

Shaping contexts through entrepreneurship: a micro-historical analysis of Hongbang entrepreneurs in China (1896-1949)

Shaping contexts through entrepreneurship

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Abstract

Purpose – The purpose of this study is to address a significant gap in the understanding of entrepreneurship at the microfoundation level. It focuses on how individual entrepreneurs, specifically Hongbang entrepreneurs in China from 1896 to 1949, shape and transform their contexts. The aim is to provide a deeper understanding of the mechanisms that facilitate entrepreneurial success.

Design/methodology/approach – The study adopts a microhistorical approach, investigating the case of Hongbang entrepreneurs in China during 1896-1949. It involves an in-depth examination of historical records to explore the strategic interactions between these entrepreneurs and core stakeholders such as consumers, financial intermediaries, government regulators, and human resources. The research methodology emphasizes a process-oriented view, examining the evolution of personalized networks into extensive connections.

Findings – The research reveals that Hongbang entrepreneurs successfully reshaped their unfavorable embedded contexts by strategically collaborating with key stakeholders. They influenced consumer tastes, allied with financial intermediaries, negotiated with governments on regulation policies, and developed human resource stocks. The transformation was facilitated by the evolution of their networks from

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personalized to extensive connections. These findings highlight the localized strategies such as cronyism in resource acquisition within China's private property development industry.

Originality/value – This study contributes to the field by offering insights into entrepreneurial contextualization and networking. It sheds light on the complex interplay between entrepreneurs and their contexts, providing a nuanced understanding of localized strategies in the Chinese context. The findings add value to the discourse on entrepreneurship by elucidating the strategic and processual acts through which entrepreneurs engage with stakeholders and reshape their environments.

Keywords Entrepreneurship, Entrepreneurial contextualization, Entrepreneurial network, Business history

Paper type Research paper

1. Introduction

Entrepreneurial activities are both enabled and hindered by the contexts in which they are embedded. The multifaceted nature of context, which encompasses economic, social, cultural and institutional dimensions, makes the understanding of entrepreneurship a complex endeavor. Recently, scholars have been actively seeking to understand the contextualization of entrepreneurship (Baker and Welter, 2017, 2018, 2020; Rooks *et al.*, 2016; Garud *et al.*, 2014). For instance, Gaddefors and Anderson (2017) emphasized the unit of analysis that shapes what becomes entrepreneurial, creating connections and changes in the flow of circumstances. Chalmers and Shaw (2017) empirically demonstrated how entrepreneurial actors negotiate contextual constraints as such constraints emerge and dissipate over time. Furthermore, Lang *et al.* (2014) concluded that institutional mechanisms are place-bound and that a place-sensitive institutional approach can serve as a fruitful way forward in the development of our contextualized knowledge of entrepreneurial behavior. By focusing on how contexts both facilitate and constrain entrepreneurial actions, this study is aimed at extending the literature.

However, the extant entrepreneurial research has often been oriented toward the macrolevel. For instance, Stoica *et al.* (2020) explored the sustainability practices of firms but did not delve into the role of individual entrepreneurs in shaping these practices. Similarly, Shane and Venkataraman (2001) provided a comprehensive framework for entrepreneurial opportunities while focusing on firm-level factors rather than individual actions. While these studies offer valuable insights into organizational strategies and broader contexts, they leave the dynamic ways in which individual entrepreneurs strategically engage with their environments unexplored. Some research has begun to address this gap. For example, Foo *et al.* (2016) examined the emotional intelligence of entrepreneurs, and Edelman and Yli-Renko (2010) considered the role of social capital in entrepreneurial firms. However, these studies do not fully capture the nuanced strategies that individual entrepreneurs use to navigate complex contexts.

The lack of a holistic and process-oriented understanding of how individual entrepreneurs shape and transform contexts to their advantage represents a significant gap in the literature (Карнаушенко, 2021). Obtaining such a perspective, which would entail a dynamic and historical processual view, could offer a comprehensive understanding of the nuanced processes whereby entrepreneurs emerge, survive, develop and succeed in their ventures under specific contexts (Bernardino *et al.*, 2023).

In response, the present study is aimed at filling this gap by taking a microhistorical approach to investigate the case of Hongbang entrepreneurs in China from 1896 to 1949 (Sheik and Kader, 2022). Specifically, we define them as entrepreneurs originally from Zhejiang Province who went on to primarily operate tailor shops in Shanghai. This definition is informed by the broader context of tailoring in China (Finnane, 2011). This research is crucial because it

illuminates the complex process whereby these entrepreneurs strategically interacted with core stakeholders, including consumers, financial intermediaries, government regulators and human resources, thus transforming their embedded unfavorable contexts for the development and success of their ventures (Hazudin *et al.*, 2021). Our research questions are as follows:

- RQ1.* How do individual entrepreneurs strategically interact with stakeholders to transform their embedded contexts?
- RQ2.* What role do localized strategies such as cronyism play in resource acquisition within specific cultural and historical contexts?

While previous research has indeed explored the historical perspectives on entrepreneurship (Popp and Holt, 2013), our study's uniqueness lies in its specific focus on Hongbang entrepreneurs and their strategic and processual acts. By examining how these entrepreneurs strategically transformed their personalized networks into extensive networks, we provide new insights into entrepreneurial contextualization and extend the literature on entrepreneurial networking. This research addresses an existing void by shedding light on localized strategies, such as cronyism, for resource acquisition in China's private property development industry (Yu *et al.*, 2021).

Our nuanced examination contributes new insights into the entrepreneurship literature, particularly through its exploration of the ways that entrepreneurs adapt or transform their embedded contexts to their advantage. Building on this broader perspective, we offer, as a microlevel illustration, a specific and in-depth exploration of entrepreneurial contextualization through the case of Hongbang entrepreneurs in China. Specifically, by focusing on this unique case, our study reveals the strategic and processual acts whereby entrepreneurs interact with stakeholders to transform unfavorable contexts. We demonstrate how Hongbang entrepreneurs directed consumer tastes, forged alliances with financial intermediations, bargained with governments on regulation policies and trained skilled employees to develop their future human resource stocks (Chin *et al.*, 2016).

In addition, we uncover how these entrepreneurs strategically evolved their personalized networks into extensive networks, thus facilitating strategic actions (Andersson *et al.*, 2018). This aspect of our research not only adds depth to the understanding of entrepreneurial contextualization but also extends the literature on entrepreneurship networking, elucidating the complex interplay between agents and contexts. While previous research has explored the various facets of entrepreneurship, such as internationalization, network formation and strategic flexibility (Chin *et al.*, 2016; Andersson *et al.*, 2018), there remains a void in our understanding of the specific mechanisms and contingencies that enable entrepreneurs to leverage cronyism and other localized strategies for resource acquisition (Yu *et al.*, 2021). Our study fills this gap by shedding light on the influence of cronyism on entrepreneurial resource acquisition and by providing a staged model for cronyism in the context of China's private property development industry.

2. Institutional background and literature review

2.1 Hongbang entrepreneurs: Chinese pioneers in fashion

Hongbang entrepreneurs initiated their garment customization business in 1851, marking a revolutionary shift in Chinese fashion. Before the emergence of Hongbang entrepreneurship, traditional Chinese clothing, such as Changshan Magua, was predominant, and Western suits were virtually unknown. The Hongbang entrepreneurs' integration of Western

advanced suit sewing technology into Chinese tradition enabled high-quality suit customization services in Shanghai from 1896 to 1949. These entrepreneurs opened the first Western suit shop in China in 1896, created the Sun Yat-sen jacket in 1905 and published the first catalog featuring Western suits in 1933. Many modern Chinese suit brands, such as Youngor, are closely related to Hongbang entrepreneurs (Gao, 2016). By 1949, there were 727 Hongbang tailor shops in Shanghai, and 60% of the large-scale garment enterprises were run by Hongbang entrepreneurs (see Figure 1 and Appendix 1).

