

## **Contextualisation of Chinese entrepreneurship research: An overview and some future research directions**

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## **Background**

When the reform and opening up started in China in the late 1970s, entrepreneurship was an alien concept to Chinese people both as a practice and subject of academic inquiry. Yet, once the shackles were removed from the people with entrepreneurial instinct and zest, entrepreneurship in China took off and a private sector quickly emerged and thrived. The fast growth of the private sector have contributed substantially to China's rapid development over the last four decades (Huang, 2003; Huang, 2010; Li, Ding and Li, 2015; Atherton and Newman, 2017). The development of entrepreneurship could determine the overall success of China's economic transition (McMillan and Woodruff, 2002) and sustainable development in the future too (Huang, 2003). Indeed, Chinese entrepreneurship is not simply a phenomenon of its own but one that is of global relevance and impact. Chinese entrepreneurs have left their mark, firstly through their made-in-China exports, and lately through their shopping spree in cross-border merger and acquisition deals. Chinese entrepreneurs not only contribute to wealth creation but also market competition in the world. Their presence both at home and abroad has also forced a response from their counterparts across the world, where survivors have to be fitter.

## **Contextualising entrepreneurship in China**

The critical role of entrepreneurship to China as above mentioned is in sharp contrast against the background of its development, where institutions and business environment are seldom viewed as "friendly" to private entrepreneurs and businesses (Huang, 2010). The 'reemergence' of entrepreneurship is 'a history of struggle to overcome opposition and obstruction, to survive and grow' (Huang, 2003: 101), which included

institutional constraints such as industrial entry barriers, difficulties in getting access to critical resources and weak property rights (Zhou, 2011).

It is therefore captivating to research entrepreneurship in China.

Increasing research, including special issues, has been dedicated to the topic of Chinese entrepreneurship (e.g., Wank, 1996; Yang and Li, 2008; Ahlstrom and Ding, 2014; Su, Zhai, and Landström, 2015; He, Lu and Qian, 2018). Based on publications in Social Science Citation Index and Chinese Social Science Citation Index databases over the period of 2003-2012, Su et al. (2015) used bibliometric method to analyse entrepreneurship research in China, Europe and the USA. They found that Chinese entrepreneurship researchers study similar themes and use similar theoretical foundations like their western counterparts. However, the tendency of Chinese management research to focus on ‘general theories’ and pay little attention to contextual variables can constrain our understanding and theory development (Meyer, 2007). The Chinese contextual environment manifests itself in the uniqueness of entrepreneurship phenomenon. Chinese scholars should therefore shift from theory application to the incorporation of context into theory refinement or development so as to make a novel contribution to the global discourse (Meyer, 2007; Su et al., 2015). The institutional context of China, like other emerging economies, is often characterized as weak institutional infrastructures, such as poor protection of property right. This has a profound impact on behaviours of entrepreneurs and SMEs (Wright et al., 2005; Peng et al, 2008). More specifically, Ahlstrom and Ding (2014) argue that unpacking how entrepreneurs remove such institutional barriers is essential to understanding entrepreneurship in China. For example, entrepreneurs tend to rely on guanxi (Wank, 1996; Yang, 2002; Zhang, 2015), or seek to build relationships, which have been shown to serve as an informal institution (Cai et al., 2011; Du et al., 2015; Zhang, 2015).

Furthermore, entrepreneurs may feel compelled to use bribes to access resource controlled by government officials (Baron, Tang, Tang, Zhang, 2018).

Therefore, Bruton, Ahlstrom and Obloj (2008) suggest the importance to understand how the cultural and institutional forces can moderate the behaviour of entrepreneurs in emerging economies like China from social psychological and organizational behaviour perspectives. Similarly, in their literature review, He et al. (2018) argue that the unique institutional and cultural settings behind the Chinese economy have provided some distinct perspectives on the study of entrepreneurship in China. For example, China is featured by significant sub-national, cross-region variation (Peng, et al., 2008), and the marked differences between sub-national institutions can either facilitate or constrain entrepreneurship in a variety of ways (Zhou, 2011).

