs are able to realize what they proposed in their
business plan, including product development, distribution channel management, and marketing.
Previous research has demonstrated that the financial infrastructure, including banks, venture
capitals, and credit unions, is a critical factor that influences the creation of new ventures (Zhang
& Yang, 2006). However, compared with developed countries, the financial infrastructure in
China is still weak (Khanna & Palepu, 2000). Thus, it has been difficult for entrepreneurs in
China to obtain sufficient financial support to operate their business, which has hindered the development of small and medium enterprises. According to the Global Entrepreneurship Monitor (GEM, 2013), China’s physical infrastructure and market openness enable entrepreneurship, whereas its lack of financial support is a major constraint for entrepreneurial activities. Supporting the argument, Ahlstrom and Ding (2014) found that limited access to credit is a major challenge faced by Chinese entrepreneurs. Because China has been under a planned commerce regime for nearly three decades, it is difficult for private companies to obtain a loan from banks (Brandt & Li, 2003). Government-run banks usually offer loans based on political considerations rather than economic considerations (Walder, 1991). However, commercial banks face strict regulations from the government regarding allocation of loans to small businesses, and the high failure rate of new ventures leads to risk reduction measures among commercial banks. Thus, these banks tend not to loan to new ventures (Batjargal & Liu, 2004; Cooper & Yin, 2006). Additionally, financial service providers such as venture capitalists are only beginning to enter China, which means adequate financial support for entrepreneurs, especially small and medium enterprise owners, is not available (Liao & Sohmen, 2001).

Instead, personal savings and family support typically fund Chinese small business owners, which is common in developing countries (Djankov et al., 2006). However, such financial support from individuals or families is usually limited in amount and requires a long time to accumulate. As a result, those entrepreneurs who have access to sufficient financial support, especially initial financial capital, have a greater competitive advantage over those who do not. This may hold true for Chinese online C2C entrepreneurs as well. Every C2C entrepreneur needs, at minimum, an initial financial investment to acquire necessary equipment, such as a computer and Internet service for business operation, and to source products to sell.
online. Previous research has shown that having sufficient financial capital available as a new venture is directly related to the success of the business (Cooper et al., 1994; Jasra et al., 2011; Song, Podoynitsyna, Van Der Bij, & Halman, 2008; Yusuf, 1995). Given the necessity of financial capital in business initialization and operation, it is worth investigating how Chinese C2C entrepreneurs identify and acquire financial capital and the role that financial capital plays in affecting their business operations and success.

Physical Capital

As defined by the modified RBT, physical capital of a business includes all tangible assets necessary for business operations, including technology (Greene et al., 1997). In the present study, the investigator assumes most of those C2C entrepreneurs source products to resell online, as this allows them to operate their stores agilely without concerns about production. As such, some may have property for inventory storage. The entrepreneurs may also have physical capital in the form of technologies that helps them to manage and market their products. For example, developing and managing a social network webpage may help the entrepreneurs communicate with customers more interactively, which in turn will provide valuable insights for adjusting product inventory according to customers' needs.

Organizational Capital

According to the RBT and the modified RBT, organizational capital includes the structure, reporting system, planning, routine, and culture of a business (Barney, 1991; Greene, et al., 1997). For the present study, the study population comprises either individual online entrepreneurs, who have established and operated the business by themselves, or those who are one of the owners in charge of the daily operations of the business. In this case, the reporting, planning, and coordinating structure may be fairly simple. However, the routine or culture of the business may still play a significant role in efficient operations. For example, the knowledge
accumulated in daily business operations may be routinely documented and analyzed. This practical know-how will become a valuable intangible asset that may help entrepreneurs to enhance efficiency and avoid opportunity loss (Carmona-Lavado, Cuevas-Rodríguez, & Cabello-Medina, 2010).

**Entrepreneurial Marketing as Special Operation Strategy**

Whereas small businesses are commonly constrained by size and limited resources, they are known for their agility and flexibility in meeting consumers’ needs (Huang & Brown, 1999). Lack of expertise in marketing and management, along with limited human, financial, and social resources, may lead them to use unconventional and innovative ways to market their products and services to meet the needs of their customers (Carson, 1999; Schindehutte, Morris, & Kocak, 2008). These creative ways of marketing, known as entrepreneurial marketing (EM), typify the delivery of marketing activities through an entrepreneurial approach to gain and retain profitable customers (Morris et al., 2002). Whereas traditional marketing tools, concepts, and theories can be used to support business creation and growth, the entrepreneurial process are used to develop novel marketing activities and experiences to attract and satisfy customers. A well-implemented marketing process combined with entrepreneurial approaches not only addresses the difficulties and resource limitations entrepreneurs may face but also improve the opportunities beyond that offered by traditional marketing approaches, as demonstrated by many studies (Jaworski & Kohli, 1993; Miles & Arnold, 1991; Morris et al., 2002). EM can create and deliver value to customers with the integration of experiential aspects of marketing, and result in sustained competitive advantage over time (Covin & Miles, 1999; Miles, 2005; Vargo & Lusch, 2004).

EM is described as “unplanned, non-linear, and visionary” marketing activities according to Morris et al. (2002), and it stresses creating and delivering value using innovative, opportunity-driven, and consumer-centric approaches (Morrish, Miles, & Deacon, 2010). Morris
et al. (2002) defined EM as “the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation” (p. 5). Hills, Hultman, and Miles (2008) defined EM as a spirit, an orientation, and a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking, and flexibility. Kraus et al. (2009) extended Morris et al.’s definition of EM and combined it with the American Marketing Association’s definition of marketing to offer a more comprehensive definition of EM:

an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, proactiveness, and may be performed without resources currently controlled. (p. 27)

Entrepreneurial marketing is characterized by seven dimensions, namely proactiveness, opportunity focus, calculated risk taking, innovativeness, resource leveraging, customer intensity, and value creation (Morris et al., 2002). The first five dimensions relate to an entrepreneurial orientation, and the last two dimensions relate to a marketing orientation (Jones & Rowley, 2009). From an entrepreneurial perspective, these dimensions are characterized as follows. Proactiveness is defined as taking action to improve a firm’s environment by reducing uncertainty and easing vulnerability (Becherer, Haynes, & Helms, 2008). Opportunity focus stresses recognition and pursuit of beneficial opportunities by the employment of critical marketing actions (Becherer et al., 2008). Calculated risk taking requires entrepreneurs to take careful actions to minimize risks associated with an opportunity that the firm is pursuing
(Becherer et al., 2008). Innovativeness suggests that the firm should focus on innovation of new products or on service development (Becherer et al., 2008). Implementation of an innovative means of marketing may augment chances of business success (Carson & Gilmore, 2000). Resource leveraging requires entrepreneurs to innovatively utilize existing resources to gain additional resources and to create synergies among the resources (Morris et al., 2002). Customer intensity suggests the use of a customer-centric orientation in creating, building, and sustaining customer relationships (Becherer et al., 2008). Value creation means maximizing benefits while minimizing cost for customers (Kotler & Keller, 2006; Morris et al., 2002).

Although the seven-dimension EM framework put forth by Morris et al. (2002) has been cited by many researchers, few studies have validated it empirically in a small business context (Fiore et al., 2013). Fiore et al. (2013) empirically validated the EM scales proposed by Morris et al. (2002) with small business owners in the United States and came up with a four-dimensional EM scale comprising opportunity vigilance, consumer-centric innovation, value creation, and risk management. The present study thus applied Fiore et al.’s framework as an informative tool for understanding Chinese C2C entrepreneurs’ current practices, because it has been tested and validated among small business owners.

EM is used to describe the marketing efforts used to pursue opportunities in an uncertain market environment, usually under constrained resources (Becherer, Haynes, & Fletcher, 2006). Thus, it is a more appropriate approach for small businesses to adopt compared to traditional marketing strategies because small businesses generally lack resources, organizational structure, and management expertise (Jones & Rowley, 2011; Kolabi, Hosseini, Mehrabi, & Salamzadeh, 2011). As suggested by Morris, Schindehutte, and LaForge (2001), implementing EM may lead to both financial and nonfinancial success, such as generating more profit and increasing the
number of new products and services, resources, loyal customers, and productive alliances.

Thus, to better understand effective strategies used by Chinese C2C entrepreneurs, the implementation and effectiveness of EM on their success was investigated.

Additional Factors

The present study began with qualitative in-depth interviews with a small group of Chinese C2C entrepreneurs to gain insight into the role of factors noted above and additional factors perceived to offer competitive advantages and enhance subjective business success. Subsequently, influential factors found in the qualitative study to offer a competitive advantage and enhance financial and/or subjective business success were examined using a quantitative approach and a representative sample of Chinese C2C entrepreneurs. The results of the quantitative study revealed the resources and innovative strategies that could help entrepreneurs entering the Chinese online C2C market. Demographic factors, such as gender, age, and geographic region, were considered to characterize Chinese online C2C entrepreneurs to provide a general understanding of these individuals.

Purpose and Research Questions

The purposes of this study were to (1) characterize Chinese online C2C entrepreneurs by their demographic traits, to (2) gain a deeper understanding of the Chinese online C2C market by examining the roles of (a) personal motivations, (b) resources, (c) Chinese institutional environment factors and (d) special operation strategies such as EM in business operations and success from the seller’s perspective, and to (3) offer insights and suggestions to practitioners who would like to start a business in this online C2C market. The following central research question was used to drive the present study:

What are the factors Chinese online C2C entrepreneurs perceive to influence their business success?
Based on review of the literature and the conceptual framework formulated, the following sub questions guided the present study:

1. What are the motivations for Chinese online C2C entrepreneurs to start their own businesses?
2. How do Chinese online C2C entrepreneurs define success?
3. How do Chinese online C2C entrepreneurs strategically use existing resources in their business operations to affect success?
4. What resources, other than the ones they currently possess, do Chinese online C2C entrepreneurs perceive to be important for their success?
5. According to the C2C entrepreneurs, how do Chinese institutional environment factors affect their motivations for starting a business, usage of resources, application of strategies, business operations, and success?
6. What, if any, are the implemented entrepreneurial marketing strategies C2C entrepreneurs perceive to lead to success?
7. What additional factors enhance/hinder C2C entrepreneurs’ business performance?
CHAPTER 3. METHODS

General Design

To fulfill the research purpose of this study, an exploratory sequential mixed method approach was used (Creswell, 2014). Sequential mixed method is differentiated from concurrent mixed method, where both qualitative and quantitative data are collected during the same time. However, the sequential mixed method begins with a qualitative study, which provides data used in a quantitative study. The advantages of using an exploratory sequential mixed-method approach is that (a) the initial qualitative study can be used to inform the development of a quantitative instrument, and (b) the results of the quantitative study can be used to verify whether the findings of the qualitative study are generalizable (Creswell, 2014). This approach applies a three-phase procedure with qualitative exploration, instrument development, and quantitative examination, thus leads to a more elaborate and expanded conclusion (Creswell, 2014).

In the present study, a qualitative approach first generated a broad understanding of the Chinese online C2C entrepreneurs by investigating the factors that they perceived as being influential to their business success. These qualitative data was used to develop a model identifying factors that influenced perceived financial and subjective success for C2C online entrepreneurs. The model was tested using a quantitative survey approach to verify whether the findings of the qualitative approach are generalizable to a large sample of the Chinese online C2C entrepreneurs. The survey questionnaire also included demographic questions for the purpose of describing the demographic traits of the Chinese C2C online entrepreneurs in the sample.
Qualitative Approach

Overview

For the qualitative strand of this present study, a grounded theory approach was employed. Grounded theory is an inquiry method from sociology that generates an abstract and broad-based theory of a process or action from the views or perspectives of research participants (Charmaz, 2000; Corbin & Strauss, 2008). The theory serves to explain a phenomenon by reasonably relating a set of variables associated with the phenomenon under study (Strauss & Corbin, 1990). Researchers use a grounded theory approach to systematically and inductively develop a theory about a phenomenon using the collected data (Strauss & Corbin, 1990). Usually, researchers apply grounded theory approach to relatively overlooked research topics (Moghaddam, 2006). Because there have been few studies in which factors that influence the success of Chinese online entrepreneurs were investigated, grounded theory approach is a suitable method of the inquiry for the present study.

Sample and Sampling

A purposive sampling technique, as opposed to a random sampling technique, was used because purposive sampling is a better approach when researchers want to gain rich information on a rarely studied topic from participants with a specific experience (Teddlie & Yu, 2007). To initiate the sampling process, the investigator drew upon his existing contacts to recruit five current online C2C entrepreneurs who operate at least one Taobao store to sell products. As a previous Taobao seller and a current Taobao shopper, the present investigator contacted the Taobao store owners with whom he had done business. Taobao store owners were chosen, because Taobao is the largest and most popular C2C platform in China, and the store owners were representative of the majority of individual online entrepreneurs in China (iResearch, 2015). The participants were all active store owners, who had operated a store for more than a
year (i.e., from the date of fulfilling their first order) and were listing products for buyers to shop on Taobao at the time of the interview. After conducting an interview, the present investigator asked each of the five participants to recommend one or two additional Taobao store owners who they thought may be willing to participate in the study. This method, known as snowball sampling, provides a means to recruit participants from a certain field or community and helps a researcher gain initial trust from the participants (Esterberg, 2002). Two rounds of “snowballing” were conducted until the information gained from interviews with the selected participants reached saturation. Saturation indicates that (a) no new information or insights are generated, even with more interviews, and (b) existing data are sufficient to show the relationships among emerging factors regarding the study topic (Brown, Steven Jr, Troiano, & Schneider, 2002; Creswell, 2014). When saturation was reached, the sampling process stopped. Nine participants were finally recruited and interviewed. All the interviewees were compensated with a 50 yuan (7 USD) gift card for their time and effort.

**Interview Question Development**

Semi-structured in-depth interviews with open-ended questions were conducted with Chinese online entrepreneurs. Conducting in-depth interviews is well-suited for this study, because this widely adopted research method generates rich content that allows the researcher to collect both the facts and participants’ opinions about their experiences (Wengraf, 2001; Yin, 2015). In addition, semi-structured interviews allow participants to express their opinions and ideas openly in their own words (Esterberg, 2002).

The interview questions were designed to gain insights into Chinese C2C entrepreneurs’ (a) motivations for starting their own businesses, (b) subjective definition of success, (c) perceived influence of institutional environment factors on business operation and success, and (d) tactics and strategies involving the utilization of available resources to gain a competitive
advantage, including entrepreneurial marketing components. The conceptual framework discussed in Chapter 1 helped to shape, but not limit, the direction of interviews.

All of the interview questions were developed by the present investigator using the research questions as a guide and were worded in a normal conversational manner. The questions were developed in English and approved by two experts (i.e., the present investigator’s co-major professors). The present investigator translated the approved questions into Mandarin and then a bilingual researcher translated them back into English. Both the bilingual researcher and the present investigator compared the original questions to the translations to determine the translations’ accuracy and clarity before using them in the interviews with the Chinese C2C entrepreneurs. They discussed and modified any inaccurate expressions until agreement was reached. This process reduces linguistic bias and has been proven to be effective in previous studies (Greenfield, 1997; Lee, 2014). The interview questions can be found in Appendix A.

Data Collection

After receiving approval from the university’s Institutional Review Board, the present investigator contacted five existing contacts who were active Taobao store owners and asked them if they would like to participate in this study. Then, a prepared informed consent form explaining the purpose and procedure of the interview was sent to participants for their consent to join in the study. The interviews were conducted via an instant message tool with a video chat function, Wechat, depending on the participant’s preference. The present investigator taped the interviews with an audio recorder for further analysis. The recording facility was a reserved conference room to prevent interruption of the interviews. Each interview lasted around 30 to 60 minutes. A short questionnaire asking for demographic information (i.e., age, gender, education level) and business information (i.e., business age, firm size, profitability, and product or service category) was completed by the participant prior to the interview.
Data Analysis

The present investigator transcribed the audio recordings to verify the accuracy of the transcriptions. Reading through all the transcripts several times enhanced the general understanding of the data before using the open-coding and constant-comparison process suggested by Corbin and Strauss (1990) to break down, categorize, and label emerging themes from the transcripts. Coding is defined as an analytic process that breaks down and conceptualizes data, which is the central part of grounded theory analysis (Babchuk, 1997; Corbin & Strauss, 2008). Each broken down data pile was assigned a meaning and labeled with a “code” (Moghaddam, 2006; Strauss & Corbin, 1990). During the open-coding process, the technique of constant comparison was used, in which the new data were continually compared to existing codes to see if they can be grouped within those codes or need to be differentiated with a new code (Babchuk, 1997; Goulding, 1999). The result of constant comparison in the open-coding stage was that many groups of codes, called categories or themes, were generated (Strauss & Corbin, 1990).

The present investigator generated a code book after open-coding 10 percent randomly selected transcripts (Campbell, Quincy, Osserman, & Pedersen, 2013), entailing the meanings and relationships among codes and emerging themes, according to the coding process. The code book and the randomly selected transcripts were reviewed by one of the major professors who is fluent in Mandarin to assure the appropriateness of the code book. Then, she coded these randomly selected transcripts independently according to the code book. Intercoder reliability and agreement was assessed to make sure the code book can serve as a reliable guide for the rest of the coding process. The present investigator kept communicating with the co-major professors when coding the remaining data and finalizing the code book.
After the open coding stage, the present investigator completed an axial coding process, which was employed to make connections among emerging categories and themes that were generated during the open-coding stage to form a logic map to identify the central phenomenon (Strauss & Corbin, 1990). The aim of axial coding was to provide a clearer picture of the study topic by connecting and assembling the categories identified in open-coding stage (Corbin & Strauss, 2008). Finally, the present investigator conducted selective coding to identify the core category, which entailed making systematic connections between the core category and other categories, and further refine their relationships (Strauss & Corbin, 1990).

The core category or theme must be centrally positioned, which means that all other major categories must be logically related to it (Corbin & Strauss, 2008). It also needs to appear frequently in the data, which means almost all data must have incidents that reflect this category (Corbin & Strauss, 2008). Finally, the core theme and its relationships with other categories were summarized and compared with the conceptual framework based on the literature review. Although the conceptual framework provided direction for the interviews, the insights about what factors contribute to Chinese online entrepreneurs’ success were generated from the interview data and the present investigator’s interpretation. The results were summarized, translated into English, and presented to both of the co-major professors for peer examination to check for the accuracy of data analysis and the language translation for preparation of the followed quantitative approach (Creswell, 2014).

**Validity and Reliability**

Strauss and Corbin (1990) asserted that strictly following the grounded theory process is vital to the quality of the study. Thus, the present investigator faithfully followed the guided process of grounded theory as presented in Strauss and Corbin’s (1990) handbook. Additionally, several strategies were employed to justify the validity and creditability of this study. First, peer
examination was applied, as each of the co-major professors assessed the quality of this present study by reviewing and critiquing all documents generated throughout the research process (Creswell, 2014). Second, member checking was applied, as the final report of core categories and relationships among categories was presented to some of the participants for their evaluation of its adequacy and accuracy (Creswell, 2014). The investigator, the major and most important instrument in the qualitative study, should endeavor to avoid research reactivity, which entails the investigator or the study procedure biasing the participants’ responses and altering the results (Creswell & Poth, 2017; Lietz & Zayas, 2010). In order to minimize research reactivity, the present investigator engaged with the interviewees neutrally, showing no affirmative or non-affirmative gestures or facial expressions during the interviews. The present investigator also managed the threat of his own bias in the study by discussing reflexivity when reporting the results. With the consideration and acknowledgement of the influence of the present investigator’s standpoint on the research, the interpretation of the results can be justified (Lietz & Zayas, 2010).

In addition, a thick description, which refers to the thorough record of the context, environment, and events experienced by the participants in a qualitative study, was provided to increase the creditability of the present study (Creswell & Poth, 2017; Lietz & Zayas, 2010). As mentioned in previous chapter, the improved entrepreneurial environment and the fierce competition could both affect online entrepreneurs. A thick description of their experience in doing business in Chinese online market can lay out the background and help the readers to gain more understanding of the present study. Finally, an audit trail was kept throughout the whole study process. The audit trail recorded the whole research process, including what happened and how the investigator reacted (Creswell & Poth, 2017; Lietz & Zayas, 2010). The audit trail
allows researchers or reviewers outside the project to track and critique the research process, and increases the quality of this present study (Creswell & Poth, 2017; Lietz & Zayas, 2010).

To assure the reliability of this qualitative study, all work done throughout the research process was documented in the form of memos for further examination to make sure this design can be duplicated in other research environments. Moreover, to increase the reliability and trustworthiness of the coded data, an intercoder reliability and agreement evaluation was conducted with the approach suggested by Campbell et al. (2013). First, the present investigator open-coded 10 percent of the transcribed interviews, creating a code book with the definition and meaning of the codes. Then, the present investigator eliminated the codes on the transcripts but left the coded text units in brackets. A second coder, the bi-lingual co-major professor then coded the bracketed text units from the same transcripts with the guide of the code book. After coding all the text units, the intercoder reliability was calculated by the equation shown below (McMillan & Schumacher, 2014). After the clarification and discussion to resolve all the disagreement between two coders, the intercoder reliability exceeded 80%, the present investigator thus followed the code book to code the remaining transcripts (Campbell et al., 2013; Creswell, 2014).

\[
\frac{2 \times \text{number of same codes assigned to same text units by two coders}}{\text{number of codes assigned by the author} + \text{number of codes assigned by the second coder}} \tag{eq. 1}
\]

**Ethical Considerations**

Ethical issues are always important for a qualitative researcher to address. Foremost, the rights, needs, values, and desires of participants must be respected. Second, the whole research process, from planning to execution, needs to comply with the code of ethics. Finally, the reporting of the results needs to be honest and without bias. To assure an ethical research approach, the research plan was firstly assessed by two experienced researchers (i.e., the co-
major professors), who had qualitative research experience. Then the research procedure, the instrument, and the data analysis plan were submitted to the university’s Institutional Review Board for review and approval. While conducting the research, the present investigator strictly followed the approved research plan without alterations or changes. Participants were informed of the purpose, procedure, and potential benefits and risks of participation of this study, and that their participation was voluntary. An electronically signed consent form in PDF format was obtained from the participants before any research activity was conducted. The participant was able to stop at any time during an interview or choose to skip any question that they prefer not to answer. In the reporting of the research results, participants’ identities were not disclosed. When citing their quotes, pseudonyms were used instead of their real names.

The background of the present investigator has significant impact on the qualitative research process and results. Although the grounded theory is generated from the participants’ data, the researcher’s interpretation is key to building the theory rationally (Moghaddam, 2006). As a graduate student majoring in apparel merchandising, the present investigator has been interested in the online shopping as a new retailing channel for a long time. His master’s thesis research examined factors influencing consumer’s adoption of e-auctions online. During that research project, he found that there had been little research conducted on Chinese online entrepreneurs. As a previous online individual seller, he experienced the whole process of starting an online store and doing businesses with other online sellers and shoppers. The most important impression he received from such experiences was that the Chinese C2C market was vast and the competition fierce. Thus, it was very difficult for a new seller to achieve success. The present investigator’s experience in the C2C market spurred his intention to investigate the factors influencing Chinese online entrepreneurs’ success. This study was expected to shed light
on this topic and provide useful information for those who would like to enter the Chinese online market as sellers.

The training the present investigator have received during his graduate education and as part of several qualitative research projects have prepared him to examine these research questions. The present investigator’s previous experience as a Taobao store owner also allowed him to have a better understanding of the jargon that were used during the interviews. However, his previous experience led to presumptions and bias. These included emphasis on the importance of possessing sufficient resources and excellent management of guanxi in the business operations; the lack of these two components lead to failure of a business. To reduce the influence of his previous experiences on this study, the present investigator kept an open mind when executing the present study. He put participants’ input in the pre-eminent position, regardless how they aligned or conflicted with his existing thoughts. Moreover, in reporting the results of this study, the present investigator honestly included all the key information as it was, without alteration.

Quantitative Approach

Overview

The purpose of conducting a quantitative study following a qualitative study is to assess the generalizability of the qualitative findings using a larger sample (Creswell, 2014; Ivankova & Kawamura, 2010). This type of mixed-method design has been proven to be effective and robust (e.g., Fuentes, 2008). A questionnaire was developed with items representing the key themes identified in the qualitative portion of the present study. The plan was if the qualitative results showed a rational relationship framework structured with the major themes, the literature would be reviewed further to verify if this framework was adequate for causal relationship testing. However, if there was no firm evidence in previous literature to support such a framework, the
survey would still be conducted. In this case, instead of performing a causal relationship test, a
cluster analysis would be conducted to categorize Chinese online entrepreneurs by their
attributes represented by the major themes identified in the qualitative study. The present study
followed the later data analysis approach based on the data generated from the qualitative
section.

Sample and Sampling

For the quantitative portion of this study, participants were recruited from Sojump.com’s
sample pool (Sojump, 2017). Sojump.com is a large Chinese marketing research company, and
its 2.6-million-member sample pool includes people with diverse characteristics. Sojump.com
randomly sent invitation letters via e-mail to its members who had identified themselves as
owners of stores on Taobao.com. Taobao sellers who had an operating store that had been in
business for more than a year since its first completed transaction was considered as qualified
potential participants, regardless of their product category. However, a report showed that
apparel and accessories is still the most shopped product category (74%) for online customers
(iResearch, 2015). After participants finished the online survey, Sojump.com compensated each
participant with participation points that can be used to redeem various gift cards.

Survey Instrument Development

A questionnaire with items related to the factors that emerged from the qualitative study
was developed. Both established measurement scales and newly developed items were included
in the questionnaire to measure variables of interest. For example, to measure entrepreneurial
marketing (EM), the scales developed and validated by Fiore et al. (2013) were adapted for the
current research context. The instrument developed was also assessed for its validity and
reliability. The business owners’ demographic traits, such as their highest education level
completed, age, gender, and product category, were gathered via descriptive questions in the
form of closed ended categorical questions. Both the adapted existing measurement items and the demographic questions were developed in English and translated into Mandarin by the present investigator, a back-translation process was conducted by a bilingual graduate student majoring in English education to assure the accuracy. Some specific factors that emerged during the qualitative phase and do not have established measurement scales were measured by items that the present investigator developed for this study.

The following steps were taken to develop the new scale items needed. The present investigator reworded and modified quotations from interview participants regarding individual emerging factors as new survey items, using layman’s language to assure understandability by Chinese online entrepreneurs. The new items developed in Mandarin were checked by several participants to make sure they describe the particular factor properly, and then they were translated to English. The translated items went through a back-translation process performed by the bilingual graduate student again to assure the accuracy and for the peer examination purposes. Then, the developed questionnaire both in Mandarin and English, with adapted and newly created items, were assessed for face validity by both of the co-major professors. These items were randomly listed, and the two co-major professors each assigned each item to a factor category. If an item was assigned to an incorrect factor or can be assigned to two or more different factors, it was modified until the two co-major professors agreed on the correct factor category in which it belonged (e.g., Fiore et al., 2013). After the face validity of the questionnaire was verified, a pilot test involving several Taobao store owners who were in the contact list but not participating in the interview was conducted for accuracy of expression and clarity of wording. The survey questionnaire can be found in Appendix B and C.
Data Collection

The invited participants received an invitation email containing a hyperlink that led them to the online survey. Informed consent information and three screening questions — “Are you currently running a Taobao store?”, “Have you been in business for more than a year since your first transaction?” and “Are you 18 or more than 18 years old? — appeared on the first page of the survey. Only those who agreed with the informed consent information and selected “Yes” to all screening questions were allowed to continue with the survey. A total of 310 completed surveys were collected.

Data Analysis

Data collected from the survey was analyzed using the Statistic Package for Social Science (SPSS 21) and M-plus 7. A descriptive analysis was conducted to characterize the respondents by their demographic traits. Exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) were used to examine the reliability and validity of the constructs. Chi-square and goodness-of-fit measures for model fit (acceptable cut off values: CFI [comparative fit index] > 0.92 and RMSEA [root mean square error of approximation] < 0.08) were assessed, too (Hair, Anderson, Tatham, & Black, 2010). Furthermore, a cluster analysis with the emerging factors as independent variables was conducted to categorize the respondents into several groups based on the similarity of their observed value on each factor. As a result, the respondents were profiled by the traits they showed across the emerging factors. Respondents having high or low observed values on certain factors were grouped together and separated from other respondent groups. When clusters or groups of respondents were identified, their perceived financial and nonfinancial success as the dependent variables were compared via one way analysis of variance (ANOVA) and post-hoc comparisons. The results of these analyses informed which traits were commonly possessed by successful Chinese online entrepreneurs.
The next chapters present the results of the present study in two sections. The first section presents interview participants’ demographic information and the emerging themes generated from the in-depth interviews. The second section presents the questionnaire instrument development details and the quantitative study results.
CHAPTER 4. QUALITATIVE RESULTS

Overview

This chapter presents the part of the qualitative results obtained using an exploratory sequential mixed method approach, discussed in the previous chapter. The present chapter contents the presentation of the qualitative in-depth interview results. Thus, the first section of the chapter provides information regarding profiles of interview participants. The second section of this chapter includes the major themes generated from the analysis of the interview transcripts. The third section is a chapter summary.

Interview Participants

A brief questionnaire, used to gather basic information, as well as the informed consent form were sent to the participants before the interviews were conducted. After signing the form, the participants completed the questionnaire to provide basic information about their stores and themselves. A total of nine individuals participated in the interviews; their basic demographic information is shown in Table 4.1.

As shown in Table 4.1, of the nine participants, six (66.67%) were female and three (33.33%) were male. They were all born in the 1980s, and their ages ranged from 29–34 years old. Two-thirds of them (66.67%) were married and living with their spouse; the remaining participants were single and were living by themselves or with their parents. The participants resided in larger cities within China: the capital area (Beijing), a main economic center (Shanghai), a trade center (Guangzhou), or the hometown of the author (Zhengzhou). The majority of them (77.78%) had at least a bachelor’s degree and had majored in engineering or design. About half of them had previous entrepreneurial experience, whereas only 22.22% of them had relevant industrial experience related to the category of the product they were selling.
### Table 4.1. Profiles of interview participants

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
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<tr>
<td>Female</td>
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</tr>
<tr>
<td>Male</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td><strong>Age</strong></td>
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<tr>
<td>20–30 years</td>
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<tr>
<td>31–40 years</td>
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</tr>
<tr>
<td><strong>Marriage status</strong></td>
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<tr>
<td>Single (never married)</td>
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<td>33.33</td>
</tr>
<tr>
<td>Married</td>
<td>6</td>
<td>66.67</td>
</tr>
<tr>
<td><strong>Residence status</strong></td>
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<td></td>
</tr>
<tr>
<td>Live by his/herself</td>
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</tr>
<tr>
<td>Live with parents</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>Live with husband/wife/partner</td>
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<td>55.56</td>
</tr>
<tr>
<td><strong>Residence location</strong></td>
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<td></td>
</tr>
<tr>
<td>Beijing</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td>Shanghai</td>
<td>2</td>
<td>22.22</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td>Zhengzhou</td>
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<td>55.56</td>
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<td><strong>Highest degree earned</strong></td>
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<td><strong>Major</strong></td>
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<td></td>
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<tr>
<td>Engineering</td>
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<tr>
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<tr>
<td>Natural sciences</td>
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</tr>
<tr>
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<td><strong>Previous entrepreneurial experience</strong></td>
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<td></td>
</tr>
<tr>
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</tr>
<tr>
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<td></td>
</tr>
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<tr>
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<td><strong>Full-time store operation</strong></td>
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<td></td>
</tr>
<tr>
<td>Yes</td>
<td>5</td>
<td>55.56</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>44.44</td>
</tr>
<tr>
<td><strong>Time spent on store operation per week</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1–20 hours</td>
<td>5</td>
<td>55.56</td>
</tr>
<tr>
<td>21–40 hours</td>
<td>2</td>
<td>22.22</td>
</tr>
<tr>
<td>More than 40 hours</td>
<td>2</td>
<td>22.22</td>
</tr>
</tbody>
</table>
About half the participants were operating their online stores full time (i.e., they had this occupation only) and spent more than 20 hours per week on store operations. All those who were operating their store part time had a full-time job as their main source of income. Overall, the participants in the present study represented young entrepreneurs who had completed some level of higher education and were operating their online stores regularly.

The pre-interview questionnaire also captured basic information about the participants’ online stores (see Table 4.2). The majority of the participants mainly sold apparel and accessories (77.78%); other product categories included food and nutrition products, electronics, art pieces and collectables, and cosmetics. Most of the participants had family support (55.56%) and spent their personal savings (66.67%) to establish their online stores. However, some of them also received bank loans or borrowed money from their friends. Although family support, personal savings, and bank loans were also used for their daily store operations, at the time of the interview most of participants (77.78%) were able to use profits made by their stores to maintain their business operations.

All the participants had a store on a C2C platform (Taobao), and the majority of them (66.67%) also used an instant messaging tool (Wechat) to sell products and maintain communication with their customers. Figure 4.1 shown below presents the typical selling channels, Taobao store and Wechat moments. Most (77.78%) of them had operated their business online for two to 10 years without any partners or collaborators. As small business owners, they operated their stores by themselves or with the help of a limited number of employees. Two of the participants had established their own company and had more than five employees. Most (55.56%) preferred fewer but stable vendors and suppliers. Although the majority of the participants’ stores (88.89%) broke even or made a profit after necessary
expenses in the previous year, most of them still perceived their businesses to reflect the industry average or be unsuccessful, indicating that they were not satisfied with their store operation in measures other than financial sustainability. Table 4.3 presents the list of the participants and their businesses.

*Figure 4.1.* Online store page on Taobao’s website (up) and displays of products as posts on Wechat moments (down)
Table 4.2. Basic information about the participants’ online stores

<table>
<thead>
<tr>
<th>Basic information</th>
<th>n</th>
<th>%(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product category</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apparel and accessories</td>
<td>7</td>
<td>77.78</td>
</tr>
<tr>
<td>Electronics</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td>Collectables</td>
<td>2</td>
<td>22.22</td>
</tr>
<tr>
<td>Food and nutrition</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>22.22</td>
</tr>
<tr>
<td><strong>Financial sources for store establishment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td>Family support</td>
<td>5</td>
<td>55.56</td>
</tr>
<tr>
<td>Personal savings</td>
<td>6</td>
<td>66.67</td>
</tr>
<tr>
<td>Investment from others</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td><strong>Financial sources for store operation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td>2</td>
<td>22.22</td>
</tr>
<tr>
<td>Family support</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>Personal savings</td>
<td>4</td>
<td>44.44</td>
</tr>
<tr>
<td>Store profit</td>
<td>7</td>
<td>77.78</td>
</tr>
<tr>
<td><strong>Distribution channels</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent online store</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td>Online store on C2C platform</td>
<td>9</td>
<td>100.00</td>
</tr>
<tr>
<td>Consignment store</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>Instant message tool</td>
<td>6</td>
<td>66.67</td>
</tr>
<tr>
<td><strong>Years of store operation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1–2</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>3–6</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>More than 6 years</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td><strong>Number of business partners</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>7</td>
<td>77.78</td>
</tr>
<tr>
<td>1–2</td>
<td>2</td>
<td>22.22</td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>1–2</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>3–5</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td>More than 5</td>
<td>2</td>
<td>22.22</td>
</tr>
<tr>
<td><strong>Number of vendors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1–2</td>
<td>5</td>
<td>55.56</td>
</tr>
<tr>
<td>3–5</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>More than 5</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td><strong>Number of business collaborators</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>6</td>
<td>66.67</td>
</tr>
<tr>
<td>1–2</td>
<td>2</td>
<td>22.22</td>
</tr>
<tr>
<td>More than 2</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td><strong>Business performance of store in 2017</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Made a profit</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>Broke even</td>
<td>5</td>
<td>55.56</td>
</tr>
<tr>
<td>Lost money</td>
<td>1</td>
<td>11.11</td>
</tr>
<tr>
<td><strong>Personal perception of store performance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>About industry average</td>
<td>4</td>
<td>44.44</td>
</tr>
<tr>
<td>Unsuccessful</td>
<td>4</td>
<td>44.44</td>
</tr>
<tr>
<td>Terrible</td>
<td>1</td>
<td>11.11</td>
</tr>
</tbody>
</table>

\(^1\) Total percentage can be more than 100% because multiple options could be selected for one question.
Table 4.3. List of the participants and their businesses

<table>
<thead>
<tr>
<th>Participants</th>
<th>Gender</th>
<th>Platforms</th>
<th>Geographic location</th>
<th>Product category</th>
<th>Years in business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant 1</td>
<td>Male</td>
<td>Taobao</td>
<td>Guangzhou</td>
<td>Apparel and accessories</td>
<td>8</td>
</tr>
<tr>
<td>Participant 2</td>
<td>Female</td>
<td>Taobao, Wechat, Consignment store</td>
<td>Beijing</td>
<td>Apparel and accessories, Food and nutrition</td>
<td>2</td>
</tr>
<tr>
<td>Participant 3</td>
<td>Female</td>
<td>Taobao, Wechat</td>
<td>Zhengzhou</td>
<td>Apparel and accessories</td>
<td>11</td>
</tr>
<tr>
<td>Participant 4</td>
<td>Female</td>
<td>Taobao, Wechat</td>
<td>Shanghai</td>
<td>Apparel and accessories</td>
<td>9</td>
</tr>
<tr>
<td>Participant 5</td>
<td>Female</td>
<td>Taobao, Wechat, Consignment store, Physical store</td>
<td>Zhengzhou</td>
<td>Collectables</td>
<td>2</td>
</tr>
<tr>
<td>Participant 6</td>
<td>Male</td>
<td>Taobao, Wechat</td>
<td>Zhengzhou</td>
<td>Apparel and accessories, Food and nutrition, Collectables, Electronics, Luxury goods</td>
<td>6</td>
</tr>
<tr>
<td>Participant 7</td>
<td>Female</td>
<td>Taobao</td>
<td>Zhengzhou</td>
<td>Cosmetics</td>
<td>2</td>
</tr>
<tr>
<td>Participant 8</td>
<td>Male</td>
<td>Taobao</td>
<td>Zhengzhou</td>
<td>Apparel and accessories</td>
<td>6</td>
</tr>
<tr>
<td>Participant 9</td>
<td>Female</td>
<td>Taobao, Wechat, Consignment store, Own website store</td>
<td>Shanghai</td>
<td>Apparel and accessories, Food and nutrition</td>
<td>6</td>
</tr>
</tbody>
</table>

Major Themes

Following the completion of the demographic and business questions, qualitative data were collected using a semi-structured interview instrument. Questions were asked related to the participants’ motivations for starting their businesses, resources possessed, operational strategies, and perceived institutional environment’s effects on their businesses’ success to gain a deeper understanding of the Chinese online C2C market from the seller’s perspective and to identify factors that may affect the success of these entrepreneurs. Major themes emerged from analysis of the participants’ interview responses. The author’s interpretations and analyses to illustrate the key emerging themes are presented below followed by the Chinese and the English translations of the participants’ statements. The following section will present the major themes organized by the following topics: (a) motivations for starting one’s own business online, (b) resources for starting and operating one’s own business online, (c) unique Chinese online market dynamics,
Motivations for Starting a Business Online

The author started the interview by asking the participants why they decided to start their own business online. The responses of the Chinese online entrepreneurs reflected diverse motivations for starting their own business. These motivations comprise internal personal factors as well as external situational factors. The following themes describe the emerging motivations that drove Chinese online entrepreneurs to start their businesses.

**Pull factors**

Most of the participants started their own businesses because of “pull” factors, also known as self-fulfillment motivations (Gu et al., 2015). The pull factors reflected in the participants’ answers included the pursuit of achievement and recognition, pride and enjoyment, and a flexible lifestyle found in past studies (e.g., Dobbs & Hamilton, 2007; Pistrui et al., 2001; Reijonen & Komppula, 2007; Simpson et al., 2004; Walker & Brown, 2004).

For example, participant 5 was a Zhengzhou-based online store owner who was selling Tibetan Thangka, a form of traditional Buddhist painting, used to be a religious product but currently recognized as an art piece and collectable. She started her online store, because she wanted to open a new channel to promote both Thangka as a collectable good and to promote her business to become a well-recognized brand, as she mentioned in the following passage:

个人因素，嗯，然后还是想打开渠道吧。就是想更广泛地去让别人认知这个东西，多一个渠道去做一个推广的工作。我的目的的话纯属是为了要推广唐卡和我这个唐卡的品牌。所以说淘宝这种东西的话，它只能作为一个平台和渠道，并不能作为一个销售口。像北京上海这种地方的话，它对唐卡已经有了一定的认知，并且很多年前，零
几年前的时候，就已经开始有各种唐卡的这种展，郑州一次都没有。很多人不知道唐卡是什么。当然懂唐卡的人都会非常的了解，并且包括一些很喜欢藏传的外国人。然后这些的话，因为是收藏品，是继股票房地产之后又一个大的金山。这个是我很认知的，所以说对于它这个行业，我做的这个事情，我是非常的认可。并且大家都觉得它是一个朝阳产业，可以往前走很远的一个事情。但是呢因为前期的认知度低，然后推广力度不够，所以说的话它前期可能需要一个很漫长的一个累积的过程。（Participant 5）

It’s [because of] personal reasons, I would like to expand sales channels. Just so that more people can know about Thangka and to add one more channel to promote it. My main purpose was purely to promote Thangka and my Thangka brand. Therefore, the Taobao store can only be used as a platform and channel for promotion, not for sales. People in cities like Beijing and Shanghai already have some knowledge about Thangka. Years ago, in the 2000s, exhibitions of Thangka were already being held in such cities. However, none has been held in [places like] Zhengzhou. Many people still don’t know what Thangka is. Of course, people who knew about Thangka are very knowledgeable about it including some foreigners who are interested in Tibetan Buddhism. These Thangka, as collectables, are considered as the next wealth maker, closely following stock and real-estate investments. I am aware of this, so I acknowledge this industry and what I’m currently doing. Besides, people all consider Thangka to be a rising industry with great potential. However, because Thangka is still in its inception stage and it lacked awareness and needed promotion, Thangka may need a long and slowly process to build [awareness and recognition]. (Participant 5)
Figure 4.2 provides an example of a Tibetan Thangka, dated from the early 20th century and depicting the Vajra-Heruka and various Buddhas, lamas, and monks.

Other participants started their online stores, because they were interested in a certain product or wanted to be involved in a particular industry. They enjoyed selling online products for which they were loyal consumers. For example, participants 1, 3, and 4 were all interested in the apparel industry, thus electing to sell apparel products online. Operating an apparel store

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online was fulfilling their personal interest, leading to enjoyment, as they expressed in the following narratives:

Mainly because after graduating from college, I was eager to get into the apparel [fashion] industry, but never got a chance to. Then I caught on to the online shopping trend, and was also tired of my job after a few years of working. So, starting from my college years, I was very much a shopaholic of clothes myself, and I knew a lot about various fashion brands. (Participant 1)

I just completely followed my own interests…I did it because I liked it. I like to do things I’m interested in. (Participant 3)

It was mainly based on interest, I personally like things related to the apparel. Back in college I was filled with passion and enthusiasm. So, because I was interested in apparel, I wanted to work in apparel-related industries. (Participant 4)

As mentioned, enjoyment coming from being involved in an interested industry and with products of interest was a driving motivation to start businesses online.
There were also participants who started their businesses online because of the flexibility of such operations. Operating stores online provided freedom to arrange their own life and to spend more time with their family; this was attractive to them. For example, participants 2 and 7 noted the following:

第一个呢就是网上开店的时间比较自由，不耽误你正常的工作，也是在下班时间，这点比较好. (Participant 2)

The first reason is that, in terms of time, managing an online store is very flexible, and does not interfere with your normal job. The advantage is that I can manage it after finishing my day-time job. (Participant 2)

我觉得创业还是好的, 毕竟也自由, 你可以做你自己的事情, 不用朝九晚五... 在国内就是天还没有亮就要起床, 然后收拾完去上班, 你晚上回到家天已经黑了. 然后每天陪孩子的时间很少, 因为你去上班的时候孩子还没起呢，都是爷爷奶奶送去上学. 晚上回来的时候孩子都吃完饭该写作业了，然后又开始要准备睡觉，因为第二天要早起上学. 整个你可能一天见到孩子, 跟孩子说话的时间还不超过 20 分钟. 我觉得就是这样, 确实觉得这方面不太好, 觉得还是创业能够更自由一点吧. (Participant 7)

I think entrepreneurship is a good thing because it’s flexible. You can work according to your own schedule instead of being tied down to a nine-to-five job. Having a regular job in China means getting up early in the morning before dawn, getting ready, going to work, and by the time you return home, it’s already dark out. You don’t get to spend a lot of time with your children, since they wouldn’t be awake when you are headed to work, so their grandparents always end up sending them to school. When you come back in the
evening, your children would have already had their dinner and started working on their homework. Then it would be their bedtime because they need to get up early for school the next day. At the end of the day, you only get to see and talk to your children is no more than 20 minutes. A normal job is not good in this aspect, so starting my own business can give me more freedom and flexibility. (Participant 7)

As mentioned, opening a store online allowed for a more flexible lifestyle, including more personal time, which allowed spending more time with their family.