2.2 Entrepreneurship contexts, stakeholders and entrepreneurial network

Entrepreneurs are embedded in contexts and involved in relations with various stakeholders. Overall, there are three important stakeholders: the providers of financial resources, the providers of revenues and the providers of legacy (Legge and Hindle, 2004). Financial intermediaries, including banks, offer loans to entrepreneurial start-ups, and employees and consumers generate revenues. Governments regulate the operation of the business (Schlange, 2006). The relationship between stakeholders and entrepreneurs is composed of external entrepreneurial networks, which is a reflection of the impact of different stakeholders on entrepreneurial behavior. Entrepreneurial networks have been widely used in entrepreneurship scholarship to investigate these interactions (Belyaeva et al., 2020; Vandekerckhove and Dentchev, 2005; De Carolis et al., 2009).

The evolutionary pattern of entrepreneurial networks has also been previously studied. Birley et al. (1991) argued that entrepreneurs initially rely on informal networks and only later on professionals. Hite and Hesterly (2001) discussed the evolution of networks based on economic costs and benefits. Schutjens and Stam (2003) found that relationships with stakeholders change with the development of new ventures. However, there is scarce literature that explicitly links entrepreneurial networks with context-construction literature, i.e. with how entrepreneurs strategically develop their networks to transform contexts (Dubini and Aldrich, 1991).

A comprehensive examination of entrepreneurial networks and their evolution lays the groundwork for our conceptual framework. This framework posits that entrepreneurs must navigate a complex web of relationships with different stakeholders, including financial intermediaries, consumers and governmental bodies, to effectively enact contextual

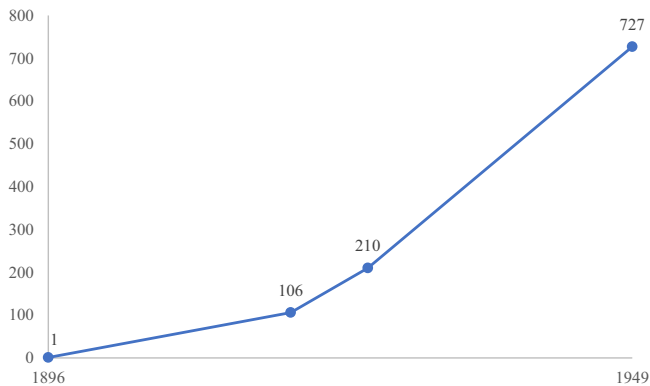


Figure 1.
Number of Hongbang
Garment enterprises
in Shanghai
(1896–1949)

Source: Figure by authors

transformation. By drawing upon [Legge and Hindle's \(2004\)](#) categorization of stakeholders and [Schlange's \(2006\)](#) insights into government regulation, our framework offers a nuanced understanding of the multidimensional relationships that entrepreneurs maintain. The notion that entrepreneurial networks evolve from informal to formal structures ([Birley et al., 1991](#); [Hite and Hesterly, 2001](#); [Schutjens and Stam, 2003](#)) serves as a cornerstone in our conceptual framework. This evolutionary perspective is instrumental in analyzing how Hongbang entrepreneurs transitioned from maintaining their initial, informal networks to maintaining more organized, professional networks as they sought to transform their business contexts.

2.3 Entrepreneurship context, stakeholders and strategic actions

To transform unfavorable contexts, entrepreneurs can take various strategic actions. Literature investigating the microdynamics of context construction has begun to emerge ([Hallen and Eisenhardt, 2012](#); [Pettus, 2001](#); [Zott and Huy, 2007](#)). For example, [Baker and Nelson \(2005\)](#) showed that entrepreneurs can recombine elements to transform a resource-poor context. [Ozcan and Eisenhardt \(2009\)](#) found that entrepreneurs initiate strategic alliance portfolios with stakeholders. The ecosystem literature also provides insights into the strategic actions taken by focal firms to interact with actors from their economic and sociopolitical ecosystem environments ([Gawer and Cusumano, 2014](#); [Holgersson et al., 2018](#); [Hienerth et al., 2014](#); [Planko et al., 2019](#); [Dougherty and Dunne, 2011](#); [Hara et al., 2015](#)).

These theories provide critical tools for dissecting the strategic actions taken by entrepreneurs in their efforts to transform unfavorable contexts. [Hallen and Eisenhardt \(2012\)](#), [Pettus \(2001\)](#) and [Zott and Huy \(2007\)](#) offer valuable insights into the microdynamics of context construction, which are integrated into our framework to better understand how Hongbang entrepreneurs engaged in the strategic recombination of elements to effect contextual transformation. Furthermore, ecosystem theories ([Gawer and Cusumano, 2014](#); [Holgersson et al., 2018](#); [Hienerth et al., 2014](#); [Planko et al., 2019](#); [Dougherty and Dunne, 2011](#); [Hara et al., 2015](#)) enrich our framework by highlighting the strategic interplay between focal firms and their broader economic and sociopolitical ecosystems. This enables us to offer a more comprehensive view of how Hongbang entrepreneurs not only engaged in direct actions but also leveraged ecosystem-level dynamics to enact change.

2.4 Stakeholder management in entrepreneurship

Freeman's seminal work ([Freeman, 1984](#)) posited that a firm's success is intricately tied to effective stakeholder management, emphasizing the importance of mutual relationships between a firm and its key stakeholders. [Mitchell et al. \(1997\)](#) extended this insight by introducing the concept of stakeholder salience, advocating that stakeholders possess varying degrees of power, legitimacy and urgency. [Rowley \(1997\)](#) focused on how firms can gain a competitive advantage through network structures and stakeholder hierarchies. More recent works have added nuance to these foundational theories. [Pollack et al. \(2017\)](#) found that trust plays a pivotal role in establishing effective stakeholder relationships, particularly during the venture initiation stage. [Lähdesmäki et al. \(2019\)](#) argued that stakeholder salience is influenced by local embeddedness and social proximity, particularly for small businesses.

The above findings are pertinent to the formation of our theoretical framework, as they offer robust tools for analyzing the complex stakeholder relationships navigated by Hongbang entrepreneurs. The notions of stakeholder salience and network structure offer avenues for exploring the ways that these entrepreneurs prioritized and managed their relationships with consumers, financial intermediaries, government regulators and human resources, thus further contributing to our understanding of contextual transformation.

2.5 Resource acquisition strategies

Yeung and Tung (1996) provided early insights into how Chinese entrepreneurs relied heavily on informal networks, such as “guanxi,” for resource acquisition during the initial stages of a venture. Zimmerman and Zeitz (2002) similarly discussed the importance of “cronyism” in the early stages but also indicated that these strategies tend to evolve into more formal approaches as businesses mature. Burns *et al.* (2016) emphasized that entrepreneurs often need to control resources that are in the hands of stakeholders to effectively exploit opportunities. Xue *et al.* (2020) found that both formal and informal stakeholder relationships exert a significant impact on the performance of megaprojects in China.

These findings are integrated into our theoretical framework by informing our understanding of the various resource acquisition strategies deployed by Hongbang entrepreneurs. From using informal networks in the early stages to evolving into more formalized channels, these theories offer a comprehensive lens through which the strategic actions taken by Hongbang entrepreneurs for resource acquisition can be viewed.