Taking “context” seriously (Johns, 2006) may significantly advance the theoretical development of entrepreneurship (Zahra, 2007). However, context is much richer than institutional and cultural elements, which have been dealt with by much research. Social norm may not change rapidly and institutional inertia can exist. However, rapid economic development, social change dynamics, and shift in government policies provide tremendous entrepreneurial opportunities, present new challenges, and create ‘new contexts’, which in turn have an impact on entrepreneurship. Such richness of context is well reflected by the annual surveys of the Global Entrepreneurship Monitor (GEM) China project, which offer indispensable data for a glimpse. China has been part of GEM’s international entrepreneurship consortium since 2002 that was initiated by Babson College and London Business School in 1999. An analysis of China GEM survey data between 2002 and 2018 reveals seven

stylised facts of entrepreneurship in China (see Table 1). The complex, evolving picture of entrepreneurship in China demands our full attention to the underlying causes and contexts.

Insert Table 1 about here

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First, China had seen growing entrepreneurial activities along the rapid and phenomenal economic development in the past few decades. During 2002-2011, about one-sixth of working-age adults were engaged in early-stage entrepreneurial activity (TEA)<sup>1</sup>. In this period, the TEA rates for China were significantly higher than many other countries, and China was ranked the 7<sup>th</sup> in GEM's global TEA ranking.

Second, the Chinese society consistently values entrepreneurship highly in recent years. On average, 69% of the adult population in China consider starting a business as a good career choice, and 74% believe that entrepreneurs are well respected and enjoy high status within the Chinese society. The adult population also consistently perceive entrepreneurial opportunities positively. In the meantime, the number of people who are confident with their entrepreneurial capabilities has gone down and those who are more fearful of entrepreneurial failure have gone up. Worryingly, China scored -0.15 in the Entrepreneurial Spirit Index and was in the bottom half of the global ranking (GEM Global

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<sup>1</sup> Total early-stage entrepreneurial activity (TEA) is defined as the percentage of the adult population aged 18–64 years who are in the process of starting a business (a nascent entrepreneur) or started a business less than 42 months old before the survey took place (owner-manager of a new business) (GEM Global Entrepreneurship Monitor, 2018: p.21).

Entrepreneurship Monitor, 2018). The Entrepreneurial Spirit Index is designated to capture a country's relative standing of score derived from three underlying variables (entrepreneurial awareness, opportunity perception and entrepreneurial self-efficacy). Countries with higher factor score are those with high value of the three underlying variables. The low score of entrepreneurial spirit is likely to be a problem, as lower numbers of people think about starting businesses.

Third, however, the rate of entrepreneurial activities has been declining in recent years, apparently echoing the slowing-down of the country's economic growth as a whole. Specifically, 2015 turned out to be a watershed for Chinese entrepreneurship when the TEA rate for China fell below the global average TEA rate for the first time. China's ranking in the global TEA has since dropped to 25<sup>th</sup> among the 49 countries surveyed in 2018. In another measure of entrepreneurship, established business ownership, which indicates the sustainability of start-ups, peaked in 2009 at 17.2% and has since gone on a downward trend. Established business ownership in 2018 was only 3.2%.

Fourth, changes in the quality of Chinese entrepreneurship over time are mixed. On the one hand, opportunity-motivated entrepreneurship first overtook necessity-motivated entrepreneurship in 2005. After a few years' consolidation opportunity-motivated entrepreneurship has firmly taken hold and become the driving force of Chinese entrepreneurship since 2009. This change matters. People who pursue the entrepreneurial dream, because of opportunity rather than necessity, are found to be more prepared, growth-minded, and are more likely to create more jobs and have higher impact (Hessels, Van Gelderen & Thurik, 2008). In a sense, the change underlines the dynamism of the Chinese economy. Also,

there has been a consistent improvement from 2011 to 2018 in the extent to which entrepreneurs are innovative, i.e., introducing products that are new to some or all customers and that are offered by few or no competitors. On the other hand, levels of high-growth entrepreneurship as measured by high job creation expectations are declining, dropping by about 15 percentage points from 35% in 2015 to 20.8% in 2018.