Collectively, the pursuit of awareness and recognition of a product category, personal interests, and enjoyment, as well as a flexible lifestyle, were the major self-fulfillment motivations as pull factors that motivated Chinese entrepreneurs to start their own business online. In the present study, these pull factors were mentioned more than other factors as influencing Chinese entrepreneurs’ decisions to start their own online business.

**Push factors**

Apart from pull factors, there were also some “push” factors that led Chinese entrepreneurs to start their own business online. It was an alternative way of making a living. According to a previous study, negative factors, such as unemployment and dissatisfaction with a previous job, may become push factors (Gu et al., 2015). Some people must start their own business because they are trying to avoid the negative effects of these push factors.

In the present study, pressure to support their family, dissatisfaction with their previous job, and failure of a previous business were the predominant push factors that forced some participants to start their business online. For example, participant 7 mentioned that her family needed financial support to cover living expenses, so she decided to open an online store to help alleviate the financial pressure:
Actually, it’s all just for getting by. Because we have children, all the different aspects of life can become very stressful. It was not reasonable to rely solely on my husband to raise the family, right? I thought the women in the household should also share the burden. In the beginning, this was my original thoughts, and I did not think about much else. I knew that it would be better than doing nothing. Having two people working will always bring in more income than one. That’s it.

In another case, participant 3 was tired of the internship she had before graduation, because of the complicated personal relationships in that working environment. As a result, she decided to start her own online store after she graduated to avoid too much interpersonal contact. She explained:

那个大学大四的时候不是出去实习过嘛。然后我想做陈列师, 就是服装陈列师。然后本来做得挺好的, 但是我觉得那个人际关系太复杂了, 我就不喜欢出去工作了。然后就想自己开店, 就这样。因为网上开店方便, 不用面对很多人, 不用你亲自去面对很多人, 就打打字发发货什么的就行了。

I did an internship in my senior year at college. I wanted to be a visual merchandiser, like an apparel visual merchandiser. I was doing well as an intern, but then I found the inter-person relationships among coworkers were too complicated, so I did not feel like working there anymore. Then I thought of opening my own store instead, that’s it.
Because it is convenient to open a store online, and you don’t have to communicate face to face with too many people. Operating an online store does not require you to interact with many people face-to-face, you just need to send messages and ship out the goods.

For participant 6, who had previously operated an offline business, the experiences surrounding a failed offline business transaction caused him to change his way of selling products. As a result, he pursued opening an online store on Taobao, which turned out to be more successful than selling products through offline channels. He noted:

Because at that time I had a failed transaction when operating an offline trading business. I thought about how to change my business operation, so I started with opening an online store on Taobao. I just listed some products that I did not quite care about in the online store and I rarely looked after it. Later I found that there were some orders made through the online store, so I decided to expand my business online. When I did the offline trading with my customers, I usually relied on our good personal relationships [to negotiate good price and secure the transaction]. An offline business needs a large amount of investment, but the profit was minimal. So, I decided to develop my online
business, store my goods in the warehouse, and sell them online. It turned out to be very
good.

Hence, unlike pull factors, which encouraged Chinese entrepreneurs to start own business
online, push factors represent negative situations that the Chinese entrepreneurs would like to
avoid or escape from. These push factors included unsatisfactory living conditions, frustrations
with previous jobs, and failure of previous business transactions, which had forced these Chinese
entrepreneurs to pursue opening stores online to alter their current unsatisfactory situations.

**Low cost of entry as encouraging situational factor**

Apart from the individual entrepreneur’s personal willingness to start their own
businesses online, there is another factor that triggered the establishment of an online C2C
business. This factor is the popularity of online businesses and its low entry cost in China, as
mentioned by several participants. Starting an offline business usually involves a large amount of
financial investment, as well as complex process of application of various licenses and permits,
whereas opening an online store on C2C platform is much easier and quicker. The broad impact
of Taobao on the Chinese online market, and the easy process and low cost to open a store on
Taobao have motivated many individuals to start their own store on that very platform, as
mentioned by the following participants:

那时候是 09 年吧，正是淘宝刚刚上线不久的时候，然后觉得这应该是一种趋势
吧，然后就去尝试一下. 那时候是不需要交那个平台的费用，所以就相对来说那时
候开店比较好，而且不需要考虑成本的问题. (Participant 4)

It was in 2009, when Taobao had just launched. I felt online shopping would become a
trend, so I tried to open a store. At that time, you did not need to pay any fee to the
Taobao platform, so it was more cost effective to open a store then [than now]. Besides,
you did not need to worry about the overhead cost of opening an online store back then.

(Participant 4)

Because Taobao has been very influential, it has products ranging from every expensive
to very cheap, it has customers from elders to young men, lots of people are using
Taobao. And it has a very low entry barrier. Taobao has a low entry barrier; you don’t
need to pay any other fees except for a thousand RMB as security deposit. (Participant 5)

现在实体店实在是不行了，被网店冲击的特别惨淡。网店开了，还有一个好处就是
你不用去管店面，店家也省去了很多费用。因为现在房租也很贵，你稍微找一个门
面好一点，店铺一个月月租一两万都是很正常的。所以说现在实体这一块也确实不
好做。我个人觉得网店也已经到了顶峰了。觉得往上上升的空间已经不大了，我个
人觉得已经到了顶峰。所以不会再像以前一样，第二年会比前一年生意更好。但是现
在这个网店应该算是最鼎盛的时候。开店反正也不收费用嘛。那时候就是交一千块
钱的保证金，说实话一千块钱确实也不算啥。 (Participant 7)

The performance of physical stores is really bad, affected a lot by the online stores.

Another advantage for opening an online store is that you don’t need to take care of a
physical store, thus saving a lot of money. Nowadays, the rent for a physical store is
really expensive, some average ones will cost you ten to twenty thousand RMB a month.
As a result, it is indeed not easy for physical stores to survive now. I think the online
stores are at the peak of their development, not much more room for them to develop. So,
it won’t be like before, when the online store would grow year by year. But now is the best time for the online business. There is not much of a fee to pay for starting an online store. Back then, I only need to pay a security deposit of one thousand RMB, which is not a big deal. (Participant 7)

As participant responses illustrate, the significant influence of Taobao on the Chinese retail market, both online and offline, and its low barrier for entry in terms of need for limited financial capital have encouraged many people to start their own business on Taobao. Hence, there are minimal financial risks associated with opening a store on Taobao.

**Resources for Starting a Business Online**

After asking about motivations, the author asked interviewees about how they started their business, especially what resources contributed to the establishment of their business online. Based on analysis of their responses, several resources were identified as key contributors or enhancements to their online businesses. Theoretically, Barney (1991) classified possible resources for establishing enterprises into physical, human, and organizational capital, and Greene et al. (1997) added social and financial capital as more important resources at the initial stage of establishing a business, because an entrepreneur’s personal experiences and social network may play significant roles in gaining resources and business opportunities. In the present study, the Greene et al.’s modified resource-based theory was reflected in the participants’ responses about the resources they possessed for establishing and operating their businesses online, demonstrating the suitability of applying this theory to analyze survival and growth of new business ventures. Specifically, social, human, and financial capital played much more important roles in Chinese online entrepreneurs’ business establishment and operation than did organizational or physical capital. The latter two usually become more important in established and larger enterprises.
Social capital

Social capital is defined as the entrepreneur’s external relationships and networks that can be utilized to enhance the business performance (Greene et al., 1997). It was the most important resource mentioned by the participants. Social capital possessed by Chinese entrepreneurs included their social networks, relationships, and connections with their vendors, customers, business partners, and government agencies. Family member support, a form of social capital, also played a meaningful role in the operations of online businesses.

The most influential aspect of social capital is the possession of or access to favorable resources through the connections within an entrepreneur’s social network, which can provide an advantage in sourcing products. Such resources, after careful cultivation and management, may become a sustained competitive advantage that is hard for other competitors to duplicate. Hence, these favorable resources may strengthen a Chinese entrepreneur’s confidence and capability to enter the online market. Participants 5, 6, and 7 all mentioned this factor as influencing their decision to start their business online:

我经常要往西藏跑，每年都要去，而且在那边有很多朋友，还有画师什么的。我要什么的话，他们会帮我购买邮寄回来。 (Participant 5)

I go to Tibet regularly. I go there every year. I have many friends there, including Thangka painters. If I need anything from Tibet, they will help me to buy them for me and mail the products to me. (Participant 5)
We started by sourcing products from auctions held by Chinese Customs. There were some smuggled goods. Companies or individuals attempted to smuggle goods, but were caught by Customs. If no one paid the tax and fines for those goods, after a certain period of time, they would be sent to auction. If sold at auctions, those goods would be legal to sell in China. (Participant 6)

I have family members who live in Germany. In the beginning I decided to sell baby formula that was purchased from Germany. Then I found that German skin care and cosmetic products were also good. Now I mainly sell German local brands of products, those cheaper, niche brand cosmetic and skin care products. (Participant 7)

Hence, special channels for sourcing products offered participants a competitive advantage, as other competitors had limited access to them or would find them hard to mimic. Sources ranged from family member support, such as in the case of Participant 7, or a business partner’s social capital or guanxi with a government agency, such as in the case of Participant 6:
My business partner’s boss owns a waste processing company. This owner has personal connections, some guanxi, with local Customs officers. Besides, when the Customs needs to destroy some unlawful imported products, they cannot do it by themselves. They need a certified waste processing company to do it, otherwise it may cause environmental pollution. Then through this guanxi, we got the access to the custom auctions. (Participant 6)

Although these resources may be leveraged through the social capital of a family member or business partners, they can also be acquired by entrepreneurs themselves if they spend time and effort in establishing guanxi with favorable vendors, as evidenced in the case of Participant 5:

At that time, I spent almost half a year in Lasa to seek for Thangka painter partners. I gained my painter’s consent to be my business partner by drinking two cases of beer with
him. It’s real. Because many people reached him for collaborations, so it was not easy for me to compete with them. And I am an outsider. There were already many local people who want to buy his paintings, so it was really not easy for me. As a result, I have this excellent resource in my possession. So, I am not afraid of any competition, there is basically very minimal competition for me in China. I have great competitive advantages, because my painters are all outstanding.

These participant experiences demonstrated that having favorable guanxi is a critical factor for Chinese entrepreneurs to start their own business online. As such, guanxi may offer the entrepreneur incomparable advantages in sourcing unique products that can increase the odds of business success.

In addition, even without special channel for sourcing products, having stable guanxi with the vendors is, nevertheless, very beneficial for online store owners. In the present study, such benefits were manifested in the guarantee of reliable product supply, trendy and good-quality products, and scarce goods. The following examples are offered:

就是供货给我们, 就是我们出版, 他们加工, 这些相对来说会能有保障一点吧.
(Participant 1)

They produce products for us, we provide the patterns, and they make them.

Collaborating with them offers more guarantee of production. (Participant 1)

基本上都是通过朋友的介绍, 因为大家也都是在外边留学的, 或者工作中同事介绍的伙伴, 他的亲戚啊什么的, 在海外的什么的. 然后这种主要是比较靠谱, 因为现在假货比较多一点, 我们之间怎么进行形成这种信任的, 就是从周围比较靠谱的朋

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3 Chinese individuals recognize the “bottoms up” as a drinking etiquette to show respect to the other party.
I found my vendors basically through my social network, because most of them were students studying in another country, or my colleague’s relatives who live overseas. These vendors are more reliable. Now there are many counterfeit goods, so how do we establish the initial trust? The answer is to ask your reliable friends to introduce these students or their relatives to you, and make sure they can actually purchase the goods from overseas. (Participant 2)

我就只拿他两家的货,然后关系也比较好,他们有货都会给我留. 那个供应商帮我去广州找货，看有没有类似这种款式，质量好的，我会把图片发给他．他会跑好几家，然后给我对比出来，质量最好的再给我. (Participant 3)

I source my products only from these two vendors, and we maintain a good relationship. They would make sure to keep me in their mind and reserve some products for me. One of my vendors would go to Guangzhou to look for the products I want for me. He would try to find similar styles [to the examples I provided him] and good quality products for me. I will send him the pictures of the styles that I want, and he will examine different manufacturers and pick up the best quality products for me. (Participant 3)

Because of the benefits gained from a stable relationship with vendors, the participants also needed to invest time and money to maintain such relationships and keep their competitive advantages. In one unique situation, however, the vendor needed to expend effort to maintain a good relationship with the seller, because the seller’s large purchase volume made her the best outlet for the vendor. Specifically, two of the participants explained:
I don’t feel I need to maintain guanxi with them, because I source a lot of products from them. They want to maintain guanxi with me, I don’t have to. They often invite me to dinner and send me small gifts. We are benefiting from a win-win relationship. My store can sell thousands of pieces of just one style, he can make a lot of money as vendors, too. (Participant 3)

My painter and I are already friends, but I still will take efforts to maintain guanxi with him. On holidays I will send him gifts, and during normal days we will also send a “red envelope” to each other. When I go to Lasa, I will also ask him out for dinner. We are friends now, I order Thangka from him every year, unceasingly. I also support him financially as a Buddhist. (Participant 5)

Furthermore, having stable guanxi with business partners can also translate to smooth operation of the online store, because such collaboration can leverage the different resources

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4 Traditionally, a “red envelope,” containing money and good blessings, is given to kids by parents or grandparents during Chinese lunar new year. Currently, it is common to give red envelopes to family members, friends, or business partners to express gratitude, blessings, or wishes of good luck. There are also electronic red envelopes can be sent via Wechat to contacts, with money from a bonded bank account.
both parties have, thus maximizing their competitiveness. For example, Participant 2’s business partner that had extensive experience working with the Chinese Customs and, thus, could reduce the end-customer’s burden of paying a heavy tax:

然后海关, 在那边找的合作商基本上都是跟海关打交道比较有经验的, 时间上可能会久, 但是基本上可以保证这边的客户不会被扣很多的税, 或者说可以免税这样的一个合作伙伴, 所以我这边受的影响不是特别的大. (Participant 2)

Then let’s talk about the [relationship with] Chinese Customs [in doing my business]. My overseas business partners are basically all those who had experiences of dealing with Chinese Customs. It may take longer for the products to be cleared by Customs, but basically, we can guarantee that our customers do not need to pay a lot of tax, usually the products will be duty free. So, I don’t worry too much about the product’s clearance through Chinese Customs. (Participant 2)

Participant 3 had a friend as her business partner, and they liked to work together to design, produce, and sell their own customized apparel products. Reflecting each partner’s expertise, she was in charge of selling and her partner was in charge of designing, as she noted:

我正好有一个特别要好的朋友, 他是清华大学服装专业研究生. 然后今年就准备一起合作, 先做一批定制款, 尝试推广一下. 他来出设计,我来出销售, 我来做推广. (Participant 3)

I happen to have a very good friend, who holds a master’s degree in apparel design from Tsinghua University. This year we plan to collaborate and make a batch of customized products for promotion. He is going to design the product, and I will be in charge of sales and promotion. (Participant 3)
Participant 5 was collaborating with an advertisement company that hosts events and activities for VIP customers of different banks. This participant was invited to give lectures and talks to introduce the history of her collectable Tibetan Thangka products. In such collaborations, she not only was getting paid but also had opportunities to get in touch with potential buyers of her products. She noted,

我现在正在跟一个广告公司合作，就是做一个这种活动性的课题。就是做讲课，就讲关于唐卡。通常在那个艺术品行，讲唐卡和艺术品收藏。这个广告公司合作的，会有像银行，还有像地产公司，他们都会有高端客户，就是经常会有一些维护客户关系这样的活动。然后他会根据活动的主题的不同，甄选高中低档客户，然后进行邀约。然后我属于这些活动里面的高端活动，就是邀请这种有消费能力的客户来听这样的课。它不但能让我挣钱，就是让我自己去挣讲课的费。其实挣钱之外的话，我更加愿意去参与这个活动的原因，是因为可以更好的推广我们这个唐卡，得到更多的人的认知。因为这些人的话，大部分都是有购买能力的人，叫针对性客户。

I am now collaborating with an advertising company to host events, such as giving talks about Thangka. Such events are usually held in some gallery, talking about Thangka and other collectables. The advertising company’s customers include commercial banks and real estate agencies, which all have VIP customers. They will need these events for maintaining guanxi with their VIP customers. They will invite their customers to attend different events based on their social-economic status. My Thangka talks is among the high-end events, which are targeting at the VIP customers who have higher spending power. I can make money from such events as the invited speaker. But what motivated me more about attending such events is beyond making money, I can also promote
Thangka, and to gain more recognition. Those VIP customers are my target customers, people who have the ability to purchase expensive collectables, such as Thangka.

Participant 6 had his own company to source various products from auctions held by the Chinese Customs and sell them both online and offline. His major collaborator was a Wechat merchant team that focused on selling products on Wechat. As a result, he was sharing the product information and price with them and offered them a cut from the profits. He explained,

然后公司逐渐发展，就有一个微商的团队找到我们. 然后他们的人比较多，他们是一个专业的做那个微信销售的一个团队. 然后就和他们合作一下，他们有自己的那个系统吧，然后再加上自己的一个小平台，然后就和他们合作一下，来做一下销售. (Participant 6)

With the development of the company, a micro-merchant team on Wechat reached out to us. They have a group of professional salespersons that focuses on selling products on Wechat, so we started a collaboration with them. They have their own selling system embedded in Wechat, and also a sales platform of their own. Then we collaborate with them to sell our products. (Participant 6)

From these responses, it appears that strategically leveraging one’s relationship with business partners may help the operations of the online store, such as bolstering product sourcing and development, customer management, and sales. These collaborations can create a “win–win” situation for the Chinese online entrepreneur and his or her business partners.

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5 The merchants who sell products on Wechat usually call themselves “micro-merchant”, first because the APP Wechat is named “micro-message” literally in Chinese, and second because they usually sell things to individual buyers with small quantity.
Along with efforts to maintain guanxi with business partners, maintaining guanxi with customers was frequently mentioned by the participants. They considered maintaining guanxi with customers as one of the most important tasks needing their attention. Specifically, effective communication with customers can help them get to know more about their customers’ needs and manage relationships with their customers. For example, participant 1 mentioned how his team communicated with customers, including the use of different APPs:

微信, 淘宝, 还有微淘, 然后有的时候做活动, 送点礼物, 有的时候写封信, 差不多这种互动. 就是提供一些资讯吧，服装相关的应该是. (Participant 1)

Wechat, Taobao, and mobile Taobao. Sometimes we will host interactive activities to send out gifts or letters of information about current trends in the apparel industry to our customers [via these APPs]. (Participant 1)

Participant 2 stated that she maintained very good relationships with her customers, because she spent time and effort to manage the relationships, and many of her customers became her friends and met offline. She talked about several reasons why she could maintain such good relationships with her customers.

一个就是我大概人比较好，这样客户前期的沟通做得还比较到位，所以大家之间都能建立一种共识，不会因为一些小事产生一些误会而导致彼此之间的关系变得差一点. 另外一个就是生意其实没有带来多么大的一个收益，只不过是为了连接跟大家进一步的关系，或者多的共同话题可以探讨. 然后这些客户平时的时候也会慢慢的发现成为朋友，大家也就是聚个餐啊什么的也是一个蛮好的...比如说在节假日的时候发大家个红包之类的，或者谁的生日的时候给他生日的祝福或者怎么样的. (Participant 2)
First, maybe because I am a nice person, and would like to fully communicate with my customers at the initial contact, thus we build a mutual understanding between us—so that there will not be misunderstandings that harm our relationship. Another reason is, because I did not expect this business to bring me big profit, but more of enhanced guanxi with my customers, and more common topics to talk about among us. Gradually, those customers become my friends, and we enjoy going out for dinner together. In addition, we send red envelopes to each other as a way of blessing during festivals or someone’s birthday. (Participant 2)

Participant 3 found that once she had a stable customer base and had included them into her Wechat contacts, she could ask them about their preferences as suggestions of sourcing products. She would post some pictures of those products she planned to source and ask her customer to choose their favorite ones in Wechat moments posting, and these posts always got active feedbacks, which helped her in her decision.

全部都会回复. 我发一个信息，就比如说我今年准备做一个独立设计，然后我说你们喜欢什么风格，就有一百多条留言，他们就会告诉你，他们喜欢什么风格。希望你能做什么风格. (Participant 3)

All of them [customers in Wechat contacts] will reply. I would post a moment on Wechat, saying that I plan to produce an exclusively designed piece this year, what style would you like? There would be more than 100 replies from my customers telling me what they like, what styles they prefer I make. (Participant 3)

Figure 4.3 shows how participant 3 would ask her customers, Wechat contacts, for their opinions regarding sourcing a new style of product, their preference for several styles, and how her customers would give her feedback.
Participants 5, 6, and 7 also mentioned how they would maintain good relationships with their customers:

Figure 4.3. Customer responses to the seller’s request for input on style preferences used in future product sourcing

有啊，就是有意向客户还有老客户的话有时候会聊，另外唐卡的话，它属于佛教用品跟艺术品收藏这一块，然后也会聊这两个方面的一些相关话题。维护的话主要就
是送东西，像比如说在我这边收唐卡的话，会送他很多那个关于西藏的那种特色的
小东西啊小礼品啊之类的。 (Participant 5)

Yes, I will chat with those potential and existing customers about Thangka. Thangka belongs to collectables and also Buddhism religious supplies. So, I will chat with my customers about these two topics as well. For maintaining guanxi with customers, I usually send them gift. For example, when I source Thangka at Tibet, I will also buy some special Tibetan gifts to send to my customers. (Participant 5)

就是靠这个服务态度之类的，怎么维持这些关系呢？和客户之间肯定就是要用心去交流。现在我们这种 80 后 90 后的人相对还是比较公开公平公正了，就敞开心扉和别人交流。这个客户呢就是给他服务到位就行了。 (Participant 6)

It [maintaining relationship with customers] depends on the [business owner’s] attitude toward customer service. How to maintain guanxi with customers? It relies on the sincere communication with the customers. The generation born in the 1980s and 1990s respect the virtue of transparency, fair, and justice. For a satisfactory customer service, we need to communicate with others with an open heart. (Participant 6)

我觉得可以自己维护自己的客户，然后提供一些他们需求的东西...平常都是微信联系，发朋友圈，有时候做点互动之类的。我做什么打折，或者特价，满减这种活动都会去微信发消息。 (Participant 7)

I feel that I can maintain guanxi with my customer by myself and provide them what they really need. Usually, I will contact them through Wechat, post moments, and host interactive activities. If I plan to offer discounts, or promotions, I usually post messages on Wechat for customers to see. (Participant 7)
As illustrated by the above quotes, communication with customers through various channels can not only help sellers have a better idea of their customers’ needs as they prepare their product but also can help them establish close relationships with their customers, even becoming friends outside the business context. In addition, the well-maintained online business’s customer base can become a promotion tool through utilization of positive word of mouth, as mentioned below:

我至少能凭着我自己的良心，做到我力所能及的这个程度。第一，老顾客还会很多，而且老顾客会给你介绍新顾客。我觉得老顾客真的很重要，就是不管是你做实体店，还是网店，真的是一传十，十传百，真的是这样。 (Participant 7)

I can do my best by following my conscience. First of all, there will be lots of loyal customers who will introduce new customers to you. I feel that a loyal customer base is really important no matter whether you are operating physical or online stores. Good word of mouth spreads really fast. It’s true. (Participant 7)

Another factor mentioned by the participants was support from family, which helped them a lot in alleviating the burdens of the costs of operation, especially in the initial stages of the business. In addition, the participants considered family members to be more reliable and trustworthy in helping with the operation of the store than hired employees:

那个时候父母过来帮忙，那是开店一年吧，半年不到一年的时候，然后就开始忙起来的时候，家里人来帮忙。 (Participant 1)

At that time my parents came to help us, when the store just opened for less than a year. It was really busy at that time, so my family members came to help. (Participant 1)
是我嫂子. 我觉得如果我去雇那些外面办事的人, 估计没有像家里亲戚这样操心.

(My sister-in-law [helped]. I feel that those I hired from the job market will not be as responsible in operating the store as my relatives. (Participant 3)

我觉得家人帮助还是挺大的，因为毕竟做这个特别费心费力. 我觉得我婆婆帮了我真的是挺大了，家里孩子什么的我从来没操心，基本上都是她在管. 反正我们家人对我这方面挺支持. (Participant 7)

I feel that my family members helped a lot. After all, operating online store is really time and effort consuming. I felt my mother in law really helped me a lot, I never worried about taking care of my children, she took care of them all. My family really supported me in operating the online store. (Participant 7)

**Human capital**

Human capital refers to the entrepreneurs’ attributes, reputation, education, and experiences that can benefit the operation of their online stores. In the present study, many participants had both formal education and existing experience and knowledge in business operations and relevant industries. The experiences included previous jobs within companies or operating their own offline business. They expressed:

是在大三的时候在学校开的，然后开到毕业，也是衣服不过是开的实体店. 大学大四的时候出去实习过，然后我们是做陈列师的，就是服装陈列师. (Participant 3)

I had operated a business since my junior year in the college till graduation. I also sold apparel products then, only in a physical store. I did an internship in my senior year in the college as a visual merchandiser, apparel visual merchandiser. (Participant 3)
开店之前，有一段时间，是在学校的时候，有一个大学生创业的一个活动，然后那时候就是自己去批发一些出来卖卖。然后因为对这方面不是很熟，我一开始是去一家服装店去做了一下兼职。 (Participant 4)

Before I opened my online store, there was a time when I was in college that I participated in an entrepreneurship practice. I was sourcing products from wholesalers and selling them. Because I was not familiar with apparel retailing, so I took a part time position in an apparel retail store. (Participant 4)

因为以前是做那个自己做一些贸易，大部分都是那个批发，比如说一批货，你看我以前是做电子产品比较多，走一批电脑啊至少也是几百台，然后多的就上千台，每台的利润可能很少，就是看一批货总价，然后抽一个百分比。 (Participant 6)

Because previously I did business with others as a wholesaler. For example, I sell a batch of electronic products, say laptops, usually has hundreds of pieces or even more than a thousand. I got very minimal profit from each laptop; I made profit by drawing a certain percentage of the total price of the whole batch of them [that sold to a buyer]. (Participant 6)

Although their offline business or relevant industry experience might have helped them in their business operations, they still benefitted from formal and informal learning experiences to become familiar with effective online business operations. Formal education, such as offline workshops, or informal education, such as advice from friends helped them in operating their businesses. For example, participant 1 mentioned the first thing after he started his Taobao store is to learn how to improve the product listing pictures.
First is to learn, for example, photoshop. Because we opened a store on Taobao, we learned all the procedures of listing products by searching on Baidu [i.e. China’s equivalence of Google]. We basically searched every problem we encountered on Baidu. At that time, I operated the store with my girlfriend, who attended a professional workshop for leaning photoshop. Later in the operation, we still relied on learning from some trainings. Taobao has Taobao university⁶, which provides several training workshops every year. We usually go to these offline workshops for more training.

(Participant 1)

Some of my friends registered various workshops, then I would also go and try to learn something from them. I have been to the offline ones, as well as online ones. (Participant 6)

Compared with formal education, more participants received advice from their friends who were already in the online market for starting and operating their online stores. According to

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⁶ A website established by Taobao and has numerous videos and articles to introduce the entrepreneur to basic and advanced skills and techniques of online store operation. https://daxue.taobao.com/
participant feedback, Chinese online entrepreneurs may have been inspired by their successful friends to enter the online market, seeing these friends as pioneers. They also went to their friends to seek advice when they had problems, as described below:

Participant 2 was studying abroad and lived outside of China at the time she started her business. Her friends inspired her as she mentioned:

后来呢就是看到周围其他的伙伴也有代购，他们就建议说你要不要也自己弄这样一个东西，你也可以通一下这条路嘛。后来就是一开始有朋友带着弄嘛，弄的觉得还挺有意思，然后回国之后就自己开始在运作这件事情... 他就是有下单的时候我就帮他处理，同时看他怎么去跟客户交流，或者说他怎么去市场上推广他这个自己的这个小店。 (Participant 2)

Later I found that some of my friends were doing such business of purchasing foreign products and selling back to China. They asked me whether I would like to do the same business, or at least try to figure out how this business works. Later I was guided by a friend and found this business interesting. Then I moved back to China and started my own business. [When I was guided by my friend], I helped him with product ordering. I also observed how he communicated with customers or promoted the store in the online market. (Participant 2)

前期的时候是完全的什么都不懂，然后就咨询了一些开网店的这些朋友。有之前在亚马逊那个网站工作过的，也有自己做淘宝店铺的这种，然后都已经好几个黄钻，他是做走量的那种。然后我就问了之后，我就有一个大概的了解，就是摸索起来，不懂的话就是问别人或者是百度上查。 (Participant 5)
I did not know anything at the initial stage of my business, so I consulted with some friends who had their own stores. Those friends included one who had worked at Amazon, and another one who had his own store on Taobao. The Taobao seller, who sold consumer goods in large quantities had very high store ratings represented by many golden diamonds. After consulting with them, I got an overall understanding of Taobao, and I started to get familiar with it. If I had any problems, I would consult with my friend or google it. (Participant 5)

I noticed that one of my friends who lives in the U.S started his own store online. He is a very talented person, graduated from Tsinghua University, received a scholarship for studying in the U.S., and got a PhD degree in the US. He quit his job after a period of time after he was granted US permanent residency. And then he started a store online selling electronics and that store was really successful. He was really knowledgeable about promoting his products, arranging inventory and shipping, and the overall store operations. So, I learned some store operation from him. (Participant 6)

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Taobao’s store reputation rating system is based on the seller’s transaction amount and dynamic ratings. The transaction amount is categorized from hearts to diamonds to crowns to represent small to medium to large transaction quantities. The dynamic ratings represent the store’s performance compared with other similar stores. In addition, previous customers’ positive or negative comments appear under each listed product. Figures 4.4-4.6 show Taobao’s reputation rating system and customers’ comments for purchased product.
Figure 4.4. Symbols represent different transaction volumes for a Taobao store

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<tr>
<th>Transaction volume</th>
<th>Symbol</th>
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</tr>
</thead>
<tbody>
<tr>
<td>4分-10分 4分③</td>
<td>❤️ Hearts</td>
<td>10001分-20000分 10分③</td>
<td>🌟 Crowns</td>
</tr>
<tr>
<td>11分-40分 6分⑤</td>
<td>❤❤❤❤❤</td>
<td>20001分-50000分 20分⑤</td>
<td>🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>41分-90分 8分⑤</td>
<td>❤❤❤❤❤❤</td>
<td>50001分-100000分 30分⑤</td>
<td>🌟🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>91分-150分 10分⑤</td>
<td>❤❤❤❤❤❤❤</td>
<td>100001分-200000分 40分⑤</td>
<td>🌟🌟🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>151分-250分 15分⑤</td>
<td>❤❤❤❤❤❤❤❤</td>
<td>200001分-500000分 50分⑤</td>
<td>🌟🌟🌟🌟🌟🌟🌟🌟</td>
</tr>
<tr>
<td>251分-500分 20分⑤</td>
<td>💍 Diamonds</td>
<td>500001分-1000000分 60分⑤</td>
<td>💍 Golden Crowns</td>
</tr>
<tr>
<td>501分-1000分 30分⑤</td>
<td>💍 Diamond</td>
<td>1000001分-2000000分 70分⑤</td>
<td>💍 Crowns</td>
</tr>
<tr>
<td>1001分-2000分 40分⑤</td>
<td>💍 Diamond</td>
<td>2000001分-5000000分 80分⑤</td>
<td>💍 Crowns</td>
</tr>
<tr>
<td>2001分-5000分 50分⑤</td>
<td>💍 Diamond</td>
<td>5000001分-10000000分 90分⑤</td>
<td>💍 Crowns</td>
</tr>
<tr>
<td>5001分-10000分 60分⑤</td>
<td>💍 Diamond</td>
<td>10000001分以上 70分⑤</td>
<td>💍 Crowns</td>
</tr>
</tbody>
</table>

Transaction volume (two crowns)

Dynamic rating (5 points scale)
- Description matches actual good (4.5)
- Customer service attitude (4.9)
- Logistics service (4.5)

Compared with stores in same category:
- Higher than 53.94% stores
- Higher than 64.26% stores
- Higher than 63.35% stores

Figure 4.5. Dynamic ratings of a Taobao store
Financial capital refers to the funds used to start and operate the online business. Most of the participants obtained their financial capital from family support or personal savings. For example,

一开始是我爸妈给我钱，然后后面自己就做起来了，就不需要了。然后淘宝上面也有什么提前收款，信用贷款也会用到。（Participant 3）
In the beginning it was the money given by my parents. Then I had my business grew and I did not need family support any more. Besides, Taobao has the feature of payment advance and allows credit loans as well, which I also used. (Participant 3)

一部分是之前 15,16 年挣的，然后还有一部分的话是家里人支持给的，因为我这个成本比较高. (Participant 5)

Part [of my start up fund] came from my business profit from 2015 and 2016, the rest was from my family’s support. Because my sourcing products costed more. (Participant 5)

Although the financial deposit needed to start a business on Taobao is minimal, financial capital can significantly affect the operation of a store, including the promotion of the store. In particular, a lack of financial capital may be the reason that some of the Chinese online entrepreneurs interviewed were hesitant to use Taobao’s promotion tool to publicize their store and product. As three participants noted,

然后也会开那个淘宝的直通车，但是前几年的话，淘宝直通车是有用的，现在越来越贵了，我就没再开了. (Participant 3)

I would also use Taobao’s marketing tool ‘Fastlane’, but only in the early years of my business, when “Fastlane” was still worth the money. Now it is much more expensive, so I stopped using it. (Participant 3)

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8 Taobao provides credit loans to registered sellers to help them maintain their cash flow. The Taobao credit loans do not require any collateral as long as the applicant is an active seller or Alibaba registered vendor with a credit history.

9 Fastlane is a pay-per-click promotion tool provided by Taobao. Sellers can bid on any “keywords” that are include in their product listings. The higher the bid, the higher the ranking for the sellers’ product will show up when any buyer searches the very “keywords” on Taobao. The following figure 4.7 shows the places where “Fastlane” bidders would get for displaying their products when certain “keywords” are searched.
Figure 4.7. “Fastlane” display of keywords “male hoodies” search results

But because of the financial deficiency in the early stage of my store, I did not purchase marketing tools or promotion tools on Taobao. Maybe later I will use those kinds of tools to boost the traffic to my store, but this needs enough financial support. (Participant 4)

Because in Taobao, the most common thing is the直通车, but this直通车 is very expensive, and if you want to make it work, they say it normally costs between one to two thousand yuan, which is too expensive. (Participant 7)
On Taobao, the most common marketing tool is ‘Fastlane’. But using this ‘Fastlane’ is costly. Using it may cost one or two thousand RMB a day normally, too expensive.

(Participant 7)

Moreover, having sufficient financial capital can become a competitive advantage for the seller, as he/she has funds to apply marketing campaigns and operation strategies to promote the store at its initial stage, as mentioned by Participant 6:

如果你又没有技术，又没有优秀货源，那你前期只能靠钱了，如果你有钱的话，当然是什么都好办.

If you don’t have any IT skills, or good vendors for product sourcing, then you can only rely on money in the early stage of your business. If you have money, then of course everything is easier to handle.

**Physical capital**

Although Chinese online entrepreneurs usually do not possess traditional physical capital, such as a factory and equipment, they still need a place to store their products. In such a situation, their own house or other rental apartment becomes their warehouse. The participants explained, for example:

我就在家里, 货存在家里目前，是个小仓库, 特别搞得特别乱. (Participant 3)

I store the merchandise at home. Now the products are all stored at home. It’s like a small warehouse now, very messy. (Participant 3)

现在基本上就放在家里的一个屋子, 那个屋子里里面都是. (Participant 5)

Now basically all the products are stored in a room in my home, fully stacked in that room. (Participant 5)
Two warehouses are the ones we used to have, one of them is actually in my friend’s house. The other house is used as our office, workshop with a warehouse. If we don’t have such resources, we need to invest money to rent a warehouse, even an office for meeting our customers. Now this one is my business partner’s own house, which is much better. (Participant 6)

**Organizational capital**

Organizational capital refers to the structure, routines, and culture within a company (Greene et al., 1997). As most of the Chinese online entrepreneurs operate their store by themselves, this kind of capital is not salient in the responses from interview participants. However, for the participants who have established their own company or operation team, a good team structure as well as employees’ contribution as organizational capital were mentioned.

They should be a consulting team, three of them in that team helped us to start our company. I did not know much about owning a business or whatnot. I was basically a
university student, young and know nothing about business. Then I ran into a human resource guy, and he found another two persons who have been Taobao store owners. They helped us to form our operation team…Later when the operation team was formed, I could hire some people to oversee the production, including some production directors. Those directors would find some factories, which they had collaborations and deals previously to make our products. (Participant 1)

**Unique Chinese Online Market Dynamics**

The boost in the Chinese online market, the dynamic interactions between sellers and buyers, as well as the influence of social network services have created a diverse and dynamic situation. In such a dynamic environment, the conversations, behaviors, and interactions between sellers and buyers have been affected by general market trends as well as by the policies of the C2C shopping platform Taobao. When asked about what factors affected their business operation, most of the interviewees talked about the market dynamics first. The following themes reflected the unique situational factors in the Chinese online market that were mentioned by the interviewees.

**Trendy products and Internet celebrities**

With the rapid development of social networks has come a group of influencers, called “网络红人” or “网红” for short (i.e., “Internet celebrities”), who have many online fans and followers. These Internet celebrities influence a customer’s perceptions of product trendiness. Several participants in this study mentioned the effects of Internet celebrities on the market, which in turn, directly affected their store operations:

看微博啊, 微博上好多人都在推一些东西, 因为美妆博主他推荐的一些东西通常都是很受追捧的. 你看网上那些开的比较好的网红店, 基本上是人先红起来, 然后带
动了这个店火起来.所以如果你是一个话题人物的话，就是自带流量的那种感觉. 你发现那有这么一个店，有的人或是抱着这个支持的态度去的，有的可能是抱着怀疑的态度去的，有可能是抱着看热闹态度去. 但总之这帮人都会关注你，然后自然而然的就带起了一些关注度. 所以好些人一看关注度这么高，那肯定是东西应该还不错，所以带着另一批不知道的人再去关注这个人. 就是它的流量也会起来. 所以我觉得造势这个东西还是很重要. (Participant 2)

Check out Weibo. Many people recommend products on Weibo, and those cosmetic products recommended by Internet celebrities on Weibo usually become very popular. If you check out those popular online stores, you will find that those stores become popular because their owners became famous Internet celebrities first. So, if you are an Internet celebrity, becoming a topic of conversation, then you can attract lots of attention online. You will find that people visit an Internet celebrity’s store with supportive or skeptical attitude, or they just visit because he/she is a hot topic of conversation. Anyway, those Internet celebrities become hot topics and thus attract a lot of attention gradually. Then, more people will follow those Internet celebrities and their stores, and consider their products to be good, because they have so many followers. As a result, the Internet celebrity’s online store traffic will also increase. So, I think it is really important to establish initial fame for an online store. (Participant 2)

[网红店]就是那些店特别出名，就那些店主自己也特别出名. 然后就开店，然后他们自己的款式都有超多粉丝. 之前是有一个搭配师，她挺喜欢我的风格. 然后她买完衣服以后就会把那个一个大片放在她微博里，然后销量都很好，都能卖几千件.
Those [Internet celebrities’] stores are famous because the celebrities are famous. They started their own stores and the products become very popular in the market. Previously there was a stylist who liked the styles of my products very much. After she purchased my products, she would post pictures of herself wearing my products on her Weibo. Then my products became popular and usually would sell thousands of pieces. She has so many followers on Weibo, but this year she started her own online store, so she wouldn’t purchase from anywhere else anymore. (Participant 3)

Nowadays, the Internet celebrities’ influence on online market is well recognized in China. I don’t know the situation in other countries, but in China they are quite influential. It’s like one Internet celebrity, for example, has many followers, and recommends one specific product in his/her live streaming channel, claiming the product to be good. You will see that instantly many people will be searching for this product on Taobao. Even this product is not suitable for everyone, those followers will still purchase it. The influence of Internet celebrities on online market is that powerful. (Participant 7)

Participant responses support the influence of Internet celebrities on search traffic for and purchase of specific products. Internet celebrities, regardless of whether they have their own
online stores or they endorse certain products from other stores, influence what customers, and followers in particular, think about a product. Recognizing this, many Chinese entrepreneurs spend time and effort monitoring posts of these Internet celebrities and apply information found about upcoming trends when sourcing or producing products. These operational strategies will be described in detail in the following business operation strategy section.

**Counterfeit and authentic products**

As the most popular C2C platform in China, Taobao has been known for the great variety of products consumers can purchase there. However, along with the development of Taobao came a growing number of counterfeit products shown on it. Taobao received a lot of complaints from the customers regarding the counterfeits, which negatively affected the reputation of Taobao and caused concerns from both buyers and sellers. Several participants expressed their concerns about this issue. For example:

主要可能因为淘宝的影响力吧. 淘宝的影响力还是挺广泛的，从很贵到便宜，然后从老到少，很多人都在淘宝. 虽然淘宝现在的名声有一些不太好，就是卖假货什么的，但是他影响力还是在的. (Participant 5)

My major reason for choosing Taobao is its broad influence on Chinese customers. Taobao has very broad influence on the Chinese online market. The products sold on Taobao range from very expensive ones to cheaper ones. Taobao’s customers also are diverse, from youth to seniors, a great number of people shop on Taobao. Although Taobao’s reputation has decreased a little nowadays, because of the counterfeit goods sold on it, it still possesses its influence on the Chinese online market. (Participant 5)
但是就是有一句话，中国的假货太多了，就是什么东西都可以造假。但是就是实实在在卖东西的人可能辛辛苦苦也挣不了多少钱，但是卖假货的人就挣特别多。(Participant 7)

But I have to say, there are too many counterfeits in the Chinese online market; any product can be a fake one. However, those who produce and sell counterfeits can make a lot of money, while those hardworking normal sellers may only make a little profit.  

(Participant 7)

In response to such situations, Chinese online entrepreneurs have invested a lot of time, money, and effort to source authentic and good-quality products through diverse channels. For example:

[海淘]大概就是重在货的质量, 真认证是真货的, 拿到店里是可以有这个保护的那一种, 而不是说像某个就是假货去掺杂的那些东西. (Participant 2)

[Sourcing products overseas] is mainly for the quality of the goods, which are certified as authentic products. If you take the product to the brand’s own store, you can still have the warranty, unlike those counterfeit ones that come with a fake certificate. (Participant 2)

In addition, because of the negative effect of counterfeit products on Taobao, many of these entrepreneurs have chosen to move to other sales channels, or at least have started using a combination of different sales channels. These operation strategies will be discussed further in the next section, business operation strategies.