2.6 Theoretical assumptions: entrepreneurial network development and strategy implementation

Building upon the insights gleaned from the preceding literature review sections (Sections 2.1 through 2.5), a more nuanced conceptual framework that postulates how entrepreneurs strategically evolve their networks for effective stakeholder management and contextual transformation is posited in this study. Figure 2 illustrates the dynamic model used to encapsulate the multistage evolution of entrepreneurial networks within the framework of contextual transformation.

The model presented in Figure 2 is used to conceptualize the evolution of entrepreneurial networks within the sphere of contextual transformation across two major stages:

Personalized networks (initial stage): During the nascent phase of entrepreneurial ventures, entrepreneurs primarily rely on personalized networks, which often comprise friends, family and community members. These stakeholders often serve in multiple roles, providing financial resources, serving as early customers or even acting as informal advisors. At this stage, the overlap between acquaintances and stakeholders is substantial. For instance, entrepreneurs might recruit employees from within their social circles to leverage existing trust and social capital.

Extensive networks (mature stage): As the venture matures, the need for a more structured, extensive network becomes imperative. Entrepreneurs in this stage often establish formal organizations or alliances to broaden their stakeholder engagement. These formalized networks facilitate a collective approach to stakeholder management and enable the transformation of broader contextual variables. Unlike personalized networks, these extensive networks are often collective in nature, transcending individual relationships to encompass organizational or industry-wide affiliations.

This dynamic model also underscores the reciprocal relationship between network evolution and strategic actions in contextual transformation. For instance, to effectively negotiate with governmental bodies regarding regulatory policies, entrepreneurs may find it beneficial to establish or join industry-specific organizations to aggregate their bargaining power. Similarly, to influence consumer preferences on a larger scale, entrepreneurs can extend their networks by forming customer clubs or associations that serve as platforms for direct consumer engagement.

By integrating the theories discussed in Sections 2.2–2.5, this refined conceptual framework provides a more comprehensive and theoretically robust foundation. It not only

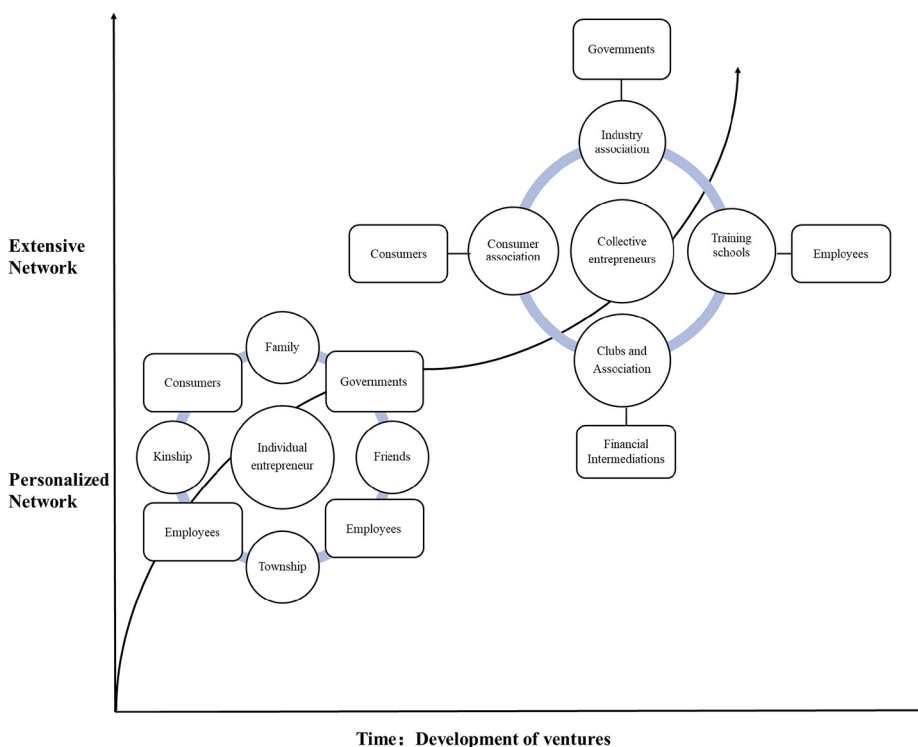


Figure 2. Evolution pattern of social networks in entrepreneurial contextualization

Source: Figure by authors

describes the mechanisms through which entrepreneurs strategically evolve their networks but also elucidates how such network evolution can be strategically leveraged for effective stakeholder management and contextual transformation. This approach offers a holistic lens through which the entrepreneurial actions of Hongbang entrepreneurs can be interpreted, understood and further studied.

3. Method

3.1 Hongbang entrepreneurs as a microhistorical case study

This research adopts a microhistorical approach, which is a methodology with roots in the 1970s in Europe and America, to understand the nuanced temporal process by which entrepreneurs shape and transform contexts. Unlike conventional historical research focused on macro trends, the microhistorical approach places specific people or groups at the core of the investigation, viewing them as active entities engaged in complex relationships (Ginzburg *et al.*, 1993). This perspective aligns with the works of scholars such as Joseph Alois Schumpeter and Alfred D. Chandler Jr., who have previously applied historical perspectives to entrepreneurship studies. The microhistorical method is particularly advantageous for investigating long-term processual acts and has been used in various studies to provide rich and detailed data on individual behavior (Wadhvani *et al.*, 2020; Popp and Holt, 2013). The aim of this approach is to sharpen our current understanding by applying the lens of history, as noted by Lawrence (1984).

The microhistorical approach involves a detailed examination of specific events, individuals or groups within a confined temporal and spatial context. By applying a narrow scope, this approach is aimed at uncovering the underlying mechanisms, relationships and complexities that may not be apparent in broader historical analyses (Frayne and Pendleton, 2001; Buckley, 2016). The microhistorical approach thus enables a nuanced understanding of how Hongbang entrepreneurs navigated their sociopolitical and economic environments during the specified historical period (Lawrence, 1984; Irwin, 2000).

In terms of the research paradigm, the microhistorical approach aligns well with the interpretivist paradigm, emphasizing the understanding of social phenomena through the context in which they occur (Golder, 2000; Barnes *et al.*, 2018). The interpretivist paradigm allows us to delve deeply into the lived experiences and strategic actions of Hongbang entrepreneurs, thereby offering rich, contextual insights into their engagement with stakeholders and their reshaping of their environments (Koller, 2010; Fisher and Dybicz, 1999).

3.2 Data sources

The data used in this study come from two main sources: original relevant historical archives collected from the Shanghai, Suzhou and Ningbo Archives and descriptive historical records, including autobiographies of Hongbang entrepreneurs and oral histories related by modern scholars. The specific types of documents and materials included are detailed in Table 1 as follows:

3.3 Data analysis

Chronological organization: The initial step involved the meticulous collection and organization of all pertinent historical archival materials concerning Hongbang entrepreneurs’ activities spanning the period of 1896–1949. This task was carried out solely by the first author, whose deep understanding of the chronological context allowed for a coherent and systematic organization of the materials. By arranging the data set chronologically, the first author was able to provide a temporally coherent view of the Hongbang entrepreneurs’ evolution and activities. This chronological ordering facilitated an in-depth examination of the sequence of events and the emergence of patterns over time,

Type of data	Contents	Sources
Second-hand historical archives	Historical records, files, instruments and conference minutes of the Shanghai Suit Industry Association Newspapers and magazines from 1850 to 1951 Local Chronicles in Shanghai, Ningbo, Suzhou, Tianjin and Beijing.	Shanghai Archive Collection; Suzhou Archives Collection; Ningbo Archives Collection China Modern Newspapers and Periodicals Database Public publications
Second-hand historical records	Autobiographies Public Speeches and Meeting Minutes Oral historical data collected by modern scholars	Public publication Public publication Data sets of oral history in China; public publications

Table 1.
The contents and sources of data

Source: Table by authors

grounding the study in a historical context (Carley, 1993). The focus of a single author at this stage ensured the consistency and fidelity of the historical accuracy of the data.