Fifth, women entrepreneurs are a force to be reckoned with, despite that men are more likely to be involved in entrepreneurial activity than women as observed in most countries. The percentage of female 18-64 population who are either a nascent entrepreneur or owner-manager of a new business in China, as divided by the equivalent percentage for their male counterparts, is consistently higher. As compared with their international counterparts, Chinese women are more entrepreneurial. Women in China are also proportionately as likely as men to be opportunity-motivated. However, the percentage of women starting businesses is alarmingly declining. It has gone down from the peak of 22.4% in 2011 to 9.2% in 2018.

Sixth, Chinese employees do not appear to play an important role in corporate entrepreneurship. The average rate of entrepreneurial employee activity (EEA), which measures employees' involvement in activities such as developing or launching new goods or services, or setting up a new business unit, new establishment or subsidiary, was merely 1.15% in China from 2011 to 2018. Proper EEA is essential for business sustainability and renewal through the successful introduction of new products or services, or setting up new businesses. China's EEA rates are not only consistently low, but also substantially lower than the global average rate (1.0% compared with 3.85 in 2018).

Seventh, the strengths of China's entrepreneurial framework conditions, consisting of social, cultural, political and economic dimensions, are not consistent and balanced. As can be seen in Figure 1, the survey data of China in 2018 suggest that the country's entrepreneurship environment is strong in physical infrastructure, services and internal market dynamics but is only moderate in all other aspects, which have never scored higher than 3 in the range of 1-5.

Figure 1 inserted about here

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These seven facts, which are either essential contextual elements themselves or the outcomes of the contextual influences, provide a rich flavour of the development of entrepreneurship in China. Contextualisation in Chinese entrepreneurship research echoes the recent calls to make the taken-for-granted background conditions or contexts of entrepreneurship visible in order to advance our knowledge of where and how entrepreneurship happens (Anderson & Gaddefors, 2017; Welter, 2011; Zahra, 2007; Zahra, Wright & Abdelgawad, 2014). Anderson & Gaddefors (2016, 2017) argue that context offers potential for explaining the difficult questions around the 'how' issue of entrepreneurship and the entrepreneurial dynamics arising from the interplay between the entrepreneurial self and the circumstances they encounter.



Yet, context is a slippery term that may mean different things to different researchers. Welter (2011) defines context as situations, or environments that are external to the respective phenomenon and enable or constrain it. He follows Johns (2006) to further distinguish the contexts for entrepreneurship into omnibus and discrete context dimensions. Omnibus context refers to a broad perspective, concerning who, what, when, where, and why, while discrete context refers to specific contextual variables. Zahra et al. (2014) define context in the broadest sense as the natural settings in which the researched enterprises origin, form, function and achieve outcomes. Similarly, Anderson & Gaddefors (2017) define contextualisation as considering entrepreneurship “in relation to the situation in which it happens or exists” (p.5).

While it is important to have a consensus on the definition of context in entrepreneurship research, it is equally important for entrepreneurship researchers to agree on framework and key components of context. In his influential paper, Welter (2011) draws on insights from Whetten (1989) to propose a framework for accounting for the entrepreneurial “when” context and the “where” context. “When” refers to temporal and historical impacts on the nature and extent of today’s entrepreneurship and changes in the respective contexts over time. “Where” refers to the different locational contexts in which entrepreneurship happens. Welter (2011) further distinguished the “where” dimension into four main types: business, social, spatial, and institutional. Alternatively, Zahra et al. (2014) proposed a schema from a strategic entrepreneurship perspective that includes five dimensions of entrepreneurial context, namely temporal dimension, industry and market dimension, spatial dimension, social dimension, and organisational, ownership and governance dimension. From the Chinese management research perspective, Child (2009) makes an important point that “an ability to compare national contexts through a common classificatory framework is essential for addressing the issue of how