**Taobao’s policy on store ratings and reputation**

Taobao has a designated rating system for buyers to rate products and service received from a store (as shown in Figure 4.4-4.6). Specifically, a rating can be positive, moderate, and negative. The rating system, which takes into account both the transaction volume and the
positive rating percentage of a store on Taobao, helps buyers evaluate the trustworthiness and reliability of the sellers easily. However, this system can be used against the sellers. For example, some buyers may threaten sellers with leaving a negative review unless the seller gives them unfair [overly generous] benefits. Thus, for the sake of maintaining a good reputation, sellers may just surrender to these threats and swallow the bitter pill of financial loss. Sellers may feel forced to do this, because Taobao does not have a procedure for them to appeal unfair negative ratings from customers. Such situations were mentioned by several participants, for example:

就是像我刚开始做嘛，会遇到一些买家用差评威胁. 有一些说啊你这个衣服，我觉得质量不是很好，我觉得不值这个价，然后给你个差评. 然后我就说你要不喜欢就帮你退掉. 但是他却我觉得我能穿，但你退我个 40 块钱差不多. 就是以差评要挟你退他钱的. 我一般都会退，因为这种人也不多，隔不住跟他争那么多. (Participant 3)

Like when I just began my business online, I met some buyers who would threaten me with negative ratings and comments. Some might say my products’ quality was not good, not worthy of the price, so they gave me negative ratings. Then I would negotiate with them, offering free returns. But they would say that they thought the product was only acceptable if I can offer 40 RMB discount. Basically, they wanted to use a negative rating to threaten me for a cheaper price. I would give them the discount as they wished, because not many customers would do that, and it was not worth it to spend time arguing with them. (Participant 3)

主要是淘宝上面，他是所有事情是站在买家这一块了. 比如你出现了这种，我收到货了我还没用，但是我今天心情不好，我就想给差评. 你说我作为一个卖家，我没
有地方可申诉，淘宝是不支持卖家申诉的，所以我觉得这一点不公平。比如说我作为一个买家，我买到东西我不喜欢，我可以退，可以有申诉的地方。但是我作为一个卖家，我没有地方可以申诉这种差评，我觉得太无理取闹了，但是我没地方可伸冤的。 (Participant 7)

Taobao spares no effort on protecting buyers’ rights. For example, there were customers who gave negative ratings and comments right after receiving the products just because he/she was in a bad mood, even without actually using the products. As a seller, I don’t have any means to appeal such negative comments. I feel this is so unfair that Taobao does not support a seller’s appeal of negative comments. As a buyer, if I purchased something and found out it was not suitable for me, I could return it. Buyers can also report to Taobao unfair treatment they have received from sellers. But as a seller, I don’t have means to appeal unfair negative comments, even if they appeared to be nonsense.

(Participant 7)

These situations can become even worse if the seller encounters blackmailers, who extort money because of minor flaws in a product listing description (e.g., label translation not 100% accurate for imported products, such as nutrition content of snacks), which violates Taobao’s policy. According to the policy, which was enacted to foil the sale of counterfeit products, if the product does not accurately match the description, the seller is fined. Buyers actively search for minor discrepancies between the description and the actual product and then use this policy to blackmail the seller. People who undertake this kind of blackmail are called “professional deceptive description hunters.” Participant 7 specifically talked about this and her experiences of dealing with them:
淘宝现在有很多问题，比如说职业打假人。反正你现在卖东西，得防着那些敲诈的勒索的这种。让你天天比较头疼的事，就是赔钱。他是淘宝上新兴的一个，他会根据你的夸大事实，或者是你的描述，反正就是说的通俗一点就是找碴，找你的漏洞来敲诈你一赔十，来赔款。会遇见这种职业打假人，就是今年在淘宝上也特别火，每个店铺每个月都会遇到职业打假人。我前两天还遇到一个就没买东西就直接来让我给他3千块钱。说什么要教我办法应对职业打假人。我说我接受不了3000块钱，我一个月才挣多少钱？然后因为他们是那种团伙性质，然后他说你要不给我，我会把你的这个店铺链接发到群里，那你就等着别人拍你的东西，来敲诈你们一赔十，到时候你就不是3000的问题了。你说这个算不算敲诈，我还没有卖这个东西，他就提前说这么多东西。如果说我不给他3000块钱，我就要需要等着别人来敲诈我，来拍我的东西，到时候就是一赔十就不是3000块钱，我觉得这明显就是敲诈，对不对？但是没办法，没有说理的地方，我只能自己小心点不卖给这种人。

Taobao has many problems, one of them is “professional deceptive description hunters”. Anyway, you have to be careful with those blackmailers on Taobao. Dealing with those blackmailers worries me a lot every day, and dealing with them is costly. Usually, they will pick some minor flaws in your product description to blackmail you for money. Because Taobao has the policy that a seller needs to pay ten times of the price of a product as penalty to a buyer if the product he/she gets does not match the product description in the online store. Those blackmailers have been quite active recently, every store could encounter them every month. A few days before I met one of them who did not buy a single product, but asked me to pay him 3000 RMB. He claimed that the 3000 RMB was for teaching me how to deal with “professional deceptive description hunters”.
I told him I cannot accept the amount, 3000 RMB was too much for me. How much could I make every month? But they work in groups. Then he said if I refused to pay him, he would send my store link to their group chat list, so that many of them would buy things from my store and appeal to Taobao to claim the penalty because of the minor flaws they found in my product descriptions. He said if that happened, I would pay much more than 3000 RMB. Isn’t this blackmailing? I did not even sell things to him, he already threatened me like that. If I refused to pay him the amount he required, I might have to encounter more blackmailers who intentionally purchase my products but only for the penalty. Then it won’t be just 3000 RMB, it would be much more than that. I feel this is obviously blackmail, isn’t it? But I don’t have anywhere to appeal, I can only be careful to avoid those people.

Fortunately, such situations have been noticed by the government agency Administration of Industry and Commerce, and some professional deceptive description hunters have been sentenced to jail for blackmailing. Hopefully, such phenomena will gradually disappear as more laws are developed as part of China’s legal system:

Nowadays professional deceptive description hunters have become blackmailers, and within a year, there have been three blackmailers who have been sentenced to jail according to the news. But now the Administration of Industry and Commerce (AIC) is
also paying attention to such situations-to those professional deceptive description
hunters. If they have been on the blacklist of AIC because of abuse of reporting
counterfeit products on Taobao, their claim will not be accepted by AIC anymore.

(Participant 7)

To deal with the aforementioned kinds of ‘bad buyers,’ Chinese entrepreneurs have
developed their own strategies to maintain their store ratings and reputations and avoid
unnecessary financial costs within the framework of Taobao’s policies. Such strategies will be
discussed in detail in the next section, business operation strategies.

**Chinese Online Entrepreneur Business Operation Strategies**

In this part of the interview, the interviewees shared perceptions of their daily store
operations, including strategies they felt lead to their business success. In the present study,
Chinese online entrepreneurial business strategies were found to be diverse. Some of these
strategies stemmed from their reactions to unique Chinese online market dynamics such as
trending social networks, C2C platform policies, and fluctuating buyer demands. Others derived
from entrepreneurs’ own understanding of business operations learned through formal education,
experience as a business owner, and/or experience as an online shopper. They also described
strategies in alignment with validated entrepreneurial marketing (EM) strategies (Fiore et al.,
2013). Specifically, the EM factors of opportunity vigilance, customer-centric innovation, value
creation, and risk management, which have been validated among U.S. small business owners,
were reflected in participant responses.

**Entrepreneurial marketing**

Entrepreneurial marketing represents innovative approaches to marketing that
entrepreneurs with limited resources utilize to explore business opportunities, satisfy customers,
create value, and mitigate risk. In this present study, all four EM dimensions validated by Fiore et al. (2013) appeared in participant responses.

**Opportunity vigilance**

According to Fiore et al. (2013), opportunity vigilance refers to an entrepreneur’s continuous pursuit of untapped market opportunities. This factor merges with proactiveness and reflects “opportunity-driven” on the EM scale developed by Morris et al. (2002). In the present study, several participants mentioned they would proactively seek new business opportunities with the help of technology, information, and/or resources they had gained.

Some entrepreneurs indicated they would utilize Taobao’s own promoting or advertising tools, such as “Fastlane” (as in Figure 4.7), to publicize their store and products. For example:


>My channels of advertising are those embedded within Taobao, which has various advertising tools. Then my topics of the [promotion] activity are basically aligned with the advertisement on the storefront. (Participant 1)

>然后也会开那个淘宝的直通车 [来做宣传], 但是前几年的话, 淘宝直通车是很有用的. 现在用的人越来越多了, 也越来越贵了, 我就没再开了. (Participant 3)

>Then I also used Taobao’s “Fastlane” [to publicize my products]. But “Fastlane” was only useful several years earlier. Now with more and more people using it, the costs associated with it also increases, so I no longer run “Fastlane” any more. (Participant 3)

>However, the fierce competitiveness of running “Fastlane” and increasing costs forced entrepreneurs to find other ways to promote their products. Participant 3 mentioned her
experience with sharing product information on fashion forums to attract “group buying” hosts, and partnering with stylists who could channel her to more customers.

一开始[开店]生意都会不太好，然后就经常去各大论坛，然后去做推广. 然后就是有些人就是会找到你说, 你家开团购嘛? 然后就会做一些这种类似这种的推广. 就是之前去一些那种服饰论坛，然后交流心得，然后他们也会开一些团购，然后去报名，能参加上的话, 就挺好的. (Participant 3)

In the beginning [of opening the store], the business would not be very good, so I often went to various well-known forums to promote my products. There, some people would find you to ask whether you do “group buying”. So, I would do similar promotions, such as going to some fashion forums, sharing my experience [of doing business]. The forums would also initiate some group buying events. Then I would apply for participation (as a seller), if my products were accepted to be sold in the event, the sale would be good. (Participant 3)


The [effect of channeling] was pretty good. Previously there was a stylist, who liked the style of my products. She would post a modeled photo of the clothing she bought from my store in her Weibo. Then the sale of that specific product would be great, usually thousands of pieces. (Participant 3)

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10 Some website will host “group buying” events, similar to Groupon. The specialist from a group buying website will search online for a desired product and negotiate with the seller for a large discount, and the website will guarantee purchase quantity.
Other entrepreneurs added customers as Wechat contacts in order to manage customer interactions more effectively and efficiently. Using an instant message app helped entrepreneurs with customer relationship management, product advertisement, and promotion, as well as provided a means to solicit product feedback. These activities boosted sales and increased the product turnover rate for sellers.

就是微信上面, 微信上面会有这些[代购]需求，慢慢的小伙伴我们会成立一个群，然后群公告里面包括的一些内容, 就是货物的来源，我基本上都是从哪几个国家或者说哪几个地方采购的. (Participant 2)

On Wechat, there were requests for [overseas purchasing]. Gradually, I would start a group chat with these buyers on Wechat. Some information would be posted in the group announcement, such as the sources of the goods, which countries or regions would I purchase those products. (Participant 2)

[发广告]主要就是朋友圈，因为这些人基本上都加在朋友圈里面了, 对，因为微信上不是也有一个微店吗，微店的话也是分类属于淘宝店的店铺或是差不多的. (Participant 2)

Advertisement would be mainly posted to the “Moments” of Wechat, because these buyers are basically added as “My contacts” in Wechat and because there is also a “micro-store”\(^\text{11}\) platform embedded in the Wechat system. This micro-store platform is also similar to a mobile version of Taobao. (Participant 2)

\(^{11}\) A micro-store is a mobile shopping platform that is embedded in Wechat and can be visited through the Wechat user panel. A micro-store resembles a mobile version of Taobao. However, store owners and shoppers can access it directly from Wechat. As a result, many sellers post the advertisement of a product in their “Moments” with a link or a portal that direct the potential buyers to their micro-store directly without the hassle of changing to another App. Wechat also has its own payment system called “Wechat wallet”, similar as “Alipay” for Taobao. Figure 4.8 shows how a user can access a micro-store within Wechat.
Figure 4.8. Access to micro-store from Wechat user panel

I never advertised [on Taobao], but I later found that I can add buyers as contacts on Wechat, so that I posted my Wechat ID on the autoreply of my Taobao store. Some
buyers would add me to their Wechat contact, then they can see my postings on my “Moments”. I would give my Wechat contacts a 15% discount as special promotion. As a result, now my Wechat contacts are almost all my loyal customers. (Participant 3)

One of my friends told me to add those buyers as Wechat contacts. Then I can notice them in advance of listing new products, and inquire for their feedback. Some products would be more popular, knowing that would save me from sourcing the wrong products. (Participant 3)

[朋友圈广告]效果还挺好的，像我有时候还是会有[产品]积压嘛 然后就朋友圈发一发，就说秒杀清仓，然后他们就特别快就抢走了，就是对于我清库存特别有帮助. (Participant 3)

[Advertisement in Moments] is pretty effective. For example, sometimes I would have slow-moving products, then I would post them on Moments labeling “limited time clearance”. Then my customers would quickly purchase these products, helping me to clear my inventory. (Participant 3)

Some entrepreneurs collaborated with a “public account” on Wechat to promote products. Public accounts differ from private accounts that primarily exist for personal communication. Public accounts are usually operated by a group who publish useful daily articles for their subscribers on topics such as politics, economy, art, and sports. If an entrepreneur is collaborating with a public account, product information can be embedded as an advertisement into an article related to the product usage scenario. There are usually tens-of-thousands of reads for a single article. Thus, the sizable online traffic can be directed to the site from which to order
the product. This kind of advertising is particularly efficient if the product is “native” to the article content. However, it is expensive. Participant 6 mentioned they would collaborate with a mediocre public account to save cost. Figure 4.9 shows a typical Wechat public account with the published article and the embedded product advertisement.

Figure 4.9. Typical Wechat public account, article, and advertisement after scrolling down the article to the end, respectively.

对，和他们[公众号]都会有一点合作，然后广告这方面我自己平时也在朋友圈发，自己编的广告，有专门的工作号嘛，工作号上的那些天天就是要刷产品，每天要刷几条。 (Participant 6)

That’s right, I collaborate with them [the public accounts]. And I also post advertisements on my Moments normally. I would write the advertisement myself, as I have a Wechat account specifically for my business. On that account, every day I post several advertisements to list new products. (Participant 6)
Currently, [the payment method] is commission based, because we haven’t collaborated with any top ranked public accounts. Those top ranked public accounts charge a great deal for collaboration. [This practice] does not seem to have a good return of investment for us. Because the advertisements, including those on TV or radio, cost a lot but generate little in return—just like throwing money into the sea. So we try our best to collaborate with those public accounts that charge commissions. If the advertisement is effective, the public account can get a larger cut of the sales profit. It does not matter to us to offer them a larger portion of the profit, as long as the advertisement is effective. (Participant 6)

Collectively, participating online entrepreneurs would leverage their financial or social resources to reach, obtain, and maintain customers, and to pursue further business opportunities.

**Consumer-centric innovation**

This factor combines customer intensity and innovativeness from the Morris et al. EM scale, indicating that entrepreneurs actively apply innovative means to attract and retain their customer base. While opportunity vigilance stresses expanding the company’s market, consumer-centric innovation focuses on retaining current customers. Several participants in the present study mentioned they would offer products along with unique services, such as providing industry trends, blockbuster products (i.e. super popular products that would been sold out in a
very short period of time), and styling suggestions to sustain their relationship with customers, as well as to save customers’ time and effort in choosing products. Some would become a stylist to advise customers about a best mix-and-match. In some cases, sellers try to become a friend and build personal relationships with the customers.

We would provide information [to our customer], usually apparel and fashion industry related. This information would be posted to Wechat Moments through my personal account. (Participant 1)

I am actually not relying on the profit made out of [operating the online store]. I like looking for products information online, and if I find some good products, I will share the information with my customers. (Participant 2)

然后通过分析他们平常的一些喜欢的东西，可能也就是去指导我去找的一些物品的方向，而不是说对方给我发了什么东西，我就去接什么东西，我可能觉得我这边客户这一时间可能需要这样的东西，我就会提前发给我的买手，说你留意一下这方面的东西，如果有相关的比较好的折扣或者比较好的东西可以发给我，然后我就在群里推一下，另外一个就是从买手那里看到一些觉得比较符合他们需求的东西，然后再去发，而不是一味的发很多他们可能不需要的东西，或者是让他们觉得你发这个东西很无聊，每天看这么大篇幅，所以就是比较有针对性的. (Participant 2)
I analyze my customers’ preferences to guide my assortment planning, not just to purchase what they requested from me. Sometimes I feel that my customers may want certain kinds of products, then I will notify my buyers about it in advance. I will ask the buyers to pay attention if there are good discounts of such products, then I can post the information in the group chat. In addition, I will selectively post product information collected from the buyers that may satisfy the needs and wants of my customers. I will not post endless product information they may not need or find boring, but post more concise and focused information to their needs. (Participant 2)

一般情况下就是顾客会来询问这个商品的信息, 那我会提出一些搭配的建议, 会帮他们提出一些搭配. 有一些不适合他们的搭配，我也不会推荐，就是替他们着想. (Participant 4)

Normally customers reach out to us and ask about information of a certain product, and then I would offer styling suggestions and help them to choose some matching pieces. I would never recommend any piece if it is not suitable for the customer, always thinking for them. (Participant 4)

然后需要去了解他的想法，或者他需要的点在哪. 然后反正就是站在别人的立场去想问题吧，不能生意只是为了赚钱，基本上什么都瞎扯这样. (Participant 4)

You should figure out your customers’ thoughts, or what their needs and wants are. Anyway, think in the customer’s shoes, not just basically boasting about a product to make money. (Participant 4)

以前我是什么火卖什么，等我自己开始做货以后 我就要和我这个设计师朋友合作，一个是搞点有新意的特别的设计出来，或者模仿一些世界一流设计师的设计,
或者就是问问我的顾客们喜欢什么样的，我们就设计好了给厂家做出来。因为毕竟我的老客户肯定都是认可我的审美的，那我就多多满足他们。（Participant 3）

Previously I would sell only the best-selling products. When I start producing my own products, I will collaborate with my designer friend. We will work out some innovative or special designs, or mimic some designs from the world’s top-ranked designers, or just ask what my customers like, and we would make the pattern and send it to the clothing factory. After all, my royal customers must be those who appreciate my aesthetics, so I should satisfy them fully. (Participant 3)

**Value creation**

Value creation means more than simply adding value to products or services sold to customers. According to Fiore et al. (2013), it means a mindset of discovering unique ways to add value to every aspect of the store operation to develop a sustained competitive advantage and secure a niche market. Value creation indicates that value and customer satisfaction is not only due to the acquisition of products or services, but also the enrichment of the shopping experience and other associated activities. Participant 9 in the study discussed how she would satisfy customer needs and explore customer wants to create greater customer value during the course of a business dealing. This value includes extended social and economic value, as mentioned below:

我有的时候会带着产品去参加什么服饰展一类的，我也会多弄点票来发给想去的客户们。有的时候比如上海时装周什么的，那些票也不好弄，送给客户他们会很开心，因为觉得你重视他们。再者说，他们来参加你邀请他们的活动，互相之间还能建立联系，也算是社交场合嘛。我现在有时候做公司的节日礼品之类的，或者月饼
什么的, 中秋节的月饼. 然后有的时候就能够牵线搭桥, 在客户之间. 说不定他们生意上可以有往来, 那你就相当于一个中介, 能帮他们建立联系. 毕竟节日礼物什么的, 公司都是需要的. (Participant 9)

Sometimes I take my designs to attend fashion shows and trade shows. I will purchase tickets as gifts and send them to my customers who would like to attend the show. Some events, like Shanghai fashion week shows, are very popular and the tickets are hard to get. If you send those tickets to your customers, they would be happy, and feel valued. In addition, when they come to the event, they can also build relationships with each other, as such an event is also a social event. My company now also produces holiday gifts, such as the moon cakes, moon cakes for the mid-autumn day. Sometimes I can help my customers establish relationships. Maybe they become business partners somehow, then I am basically an agent who helps to connect them together. After all, the holiday gifts are needed by all companies. (Participant 9)

Risk management

Risk management indicates an entrepreneur’s approach of creatively mitigating risks that can occur during business operations. Unlike the three aforementioned factors, which focus on market and customer base expansion, risk management focuses on a Chinese online entrepreneur’s efforts to avoid the negative impact present in the market or when working with customers. In the present study, these risks may be associated with government policy, cash flow, and/or buyers. As an example of risk management, participant 2 insisted on full payment or a large deposit before she would source the product overseas to avoid disrupting cash flow or a slow product turnover rate. She reasoned as follows:
When my customers send their inquiries, I would charge them the full price and then start ordering the product. We operate in such a manner and do not keep any inventory.

It’s like this, sometimes some customer will cancel their order after the overseas purchasing is done. Some other seller told me so, I personally never experienced such situation. It’s like she ordered the product, and you purchased it with your own money overseas, and then suddenly she told you some of her friends had purchased that product for her, so she did not need it anymore. Then what do you do with the product you purchased already? Because everyone has their own preference, you cannot sell this product quickly to another person who did not order it. As a result, we made the policies clear to our customer before any transaction. They need to pay the full amount first, then we go and purchase the product. If we cannot get the product because it’s out of stock, they can get full refund immediately. Otherwise, they will receive a notice from the freight company with the information of the product shipment. (Participant 2)
Similarly, to avoid a disturbance in cash flow, participant 3 intended to find more distributors for her products, and become a whole-seller rather than a retailer. She explained:

以后还可以找代理，就是相当于我的货先批发给代理，然后他们再卖给买家，这样的话我可能一件衣服赚的少了，但是我批发给代理一次性量大，而且我不操心，因为货款是一次性收的，特别是以后自己做品牌的话是十分需要代理的，因为毕竟你一个店面的曝光度不够大。 (Participant 3)

In the future I can also find some distributors for my product. It’s like I sell my products wholesale to the distributors first, and then they sell them to the individual customers. This way, I may make less money from one piece of product, but I can sell a large quantity to the distributor at once. In addition, I don’t need to worry about the cash flow, because the payment is instantly done. Especially in the future when I want to start my own brand, the distributors are very much needed. After all, your own store will not have enough exposure to the potential customers. (Participant 3)

Participant 7 chose to change her delivery freight arrangements to avoid unexpected delays and potential legal issues. At the time of interview, she would receive a shipment of multiple orders in one package from her buyers in Germany, repackaged the items, and then sent the items to various customers. This kind of operation requires significant redistribution effort and subjects her to the danger of engaging in smuggling. With an increase in business volume, she intended to alter her business model and avoid such risks.

因为囤货。太花钱了，然后还有就是以后可能的话，我也会全部都直邮给顾客，就是他这边下单，德国采购完从德国直接发给他，中间就不过我这一手了，也是这样子，基本上可能会更好一点。 (Participant 7)
Keeping a large inventory is too costly. And in the future, if possible, I will arrange direct shipment to every customer. It’s like he/she places an order here, my buyer will purchase the product in Germany and directly ship it to him/her, without me as the distributor. In such a case, the business operation will be even better. (Participant 7)

这样，我不用囤货，我自己不用压钱是一方面，还有就是因为一般他们现在的话呢都是先交定金，然后就是中间少了很多事情。因为毕竟国家对代购这一块可能还是一个灰色的地带，就是没有明确的规定，但是如果说你代购量大的话，可能会造成就是可能是一个擦边球，变成什么走私啊之类的. (Participant 7)

In such a case, I don’t need to keep an inventory. First, I don’t need to withhold a lot of money for keeping the inventory; second, the customer will pay deposit first. As a result, there will be fewer things to worry about during the business operation. After all, it is still a grey area for such a business purchasing foreign goods individually and reselling them to others according to the government policy. There is no strict ban, but if the amount is too large, you may cross a certain line and become a smuggler. (Participant 7)

Entrepreneurs have developed their own strategies to avoid potential blackmail and deal with “bad buyers” mentioned earlier in the Taobao’s reputation system section. The reputation system can help identify potential “bad buyers,” at least those who have not received positive ratings from previous sellers. Although Taobao’s policy prohibits sellers from rejecting a transaction initiated by a buyer, participant entrepreneurs have found ways to accommodate it. Participant 7 mentioned the following to demonstrate this approach:

可能如果说只是作为一个买家的话，可能很多东西可能也不太清楚，但是作为一个卖家，就是现在淘宝网上有那种好评率特别低的人，这个你去百度上搜也能搜到.
卖家一般都不会卖这个东西，除了天猫店，因为天猫店的话呢买家是不能给中差评的，这个中差评对店铺影响也是挺大的，因为淘宝会降权，所以说一般像现在的话，我不知道你知道不知道像淘宝上如果说好评率低的人他可能拍下的东西，但是我
会联系他说没有货，这个东西我买不到，然后我会选择不卖。（Participant 7）

Maybe as an online buyer, he/she will not be familiar with many things [in the online store operation]. But as an online seller, for those buyers who have really low positive ratings--you can also find these buyers’ information on Baidu\textsuperscript{12}, we would not sell them anything. The exception would be stores in Tmall, because buyers cannot give neutral or negative ratings to a Tmall store as they can do to an individual Taobao store. Neutral and negative ratings affect Taobao stores a lot, as Taobao’s system will reduce your store’s exposure in product search results. As a result, I am not sure if you are aware this or not, if a low-rating buyer orders something from my store, I will contact him/her to say this product is out of stock, I cannot fulfill this order recently, so I choose to decline/withdraw from the deal. (Participant 7)

这个淘宝是不允许的，淘宝是不允许就是卖家去选择买家的，买家只要下单就是要发货的要卖的，但是我可以私下再协商，这个没有货你愿意不愿意等，如果说不愿意等，那你就退款，这样我就避免了中差评的危险。（Participant 7）

Taobao does not allow this kind of strategy-- it does not allow sellers to pick buyers that they would like to do business with. As long as the buyers initiate the transaction, the seller must sell and ship out the goods. However, as a seller I can negotiate with the buyer personally, such as “the good is out of stock, do you want to wait for it?” If they

\textsuperscript{12} Baidu is a Chinese online search engine, its popularity makes it the Chinese equivalent of Google.
don’t want to wait, I can process with a refund to them, and in this way I avoid the risk of getting a neutral or negative rating. (Participant 7)

As demonstrated, all four EM factors validated by U.S. small business owners are reflected in participant responses. These factors demonstrate that entrepreneurs worldwide need to effectively and innovatively leverage their resources to avoid loss and enhance profits, and that the operational strategies they implement are generated through wisdom and experience. Participants mentioned other unique strategies they employ to operate online stores apart from EM factors; they are discussed below.

**Building trustworthiness**

Participants heavily stress the importance of a store’s reputation rating (Figure 4.4-4.6); it is the most important tool a buyer can use to assess the trustworthiness of a seller, especially at the beginning of an online store’s operation. According to study participants, a higher reputation rating will result in better business, and render many more transactions.

现在生意好了, 应该是信誉提高了吧. 我发现到皇冠以后, 自然而然生意就特别好了. (Participant 3)

Now the business is very good, maybe because of the higher reputation rating. I find that once my store rating reached the crown level, the business automatically becomes better. (Participant 3)

How do Chinese online entrepreneurs boost their store reputation ratings in the initial stage of operation? Some participants mentioned “click farming,” a tactic banned by Taobao as the means for gaining initial reputation ratings. Click farming occurs when an online store owner hires low-cost workers to buy items in his/her store, but a real transaction never happens. The worker buys a product, and the store owner then returns the money plus a small payment to the
worker through a money transfer mechanism other than Taobao’s Alipay. In reality, the goods were never shipped. However, the store owner will indicate in the system that the goods have been sent. After one or two days the worker will indicate that the merchandise has been received, and the system will recognize a successful transaction. Of course, in reality no transaction has taken place--only a record that helps increase the store rating. In addition, to the author’s knowledge, a number of “reputation rating mutual help platforms” were popular among sellers until banned. For instance, one seller “Adam” could first accept a “task” posted by another seller “Bella” as a “click-farmer” using his own money to purchase a product from her store on Taobao. Again, the goods were never shipped, but Adam would indicate receipt of the goods after several days with a positive comment left in Bella’s store and thus the transaction is considered “successful” in Taobao’s system. When the task was finished, Adam would get “credits” for the same amount as he spent for the completed “purchase”. Adam then can use the credits to post new tasks for other sellers to purchase from his store to boost the sales. Using such a platform would eliminate the need for the seller to pay professional click-farmers, but it may result in a different risk--that the “task taker” could lose both money and the good. Such operations severally affect the fairness of the reputation system, and is now strictly banned. As a result, current online store owners can only rely on selling cheaper goods in the initial stage of an operation to garner a good reputation rating, as mentioned by participants 5 and 8.

...，因为淘宝店刚开的时候没有信誉度 很多人不会去和你买的，前期淘宝不是分什么心，然后钻，皇冠什么的嘛，我的三颗心大部分都是刷出来的，就是然后有一小部分是别人买的，但是买的话也都是买的便宜的. (Participant 5)

… when a store was just opened, there was no reputation score, so many people would not shop at your store. In the beginning stage, the reputation system was categorized with
hearts, diamonds, and crowns. And my store’s three hearts were mostly click-farmed, with only a small portion generated from actual purchases. And those actual purchases were all made for cheap products. (Participant 5)

就是在朋友圈发的那些可以帮忙, 然后帮我拍完之后, 我就把钱在微信转给人家,然后我就掏邮费，因为现在淘宝管的特别严嘛，掏邮费人家出的少一些. (Participant 5)

It’s like I post the product in my Moments and ask my contacts for help. When my friends helped to purchase the product on Taobao, I would transfer the money back to them via Wechat, including the shipment fee. Because Taobao monitors the shipment strictly, paying the shipment will reduce the money spent by my friends [at the time of purchasing]. (Participant 5)

开店前期积累信用非常重要，一般买家看你是新卖家就不会来买你的东西，至少要是 3 颗心才有点信用. 以前淘宝可以刷信用，我也刷过，后来不让了， 那个店还因为刷信用被封了. 现在我就只能老老实实卖点便宜的东西来攒信用，因为它信用是按照交易次数来的 不是按钱的多少来的. (Participant 8)

At the initial stage of opening the store, it is very important to accumulate a good reputation rating. Normal buyers will not purchase from a new seller, until the seller has at least three hearts in their rating. Previously you could click farm your reputation rating on Taobao, I did it, too. Later, click farming was banned, and my previous store was blocked because of click farming. So now I have to sell cheap things to accumulate the rating score, because the score is based on the numbers of transactions, not based on the total amount of the money from the transactions. (Participant 8)
前期先卖价低量大的产品把信用刷高, 后面信用高了你就可以好好挑你的产品, 再卖那种贵的东西, 因为信用高了买家也更相信你。前期你就可以上 1688 进货，他们上面的厂家都有一件代发的，客户买了东西你把信息输进去, 厂家就直接寄过去了，不用你动手。 (Participant 8)

So, in the beginning of opening a Taobao store, you need to sell a large quantity of cheaper products to boost your store reputation rating. After you have reached a high rating, you can start to plan your product assortment carefully and sell those more expensive goods. Because with a higher rating, the buyers will trust your store more. In the beginning stage, you can source your products on 1688\(^{13}\), on which the vendors can ship the product to the end buyer themselves. Once a customer purchases something, you can enter their address to the system, and the vendor will directly send the goods to the customer without you doing anything. (Participant 8)

**Branding**

Several participants also mentioned efforts to establish their own brand on Tmall: the Business-to-Customer (B2C) platform of Taobao. Entering Tmall means greater online traffic and more store exposure under product search results. Although a Tmall seller must be an enterprise and is subjected to sales tax, an increasing number of Customer-to-Customer (C2C) sellers are eager to jump out of the fiercely competitive C2C platform. Participant 9 expanded on her branding strategy:

\(^{13}\) 1688 is an online B2B platform with vendors serving as the sellers on Taobao. More explanation is found in the section, Inventory management, below.
We now produce our own products, which is for establishing our own brand and to enter Tmall. If you enter Tmall, your store traffic will increase. (Participant 1)

I now basically focus on branding myself. For example, I win awards in design competitions. As long as my fame rises, my products will also become popular. Like many Internet celebrities’ stores, anything would sell if sold by a famous store owner. But I am not an Internet celebrity for sure, and I don’t want to be one. My aim is to become an independent designer with my own brand. (Participant 9)

**Inventory management**

Inventory management was also an important operational strategy that participants discussed. A balance among inventory, sales, and cash flow was critical for every online entrepreneur. Furthermore, they felt that to maximize profits, store owners must develop their own sourcing strategies, as well as prudent product storage to accommodate ever-changing market demand. Sometimes a store owner needs to invest in acquiring a known popular product, as mentioned by participant 2:
就是有一种必要资金投入，就是这种东西是爆款，很抢手。前期已经知道很多顾客想要这个东西，所以在它还没被抢光之前，可能会囤一些，然后在那个慢慢推广。（Participant 2）

There is one kind of necessary investment, which is purchasing and storing the popular goods that will be quickly out of stock. If known that many customers would be eager for this product in advance, I would store some of it before it’s out of stock, and then sell it easily. (Participant 2)

However, neglecting the changing market and keeping a huge inventory, even for a popular product, may resulted in very slow-moving inventory, as participant 3 mentioned:

有一个吧就是你一定要记住，就是你进款式的话，如果一个款式感觉销售的挺好，但是你不要盲目的囤货，嗯会压货的，千万不能盲目的存货，有人要了就再去进都行，然后写清楚多少天出货都行，千万不能茫迷之自信。（Participant 3）

One thing you need to firmly remember is not to store too many of a product, even if you think the sale will be very good when you sourced the product. Be very careful of storing a product blindly, often it will become a huge inventory. If you are short of stock, you can let the customer know and then source the additional products, with notifying the customer how long the wait is going to be. But you should never purchase a huge amount of product blindly. (Participant 3)

就是会压货的，比如说我前几年的时候，然后有一个款式，是卖是了多少件，一开
始是卖了 300 件，然后觉得挺好的，然后又做了 500 件，结果我压了 200 件。隔
年处理掉呀，都只能隔年处理掉，当季的时候你是处理不掉的。（Participant 3）
The result will be a huge inventory of the same product. For example, several years ago, I made huge sales of one product at the beginning, selling 300 pieces of them. Then I thought this product was really good, and I placed another order of 500 piece. The result was I had 200 pieces left in inventory that I would only be able to sell them the next year. You can only sell them the next year, you cannot get rid of them the same season.

(Participant 3)

As a result, some store owners chose to source their products from vendors who can provide “one-click drop shipping” so that they don’t have to keep any inventory at all. 1688, mentioned by participant 8, is a B2B platform also established by Alibaba. Individual sellers on Taobao are able to source a rich variety of goods through this platform. The best thing about this platform is that the back-end system is connected with Taobao, so that the store owners can simply duplicate the product information provided by a vendor to post on their own store. In addition, because the store owners can share the customer’s address to the vendor directly via the connected system, the vendor usually provides a service called “one-click drop shipping”, which is similar to the concept of “drop shipping” used in the U.S. In this case, the store owner will not need to keep any inventory, but simply ask the vendor to ship the product to the customer. Thus, this platform resembles Tmall for Taobao’s individual sellers, as all the vendors on it have been registered in the government’s enterprise administration system. Figure 4.10 shows a typical 1688 vendor store front and its product purchasing interface.

用 1688 的好处就是你手里也不存货，占用你自己资金也不多，有客户买了什么东西你就直接把信息输进 1688 厂家那里，他们就直接帮你发货了，相当于你的店面是他们厂家的一个分店， 坏处就是你生意做不大，好处就是你也没压力，也不存货，也不压钱. (Participant 8)
The good thing for using 1688 is that you don’t keep an inventory, and you don’t need to spend any money to buy products from a whole sale. If there is a customer, you can directly transfer his/her information to the vendor on 1688, and they will ship the goods to the customer directly. It’s like your store is some kind of branch of their store. The cons would be you cannot expect a huge increase in your transaction volume, the pros would be you don’t have any pressure, you don’t need any inventory and you don’t disrupt your cash flow. (Participant 8)

*Figure 4.10. Typical 1688 vendor storefront*

This section described Chinese online entrepreneurs’ EM-related operational strategies to face the challenges of competitors, to satisfy the needs and wants of the customers, as well as
adapt to the changing market. Aspects of the EM strategies as well as other unique strategies embedded in the Chinese C2C market and concerning the C2C platform infrastructure have been reflected in the responses of the interviewees. The following section will illuminate how, according to the interviewees, the Chinese institutional environment has impacted their online store operations.

**The Influence of the Chinese Institutional Environment on Online Entrepreneurship**

Institution theory states that behaviors of people in the society are shaped by regulative, normative, and cognitive institutions, which are reflected in the legal system (laws and government policies), moral and ethical system (social norms), and cultural system (e.g., Chinese culture in this present study) (Palthe, 2014; Scott, 2014). Research has confirmed that there is a positive relationship between an encouraging institutional environment and the prosperity of entrepreneurial activities (Chen et al., 2012; Coase & Wang, 2012). Hence, the present investigator asked interviewees how they perceived the Chinese institutional environment impacting their own entrepreneurial activities, such as operating an online store. The responses suggested that most interviewees reflected on the impact of governmental rules and policies. Interviewees specifically explained that government policies had some impact on business operations for established enterprises in the B2C market, but had almost no effect on individual sellers in the C2C market. The social atmosphere (i.e., and culture (e.g., hierarchical order among people), two aspects of institutional environment, were not reflected in their comments. The social atmosphere of entrepreneurship was felt to be favorable, but it did not significantly influence their motivation to start or operate an online store. The traditional notion of taking care of their family embedded in Chinese culture had some effect on the entrepreneurial activities.
Regulative institution

Regulative institution refers to the laws, rules, and policies existing in a society. China issued many policies to encourage private entrepreneurship after it launched the open-door policy in 1978. Although interviewees were aware of these policies, they did not feel the policy influenced their business operations, especially individual sellers. As individual sellers, participant 2 and 3 mentioned:

[国家政策对我]没有特别大的影响. 政府这方面关于鼓励创业的政策有一部分发生在毕业大学生身上, 从政府那边可以申请到一个 10 万块钱的起步资金, 然后是免息的. 所以这一点对刚毕业的大学生来讲, 想创业的大学生来讲, 可能是一个比较好的状况. 对我们这种就是已经毕业好几年的, 突然间想创业的, 没有特别的影响.

(Participant 2)

[National policies] had no particular impact on me. Some of the government’s policies that encourage entrepreneurship affect college graduates. You can apply for a starting capital loan of 100,000 Yuan from a government agency, which is interest-free. So, this is a good situation for college graduates who want to start a business. For those of us who wanted to start a business a few years after graduation, there was no special impact.

(Participant 2)

[国家政策对我的影响]完全没有, 因为我根本就不关注. 关于国家这个鼓励创业的政策, 我这边根本都没有看过. 它不管有没有政策我都是一样要开店, 我就是完全凭自己的喜好.

(Participant 3)

The impact of national policies on me is completely absent because I don’t care at all. Regarding the country’s policy of encouraging entrepreneurship, I have never seen it
here. Whether there is a policy or not, I will start my own business; I will follow my own preferences. (Participant 3)

Unlike the comments expressed by individual sellers on C2C sites, an owner of an established B2C enterprise expressed the following:

政策了解的不是特别多，但是我们是在那个大学里面开的那个公司嘛… 然后国家对那个大学生创业这块给的支持还是挺大的… [我们公司]也享受到了, 大学生在我我们公司的话是政府给交一部分社保嘛. (Participant 6)

I don’t know much about the policies, but we started our company on a university campus… Our country has offered much support to college students’ entrepreneurial activities. Our company has also benefited from the valuable support. The college students working in our company had part of their social security insurance paid by the government. (Participant 6)

The information provided by interviewees demonstrates that new college graduates and established enterprises or companies enjoy more government benefits than individual online sellers, who either do not care about such benefits or who have already lost their new graduate status. This is why participant 1 indicated it is better to establish an enterprise and enter into Alibaba’s B2C platform, Tmall, than stay in the C2C platform, Taobao.

自主创业, 就单打独斗的事情, 我觉得会越来越少了, 可能都是要团队协作吧. 对, 而且可能给我们发展的时间不多了吧. 小团队的话 3, 5 年之内没有大发展, 进不了天猫的话, 估计也要死掉了. (Participant 1)

I think there will be fewer and fewer examples of privately-owned business start-ups. It may all need teamwork to succeed. Yes, and it may not give us enough time to develop. I
think that small teams who cannot significantly develop in 3 to 5 years for entering Tmall may go bankrupt. (Participant 1)

Normative institution

A normative institution represents a society’s moral and ethical system, including social norms and obligations (Palthe, 2014). The Chinese general public’s perception of private business ownership has shifted from negative to positive since 1978, and social norms have increasingly favored entrepreneurship (Xing, 1999). Participant 1 indicated that today’s Chinese society promotes “entrepreneurship with independent innovation for all who would like to engage in it. (全民创业，自主创新)”. Participant 2 also confirmed there is now support given by the social environment to those engaged in entrepreneurship.

我觉得现在大家对这个[创业]好像没有特别多不同的看法，[毕竟]人各有志嘛. 如果你在公司里做的不开心，你要创业，或者说你有自己的想法想去干自己的事情，那你只要考虑好的话，周围的人, 朋友或者亲戚基本上都是持支持的态度. 因为现在鼓励年轻人勇于去挑战自己嘛. (Participant 2)

I feel that now people don’t have many different opinions toward this [entrepreneurship]. [After all], everyone has his/her own aspirations. If you feel unhappy working in a company and would like to pursue entrepreneurship, or if you have your own ideas that you want to realize, friends, relatives, and the people around you will be supportive as long as you have considered it thoroughly. Because now, young people are encouraged to challenge themselves. (Participant 2)
Although interviewees indicated a favorable social atmosphere in their responses, it did not affect their decision to start a business or to operate an online store. One participant expressed concern about the trend for every young person to eagerly start his/her own business.

创业这个怎么说呢，你有创业的热情还是很好的，人还是要那个活着的动力，但是创业这东西也不能太盲目的去创业吧。现在很多年轻人就是工作也不想做了，只想去创业。所以说现在很多这个趋势，我觉得我是不太认可。 (Participant 6)

How should I comment on entrepreneurship? Being enthusiastic for entrepreneurship is very good; men need such motivation to live. But, you cannot go blindly into entrepreneurship either. Nowadays, many young people are tired of working in their present positions and turn to entrepreneurship. So, I don’t appreciate some trends like this in today’s society. (Participant 6)

**Cognitive institution**

Cognitive institutions in China are manifested by individual values and beliefs (Palthe, 2014). The literature suggests that Chinese culture does not generally welcome entrepreneurship, as entrepreneurship stresses the pursuit of individual accomplishment or wealth instead of a hierarchical order in society (Zapalska & Edwards, 2001). However, family commitment among the Chinese may be a growing factor in support of entrepreneurship (Liao & Sohmen, 2001). Responses from interviewees confirm Liao and Sohmen’s propositions:

我觉得创业肯定是目前为止是我的副业，那如果说做得好的话，带来必要的这个收益，可能就是可以帮到身边的一些人，可能是家庭。 (Participant 4)

I think online entrepreneurship is now my part-time job. If I do it well, it will yield profits that may be used to support those around me—perhaps my family. (Participant 4)
然后家里需要[我做生意], 怎么说，人到中年上有老下有小，就想让家里人过可能会更好一点,平常的生活什么的话可能会更富足一点，不想天天过的紧紧巴巴的. (Participant 7)

My family needs me [to do the business]. How do I express this--I’m middle-aged and have both parents and kids to take care of; I just want my family to have a better life. I hope the daily life of my family can become more affluent, and free from short of money every day. (Participant 7)

Contrary to preconceived notions held by the present investigator, the above interviewee comments suggest that the Chinese institutional environment has minimal impact on C2C sellers’ store operations. Although C2C sellers do not enjoy government benefits provided to newly established enterprises, government policy allows them to avoid taxation on transactions and to receive minimum C2C platform supervision, rather than supervision from the Administration of Industry and Commerce. Additionally, social norms support entrepreneurial activities, and the obligation of taking care of one’s family in the Chinese culture strengthens the legitimacy of entrepreneurship. As a result, most individual C2C sellers are barely aware of the impact of institutions; they are minimally restricted by them.