Selection and contextualization: This phase was essential for narrowing the focus of the study to those events that were directly related to the strategic actions taken by Hongbang entrepreneurs. The first and second authors undertook this phase independently and then collaborated to cross-check their conclusions and arrive at a consensus. This approach led to both depth and breadth in analysis, as each author's unique perspective contributed to a richer contextual backdrop for understanding the actions and decisions of the entrepreneurs. Such a collaborative effort necessitated a careful comparison of empirical evidence gleaned from firsthand historical materials with corroborative evidence taken from secondary sources, thus ensuring the validity and relevance of the selected events.

Summarization of strategies: In this collaborative stage, all four authors engaged in a detailed analysis of the activities and summarized the various strategies used by Hongbang entrepreneurs in shaping contexts with different stakeholders, including consumers, financial intermediation, government regulators and human resources. The collaborative nature of this step ensured a diverse and comprehensive understanding of the strategies, with each author contributing unique insights to the analysis and the verification of the findings. This collective approach enabled a more nuanced and robust interpretation of the strategies which leverages the complementary expertise of each author.

Temporal perspective and network development: In the final step of the analysis process, a temporal perspective was adopted to trace the evolution of the strategic actions over time and conducted by all four authors in collaboration. Connecting these actions to the process that Hongbang entrepreneurs strategically developed in their networks, the team illuminated how the entrepreneurs' networks evolved and adapted in response to changing circumstances. The collaborative approach taken in this step provided a dynamic view of the entrepreneurs' strategic network development, uncovering the underlying enabled for a multifaceted analysis that benefited from the collective intelligence and insights of each of the authors.

The specific workload allocation of the authors can be seen in [Appendix 2](#).

3.4 Sample data processing

As we delved into the various phases of data analysis, particular attention was given to ensuring that each step was grounded in a thorough understanding of both the historical context and the unique characteristics of Hongbang entrepreneurs. The complexity and richness of the archival materials needed a multifaceted approach to effectively capture the nuances of the entrepreneurial activities and strategies. To illustrate the careful and methodical process undertaken in our analysis, let us consider a specific example from the "selection and contextualization" phase. This example not only showcases the depth of our investigative process but also highlights how a single string of data can reveal intricate details about the relationships, negotiations and entrepreneurial strategies at play.

In the "selection and contextualization" phase, we encountered a specific string of data consisting of letters exchanged between a prominent Hongbang entrepreneur, Mr Zhang, and a local government official in Shanghai from 1925 to 1927. This correspondence offered a rare glimpse into the negotiations over tax regulations that affected the Hongbang garment industry. The process of handling these data involved several steps:

Identification and extraction: The letters were first identified in the archival records and carefully extracted. They were then transcribed and translated from the original Chinese into English to facilitate analysis.

Contextual linking: Each letter was linked with the broader historical events and policies of the time, allowing us to understand the context in which these negotiations took place. For instance, a letter dated February 1926 revealed Mr Zhang's appeal for a tax reduction, the timing of which coincided with broader governmental reform.

Thematic analysis: The correspondence was thematically analyzed to identify recurring themes and patterns. This included Mr Zhang's strategic use of personal connections, persuasive arguments and legal rationales to influence policy decisions.

Integration into the narrative: The insights gained from this string of data were integrated into the overall narrative of our study, which contributed to our understanding of how Hongbang entrepreneurs actively shaped their regulatory environment.

Validation: The findings were cross-validated with secondary sources, including newspaper articles and government documents from the period, to ensure the accuracy and reliability of our interpretation.

This meticulous handling of a specific string of data illustrates the depth and rigor of our analysis and enriches our understanding of the strategic and processual acts through which Hongbang entrepreneurs interacted with government stakeholders and worked to transform their contexts. This example provides a detailed and concrete illustration of the process, emphasizing the rigor of the methodology and the value of the data in shedding light on these entrepreneurs' strategies.

4. Findings

The contexts that these entrepreneurs confronted are multifaceted and closely associated with the stakeholders positioned in the entrepreneurs' business environment. In this study, our primary screening of historical data identified four key stakeholders vital to Hongbang entrepreneurs: consumers, financial intermediaries, government regulators and human resources. Consequently, the contexts that Hongbang entrepreneurs endeavored to transform encompass four categories: consumer tastes, influencing the fashion and garment industry; financial intermediation in the provision of necessary resources for business development; governmental regulations for regulating and legitimizing business activities; and human resource stock for sustaining the industry. We found that Hongbang entrepreneurs took various strategic actions to transform each context, and they strategically developed their networks to enable the successful implementation of these actions.

The selection of these four stakeholder groups, namely, consumers, financial intermediaries, governments and human resources, each serves specific purposes in the context of this study. Consumers are pivotal for shaping market demand in the fashion and garment industry, which is where Hongbang entrepreneurs operated, thus directly influencing their entrepreneurial strategies (Gitimu *et al.*, 2013; Kim *et al.*, 2002). Financial intermediaries facilitate capital acquisition, thereby molding the financial context within which businesses develop. Governments are included under their regulatory authority, which creates the legal context that serves to legitimizes entrepreneurial activities. Last, human resources are critical, as they contribute to the industry's sustainability, especially as Hongbang entrepreneurs transitioned from personalized to extensive networks (O'Cass, 2004). Each group was selected for its unique influence on the different contextual aspects that shape entrepreneurial endeavors.

4.1 Transforming consumer taste

Taste, which is grounded in individual and subjective preferences, shapes collectively binding conduct (Gronow, 2002). It played a crucial role in the contexts of early

entrepreneurial firms in the garment industry. From 1896 to 1949, Western-style garments began to emerge in Shanghai. However, as a country with a long tradition of clothing, the majority of people held conservative viewpoints regarding Western-style clothes. These market conditions were disadvantageous for Hongbang tailors (Wang, 2003). Nonetheless, Hongbang entrepreneurs proactively transformed the market context by developing close networks with their customers, thereby directing the aesthetic tastes of both their present and potential customers.

First, they influenced consumer tastes via a personalized network, which we refer to as acquaintances, which included friends, families, kinship and township peers, during the period of 1896–1910 when the first Hongbang store was set up but before the Hongbang business had scaled up. As one Hongbang chief tailor recalled:

At the very beginning, we acquired customers through our networks. Many Hongbang entrepreneurs had very good personal relationships with many celebrities at the time. Therefore, many friends of our boss were our loyal customers. This group also included many senior officials of the Nanjing National Government, such as Song Ziwen, Wang Jingwei, Zhang Zhizhong, He Yingqin, etc. [1].

