

Preface

The growth of high technology economies, industries and firms is often sustained by a combination of social and economic values. This book explores the entrepreneurial culture of successful Chinese and Irish software firms, which incorporate the materialism prevalent in contemporary China and Ireland as well as the inherited values of network and achievement. Specifically, it will concentrate on the advantages associated with the diverse Chinese and Irish networks (as derived from the two nations' respective core cultural values of vertical collectivism and vertical individualism) in relation to the strategies utilized by successful software firms during different growth stages. It will, therefore, illustrate the subtle but powerful influence of national culture on the variation of entrepreneurship across nations with contrasting cultural heritages.

Networks have been a prominent theme in the recent debate and literature on entrepreneurship. On one level, the network approach relates to the personal networks of entrepreneurs or to the dyadic relationship between an entrepreneur and an economic actor arising from recurrent social interactions as well as information exchange. On another level, the network approach revolves around the operational context of firms and subsequently their internal and external relationships. This study concentrates primarily on the personal networks of software entrepreneurs, but also briefly covers the institutional framework that facilitates inter-firm relationships within software clusters located in cities such as Beijing and Dublin. The central theme recurring throughout this book is that despite the differences in basic assumptions, and critical structural and relational dimensions, Chinese social networks and Irish personal networks have generated successful software firms through the building of effective teams, securing initial finance, accessing new market and elaborating firm structure during the early stage of firm growth. Furthermore, they provide fundamental values in firm culture and play important roles in shaping and maintaining the culture as the size of the firm increases.

Since Weber's provocative work ethic proposition, the dominant view of entrepreneurship has been from an individualistic cultural perspective. Extrapolating from neoclassical economic theory, self-interested

individuals will maintain their networks purely on the basis of pragmatism. In other words, network participants will be recruited according to their perceived pecuniary contributions and the network will be transient as participants will eventually depart in their pursuit of further opportunities. However, researchers have, since the 1980s, increasingly realized that the universal model of entrepreneurship is untenable. Entrepreneurial firms from culturally diverse nations are, in fact, embedded in rather different business contexts and therefore cannot be fully comprehended without referring to the contextual background in which they operate. The comparison of entrepreneurial networks in Chinese and Irish software firms in this book is therefore purposeful; it not only provides a rich source of information concerning the ways in which networks operate for entrepreneurs who are prone to utilize them to exploit market opportunities and fend off competitive threats, it also provides a single industry context and a similar time-frame that will allow for insightful comparisons regarding the influence of prime cultural values on Chinese and Irish software entrepreneurs' networks. Granovetter (1992) noted that all action (including economic action) was embedded in a social fabric of opportunities to interact. I will present a cultural theory that takes this view a step forward and illustrates how national culture is the foundation that underlies the interpersonal relationships of Chinese and Irish entrepreneurs, and which subsequently leads to diverse strategies in successful Chinese and Irish software firms.

This book contains seven chapters. The first chapter discusses the background of entrepreneurial networks in the software industry and also provides the theoretical grounding of this study on the literature concerning entrepreneurship and business culture. It puts forward a definition of entrepreneurial culture as a business culture whereby a substantial number of economic actors within a nation are inclined to participate in entrepreneurial decision-making, by establishing innovative firms to tackle problems within new or existing segments of the software industry, for the purpose of private reward. Chapter 2 reviews the growth of the Irish and Chinese software industry and compares the institutional environment contributing to knowledge spillover and the emergence of software clusters in global cities. Most importantly, it highlights the quintessential values of achievement and materialism in cities that facilitate the growth of software firms. A critical analysis of the industry environment is made across China, Ireland and the USA so as to obtain a clear assessment of China and Ireland's strengths and weaknesses. Chapter 3 discusses the major theoretical frameworks in relation to entrepreneurial culture and presents an innovative new tripartite approach to the model of software entrepreneurial culture, which incorporates

networks, achievement and materialism. In particular, the notion of entrepreneurial networks is delineated within the context of the existing theoretical and empirical literature. This framework is then applied to an analysis of the significance of Chinese and Irish networks in a cultural context, including the influence of Confucianism and Christianity. Chapter 4 introduces a cultural capital theory that argues for the importance of prime cultural values in Chinese social networks and Irish personal networks; propositions are put forward concerning the impact of Chinese social networks and Irish personal networks on successful software firms' early approach to firm growth as well as their subsequent approach to the cultivation of firm culture. These propositions are developed from economic and organizational studies theories and embody concepts including social capital, resource-based competition, information spillover and national culture. Chapters 5 and 6 are more empirical; they examine the propositions for, respectively, the context of the successful Chinese and Irish software firms founded by intellectual entrepreneurs with limited private resources. The Chinese social network has led to a relationship-based approach to team building, finance, marketing and recruitment during the early stage of firms whereas the Irish personal network is linked to a pragmatic and rational approach in these strategic areas. Moreover, it has been shown that founders of successful entrepreneurial Chinese and Irish software firms have extended the network approach to the culture of the firm through paternalism and inspirationalism. Chapter 7 summarizes the findings and argues that national policies on wealth creation should be in alignment with entrepreneurial culture, which is in turn nurtured by nations' distinctive prime cultural values.

The empirical analysis of this book is primarily based on the entrepreneurial networks of 15 successful Chinese and Irish software firms, namely, the Chinese firms Huawei, Neusoft, WebEx, Netease, Shanda Ufida, Kingdee and Kingsoft as well as the Irish firms Iona, Trintech, Norkom, Qumas, Fineos, Calyx and Curam. These firms were all managed by their lead founders as of January 2005. The material in this book is based on directly and indirectly collected longitudinal data: the indirectly collected data includes biography and content analysis of firm and industry materials between the 1980s and the early 2000s. In addition, unstructured face-to-face interviews with 27 lead founders or senior managers conducted between 2003 and 2005 formed the source of the direct data. The interviews were usually 60 minutes long; the shortest one was about 30 minutes while the longest one was about 150 minutes. Five additional interviews were conducted with industry organizations and industry participants in China, Ireland and the USA in order to obtain a complete picture of development in the industry. Overall, these

interviews were invaluable to this book, and I sincerely appreciate the time provided by the interviewees who took part in the interviews despite their extremely busy schedules.

Although the bulk of this book was written over the past two years, my interest in the software industry began when I was working on a PhD thesis concerning backward integration in US and Asia Pacific microcomputer firms. I am deeply grateful to the British Academy for financing the project in relation to this book through its research grant scheme. In addition, I am indebted to Daniel O'Brien who inspired me to consider the potential research opportunity to compare the contrasting cultures of Ireland and China as well as Mark Casson's encouragement to embark on the writing of this book in 2003. Finally, I would like to thank Klaus Meyer for his timely comments on aspects of the draft.