**Perceived Business Success According to the Chinese Online Entrepreneurs**

One of the research questions of this present study calls for the Chinese entrepreneurs’ personal definitions of business success. According to the literature, entrepreneurs in Western countries have various perceptions of business success, which includes meeting financial benefits as well as personal goals. Financial benefits may refer to profitability, customer retention, and asset growth. Personal goals may include personal accomplishment, self-fulfillment, and satisfaction (Walker & Brown, 2004). The growing influence of Western culture on younger
Chinese individuals (Luk, 1996) in particular leads the present researcher to assume that both financial benefits and personal goal achievement may be measures of success for Chinese entrepreneurs. Responses from interviewees in the present study have confirmed that assumption.

**Financial success**

Financial benefits were a very important measure of success for most interviewees, a finding consistent with that of Li et al. (2012). A high degree of profit made from an online store operation, related to a high sales volume and product turnover rate, is the common definition of financial success for interviewees. Participant 4 considered high sales volume to be a definite measure of business success. Similarly, for an established enterprise owner, participant 6, high product turnover rate was a measure of financial success.

成功这个东西第一个标准肯定是一个销售量. (Participant 4)

The first criterion for success is definitely sales volume. (Participant 4)

怎么定义成功? 那就是能把这个手头的进货, 这个出货, 能达到一个比较高的平衡点就好了, 就算比较成功吧应该. 嗯比如说这个海关每个月拍卖多少东西出来, 然后这个销售团队如果能销售到百分之七八十那就算太成功了, 我觉得. (Participant 6)

How does one define success? Being able to reach a relatively high balance point between cost of goods and the sales of goods, then it should be relatively successful. I think, for example, no matter how many things we purchased from the custom auctions each month, the sales team can sell 70% or 80% of the merchandise. That, then, is being very successful. (Participant 6)
Other participants stressed a more direct connection between revenue and profitability as measures of business success:

我开店在我脑子里第一个想到的肯定就是盈利。因为如果开小店你盈利了，那就表示一种成功，是不是? (Participant 2)

The first thing that comes to my mind when thinking about opening a store is definitely making a profit. If you open a small store and you’re profitable, it means you’ve been successful, doesn’t it? (Participant 2)

经济上的成功就是反正赚的钱够我出去旅游、买包、健身，然后还房贷就行了。 (Participant 3)

Financial success means that the money I earn is enough for me to go on a trip, buy handbags, and pay for my fitness club membership and mortgage. (Participant 3)

[什么是成功] 这个我还真说不出来，但是我没有想着做一个多么成功的例子，就是觉得生活所迫要挣钱... [生意]还算可以，毕竟比之前上班的时候工资要高。 (Participant 7)

I can't really say what success is. I didn't think of being a successful example. I just feel that I have to make money to support my family … [My business] is running OK. After all, I now make more money than I did from my last job. (Participant 7)

The responses of these interviewees indicated that making enough profit from an online store to support their own and their family’s needs and wants was still the most important measure of financial success.

**Subjective measures of success**

Similar to entrepreneurs in Western countries (Walker & Brown, 2004), Chinese online entrepreneurs also have diverse subjective definitions of success, apart from tangible financial
success, such as self-fulfillment, customer satisfaction, a good reputation, and personal relationships with customers. Some interviewees considered friendship with customers to be a major factor in defining business success in this present study. For example, participant 4 mentioned:

首先我觉得比较重要的[成功的方面]可能还是实现自我的个人价值吧，我的这一点也放在首位的, 然后第二个就是一个口碑. 然后第三个就是说我能从这[开店]里面获得一些乐趣，因为本身这个行业就是我自己喜欢的. 那保证了销量保证了口碑之后，我还去做一些乐趣之类的东西，就是我收益的一方面. (Participant 4)

First of all, I think the most important [aspect of success] may still be the self-realization of personal value; I put this in first place. The second one is good word-of-mouth. The third one is that I have fun operating the store, because I enjoy this career very much. So, after ensuring satisfactory sales volume and word-of-mouth, I can still do something for fun. This is one aspect of the benefits I have. (Participant 4)

One can see that for entrepreneurs, such as participant 4, operating an online store can itself bring enjoyment, which is a type of personal value fulfillment. Additionally, positive word-of-mouth among customers and store reputation are also important measures of business success. Participant 5 made the following comment about reputation:

[成功就是顾客]对我的店我的品牌有一定认知，并且有一定的信任度就可以了. 因为唐卡的话它是有真有假有好有坏，但是大部分人是看不懂的. 我希望我的成功是大家看到唐卡的时候或者想请唐卡的时候可以想到我的品牌. (Participant 5)

[Success is that customers] have a certain understanding and recognition [of my business], and have a certain degree of trust in my store and my brand. Because for
Tibetan Thangka, there are authentic ones and fake ones, good ones and bad ones, but
most people don’t understand it. I hope my success is that when people see Thangka, or
when people want to purchase Thangka, they can think of my brand. (Participant 5)
Furthermore, some participants considered that customer satisfaction was an important
aspect of success. For example, participant 9 mentioned:

我开店主要不是为了挣钱，我主要是为了看着自己的小店一天天成长，很有成就感．对我来说，只要是我卖的东西顾客满意就行了．看见他们满意然后给我个好评
我就非常开心了．(Participant 8)

I did not open my store to mainly make money, but to watch the growth of my store day-to-day, which gives me a great sense of accomplishment. For me, as long as my
customers are satisfied with what I sell them, I’m good. I’m very happy to see them
satisfied and giving me positive reviews. (Participant 8)

For an established enterprise owner, employee satisfaction also mattered in the definition
of success. Participant 6 mentioned:

如果我的员工们,就是那些兼职的大学生们都能有一个满意的收入,就是说我能把
公司里这几十个员工给照顾好，那我就算是成功了吧．(Participant 6)

If my employees, those part-time college students, can receive a satisfactory income--
meaning that I take good care of my company’s dozens of employees--then I’m
successful. (Participant 6)

Participant 2 had a unique definition of success that relates to the building of personal
relationships with her customers, probably because she sells to a small group of customers
products sourced overseas. The product price is usually high, and the entire purchase process
lasts several weeks with frequent communications between her and her customers. During those frequent exchanges, they learn more about each other, and in many cases that communication further develops the friendship.

生意其实没有带来多么大的一个收益，只不过是连接跟大家进一步的关系，或者更多的共同话题可以探讨。我觉得这个是我比较有收获的。然后这些客户平时的时候也会慢慢的发展成为朋友，大家也经常聚个餐啊什么的也是蛮好的。所以说这个成功在哪儿呢？就是认识更多的朋友。 (Participant 2)

In fact, the business doesn’t garner a big profit. It just develops further connections with my customers, or it’s a means of generating more topics for discussion. I think this is more rewarding to me. These customers then gradually become friends of mine, and we often get together to have dinner or something, which is also good. So where does one find success? It lies in getting to know more friends. (Participant 2)

As seen in the above statement, both tangible financial success and intangible subjective measure of success exist for Chinese online entrepreneurs. Li et al. (2012) found that Chinese entrepreneurs consider financial success the most important factor in their business, whereas Walker and Brown (2004) found that in a Western country (Australia), non-financial lifestyle criteria is more important than the financial criteria of success. However, which success criteria, financial or non-financial, is more important to Chinese online entrepreneurs is still unclear. The following chapter will discuss the quantitative approach utilized to examine this question.

Factors Perceived by the Chinese Online Entrepreneurs to Lead to Success

As presented in the above section, Chinese online entrepreneurs expressed their perceptions of success during interviews. Questions regarding factors that they perceived to affect their success followed. Their responses suggested that both the personal traits of the
owner/store operator and store operational factors such as a high reputation rating and a well-known brand were perceived as key success factors.

**Personal factors**

When asked about factors leading to their success, the majority of participants felt that the most important factors were the time and the effort they put into operating their online store. Participants mentioned:

最重要的还是人, 勤劳, 真正的做电商做得好的话, 应该工作时间每天要超过 12 个小时吧, 周末没有休息的. (Participant 1)

The most important thing is the people--hardworking ones. If you do really well in e-commerce, you’re probably working more than 12 hours a day with no rest on weekends. (Participant 1)

第一个是推广, 第二个就是个人因素吧, 这个精力得把它放在里面, 全身心的投入. 重要的点我觉得还是得花时间吧, 时间很重要. (Participant 4)

The primary factor [that leads to success] is promotion, and the secondary one is the personal factor. Your full energy must be put into it and devoted to it (store operation). I think it’s important to take the time. Spending time is very important. (Participant 4)

Additionally, interviewees thought that persistent determination and a passion for operating the store were also very important for achieving success. Several interviewees stressed this point:

有的人说得很有决心, 做起来, 没毅力的话, 其实离成功就很遥远了. (Participant 1)
Some people say they’re determined. But if they don’t persevere in the operation, they are actually far away from success. (Participant 1)

必须要有耐心，而且一定要坚持. 我周边的朋友好多看我做得还可以，然后就让我教他们，我都是手把手带他们进来，结果不出一两个月他们就坚持不下去了. 这个很重要, 因为一开始真的很艰难，就看你能不能熬的过去了. (Participant 3)

[To achieve success] you must be patient and persistent. Many of my friends around me see how well I do and ask me to teach them [to run an online store]. I always bring them in [the business] hand by hand, but they don’t last for even one or two months. This is very important, because it was really difficult at the beginning. It depends on whether you can survive it (the beginning period of store operation). (Participant 3)

至关重要的，其实最重要的就是你对这份工作热情的激情. 可以推动你一直持续的经营下去. (Participant 6)

Critically important…in fact, the most important thing is your passion for this job. It can encourage you to run the business continuously. (Participant 6)

**Operational factors**

In addition to the personal factors such as determination and perseverance of the store owner/operator, some operational factors also affect business success. These factors may include maintaining the store’s high rating as well as store promotions and branding efforts. A high store rating was one of the most frequently mentioned factors that led to success; it is affected by the continuity and persistence exercised in running a store. When asked about the reason why their business was getting better, some interviewees mentioned:
[生意好] 应该是信誉提高了吧。我发现到了皇冠以后，自然而然生意就特别好了。
(Participant 3)

[Business getting better] should be attributed to the increased reputation rating. I found that after reaching the crown level, my business has naturally become very good.
(Participant 3)

客观的来说就是你的店要达到一定的信誉，慢慢的生意就会好起来了。主观的说就是你需要坚持，中途放弃的话相当于前期积累的信誉就放弃掉了很可惜。
(Participant 8)

Objectively speaking, your store must achieve a certain reputation rating, then the business will gradually grow better. Subjectively speaking, you need to persist. If you give up halfway, it is a pity that you will give up the reputation accumulated during the previous business period. (Participant 8)

Another operational factor mentioned by the interviewees involved store promotion and branding, leading to more exposure in the C2C market and attracting further business.

当然还是对这个网络销售这方面专业知识和你这个整体的运营思路了。因为网络销售这个东西已经不是什么新鲜的东西，然后有很多那个成功的经验值得去学习。推广你的店有很多方法吧，也可以花钱做广告，也可以弄公众号什么的，不过最有用的还是靠老客户带新客户，非常的稳定。 (Participant 7)

[Factors that lead to success] are, of course, still about the expertise of online sales and one’s overall store operating ideas. Because online selling is no longer a new thing, there are many successful experiences worth learning. There are many ways to promote your store: you can spend money on advertising, or open a Wechat public account, or
something else. But the most useful method is to rely on old customers to bring in new customers, which is very stable. (Participant 7).

还是要打出自己的品牌最有效，包括用一些促销的工具让你的品牌在搜索的时候占到比较靠前的位置，其实就是要提高你的店的曝光度。不过不管怎么样，你都要有质量很好的产品，不然回头客就会很少. (Participant 9)

Still, the most effective approach is to create your own brand, including the use of some promotional tools to help your brand occupy a higher position in search results. In fact, it is to increase the exposure of your store. But no matter what, you must have good quality products; otherwise, there will be very few repeat customers. (Participant 9)

The above interviewee comments suggest that Chinese online entrepreneurs believed the time and effort put forth in running their store was the most important success factor. Specifically, a persistent store owner will accumulate a favorable store reparation rating, and this perceived trustworthiness will in turn draw additional customers. Moreover, advertising and promotional tools that promote an online store through increasing brand exposure in the C2C market were also considered key factors that lead to success. However, most of the Chinese online entrepreneurs interviewed believed that a very important way to achieve business success was to retain existing customers and to enhance the channeling effect of old customers bringing in new customers.

**Chapter Summary**

This chapter presents the results from the qualitative in-depth interviews with Chinese online entrepreneurs who operate their own online stores. The results revealed that their motivations to start a business, the resources they obtained or possessed, the operational strategies employed, their definition of success, and perceived influential factors that lead to
success were diverse. The impact of the Chinese institutional environment on their business operations was also explored.

The results suggest that Chinese online entrepreneurs were motivated to start their business for diverse reasons. Pull factors motivating them were following their own interest in the product(s) they sell and pursuing a flexible lifestyle. Alleviating family financial pressures and previous job dissatisfaction were push factors. The trend towards online shopping and the low cost of entering the C2C market were situational factors.

Chinese online entrepreneurs considered the resources available to them when they began the operation of their business as diverse and important. Social capital, which they considered the most important resource, include their relationships with vendors and customers as well as special guanxi to secure favorable channels of sourcing and selling products. Other important resources included human capitals, such as prior experiences with entrepreneurship, offline retail selling, and working in an industry related to their product category. Learning from workshops, their own expertise, and connecting with friends who had online store ownership experience also were significant elements related to human capital.

Chinese online entrepreneurs who served as interviewees in this study usually had sufficient funds from their own savings or family financial support to begin their business. They were also able to secure a line of credit from a C2C platform to source goods. Thus, financial resources were sufficient for most of the C2C sellers. However, physical and organizational capitals, seen more frequently in established enterprises, were usually limited for individual C2C sellers. In terms of physical capital, they commonly used their own apartments as warehouses, which is sufficient to satisfy inventory storage needs for small businesses.
The dynamic Chinese online C2C market, with rapidly changing trendy products as well as both authentic and counterfeit goods, shaped the online entrepreneurs’ mindset and resulting store operational strategies. Specifically, they used various marketing tools from available sales channels, such as Taobao and Wechat, to reach additional customers and promote products. The entrepreneurs also created extra value for their customers by befriending and providing industry or product-related information to customers, which may have enhanced customer satisfaction.

Risk management was an operational challenge, especially when avoiding “professional deceptive description hunters.” Furthermore, critical operational strategies utilized by some Chinese online entrepreneurs were revealed, such as (a) using “click-farming” or selling large amounts of less expensive goods to boost a store’s reputation rating in an effort to build trustworthiness, (b) branding and expanding a store to enter the B2C market, (c) branding a store owner to become an “internet celebrity” and promote the store, (d) balancing inventory by stocking “blockbuster” products, and (e) frequently sourcing products in small amounts as a means of inventory management.

Contrary to what the present investigator preconceived, Chinese online entrepreneurs were not well aware of the potential positive institutional impact (i.e., Government’s policy on no/low interest loan to entrepreneurs) on their business operations. Their responses revealed that they believed government policies were promoting online businesses, social norms supported entrepreneurship, and that Chinese culture strengthened the legitimacy of entrepreneurship as a mean of supporting one’s family. Consequently, institutions in China seem to support online entrepreneurship rather than restrict it. However, they did not perceive these positive impacts to be significant to their store operations.
The interviewees also suggested that Chinese online entrepreneurs held diverse opinions regarding their business success. Specifically, financial success, in terms of profitability, sales volume, and product turnover rate, was considered an important part of general business success. Furthermore, the Chinese online entrepreneurs considered themselves successful, because their store operations were self-fulfilling, there were enhanced customer and employee relationships, and they acquired a good reputation and recognition. They felt the most important factors leading to their success included persistent personal effort, or determination, devoted to store operations, operational factors such as store branding and promotion, and increased and accumulated store reputation ratings.
CHAPTER 5. QUANTITATIVE RESULTS

Overview

This chapter presents the part of the quantitative results obtained using an exploratory sequential mixed method approach, discussed in Chapter 3. The present chapter contains the results of the quantitative online survey. The first section of the chapter provides information regarding the online survey instrument development. The second section of this chapter includes demographic characteristics of the sample, descriptive statistics regarding the research constructs, the results of factor analysis, cluster analysis, and post-hoc comparisons of the generated clusters, and the multiple regression results of factors’ influences on perceived success. The third section consists of a discussion of the results. The last section is the chapter summary.

Online Survey Instrument

The survey questionnaire developed for the present study consisted of items from established and reliable scales with Cronbach’s $\alpha$ or composite reliability (CR) above .70, as well as items developed by the investigator based on the literature and responses provided by interview participants. In this study, the term “items” refers to statements adapted from previous scales or statements capturing content expressed by interviewees. Specifically, the present investigator used three approaches to construct the measurement items. Firstly, minor wording changes were made to items from established scales found in previous studies. These changes reflected the Chinese online market context. The second approach was to convert existing polar questions (e.g., whether entrepreneurial education was received-- yes or no), into several items. These items used interviewee's responses for wording the questions. The third approach was to develop new items reflecting concepts from past studies or new concepts/themes generated from
the present study’s interview results. Table 5.1 shows the constructs, references, original scales with reliabilities, themes derived from interviews, and sample items. The survey questionnaire captured each of the proposed constructs along with demographic information about Chinese online entrepreneurs and their online stores. The survey consisted of three sections: 1) Chinese online entrepreneurs’ perceptions regarding personal and business factors that lead to success, 2) demographic information about Chinese online entrepreneurs themselves, and 3) information about the online stores established by the Chinese online entrepreneurs. A seven-point Likert-type scale with anchors of 1 (strongly disagree) to 7 (strongly agree) was used for all items except the demographic variables. Appendix B shows the English version of the survey, the consent form, and screening questions; Appendix C provides their Chinese translation provided to the respondents.

**Resources--Human Capital**

Human capital refers to the personal attributes of knowledge, experience, and skills that entrepreneurs can utilize to achieve their business goals (Greene et al., 1997). Relevant literature regarding both developed and developing country context was used to conceptualize human capital. Items were then constructed to measure aspects of human capital of the Chinese online entrepreneurs. Newly developed items captured Chinese online entrepreneurs’ general and entrepreneurial education, entrepreneurial experience, and industry experience. These items were adapted from small business and entrepreneurial success studies (Bosma, Van Praag, & De Wit, 2000; Bosma, Van Praag, Thurik, & De Wit, 2004; Davidsson, & Honig, 2003; Greene et al., 1997; Keith, Unger, Rauch, & Frese 2016; Pena, 2002; Song et al., 2008; Unger, Rauch, Frese, & Rosenbusch, 2011; Westhead, Wright, & Ucbasaran, 2001). Items were constructed by the present investigator by using wordings from interview responses to capture the essential meanings of concepts. Example of items are shown in Table 5.1.
**Resources--Social Capital**

Social capital is defined as the entrepreneur’s external relationships and networks that may be utilized to achieve their business goals (Greene et al., 1997). An existing scale capturing creative industries (e.g., photography, advertising) entrepreneurs’ social capital, developed by Chen, Chang, and Lee (2015), was adapted for the present study. The scale contained 12 items that measure four aspects of social capital: 1) family ties, 2) business ties, 3) business community ties, and 4) government ties (Chen, Chang, & Lee, 2015). In the Chen et al. study, the Cronbach’s α reliabilities reported for the four aspects were .79, .82, .92, and .90, respectively. These items were modified by the present investigator to fit the Chinese online C2C market context. Additionally, in accordance with a previous study (Chen, Zhou, Yang, Bao, & Wang, 2017), two additional statements were constructed to measure the size and heterogeneity of the Chinese online entrepreneurs’ social network. These items are: “I have a pretty large social network for my business” and “I have a pretty diverse social network for my business.”

**Resources--Financial Capital**

Financial capital is defined as financial resources needed to initiate and maintain the operations of the business (Greene et al., 1997). Six items were constructed to measure the sufficiency of various financial capital Chinese online entrepreneur possessed in accordance with previously studies (Bosma et al., 2000; Bosma et al., 2004, Greene et al., 1997; Indarti & Langenberg, 2004) and the themes derived from the present study’s qualitative data.

**Resources--Physical Capital**

Physical capital refers to the tangible assets such as facilities and equipment for business operations (Greene et al., 1997). The investigator used themes resulting from the qualitative data and information from previous studies (Greene et al., 1997; Indarti & Langenberg, 2004) to develop items measuring the Chinese online entrepreneurs’ perceptions of their physical capital.
These items reflected key physical resources essential to online store establishment and operation.

**Resources--Organizational Capital**

Barney (1991) defined organizational capital as the reporting, planning, controlling, and coordinating structure within a firm. Organizational capital may not be possessed by individual online store owners who operate their stores alone. Thus, the screener question “Do you have employees working with you in operating your business?” was asked. Only those who answered “Yes” to this question were directed to the set of questions used to assess organizational capital. Items were constructed on the bases of previous studies (Greene et al., 1997; Pena, 2002) and analysis of interviewee responses.

**Motivations to Start an Online Business**

Items were constructed based on a series of binary yes or no questions from a group of previous studies in order to measure participant motivation to start an online business. Both pull and push motivations were included. Statements such as “My decision to start my own business online was affected by my unemployment”, “… by dissatisfaction with my previous job”, and “… by the failure of my prior business” were used to measure push motives (Hessels, Van Gelderen, & Thurik, 2008; Lee & Stearns, 2012; Lok, Kumari, & Sim, 2019; Pena, 2002; Robichaud, McGraw, & Alain, 2001). Items such as “I started my own business online because I’d like to gain recognition in society” and “… I’d like to be my own boss, not working for others” were used to measure pull motives (Hessels et al., 2008; Lee & Stearns, 2012; Lok, et al., 2019; Pena, 2002; Robichaud et al., 2001). Other items such as “I started my own business online because I’m interested in the industry relevant to the products I sell” were created by the investigator to better reflect interviewee responses.
Entrepreneurial Marketing Constructs

The present study adapted Fiore et al.’s (2013) validated entrepreneurial marketing scale, which consisted of 16 items that captured four constructs: opportunity vigilance, consumer centric innovation, value creation, and risk management. The original Cronbach’s α reliabilities reported for these four constructs were .91, .84, .86, and .79, respectively.

Business Operational Strategies

Fourteen items were created to measure business operational strategies utilized by the Chinese online entrepreneurs. These strategies were generated from interview responses to the question about how interviewees operate their online store on a daily basis. Words and quotes from interviewee responses were used to construct items that captured strategies such as building trustworthiness, inventory management, and branding. Sample items tapping these strategies are presented in Table 5.1.

Institutional Environment

Institutions include three dimensions: legal (regulative) system, social norms, and cultural context that affect individual behaviors in a society (Scott, 2014). Existing items were adapted (i.e., Busenitz, Gomez, & Spencer, 2000; Chen et al., 2015) and new items were constructed by the investigator to measure the Chinese institutional environment. Specifically, items that measured the regulative dimension of the institutional environment were adapted from Chen et al.’s scale (2015) (α = .90). Busenitz et al.’s scale (2000), which had a Cronbach’s α of .81, was adapted to capture the role of normative institutions. To measure the degree to which Chinese culture influenced institutional cognitive dimension, the investigator created items based on interviewee responses along with concepts presented in previous studies (Busenitz et al., 2000; Indarti & Langenberg, 2004).
Factors Leading to Success

To measure the factors Chinese online entrepreneurs perceived as important in leading to their success, the present investigator adapted seven items from previous studies (i.e., Benzing, Chu, & Kara, 2009; Chu, Kara, Zhu, & Gok, 2011; Lee & Stearns, 2012; Luk, 1996; Pasanen, 2003; Robichaud, Cachon, & Haq, 2010; Trang, 2016; Zhu & Chu, 2010) and created four new items. Both personal and business operational factors were included. Specifically, items such as “A business owner’s hard work is the key to success for online entrepreneurship” and “Patience and persistence are very important to success for online entrepreneurship” were created to measure personal factors leading to success; they were based on interviewee responses and reflected concepts from previous studies (Luk, 1996; Pasanen, 2003; Trang, 2016). To measure the effects of operational factors on success, adapted items included “Great management skill is very important to success for online entrepreneurs” and “Effective marketing activities are critical to success for online entrepreneurs” (Benzing et al., 2009; Chu et al., 2011; Lee & Stearns, 2012; Pasanen, 2003; Robichaud et al., 2010; Trang, 2016; Zhu & Chu, 2010).

Perceived Business Success

Chinese online entrepreneurs’ perceived business success was measured using items adapted from polar questions in previous studies (e.g., Reijonen & Komppula, 2007; Walker & Brown, 2004) and items tapping interviewee perceptions of success. Both perceptions of financial success and non-financial success were measured. Specifically, the level of financial success was determined by items such as “I’m successful because my business makes a good profit” and “I’m successful because my business has a very large sales volume” (Indarti & Langenberg, 2004; Reijonen & Komppula, 2007; Walker & Brown, 2004). Non-financial measures of success (e.g., lifestyle and enjoyment) were measured using items such as “I’m successful because I’m enjoying a flexible lifestyle” and “I’m successful because I’m enjoying
operating my business” (Fisher, Maritz, & Lobo, 2014; Reijonen & Komppula, 2007; Walker & Brown, 2004).

Table 5.1. Survey instrument measurement item development

<table>
<thead>
<tr>
<th>Constructs</th>
<th>References</th>
<th>Established Scales (reliability) or Polar Questions</th>
<th>Concepts/Themes Derived from the Present Study’s Qualitative Data</th>
<th>Sample Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital²,³</td>
<td>Bosma et al., 2000, 2004 Davidsson, &amp; Honig, 2003 Greene et al., 1997 Keith et al., 2016 Pena, 2002 Song et al., 2008 Unger et al., 2011 Westhead et al., 2001</td>
<td>Had entrepreneurial education or not?</td>
<td>Formal and informal entrepreneurial education; Work experience in relevant industry</td>
<td>I had sufficient formal entrepreneurial education such as entrepreneurship classes in college. I had sufficient informal training about online entrepreneurship such as workshops through Taobao University. I had enough prior business experience. I had enough work experience in the fields relevant to the products/services I am now selling.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Had entrepreneurial experience or not?</td>
<td></td>
<td>I had sufficient formal entrepreneurship education such as entrepreneurship classes in college.</td>
</tr>
<tr>
<td>Social Capital¹,²</td>
<td>Chen et al., 2015 Chen et al., 2017</td>
<td>Family ties (α = .79); Business ties (α = .82); Business community ties (α = .92); Government ties (α = .90); Social network size and heterogeneity</td>
<td>Guanxi with vendors, government officials, customers, and collaborators</td>
<td>I have strong personal support from my family members. I maintain a good relationship with my vendors and suppliers. I actively participate in business communities or associations in the online C2C market, such as the Micro-Merchant alliance. I maintain a good relationship with officials in various levels of the government. I have a pretty large social network for my business.</td>
</tr>
<tr>
<td>Financial Capital²,³</td>
<td>Bosma et al., 2000, 2004 Greene et al., 1997 Indarti &amp; Langenberg, 2004</td>
<td>Had access to debt or not?</td>
<td>Family support; Personal savings; Loan from C2C platform</td>
<td>I have enough family financial support. I have enough personal savings as funds. I have access to enough loans from the C2C platform, such as Taobao.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Had other available income or not?</td>
<td></td>
<td>I have access to enough loans from the C2C platform, such as Taobao.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Had contribution from business partners or not?</td>
<td></td>
<td>I have access to enough loans from the C2C platform, such as Taobao.</td>
</tr>
<tr>
<td>Physical Capital²,³</td>
<td>Greene et al., 1997 Indarti &amp; Langenberg, 2004</td>
<td>Facilities and equipment</td>
<td>Home as warehouse</td>
<td>I have the necessary equipment such as computers. I have the necessary space such as a warehouse or a workshop.</td>
</tr>
<tr>
<td>Organizational Capital²,³</td>
<td>Greene et al., 1997 Pena, 2002</td>
<td>Number of employees; Employee experience and capability</td>
<td>Team formation and team building</td>
<td>I hire employees who have customer service capabilities and experiences. I stress team building.</td>
</tr>
<tr>
<td>Constructs</td>
<td>References</td>
<td>Established Scales (reliability) or Polar Questions</td>
<td>Concepts/Themes Derived from the Present Study’s Qualitative Data</td>
<td>Sample Items</td>
</tr>
<tr>
<td>-----------</td>
<td>------------</td>
<td>----------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Motivations&lt;sup&gt;2,3&lt;/sup&gt;</td>
<td>Hessels et al., 2008 Lee &amp; Stearns, 2012 Lok et al., 2019 Pena, 2002; Robichaud et al., 2001</td>
<td>Push: Unemployment; lack of job satisfaction; poor work life balance; glass ceiling Pull: Presence of opportunity; gain public recognition; personal freedom, sense of self-fulfillment; desire of wealth; be one’s own boss;</td>
<td>Push: Family financial pressure Pull: Interests in relative industry; low cost to enter C2C market</td>
<td>My decision to start my own business online was affected by my unemployment. …dissatisfaction with my previous job. …the failure of my prior business. I started my own business online because I’d like to gain recognition in society. I’d like to be my own boss, not working for others. I started my own business online because I’m interested in the industry relevant to the products I sell.</td>
</tr>
<tr>
<td>Entrepreneurial Marketing&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Fiore et al., 2013</td>
<td>Opportunity vigilance (α = .91); Consumer centric innovation (α = .84); Value creation (α = .84); Risk management (α = .79)</td>
<td></td>
<td>My business is frequently one of the first in the market to alter its marketing methods. I spend considerable resources continually trying to learn more about my customers. My business continuously tries to find new ways to create value for our customers. My marketing efforts tend to have a low level of risk for my business.</td>
</tr>
<tr>
<td>Business Operational Strategies&lt;sup&gt;3&lt;/sup&gt;</td>
<td></td>
<td>Building trustworthiness; Inventory management; Branding</td>
<td></td>
<td>I strive to increase my store reputation rating to improve the business’s performance. I invest a large amount of money to source and store blockbuster goods. I strive to brand myself to become an Internet celebrity to promote my business.</td>
</tr>
<tr>
<td>Institutional environment&lt;sup&gt;1,3&lt;/sup&gt;</td>
<td>Busenitz et al., 2000 Chen et al., 2015</td>
<td>Regulative institute (α = .90); Normative Institute (α = .81)</td>
<td>Chinese culture promotes entrepreneurship</td>
<td>Central and local governments provide good support for starting new businesses. In Chinese society today, entrepreneurs are admired. In Chinese culture, the spirit of entrepreneurship is rooted.</td>
</tr>
<tr>
<td>Factors leading to success&lt;sup&gt;2,3&lt;/sup&gt;</td>
<td>Benzing et al., 2009 Chu et al., 2011 Lee &amp; Stearns, 2012 Luk, 1996 Pasanen, 2003 Robichaud et al., 2010 Trang, 2016 Zhu &amp; Chu, 2010</td>
<td>Personal factor: Hard work; persistence; personal reputation; time and effort put in operation Operational factor: Management skill; marketing activities; technology advancement</td>
<td>Personal factor: Knowing customer needs and wants; adventurous spirit and determination Pull: Customer service; store reputation/rating</td>
<td>A business owner’s hard work is the key to success for online entrepreneurship. Patience and persistence are very important to success for online entrepreneurship. Great management skill is very important to success for online entrepreneurs. Effective marketing activities are critical to success for online entrepreneurs.</td>
</tr>
</tbody>
</table>
Table 5.1. (Continued)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>References</th>
<th>Established Scales (reliability) or Polar Questions</th>
<th>Concepts/Themes Derived from the Present Study’s Qualitative Data</th>
<th>Sample Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived business success&lt;sup&gt;2,3&lt;/sup&gt;</td>
<td>Indarti &amp; Langenberg, 2004 Fisher, Maritz, &amp; Lobo, 2014 Reijonen &amp; Komppula, 2007 Walker &amp; Brown, 2004</td>
<td>Financial measure: Profit; turnover rate; ROI; growth Non-financial measure: Self-fulfilment; social recognition; satisfied customer; flexible lifestyle</td>
<td>Financial measure: Enough income; sales volume Non-financial measure: Enjoyment; word of mouth and reputation; satisfied employee; make friends with customer</td>
<td>I’m successful because my business makes a good profit. I’m successful because my business has a very large sales volume. I’m successful because I’m enjoying a flexible lifestyle. I’m successful because I’m enjoying operating my business.</td>
</tr>
</tbody>
</table>

Note: <sup>1</sup> Items adapted from previous studies. <sup>2</sup> Items converted from polar items from previous studies using wordings from interview responses. <sup>3</sup> Items created based on a concept from previous studies or present study’s qualitative data using wordings from interview responses.

**Demographics of Business Owners and Online Stores**

Basic information about business owners and their online stores was measured in the latter part of the survey and included questions gathering information on gender, age, marital status, achieved educational level, business establishment year, product category, sales channel, and the number of vendors and employees of the online store. See Appendix B for the survey instrument.

**Sample Profile and Descriptive Analysis**

The following section presents the profile of the sample. It includes the demographic characteristics of the sample and their respective online stores, as well as the descriptive statistics for the research variables.

**Demographic Characteristics**

A total of 2500 invitations in five waves of 500 were sent to the Sojump.com sample pool of C2C online store owners. A total of 641 finished questionnaires were received resulting in a
response rate of 25.6%. Of the returned questionnaires, 310 usable responses were retained for further analysis based on screening questions and the attention-checking questions embedded in the questionnaire. Participants took an average of 20 minutes to finish the survey. Table 5.2 presents respondent demographic characteristics including gender, age, marital status, level of education, major, income sources, resident region, form of residence (e.g., living alone and living with family), and other pertinent information.

The majority of respondents were female (64.2%) and relatively young, with more than half below age 30. They were also highly educated; more than 60% received a bachelor’s degree. Most respondents had an educational background in business and management (62.3%). The majority of respondents were married (77.7%) and lived with their spouses (73.9%) in economically developed regions of China, such as Shanghai, Beijing, Shenzhen, and Hong Kong. Other than revenue from their online stores, respondents garnered income from interests of monetary savings, dividends of investments, or family members’ support.

A small portion of the respondents had formal entrepreneurship education (27.4%) or prior entrepreneurial experience (21.9%) before they started an online business. Their experience included college entrepreneurship courses, student entrepreneurial organization activities, and other offline store operations such as selling snacks and beverages. A large portion (41.2%) of respondents had previous work experience in industries related to the products they sold, and most of those experiences were related to positions in retail sales. Respondents spent 2 to 120 hours per week operating their online stores, with an average of 45 hours per week. Respondents were classified as operating their online stores fulltime if they did not spend more than 20 hours per week in other sources of employment. About 70% of the respondents operated their online store fulltime.
Table 5.2. Demographic characteristics of respondents (N = 310)

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Description</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>110</td>
<td>35.5</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>199</td>
<td>64.2</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Age</td>
<td>18-30</td>
<td>161</td>
<td>51.9</td>
</tr>
<tr>
<td></td>
<td>31-40</td>
<td>134</td>
<td>43.2</td>
</tr>
<tr>
<td></td>
<td>41-50</td>
<td>14</td>
<td>4.5</td>
</tr>
<tr>
<td></td>
<td>51-60</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Marital status</td>
<td>Single</td>
<td>63</td>
<td>20.4</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>241</td>
<td>77.7</td>
</tr>
<tr>
<td></td>
<td>Divorced</td>
<td>5</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>Widowed</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Level of education</td>
<td>Below high school</td>
<td>2</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td>High school</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Associate degree</td>
<td>23</td>
<td>7.4</td>
</tr>
<tr>
<td></td>
<td>Junior college</td>
<td>73</td>
<td>23.6</td>
</tr>
<tr>
<td></td>
<td>Bachelor’s degree</td>
<td>192</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>Post-graduate degree (e.g. Master’s/Ph.D.)</td>
<td>17</td>
<td>5.4</td>
</tr>
<tr>
<td>Major*</td>
<td>Business and management</td>
<td>193</td>
<td>62.3</td>
</tr>
<tr>
<td></td>
<td>Engineering</td>
<td>37</td>
<td>11.9</td>
</tr>
<tr>
<td></td>
<td>Art and design</td>
<td>56</td>
<td>18.1</td>
</tr>
<tr>
<td></td>
<td>Social sciences</td>
<td>67</td>
<td>21.6</td>
</tr>
<tr>
<td></td>
<td>Natural or physical sciences</td>
<td>26</td>
<td>8.4</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>19</td>
<td>6.1</td>
</tr>
<tr>
<td>Income sources</td>
<td>Parents’ support</td>
<td>83</td>
<td>26.8</td>
</tr>
<tr>
<td>other than online store revenue*</td>
<td>Spouses’ support</td>
<td>156</td>
<td>50.3</td>
</tr>
<tr>
<td></td>
<td>Another part-time job</td>
<td>53</td>
<td>17.1</td>
</tr>
<tr>
<td></td>
<td>Another full-time job</td>
<td>75</td>
<td>24.2</td>
</tr>
<tr>
<td></td>
<td>Saved money or investments</td>
<td>197</td>
<td>63.5</td>
</tr>
<tr>
<td></td>
<td>No other income</td>
<td>14</td>
<td>4.5</td>
</tr>
<tr>
<td>Resident region</td>
<td>Guangdong</td>
<td>65</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Shanghai</td>
<td>61</td>
<td>19.7</td>
</tr>
<tr>
<td></td>
<td>Beijing</td>
<td>52</td>
<td>16.8</td>
</tr>
<tr>
<td></td>
<td>Shenzhen &amp; Hong Kong</td>
<td>32</td>
<td>10.3</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>100</td>
<td>32.3</td>
</tr>
<tr>
<td>Residence</td>
<td>Live alone</td>
<td>39</td>
<td>12.6</td>
</tr>
<tr>
<td></td>
<td>Live with parents</td>
<td>34</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Live with spouses</td>
<td>229</td>
<td>73.9</td>
</tr>
<tr>
<td></td>
<td>Live with others (e.g. friends, college roommate)</td>
<td>8</td>
<td>2.6</td>
</tr>
<tr>
<td>Entrepreneurial education</td>
<td>Yes</td>
<td>85</td>
<td>27.4</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>225</td>
<td>72.6</td>
</tr>
<tr>
<td>Entrepreneurial experiences</td>
<td>Yes</td>
<td>68</td>
<td>21.9</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>242</td>
<td>78.1</td>
</tr>
<tr>
<td>Relevant industry experiences</td>
<td>Yes</td>
<td>128</td>
<td>41.2</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>182</td>
<td>58.8</td>
</tr>
</tbody>
</table>

*Note: Questions for which respondents can select more than one option result in total percentages over 100%.
Table 5.3. Characteristics of online stores (N = 310)

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Description</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product category*</td>
<td>Apparel and accessories</td>
<td>206</td>
<td>66.5</td>
</tr>
<tr>
<td></td>
<td>Electronics</td>
<td>56</td>
<td>18.1</td>
</tr>
<tr>
<td></td>
<td>Books and CDs</td>
<td>26</td>
<td>8.4</td>
</tr>
<tr>
<td></td>
<td>Virtual products such as prepaid cards, gift cards</td>
<td>40</td>
<td>12.9</td>
</tr>
<tr>
<td></td>
<td>Collectables</td>
<td>15</td>
<td>4.8</td>
</tr>
<tr>
<td></td>
<td>Food and nutrition</td>
<td>58</td>
<td>18.7</td>
</tr>
<tr>
<td></td>
<td>Beauty products such as cosmetics</td>
<td>99</td>
<td>31.9</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>16</td>
<td>5.2</td>
</tr>
<tr>
<td>Financial source for</td>
<td>Bank loans</td>
<td>85</td>
<td>27.4</td>
</tr>
<tr>
<td>online store</td>
<td>Family support</td>
<td>248</td>
<td>80</td>
</tr>
<tr>
<td>establishment*</td>
<td>Personal savings</td>
<td>266</td>
<td>85.8</td>
</tr>
<tr>
<td></td>
<td>Investments from others (e.g. Venture capital)</td>
<td>16</td>
<td>5.2</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>5</td>
<td>1.6</td>
</tr>
<tr>
<td>Financial source for</td>
<td>Bank loans</td>
<td>86</td>
<td>27.7</td>
</tr>
<tr>
<td>online store</td>
<td>Family support</td>
<td>205</td>
<td>66.1</td>
</tr>
<tr>
<td>operation*</td>
<td>Personal savings</td>
<td>253</td>
<td>81.6</td>
</tr>
<tr>
<td></td>
<td>Investments from others (e.g. Venture capital)</td>
<td>9</td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td>Profits from current online small businesses</td>
<td>162</td>
<td>52.3</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>6</td>
<td>1.9</td>
</tr>
<tr>
<td>Operating with</td>
<td>Yes</td>
<td>241</td>
<td>77.7</td>
</tr>
<tr>
<td>employees</td>
<td>No</td>
<td>69</td>
<td>22.3</td>
</tr>
<tr>
<td>Sales channels*</td>
<td>Independent online store (e.g., own website)</td>
<td>51</td>
<td>16.5</td>
</tr>
<tr>
<td></td>
<td>Online store on a C2C platform (e.g., Taobao store)</td>
<td>304</td>
<td>98.1</td>
</tr>
<tr>
<td></td>
<td>Instant message tool (e.g. Wechat, QQ)</td>
<td>220</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Physical store</td>
<td>39</td>
<td>12.6</td>
</tr>
<tr>
<td></td>
<td>Consignment store</td>
<td>41</td>
<td>13.2</td>
</tr>
<tr>
<td>Store performance in</td>
<td>Made a profit</td>
<td>272</td>
<td>87.8</td>
</tr>
<tr>
<td>2019</td>
<td>Broke even</td>
<td>37</td>
<td>11.9</td>
</tr>
<tr>
<td></td>
<td>Lost money</td>
<td>1</td>
<td>0.3</td>
</tr>
</tbody>
</table>

*Note: Questions for which respondents can select more than one option result in total percentage over 100%.

Table 5.3 shows the characteristics of the online stores that respondents established and operated. The online stores have been in business for 1 to 18 years, with an average of 4 years. About 78% hired employees to work with them; the mean number of employees was 7.4 and the median number was 3. On average, each online store had 1.6 partners and 7.1 vendors. Most of the respondents (83.5%) had business collaborators working with them, including business alliances, social media collaborators, freight companies, model agents, and advertisement companies.
The most prominent product category was apparel and accessories (66.5%). Beauty products (31.9%), foods (18.7%), and electronics (18.1%) also comprised large portions of all products sold from these stores. Almost all respondents founded their store on a C2C platform such as Taobao.com. In addition, other emerging sales channels, such as instant messaging tools (e.g., Wechat), played a significant role in selling products. Most respondents established their business with personal savings (85.8%) and financial support from their family (80%). After being established, the daily operational cost of a store was partially dependent on store profits. Most of the online stores made a profit (87.8%) during the previous year (2019); 11.9% of them broke-even financially.