To foster mutual trust and cultivate close relationships with customers, Hongbang entrepreneurs ordered fashionable magazines from abroad on an annual basis. For example, the “Hongxiang Fashion Company” would order a variety of fashion and film magazines every year. Upon receiving these magazines, they offered them to the customers who visited their shops, thereby delivering up-to-date fashionable information directly to consumers. This process allowed the entrepreneurs to maintain a finger on the pulse of the current trends and relay that knowledge to their customer base. Moreover, Hongbang entrepreneurs extended invitations to their customers to participate in seasonal or annual events, further deepening their engagement and connection with the market that they served [2]. These seasonal events were instrumental in enabling Hongbang entrepreneurs to connect with potential consumers. By hosting these events, they expanded their personalized network, which previously encompassed only paid field visits to their stores, into a more extensive network that reached a broader audience of potential consumers.

In 1918, the number of Hongbang suit stores grew to 106, signaling a rapid scaling up of the Hongbang business. Recognizing the need for collaboration and mutual growth, the owners of renowned Hongbang fashion stores established an organization known as the “Hongshe Fashion Association” (Liu, 2010). Members of the organization regularly convened for meetings and dinners, creating a community where they exchanged views on fashion, studied cutting-edge European styles and closely followed the prevailing trends in fabrics and decorations. This collective effort culminated in the joint launch of a series of fashion styles in Shanghai. As one member of this fashion research institute reminisced:

We often gathered in this organization, engaging in meetings, dining together, and exchanging views on fashion. Together, we studied the trends in fashion styles, colors, fabrics, and decorations. The collaborative spirit led us to jointly launch a series of fashion styles, becoming the origin of domestic fashion trends at that time. This allowed us to firmly control the market consumption orientation of fashion [3].

The Hongshe Fashion Association evolved into a cradle for domestic fashion trends during its time. Through this association, Hongbang entrepreneurs not only shaped the market’s consumption orientation toward fashion but also fostered relationships with their customers that transcended the typical provider–consumer bond. These relationships, which were more akin to friendships, allowed Hongbang entrepreneurs to function as educators of fashion tastes for Chinese consumers. Consequently, they successfully transformed the

market context to align with their interests, and they thrived within the environment that they had helped shape.

4.2 Transforming the financial contexts

The availability of financial resources is a cornerstone for the growth and sustainability of firms. This access, however, is often contingent on the nature of the firms and industries, with entrepreneurial start-ups typically facing greater constraints than established organizations. In addition, financing discrimination may even occur in some industries. In the early 1900s, China's modern financing system was still in its nascent stage, leading to significant financial challenges for burgeoning enterprises (Ji, 2003).

To overcome these constraints, Hongbang entrepreneurs used strategic measures to access the necessary financial resources. This process involved leveraging personalized networks to obtain informal credit support from family members or acquaintances (Brüderl and Preisendörfer, 1998) and forging alliances with financial bankers to secure formal financial backing. As one former Hongbang apprentice reminisced:

In the beginning, our boss used to borrow money from friends and relatives to do business, especially when familial and clan relationships were strong. Our boss sourced funds from the clan before embarking on the business venture [4].

As the Hongbang businesses grew, the funds sourced from families or clans became insufficient to support their expansion. Hongbang entrepreneurs subsequently sought loans from bankers in their townships, which represented another form of personalized networking. They often relied on friends to introduce them to these local bankers (Chen, 2007). Until 1949, Ningbo bankers wielded significant influence over Shanghai's financial industry (Ji, 2003), and leveraging these hometown connections increased the likelihood of obtaining loans. One Hongbang chief tailor reminisced:

Ningbo people's position in Shanghai's financial industry is bound to be conducive to the development of the villagers in the commercial field. Using this hometown relationship, we (Rongchangxiang) could secure credit more easily, including loans and sufficient capital investment, aiding the rapid expansion of the suit industry. Our boss, Wang Caiyun, expanded his business with continuous assistance from his fellow financial giants [5].

Hongbang entrepreneurs also actively engaged in the Ningbo Hometown Association and contributed to its development, even encouraging the inclusion of financial bankers from various townships. One of the formal Hongbang entrepreneurs reflected:

The Ningbo Hometown Association was initially exclusive to entrepreneurs and bankers from Ningbo. Under our influence, as Hongbang tailors, we gradually welcomed financiers and industrialists from other hometowns, widening our reach to more bankers and expanding our financing channels [6].

Through the Ningbo Hometown Association, Hongbang entrepreneurs forged an extensive network that encompassed a diverse array of financial bankers. With the financial market in Shanghai still developing and the lack of regulatory structures, bankers were often cautious in lending. They found trustworthy partners in Hongbang entrepreneurs and were thus more inclined to provide credit. This alliance facilitated easier access to credit and capital, in turn fueling the growth of the suit industry (see *Ningbo Financial Records Compilation Committee, 1996*). Of particular note, Hongbang firms prioritized the building of emotional bonds with financial moguls in Shanghai through daily interactions and communication. This strategic networking transformed even wealthy Ningbo bankers into loyal customers of Hongbang suit stores (Liu, 2010).

4.3 Transforming governmental regulation policies

Governmental regulations, particularly tax policies, are intricately tied to entrepreneurial activities (Darnihamedani *et al.*, 2018). Unlike much of the extant research that has focused on how governmental regulations impact entrepreneurial pursuits (e.g. Braunerhjelm and Eklund, 2014; Gentry and Hubbard, 2000), our study uncovers the ways in which Hongbang entrepreneurs actively shaped the context of regulation policies by engaging in negotiations with the government and influencing policy changes.

Since the establishment of the first Hongbang business in 1896, these entrepreneurs have faced challenges due to what they perceived as unreasonable regulation policies. Rather than passively accepting these conditions, they used their personalized networks to connect with government officials and express dissatisfaction with the existing regulations. One individual who carries on the heritage of Hongbang entrepreneurs recalled:

Many Hongbang entrepreneurs have good personal relationships with some government officials. For example, we, Rong Changxiang, once crafted China's first suit for Xu Xilin, a pioneer of the Chinese Democratic Revolution. Frankly speaking, at that time, many commercial policies in China were very unreasonable. However, we did not have a guild organization at the beginning. We usually directly or indirectly contacted government officials through personal relationships, such as friends and fellow villagers, to express our appeals [7].

However, as Hongbang businesses began to scale up, these entrepreneurs recognized the need for a unified platform to represent their interests and foster collaboration. This led to the establishment of the Shanghai Suits Association, which was a professional organization that extended beyond the Hongbang group to include other peer entrepreneurs in the garment industry. The association was characterized by a sound organizational structure, a standardized management charter system and hierarchical management with clear responsibilities and democratic elections. As stipulated in the bylaws of the Shanghai Suits Association:

This association builds on a sound organization structure, with a board of 15 directors, besides a board of five supervisors. The members of the board of directors and supervisors are all elected in the general meeting. The board of directors belongs to the executive organ. The board of supervisors is directly affiliated with the member representative assembly and is not restricted by the board of directors.

Such a robust and democratic framework attracted several garment businesses to the association, which enabled Hongbang entrepreneurs to expand their network to their peers and join forces on significant issues. This united front enabled collective bargaining with the government regarding policies that impacted their industry. Their extensive network gave them with greater leverage in negotiations, thus enabling them to challenge and amend unreasonable commercial policies.

A prominent example of this occurred in the 1940s when the "Social Bureau" mandated the unification of market prices in the garment industry. This directive sparked widespread protests, which led the Suit Industry Association to reformulate their prices and negotiate with the authorities. On the issue of taxation, the association successfully bargained with the government to reduce the tax rate from 16.6% of operating profit to 8.32% of operating profit in 1947, matching the wool industry's rate. The meeting minutes capture the essence of Hongbang entrepreneurs' argument:

The suit industry is mostly material-processing, which means that the customers prepare fabrics themselves. The profit tax of fleece fabrics has been paid by the wool industry and should not be levied on the suit industry again. The burden is heavy, so the excess profit tax should be reduced or exempted.

