

# Department of Public and Social Administration

## Postgraduate Work Display

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### Property Rights Reform and the Change of TVE Entrepreneurs' Social Networks – A Study of Wuxi City, Jiangsu Province, China

This research addresses the issue of the property rights reform in township and village enterprises (TVEs) in Jiangsu province, China, and how this process impacts upon the change of social networks of enterprise managers. The social networks mobilized by the TVE sector have been seen as a key variable of their success, and those networks with local officials were especially significant. Since the early 1990s, however, the Chinese central government has intensified economic reforms, in which property rights reform at the enterprise level were implemented. Undoubtedly, these strategies reshaped the networks between enterprises and local governments. This research primarily attempts to answer, to what extent do enterprises' networks with local officials still matter? What roles hitherto played by local officials have now been eroded by the emerging market? What kind of new networks are developing in the market environment? By answering these questions, this study seeks to clarify the structure of entrepreneurs' social networks and the direction of their changing patterns in the context of property rights reform in the 1990s.

Property rights are a series of rights, including the rights of control over assets, of the transfer and sale of enterprises, and of claim to income from enterprise assets. Property rights reform is the process of empowering entrepreneurs with ownership and managerial autonomy from state control. Although it is hard to say that property rights reform would be thoroughly concluded with the end of officials' control over enterprises, no one doubts that the powers of on decision-making, asset disposal, and investment are gradually shifting from local officials to entrepreneurs. We may describe this shifting of loci of powers as a change of social networks. In order to clarify the change of entrepreneurs' social networks, three research hypotheses are tendered as follows:



WuxiCityCentralBusinessDistrict

*Research Hypothesis:* H1—Market ethics influences the importance of in-group networks. The stronger market ethics are, the less important in-group networks become. H2— Ownership of enterprises influences entrepreneurs' social networks. The earlier entrepreneurs own the property, the earlier the decline in the importance of official-centered networks. H3— As official-centered networks decline and market-oriented networks rise, property rights reform is therefore central to shifting patterns of entrepreneurs' social networks.

Analysis is conducted at two levels in this research on the study of changing social networks. Analysis at the individual level - enterprise managers - provides empirical grounding for individual behavior. Analysis at the institutional level - property rights reform - examines the changing role of local governments due to property rights reform, and how such changes influence entrepreneurs' social networks. This approach helps to explain not only why the networks are changing, but also points out where the networks are moving toward. The empirical studies are carried out in Sunan area, China, covering the period from the 1990s to the present. Interview and questionnaire methods will be used.