**Descriptive Statistics of Measured Items**

The means and standard deviations (SD) together with the minimum and maximum values of each measured research construct are reported in Table 5.4. These constructs include business resources (i.e., human, social, financial, physical, and organizational capitals), motivations to start an online business (i.e., *push* and *pull* factors), entrepreneurial marketing (EM) factors (i.e., opportunity vigilance, consumer centric innovation, value creation, and risk management), business operation strategies (i.e., building trustworthiness, inventory management, and branding), institutional environment (i.e., regulative, normative, and cognitive institutes), perceived factors leading to success (i.e., personal and operational factors), and perceived business success (i.e., financial and non-financial measures of success).
Table 5.4. Descriptive statistics for all measurement items for the research constructs

<table>
<thead>
<tr>
<th>Construct Items</th>
<th>Mean</th>
<th>SD</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business resources-human capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before starting my business…</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I had sufficient formal entrepreneurial education, such as entrepreneurship classes in college.</td>
<td>4.61</td>
<td>1.60</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>2. I had sufficient business and management education, such as business school courses or MBA courses.</td>
<td>3.35</td>
<td>1.60</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>3. I had sufficient informal training about online entrepreneurship, such as workshops through Taobao University.</td>
<td>4.83</td>
<td>1.50</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>4. *I had consulted enough online entrepreneurship experts.</td>
<td>4.51</td>
<td>1.47</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>5. *I had observed enough other online sellers operating their business.</td>
<td>5.54</td>
<td>1.08</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>6. *I had read enough books and instructions about starting an online store.</td>
<td>5.20</td>
<td>1.32</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>7. I had enough prior business experience.</td>
<td>4.60</td>
<td>1.38</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>8. I had enough work experience in the fields relevant to the products/services I am now selling.</td>
<td>5.01</td>
<td>1.29</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>9. I had enough prior entrepreneurial experience (online or offline).</td>
<td>4.75</td>
<td>1.47</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Business resources-social capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For operating my business…</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I have a large enough social network.</td>
<td>4.92</td>
<td>1.23</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>2. I have a diverse enough social network.</td>
<td>4.87</td>
<td>1.31</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>3. I have strong personal support from my family members.</td>
<td>5.65</td>
<td>1.33</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>4. I have strong emotional support from my family members.</td>
<td>5.77</td>
<td>1.34</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>5. I have received good advice from my family members.</td>
<td>5.15</td>
<td>1.35</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>6. I maintain a good relationship with my vendors and suppliers.</td>
<td>5.68</td>
<td>1.02</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>7. I maintain a good relationship with my customers.</td>
<td>5.88</td>
<td>.95</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>8. *I maintain a good relationship with some of the other store owners in the online C2C market.</td>
<td>5.36</td>
<td>1.07</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>9. I actively participate in business communities or associations in the online C2C market, such as the Micro-Merchant alliance.</td>
<td>5.28</td>
<td>1.26</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>10. Participating in business communities or associations provides me with great advantages (e.g. intelligence, new knowledge) for running my business.</td>
<td>5.16</td>
<td>1.29</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>11. Participating in business communities or associations offers me advantages for dealing with business affairs.</td>
<td>4.94</td>
<td>1.36</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>12. I maintain a good relationship with officials in various levels of the government.</td>
<td>3.61</td>
<td>1.60</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>13. I have good connections to officials in regulatory authorities, such as Administration of Industry and Commerce.</td>
<td>3.68</td>
<td>1.58</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>14. My guanxi with governmental officials enable me to run my business smoothly.</td>
<td>3.67</td>
<td>1.66</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Construct</td>
<td>Items</td>
<td>Mean</td>
<td>SD</td>
<td>Min.</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>------</td>
<td>-----</td>
<td>------</td>
</tr>
<tr>
<td><strong>Business resources-financial capital</strong></td>
<td>For starting and operating my business…</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. I have enough family financial support.</td>
<td>5.01</td>
<td>1.45</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2. I have enough personal savings as funds.</td>
<td>5.05</td>
<td>1.40</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3. I have access to enough loans from the C2C platform, such as</td>
<td>4.50</td>
<td>1.51</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Taobao.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. I had access to enough bank loans.</td>
<td>3.98</td>
<td>1.53</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>5. *I used my income from another job.</td>
<td>4.45</td>
<td>1.90</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>6. My business partner contributed enough to the initial funds.</td>
<td>4.50</td>
<td>1.74</td>
<td>1</td>
</tr>
<tr>
<td><strong>Business resources-physical capital</strong></td>
<td>For operating my business…</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. I have the necessary equipment such as computers.</td>
<td>6.56</td>
<td>.81</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>2. I have the necessary technology such as instant messaging apps</td>
<td>6.40</td>
<td>.91</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(e.g. Wechat).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. I have the necessary space such as a warehouse or a workshop.</td>
<td>5.84</td>
<td>1.12</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>4. *I have the necessary transportation such as a car.</td>
<td>5.78</td>
<td>1.41</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>† Business resources-organizational capital</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. *I hire employees who are experienced and have worked in the</td>
<td>5.06</td>
<td>1.32</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>C2C market before.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. I hire employees who have customer service capabilities and</td>
<td>5.83</td>
<td>.93</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>experiences.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. I stress team building.</td>
<td>5.54</td>
<td>1.31</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>4. I created an optimistic and a positive work culture among my</td>
<td>5.83</td>
<td>1.03</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>employees.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Motivation to start business online-push factor</strong></td>
<td>My decision to start my own business online was affected by…</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. My unemployment.</td>
<td>2.40</td>
<td>1.52</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2. Family financial pressure.</td>
<td>3.83</td>
<td>1.85</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3. Dissatisfaction with my previous job.</td>
<td>4.44</td>
<td>1.80</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>4. The failure of my prior business.</td>
<td>2.79</td>
<td>1.56</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>5. *The need for work life balance.</td>
<td>5.09</td>
<td>1.44</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>6. The glass ceiling at my previous job.</td>
<td>4.45</td>
<td>1.75</td>
<td>1</td>
</tr>
<tr>
<td><strong>Motivation to start business online-pull factor</strong></td>
<td>I started my own business online because…</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Online shopping is on trend, which creates a good opportunity</td>
<td>6.07</td>
<td>.91</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>for a business.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. I’d like to gain recognition in society.</td>
<td>5.05</td>
<td>1.37</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>3. I’m interested in the industry relevant to the products I sell.</td>
<td>5.68</td>
<td>1.00</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>4. I like the freedom and flexible lifestyle.</td>
<td>6.04</td>
<td>1.11</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>5. Of the very low cost of entry to the market.</td>
<td>4.75</td>
<td>1.59</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>6. *I like the sense of self achievement/fulfilment.</td>
<td>5.66</td>
<td>1.09</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>7. Of my financial aspiration to increase my wealth.</td>
<td>5.98</td>
<td>1.13</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>8. I’d like to be my own boss, not working for others.</td>
<td>5.92</td>
<td>1.12</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>9. *I’d like to pursue improvement of my personal capabilities.</td>
<td>5.88</td>
<td>.95</td>
<td>3</td>
</tr>
</tbody>
</table>
Table 5.4. (Continued)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Mean</th>
<th>SD</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EM-opportunity vigilance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I have a real passion for continually changing the way products/services are marketed in my business.</td>
<td>5.38</td>
<td>1.19</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>2. My business is frequently one of the first in the market to alter its marketing methods.</td>
<td>4.47</td>
<td>1.47</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>3. *I consistently monitor and improve the approach to marketing my business.</td>
<td>5.44</td>
<td>1.07</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>4. *I regularly pursue untapped market opportunities regardless of budgetary or staff constraints.</td>
<td>3.80</td>
<td>1.67</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>5. When new market opportunities arise, my business very quickly acts on them.</td>
<td>5.39</td>
<td>1.17</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>6. My business excels at identifying marketing opportunities.</td>
<td>5.15</td>
<td>1.24</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>EM-consumer centric innovation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. *I spend considerable resources continually trying to learn more about my customers.</td>
<td>5.15</td>
<td>1.35</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>8. *My business’ marketing efforts reflect knowledge of what our customers really want from our products/service.</td>
<td>5.52</td>
<td>1.00</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>9. *Communicating with customers is a great way to identify innovation opportunities.</td>
<td>5.88</td>
<td>1.05</td>
<td>2</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>10. *Innovation is the key to achieving competitive advantage in my business.</td>
<td>5.38</td>
<td>1.25</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>EM-value creation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. I expect myself to be looking for ways my business can create more value for customers.</td>
<td>5.84</td>
<td>.98</td>
<td>2</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>12. In my business, I contribute to ideas to create value for customers.</td>
<td>5.41</td>
<td>1.10</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>13. My business continuously tries to find new ways to create value for my customers.</td>
<td>5.47</td>
<td>1.14</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>EM-risk management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. When I decide to pursue a new marketing direction, I do so in stages rather than all at once to reduce the risk involved.</td>
<td>5.68</td>
<td>1.22</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>15. My marketing efforts tend to have a low level of risk for my business.</td>
<td>5.11</td>
<td>1.33</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>16. My business typically uses creative, low cost way to reduce risk associated with new marketing activities.</td>
<td>5.36</td>
<td>1.15</td>
<td>2</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>Business operation strategy-building trustworthiness</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I strive to increase my store reputation rating to improve the business’s performance.</td>
<td>6.21</td>
<td>1.06</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>2. *I use “click-farming” to boost my store reputation rating.</td>
<td>2.68</td>
<td>1.66</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>3. I ask my family and friends to buy from my store to boost the reputation rating.</td>
<td>3.75</td>
<td>1.80</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>4. I sell a large quantity of cheap products at the initial stage of my store to gain a higher reputation rating.</td>
<td>4.08</td>
<td>1.83</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>
Table 5.4. (Continued)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Mean</th>
<th>SD</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business operation strategy-inventory management</strong></td>
<td>5. *I invest a large amount of money to source and store “block buster” goods.</td>
<td>4.34</td>
<td>1.46</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>6. *I carefully manage my inventory to keep a suitable amount of products.</td>
<td>5.81</td>
<td>1.05</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>7. *I use “one click drop shipping” functions provided by vendors, such as those on 1688.com, to eliminate the need to keep inventory.</td>
<td>4.76</td>
<td>1.58</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>8. *I source products in small amounts repeatedly even though they are selling quickly.</td>
<td>4.35</td>
<td>1.59</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Business operation strategy-branding</strong></td>
<td>9. I strive to develop and manufacture my own products to create my own brand rather than sourcing from vendors.</td>
<td>4.62</td>
<td>1.59</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>10. I strive to expand my business to B2C market such as Tmall with my own brand rather than selling others’ products in C2C market such as Taobao.</td>
<td>4.9</td>
<td>1.52</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>11. I strive to brand myself to become an Internet celebrity to promote my business.</td>
<td>4.38</td>
<td>1.78</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>12. *I strive to use other influencers (e.g. bloggers, Wechat public accounts) to promote my business.</td>
<td>5.03</td>
<td>1.58</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>13. *I strive to use other channels, such as instant messaging tool (e.g., Wechat), to brand myself and my business.</td>
<td>5.85</td>
<td>1.08</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Institutional environment-regulative</strong></td>
<td>Central and local governments…</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Provide good support for starting new businesses.</td>
<td>5.63</td>
<td>1.13</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2. Provide incentives for the creation of new businesses.</td>
<td>5.52</td>
<td>1.19</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>3. Develop a friendly environment for new businesses creation.</td>
<td>5.62</td>
<td>1.28</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>4. Issue encouraging regulations and policies for starting new businesses.</td>
<td>5.68</td>
<td>1.21</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Institutional environment-normative</strong></td>
<td>In Chinese society today…</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. *Turning new ideas into businesses is an admired career path.</td>
<td>5.94</td>
<td>.95</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2. *Innovative and creative thinking is viewed as the route to success.</td>
<td>5.82</td>
<td>1.09</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>3. Entrepreneurs are admired.</td>
<td>5.60</td>
<td>1.21</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>4. People tend to greatly admire those who start their own business.</td>
<td>5.51</td>
<td>1.24</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Institutional environment-cognitive</strong></td>
<td>In Chinese culture…</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Entrepreneurship is encouraged.</td>
<td>5.65</td>
<td>1.17</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2. The spirit of entrepreneurship is rooted.</td>
<td>5.27</td>
<td>1.31</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>3. There are many famous entrepreneurs and entrepreneurial activities recorded.</td>
<td>5.73</td>
<td>1.16</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>4. Entrepreneurship is promoted.</td>
<td>5.74</td>
<td>1.14</td>
<td>1</td>
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</tbody>
</table>
### Table 5.4. (Continued)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Mean</th>
<th>SD</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factors leading to success-personal</strong></td>
<td>1. A business owner’s hard work is the key to success for online entrepreneurship.</td>
<td>5.81</td>
<td>1.04</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2. *Patience and persistence are very important to success for online entrepreneurship.</td>
<td>6.11</td>
<td>.96</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>3. *Time and effort input into the online store operation are critical to success for online entrepreneurship.</td>
<td>5.93</td>
<td>.93</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>4. *It is very important that a business owner knows the customer’s needs and wants for success in online entrepreneurship.</td>
<td>6.17</td>
<td>.94</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>5. A business owner’s personal reputation is very important to success for online entrepreneurship.</td>
<td>5.60</td>
<td>1.29</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>6. *A business owner’s adventurous spirit and determination is very important to success for online entrepreneurship.</td>
<td>5.03</td>
<td>1.26</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Factors leading to success-operational</strong></td>
<td>7. Great customer service is the key to success for online entrepreneurs.</td>
<td>5.99</td>
<td>1.03</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>8. Great management skill is very important to success for online entrepreneurs.</td>
<td>5.80</td>
<td>1.02</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>9. *Utilizing advance technology is very important to success for online entrepreneurs.</td>
<td>5.34</td>
<td>1.38</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>10. Effective marketing activities are critical to success for online entrepreneurs.</td>
<td>5.88</td>
<td>1.12</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>11. *A high reputation/store rating is very important to success for online entrepreneurs.</td>
<td>6.05</td>
<td>.95</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td><strong>Perceived business success-financial</strong></td>
<td>I am successful because my business…</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Makes a good profit.</td>
<td>5.31</td>
<td>.92</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2. Provides me enough income.</td>
<td>5.49</td>
<td>1.14</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>3. Has a very large sales volume.</td>
<td>5.29</td>
<td>1.22</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>4. *Has a high turnover rate.</td>
<td>5.19</td>
<td>1.25</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>5. Results in high return of investment.</td>
<td>5.18</td>
<td>1.23</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>6. *Is growing very fast.</td>
<td>5.25</td>
<td>1.28</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td><strong>Perceived business success-nonfinancial</strong></td>
<td>I am successful because…</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. *I’m enjoying operating my business.</td>
<td>6.04</td>
<td>.96</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2. *I achieved self-realization/fulfilment.</td>
<td>5.63</td>
<td>1.19</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>3. My business gains social recognition.</td>
<td>5.21</td>
<td>1.15</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>4. My store has good word of mouth and reputation.</td>
<td>5.97</td>
<td>1.01</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>5. I have satisfied customers.</td>
<td>6.03</td>
<td>.82</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>6. *I have made friends with my customers.</td>
<td>5.48</td>
<td>1.17</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>7. *I’m enjoying a flexible life style.</td>
<td>5.78</td>
<td>1.19</td>
<td>1</td>
<td>7</td>
</tr>
</tbody>
</table>

Note: * Items deleted after item reduction process via exploratory and confirmatory factor analysis.
† 241 out of 310 respondents who had employees working with them answered this set of questions.
Factor Analysis

This section presents the results of factor analysis. Both exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) results are presented. In addition, the assessment of measurement model is also reported.

Exploratory Factor Analysis

An exploratory factor analysis (EFA) was conducted for item reduction and assessing the underlying dimensions of each construct. With the exception of physical and organizational capitals, separate EFAs were conducted as each construct (e.g., human capital) contained several factors (e.g., education, experience) conceptually based on previous studies. In addition, each factor (e.g., education) had several measurement items (e.g., “I had sufficient formal entrepreneurial education, such as entrepreneurship classes in college”; “I had sufficient business and management education, such as business school courses or MBA courses”). As a result, twelve EFAs were conducted for the following constructs: G1: human capital; G2: social capital; G3: financial capital; G4: physical capital; G5: organizational capital; G6: motivation push factor; G7: motivation pull factor; G8: entrepreneurial marketing (EM) scale; G9: business operational strategy; G10: institutional environment; G11: factors leading to success; and G12: perceived success.

Kaiser’s criterion (eigenvalue ≥ 1) was used to identify the number of factors extracted. A Principal Component Analysis (PCA) method with Direct Oblimin rotation was used to ascertain construct validity (Brown, 2009a, 2009b). Research suggests that Direct Oblimin rotation should be used in PCA to assess the correlations between items for a factor (Brown, 2009a, 2009b). The results of PCA indicated that three constructs (i.e., financial capital, institutional environment, and perceived success) had significantly high correlations among their factors (r > 0.32, Brown, 2009a, 2009b). The remaining constructs had low correlations (r < .10).
among their factors, thus displaying a near orthogonal factor structure. As a result, the PCA results with Direct Oblimin rotation were retained and considered appropriate (Brown, 2009a, 2009b). Based on the pattern matrix generated from the Direct Oblimin rotation, items exhibiting adequate factor loading on one factor (> 0.50; Nunnally & Bernstein, 1994) and not showing high cross-loading on other factors (< 0.30; Kline, 2015) were retained. A composite reliability (CR) value greater than .70 indicated an adequate level of internal consistency for a factor (Fornell & Larcker, 1981). The results of EFA are presented in Table 5.5 below. The present investigator also conducted a followed up Confirmatory Factor Analysis (CFA) in Mplus; standardized loadings for each item are displayed in Table 5.5. The EFA results generated one or more factors for each construct, indicating a secondary structure of the measurement items for the constructs.

Nine items of human capital were entered for EFA in the first group. Two factors were extracted, education and experience, which explained 47.31 of the variance of human capital construct. The education factor (Edu) contained items regarding formal or informal entrepreneurial and business management education/training, whereas the experience factor (Exp) contained items regarding previous entrepreneurial or working experiences. Each of the two factors contained three items, which showed adequate factor loadings. The CR of both factors exceeded .70 (Education: .77; Experience: .79), demonstrating acceptable internal consistency (Fornell & Larcker, 1981). Three items were deleted because of high cross-loadings.

For the second group, five factors were extracted from 14 items for the social capital construct. Each extracted factor contains two to three items. The general social network factor (GSN) contained items describing the size and heterogeneity of participants’ social network. Family relation (FR), business relation (BR), seller community relation (SCR), and government
relation (GR) factors reflected the original factor structure of Chen et al., (2015). The CR of each factor showed acceptable internal consistency (ranging from .76 to .91). Among these factors, only general social network and business relations contained two items each. Thus, the correlations between the two items were also reported. Five factors of the social capital construct explained the total of 68.95% of variance. One item was deleted because of high cross-loading.

In the third factor analysis, individual funds (IF) and the third-party funds (TPF) were extracted from 6 items to represent financial capital; together they explained 56.51% of the construct variance. Acceptable factor loadings and internal consistency were observed (CR: individual funds: .80; third-party funds: .81). A significant correlation was found for the two items of the third-party funds factor, indicating reliability. Three items were retained for individual funds. One item out of the six items was deleted because of high cross-loading.

The fourth to sixth factor analyses all generated single factor constructs, namely physical capital (PC), organizational capital (OC), and push factors (Pus) that motivated Chinese entrepreneurs to start their businesses. Specifically, physical capital contained three items with a CR of .76, which explained 46.54% of the variance, organizational capital contained three items with a CR of .75, which explained 43.67% of the variance, and the motivation push factor contained five items with CR of .86, which explained 54.53% of the variance. All three constructs had one item deleted because of low standardized loading.

Nine items were entered into the seventh factor analysis for motivation pull factor. Three factors were extracted, explaining 58.17% of the variance. The situational factor (MSF) reflecting online shopping trends, and low cost of entry into the C2C market had two items with a correlation of .166 and a CR of .71. The external pull factor (MEF) associated with receiving social recognition and fulfilling a respondent’s interest in the relative industries of the products
they sold included two items with a correlation of .277 and a CR of .76. The internal pull factor (MIF) associated with gaining independence and enjoying a flexible lifestyle had three items with a CR of .75. Two items were deleted because of high cross-loading.

In the eighth factor analysis, sixteen items adopted from Fiore et al. (2013) for EM constructs were entered. Three factors were extracted, which explained 54.33% of the variance. The first factor, opportunity vigilance (OV), contained four items with a CR of .79. Two items were deleted because of high cross-loading. The second factor, value creation (VC), contained three items with a CR of .73. The third factor, risk management (RM), contained three items with a CR of .73. The latter two factors reflected the factor structure found in the original study (i.e., Fiore et al., 2013). However, the consumer centric innovation factor revealed two separate factors—consumer centric and innovation—both of which had high cross-loading on other extracted factors. Thus, all four items for consumer centric innovation were deleted from the scale. These results indicated that Chinese entrepreneurs considered consumer centric and innovation to be two separate factors in their marketing mindset. But these two factors might also be related to their marketing efforts such as finding a new marketing opportunity or creating extra customer value. This extracted factor structure showed that although this scale was validated among American small business owners, it requires modification to represent Chinese online entrepreneurs’ perceptions about their marketing business mindset.

In the ninth factor analysis, building trustworthiness (BT) and branding (Bran) factors were extracted to represent the business operational strategy construct from six of ten items. Together the six items explained 58.91% of the construct variance. Acceptable factor loadings and internal consistency were observed (CR: building trustworthiness: .81; branding: .79). The
items measuring inventory management failed to emerge as one factor because all four items had high cross-loading onto the other two factors, resulting in all four of these items being deleted.

Twelve items were entered for the tenth factor analysis. Three factors were successfully extracted to represent the institutional environment construct, namely regulative institution (RI), normative institution (NI), and cognitive institution (CI). Together the three factors explained 64.51% of the construct variance. All four items of regulative institution were retained with a CR of .86, which reflected the original scale validity (Chen et al., 2015). Two normative institution items were retained with a CR of .82 and a significant correlation of .47. The other two items of this factor regarding innovativeness and creativeness as keys of entrepreneurship had high cross-loading and were deleted as a result. All four cognitive institution items were retained with a CR of .82. The standardized factor loadings and the CR of these factors demonstrated a high level of internal consistency.

In the eleventh factor analysis, personal (PF) and operational factors (OF) were extracted from five out of eleven items to represent the factors leading to the success construct. Personal effort and reputation were considered important personal factors, whereas effective customer service, marketing, and business management were perceived as key operational factors leading to success. Together they explained 57.16% of construct variance. Six items were deleted, because of a high cross-loading on these two factors. Acceptable factor loadings and internal consistency were observed (CR: personal factor: .73; operational factor: .77). Because there were only two items representing the personal factor, their correlation coefficient was also reported (Eisinga, te Grotenhuis, & Pelzer, 2013).
Table 5.5. *Factor structures for measurement items via principal component analysis*

<table>
<thead>
<tr>
<th>Factor structures</th>
<th>Items</th>
<th>Factor loading</th>
<th>Eigen-value</th>
<th>Percent of variance (%)</th>
<th>CR</th>
<th>Correlation of the only two items for a factor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>G1-human capital</strong></td>
<td><strong>Education (Edu)</strong></td>
<td></td>
<td>1.38</td>
<td>47.31</td>
<td>.77</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Item 1</td>
<td>.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Item 2</td>
<td>.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Item 3</td>
<td>.52</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Experience (Exp)</strong></td>
<td></td>
<td>2.88</td>
<td>31.96</td>
<td>.79</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Item 7</td>
<td>.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Item 8</td>
<td>.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Item 9</td>
<td>.72</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>G2-social capital</strong></td>
<td><strong>General social network (GSN)</strong></td>
<td></td>
<td>1.37</td>
<td>9.79</td>
<td>.84</td>
<td>.60**</td>
</tr>
<tr>
<td></td>
<td>Item 1</td>
<td>.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Item 2</td>
<td>.86</td>
<td></td>
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</tr>
<tr>
<td></td>
<td><strong>Family relation (FR)</strong></td>
<td></td>
<td>1.56</td>
<td>11.16</td>
<td>.84</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Item 3</td>
<td>.85</td>
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<td></td>
</tr>
<tr>
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Note: **p \leq .01; *p \leq .05.

Thirteen items were entered for the last factor analysis. Two factors were successfully extracted to represent the perceived success construct, namely the financial measure of success (FM), and the nonfinancial measure of success (NM). Together they explained 58.51% of the construct variance. Four out of six items included under financial measure of success were retained with a CR of .83, and three out of seven items under nonfinancial measure of success were retained with a CR of .75. Other items under these two factors had high cross-loadings and were deleted as a result. The standardized factor loadings and CR of these factors demonstrated a high level of internal consistency.
As shown in Table 5.5, all factors under the latent constructs exhibited acceptable to high levels of CR, thus demonstrating an adequate level of internal consistency of the measurement items with the represented factors (Fornell & Larcker, 1981). A confirmative factor analysis (CFA) was then conducted using the retained items to assess the factor dimensionality and measurement of the model’s fit.

**Confirmatory Factor Analysis**

The aim for Confirmatory Factor Analysis (CFA) was to cross-check construct dimensionality and to provide an assessment of the measurement model’s fit (Hair et al., 2010). Hair et al. (2010) suggested an acceptable range of model fit indices of a measurement model generated from a CFA. Specifically, the acceptable cut-off values for a measurement model with a sample size larger than 250 and more than 30 items are: CFI (comparative fit index) greater than .90, a RMSEA (root mean square area of approximation) less than .07, a SRMR (standardized root mean residual) less than .08, and a significant $\chi^2$ (Chi-Square). Additionally, Carmines and McIver (1981) suggested that a Chi-square to degrees of freedom (DF) ratio in the range of 1 to 3 indicates an acceptable model fit. Table 5.6 shows the model fit indices of all measurement models.

The results of the CFA illustrated that the standardized factor loading for each measurement item was above .50 (ranging from .52 to .89; see Table 5.5) and the CR of each factor was above .70 (ranging from .71 to .91; see Table 5.5). The general model with all constructs showed an unsatisfactory model fit (CFI = .73; RSMEA = .05; SRMR = .06), indicating a failure to generate unidimensional factors among all constructs in the measurement model. Items expected to measure various factors had significant correlations, which damaged the total model fit. However, sub-models measuring business resources (CFI = .91; RSMEA = .05; SRMR = .06), motivations to start a business (CFI = .94; RSMEA = .04; SRMR = .05),
operational strategies (CFI = .93; RSMEA = .05; SRMR = .05), institutional environment (CFI = .98; RSMEA = .05; SRMR = .04), and factors leading to success and perceived success (CFI = .98; RSMEA = .04; SRMR = .04) all showed acceptable to good model fit.

Table 5.6. Measurement model fit indices

<table>
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<th>Models (sample $N = 310$)</th>
<th>$\chi^2 (p)$</th>
<th>DF</th>
<th>$\chi^2$/DF</th>
<th>CFI</th>
<th>RSMEA</th>
<th>SRMR</th>
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<tr>
<td>Acceptable fit (item $n &gt; 30$)</td>
<td>$p &lt; .05$</td>
<td>-</td>
<td>1-3</td>
<td>&gt; .90</td>
<td>&lt; .007</td>
<td>&lt; .08</td>
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<td>Model 1 (All constructs)</td>
<td>4572.44 ($p &lt; 0.001$)</td>
<td>2724</td>
<td>1.68</td>
<td>.73</td>
<td>.05</td>
<td>.06</td>
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<td>Model 2 (Resource model: human, social, financial, physical and organizational capital)</td>
<td>581.93 ($p &lt; 0.001$)</td>
<td>346</td>
<td>1.68</td>
<td>.91</td>
<td>.05</td>
<td>.06</td>
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<table>
<thead>
<tr>
<th>Acceptable fit (12 &lt; item $n &lt; 30$)</th>
<th>$p &lt; .05$</th>
<th>-</th>
<th>1-3</th>
<th>&gt; .92</th>
<th>&lt; .07</th>
<th>&lt; .08</th>
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<td>Model 3 (Motivation model: motivation push and pull factors)</td>
<td>63.20 ($p = 0.047$)</td>
<td>1.37</td>
<td>.94</td>
<td>.04</td>
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<tr>
<td>Model 4 (Operation strategy model: EM scale and operation strategy)</td>
<td>143.14 ($p &lt; 0.001$)</td>
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<td>1.57</td>
<td>.93</td>
<td>.05</td>
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<tr>
<td>Model 5 (Institution model: regulative, normative, and cognitive institution)</td>
<td>49.80 ($p = 0.013$)</td>
<td>30</td>
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<td>.98</td>
<td>.05</td>
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<tr>
<td>Model 6 (Success model: factors leading to success and perceived success)</td>
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</table>

Table 5.7 shows the correlation coefficients, average variance extracted (AVE), and square root of AVEs for all factors. The AVE of all factors except EM factors were above .50, indicating sufficient variance of measurement items to converge into a single factor (Hair et al., 2010). EM factors had insufficient variance extracted (opportunity vigilance: .48; value creation: .47; risk management: .48) compared to error residuals, which again suggested that revalidation of the original EM scale was needed for application in the Chinese culture and the online business context.
According to Fornell and Larcker (1981), if the square root of AVE for each factor is larger than any of the correlations between one factor and another, the discriminate validity is satisfied. However, Table 5.7 reveals that several factors (i.e., business relation, situational pull factor of motivation, physical capital, risk management, operational factors, and nonfinancial measurement of success) failed to meet these criteria; they were highly correlated with other factors that did not belong to the same latent construct (marked in *bold italics*). For example, the nonfinancial measurement of success factor (NM) had high correlation coefficients with factors such as business relation (BR), situational pull factor of motivation (MSF), personal factors leading to success (PF), operational factors leading to success (OF), and financial measures of success (FM), and these correlation coefficients all exceeded the square root of AVE of NM. As a result, the discriminate validity was not acceptable.

As shown in Table 5.5, internal consistency/reliability and the convergent validity were satisfactory (i.e., standardized factor loadings > .50 and CR of each factor > .70; Fornell & Larcker, 1981; Hair et al., 2010), but discriminate validity was not achieved for the measurement model (Table 5.7, Fornell & Larcker, 1981). In this case, structural equation modeling (SEM) was not an option because the measurement model did not satisfy the fit indices (see Table 5.6). However, in this present study, using SEM to examine structural relationships among factors was not intended. Rather, (a) profiling and categorizing Chinese online entrepreneurs by their traits and perceptions, and (b) exploring each factor’s influence on perceptions of success were the purposes. Hence, as noted in Chapter 3, cluster analysis was conducted including their perceptions regarding resources, motivations, operational strategies to start and operate their business, the institutional environment, and key factors affecting both business success and perceived success. Composite mean values of all of the items within a factor (e.g., education)
were used as the value for that factor, so that the participants can be effectively categorized based on their profiles of the validated factors and demographic traits. Supplementary and multiple regression analyses to compare the clusters and examine the influence of validated factors and demographic traits on perceived success were also performed.
Table 5.7. Correlation coefficients between construct factors and average variance extracted (AVE) for each factor

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Note: **p ≤ .01; *p ≤ .05; SR-AVE: square root of AVE. Education (Edu); Experience (Exp); General social network (GSN); Family relation (FR); Business relation (BR); Seller community relation (SCR); Government relation (GR); Individual fund (IF); Third party fund (TPF); Physical capital (PC); Organizational capital (OC); Motivation push factor (Pas); Motivation situational factor (MSF); Motivation external factor (MEF); Motivation internal factor (MIF); Opportunity vigilance (OV); Value creation (VC); Risk management (RM); Building trustworthiness (BT); Branding (Bran); Regulative institution (RI); Normative institution (NI); Cognitive institution (CI); Personal factor (PF); Operational factor (OF); Financial measure of success (FM); Nonfinancial measure of success (NM).
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</tr>
<tr>
<td>24 PF</td>
<td>.51**</td>
<td>.61**</td>
<td>.53**</td>
<td>-.22</td>
<td>.20*</td>
<td>.50**</td>
<td>.33**</td>
<td>.62**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 OF</td>
<td>.50**</td>
<td>.70**</td>
<td>.64**</td>
<td>-.23*</td>
<td>.27**</td>
<td>.41**</td>
<td>.43**</td>
<td>.64**</td>
<td>.54**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26 FM</td>
<td>.56**</td>
<td>.48**</td>
<td>.58**</td>
<td>-.08</td>
<td>.22**</td>
<td>.37**</td>
<td>.36**</td>
<td>.49**</td>
<td>.47**</td>
<td>.65**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>27 NM</td>
<td>.55**</td>
<td>.69**</td>
<td>.67**</td>
<td>-.32**</td>
<td>.28**</td>
<td>.41**</td>
<td>.55**</td>
<td>.55**</td>
<td>.75**</td>
<td>.76**</td>
<td>.72**</td>
<td>1</td>
</tr>
<tr>
<td>AVE</td>
<td>.48</td>
<td>.47</td>
<td>.48</td>
<td>.59</td>
<td>.56</td>
<td>.61</td>
<td>.69</td>
<td>.53</td>
<td>.57</td>
<td>.53</td>
<td>.56</td>
<td>.51</td>
</tr>
<tr>
<td>SR-AVE</td>
<td>.69</td>
<td>.69</td>
<td>.69</td>
<td>.77</td>
<td>.75</td>
<td>.78</td>
<td>.83</td>
<td>.73</td>
<td>.75</td>
<td>.75</td>
<td>.75</td>
<td>.71</td>
</tr>
</tbody>
</table>

Note: **p ≤ .01; *p ≤ .05; SR-AVE: square root of AVE. Education (Edu); Experience (Exp); General social network (GSN); Family relation (FR); Business relation (BR); Seller community relation (SCR); Government relation (GR); Individual fund (IF); Third party fund (TPF); Physical capital (PC); Organizational capital (OC); Motivation push factor (Pus); Motivation situational factor (MSF); Motivation external factor (MEF); Motivation internal factor (MIF); Opportunity vigilance (OV); Value creation (VC); Risk management (RM); Building trustworthiness (BT); Branding (Bran); Regulative institution (RI); Normative institution (NI); Cognitive institution (CI); Personal factor (PF); Operational factor (OF); Financial measure of success (FM); Nonfinancial measure of success (NM).
Cluster Analysis and Post-hoc Comparison

This section presents the results of cluster analysis used for categorizing samples of the present study. Results of the post-hoc analyses such as analysis of variance (ANOVA) to examine differences in perceived success among clusters, as well as multiple regression of factors that lead to perceived financial and overall success were also reported.

Cluster Analysis to Categorize Chinese Online Entrepreneurs

Cluster analysis was conducted in the following sequence: First, composite mean values for the 27 extracted factors were calculated as single variables by averaging measurement item values within the factor (2-5 measurement items per factor). The measurement items for these 27 factors are shown in Table 5.4 and 5.5. As a result, each sample entry (i.e., survey participant) had a single score for each of the 27 factors (factors shown in Table 5.4 and 5.5). These 27 variables were subsequently entered into SPSS to run hierarchical cluster analysis using Ward’s method (1963) to determine the optimal number of clusters. Ward’s method was adopted because it does not require that the researcher pre-set the number of clusters, which is beneficial in exploratory research. Instead, the number of clusters is based on the dendrogram. Ward’s method uses the minimum variance criterion within clusters as well as squared Euclidean distance matrix to differentiate among clusters. This will generate clusters with minimum total variance levels rather than maximum differences among them in the agglomerative hierarchical procedure, which is desirable for the present study, which aims to find representative clusters with the most alike members in them (Ward, 1963). After evaluating the coefficient values in the agglomeration schedule as well as examining the hierarchical tree (dendrogram) for the largest cluster distances (i.e., dendrogram tree branch distance across different numbers of clusters), a three clusters structure was generated (Ward, 1963). Next, each case in the sample was
categorized into one of the three clusters. The number of cases in each cluster and the mean value of these clusters regarding the 27 factors and demographic traits are reported in Table 5.8.

Table 5.8. Results of one-way ANOVA and cluster analysis of validated factors and demographic traits

<table>
<thead>
<tr>
<th>Construct</th>
<th>Factor</th>
<th>F-value</th>
<th>p-value</th>
<th>Cluster Means</th>
<th>Overall Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(C1) (n = 108)</td>
<td>(C2) (n = 172)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Capital</td>
<td>Education (Edu)</td>
<td>34.29</td>
<td>.000</td>
<td>3.63&lt;sup&gt;C2&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
<td>4.64&lt;sup&gt;C1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Experience (Exp)</td>
<td>22.09</td>
<td>.000</td>
<td>4.28&lt;sup&gt;C2&lt;/sup&gt;</td>
<td>5.17&lt;sup&gt;C1&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>General social network (GSN)</td>
<td>27.39</td>
<td>.000</td>
<td>4.39&lt;sup&gt;C2&lt;/sup&gt;</td>
<td>5.33&lt;sup&gt;C1&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Family relation (FR)</td>
<td>48.44</td>
<td>.000</td>
<td>5.52&lt;sup&gt;C2&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
<td>5.84&lt;sup&gt;C1&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Business relation (BR)</td>
<td>9.89</td>
<td>.000</td>
<td>5.79&lt;sup&gt;C3&lt;/sup&gt;</td>
<td>5.91&lt;sup&gt;C3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Seller community relation (SCR)</td>
<td>25.06</td>
<td>.000</td>
<td>4.83&lt;sup&gt;C2&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
<td>5.47&lt;sup&gt;C1&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Government relation (GR)</td>
<td>24.18</td>
<td>.000</td>
<td>3.00&lt;sup&gt;C2&lt;/sup&gt;</td>
<td>4.12&lt;sup&gt;C1&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>Social Capital</td>
<td>Individual fund (IF)</td>
<td>62.68</td>
<td>.000</td>
<td>4.31&lt;sup&gt;C2&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
<td>5.41&lt;sup&gt;C1&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Third party fund (TPF)</td>
<td>81.44</td>
<td>.000</td>
<td>3.15&lt;sup&gt;C2&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
<td>4.99&lt;sup&gt;C1&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>Financial Capital</td>
<td>(PC)</td>
<td>24.98</td>
<td>.000</td>
<td>6.40&lt;sup&gt;C3&lt;/sup&gt;</td>
<td>6.35&lt;sup&gt;C3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>(OC)</td>
<td>9.98</td>
<td>.000</td>
<td>5.65&lt;sup&gt;C3&lt;/sup&gt;</td>
<td>5.88&lt;sup&gt;C3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(n = 75)</td>
<td>(n = 145)</td>
</tr>
<tr>
<td>Organizational</td>
<td>(Pus)</td>
<td>3.76</td>
<td>.026</td>
<td>3.57&lt;sup&gt;C3&lt;/sup&gt;</td>
<td>3.50&lt;sup&gt;C3&lt;/sup&gt;</td>
</tr>
<tr>
<td>Capital*</td>
<td>Motivation Push Factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Motivation Pull Factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Situational factor (MSF)</td>
<td>9.48</td>
<td>.000</td>
<td>5.35&lt;sup&gt;C3&lt;/sup&gt;</td>
<td>5.58&lt;sup&gt;C3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>External factor (MEF)</td>
<td>22.81</td>
<td>.000</td>
<td>5.05&lt;sup&gt;C2&lt;/sup&gt;</td>
<td>5.70&lt;sup&gt;C1&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Internal factor (MIF)</td>
<td>6.87</td>
<td>.002</td>
<td>6.13&lt;sup&gt;C3&lt;/sup&gt;</td>
<td>5.97&lt;sup&gt;C3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Opportunity vigilance (OV)</td>
<td>31.37</td>
<td>.000</td>
<td>4.70&lt;sup&gt;C2&lt;/sup&gt;</td>
<td>5.46&lt;sup&gt;C1&lt;/sup&gt;,C&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Value creation (VC)</td>
<td>13.68</td>
<td>.000</td>
<td>5.56&lt;sup&gt;C3&lt;/sup&gt;</td>
<td>5.73&lt;sup&gt;C3&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Risk management (RM)</td>
<td>20.65</td>
<td>.000</td>
<td>5.40&lt;sup&gt;C3&lt;/sup&gt;</td>
<td>5.55&lt;sup&gt;C3&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Note: Superscripts indicate clusters in which the mean value of the cluster is significantly different from other clusters. Significance level = p ≤ .05. *Cluster size reflects only samples that had employees.
## Table 5.8. (Continued)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Factors</th>
<th>$F$-value</th>
<th>$p$-value</th>
<th>Cluster Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Cluster 1 (C1) (n = 108)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business Operation Strategy</strong></td>
<td>Building trustworthiness (BT)</td>
<td>1.58</td>
<td>.210</td>
<td>3.33</td>
</tr>
<tr>
<td></td>
<td>Branding (Bran)</td>
<td>17.16</td>
<td>.000</td>
<td>4.22$^{C2}$</td>
</tr>
<tr>
<td><strong>Institutional Environment</strong></td>
<td>Regulative institution (RI)</td>
<td>12.83</td>
<td>.000</td>
<td>5.48$^{C2,C3}$</td>
</tr>
<tr>
<td></td>
<td>Normative institution (NI)</td>
<td>11.99</td>
<td>.000</td>
<td>5.40$^{C2,C3}$</td>
</tr>
<tr>
<td></td>
<td>Cognitive institution (CI)</td>
<td>18.55</td>
<td>.000</td>
<td>5.49$^{C2,C3}$</td>
</tr>
<tr>
<td><strong>Factors Leading to Success</strong></td>
<td>Personal Factor (PF)</td>
<td>9.78</td>
<td>.000</td>
<td>5.62$^{C2,C3}$</td>
</tr>
<tr>
<td></td>
<td>Operational factor (OF)</td>
<td>21.28</td>
<td>.000</td>
<td>5.97$^{C3}$</td>
</tr>
<tr>
<td><strong>Demographic Traits</strong></td>
<td>Gender</td>
<td>1.66</td>
<td>.197</td>
<td>1.69</td>
</tr>
<tr>
<td></td>
<td>Age group</td>
<td>3.69</td>
<td>.027</td>
<td>1.56$^{C3}$</td>
</tr>
<tr>
<td></td>
<td>Education level</td>
<td>2.55</td>
<td>.086</td>
<td>4.59</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial education</td>
<td>1.38</td>
<td>.258</td>
<td>1.76</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial experience</td>
<td>4.54</td>
<td>.014</td>
<td>1.84$^{C3}$</td>
</tr>
<tr>
<td></td>
<td>Working experiences in relative industry</td>
<td>.13</td>
<td>.878</td>
<td>1.57</td>
</tr>
<tr>
<td></td>
<td>Operating store full time</td>
<td>5.15</td>
<td>.007</td>
<td>1.37$^{C2}$</td>
</tr>
<tr>
<td></td>
<td>Hours spent every week on store operation</td>
<td>8.43</td>
<td>.000</td>
<td>43.50$^{C3}$</td>
</tr>
<tr>
<td><strong>Perceived Success</strong></td>
<td>Financial measure (FM)</td>
<td>22.67</td>
<td>.000</td>
<td>5.03$^{C2}$</td>
</tr>
<tr>
<td></td>
<td>Nonfinancial measure (NM)</td>
<td>26.44</td>
<td>.000</td>
<td>5.66$^{C2,C3}$</td>
</tr>
</tbody>
</table>

Note: Superscripts indicate clusters in which the mean value of the cluster is significantly different from other clusters. Significant level established at $p \leq .05$.