In another instance, the “National General Chamber of Commerce Control” issued an order requiring cotton fabrics to be purchased by the government. Because cotton was essential for suit linings, the Suit Industry Association successfully negotiated with the government to preserve their access to this raw material [8].

4.4 Transforming human resource stock

The emergence of Western suits as novel products during the 1900s in China created a demand for skilled workers who were capable of producing these garments. Hongbang entrepreneurs recognized that scaling their business required a continuous supply of skilled tailors. In response, they undertook the education and training of tailors, creating a human resource stock tailored to their industry’s needs [8]. Hongbang entrepreneurs edited and published the first monograph on suit theory in the history of China and established the first suit technology school (Chen, 2007). Education was the predominant way in which Hongbang entrepreneurs recruited skilled workers. From 1937 to 1945, the trainees in these training programs mainly came from the private networks of Hongbang business owners. During this stage, students were usually their clan children and relatives, as indicated by the Enrollment Regulations for Suit Tailoring School:

Students who satisfied the qualification should be employees or apprentices of founding firms. Employees or apprentices who do not belong to founding firms will not be accepted temporarily [9].

In 1948, formal schools were established and aimed at public enrollment. All learners had to sign up and earn admission by passing exams. As indicated by the Admissions Guide for Shanghai Private Suit Industry Vocational School:

The purpose of this school is to meet the needs of colleagues in the suit industry and help out-of-school youths in society to learn skills and make a living through their skills. Anyone with a complete elementary school degree and over 15 years and out-of-school, regardless of gender, can sign up and take an exam for admission [10].

In the effort to scale up their businesses, Hongbang entrepreneurs understood the necessity of a skilled workforce capable of producing the Western suits that were gaining in popularity in China during the 1900s. Recognizing that there was a lack of skilled tailors in the market, they created a pipeline of talent to sustain their industry’s growth. This endeavor began with a personalized approach of reliance on close-knit connections to identify and train potential tailors. As the demand grew, Hongbang firms extended their reach by enrolling more individuals in specialized training programs, thereby cultivating a new generation of skilled workers.

Hongbang entrepreneurs transformed what was a limitation into an opportunity, not just for their own firms but for the entire industry. The best trainees were absorbed into Hongbang firms, while others found opportunities elsewhere in the industry. This practice created a prolific human resource stock, which is vital for the sustained growth of the garment sector.

4.5 Interplay of stakeholder influences in contextual transformation

Understanding the causal relationships between the actions of Hongbang entrepreneurs and their transformation of the contexts, they navigated calls for a process-oriented, temporal framework (Baron, 2008). Within the scope of this framework, stakeholders are not merely adjuncts but rather are integral to understanding how the actions of Hongbang

entrepreneurs led to contextual transformation (Rasmus and Laguna, 2018; Wach *et al.*, 2016).

In terms of consumer tastes, it is essential to note that consumer tastes not merely influenced but were rather significantly shaped by the Hongbang entrepreneurs. While the relationship was dynamic and temporally influenced by societal changes (Rosenberg, 1968; Konuk, 2021), the primary agency in altering consumer preferences resided with these entrepreneurs (Jong *et al.*, 2018).

Regarding financial intermediation, the initial reliance of Hongbang entrepreneurs on informal networks transformed what was an initially unfavorable financial context (Keh *et al.*, 2007). As their businesses matured, they strategically shifted to formal financial channels, thereby acting as catalysts for change in the financial systems of Shanghai and of China at large (Mamun *et al.*, 2017; Jin *et al.*, 2018).

In the realm of governmental regulations, Hongbang entrepreneurs were proactive agents, influencing policies through their collective bargaining power, as exemplified by their role in the Shanghai Suits Association (Boso *et al.*, 2013; Morris *et al.*, 2013). The transformation in governmental policies was primarily a result of their strategic actions, although it was also influenced by broader economic changes (Huefner and Hunt, 1994).

Last, regarding human resource stock, Hongbang entrepreneurs were the primary agents for change. Their training initiatives were specifically designed to meet industry needs, although these actions were contextualized by the broader societal attitudes toward vocational training (Poudel *et al.*, 2019; Jin *et al.*, 2018).

In summary, while the transformation of each context involved a dynamic interplay with multiple stakeholders, it was the strategic actions of Hongbang entrepreneurs that served as the main driving force for change (Rasmus and Laguna, 2018; Wach *et al.*, 2016). Their agency was both mediated and moderated by various factors, but it remained the central element catalyzing change in consumer tastes, financial systems, governmental regulations and human resource stock (Baron, 2008). This reframing offers a more focused understanding of the central role played by entrepreneurs in historical contexts.

5. Discussion and conclusion

This study sheds light on the ways that Hongbang entrepreneurs developed their networks to support the strategic actions taken to transform the contexts in which they were embedded. We used a microhistorical approach to inform our research, resulting in a longitudinal and detailed picture. We determined that Hongbang entrepreneurs took various strategic actions to interact with different stakeholders in the transformation of unfavorable contexts. Importantly, we highlighted the fact that these entrepreneurs developed their personalized networks into extensive networks to assist in the implementation of these strategic actions. Our research findings may not only apply to the specific case of Hongbang entrepreneurs but could also provide implications for the literature regarding entrepreneurial contextualization at the microfoundational level and, more specifically, to the literature on entrepreneurial networking.

5.1 *The central causality of Hongbang entrepreneurs in contextual transformation*

This study leverages longitudinal data to offer a detailed chronological account of entrepreneurial strategies to enrich the understanding of the strategic choices made at various stages of venture development (Hannan and Freeman, 1989; Aldrich and Ruef, 2006). Through an interactive analysis as delineated in Section 4.5, the transition undertaken by entrepreneurs from personalized to extensive networks is scrutinized in this research. The analysis was conducted in a manner that considered potential confounding influences

such as industry life cycles, market trends and collective industry actions (Burt, 1992; Uzzi, 1996). The results support the idea that Hongbang entrepreneurs were not merely reacting to existing market conditions or regulatory frameworks. In contrast, their actions function as a primary causal mechanism in transforming both networks and broader business landscapes, thus substantiating the idea that entrepreneurial actions play a central role in shaping and altering operational and strategic contexts.

By scrutinizing the trajectory of Hongbang entrepreneurs during the late 19th and early 20th centuries (see Appendix 3), one can discern the pronounced influence of entrepreneurial actions on the evolution of networks and business environments within China's tailoring and fashion industry. The opening of "Hechanghao" by Jiang Liangtong in 1896, at 405 July Road, Shanghai, did not merely represent the birth of a tailoring shop. Rather, it was emblematic of an entrepreneurial vision that defied the prevailing norms of the time, setting the stage for a transformative era in Chinese fashion. This was not merely the consequence of an industry life cycle or time trends but the direct outcome of Jiang's innovative entrepreneurial spirit.

When the Hongbang entrepreneurs introduced the Chinese tunic style in 1913, they were not merely responding to market forces but were actively shaping the fashion trends of the era. This proactive approach is evident in their exponential growth, with a store count that had reached 106 by 1918. While market forces may have played a supportive role in this growth, it was the foresight and adaptability of these entrepreneurs that drove it.