exclusively different China is and whether, therefore, a distinctive Chinese theory of management is required” (p.63). Consistent with his argument for cross-country comparison of context, Child (2009) proposes a framework that identifies components of the Chinese contexts in which management operates for purposes of comparing China with other countries. There are three contextual components in the framework, namely material systems (i.e. economic systems and technology systems), ideational systems (i.e. cultural values and rationales, religious values, and political values), and institutional outcomes (i.e. government, intermediate institutions, and conformity to international regulations and standards). The context frameworks that have been proposed thus far, despite inconsistency due to their respective standpoints, provide good templates for understanding how researchers have contextualised Chinese entrepreneurship in their studies.

### **An overview of approaches to contextualisation in Chinese entrepreneurship research**

Contextualisation in Chinese entrepreneurship research is not without challenge. It has to reconcile the inherent tensions between the theorisation and the contextualisation of research arising from using ‘borrowed’ models that are grounded in assumptions often reflecting other phenomena (Zahra, 2007). Not surprisingly there has been a similar debate on contextualisation in Chinese management research. Consistent with insights from leading Chinese management scholars (e.g. Tsui, 2006; Child, 2009; Meyer, 2015), there are three approaches to contextualisation in Chinese entrepreneurship research. The first is the ‘outside in’ approach. It is to apply and test existing entrepreneurship theories in the Chinese context so as to ascertain whether a modified theory that is applicable to other parts of the world is capable of explaining Chinese entrepreneurship. Advances in entrepreneurship research over the past decades offer plenty of opportunities for the adoption of this approach.

This is a necessary step for the development of the general theory of entrepreneurship. What is less satisfactory in Chinese entrepreneurship research, as Su et al. (2015) revealed, is that researchers tended to adopt an existing theory without paying sufficient attention to a Chinese context where the concepts and relationships as stated in the theory do not necessarily apply. The second is the ‘inside out’ approach. This is to study either a China-specific entrepreneurship phenomenon or a phenomenon that is familiar to the non-Chinese scholar but manifests itself differently in the Chinese context. Additionally, this is an approach that draws inspiration from Chinese cultural heritages to theorise such entrepreneurship phenomena. This resonates with What Tsui (2004) advocates the ‘indigenous research’ approach. The third is the ‘comparison’ approach. This is to compare context and entrepreneurship between China and other countries so that claims of Chinese context uniqueness can be put to the test.

Central to these approaches is the question how entrepreneurship researchers can effectively use the Chinese context for their theoretical development and empirical research? Despite a number of literature reviews on Chinese entrepreneurship research (Li and Matlay, 2006; Yang and Li, 2008; Ahlstrom and Ding, 2014; Su et al., 2015; He et al., 2018), we have not yet seen one that comprehensively assesses the current state of contextualisation in Chinese entrepreneurship research. Something similar to Jia, You & Du’s (2012) review on Chinese context and theoretical contributions to management and organization research would do the Chinese entrepreneurship research community an excellent service. As a first small step, we use Welter’s (2011) entrepreneurship context framework and carry out a mapping exercise. We do not suggest that this framework is superior to others. Nonetheless, the more generic entrepreneurship focus of the framework serves our purpose. The

mapping exercise is not intended to be a systematic literature review but rather a snapshot of how extant research has addressed the context of entrepreneurship in China in the last twenty years. To achieve this, we first conducted a search of the electronic database Web of Science Core Collection over the period of 2000-2019, using the Boolean search terms “chin\* AND entrepreneur\*” in the title of the papers in English. The search resulted in 346 papers. The number of papers reduced to 295 after conference proceeding papers were excluded. The abstracts of these papers were then read so to filter out sources that were not directly connected with contexts of entrepreneurship in China, namely the use of context-less China data to test an existing entrepreneurship theory. This led to the establishment of a sample of 69 papers. Each paper in this sample was then reviewed to identify the types of context it addresses. Table 2 presents the results of the assessment.