**ANOVA and Post-hoc Comparison among Clusters**

For further assessment of the clusters, multiple one-way ANOVA tests were conducted to identify differences among the clusters regarding the 27 factors. Multiple one-way ANOVAs instead of MANOVA were used because some of the high positive correlations among 27 factors...
(see Table 5.7) would reduce the power of detecting bivariate relationships (Huberty & Morris, 1989). In addition, given the exploratory nature of this study and conceptual independence of many factors among the 27, multiple ANOVAs were appropriate to use (Huberty & Morris, 1989). Additionally, post-hoc comparison on means were conducted to identify differences in participants’ demographic traits among the three clusters. The Brown-Forsythe’s method of ANOVA was used instead of the regular ANOVA $F$-test, because the test of homogeneity of variances (Levene’s statistics) showed that the data violated the assumption of variance homogeneity across clusters. Brown-Forsythe’s method of ANOVA is considered robust in unequal sample sizes and unequal variances across comparison group situations (Tomarken & Serlin, 1986). Additionally, the Games-Howell method, which does not assume equal variances, was used to perform the post-hoc comparison of means for each pair of clusters. The results for Brown-Forsythe’s ANOVA ($F$-value and $p$-value) as well as Games-Howell post-hoc comparisons are also presented in Table 5.8.

Cluster analysis generated three distinct clusters; overall, cluster 1 ($n = 108, 34.8\%$) had lower mean values in comparison to cluster 2 ($n = 172, 55.5\%$) and higher mean values than cluster 3 ($n = 30, 9.7\%$). Specifically, results showed that of the three clusters, cluster 1 had the least years of education as part of human capital, lowest value of government relation as part of social capital, and the least third-party funding as part of financial capital. However, regarding all other capitals, cluster 1 had high values similar to cluster 2 and significantly higher than cluster 3, especially for the physical and organizational capitals. When it comes to motivations, cluster 1 was motivated to start their business online mainly because of pull factors, especially pursuit of flexible lifestyle to be their own bosses. Cluster 1 had equally low levels of feeling pushed to start their business online as cluster 2. In terms of business operations, cluster 1 was
similar to cluster 2 and significantly higher than cluster 3 in creating extra value and managing risk as their entrepreneurial marketing strategies. In addition, cluster 1 perceived the Chinese institutional environment to be supportive, and they had more previous entrepreneur experiences than the other clusters. As a result, they perceived themselves to be successful financially and very successful non-financially.

All of the mean values for perceived resources to start and operate a business in cluster 2 were significantly higher than those of the other two clusters. Similar to cluster 1, cluster 2 was motivated to start their business online mainly because of pull factors rather than push factors; they pursued social recognition and followed their own interests in the industry related to the products they sell. In terms of business operations, cluster 2 valued vigilantly identifying new opportunities significantly more than the other two clusters. Members of cluster 2 also stressed significantly more on sparing efforts in branding of their businesses than other clusters. Cluster 2 also had the highest level of perceptions acknowledging the Chinese institutional environment’s favorable impact on entrepreneurship, followed by cluster 1 and cluster 3, respectively. In terms of the factors leading to success, cluster 2 also ranked highest among the clusters, followed by cluster 1 and cluster 3, respectively. Cluster 2 spent more hours than the other two clusters on store operation. Their perceived financial and non-financial successes were significantly higher than the other two clusters as well.

For all capitals except human capital, cluster 3 had the lowest levels for these perceived resources. However, cluster 3 was motivated more by push factors. That is, they had to start their business due to situations such as unemployment. Furthermore, demographic traits among these three clusters showed that individuals in cluster 3 were relatively young, had significantly less entrepreneurship experience, and spent significantly less time on online store operations.
compared to the other two clusters. With more limited resources and less effort applied to business operation, it is not surprising that cluster 3 had the lowest financial and non-financial success values among the three clusters.

Two matters should be noted here. First, as indicated in Table 5.8, perceptions of organizational capital were only gathered from participants who had hired employees. The remaining participants who did not answer related questions (69 participants) were designated by the system as missing values during the clustering process. Thus, the number of members, excluding those who did not have employees for each cluster, was noted in the OC row in Table 5.8. Moreover, none of the clusters stressed perceived efforts on building trustworthiness, perhaps because building trustworthiness was necessary for every online business, and all clusters treated it as a part of normal business operation efforts.

In summary, cluster 1, as the cluster with medium mean values, was similar (i.e., not statistically different) in the level of reported financial success to cluster 3, but had a significantly higher level of perceived non-financial success than cluster 3. Cluster 2, which had the most cases \((n = 172)\), consisted of online entrepreneurs who had sufficient resources, were fully motivated to spend more time and effort in marketing and branding their businesses, and had highest means for both financial and non-financial success. Cluster 3, which was the smallest cluster \((n = 30)\), appeared to consist of younger and inexperienced entrepreneurs who had fewer resources and spent less time in their store operation compared to the other two clusters. Thus, although cluster 3 had a similar level of financial success as cluster 1, they had a significantly lower level of perceived non-financial success compared with the other two clusters.

**Multiple Regression Analysis to Determine Factors Affecting Success**

Multiple regression analyses were conducted in order to examine how business resources, motivations to start a business, operational strategies, institutional environments, factors leading
to success, and the demographic traits of online entrepreneurs were associated with perceived financial and non-financial success. In order to obtain reliable regression results, collinearity diagnostic was conducted. The results (i.e., Variance Inflation Factor (VIF) < 2.0 for all independent variables) did not indicate a multi-collinearity issue, thus the multiple regression results are considered reliable (Pedhazur, 1982).

The results in Table 5.9 indicate that all business resources factors except government relation, which is part of social capital, influenced the Chinese online entrepreneurs’ perceived financial success. Specifically, social, financial, and human capitals explained more variance of perceived financial success than did organizational and physical capitals. In addition, situational and external self-fulfillment motivations (pull motivations), such as the online shopping trend inspiring the entrepreneur to open an online store and the desire to gain social recognition were found to significantly influence perceived financial success. The EM dimensions, as innovative marketing strategies, had significant positive associations with perceived financial success. Although the present study calls for further investigation of EM scale validation within a Chinese online business context because of the low extracted variance from the adopted items within each retained EM dimension, regression results indicate that the EM dimensions demonstrate influence on business success, as was found in a study of Western entrepreneurs (i.e., Niehm, Hurst, Fiore, Son, & Sadachar, 2014). Favorable regulatory and cognitive institutions in China also positively affected perceived financial success in the present study. Newly explored factors included in the study, such as personal hard work as well as stressing customer service in store operations, also exhibited positive impact on perceived financial success. Lastly, demographic traits--gender, entrepreneurial education, and hours spent on operating stores per week--were found to significantly affect financial success. Specifically, female entrepreneurs who had an
entrepreneurial education background and spent more hours devoted to store operation every week tended to be more financially successful. This finding is consistent with those of previous studies (e.g., Bosma et al., 2000, 2004).

Table 5.9. Multiple regression analysis results examining the influence of validated factors and demographic traits on perceived financial success

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Independent Variables (Factors)</th>
<th>$R^2$</th>
<th>Standardized Coefficient ($\beta$)</th>
<th>$t$-value</th>
<th>$p$-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable: Perceived Financial Success</td>
<td>Human Capital</td>
<td>Education (Edu) &amp; Experience (Exp)</td>
<td>.12</td>
<td>.13 &amp; .28</td>
<td>2.35 &amp; 4.88</td>
</tr>
<tr>
<td></td>
<td>Social Capital</td>
<td>General social network (GSN) &amp; Family relation (FR) &amp; Business relation (BR) &amp; Seller community relation (SCR) &amp; Government relation (GR)</td>
<td>.23</td>
<td>.15 &amp; .19 &amp; .21</td>
<td>2.73 &amp; 3.51 &amp; 3.88</td>
</tr>
<tr>
<td></td>
<td>Financial Capital</td>
<td>Individual fund (IF) &amp; Third party fund (TPF)</td>
<td>.19</td>
<td>.37 &amp; .13</td>
<td>6.83 &amp; 2.32</td>
</tr>
<tr>
<td></td>
<td>Physical Capital</td>
<td>(PC)</td>
<td>.04</td>
<td>.19</td>
<td>3.45</td>
</tr>
<tr>
<td></td>
<td>Organizational Capital*</td>
<td>(OC)</td>
<td>.08</td>
<td>.28</td>
<td>4.50</td>
</tr>
<tr>
<td></td>
<td>Motivation (Push and Pull factor)</td>
<td>Push factor (Pus) &amp; Situational factor (MSF) &amp; External factor (MEF) &amp; Internal factor (MIF)</td>
<td>.13</td>
<td>.27 &amp; .16 &amp; -</td>
<td>4.89 &amp; 2.92 &amp; -</td>
</tr>
<tr>
<td></td>
<td>EM and Operational Strategy</td>
<td>Opportunity vigilance (OV) &amp; Value creation (VC) &amp; Risk management (RM) &amp; Building trustworthiness (BT) &amp; Branding (Bran)</td>
<td>.24</td>
<td>.27 &amp; .16</td>
<td>4.59 &amp; 2.77 &amp; 3.53</td>
</tr>
<tr>
<td></td>
<td>Institutional Environment</td>
<td>Regulative institution (RI) &amp; Normative institution (NI) &amp; Cognitive institution (CI)</td>
<td>.16</td>
<td>.16 &amp; .25</td>
<td>2.60 &amp; 4.05</td>
</tr>
<tr>
<td></td>
<td>Factors Leading to Success</td>
<td>Personal Factor (PF) &amp; Operational factor (OF)</td>
<td>.16</td>
<td>.21 &amp; .30</td>
<td>3.87 &amp; 5.57</td>
</tr>
<tr>
<td></td>
<td>Demographic Traits</td>
<td>Gender &amp; Entrepreneurial education &amp; Hours spent every week on store operation</td>
<td>.07</td>
<td>.14</td>
<td>2.37</td>
</tr>
</tbody>
</table>

Note: Only significant path coefficients are shown. Significant level established at $p < .05$. *Regression ran with a sample size of 241 instead of 310; only participants who had employees answered this set of questions.
Table 5.10. Multiple regression analysis results examining the influence of validated factors and demographic traits on perceived nonfinancial success

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Independent Variables (Factors)</th>
<th>R²</th>
<th>Standardized Coefficient (β)</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital</td>
<td>Education (Edu)</td>
<td>.08</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Experience (Exp)</td>
<td></td>
<td>.25</td>
<td>4.39</td>
<td>.000</td>
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<tr>
<td>Social Capital</td>
<td>General social network (GSN)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Family relation (FR)</td>
<td>.22</td>
<td>4.36</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business relation (BR)</td>
<td>.32</td>
<td>4.68</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seller community relation (SCR)</td>
<td>.20</td>
<td>3.68</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government relation (GR)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial Capital</td>
<td>Individual fund (IF)</td>
<td>.10</td>
<td>.28</td>
<td>4.82</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Third party fund (TPF)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Physical Capital</td>
<td>(PC)</td>
<td>.10</td>
<td>.31</td>
<td>5.78</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational Capital*</td>
<td>(OC)</td>
<td>.12</td>
<td>.35</td>
<td>5.71</td>
<td>.000</td>
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<td>Motivation (Push and Pull factor)</td>
<td>Push factor (Pus)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Situational factor (MSF)</td>
<td>.24</td>
<td>4.86</td>
<td>.000</td>
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<tr>
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<td>External factor (MEF)</td>
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<td>4.98</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internal factor (MIF)</td>
<td>.25</td>
<td>4.91</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>EM and Operational Strategy</td>
<td>Opportunity vigilance (OV)</td>
<td>.16</td>
<td>2.79</td>
<td>.006</td>
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<td></td>
<td>Value creation (VC)</td>
<td>.29</td>
<td>5.40</td>
<td>.000</td>
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<tr>
<td></td>
<td>Risk management (RM)</td>
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<td>4.72</td>
<td>.000</td>
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<tr>
<td></td>
<td>Building trustworthiness (BT)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Branding (Bran)</td>
<td>.12</td>
<td>2.20</td>
<td>.029</td>
<td></td>
</tr>
<tr>
<td>Institutional Environment</td>
<td>Regulative institution (RI)</td>
<td>.14</td>
<td>2.47</td>
<td>.014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Normative institution (NI)</td>
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<td>4.21</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cognitive institution (CI)</td>
<td>.21</td>
<td>3.60</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Factors Leading to Success</td>
<td>Personal Factor (PF)</td>
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<td>.27</td>
<td>5.38</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Operational factor (OF)</td>
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<td>7.02</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Demographic Traits</td>
<td>Education level</td>
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<td>2.50</td>
<td>.013</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hours spent every week on store operation</td>
<td>.07</td>
<td>1.61</td>
<td>2.47</td>
<td>.014</td>
</tr>
<tr>
<td>Financial Success</td>
<td>(FM)</td>
<td>.25</td>
<td>.50</td>
<td>10.23</td>
<td>.000</td>
</tr>
</tbody>
</table>

Note: Only significant path coefficients are shown. Significant level established at p < .05. *Regression ran with sample size of 241 instead of 310.

Moreover, multiple regression results in Table 5.10 revealed that all business resources except education, social network size and heterogeneity, and third-party fund as parts of human, social, and financial capitals influenced perceived nonfinancial success for Chinese online entrepreneurs. These positive influences aligned with previous studies (Bosma et al., 2000, 2004;
Chen et al., 2015; Greene et al., 1997; Indarti & Langenberg, 2004; Pena, 2002). Furthermore, self-fulfillment motivations, or pull motivations, significantly influenced perceived nonfinancial success, which aligns with previous research (Chu et al., 2011; Lok et al., 2019; Robichaud et al., 2010). All EM dimensions, as well as branding effort as an operational strategy, had significant effects on perceived nonfinancial success. Such influences indicated that innovative entrepreneurial marketing efforts can affect both financial and nonfinancial success. Interestingly, branding activity affected perceived nonfinancial but not financial success. This result indicates branding activity itself may foster a sense of success for Chinese online entrepreneurs even if it did not increase sales volume or profit. The influence of branding efforts on perceived nonfinancial success suggests that operating a store with active marketing effort itself may be enjoyable to some of the entrepreneurs, and thus seen as contributing to nonfinancial success. Further, the branding effort may not directly generate increased profit, but can create social recognition and positive reputation and word of mouth, which are part of the perceived nonfinancial success. The favorable institutional environment and both the personal and operational factors explored in this study were also shown to have a positive impact on perceived nonfinancial success. Additionally, the education level of these entrepreneurs and the hours they spent each week on store operation significantly affected their perceived nonfinancial success. Specifically, those entrepreneurs who had higher levels of education and spent more time on store operations tended to be more successful. Lastly, perceived financial success of an online store significantly affected nonfinancial success as perceived by Chinese online entrepreneurs.

Chapter Summary

This chapter presents the results from the quantitative online survey with Chinese online entrepreneurs who operated their own online stores. The results revealed that most of the
Chinese online entrepreneurs were relatively young, highly educated in the field of business and management, and had some level of work experience in either the retail industry or the industry associated with the product category they sold. Most of them hired employees and operated their stores for more than 40 hours a week. The stores sold a variety of products, but the merchandise categories most often sold were apparel and accessories, beauty products, foods, and electronics. Most owners used personal savings or family financial support to start their business, and most used store profits to continue store operations. They had a varying number of partners, vendors, and collaborators, and the majority broke-even or made a profit during 2019.

Factor analysis results supported that both adapted and newly developed scales had acceptable internal consistency, satisfying the reliability requirement of a measurement instrument. However, discriminant validity of this instrument was not satisfied, because some of the constructs had more error variance than the extracted variance. This may be due to the large number of constructs as well as the complex correlations among them when measured together. However, subset scales of the present measurement model (i.e., resource, motivation, operational strategy, institutional environment, and success scales) demonstrated satisfactory reliability and validity, suggesting the scales may be useful in future causal relationship assessments, such as the influence of possessed resources on operational strategy implementation and business success. Notably, in contrast to the scale validation study in the United States, the adapted EM scale had different factor structures in the present study, which indicates the need for a reassessment and revalidation of the scale in non-U.S. cultures (e.g., Chinese) and business settings (online vs. offline).

The cluster analysis results in the present study generated three distinct clusters among Chinese online entrepreneurs. These clusters showed that Chinese online entrepreneurs who had
sufficient perceived resources were motivated more by pull factors than push factors to start their businesses. Furthermore, those who spent more time and exercised greater effort in business marketing and branding tended to report improved financial success and perceived themselves as generally more successful. Young and inexperienced Chinese online entrepreneurs who started their business because of push factors such as unemployment, family financial pressures, and failure of a previous business and spent much less time in store operation tended perceive themselves as less successful.

The multiple regression analysis further demonstrated that all business resources positively influenced the financial business success. Moreover, pull factors (e.g., self-fulfillment), favorable institutional environment in China, EM dimensions as innovative marketing strategy, and personal and operational factors (e.g., effort involved in customer service) had a positive impact on the stores’ financial success. Female entrepreneurs who had entrepreneurial education and spent more hours in store operation every week tended to be more financially successful.

Human capital (experience), social capital (family ties, business ties, and seller community ties), financial capital (individual funds), and physical and organizational capitals had a positive influence on perceived nonfinancial success for Chinese online entrepreneurs. In addition, pull motivations to start the business had a positive effect on perceived nonfinancial success. Operational strategies, such as EM’s opportunity vigilance, value creation, and risk management, as well as the branding of the business, had a positive impact on perceived nonfinancial success. Institutional environment and personal and operational factors (e.g., hard working) positively affected Chinese online entrepreneurs’ perceived nonfinancial success. Not surprisingly, financial success of the business also positively influenced perceptions of
nonfinancial success for the Chinese online entrepreneurs. The education level of online entrepreneurs and the hours they spent on store operation every week were the significant demographic traits that affected the perceived nonfinancial success.
CHAPTER 6. DISCUSSION AND CONCLUSIONS

This chapter includes the summary and interpretations of the results reported in the previous two chapters. Conclusions, implications, limitations and recommendations for future research are also presented.

Summary and Discussion

As a fast-growing market and a major platform for online entrepreneurship (CIRN, 2013; eMarketer, 2019), the Chinese online market, especially the C2C sector, has drawn the attention of many researchers who are interested in its transaction functions, reputation system, and customer services (e.g., Chang & Chen, 2008; Pan et al., 2015; Verma et al., 2016). However, it appears that no research to date has investigated this market from C2C seller’s perspectives of the factors that influence their success. To fill this knowledge gap, the purpose of the present study was to systematically explore the factors affecting business operations and success via an exploratory sequential mixed method approach (Creswell, 2014).

The objectives of the present study were to (1) gain a deeper understanding of the Chinese online C2C market in terms of sellers’ perspectives regarding establishing and operating successful businesses, (2) characterize and categorize Chinese online C2C entrepreneurs according to their perceptions and demographic traits, and (3) offer insights and suggestions to practitioners who would like to start a business in the online C2C market. The fourth and final objective was to investigate the effects of (a) personal motivations, (b) resources, (c) Chinese institutional environmental factors, and (d) special operational strategies such as EM on perceived success. These factors were anticipated to influence business success based on the modified resource-based theory (Barney, 1991; Greene et al., 1997), the institutional theory
(Scott, 2014), and the entrepreneurial marketing (EM) framework (Fiore et al., 2013; Morris et al., 2002).

In the initial qualitative study (Chapter 4), nine Chinese online entrepreneurs were interviewed. The emerging themes were then developed into an online survey questionnaire along with other scales adapted from previous studies for a following quantitative study (Chapter 5). A marketing research company (Sojump.com) distributed the survey to Chinese online entrepreneurs who started and were operating their stores on Taobao.com at the time of investigation. A total of 310 useable responses were retained for various subsequent statistical analyses such as descriptive, factor, cluster, and multiple regression analyses.

**Qualitative Results and Discussion**

In-depth interviews helped the present investigator gain deeper understanding of the Chinese online market and entrepreneurs’ business operation, fulfilling objective one. The qualitative data analysis revealed emerging themes including (1) motivations for starting one’s own business online, (2) resources for starting and operating one’s own business online, (3) unique Chinese online market dynamics, (4) business operation strategies, (5) perceived Chinese institutional environment effect on business operations, and (6) definitions of success and factors leading to perceived success. Subthemes suggested that Chinese online entrepreneurs could be motivated to start a business by (a) pull factors such as pursuing a flexible lifestyle, (b) push factors such as alleviating family financial pressures, and (c) situational factors such as capturing online shopping trends. These motivations align with previous research findings in both Western (e.g., Dobbs & Hamilton, 2007) and non-Western countries (e.g., Gu et al., 2015), demonstrating there are no motivational differences for starting one’s own business across countries, or between online and offline conditions. However, a unique motivation was found in the present study; the
low cost of entering for this booming market has made it an attractive opportunity for potential entrepreneurs.

Among respondents, social capital was recognized as the most important resource when starting and operating a business; it contributes to favorable product sourcing channels and maintains good customer relations. Human capital was also deemed important. It includes an entrepreneurial education as well as entrepreneurial or working experience in a relevant industry, enabling an individual to better deal with complex marketing situations (Chawla et al., 2007). Financial capital was considered important as well. It was not considered a scarce resource because of the low market entry cost and various financial support sources such as personal savings, family financial support, or line of credit provided by the C2C platform. Chinese online entrepreneurs did acknowledge the limitations of physical and organizational capital that are seen more often in established enterprises (Greene et al., 1997). Participants often used their own apartments as inventory warehouses, which was considered as a part of physical capital by the participants.

The dynamic Chinese online C2C market was recognized as changing rapidly, offering trendy products as well as both authentic and counterfeit goods. Online store owners also acknowledged a practice in which “professional deceptive description hunters,” using C2C platform loopholes, blackmail store owners by claiming the owners are selling counterfeit or noncompliant goods. In response to these practices, Chinese online entrepreneurs stressed the importance of operational strategies that reflected EM dimensions such as employing various marketing tools to reach additional customers and promoting products (i.e., opportunity vigilance), befriending customers and providing them with industry- or product-related information (i.e., consumer-centric innovation, value creation), and identifying potential
“professional deceptive description hunters” through buyer rating scores to avoid risky transactions (i.e., risk management). Chinese online entrepreneurs also applied special strategies befitting of the unique C2C market such as selling large amounts of less expensive goods to boost the store’s reputation rating, branding the store owner as an “Internet celebrity” to promote the store, managing inventory by stocking “blockbuster” products, and frequently sourcing products in small quantities. These unique strategies were not necessarily applied simultaneously, but rather selectively to implement store development and accommodate a changing market.

It is surprising that almost none of the interviewees acknowledged positive institutional impact on their business operations—even though they believed that (a) government policies promoted online businesses, (b) social norms supported entrepreneurship, and (c) the Chinese culture strengthened entrepreneurship legitimacy. It seemed that the Chinese institutional environment had little impact on these individual online store owners. Due to the young age of all study participants, it is possible they did not experience China’s institutional environment improvements starting in 1978 with the open-door policy.

Finally, the interviews suggested that Chinese online entrepreneurs held diverse opinions regarding business success. Financial success (e.g., profitability, sales volume, and product turnover rate), and nonfinancial success (e.g., self-fulfillment, satisfied customers and employees, and good reputation and recognition) were both considered measures of success. These findings are in accordance with previous studies in both Western and non-Western countries (e.g., Li et al., 2012; Reijonen & Komppula, 2007; Walker & Brown, 2004). The interviewees also felt there were other important factors that led to their success: (a) persistent
personal effort or determination, (b) devotion to store operations, (c) operational factors such as store branding and promotion, and (d) increased and accumulated store reputation ratings.

Quantitative Results and Discussion

Profiles of Chinese online entrepreneurs

In terms of the second objective of the study, profiles of Chinese online entrepreneurs were created by investigating the demographic information about their businesses and themselves. Descriptive analysis results revealed that the majority of Chinese online entrepreneurs in this study were relatively young ( > 95% under 40 years old), married ( > 75%), and highly educated ( > 65% with Bachelor’s degree and above), similar to the characteristics of Chinese C2C sellers in a previous study (Atterby, 2010). This demographic profile also confirmed that the Chinese online C2C market has truly become a platform for entrepreneurship, especially for new college graduates (CIRN, 2013). Although only a small portion of participants had taken courses related to entrepreneurship (27.4%) or had prior entrepreneurial experiences (21.9%), a considerable portion had work experience in industries related to the products they sold (41.2%). As expected, most participants sold apparel (66.5%) and beauty products (31.9%) on a C2C platform, predominately Taobao (98.1%), and via an instant messaging tool, such as Wechat (71%). This result is not surprising, as apparel and accessories remain the most popular product category (74%) in the Chinese online market (iResearch, 2015). Additionally, about two thirds (77.7%) of the participants had employees working under their supervision.

Questionnaire instrument development

The factor analysis revealed an 80-item measurement model with a 27-factor structure after item reduction and model validation (Hair et al., 2010). Resource constructs contained human capital, which included education and experience factors; social capital, which included general social networks, family relations, business relations, seller community relations, and
government relations factors; financial capital, which included individual and third-party fund factors; and physical and organizational capitals. In terms of motivations to start an online business, push motivation remained a single factor, whereas pull motivations contained situational, external, and internal factors. The EM scale contained three factors: opportunity vigilance, value creation, and risk management. Building trustworthiness and branding were retained as business operation strategy factors. The institutional environment construct included regulative (i.e., laws, policies), normative (i.e., social norms), and cognitive (i.e., culture) institution factors as expected. The items related to perceived elements that lead to success, which were created based on interviewees’ responses, emerged as two factors: personal and operational. Two factors, financial success and nonfinancial success, were then generated for the perceived success construct.

Each measurement model consisting of multi-constructs for business resources (CFI = .91, RSMEA = .05, SRMR = .06), motivations to start a business (CFI = .94, RSMEA = .04, SRMR = .05), operational strategies (CFI = .93, RSMEA = .05, SRMR = .05), institutional environment (CFI = .98, RSMEA = .05, SRMR = .04), and factors leading to perceived success along with perceived success (CFI = .98, RSMEA = .04, SRMR = .04) showed acceptable to good model fit. However, the general model containing all 27 factors showed an unsatisfactory model fit (CFI = .73, RSMEA = .05, SRMR = .06; Hair et al., 2010). The poor model fit can be attributed to the lack of discriminate validity for some factors. Specifically, the nonfinancial success factor highly correlated with other factors such as business relations, situational motivation, and financial success, which exceeded the square root of the average variance extracted (AVE) for itself. It indicated that some of the nonfinancial success items correlated too highly with items in other constructs.
The lack of discriminate validity may be affected by a number of issues. First, given its exploratory nature and limited scope, the present study utilized a simplified instrument development process without a scale refinement phase (e.g., resource, operational strategies models). This simplified process may have affected the scales’ validity. Second, there were aspects of nonfinancial success such as reputation and customer satisfaction that may have been perceived to be similar to other constructs (e.g., customer relationship as part of business relations). Lastly, the present study was also the first to validate the scales (e.g., EM scale, Fiore et al., 2013) in a different culture (i.e., Chinese culture) and a different market setting (i.e., online market); such differences may have affected the scale’s validity.

Hence, the individual scales (i.e., resource, motivation, operational strategies, institutional environment, and factors leading to perceived success and perceived success scales) that were found to be valid may be used in future studies to investigate causal relationships, such as the potential influence of possessed resources on business operations. However, future studies incorporating multiple scales and aiming to examine structural relationships among factors via structural equation modeling (SEM) should assess and assure that all reliability and validity evaluations are satisfied (Muthen, 2004).

**C2C entrepreneurs’ traits and perceptions**

Cluster analysis, post-hoc comparisons, and a multiple regression analysis were conducted to further fulfill the second objective of the present study, profiling and categorizing Chinese online entrepreneurs according to their traits and perceptions, and to address the fourth objective, exploring each factor’s influence on perceived success. Cluster analysis successfully generated three distinct clusters. Overall, cluster 1 (n = 108, 34.8%) had lower mean values in comparison to cluster 2 (n = 172, 55.5%), and higher mean values than cluster 3 (n = 30, 9.7%). One-way ANOVAs and post-hoc pair comparisons revealed that Cluster 1 totaled the fewest
years of education contributing to human capital, the lowest value of government relations contributing to social capital, and the lowest level of third-party funding contributing to financial capital; however, they did have sufficient physical and organizational capitals. Cluster 1 showed the highest levels of internal pull motivation to start a business such as pursuing a flexible lifestyle and being one’s own boss. Compared to other clusters, entrepreneurs in Cluster 1 had more extensive previous entrepreneurial experiences, they also showed higher proficiency in creating extra value to customers and managing business operation risks. As a result, members of Cluster 1 perceived themselves as highly successful both financially and non-financially. Because their skilled business operation was built on previous entrepreneurial experience, Cluster 1 can be seen as a group of skilled and experienced entrepreneurs who had less education and fewer social connections than those in other clusters, but they achieved success by relying on valuable entrepreneurial and business management experiences to satisfy customers and minimize risks.

Cluster 2 possessed the highest resource levels for starting and operating businesses among all clusters. Similar to Cluster 1, Cluster 2 entrepreneurs were primarily motivated to start a business because of external pull factors that allowed them to gain social recognition and to pursue their interests in an industry related to their merchandise category. In terms of business operation, individuals comprising Cluster 2 vigilantly identified new opportunities and creatively branded their businesses; they also spent more time on store operations than those in other clusters. As a result, Cluster 2 scored highest on perceived financial and nonfinancial success among all clusters. Cluster 2 can be seen as a group of ambitious and prepared entrepreneurs with a sufficient variety of resources, achieving success through hard work, business expansion, and making their brands stand out in the market.
Cluster 3, the cluster with the fewest number of entrepreneurs, primarily consisted of young and inexperienced individuals with limited resources who devoted relatively little time to their store’s operation. Unlike other clusters, members of Cluster 3 were mainly motivated to enter this market because of push factors such as unemployment or dissatisfaction with a previous job, suggesting they might have considered online entrepreneurship only as a last resort for making a living. Although Cluster 3 had a nonsignificant but lower level of financial success compared with Cluster 1, they had a significantly lower level of perceived nonfinancial success compared with others. This result indicated that cluster 3 did not perceive C2C selling to be an ideal career, but just one of the few means to earn a living. Those nonfinancial success aspects, such as free lifestyle and gaining reputation were thus not salient. Hence, Cluster 3 can be seen as a group of online entrepreneurs who compromised owing to few alternatives.

Subsequent to the cluster analysis, multiple regression analyses were conducted to examine the influence of validated factors and demographic traits on Chinese online entrepreneurs’ perceived financial and nonfinancial successes. Twenty-one multiple regressions predicting perceived financial and nonfinancial successes were completed separately with independent variables: motivations, resource capital, institutional environment, operational strategies including EM, personal and operational factors leading to perceived success, and demographic traits.

**Motivations associated with perceived success**

Multiple regression results revealed that pull motivation factors significantly affected perceived financial success. These included situational factors ($\beta = .27$) such as low market entry costs and online shopping trends, and external factors ($\beta = .16$) such as the pursuit of social recognition and/or interest in a relevant industry. Situational ($\beta = .25$) and external motivation ($\beta = .26$) factors also positively affected perceived nonfinancial success. Moreover, internal pull
motivation to pursue a flexible lifestyle and become one’s own boss ($\beta = .25$) also positively influenced perceived nonfinancial success.

This finding confirmed previous studies’ conclusions that business owners motivated by pull factor rather than push factors tended to perceive themselves to have higher levels of financial and nonfinancial success (Chawla et al., 2007; Pena, 2002; Zhang & Yang, 2006).

However, push motivators such as unemployment had negative but nonsignificant effects on either form of success. This result may be due to the majority of variance in perceived financial and nonfinancial success being explained by pull motivators, and consequently there may be a lack of variance in these variables for the push motivators. In fact, simple regression indicated significant associations between push motivators and perceived financial success ($\beta = -.12$) and nonfinancial success ($\beta = -.13$). However, when tested with pull motivators together, the effects of push motivators declined. Regarding the negative association between push motivators and perceived success, business owners who were forced into this market may have sought other income sources simultaneously leading to less engagement with their online business operations. This lack of attention on the business may have influenced perceived success. This explanation is supported by the quantitative finding that cluster 3 members, who were motivated more by the push factor, were engaged in part-time operations more often (i.e., 15% higher) and had a lower average number of weekly operation hours (i.e., 12-17 hours less) than those of the other clusters.

**Resource capitals associated with perceived success**

Both educational ($\beta = .13$) and experiential ($\beta = .28$) components of human capital significantly and positively influenced perceived financial success, whereas experience ($\beta = .25$) alone significantly and positively impacted perceived nonfinancial success. This finding corroborates conclusions derived from previous studies noting that education received by online
entrepreneurs, whether formal (e.g., entrepreneurship courses) or informal (e.g., workshops), can enhance financial business performance (e.g., Alon et al., 2008; Coy et al., 2007; Islam et al., 2011). Furthermore, entrepreneurial and other work experience may provide both industry-specific know-how and customer engagement practices, therefore creating a distinct advantage in attaining financial success (e.g., Dobbs & Hamilton, 2007; Fine et al., 2012; Islam et al., 2011). Business owners with such experience may be able to effectively engage customers to create value and maintain active relationships that foster a loyal and satisfied customer base, a key component of nonfinancial success.

All social capital factors (i.e., social networks ($\beta = .15$), family relations ($\beta = .19$), business relations ($\beta = .21$), seller community relations ($\beta = .16$) but one (i.e., government relations) had a significant positive influence on perceived financial success. Family ($\beta = .22$), business ($\beta = .34$), and seller community relations ($\beta = .20$) had a significant positive influence on nonfinancial success. This result echoed the qualitative finding that Chinese online entrepreneurs did not have to maintain close relationships with government officials (i.e., guanxi) to operate a business. This is much different than during the early Chinese economic reform era (e.g., Xing, 2016); presently, there is a much more open online market with sound supervisory and regulatory systems. Such systems assure fair competition based on business laws, the platform’s policies, and market mechanisms. For example, rankings in a search result are only determined by product price, sales volume, and the reputation scores of online stores. Thus, the non-significant impact of a relationship with government officials on either financial or nonfinancial success is not surprising.

Social network size and diversity affected perceived financial success, but not nonfinancial success. A potential explanation can be found in social capital theory, which
indicates that resources embedded in an individual’s large and diverse social network might generate broad benefits such as mutual trust, reciprocity, and respect (Nahapiet & Ghoshal, 1998; Sun, Fang, Lim, & Straub, 2012). These benefits may significantly reduce online business effort such as building initial trust and maintaining efficient communications that ensure financial success (Nahapiet & Ghoshal, 1998; Robert, Dennis, & Ahuja, 2008; Sun et al., 2012; Wasko & Faraj, 2005). However, social network size and diversity do not appear to directly affect nonfinancial success resulting from personal achievement such as social recognition and satisfactory customer feedback. According to the interviewees’ responses, they focused more on their immediate and close relationships, such as family members, vendors, peers, and loyal customers who become their friends. This indicates that the active interactions in a small but close network, such as communication, exchange, and befriending will lead to deeper and more satisfying relationships as part of the nonfinancial success.

Family member support, business relationships with vendors and customers, and peer seller community involvement appear to be very important factors in affecting both perceived financial and nonfinancial success. This may be because Chinese online entrepreneurs interact more frequently and actively with family members, vendors, customers, and peers than other entities within their social networks. As noted in previous studies (Kwong, 1996; Li, 2006; Liao & Sohmen, 2001), family members’ personal, advisory, and emotional support leading to success is well aligned with collectivism and Confucianism rooted in the Chinese culture. Chinese belief in the traditional proverb “家和万事兴” (Harmonious family relationship leads to flourish in everything) illustrates such a mindset.

Additionally, ties with vendors and customers are significant predictors of both perceived financial and nonfinancial success. Close relationships with vendors can open unique product
sourcing channels, reliable product supply chains, trendy and high-quality products, and accessibility to scarce goods--as mentioned by the interviewees. Furthermore, maintaining good customer relationships usually leads to increased customer loyalty, sales volumes, and reliable payments (Park & Luo, 2001). Hence, maintaining good relationships with vendors and customers increases the odds of becoming successful. Actually, fostering long-term guanxi with vendors and customers is highly beneficial, valued, and appreciated (Cheah & Dewan, 2015).

The present study’s findings are thus in accordance with previous studies (Lin, 1998; Luk, 1996).

Seller community relations was the last factor in social capital that significantly affected perceived financial and nonfinancial success, a finding consistent with that reported in previous studies (Feindt et al., 2002; Jeffcoate et al., 2002; Street & Cameron, 2007). Recent studies (Chen, Boh, & Mo, 2018; Xu, Wang, Fang, Tan, & Sun, 2017; You, Shu, & Luo, 2018) investigating online sellers’ community interactions have enhanced our understanding of the mutually beneficial relationship between sellers. Researchers have found that reciprocity-based exchanges among sellers such as posting hyperlinks of each other’s stores on both store fronts lead to better sales performance for both sellers (Chen et al., 2018; Xu et al., 2017; You et al., 2018). Chen et al. (2018) reported that helping other sellers can increase an online store owner’s influence, reputation, and social recognition in a seller community. They advised that help of this nature includes providing suggestions and/or solutions to address online store operation problems. Collectively, these findings suggest that to increase benefits, online entrepreneurs should become actively involved in their seller community and contribute to reciprocal and informational social exchanges.

Both individual ($\beta = .37$) and third party financial ($\beta = .13$) capital funds positively affected perceived financial success. However, only the individual fund ($\beta = .28$) had a
significant positive impact on perceived nonfinancial success. This study confirms previous research findings that small businesses in developing countries are usually established with funds from personal savings and family support (Djankov et al., 2006). This phenomenon may be due to the difficulty of securing loans from commercial banks (Brandt & Li, 2003). Personal savings and family support appear to be sufficient to start a business, because of the low online market entry costs, as mentioned by many interviewees.

The major difference between an individual fund and a third-party fund is that the latter is usually associated with additional financial costs such as fees and interests. Hence, a potential explanation of why a third-party fund did not influence nonfinancial success, such as gaining recognition and reputation, may be that Chinese online entrepreneurs prefer utilizing their own funds, not third-party funds, in branding and promotion activities. They hesitate to use third-party funds because they want to minimize the sunk cost (Mankiw, 2020) from fees and interest in risky or unnecessary marketing activities that will not generate an instant return on investment.

Lastly, both physical (PC) and organizational (OC) capitals significantly and positively influenced perceived financial (PC $\beta = .19$; OC $\beta = .28$) and nonfinancial success (PC $\beta = .31$; OC $\beta = .35$). More than two-thirds of the participants possessed some type of physical capital (e.g., equipment, computers, apartments as warehouses), demonstrating that the possession of necessary physical capital played an important role in determining Chinese online entrepreneurs’ perceived business success. In addition, organizational capital, expressed as team building with professional employees, was perceived as a significant success predictor by participants who had employees working for them.
The results of various resource capitals affecting perceived financial and nonfinancial success confirmed the robustness of the modified resource-based theory (Greene et al., 1997) in predicting business success in a non-Western online market. Specifically, social capital explained the most variance ($R^2 = .23$ for financial success; $R^2 = .32$ for nonfinancial success) and financial capital explained the second highest variance ($R^2 = .19$) on financial success among all resource capitals, supporting the addition of social and financial capitals to the original resource-based theory (Barney, 1991) to better evaluate small business and new ventures.

**Institutional environment elements associated with perceived success**

According to multiple regression results, participants perceived that the Chinese institutional environment (regulative element $\beta = .16$; cognitive element $\beta = .25$) positively affected their financial success and this institutional environment (regulative element $\beta = .14$; normative element $\beta = .23$; cognitive element $\beta = .21$) also positively affected nonfinancial success. In contrast, in the qualitative study, interviewees acknowledged a favorable institutional environment in China, but did not think it impacted their business operations or success.

Differences in the samples may offer a potential explanation for these divergent results. The majority of interviewees were individual sellers with no employees, which may have limited governmental benefits allocated to newly-established small enterprises. However, the majority of online survey participants ($> 75\%$, average employee number 7.4) had employees and may have gained benefit or support because of government-issued policies or treaties. For example, one of the interviewees mentioned that he received a governmental subsidiary when paying his employees’ social security insurance. The normative institution element did not influence financial success, but it did influence nonfinancial success, possibly because this factor represents perceived social norms related to entrepreneurship. One nonfinancial success dimension found in this study was “gaining social recognition,” a factor that might be
significantly affected by favorable social norms. Similar to previous studies (Chen et al., 2012; Coase & Wang, 2012; Haley et al., 2012), the present quantitative study confirmed the positive impact of the perceived institutional environment on impressions of their entrepreneurial business success. However, the results from the qualitative study also suggested that institutional environment factors may not affect business operations in a free and less restricted market.

Operational strategies associated with perceived success

Business operation strategies, including EM, were associated with perceived financial ($R^2 = .24$) and nonfinancial success ($R^2 = .30$). Of the EM factors, opportunity vigilance ($\beta = .27$, $\beta = .16$), value creation ($\beta = .16$, $\beta = .29$), and risk management ($\beta = .19$, $\beta = .24$) significantly and positively influenced both perceived financial and nonfinancial success. These findings align with previous research (e.g., Niehm et al., 2014; Morris et al., 2001). The standardized path coefficients also revealed that vigilantly exploring opportunities was most influential for perceived financial success, whereas creating values for customers was most influential for perceived nonfinancial success. The present study provides partial support for the effectiveness of the EM framework in explaining the association between perceived success and entrepreneurs’ innovative marketing strategies in a non-Western online market. This indicates the applicability of the EM framework.

However, it is worth noting that this study omitted one factor (i.e., consumer centric innovation) from the EM scale previously validated in the context of American small business owners (Fiore et al., 2013). This is due to high cross loading of innovation items on other constructs (e.g., opportunity vigilance). Such a result indicates that Chinese online entrepreneurs may perceive innovation as closely related to opportunity exploration. This calls for further validation of the original seven EM constructs (i.e., proactiveness, opportunity focus, calculated risk taking, innovativeness, resource leveraging, customer intensity, and value creation) (Morris
et al., 2002) within a Chinese (online) business context as well as further validation of Fiore et al.’s (2013) EM scale using a large, representative sample of Chinese entrepreneurs. Moreover, possible reasons for divergent findings between Fiore et al.’s study and the present study are differences in (a) the generational cohort of the sample (baby-boomer and generation X entrepreneurs versus generations Y and Z entrepreneurs), (b) cultural group (American versus Chinese), and (c) offline and online business settings.

One of the unique operational strategies revealed in the qualitative interviews--building trustworthiness for a newly established online store through means such as selling cheap bulk products to boost sales--was not found to influence perceived financial or nonfinancial success in the regression analysis. This result was not consistent with the qualitative study finding in which interviewees stressed the importance of the store’s reputation ratings, which endorses the trustworthiness of the store owner, for business success. This finding also contradicts research findings which support a positive impact of reputation ratings on store traffic, sales volume, price premium, and competitiveness (Wang & Kim, 2018; Xiao, Ju, & Fan, 2013; Zhang, 2018).

There are four possible reasons for this contradiction. First, all participants had operated their online stores for more than one year (mean value is 4 years) before they took the survey. They might have already passed the building trustworthiness stage of their business. Second, it was possible that Chinese online entrepreneurs considered trustworthiness-building to be necessary in competing with others, but not necessarily a guarantee of success. A third possible explanation is that many C2C sellers may have used active reputation management strategies, such as selling products with a substantial discount and promotions to generate a more favorable reputation score (known as a “losing to win” strategy). However, they may have failed before they could make a profit on the C2C platform (Xiao et al., 2013). Finally, C2C sellers may have
used means other than what was described in the survey questions to boost their reputation scores.

Hence, building trustworthiness should not be seen as worthless in achieving success. Rather, building trustworthiness and accumulating a high reputation rating via a strategy that will not harm a store’s survival should be stressed. Actually, a high reputation rating positively influences a buyer’s initial trust in a seller, which in turn affects the buyer’s purchase and repurchase intentions, as evidenced in several recent studies (Liu & Yan, 2019; Wei, Li, Zha, & Ma, 2019; Zhao, Huang, & Su, 2019).