The 1928 establishment of the Shanghai Suit Industry Association and the subsequent initiatives in the 1930s further underscore the proactive role of Hongbang entrepreneurs. Their introduction of suit tailoring classes, establishment of libraries and inception of the fashion research association, Hongshe, in 1932, were all groundbreaking. Their publication of the "Guide to Suit Tailoring" in 1933 was not a mere reaction to collective efforts by peers or industry demands. Rather, it was a strategic entrepreneurial move to standardize and elevate the quality of tailoring in China.

The postwar period of the 1940s was characterized by significant political and economic shifts. However, even amidst these changes, the Hongbang entrepreneurs demonstrated resilience and adaptability. Their founding of the Suit Industrial Technology Vocational School in 1947 and their negotiation regarding the woolen cloth tax rates were not just reactions to external market forces, but rather strategic decisions driven by a combination of entrepreneurial foresight and an understanding of changing market dynamics.

The transition that occurred in 1949 with the establishment of the People's Republic of China brought about a drastic change in clothing styles. However, it is essential to recognize that while market forces, time trends and industry life cycles influence businesses, the actions and decisions of entrepreneurs play a pivotal role in shaping the industry trajectories. In the case of the Hongbang entrepreneurs, their actions, decisions and strategic implementations significantly influenced the tailoring and fashion industry in China. Their journey exemplifies the intricate interplay between entrepreneurial strategies and market dynamics, emphasizing the need for further research into the role entrepreneurs play in network transitions and business environments.

5.2 Theoretical contributions

This study contributes to the strand of research on entrepreneurship contextualization. Previous research has focused on how actors are enabled or constrained by contexts, for example, how entrepreneurs tend to innovate under the context of poverty, how entrepreneurs are constrained by historical contexts (Wadhvani *et al.*, 2020) and how institutions influence the probability of someone becoming an entrepreneur (Urbano and Alvarez, 2014). Recently, scholars have called

for a new perspective that is focused on how entrepreneurs proactively enact context rather than becoming constrained by context (Welter *et al.*, 2019). Our study echoes this recent call, and by exploring the historical case of Hongbang entrepreneurs in China, it portrays a nuanced picture of how entrepreneurs implicitly and explicitly change, construct and shape their contexts. This mode could also be applied to other business context settings, thereby providing a richer understanding of the strategies and processes undertaken by entrepreneurs in enacting contexts.

This study offers a nuanced exploration of the strategic actions and processes used by Hongbang entrepreneurs, extending the theoretical framework on entrepreneurial networks and processes (Popp and Holt, 2013; Yu *et al.*, 2021). The research innovatively focuses on the evolution of personalized networks into extensive networks, a subject that has been discussed but not exhaustively examined in various entrepreneurial contexts such as developing countries (Rooks *et al.*, 2016). It contributes new perspectives on balancing the extension of entrepreneurial reach with the structural embedding of ties, thereby advancing the discourse initiated by Ozdemir *et al.* (2016).

In addition, the study provides a unique lens on localized strategies like cronyism in China's private property development sector (Yu *et al.*, 2021), advancing the understanding of how entrepreneurs' personal networks can be pivotal in knowledge identification and acquisition, a topic earlier touched upon by Capaldo *et al.* (2015). The research enhances the scholarship on entrepreneurial contextualization, offering an empirical dimension to theoretical propositions by Upson *et al.* (2017), who posited that entrepreneurial strategic networks vary according to the opportunities pursued.

Moreover, the study presents an in-depth analysis of the strategic actions and processes through which entrepreneurs engage with stakeholders to transform unfavorable contexts (Chin *et al.*, 2016). This adds a layer of complexity to the findings of Vissa and Bhagavatula (2012), who emphasized the role of interpersonal knowledge in reducing network churn. The investigation into how Hongbang entrepreneurs cultivate future human resource stocks through employee training also builds upon the work of Hsu *et al.* (2015), offering new insights into the dynamics that shape entrepreneurs' network structures as they navigate through different developmental stages.

5.3 Practical implications

The findings regarding the historical trajectory of the Hongbang entrepreneurs not only contribute to academic discourse but also offer practical implications for modern entrepreneurs, policymakers and business practitioners. This study serves as both an inspiration and a strategic guide for entrepreneurs dealing with innovative or novel products and services. It offers a nuanced understanding of how to strategically engage with a myriad of stakeholders to transform challenging contexts into business opportunities (Ram *et al.*, 2013; Lubberink *et al.*, 2018). For instance, the manner in which Hongbang entrepreneurs cooperated with peer firms to cultivate the market provides a template for contemporary entrepreneurs, especially those in emerging or reemerging sectors (Vandekerckhove and Dentchev, 2005).

Moreover, our analysis highlights a significant shift from traditional "guanxi" networks to more formal organizational structures, such as industry associations, that occurred as the Chinese business landscape matured (Veleva, 2021; Felzensztein *et al.*, 2015). This dual approach of leveraging both formal and informal networks is essential for optimum business development in China (Siddiki *et al.*, 2017). Beyond this, the causal mechanisms identified in this study offer pathways for modern entrepreneurs to transform their

contextual limitations into strategic advantages (Wheadon and Duval-Couetil, 2017; Söderqvist and Chetty, 2013).

While the cultural significance of guanxi remains important (Wilson and Brennan, 2010; Fan, 2002), it is crucial to acknowledge the evolving business landscape. Industry associations are increasingly providing platforms for collective bargaining, knowledge sharing and regulatory influence (Yang *et al.*, 2014). Entrepreneurs must therefore consider dual engagement in both personal relationships and with formal networks as a holistic approach to resource acquisition and stakeholder management (Shou *et al.*, 2014; Chang *et al.*, 2016).

The lessons from the Hongbang entrepreneurs also extend to policymakers focusing on entrepreneurship and industry development. Strategic networking and stakeholder engagement significantly influence industry trends and governmental policies (Matlay, 2009; Desrochers and Sautet, 2008). Policymakers can thus leverage these insights to create environments that facilitate entrepreneurial endeavors (Simba and Ojong, 2017).

In summary, the insights gleaned from this research are not merely retrospective, but rather bear significant relevance to contemporary scenarios in China's rapidly changing business landscape. The detailed exploration of strategic actions and contextual transformations undertaken by Hongbang entrepreneurs provides actionable insights that are pertinent for both modern entrepreneurs and policymakers (Terjesen and Elam, 2009; Herremans *et al.*, 2016; Levy and Scully, 2007).

5.4 Limitations and future studies

Our study has several limitations that provide avenues for future research. First, while we highlight the strategic actions of Hongbang entrepreneurs with four core types of stakeholders, other stakeholders were not included in our analysis. Future studies might further explore these interactions to provide a more comprehensive picture. Second, the qualitative nature of our research may limit the generalizability of our findings. Future scholars might consider quantitative methods to test our theoretical findings that link the depth and breadth of entrepreneurs' social networks to the types or levels of effectiveness of their strategic actions to examine their achievements in transforming entrepreneurial contexts.

Notes

1. Information regarding Dai Zuyi, the chief tailor of the Peiluomeng company, was obtained through an interview conducted by Liu Yunhua on November 11, 2006, in Shanghai. For a comprehensive account of the interview and additional context, refer to Liu Yunhua's work titled "红帮裁缝研究," published by Zhejiang People's Publishing House in 2010.
2. Information regarding Dai Zuyi, the chief tailor of the Peiluomeng company, was collected through an interview. The interview was conducted by Liu Huayun on November 11, 2006, in Shanghai. For a comprehensive account of the interview and additional contextual information, readers are directed to Liu Yunhua's research work titled "红帮裁缝研究," published by Zhejiang People's Publishing House in 2010.
3. Information regarding Jin Taijun, the son of Jin Yixiang, who is the owner of the 'Hongxiang Fashion Company,' was obtained through an interview conducted by Liu Yunhua on December 13, 2006, at 9 a.m. in Shanghai. For a comprehensive account of the interview and additional context, refer to Liu Yunhua's work titled "红帮裁缝研究," published by Zhejiang People's Publishing House in 2010.

