Contextual Determinants of E-Entrepreneurship: Opportunities and Challenges

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ABSTRACT

The value of e-entrepreneurship lies in its effort to contextualize entrepreneurship in this digital economy age. As a result, this article develops a conceptual framework addressing context factors leading to discovering and exploiting e-entrepreneurial opportunities, as well as the opportunities and challenges these context factors would bring. With the information collected from a case study on a Chinese digital start-up, the authors develop a conceptual framework comprising six factors: information and communication technology (ICT) infrastructure, ICT innovativeness, inadequacy of institutions, institutional responding rate, e-entrepreneurial climate and social expectation congruence. This article explores the opportunities and challenges for each of the six factors and develops six propositions. Finally, it outlines a future research agenda to fill the gap in understanding e-entrepreneurship.

KEYWORDS

Context, E-Entrepreneurship, ICT, Opportunities and Challenges

INTRODUCTION

As the internet matured, a multitude of new companies “born in the internet” were developed. In the past ten years, the explosion of wireless data networks and the presence of smart phones have accelerated the number of new companies that have emerged on the Internet to sell digital products/services (Barnes, Hinton, & Mieczkowska, 2004; Taylor & Murphy, 2004). Ever since the launch of Uber, Snapchat, and AirBnB and the earlier success of Google, Amazon, and Facebook, this new breed of company has manifested unprecedented potential for creating wealth. A Boston report in 2012 predicted that digital economies of the leading 20 economies in the world are expected to reach 4.2 trillion US dollars in 2016. Two years later, the digital economies have contributed to 20% of global economies. This new breed of companies is using digital technology, entrepreneurship and innovation to upend industries on a global scale. Consequently, e-entrepreneurship emerges and grows to be a new discipline, with studies soon accumulate.

E-entrepreneurship refers to the field involving studies on digital start-ups about the source of opportunities, the process of discovery, evaluation and exploitation of opportunities, and the set of individuals who discover, evaluate, and exploit them. In a sense, the growth of e-entrepreneurship as a field of study is to complement current entrepreneurship research, because entrepreneurship research does not have a consolidated way to study the impact of digitization (Sussan & Acs, 2017). In other words, the value of e-entrepreneurship lies in its effort to contextualize entrepreneurship in
this digital economy age. As a result, this paper endeavors to understand how e-entrepreneurship will be changed as a result of digitization and other related contextual factors.

Despite the efforts of prior studies, there are still problems under researched. First, prior studies on the impact of context on e-entrepreneurship are not systematic, but fragments scattered in researches on growth process of digital companies, resources they obtain, and actions of e-entrepreneurs (Foster & Lin, 2003; Sebora, Lee, & Sukasame, 2009). Second, most researches concentrate on the positive impact of digitization on digital start-ups’ opportunity exploring and exploiting (Kollmann, 2006; Gundry & Kickul, 2006; Effaha, 2013), but neglect the fact that context will restrain its development, too. Third, examples of successful digital companies in developed economies such as United States, Europe and Israel were repeatedly examined (Su, Zhai, & Landstrom, 2015). On the other hand, studies on digital start-ups in emerging economies are selectively ignored (Quiones, Nicholson, & Heeks, 2015).

In light of this discussion, this paper intends to fit in the gap of contextual determinants on e-entrepreneurship in emerging economies. Using case study, the researchers investigated an emerging digital start-up in China. With information collected, the authors are able to develop a conceptual framework addressing the context factors contributing to discovering and exploiting of e-entrepreneurial opportunities in this digital economy age, as well as their promoting and restricting impact. In this framework, the authors introduce six digitization related contextual determinants: ICT infrastructure, ICT innovativeness, inadequacy of institutions, institutional responding rate, e-entrepreneurial climate and social expectation congruence. By putting forward this conceptual framework and six propositions, the authors believe this paper contributes not only to studies on contextual determinants of e-entrepreneurship, but to researches on e-entrepreneurship in emerging economies.

In the next section, a brief literature review of prior researches on e-entrepreneurship will be provided. The authors then present methodology, along with six findings discovered in the case study. Finally, a discussion of theoretical and practical implications and directions for future research will be presented.

LITERATURE REVIEW

Matlay (2004) was one of the first authors to use the term e-entrepreneurship specifically in reference to SMEs created to trade exclusively in the digital economy. Other terms, such as internet entrepreneurship (Batjargal, 2005), digital entrepreneurship (Hull, Hung, Hair, & Perotti, 2007), and e-business entrepreneurship (Omouah, Al-Qirem, & Hawatmah, 2017) have been used with a similar meaning. However, it seems that e-entrepreneurship has been more widely used in recent literature.

As a new discipline, e-entrepreneurship endeavors to develop its conceptual clarity. Based on explorations of other researchers, the authors intend to take an integrated perspective and understand the concept of e-entrepreneurship from two clues, “e” and “entrepreneurship”. First, “e” has been used to describe the creation of new e-businesses (Kollmann, 2006; Quiones et al., 2015). In the very beginning, “e” refers to digital start-ups that sell products or services exclusively online. To date, researchers agree that “e” is used to describe not only digital start-ups but newly-established digital businesses of SMEs. In the meantime, e-businesses producing physical or virtual products that are traded both offline and online are also included, because offline activities are also important complement to their online businesses (Quiones et al., 2015). In this paper, the digital start-ups (DS) refer to the new companies doing both online and offline businesses.

Second, e-entrepreneurship is a new topic in the research field of entrepreneurship (Hull et al., 2007). Shane and Venkataraman (2000) define the field of entrepreneurship as the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited. Consequently, entrepreneurship concerned with three sets of research questions: (1) why, when, and how opportunities for the creation of goods and services
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