Branding, the other operational strategy, was found to significantly influence perceived nonfinancial success ($\beta = .12$), but not perceived financial success. This was a surprising but understandable finding; branding efforts may increase the owner or store’s exposure in the online market, but it may not directly affect sales or profits. The branding effort manifested in the factor analysis mainly stressed branding the store owner him/herself to become an “Internet celebrity,” or branding the online store with its own products rather than sourced products. These efforts may include establishing and promoting a personal/store brand image and brand identity via rich media (e.g., image, video) on a social network platform (e.g., Wechat) or personal communication when serving customers, hopefully leading to social recognition, positive word-of-mouth, and customer satisfaction. Hence, such branding efforts and involvement in branding activities may prompt perceived nonfinancial success.

**Other factors associated with perceived success**

Both personal factors (PF) (i.e., hard-work and personal reputation) and operational factors (OF) (i.e., business management, customer service, and marketing activities) had a positive and significant impact on perceived financial success (PF, $\beta = .21$, OF, $\beta = .30$) and perceived nonfinancial success (PF, $\beta = .27$, OF, $\beta = .36$). These findings correspond with the
qualitative study’s results. Additionally, a recent study has concluded that buyers will trust sellers with good personal reputations, which further leads to continuous purchase intentions (Zhao et al., 2019). Moreover, previous studies have found operational factors, including personalized one-on-one service, rich communication, information quality, advertising, and quick and effective customer service responses, positively affect elements of financial and nonfinancial success, such as purchase intentions, store traffic and sales, customer satisfaction, and loyalty (Chen, Huang, & Davison, 2017; Chong, Lacka, Boying, & Chan, 2018; Gu & Ye, 2014; Kang, Shin, & Gong, 2016; Wang & Kim, 2018).

Additional regression analysis showed that the number of hours spent each week on store operations had a significant positive relationship with both perceived financial ($\beta = .14$) and nonfinancial success ($\beta = .16$), echoing the significance of hard-work as a personal factor, as mentioned above. Additionally, entrepreneurial education was shown to have a positive impact on perceived financial success ($\beta = .15$), whereas general education level positively influenced perceived nonfinancial success ($\beta = .15$). Both findings correspond with many previous studies (Alon et al., 2008; Coy et al., 2007; Lee et al., 2006). Notably, the regression results showed that female entrepreneurs perceived themselves to be more financially successful than male entrepreneurs ($\beta = .14$). Finally, perceived financial success positively affected perceived nonfinancial success ($\beta = .50$); economic gain was still the major measure of perceived success for Chinese online entrepreneurs (Li et al., 2012). The following table summarizes the comparison between the qualitative and quantitative investigation approach results of the present study.
Table 6.1. *Comparison between qualitative and quantitative approach results*

<table>
<thead>
<tr>
<th>Factors of concern</th>
<th>Qualitative results</th>
<th>Quantitative results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivations for starting an online business</td>
<td>Pull, push, and situational motivations were revealed</td>
<td>Pull and situational motivations showed significant impact on perceived success</td>
</tr>
<tr>
<td>Resource capital availability and association with perceived success</td>
<td>Social and human capitals were of most importance; individual financial capital was sufficient; physical or organizational capital was minimal</td>
<td>All capitals revealed impact on perceived success with social and financial capitals showing most importance</td>
</tr>
<tr>
<td>Institutional environment affecting online entrepreneurship</td>
<td>Perceived to be favorable but with no influence on the business operation or perceived success</td>
<td>Institutional environment elements showed significant positive effect on perceived success</td>
</tr>
<tr>
<td>Operational strategies of online business</td>
<td>All four EM dimensions were revealed; building trustworthiness, branding, and inventory management as unique strategies emerged</td>
<td>Three of four EM dimensions were retained and had a significant effect on perceived success; branding had a significant impact on perceived success</td>
</tr>
<tr>
<td>Factors leading to perceived success</td>
<td>Personal factors such as persistent effort and devotion to store operation were revealed; operational factors such as marketing activities and accumulated high reputation emerged as important factors</td>
<td>Personal factors such as hard-work and personal reputation; operational factors such as marketing activities, customer service, and business management had impact on perceived success</td>
</tr>
<tr>
<td>Definition of success from sellers’ perspectives</td>
<td>Financial success included profitability, sales volume, and product turnover rate; nonfinancial success included self-fulfillment, satisfied customers and employees, and good reputation and social recognition</td>
<td>Financial success consisted of profitability, sales volume, and high investment return; nonfinancial success consisted of social recognition, satisfied customers, and good reputation and word of mouth</td>
</tr>
</tbody>
</table>

**Conclusions and Implications**

The goals of the present study were to systematically explore factors that Chinese online entrepreneurs perceived as affecting their business success and to offer competitive strategies to those who are interested in starting a C2C business in China. The present study thereby contributes to the emerging body of research on entrepreneurship (e.g., Gu et al., 2015; Li et al., 2012) and the Chinese online market (e.g., Atterby, 2010; Chang & Chen, 2008; Chen et al., 2018; Pan et al., 2015). Additionally, this present study appears to be the first to empirically
examine modified resource-based theory (Barney, 1991; Greene et al., 1997), institutional theory (Scott, 2014), and the entrepreneurial marketing framework (Fiore et al., 2013; Morris et al., 2002) in a non-Western online context. The results provide critical insights into factors that influence perceived success, and they confirm the aforementioned theories’ and framework’s applicability and effectiveness in the study of the Chinese online market and online entrepreneurs.

**Characterization of Chinese Online Entrepreneurs**

This study reveals that the majority of Chinese online entrepreneurs can be portrayed as (1) relatively young, married, and highly educated; (2) having limited entrepreneurial education and/or experience but considerable industry experience; (3) possessing limited but diverse resources; (4) motivated by self-fulfillment (pull) and survival (push) motivations, or low-cost market entry; (5) joining the market through sales channels such as C2C platform (Taobao) and/or an instant messaging tool (Wechat); (6) working fulltime with long hours; and (7) selling apparel and accessories. Participant clustering shows that Chinese online entrepreneurs apply various operational strategies based on their resources, either focusing on branding and business expansion or value creation and customer relationship building, to achieve success.

Specifically, entrepreneurs with rich resources, especially social or financial capital, use them for marketing activities such as advertising and promotions to increase store exposure and traffic, which may lead to enhanced business performance. Alternatively, entrepreneurs with limited resources can also attain success through superior customer service and business management derived from the application of human capital (e.g., experiences). They are able to retain loyal customers and minimize unexpected costs. These results support the resource-based theory, demonstrating different paths to perceived success based on diverse resources and business strategies.
Motivation to Start a Business

The present study reveals that Chinese online entrepreneurs are motivated to start a business by pull factors such as pursuing a flexible lifestyle, being one’s own boss, and being involved in an interested industry. They are also motivated by push factors such as alleviating family financial pressures, addressing unemployment, and escaping from an unsatisfactory job. These motivations for entrepreneurs align with previous research findings in both Western (e.g., Dobbs & Hamilton, 2007) and non-Western countries (e.g., Gu et al., 2015). Additionally, capturing an online shopping trend with a very low entry cost creates a unique motivation to start one’s own online business.

Definitions of Success

The present study illustrates that Chinese entrepreneurs define their success based on how well their business operation fulfills their goals. Financial success includes profitability, sales volume, income, and investment return. Nonfinancial success includes having satisfied customers, positive word-of-mouth, a good reputation, and social recognition. However, those who enter into the market and are motivated by push motivations may not enjoy the same level of success as their peers.

Resource Capitals Influencing Perceived Success

The findings of the present study confirm that entrepreneurs’ resource capitals are significant influencers to both perceived financial and nonfinancial success, supporting the effectiveness of the modified resource-based theory (Greene et al., 1997) in a non-Western online context. Although all resource capitals exhibit positive relationships with both perceived financial and nonfinancial success, social capital exhibits the highest explanation power (R²) among them. Possessing other resources may be important, but possessing social capital is crucial for Chinese online entrepreneurs. Entrepreneurs can harness diverse benefits from their
social networks as demonstrated by social capital theory and related studies (Nahapiet & Ghoshal, 1998; Robert et al., 2008; Sun et al., 2012; Wasko & Faraj, 2005). Family members’ personal and emotional support, the unique and favorable sourcing channels derived from close relationships with vendors, and a loyal customer base all contribute greatly to online entrepreneurs’ competitive advantages and successes (Cheah & Dewan, 2015; Park & Luo, 2001).

**Institutional Environment Influencing Perceived Success**

The present study demonstrates how a favorable institutional environment positively affects perceived entrepreneurial business success, supporting the effectiveness of institutional theory (Scott, 2014; Zhu, 2005). This positive association also corroborates previous studies regarding Chinese entrepreneurs and their entrepreneurial activities (Chen et al., 2012; Coase & Wang, 2012; Haley et al., 2012; Scott, 2014). However, such an influence is only reflected in participant perceptions of business success, not their business operations. The present investigator thus concludes that a generally open and free institutional environment will not affect specific business operations. However, the rapidly developing Chinese online market with fewer restrictions compared to offline business (Jing, 2015) is presently very attractive to those who would like to start an online business of their own.

**Operational Strategies Influencing Perceived Success**

The present study confirms EM framework’s (Fiore et al., 2013; Morris et al., 2002) potential effectiveness in explaining the association between perceived financial and nonfinancial successes and entrepreneurs’ innovative marketing strategies in non-Western online markets. Chinese entrepreneurs share mindsets with Western peers in vigilantly seeking business opportunities, extending customer value, and managing potential risks.
The present investigator concludes that in light of the EM mindset, Chinese online entrepreneurs must innovatively implement diverse and unique strategies to accommodate a fast changing market and to pursue business success. Additional operational strategies revealed in the present study (i.e. building trustworthiness and branding) do not significantly influence perceived business success, contradicting previous study results and interviewee opinions (Wang & Kim, 2018; Xiao et al., 2013; Zhang, 2018). The present investigator speculates that although participants may not have focused on accumulating reputation ratings, there are alternative means of building trustworthiness other than “losing to win” strategy described in the questionnaire.

Theoretical Implications

The present study provides theoretical implications. The modified resource-based theory (Barney, 1991; Greene et al., 1997), institutional theory (Scott, 2014), and entrepreneurial marketing framework (Fiore et al., 2013; Morris et al., 2002) have been empirically shown to be effective in explaining business success in non-Western online markets. Thus, a theoretical contribution of this study is evidence of the applicability and robustness of these theories and framework in new cultural and business setting contexts. This study validates scales capturing the modified resource-based theory, institutional theory, and all but one variable (i.e., consumer centric innovation) of the entrepreneurial marketing framework. In addition, five scales were developed and validated for the following variables: business resources, motivations to start a business, operational strategies (including EM), institutional environment, and factors leading to perceived success and perceived success. These scales may be adopted for future studies that investigate a similar context or for comparative studies that extend across cultures or countries.
Practical Implications

The present study also offers insights for practitioners who would like to join the Chinese C2C market. First, those who would like to start a business in this booming market should enter with the following mindset--be active rather than passive in engaging with customers and paying more attention to business operations. Those who are pushed or forced into this market are less likely to succeed. Specifically, future practitioners should realize that an online business is not like a paid part-time job; they will likely have a delayed return on their investment. Furthermore, one should not blindly enter the market just because of the low cost. Splitting time with other part-time jobs that supply predictable wages may hinder the operation of the online business and undermine their success.

Additionally, future practitioners should carefully evaluate their possessed resources and choose the best business strategy that fits their resource base and product category. Specifically, practitioners should stress acquiring, maintaining, and increasing social capital in addition to securing other forms of capital when available. Strategies such as “befriending,” “offering extra value,” and “providing incentives” mentioned by interviewees are good methods for fostering and nurturing long-term relationships with vendors, customers, and peers. Moreover, actively engaging with a seller community and exchanging information and favors with other sellers also generates positive financial and social benefits, as demonstrated by recent studies (Chen et al., 2018; Xu et al., 2017; You et al., 2018).

Moreover, future practitioners should pay attention to alternative “reputation priority strategies” based on their possessed resources to enhance their trustworthiness. Instead of relying on accumulated transactions to increase one’s reputation score, other means can also be utilized. For example, if a seller announces that his/her store is participating in Taobao’s “guaranteed free return within 7 days” program, it may alleviate a buyer’s perceived risk of transacting with a new
seller when that seller’s reputation score is still low (Taobao, 2020). In this case, the buyer’s trust in Taobao, the C2C platform, is likely transferred to the new seller. Another example would be using a seller’s social media to confirm his/her trustworthiness: an extensive number of fans/followers, or positive reviews from previous social media buyers will be seen as an endorsement of the seller’s trustworthiness (Rafinda, Suroso, Rafinda, & Purwaningtyas, 2018).

Furthermore, future practitioners should also explore popular means for marketing and customer management activities. For example, social media may be used for branding, marketing, and customer service and engagement; both sellers and buyers can enjoy the benefits provided by social media platforms or Apps. Buyers can enjoy a rich social media content to satisfy their social connection and entertainment needs (e.g., pictures, videos, stories; Lin & Lu, 2011), whereas sellers can enjoy economical and real-time communication with buyers (De Vries, Gensler, & Leeflang, 2012; Wang, Baesens, & Zhu, 2019). In addition, Apps such as Wechat, which functions as an instant messaging tool, social media (moments/timeline), and virtual storefront (microstore) can enable sellers to engage in one-on-one customer service, organize group chatting for loyal customer community building, and manage customer categories (Kang et al., 2016).

However, practitioners should manage their social media page carefully because overly aggressive social media marketing content can generate negative customer attitudes (Akar & Topcu, 2011). Research suggests that the optimal level of social media marketing content leading to maximum popularity cannot exceed 30% of all the social media content (Wang et al., 2019). This suggests that practitioners should create mixed social media content including marketing, lifestyle, market trends, industry information, and other interesting content to attract and retain customers. Therefore, practitioners should not overlook the effectiveness of marketing tactics
such as building trustworthiness and branding through means beyond C2C platform tools. Based on resources and capabilities, they should utilize various tools and techniques including social media to expand their online exposure, customer base, and selling channels.

As another key component of the online market, C2C platforms (e.g., Taobao) should facilitate useful functions to enhance an entrepreneur’s ability to market and communicate, including free or fee-based marketing and social media tools to harness profits and compete with other platforms (e.g., Wechat). Similarly, as a regulatory body of the market, government commerce agencies should expand relevant rules and regulations for online businesses. For example, addressing the “professional deceptive description hunters” issue may help future practitioners enjoy a more transparent and free market.

**Limitations and Future Research**

The present study has several limitations. First, a “snowball” sampling procedure was used in the qualitative study, starting from the present investigator’s friends and expanding to other C2C sellers. As a result, half of these interviewees were from the hometown of the present investigator, which leads to possible bias arising from geographical differences and local culture/norms. In addition, in both the qualitative and quantitative studies, the majority of participants were female, and the dominate product category sold was apparel and accessories. As indicated by Kushwaha and Shankar (2013) and Xu et al. (2017), apparel and accessories are categorized as high risk hedonic products. As a result, caution is advised when generalizing the results of the present study to C2C sellers selling other product categories such as electronics (high risk utilitarian product) or food (low risk utilitarian/hedonic products). Future studies should include participants selling different product categories to provide more comprehensive and generalizable results.
The survey questionnaire used in the present study consisted of items developed by the present investigator and items adapted from previous validated scales. Although the measurement scales had satisfactory reliability and validity for the majority of the variables, those for some variables (i.e., perceived nonfinancial success) did not have satisfactory discriminate validity. Thus, caution should be paid if future researchers adopt part or all of the questionnaire instrument. Future studies may follow a strict scale development and validation process to improve the measurement model and scale reliability and validity. Using validated measurement model in future studies will allow investigation of the causal relationships among the influential factors identified in the present study.

Some of the measurement scales adapted in the present study were empirically validated in Western countries and examined offline market situations. The items were adapted to measure Chinese online entrepreneurs’ perceptions assuming they have the same meaning in the Chinese online market context. For example, the EM constructs used were originally validated with American small business owners (Fiore et al., 2013) instead of in Chinese culture and an online market. One of the factors (i.e., consumer centric innovation) in the construct was omitted because of high cross-loadings among items. Future studies may revalidate the original EM constructs (Morris et al., 2002) within the Chinese online business context or further validate Fiore et al.’s (2013) EM scale using a large, representative Chinese entrepreneur sample.

Moreover, creating fun and enjoyable content on social media may become increasingly important to attract and retain customers. Future studies may explore how Chinese online entrepreneurs manage and engage with customers on social media (e.g., social networking website, instant message tool, short video App, live streaming App) and the resulting effects on business performance.
REFERENCES


APPENDIX A. INTERVIEWEE QUESTIONNAIRE AND INTERVIEW QUESTIONS

Informed Consent Document

Title of Study: Factors leading to success for entrepreneurs in the Chinese online C2C market

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Please take your time in deciding if you would like to participate.

Introduction

The purpose of this study is to gain a deeper understanding of the Chinese online C2C market and explore the roles of personal motivations, resources, and Chinese institutional environment factors on business operations and success from the online entrepreneurs’ perspectives. You are being invited to participate in this study because you meet the study criteria of being Chinese online entrepreneurs who are 18 years of age or older, operating an online store for at least one year, and currently running an online store(s). We are very interested to know your experiences regarding starting and operating your online store(s).

Description of procedures

If you agree to participate, you will be invited to an interview with the primary investigator via online video chat applications such as Skype, ZOOM, Wechat, and QQ, depending on your preference. You will be asked questions about your experiences regarding starting and operating your online stores. You will also be asked to provide demographic information of yourself such as age, education level, and marital status; and information of your online store such as product category, sales channels, and firm size. It will take about an hour for the interview.

Risks

There are no foreseeable risks from participating in this study.
Benefits

If you decide to participate in this study, you will have access to an executive summary of the final results of this study. This executive summary may be a benefit to you because it will present the important influential factors that online entrepreneurs, like you, perceive to lead to success. You may find the information in the executive summary useful in identifying business strategies to achieve better performance for your online stores. You will also be compensated with a gift card for your participation.

Costs and compensation

There will be no costs for you to participate except time needed to complete the interview and a short questionnaire. You will be compensated with a 50 Yuan ($8 value) gift card for your time and effort in participating in this study. The gift card will be in the electronic form and will be sent to your email address after the completion of the interview.

Participant rights

Your participation in this study is completely voluntary. After giving your consent to participate, you may skip any questions you do not feel comfortable answering or leave the interview before completion. In these two instances, there is no penalty or loss of benefits to which you are otherwise entitled; you will still have access to the executive summary and be compensated with the gift card.

Confidentiality

Your identity will be kept confidential and all your answers to the interview questions will be analyzed and reported with pseudonyms. Your real name will not be used in the final report. The demographic information you provided will only be used for sample description purposes. Confidentiality will be maintained. Your email address and online video chat application IDs will only be used for conducting interviews and sending compensations, and they will be immediately deleted after the study.

Questions or problems

You are encouraged to ask questions at any time during this study. For further information about the study, please contact Rui Li, ruili@iastate.edu, (515) 708-8751, 31 Mackay Hall, Iowa State University, Ames, IA or Dr. Telin (Doreen) Chung at tdchung@iastate.edu, (515) 294-4022, 31 Mackay Hall, Iowa State University, Ames, IA. You can also reach Dr. Ann Marie Fiore, amfiore@iastate.edu, (515) 294-9303, 1062 LeBaron Hall, Iowa State University, Ames, IA.

If you have any questions about the rights of research subjects or research-related injury, please contact the IRB Administrator, (515) 294-4566, IRB@iastate.edu, or Director, (515) 294-3115, Office for Responsible Research, Iowa State University, Ames, IA 50011.
*Are you 18 years old or older?  
  Yes  
  No  

*Are you the owner or the co-owner who operates the business in person?  
  Yes  
  No  

*Have you been running your business for at least a year since your first fulfilled order?  
  Yes  
  No  

*Are you currently running your business with actively updated products and/or services?  
  Yes  
  No  

If you agree to participate in this study, please click “yes, I agree” button below. You will be transferred to another website to finish a short survey questionnaire.

  Yes, I agree.

**Interviewee Questionnaire**

Please answer the following questions to tell us about yourself.

1. What is your gender?  
   Male  
   Female  
2. What’s your marital status?  
   Single (Never married)  
   Married  
   Divorced  
   Widowed  
   Other (______)  
3. What’s your residence status?  
   I live by myself  
   I live with my parents  
   I live with my husband/wife/partner  
   I live with someone else (Please specify:______)  
4. In which year were you born? (_____)(Screener question)  
5. In which city do you currently live? (_______)  
6. What is your highest education level?  
   Less than high school  
   High school
Associates degree or technical school degree
I spent several years in the college (Please specify how many years: )
Bachelor’s degree
Master’s degree
Doctorate or professional degree
7. What were your majors during your post-secondary educational experiences? Please select all that apply.
   a. Business and management
   b. Engineering
   c. Arts and design
   d. Social sciences
   e. Natural Sciences
   f. Others (Please specify: )
8. Did you have any formal entrepreneurship education (e.g., entrepreneurship class from college; entrepreneurship workshop from incubators) before you started your current business?
   Yes
   No
   If yes, please describe ____________
9. Did you have previous entrepreneurial experience before you started your current online small business?
   Yes
   No
   If yes, please describe ____________
10. Did you have work experience in the industries relevant to the products/services you are selling before you started the current online small business?
    Yes
    No
    If yes, please describe ____________
11. Are you working full-time or part-time on your current online small business?
    Full time
    Part time
    If part time, what are your other income sources? Please choose all applicable
    Your parents support you
    Your spouse (wife/husband/partner) supports you
    You have another part time job
    You have another full time job
    You have income from financial or other kind of investments
    Other (_______)
12. On average, how many hours per week do you work on your current small business? (_______)
Business:
1. What product category does your current online small business sell? (Select all that apply)
   - Apparel and accessories
   - Electronics
   - Books and CDs
   - Virtual products
   - Collectables
   - Food and nutrition
   - Other (__________)
2. a. What financial source(s) did you have when you started your current online small business? Select all that apply.
   - Bank loans
   - Family support
   - Personal savings
   - Investments from others (e.g. Venture capital, crowdfunding. Please specify: )
   - Other (__________)
   b. What financial source(s) do you have right now for operating your current online small business? Select all that apply.
   - Bank loans
   - Family support
   - Personal savings
   - Investments from others (e.g. Venture capital, crowdfunding. Please specify: )
   - Profits from my current online small businesses
   - Other (__________)
3. What are the sales channels for your business? Select all that apply.
   - Independent online store (e.g., your own website)
   - Online store on a C2C platform (e.g., Taobao store)
   - Physical store (e.g., your own store)
   - Consignment store (e.g. your products sold in the store, and you share profits with the store owner)
   - Instant message tool (e.g. Wechat)
   - Other (__________)
4. In which year did you start your present business?
5. How many employees or partners do you have for operating the current business?
6. How many vendors do you have for your business?
7. How many business collaborators (e.g. media collaborators, business alliances) do you have for your business?
8. In the past year, 2016, did your business make a profit?
   - Make a profit
   - Break even
   - Lose money
9. Overall, what do you think about your current business?
   - Extremely successful
   - Successful
   - About industry average
Interview Protocol

Introduction:
1. Thank the participant for his/her willingness to participate.
2. Brief introduction of the purpose of the study and the procedure of the interview.
3. Remind the participants that they can skip any questions they don’t feel comfortable answering and can end the interview at any time.
4. Go over their responses in the questionnaire to get familiar with them and their businesses and foster a relaxed atmosphere.

Interview questions:
Block 1:
Will you please share with me why you decided to start your own business online?
   Follow up: I heard you mentioned (factors they tap on: e.g., government policy, social trend, family member influence, personal elements, etc.) that affected your decision of starting your business, can you tell me more about how it influenced your decision?
   Alternative: What role do you think that (factors they don’t tap on but we are interested in: e.g., government policy, social trend, culture, personal elements, etc.) played in your decision to start your own business online?

Block 2:
Can you tell me how you started your own business online?
   Follow up: Can you tell me more about what role (factors they tap on: e.g. initial financial source, human capital, social capital, physical capital, etc.) played in the process of starting your business online?
   Alternative: Are there other factors that contributed to your establishing of your own business online? How did they (any they mention) affected the process of starting your own business? Please explain in detail.

Block 3:
Can you describe the factors that have contributed to the growth and expansion of your business so far?
   Follow up: You mentioned (strategies or other factors they mention) that affected your business growth. Can you give more detail about how this strategy/factor has affected the growth of your business?
   Alternative: Are there any other factors that you think contributed to the growth of your business? How have they (any they mention) affected your business growth?

Block 4:
Can you describe in detail your typical day operating your business?
   Branch 1: relationships with vendors, business collaborators, customers, family members
   Follow up: You mentioned your interactions with (personnel they mentioned, e.g., vendors, business collaborators, customers, etc.), how would you describe the relationship
between you and your (vendors, business collaborators, customers, family members)? How important is this relationship for your current business? Why?

Alternative: Tell me about the role of (personnel they don’t mention but we are interested in: vendors, business collaborators, customers, family members) in your business. Have they contributed to your business performance? Please explain in detail.

Branch 2: special strategies and/or operation practices
Follow up: You mentioned that you tried to (what they mentioned: e.g., compete with your competitors/meet the needs of your customers/promote your store and products, etc.) by applying (strategies and/or operation practices they mention: e.g. promotion, collaboration, advertisement, EM related factors, etc.). Can you explain why you chose to apply this strategy/practice? How did you launch this strategy/practice? How has this strategy/practice affected your business performance? Please explain.

Alternative: What unique strategies or operation practices have you applied in operating your business? Why did you choose to apply such strategies/practices? How did you launch these strategies/practices? How did these strategies/practices affect your business performance?

Block 5:
When you think about your business, how do you define success?

Follow up: Do you think your business is successful? Why or why not? Please explain.

Block 6:
Please tell me what you think about the current government policies and regulations in China for entrepreneurs like you.
Please tell me what you think about the social norms (or generally accepted expectations among others in the society) and trends in China now for entrepreneurs like you.
Please tell me what you think about the Chinese culture’s influences on entrepreneurs like you.

Follow up: How do these aspects (what they mentioned) of government policy and regulations/social norms and trends/Chinese culture affect your operation of your business?

Alternative: Do you think (aspects they don’t mention but we are interested in: e.g., government policy and regulations, social norms and trends, and Chinese culture and ……) plays a role in the operation of your business? Could you explain how?

Block 7:
What factors, other than what we have talked about, do you think are important for online businesses to achieve success?

Follow up: How do these factors contribute to the success of online businesses? Please explain in detail.

Block 8:
Are there any things I didn’t ask about, but you think are important to understanding your business or what makes it successful?

Closure:
1. Thank the participants again for their time and effort.
2. Confirm their email address to send the e-gift card and executive summary.
3. Let them know that I may follow up with them in the stage of data analysis.
4. Let them know roughly when I will send them an executive summary of the study results.
5. Wish them the best for their businesses.
风险
参与本研究没有任何可预见的风险。

益处
如果您决定参加本研究，您将可以得到本研究最终结果的执行摘要。这份执行摘要可能给您带来益处，它将展示像您这样的网络企业家所认定的能够取得成功的重要影响因素。执行摘要中的信息可能对认定可助您网络商店取得更好表现的商业战略有助益。您还将获得一张充值卡作为您参与研究的报酬。

花费和报酬
除了完成采访和一个简短问卷所需的时间以外，参与此项研究不需要任何花费。您将获得价值50元人民币的充值卡一张作为您参加研究所花费时间和精力的报酬。这张充值卡将以序列号的形式在采访完成后发送到您的电子邮箱。

参与者权利
参与此项研究完全基于自愿。在您同意参与后，您可以跳过任何令您感到不适的问题，或在所有问题完成之前结束采访。在这两种情况下，对您个人将不会有任何惩罚或利益的损失，您仍然可以得到本研究的执行摘要和充值卡作为报酬。

保密性
您的身份将被保密，所有采访问题的答案都将用化名进行分析和报告。您的真实姓名将不会使用在最终的报告中。您提供的人口统计信息将仅用于样本描述。本研究将保持保密的原则。您的电子邮件和视频聊天应用的账号名仅会被用于进行采访和发送充值卡。这些信息将在研究结束后立即被删除。

疑问或问题
鼓励您在参与本研究期间任何时间提出问题。关于此项研究的任何问题，您都可以通过微信，邮件或者电话咨询：李睿 微信号：novoray, ruili@iastate.edu, +1-515-708-8751, 31 Mackay Hall, Iowa State University, Ames, IA.
或Dr. Telin Chung, tdchung@iastate.edu, +1-515-294-4022, 31 Mackay Hall, Iowa State University, Ames, IA.
您也可以询问 Dr. Ann Marie Fiore, amfiore@iastate.edu, +1-515-294-9303, 1062 LeBaron Hall, Iowa State University, Ames, IA.
如果您对参与者权利有任何问题，您可以询问审查委员会管理员，(515) 294-4566, IRB@iastate.edu，或者审查委员会主任，(515) 294-3115, Office for Responsible Research, Iowa State University, Ames, IA 50011.
*1. 您是否年满18岁或以上？
   ○是的
   ○不是

*2. 您是否作为网络商店的所有者或共同所有者亲自运营商店？
   ○是的
   ○不是

*3. 从您首单生意开始计算，您是否已经运营您的商店超过一年？
   ○是的
   ○不是

*4. 您是否目前正在运营您的商店，并且活跃地更新您的上架商品和服务？
   ○是的
   ○不是

*5. 如果您同意参加本研究，请在下面选择“是的，我同意”。您将被转移至另一网页来完成一份简短的调查问卷。
   ○是的，我同意
   ○我选择不参加这项研究
6. 您的性别是？
   ○ 男性
   ○ 女性

7. 您的婚姻状况是？
   ○ 单身（从未结婚）
   ○ 已婚
   ○ 离异
   ○ 寡妇/鳏夫
   ○ 其他 ______________________

8. 您的居住情况是？
   ○ 我自己住
   ○ 我与父母同住
   ○ 我与丈夫/妻子/伴侣同住
   ○ 我与其他人同住（请指明：） ______________________

9. 您出生于哪一年？

10. 您目前生活在哪个城市？

11. 您的最高学历是什么？
   ○ 高中以下
   ○ 高中毕业
   ○ 职高或技校学位
   ○ 我上过几年大学（请指明具体年数：）
   ○ 学士学位
   ○ 硕士学位
   ○ 博士或专业学位

12. 在您高中及以上的教育经历中，您的学位所副修包含哪些？请选择所有适用的选项（多选题）
   □ 商科和管理
   □ 工程
   □ 艺术和设计
   □ 社会科学
   □ 自然科学
   □ 其他（请指明：）

13. 在创立当前的商店之前，您有过任何正式的创业教育经历吗（例如：来自大学的创业课程，创业孵化器的训练营）？
   ○ 有过；如果选择 “有过”，请具体指明：
   ○ 没有过

14. 在创立当前的网络商店之前，您有没有过其他的创业经验？
   ○ 有过；如果选择 “有过”，请具体指明是何种创业：
   ○ 没有过
15. 在创立当前的网店之前，您是否曾在与您销售的产品或服务相关的行业工作过？

○ 有过，如果选择“有过”，请具体指明是哪个行业：
○ 没有过

16. 您目前是全职或是兼职经营您的网店？

○ 全职
○ 兼职

17. 若是兼职，您其他的收入来源包括以下哪些？请选择所有适用的选项：【多选题】

☐ 您的父母资助您的生活
☐ 您的伴侣（妻子/丈夫/同居伴侣）资助您的生活
☐ 您有另一份兼职工作
☐ 您有另一份全职工作
☐ 您有金融或其他投资带来的收益
☐ 其他（请注明：）

18. 平均来说，您每周在您的网店商店运营中工作多少小时？
19. 您现在的网络商店都销售什么产品种类？请选择所有适用的选项【多选题】

- 服装鞋帽和配饰
- 电子产品
- 书籍和CD
- 虚拟产品（游戏产品，充值卡等）
- 收藏品
- 食品和营养品
- 其他（请指明：） ________________

20. 在您创立目前的网络商店时，您都有哪些资金来源？请选择所有适用的选项【多选题】

- 银行贷款
- 家庭资金支持
- 个人存款
- 他人的投资（例如：风险投资，众筹等）（请指明：） ________________
- 其他（请指明：） ________________

21. 目前在经营您的网络商店时，您都有哪些资金来源？请选择所有适用的选项【多选题】

- 银行贷款
- 家庭资金支持
- 个人存款
- 他人的投资（例如：风险投资，众筹等）（请指明：）
- 经营网络商店带来的利润
- 其他（请指明：） ________________
22. 您的销售渠道都有哪些？请选择所有适用的选项【多选题】

- 独立的网络商店（您自己建立的网站）
- 在C2C平台上的网络商店（例如淘宝店铺）
- 实体商店（您自己的线下实体店）
- 寄售商店（您把自己的产品寄售在别人的商店，如果商品售出，您和寄售店所有者分享利润）
- 即时信息应用（例如微信和微博）
- 其他（请指明：）

23. 您是哪一年创立了您的网络商店？

24. 目前在您经营您的商店时，您有多少合伙人？

25. 目前在您经营您的商店时，您有多少雇员？

26. 目前经营商店时，有多少供货商？

27. 目前经营商店时，有多少商业合作对象？（例如：媒体合作对象，商业联盟对象等）
采访流程

简介
1. 感谢参与者的参与意愿。
2. 简要介绍研究的目的和采访的流程。
3. 提醒参与者，他们可以随时跳过令他们感到不适的问题，可以随时要求结束采访。
4. 浏览一遍他们在问卷中回答的答案，以熟悉他们和他们的商店，营造轻松的氛围。

采访问题
第一组：
能否请您分享一下您为什么决定在网上创业？
跟进问题：我听到您提到了影响您决定创业的因素（例如政府政策，社会趋势，家庭成员...）
影响，个人因素等），您可以告诉我更多关于它是如何影响您创业决定的吗？
替代问题：您觉得（政府政策，社会趋势，文化，个人因素等）这些因素在您决定在网络创业时扮演了什么角色？

第二组：
您能告诉我您是怎样创立了您的网络商店吗？
跟进问题：您能告诉我更多诸如（最初资金来源，人力资源，社会资源，物质资源）在您网络创业的过程中所扮演的角色吗？
替代问题：是否有其他因素帮助您在网络上进行创业？这些因素（提及的因素）是如何影响您的创业过程的？请详细解释一下。

第三组：
您能描述一下迄今为止给您的网络商店带来业务增长和扩张的因素吗？
跟进问题：您提到了（商业战略或其他因素）影响了您业务的增长。您能详细说明一下这个战略/因素是如何影响您业务的增长吗？
替代问题：您认为是否有其他因素影响了您业务的增长？这些因素（提及的因素）是如何影响您的业务增长的呢？

第四组：
您能详细描述一下，您经营网络商店的典型的一天吗？
分支 1：与供应商，商业合作伙伴，客户消费者，家庭成员之间的关系
跟进问题：您提到了与（例如供应商，商业合作伙伴，客户消费者，家庭成员）的互动。
您如何描述您与您的（供应商，商业合作伙伴，客户消费者，家庭成员）之间的关系？这种关系对您目前的业务有多重要？为什么？
替代问题：请告诉我这些人（供应商，商业合作伙伴，客户消费者，家庭成员）在您的网络商店的经营中所扮演的角色。他们对您的商店的业务表现有帮助吗？请详细解释一下。

分支 2：特殊商业战略或者运营实例
跟进问题：您提到了您曾试图通过（例如促销，合作，广告，EM 相关因素等）以（与您的竞争对手竞争/满足您的客户的需求/推广您的商店和产品等）。您能解释一下您为什么选择了这个战略或者运营方式吗？您是如何启动这个战略或者运营方式的？这个战略或
者运营方式是如何影响您的业务表现的？请解释一下。 
替代问题：您在经营您的网络商店时，用到了哪些独特的战略或者运营方式？您为什么选择应用这样的战略或者运营方式？您是如何启动这些战略或者运营方式的？这些战略或者运营方式是如何影响您的业务表现的？

第五组：
当您想到您的目前事业时，您是如何定义成功的？
跟进问题：您觉得您的目前事业成功吗？为什么呢？请解释。

第六组：
请您告诉我您对于中国政府目前针对像您一样的创业家所推出的政策和法规有什么看法？请您告诉我，对于中国目前存在的对像您一样的创业家的社会趋势和社会准则（或者可以解释为社会大众对于创业家普遍存在的期望和看法）您有什么看法？请您告诉我您对于中国文化对于像您一样的创业家的影响的看法。

跟进问题：政府政策法规/社会准则和趋势/中国文化的这些方面（提及的因素）是如何影响您对您商店的经营的？
替代问题：认为（政府政策法规/社会准则和趋势/中国文化等）在您经营您的商店的过程中扮演了什么样的角色？您能具体解释一下吗？

第七组：
除了我们刚刚提到的以外，还有哪些因素您认为对于网络商店取得成功是至关重要的？
跟进问题：这些因素是如何对网络商店的成功做出贡献的呢？请详细解释一下。

第八组：
有没有哪些事情是我没有问过，但是您认为这些事对于加深理解您的网络商店或使您的网络商店更成功很重要？

结语：
1. 再次感谢参与者所花的时间和精力。
2. 确认他们的电子邮件地址以发送电子充值卡和执行摘要。
3. 让他们知道我可能在数据分析阶段跟进他们。
4. 让他们知道大约什么时候我会将研究成果的执行摘要发给他们。
5. 祝他们的生意更加成功。
APPENDIX B. ONLINE SURVEY INSTRUMENT (ENGLISH)

Informed Consent Document

Title of Study:
Factors leading to success for entrepreneurs in the Chinese online C2C market

Investigators:
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Please take your time in deciding if you would like to participate in this study.

Introduction

The purpose of this study is to gain a deeper understanding of the Chinese online C2C market and explore factors that influenced your business. You are being invited to participate in this study because you may meet the study criteria of being Chinese online entrepreneurs who are 18 years of age or older, operating an online store for at least one year, and currently running an online store(s). We are very interested in knowing your experiences and perceptions regarding starting and operating your online store(s).

Description of procedures

If you agree to participate and meet the study’s requirements, you will be directed to an online survey about your general characteristics and those of your business. It will take about 20-30 minutes to finish the survey questionnaire.
Risks

There are no foreseeable risks from participating in this study.

Benefits

There are no direct benefits for participating in this study. However, if you decide to participate, you will have access to an executive summary of the final results of this study. This executive summary may be of benefit to you because it will present the important influential factors that online entrepreneurs, like you, perceive to lead to success. You may find the information in the executive summary useful in identifying business strategies to achieve better performance for your online stores. You will need to provide an email address at the end of the survey to receive the executive summary.

Costs and compensation

There will be no costs for you to participate except time needed to complete the survey questionnaire. As the members of Sojump.com you will be compensated with Sojump credit for your time and effort in participating in this study.

Participant rights

Your participation in this study is completely voluntary. After giving your consent to participate, you may skip any questions you do not feel comfortable answering or leave the survey before completion. In these two instances, there is no penalty or loss of benefits to which you are otherwise entitled; you will still have access to the executive summary. The Sojump credits will be assigned to you according to the agreed Sojump user terms.

Confidentiality

Your identity will be kept confidential and all your answers to the survey questions will be analyzed and reported anonymously for the research purpose only. You will not be asked about your real name. The demographic information you provided will only be used for sample description purposes. Confidentiality will be maintained. Your email address will only be used for sending executive summary if you choose to receive it, and the email address will be deleted immediately after the study.

Questions or problems

You are encouraged to ask questions at any time during this study. For further information about the study, please contact Rui Li, ruili@iastate.edu, (515) 708-8751, 31 Mackay Hall, Iowa State University, Ames, IA or Dr. Telin (Doreen) Chung at tdchung@iastate.edu, (515) 294-4022, 31 Mackay Hall, Iowa State University, Ames, IA. You can also reach Dr. Ann Marie Fiore, amfiore@iastate.edu, (515) 294-9303, 1062 LeBaron Hall, Iowa State University, Ames, IA.
If you have any questions about the rights of research subjects or research-related injury, please contact the IRB Administrator, +1 (515) 294-4566, IRB@iastate.edu, or Director, +1 (515) 294-3115, Office for Responsible Research, Iowa State University, Ames, IA 50011.

Screen questions:
*What year were you born?
   Pull down (years)

*Are you the owner or the co-owner who operates an online business yourself?
   Yes
   No

*Have you been running your online business for at least a year since your first fulfilled order?
   Yes
   No

*Are you currently running your online business with active listed products and/or services?
   Yes
   No

If you agree to participate in this study, please click “yes, I agree” button below. You will be transferred to another website to finish the survey questionnaire.

Yes, I agree.

Online Survey Instrument

This survey questionnaire is divided into three parts. The first part asks about your perceptions regarding business resources, strategies, motivations for starting a business, factors leading to business success, and the impact of the Chinese institutional environment on your business. The second part asks about your personal information as a business owner. The third part asks about the information of your online business. Completing the survey should take between 20-30 minutes.

Part 1 Business owner’s perceptions
Please indicate your agreement with the following statements using a 7-point scale, with 1 indicating strongly disagree, 4 indicating neither agree nor disagree, 7 indicating strongly agree. Before starting my business…

1. I had sufficient formal entrepreneurial education, such as entrepreneurship classes from college.
2. I had sufficient business and management education, such as business school courses or MBA courses.
3. I had sufficient informal training about online entrepreneurship, such as workshops on Taobao University.
4. I had consulted enough online entrepreneurship experts.
5. I had observed enough other online sellers operating their business.
6. I had read enough books and instructions about starting an online store.
7. I had enough prior business experience.
8. I had enough work experience in the fields relevant to the products/services I am now selling.
9. I had enough prior entrepreneurial experience (online or offline).

For operating my business…
1. I have a large enough social network.
2. I have a diverse enough social network.
3. I have strong personal support from my family members.
4. I have strong emotional support from my family members.
5. I have received advice from my family members.
6. I maintain a good relationship with my vendors and suppliers.
7. I maintain a good relationship with my customers.
8. I maintain a good relationship with some of the other store owners in the online C2C market.
9. I actively participate in business communities or associations in the online C2C market, such as Micro-Merchant alliance.
10. Participating in business communities or associations provides me with intelligence, expertise, useful information and new knowledge for running my business.
11. Participating in business communities or associations offers me advantages for dealing with business affairs.
12. I maintain a good relationship with government officials in various levels of the government.
13. I have connections to officials in regulatory authorities, such as Administration of Industry and Commerce.
14. My guanxi with governmental officials enable me to run my business smoothly.

For starting and operating my business…
1. I have enough family financial support.
2. I have enough personal savings as funds.
3. I have accessed to enough loan from the C2C platform, such as Taobao.
4. I had accessed to enough bank loans.
5. I used my income from another job.
6. My business partner contributed enough to the initial funds.

For operating my business…
1. I have the necessary equipment such as computers.
2. I have the necessary technology such as instant messaging app.
3. I have the necessary space such as warehouse and workshop.
4. I have the necessary transportation such as a car.

Do you have employees working with you in operating your business?
   Yes,
   No,
   If Yes…
   1. My employees are experienced and have worked in the C2C market before.
   2. My employees have customer service capabilities and experiences.
   3. I stressed on team building.
   4. I created optimism and positive work culture among my employees.

Please indicate your perception on a 7-point scale for the following statements, with 1 indicating Not important at all, 4 indicating Neutral, 7 indicating Very important.
My decision of starting own business online is affected by…
   1. Unemployment.
   2. Family financial pressure.
   3. Dissatisfaction of my previous job.
   4. The failure of my prior business.
   5. The need for work life balance.
   6. The glass ceiling at my previous job.

I started my own business online because…
   1. Online shopping is on trend, which creates a good opportunity for a business.
   2. I’d like to gain recognition in society.
   3. I’m interested in the industry relevant to the products I sell.
   4. I like the freedom and flexible life style.
   5. of the very low cost of entry to the market.
   6. I like the sense of self achievement/fulfilment.
   7. of my financial aspiration to increase my wealth.
   8. I’d like to be my own boss, not working for others.
   9. I’d like to pursue improvement of personal capabilities.