4. Information regarding Shen Renpei, the former apprentice of Hongtai, was obtained through an interview conducted by Liu Yunhua on August 29, 2006, in Shanghai. For a comprehensive account of the interview and additional context, refer to Liu Yunhua's work titled '红帮裁缝研究,' published by Zhejiang People's Publishing House in 2010.
5. Information regarding Hu Peitian, the chief tailor of Rongchangxiang, was collected during an interview conducted by Liu Yunhua in November 2006, in Shanghai. For further details and contextual insights from this interview, readers are directed to Liu Yunhua's subsequent publication, '红帮裁缝研究,' issued by Zhejiang People's Publishing House in 2010.
6. Information about Yang Pengyun, the former CEO of Laohexing, was gathered during an interview led by Liu Yunhua in October 2006, in Hangzhou. For a more comprehensive account of the interview and additional context, one can refer to Liu Yunhua's work, '红帮裁缝研究,' published by Zhejiang People's Publishing House in 2010.
7. Information regarding Wang Ruzhen, the son of Wang Hongqin, who was the CEO of Rongchangxiang, was acquired in an interview conducted by Liu Yunhua in September 2006, in Hangzhou. For a more thorough account of the interview and additional context, refer to Liu Yunhua's book '红帮裁缝研究,' published by Zhejiang People's Publishing House in 2010.
8. See 'Conference Minutes of the Third Meeting of the Shanghai Suit Chamber of Commerce.' Conference Minutes. Shanghai Archives, file number S241-1-13.
9. See 'General Affairs Documents of the Tailoring Class of Shanghai Suit Commercial Association.' Administrative Records. Shanghai Archives, file number S241-2-22.
10. See 'Briefings of Shanghai Private Suit Industry Vocational School.' Institutional Reports. Shanghai Archives, file number S241-1-20.

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Firm	Principal	Hongbang	Assets (Fiat currency)		Address	Organizational form
			Ten million			
Hongxiang	Jin Hongxiang	Yes	6		863, Nanjing West Road	Headquarter
Hongxiang	Jin Yixiang	Yes	6		750, Nanjing Road	Branch
Zaocun	Zhang Zaocun	No	20		300, Nanjing West Road	Corporate
Hongxia	Cao Jie	No	100		735, Nanjing West Road	Partnership
Xingxia	Zhang Runshen	No	60		459, Nanjing West Road	Partnership
Zhixia	Wang Zhiyun	No	60		220, Nanjing West Road	Partnership
Meiyun	Dingzhong	Yes	100		952, Nanjing West Road	Limited Partnership
Wanguo	Jin Hongxiang	Yes	No record		861, Nanjing West Road	No record
Guanyi	Xie Runquan	Yes	3.24		950, Nanjing West Road	Partnership
Yunxia	Zhang Linseng	No	2		988, Nanjing West Road	Sole proprietorship
Yunchang	Zhu Wanrong	Yes	5		680, Nanjing West Road	Sole proprietorship
Guotai	Jin Hongxiang	Yes	2		528, Linseng Middle Road	Company Limited
Gu Jin	Wang Mingyuan	Yes	5		859, Linseng Middle Road	Sole proprietorship
Wangxiang	Xie Runquan	Yes	No record		864, Linseng Middle Road	No records
Yongtai	Lu Hansheng	No	9		323, Tongfu Road	Sole proprietorship

Notes: In [Appendix 1](#), the column labeled “Hongbang” indicates whether the principal entrepreneur originally hails from Zhejiang Province and primarily operates tailor shops in Shanghai. A “YES” in this column signifies that the entrepreneur meets these criteria and is therefore classified as a Hongbang entrepreneur for the purposes of this study. The currency of Fiat currency had changed rapidly since 1947. Before August 1947, ten million of Fabi (literally “legal tender”) was equally around US\$2m at that time
Sources: “Shanghai Fashion Commercial Trade Council Members List,” archival document, Shanghai Archives, file number S243-4-1; table by authors

Table A1.
Registered garment enterprise with more than ten million assets until 1946

Appendix 2. Workload allocation

The allocation of workload across the authors was designed to align with their specific expertise and the requirements of each phase of the research. The initial chronological organization required a specialized focus, making it suitable for the first author. The subsequent stages required collaboration, cross-checking and consensus building, justifying the involvement of multiple authors. This distribution of tasks not only streamlined the process but also enriched the analysis by drawing on the varied perspectives and strengths of the research team.

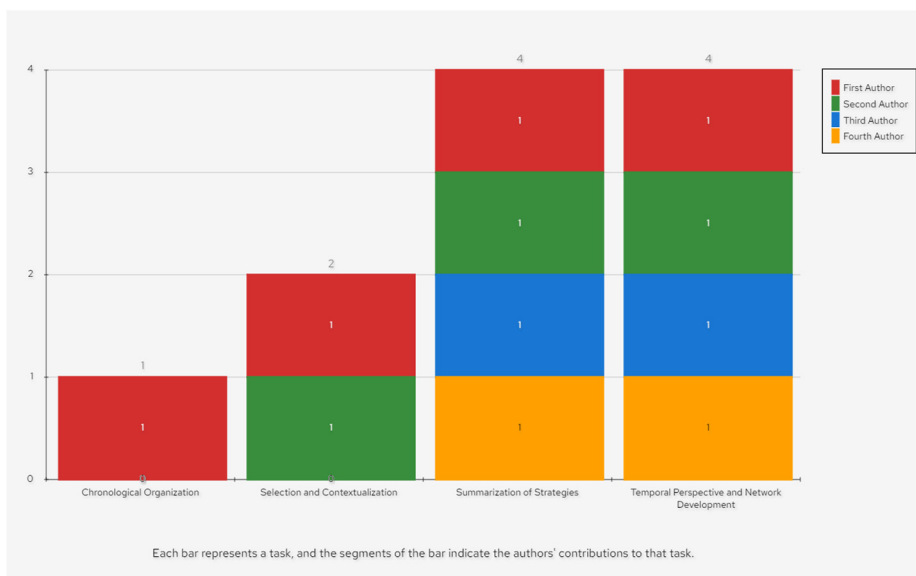


Figure A1. Data analysis process and workload among authors

Source: Figure by authors

Appendix 3. Chronicles for Hongbang entrepreneurs

1896: Jiang Liangtong opened the “Hechanghao” tailoring store at 405 Julu Road, Shanghai, the first Hongbang store and the first suit store in Chinese history.

1913: Hongbang tailor invents Chinese tunic style.

1918: The number of Hongbang suit stores increased to 106.

1928: The Shanghai Suit Industry Association was established, which is the official organization of Hongbang tailors.

1931: Hongbang entrepreneurs create suit tailoring classes and libraries.

1932: The fashion research association *Hongshe* was established.

1933: *The guide to suit tailoring* is published, which is the first suit tailoring textbook in Chinese history.

1947: Hongbang entrepreneurs build the *Suit Industrial Technology Vocational School*.

1947: The Shanghai Suit Industry Association bargained with the local government on the tax rate on woolen cloth.

1949: The People’s Republic of China was established. The types of clothing styles changed from rich to single, and the culture of Western suits was nearly halted.

Source: Chronicles produced by authors

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