Considering the way I am operating my business…
   1. I have a real passion for continually changing the way products/services are marketed in my business.
   2. My business is frequently one of the first in the market to alter its marketing methods.
   3. I consistently monitor and improve the approach to marketing my business.
   4. I regularly pursue untapped market opportunities regardless of budgetary or staff constraints.
   5. When new market opportunities arise, my business very quickly acts on them.
   6. My business excels at identifying marketing opportunities.
7. I spend considerable resources continually trying to learn more about my customers.
8. My business’ marketing efforts reflect knowledge of what our customers really want from our products/service.
9. Communicating with customers is a great way to identify innovation opportunities.
10. Innovation is the key to achieving competitive advantage in my business.

11. I expect myself to be looking for ways my business can create more value for customers.
12. In my business, I contribute to ideas to create value for customers.
13. My business continuously tries to find new ways to create value for my customers.

14. When I decide to pursue a new marketing direction, I do so in stages rather than all at once to reduce the risk involved.
15. My marketing efforts tend to have a low level of risk for my business.
16. My business typically uses creative, low cost way to reduce risks associated with new marketing activities.

Considering the way I am operating my business…
1. I strive to increase my store reputation rating to improve the business’s performance.
2. I used “click-farming” to boost my store reputation rating.
3. I asked my family and friends to buy from my store to boost the reputation rating.
4. I sell a large quantity of cheap products at the initial stage of my store to gain a higher reputation rating.

1. I invest a large amount of money to source and store “block buster” goods.
2. I carefully manage my inventory to keep a suitable amount of products.
3. I use “one click drop shipping” functions provided by vendors such as those on 1688.com to eliminate the need of keeping inventory.
4. I source products in small amounts repeatedly even though they are selling quickly.

1. I strive to develop and manufacture my own products rather than sourcing from vendors to create my own brand.
2. I strive to expand my business to B2C market such as Tmall with my own brand rather than selling others’ products in C2C market such as Taobao.
3. I strive to brand myself to become an Internet celebrity or using other influencers to promote my business.
4. I strive to use other channels such as instant messaging tool (e.g., Wechat) to brand myself and my business.

Central and local governments…
1. provide good support for starting new businesses.
2. provide incentives for the creation of new businesses.
3. develop a friendly environment for new businesses creation.
4. issue encouraging regulations and policies for starting new businesses.

In the Chinese society…
1. Turning new ideas into businesses is an admired career path.
2. Innovative and creative thinking is viewed as the route to success.
3. Entrepreneurs are admired.
4. People tend to greatly admire those who start their own business.

In the Chinese history and culture…
1. Entrepreneurship is encouraged.
2. The spirit of entrepreneurship is rooted.
3. There are many famous entrepreneurs and entrepreneurial activities recorded.
4. Entrepreneurship is promoted.

Please indicate your agreement of the following statements regarding the factors leading to success for online entrepreneurship.
1. A business owner’s hard work is the key to success for online entrepreneurship.
2. Patience and persistence are very important to success for online entrepreneurship.
3. Time and effort input into the online store operation are critical to success for online entrepreneurship.
4. It is very important that a business owner knows the customer’s needs and wants for success in online entrepreneurship.
5. A business owner’s personal reputation is very important to success for online entrepreneurship.
6. A business owner’s adventurous spirit and determination is very important to success for online entrepreneurship.

1. Great customer service is the key to success for online entrepreneurship.
2. Great management skill is very important to success for online entrepreneurship.
3. Technology advantage is very important to success for online entrepreneurship.
4. Effective marketing activities are critical to success for online entrepreneurship.
5. A high reputation/store rating leads to success for online entrepreneurship.

Please indicate your agreement of the following statements regarding your perceived success of your business.
I am successful because my business…
1. makes a good profit.
2. provides me enough income.
3. has a very large sales volume.
4. has a high turnover rate.
5. results in high return of investment.
6. is growing very fast.

I am successful because…
1. I’m enjoying operating my business.
2. I achieved self-realization/fulfilment.
3. my business gains social recognition.
4. my store has good word of mouth and reputation.
5. I have satisfied customers.
6. I have made friends with my customers.
7. I’m enjoying a flexible life style.

Part II Demographic information about the business owner

Please answer the following questions to tell us about yourself:
13. What is your gender?
   Male
   Female
   Other. Please specify
14. What’s your marital status?
   Single (Never married)
   Married
   Divorced
   Widowed
   Other (______)
15. What’s your residence status?
   I live by myself
   I live with my parents
   I live with my husband/wife/partner
   I live with someone else (Please specify: such as friends, college roommate, business
   partner____)
16. In which year were you born? (______)
17. In which city do you currently live? (________)
18. What is your highest education level?
   Less than high school
   High school
   Associates degree or technical school degree
   I spent several years in the college (Please specify how many years: )
   Bachelor’s degree
   Master’s degree
   Doctorate or professional degree
19. What did you major in during your post-secondary educational experiences? Please select all that apply.
   a. Business and management
   b. Engineering
   c. Art and design
d. Social sciences (such as psychology or sociology)
e. Natural or physical Sciences (such as biology or physics)
f. Others (Please specify:  )

20. Did you have any formal entrepreneurship education such as entrepreneurship class in college) before you started your current business?
   Yes
   No
   If yes, please describe _____________

21. Have you created other businesses before you started your current online small business?
   Yes
   No
   If yes, please describe _____________

22. Before you started the current online small business, did you have experience working in the industry relevant to the products/services you are selling?
   Yes
   No
   If yes, please describe _____________

23. Are you working full-time or part-time on your current online small business?
   Full time
   Part time

12. What are your other income sources? Please choose all applicable
   My parents support me
   My spouse (wife/husband/partner) supports me
   I have another part time job
   I have another full time job
   I have money saved or other kind of investments
   I do not have other income sources
   Other (_______)

13. On average, how many hours per week do you work on your current small business? (_______)

Part III Demographic information about the online business
Please answer the following questions to tell us about your business:

10. What product categories do most of your sales come from for your current online small business? (Select all that apply)
   Apparel and accessories
   Electronics
   Books and CDs
   Virtual products such as prepaid cards, gift cards
   Collectables
   Food and nutrition
   Beauty products such as cosmetics?
   Other (__________)


11. a. What financial source(s) did you have when you started your current online small business? Select all that apply.
   Bank loans
   Family support
   Personal savings
   Investments from others (e.g. Venture capital, crowdfunding. Please specify:__________ )
   Other (_________)
b. What financial source(s) do you have right now for operating your current online small business? Select all that apply.
   Bank loans
   Family support
   Personal savings
   Investments from others (e.g. Venture capital, crowdfunding. Please specify:__________ )
   Profits from my current online small businesses
   Other (_________)
12. What are the sales channels for your business? Select all that apply.
   Independent online store (e.g., your own website)
   Online store on a C2C platform (e.g., Taobao store)
   Instant message tool (e.g. Wechat, QQ)
   Physical store (e.g., your own store)
   Consignment store (e.g. your products sold in the store, and you share profits with the store owner)
   Other (_________)
13. In which year did you start your present business?
14. How many employees do you have for operating the current business?
15. How many partners do you have for your current business?
16. How many vendors do you have for your business?
17. How many business collaborators (e.g. media collaborators, business alliances) do you have for your business?
18. In the past year, 2019, did your business make a profit?
   Make a profit
   Break even
   Lose money
19. Overall, what do you think about your current business in comparison to other businesses of the same type?
   Extremely successful
   Successful
   About industry average
   Unsuccessful
   Terrible
APPENDIX C. ONLINE SURVEY QUESTIONNAIRE (CHINESE)

问卷调查

知情同意书

研究题目：
中国在线C2C市场创业者成功的因素

请您根据下面的说明决定是否要参加这项研究

简介

这项研究的目的是为了加深对中国在线C2C市场的了解，并探索影响您企业成功的因素。之所以邀请您参加此项研究，是因为您可能符合以下研究条件：年龄18岁以上的中国在线创业者，经营网店至少一年，并且目前正在运营一个（或多个）网店。我们非常想了解您在开设和运营网店方面的经验和看法。

研究程序说明

如果您同意参加本项研究并满足本研究的要求，那么您将被引导至一项在线问卷调查。完成调查问卷大约需要20-30分钟。

风险

参加这项研究没有任何可预见的风险。

利益和好处

参加这项研究不会使您直接获益。但是，如果您决定参加本项研究，则可以得到根据本研究最终结果所完成的一份执行摘要。这份执行摘要可能会对您有利，因为它会介绍像您这样的在线创业者所认为的决定成功的重要影响因素。您可能会在执行摘要中找到实用的信息，这些信息对于确定商业策略以提高网店的效益非常有用。您需要在调查结束时提供有效的电子邮件地址，以接收这份执行摘要。
费用与补偿

除了完成调查问卷所需的时间外，您无需任何费用来参加本项研究。作为问卷星的会员，您因完成本调查问卷所花费的时间和精力将获得问卷星积分作为奖励补偿。

参加者的权利

您参加本研究是完全自愿的。同意参加后，您可以跳过任何让您感到不舒服的问题，也可以在完成问卷之前随时停止。在这两种情况下，您不会有其它任何的惩罚或利益损失；只要您留下了有效的电子邮件地址，您仍然可以得到执行摘要。问卷星积分将根据既定的用户条款分配给您。

保密性

您的身份信息是保密的，您的调查问卷的所有答案将以匿名的方式分析和报告，且仅用于本研究。您无需提供真实姓名。您提供的人口统计信息仅用于样本描述，您的任何信息将始终保持保密。您的电子邮件地址仅用于接收执行摘要，并且该电子邮件地址将在研究结束后立即删除。

疑问或问题

我们鼓励您在研究进行期间随时提出问题。需了解更多关于该研究的信息，请联系研究者 Rui Li, (515) 708-8751, 31 Mackay Hall, Iowa State University, Ames, IA, 或 Dr. Telin (Doreen) Chung, tdchung@iastate.edu, (515) 294-4022, 31 Mackay Hall, Iowa State University, Ames, IA。您也可以致电致函 Dr. Ann Marie Fiore, amfiore@iastate.edu, (515) 294-9303, 1062 LeBaron Hall, Iowa State University, Ames, IA。

如果您对研究对象的权利或与研究相关的伤害有任何疑问，请联系IRB管理员 +1 (515) 294-4566, IRB@iastate.edu, 或IRB主任 +1 (515) 294-3115, Office for Responsible Research, Iowa State University, Ames, IA 50011.
* 您的出生年份是？

请选择

* 您是亲自经营网店的所有者或共同所有者吗？

○是
○不是

* 自您第一次完成订单以来，您已经经营网店至少一年了吗？

○是
○不是

* 您当前是否正在活跃地销售产品和/或服务来经营网店？

○是
○不是

* 如果您同意参加此研究，请单击下面的“是，我同意”按钮。您将被转到另一个网页以完成调查问卷。

○是，我同意
在线调查问卷
本调查分为三个部分。第一部分询问您关于导致成功的商业和个人因素的看法。第二部分收集您作为企业或的背景信息，第三部分收集有关您网店的信息。完成本调查需要20-30分钟。

第一部分 店主的看法
请使用7分制来表示您对以下陈述的同意程度。其中1表示“强烈不同意”，4表示“无所谓同意不同意”，7表示“强烈同意”。

根据7分制来表示您对以下陈述的同意程度，其中1表示“强烈不同意”，4表示“无所谓同意不同意”，7表示“强烈同意”。

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</thead>
<tbody>
<tr>
<td>1.我接受了足够的正规创业教育，例如大学里的创业课程。</td>
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<td>2.我接受了足够的商业和管理教育，例如商学院课程或MBA课程。</td>
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<td>3.我接受了足够的有关在线创业的非正式培训，例如通过淘宝大学举办的研讨会。</td>
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<td>4.我已经咨询了足够的在线创业专家。</td>
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<td>5.我已经拥有的多的爱好者在线卖家经营他们的店铺。</td>
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<td>6.我已经了解了足够的关于开一家网店的书和说明。</td>
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<td>7.我积累了足够的做生意的经验。</td>
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<td>8.我在与我现在销售的产品/服务相关的领域有足够多的工作经验。</td>
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<td>9.我积累了足够的创业经验（线上或线下）。</td>
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为了经营我的网店...
请使用7分制来表示您对以下陈述的同意程度，其中1表示"强烈不同意"，4表示"无所谓同意不同意"，7表示"强烈同意"。

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<th>序号</th>
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<tbody>
<tr>
<td>1</td>
<td>我有一个足够大的人际网络。</td>
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<td>我有一个足够多样化的人际网络。</td>
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<td>3</td>
<td>我得到家人强大的人力支持。</td>
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<td>4</td>
<td>我得到家人强烈的情感支持。</td>
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<td>5</td>
<td>我从家人那里得到了很好的建议。</td>
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<td>6</td>
<td>我与供应商和供货商保持良好的关系。</td>
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<td>7</td>
<td>我与顾客保持良好的关系。</td>
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<td>8</td>
<td>我与在线C2C市场中的其他一些店主保持着良好的关系。</td>
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<td>9</td>
<td>我积极与在线C2C市场中的商业社区或协会，例如微商联盟。</td>
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<td>10</td>
<td>参与商业社区或协会为我的店铺运营提供了巨大的优势（例如，商业情报，新知识）。</td>
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<td>11</td>
<td>参加商业团体或协会为我提供了处理商业事务的优势。</td>
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<tr>
<td>12</td>
<td>我与各级政府官员保持着良好的关系。</td>
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<tr>
<td>13</td>
<td>我与监管机构（例如工商行政管理局）的官员关系密切。</td>
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<tr>
<td>14</td>
<td>我与政府官员的关系使我能够顺利开展业务。</td>
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</tbody>
</table>
为了开店和经营我的店铺...
请使用1-7分制来表示您对以下陈述的同意程度，其中1表示"强烈不同意"，4表示"无所谓同意不同意"，7表示"强烈同意"。

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</tr>
</thead>
<tbody>
<tr>
<td>1. 我有足够的家庭经济支持。</td>
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<tr>
<td>2. 我有足够的个人储蓄作为资金。</td>
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<tr>
<td>3. 我可以从C2C平台（例如淘宝网）获得足够的货款。</td>
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<tr>
<td>4. 我有足够的银行货款。</td>
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<tr>
<td>5. 我使用了另一份工作的收入。</td>
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<tr>
<td>6. 我的合伙人为初期资金投入了足够的钱。</td>
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</table>

为了经营我的店铺...
请使用1-7分制来表示您对以下陈述的同意程度，其中1表示"强烈不同意"，4表示"无所谓同意不同意"，7表示"强烈同意"。

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</thead>
<tbody>
<tr>
<td>1. 我拥有的必要的设备，例如电脑。</td>
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<tr>
<td>2. 我拥有的必要的技术，例如即时通讯APP（微信）。</td>
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<tr>
<td>3. 我拥有的必要的场地，例如仓库或工作室。</td>
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<tr>
<td>4. 我拥有的必要的交通工具，例如汽车。</td>
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</tbody>
</table>
• 您是否有员工与您一起经营店铺？
  ○ 是
  ○ 否

• 我决定在开线上网店受到了以下因素的影响：
  请使用7分制来表示您对以下陈述的同意程度，其中1表示“强烈不同意”，4表示“无所谓同意不同意”，7表示“强烈同意”。

  1. 我失业了。  1 2 3 4 5 6 7
  2. 家庭经济压力。  ○ ○ ○ ○ ○ ○ ○
  3. 对我之前工作的不满意。  ○ ○ ○ ○ ○ ○ ○
  4. 我之前生意的失败。  ○ ○ ○ ○ ○ ○ ○
  5. 对工作与生活之间平衡的需要。  ○ ○ ○ ○ ○ ○ ○
  6. 我之前工作存在的玻璃天花板（升职的无形障碍）。  ○ ○ ○ ○ ○ ○ ○

• 我在网上自己开店是因为...
  请使用7分制来表示您对以下陈述的同意程度，其中1表示“强烈不同意”，4表示“无所谓同意不同意”，7表示“强烈同意”。

  1. 网购正处于潮流之中，这为创业制造了良好的机会。  ○ ○ ○ ○ ○ ○ ○
  2. 我想在社会上获得认可。  ○ ○ ○ ○ ○ ○ ○
  3. 我对与我销售的产品有关的行业感兴趣。  ○ ○ ○ ○ ○ ○ ○
  4. 我喜欢自由自在的生活方式。  ○ ○ ○ ○ ○ ○ ○
  5. 进入市场的成本非常低。  ○ ○ ○ ○ ○ ○ ○
  6. 我喜欢自我成就感/自我满足的感觉。  ○ ○ ○ ○ ○ ○ ○
  7. 我的愿望是增加我的财富。  ○ ○ ○ ○ ○ ○ ○
  8. 我想成为自己的老板，而不是为别人工作。  ○ ○ ○ ○ ○ ○ ○
  9. 我想追求个人能力的提高。  ○ ○ ○ ○ ○ ○ ○
以下将描述我如何经营我的店铺...

请使用7分制来表示您对以下陈述的同意程度，其中1表示“强烈不同意”，4表示“无所谓同意不同意”，7表示“强烈同意”。

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</thead>
<tbody>
<tr>
<td>1. 我非常热衷于不断改变我店里产品或服务的营销方式。</td>
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<tr>
<td>2. 我的店通常是市场上首先改变营销方式的店之一。</td>
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<tr>
<td>3. 我始终监控和改进推广我的店的方法。</td>
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<td>4. 我会经常寻求未开发的市场机会，而不顾虑预算或人手的限制。</td>
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<tr>
<td>5. 当新的市场机会出现时，我的店会迅速采取行动迎合它们。</td>
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<td>6. 我的店擅长发现营销机会。</td>
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<td>7. 我会花费大量资源不断尝试去了解更多关于我顾客的信息。</td>
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<tr>
<td>8. 我的店的营销措施反映了我对顾客对产品/服务的真正需求的了解。</td>
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<tr>
<td>9. 与客户沟通是识别创新机会的好方法。</td>
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<tr>
<td>10. 创新是在我的店获得竞争优势的关键。</td>
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<td>11. 我期望自己持续寻找可以为顾客创造更多价值的方式。</td>
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<tr>
<td>12. 在我的店里，我贡献了为顾客创造价值的想法。</td>
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<tr>
<td>13. 我的店不断尝试寻找新方法为客户创造价值。</td>
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<tr>
<td>14. 当我决定寻求新的营销方向时，我会分阶段进行，而不是一次性全部做，以减少所涉及的风险。</td>
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<tr>
<td>15. 我的营销措施对我的店而言风险较低。</td>
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<tr>
<td>16. 我的店通常使用创造性的低成本方法来降低与营销活动有关的风险。</td>
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以下将描述我如何经营我的店铺...

请使用7分制来表示您对以下陈述的同意程度，其中1表示“强烈不同意”，4表示“无所谓同意不同意”，7表示“强烈同意”。

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</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>我努力提高店铺信誉评价，以改善店铺的业绩。</td>
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<td>2.</td>
<td>我利用“刷信誉”来提高店铺信誉评价。</td>
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<tr>
<td>3.</td>
<td>我让家人和朋友从我的店铺购买商品以提高信誉评价。</td>
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<td>4.</td>
<td>在店铺经营初期，我出售大量廉价商品，以获得更高的信誉评价。</td>
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<td>5.</td>
<td>我投入大量资金来采购和存储“爆款”商品。</td>
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<td>6.</td>
<td>我认真管理库存，以保留适量的商品。</td>
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<td>7.</td>
<td>我使用供应商（例如1688.com）提供的“一键代发”功能来去除保持库存的需要。</td>
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<td>8.</td>
<td>即使商品销售很快，我也只会重复采购少量的商品。</td>
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<td>9.</td>
<td>我努力开发和制造自己的产品以创建自己的品牌，而不是从供应商那里采购。</td>
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<td>10.</td>
<td>我努力用自己的品牌将业务扩展到天猫等B2C市场，而不是只在淘宝等C2C市场中销售他人的产品。</td>
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<td>11.</td>
<td>我努力品牌化我自己成为网红，来推广我的店铺。</td>
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<td>12.</td>
<td>我努力利用其他有影响力的人（例如博客作者和微信公众号）来推广我的店铺。</td>
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<tr>
<td>13.</td>
<td>我努力使用即时通讯工具（例如微信）等其它渠道来品牌化我自己和我的店铺。</td>
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## 中央和地方政府...

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<tbody>
<tr>
<td>1. 为创业提供良好的支持。</td>
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<td>2. 为创业提供激励措施。</td>
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<td>3. 为创业创造友好的环境。</td>
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<td>4. 颁布鼓励创业的法规和政策。</td>
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## 在当今的中国社会中...

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<tbody>
<tr>
<td>1. 将新想法转化为生意是一条令人钦佩的职业道路。</td>
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<tr>
<td>2. 创新和创造性思维被视为成功之路。</td>
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<td>3. 创业家受到敬佩。</td>
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<td>4. 人们往往会非常钦佩那些创业的人。</td>
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## 在中国文化中...

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<tbody>
<tr>
<td>1. 创业受到鼓励。</td>
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<td>2. 创业精神扎根之中。</td>
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<td>3. 有许多著名的创业家和创业活动记录。</td>
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<td>4. 创业受到推广促进。</td>
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请说明您对以下有关在中国决定创业成功的因素的同意程度。
请使用7分制来表示您对以下陈述的同意程度，其中1表示“强烈不同意”，4表示“无所谓同意不同意”，7表示“强烈同意”。

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<td>店主的辛勤工作是在线创业成功的关键。</td>
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<td>2</td>
<td>耐心和毅力是在线创业成功至关重要的。</td>
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<td>3</td>
<td>店铺运营中投入的时间和精力对于在线创业的成功至关重要。</td>
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<td>4</td>
<td>店主了解客户的需求对于在线企业成功非常重要。</td>
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<td>5</td>
<td>店主的个人声誉对于在线创业的成功至关重要。</td>
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<td>6</td>
<td>店主的冒险精神和决心对于在线创业的成功至关重要。</td>
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<td>7</td>
<td>优质的顾客服务是在线创业成功的关键。</td>
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<td>8</td>
<td>出色的管理技能对于在线企业家的成功至关重要。</td>
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<td>9</td>
<td>利用先进的科技对于在线企业家的成功至关重要。</td>
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<td>10</td>
<td>有效的营销活动对于在线企业家的成功至关重要。</td>
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<td>11</td>
<td>较高的信誉/商店评价对于在线企业家的成功至关重要。</td>
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请表明您对以下有关您所认为的网店成功的陈述的同意程度。

- **我成功是因为我的店铺...**
  请使用7分制来表示您对以下陈述的同意程度，其中1表示“强烈不同意”，4表示“无所谓同意不同意”，7表示“强烈同意”。

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<tbody>
<tr>
<td>1.盈利很好</td>
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<td>2.为我提供足够的收入</td>
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<td>3.具有很大的销售量。</td>
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<td>4.具有很高的周转率。</td>
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<td>5.带来很高的投资回报。</td>
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<td>6.成长非常快。</td>
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- **我成功是因为...**
  请使用7分制来表示您对以下陈述的同意程度，其中1表示“强烈不同意”，4表示“无所谓同意不同意”，7表示“强烈同意”。

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<tbody>
<tr>
<td>1.我很享受经营自己的店铺。</td>
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<td>2.我达到了自我实现/自我满足。</td>
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<td>3.我的店铺获得了社会认可。</td>
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<td>4.我的店铺有良好的口碑和声誉。</td>
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<td>5.我拥有满意度高的顾客。</td>
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<td>6.我与顾客成为了朋友。</td>
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<td>7.我正享受自在的生活方式。</td>
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第二部分 有关店主的人口统计信息

请回答以下问题以向我们介绍您自己：

* 1. 您的性别是？
   - 男性
   - 女性
   - 其他请指明 ________________

* 2. 您的婚姻状况是？
   - 单身（从未结婚）
   - 已婚
   - 离异
   - 丧偶
   - 其他 ________________

* 3. 您的居住情况是？
   - 我自己住
   - 我与父母同住
   - 我与丈夫/妻子/伴侣同住
   - 我与其他人同住（请指明：例如朋友，大学室友，合伙人） ________________

* 4. 您出生于哪一年？（请指明：）  


5. 您目前生活在哪个城市？ (请指明：)

6. 您的最高学历是什么？
   - 高中以下
   - 高中毕业
   - 职高或技校学历
   - 我上过几年大学(请指明具体年数：) ____________ *
   - 学士学位
   - 硕士学位
   - 博士或专业学位

7. 在您大学的教育经历中，您所学的专业有哪些？请选择所有适用的选项【多选题】
   - 商科和管理
   - 工程
   - 艺术和设计
   - 社会科学(例如心理学或社会学)
   - 自然科学(例如生物学或物理学)
   - 其它(请指明：) ________________ *

8. 在创立现在的店铺之前，您有过任何正式的创业教育经历吗(例如来自大学的创业课程)？
   - 有过
   - 没有过
9. 在创立当前的网店之前，您有没有过其它的创业经验？
   ○ 有过
   ○ 没有过

10. 在创立当前的网店之前，您是否在与您销售的产品或服务相关的行业有过工作经验？
    ○ 有过
    ○ 没有过

11. 您目前是全职还是兼职经营您的网店？
    ○ 全职(每周经营40或多于40小时)
    ○ 兼职(每周经营少于40小时)

12. 您每周在您的网店运营中平均工作多少小时？(请指明：)

13. 您其它的收入来源包括以下哪些？请选择所有适用的选项：【多选题】
   □ 我的父母资助我
   □ 我的伴侣(妻子/丈夫/同居伴侣)资助我
   □ 我有另一份兼职工作
   □ 我有另一份全职工作
   □ 我有储蓄或其它投资带来的收益
   □ 我没有其它收入来源
   □ 其它(请指明：)
第三部分 有关网店的统计信息
请回答以下问题，以向我们介绍您的网店：

1. 您目前的在线小型企业的大部分销售额来自哪些产品种类？（选择最突出的种类，可选择多项）【多选题】
   - [ ] 服装鞋帽和配饰
   - [ ] 电子产品
   - [ ] 书籍和CD
   - [ ] 虚拟产品（例如充值卡、礼品卡等）
   - [ ] 收藏品
   - [ ] 食品和营养品
   - [ ] 美容产品（例如化妆品）
   - [ ] 其它（请指明：）

2. 在您创立目前的网店时，您都有哪些资金来源？请选择所有适用的选项【多选题】
   - [ ] 银行贷款
   - [ ] 家庭资金支持
   - [ ] 个人存款
   - [ ] 他人的投资（例如风投、众筹等）（请指明：）
   - [ ] 其它（请指明：）

3. 目前在经营您的网店时，您都有哪些资金来源？请选择所有适用的选项【多选题】
   - [ ] 银行贷款
   - [ ] 家庭资金支持
   - [ ] 个人存款
   - [ ] 他人的投资（例如：风投，众筹等）（请指明：）
   - [ ] 经营网络商店带来的利润
   - [ ] 其它（请指明：）
4. 您的销售渠道都有哪些？请选择所有适用的选项 [多选题]

- [ ] 独立的网店 (例如您自己建立的网站)
- [ ] 在C2C平台上的网店 (例如淘宝店铺)
- [ ] 即时信息工具 (例如微信和QQ)
- [ ] 实体商店 (例如您自己的线下实体店)
- [ ] 寄售商店 (例如您把自己的产品寄售在别人的商店，如果商品售出，您和寄售店所有者分享利润)
- [ ] 其他 (请注明： )

5. 您是哪一年创立了您的网店？ (请注明： )

6. 目前在经营您的店铺时，您有多少雇员？ (请注明： )

7. 您目前的店铺有多少合伙人？ (请注明： )

8. 您目前的店铺有多少供货商？ (请注明： )

9. 您目前的店铺有多少商业合作对象？ (例如： 媒体合作对象、商业联盟等) (请注明： )
10. 在去年(2019年)，您的网店

- 实现盈利
- 收支平衡
- 亏损

11. 总体来说，与其它相似网店相比，您怎么看待您目前的网店？

- 极其成功
- 成功
- 处于行业平均水平
- 不成功
- 非常惨淡

我们非常感谢您参与此项研究！如果您想要收到本次研究的执行摘要，请在这里留下您的电子邮箱地址。该地址会在发送执行摘要完毕后被立即删除。

电邮地址：

[输入电邮地址处]
APPENDIX D. EXECUTIVE SUMMARY FOR CHINESE ONLINE ENTREPRENEURS

English Version

The present study utilized an in-depth interview and online survey to explore what Chinese online entrepreneurs like you, perceive as influential to their perceived financial and nonfinancial success. Nine interviews and an online survey with 310 online C2C sellers offered rich information. The following executive summary provides insights along with managerial and operational suggestions that may enhance your business in the Chinese online C2C market.

Who are Chinese online C2C sellers?

- Relatively Young entrepreneurs: 95% < 40 years old; 52% < 30 years old
- Married: 78%
- Highly educated: 67% have a four-year college degree or above (62% bachelor’s degree, 5% master’s and Ph.D. degrees)
- New to entrepreneurship: 27% with an entrepreneurial education; 22% with entrepreneurial experience
- Work experience: 42% with relevant industry experience
- Popular product categories involved: 67% apparel and accessories, 32% beauty products, 18% electronics
- Employees: 78% hire help
- Multiple sale channels use: 98% use Taobao, 71% use Wechat
- Store performance: 88% profited in 2019
What motivated Chinese online C2C sellers to start their own business?

- Self-fulfilment motivators: flexible lifestyle, social recognition, interest in a relevant industry
- Situational motivators: take advantage of online shopping trends, low-cost entry
- Survival motivators: unemployment, financial pressure, dissatisfaction with previous job, previous business failure

What are perceived success measures for Chinese online C2C sellers?

- Financial success: good profit and income, large sales volume, high investment returns
- Nonfinancial success: satisfied customers, good word-of-mouth and reputation, social recognition
What are the motivations to start a business?

What does success mean to them?

What characteristics of Chinese online C2C sellers are associated with success?

- “Ambitious and prepared” entrepreneurs who have a sufficient variety of resources; aim to gain social recognition and influence; and work hard on business expansion, marketing, and branding

- “Skilled and experienced” entrepreneurs who enjoy the flexible lifestyle of being one’s own boss and rely on valuable entrepreneurial and business management experiences to satisfy customers and minimize risks

- Entrepreneurs “forced” into the market because of unemployment or previous business failure, possess restricted resources, and spend little time on their business; they are less likely to be successful than those who were not “forced” to enter the industry
What factors affect Chinese online C2C sellers’ perceived success?

- Resources: social capital (e.g., guanxi network) has the largest impact on perceived success; specifically, family members’ personal and emotional support, unique and favorable sourcing channels, discounted prices from vendors with whom they have good guanxi, loyal customer base, and a stable supply of trendy and high-quality products derived from close relationships with vendors are the major components. Other resources such as human capital (e.g., education and experience), financial capital, physical capital (e.g., warehouse), and organizational capital (e.g., professional employees) contribute to success as well.

- Business operation strategies: Along with providing good quality products and services: (1) build trustworthiness of both the store and the store owner (i.e., prioritizing reputation building to quickly accumulate high store rating scores), (2) brand and market your store (i.e., prioritizing expansion to reach a broad range of potential customers), and (3) increase customer value (i.e., prioritizing loyal customer to cultivate a strong and stable customer base).
Managerial and operational suggestions for you as online C2C sellers

- Improve your skills and understanding of the online market: gain an entrepreneurial education (college courses, workshops, Taobao University) and entrepreneurial experience

- Utilize various means to enhance your social capital: befriend your vendors and provide incentives to foster long-term relationships with them; apply useful product and industry information, personalized one-on-one customer service; build an active and engaging customer community to nurture a loyal customer base; engage the seller community to enjoy information exchanges and reciprocity exchanges such as hyperlinking each other’s storefronts for customer channeling

- Build trustworthiness through reputation management: sell a large quantity of inexpensive products or use discounts and promotions to boost your reputation in the early stage of store operation; join in Taobao’s buyer protection program such
as “guaranteed free return within 7 days” to alleviate buyer’s perceived risks; utilize social media such as Microblog and Wechat to confirm your trustworthiness with fan/follower endorsements.

- Engage in branding and marketing activities to expand the market and seek business opportunities: utilize “Fastlane” and advertisements to increase store exposure on Taobao and in search results; brand the store owner via social media to become an “Internet celebrity” to attract fans/followers and increase store traffic; mix social media content with marketing content (should be less than 30% of all social media content) and lifestyle, market trends, industry information, and other interesting content to attract and retain customers; try emerging technologies for marketing activities such as short videos and live streaming (e.g., TikTok).

- Manage the customer base and gain loyal customers via various tools and techniques such as using an instant messaging tool (e.g., Wechat) with rich communication and personalized one-on-one service; manage a larger number of customers by building an active customer community such as a microblog fan group, Wechat, and the QQ group.
本研究利用深入访谈和在线问卷调查来探索像您这样的中国网络创业者所认为的财务成功和非财务成功，以及对成功具有影响的因素。九次访谈和对310位网络C2C卖家的在线问卷调查提供了丰富的信息。以下执行摘要提供了独特见解以及管理和运营建议，可能会提高您在中国网络C2C市场中的业务表现。

谁是中国网络C2C卖家？

- 相对年轻的创业者: 95% < 40 岁; 52% < 30 岁
- 已婚人士: 占 78%
- 受过高等教育: 67% 拥有大学或以上学历 (62% 拥有学士学位, 5% 拥有硕士及博士学位)
- 创业新手: 仅 27% 受过创业教育; 仅 22% 有创业经验
- 工作经验: 42% 具有相关行业工作经验
- 热门产品类别: 67% 服装和配饰, 32% 美妆产品, 18% 电子产品
- 员工: 78% 雇佣帮手
- 使用多种销售渠道: 98% 使用淘宝, 71% 使用微信
- 店铺表现: 88% 在 2019 年盈利
中国网络 C2C 卖家创业的动机是什么？

- 自我实现动机：灵活的生活方式，社会认可，对相关行业的兴趣
- 特定情形动机：利用网络购物的趋势潮流，低成本门槛
- 生存需要动机：失业，财务压力，对以前的工作不满意，先前的生意失败

成功对中国网络 C2C 卖家意味着什么？

- 财务成功：良好的利润和收入，销量大，高投资回报
- 非财务成功：满意的顾客，良好的口碑和声誉，社会认可

创业的动机是什么?

- 自我实现
- 特定情形
- 生存需要

成功对他们来说意味着什么?

- 财务成功
- 非财务成功

中国网络 C2C 卖家的哪些特质与成功相关？

- “有抱负和有准备”的创业者拥有足够多样化的资源，旨在获得社会认可和社会影响，并致力于扩展业务，市场营销和品牌建设
- “熟练且经验丰富”的创业者享受当自己老板的灵活生活方式，并依靠宝贵的创业和工商管理经验来满足顾客，降低风险
• 由于失业或先前生意失败“被迫”进入网络市场的创业者，拥有有限资源并且很少花时间在生意运营上；他们成功的可能性比那些没有“被迫”进入这个行业的人要小。

什么因素影响中国网络C2C卖家感知到的成功？

• 资源: 社会资本（例如：关系网）对感知到的成功影响最大；具体来说，家庭成员的个人和感情支持，忠实的顾客群，独特且有利的进货渠道，关系好的供应商提供的折扣，以及从与供应商的密切关系衍生出来的高质量且时尚的产品的稳定供应，是社会资本的主要构成成分。其他资源，比如人力资本（例如：教育和经验），财务资本，实物资本（例如：仓库），和组织资本（例如：专业员工）也有助于成功。

• 生意运营策略: 提供优质的产品和服务: (1) 建立店铺和店主的可信赖度（例如：优先信誉建立策略来快速累积较高的商店评价分数），(2) 建立店铺品牌和市场营销（例如：优先扩张策略来吸引广泛的潜在顾客），以及 (3) 增加客户价值（例如：优先忠实顾客策略来培养强大稳定的客户群）。

给像您一样的网络C2C卖家的管理和运营建议

• 提高您的技能和对网络市场的了解: 取得创业教育（大学课程，训练营，淘宝大学等）和积累创业经历。
利用多种方式增强您的社会资本: 与您的供应商成为朋友，并利用财务激励手段建立长期合作关系；利用有用的产品和行业信息提供个性化的一对一客户服务；建立活跃且富有参与性的顾客社群来培养忠实的客户群；在卖家社群互动，进行信息交流以及互惠互利，例如超链接彼此的店铺来沟通渠道，引流顾客。

通过信誉管理来建立可信赖度: 在店铺运营的初级阶段，通过出售大量廉价商品或者打折和促销来提高您的声誉；加入淘宝的买家保护计划，例如“7天无理由退换货”来减轻买家的顾虑；利用微博和微信等社交媒体，通过关注者/粉丝认可来确认您的可信度。

开展品牌建设和营销活动来扩大市场并寻找商机: 利用“直通车”和广告来增加店铺在淘宝上和搜索结果中的曝光率；通过社交媒体对店主进行品牌包装，使其成为“网红”，以便吸引粉丝/关注者并增加店铺流量；将社交媒体内容和营销内容，生活方式，市场趋势，行业信息以及其他有趣的内容相结合来吸引和留住客户（营销内容应少于30%）；尝试将新兴技术用于营销活动，比如短视频和直播（例如：抖音）。

通过各种工具和技术来管理顾客群并赢得忠实的顾客，例如使用具有丰富沟通内容和个性化一对一服务的即时通讯工具（例如：微信）；通过建立活跃的顾客社群，比如微博粉丝群，微信群，和 QQ 群来管理大量顾客。
APPENDIX E. IRB APPROVAL FOR RESEARCH INVOLVING HUMAN SUBJECTS

IOWA STATE UNIVERSITY
OF SCIENCE AND TECHNOLOGY

Institutional Review Board
Office for Responsible Research
Vice President for Research
2420 Lincoln Way, Suite 202
Ames, Iowa 50014
515 294-4565

Date: 10/17/2017
To: Rui Li
31 MacKay Hall

CC: Dr. Te-Lin Chung
31 MacKay Hall
Dr. Ann Marie Fiore
1082 LeBaron

From: Office for Responsible Research

Title: Factors leading to success for entrepreneurs in the Chinese online C2C market

IRB ID: 17-483

Study Review Date: 10/17/2017

The project referenced above has been declared exempt from the requirements of the human subject protections regulations as described in 45 CFR 46.101(b) because it meets the following federal requirements for exemption:

- (2) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey or interview procedures with adults or observation of public behavior where
  - Information obtained is recorded in such a manner that human subjects cannot be identified directly or through identifiers linked to the subjects; or
  - Any disclosure of the human subjects' responses outside the research could not reasonably place the subject at risk of criminal or civil liability or be damaging to their financial standing, employability, or reputation.

The determination of exemption means that:

- You do not need to submit an application for annual continuing review.

- You must carry out the research as described in the IRB application. Review by IRB staff is required prior to implementing modifications that may change the exempt status of the research. In general, review is required for any modifications to the research procedures (e.g., method of data collection, nature or scope of information to be collected, changes in confidentiality measures, etc.), modifications that result in the inclusion of participants from vulnerable populations, and/or any change that may increase the risk or discomfort to participants. Changes to key personnel must also be approved. The purpose of review is to determine if the project still meets the federal criteria for exemption.

Non-exempt research is subject to many regulatory requirements that must be addressed prior to implementation of the study. Conducting non-exempt research without IRB review and approval may constitute non-compliance with federal regulations and/or academic misconduct according to ISU policy.

Detailed information about requirements for submission of modifications can be found on the Exempt Study Modification Form. A Personnel Change Form may be submitted when the only modification involves changes in study staff. If it is determined that exemption is no longer warranted, then an Application for Approval of Research Involving Humans Form will need to be submitted and approved before proceeding with data collection.

Please note that you must submit all research involving human participants for review. Only the IRB or designees may make the determination of exemption, even if you conduct a study in the future that is exactly like this study.

Please be aware that approval from other entities may also be needed. For example, access to data from private records (e.g., student, medical, or employment records, etc.) that are protected by FERPA, HIPAA, or other confidentiality policies requires permission from the holders of those records. Similarly, for research conducted in institutions other than ISU (e.g., schools, other colleges or universities, medical facilities, companies, etc.), investigators must obtain permission from the institution(s) as required by their policies. An IRB determination of exemption in no way implies or guarantees that permission from these other entities will be granted.
The project referenced above has been declared exempt from most requirements of the human subject protections regulations as described in 45 CFR 46.104 or 21 CFR 56.104 because it meets the following federal requirements for exemption:

2018 - 2 (ii): Research that only includes interactions involving educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures, or observation of public behavior (including visual or auditory recording) when any disclosure of the human subjects’ responses outside the research would not reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects’ financial standing, employability, educational advancement, or reputation.

The determination of exemption means that:

- You do not need to submit an application for continuing review. Instead, you will receive a request for a brief status update every three years. The status update is intended to verify that the study is still ongoing.

- You must carry out the research as described in the IRB application. Review by IRB staff is required prior to implementing modifications that may change the exempt status of the research. In general, review is required for any modifications to the research procedures (e.g., method of data collection, nature or scope of information to be collected, nature or duration of behavioral interventions, use of deception, etc.), any change in privacy or confidentiality protections, modifications that result in the inclusion of participants from vulnerable populations, removing plans for informing participants about the study, any change that may increase the risk or discomfort to participants, and/or any change such that the revised procedures do not fall into one or more of the regulatory exemption categories. The purpose of review is to determine if the project still meets the federal criteria for exemption.

- All changes to key personnel must receive prior approval.

- Promptly inform the IRB of any addition of or change in federal funding for this study. Approval of the protocol referenced above applies only to funding sources that are specifically identified in the corresponding IRB application.

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Detailed information about requirements for submitting modifications for exempt research can be found on our website. For modifications that require prior approval, an amendment to the most recent IRB application must be submitted in IRBManager. A determination of exemption or approval from the IRB must be granted before implementing the proposed changes.

Non-exempt research is subject to many regulatory requirements that must be addressed prior to implementation of the study. Conducting non-exempt research without IRB review and approval may constitute non-compliance with federal regulations and/or academic misconduct according to ISU policy.

Additionally:

- All research involving human participants must be submitted for IRB review. Only the IRB or its designees may make the determination of exemption, even if you conduct a study in the future that is exactly like this study.

- Please inform the IRB if the Principal Investigator and/or Supervising Investigator end their role or involvement with the project with sufficient time to allow an alternate PI/Supervising Investigator to assume oversight responsibility. Projects must have an eligible PI to remain open.

- Immediately inform the IRB of (1) all serious and/or unexpected adverse experiences involving risks to subjects or others; and (2) any other unanticipated problems involving risks to subjects or others.

- Approval from other entities may also be needed. For example, access to data from private records (e.g., student, medical, or employment records, etc.) that are protected by FERPA, HIPAA or other confidentiality policies requires permission from the holders of those records. Similarly, for research conducted in institutions other than ISU (e.g., schools, other colleges or universities, medical facilities, companies, etc.), investigators must obtain permission from the institution(s) as required by their policies. An IRB determination of exemption in no way implies or guarantees that permission from these other entities will be granted.

- Your research study may be subject to post-approval monitoring by Iowa State University’s Office for Responsible Research. In some cases, it may also be subject to formal audit or inspection by federal agencies and study sponsors.

- Upon completion of the project, transfer of IRB oversight to another IRB, or departure of the PI and/or Supervising Investigator, please initiate a Project Closure in IRBManager to officially close the project. For information on instances when a study may be closed, please refer to the IRB Study Closure Policy.

Please don’t hesitate to contact us if you have questions or concerns at 515-294-4566 or irb@iastate.edu.