Not surprisingly, an outside-in approach dominates contextualisation of Chinese entrepreneurship research with a focus on institutional context. Context that is considered a “variable” or discrete context features strongly in the papers. Such discrete contexts include institutional profile (Tang & Tang, 2012), ownership arrangements (Zhang et al., 2016), political networks (Su et al., 2015; Zhou, 2013), political participation (Chen et al., 2012; Feng et al., 2014, 2015; Talavera et al., 2012), community-level institutional trust (Zhang, 2015), and institutional environments (Lin & Si, 2014). Institutional context is also examined as an omnibus context. Interesting thematic institutional contexts include party-state-enterprise relations (Fuller, 2010; Lu & Tao, 2010; Sun et al., 2010; Cho, 2011; Li et al., 2012; Liou & Tsai, 2017); urban entrepreneurial states (Chien, 2013); institutional entrepreneurship (Lee & Hung, 2014; Liu et al., 2018); policy entrepreneurship (Hammond, 2013; Zheng & Hu, 2018; Zhu, 2013; Zhu, 2016); institutional change (Eesley et al., 2016; Zhang & White, 2016); state-led strategic

entrepreneurship (Sun, 2015); institutional boundaries (Chen & Touve, 2011); non-munificent institutional environment (Bhatt et al., 2017); socialist imprinting (Dai et al., 2018); and compound (institutional) voids (Fish et al., 2017).

Research on social context displays commendable efforts to apply the “inside-out” approach to contextualising. Such works include Confucian social model (Li & Liang, 2015), Confucian Ren-Yi Wisdom (Zhu, 2015) and Zhong-yong thinking (Ma et al., 2017). Intriguing studies have also introduced religion and faith into contextualisation such as faith and trust of protestant entrepreneurs (Tong & Yang, 2016) and religious and political involvement (Du, 2017). Research has also touched upon the contexts of cultural values regarding embeddedness and gender such as relational and institutional embeddedness (Avgerou & Li, 2013) and reconfiguration of gender hierarchies (Wallis, 2015). However, contextualisation in this regard remains limited.

With regards to spatial context, the papers we reviewed straddle the “outside-in” and “inside-out” approaches to some extent. Local government entrepreneurship (Chien, 2013; Xue & Wu, 2015; Xun et al., 2016) understandably features most strongly as research tries to capture the characteristics and impacts of decentralisation of state capitalism in China. Furthermore, local governments can play an essential role in entrepreneurship and regional development (Liu and Huang, 2018). The number of research on temporal context is modest and focuses on two separate themes, namely changing role of guanxi (Guo & Miller, 2010; Peng et al., 2016; Burt & Opper, 2017; Liu et al., 2018) and dynamics of

entrepreneurial emergence (Atherton & Newman, 2016; Cinar et al., 2018; Dai et al., 2019). Du et al.'s (2018) recent research on emergence of the digital entrepreneurial ecosystem captures the impact of Internet revolution on entrepreneurship in China.

By far, the third approach, i.e., comparison between China and other countries in entrepreneurship context, is the most under-researched area. Nonetheless, Burt's (2019) eminent work that contrasts forms of network disadvantages in China and the West not only shows how this should be done in highest academic rigour but also points to a fertile area, in which this line of research can explore further.

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Clearly, knowledge gap on Chinese entrepreneurship remains stubbornly large, in particular from the above mentioned three approaches concerning what specific Chinese contextual factors and how they impact entrepreneurial activities, behaviour and outcomes. Using China as an example, Bruton, Zahra and Cai (2018) argue that scholars need shift from the US dominated model of entrepreneurship in academic research to reflect better the variety and diversity of entrepreneurial activities around the globe. They further call for indigenous theory to investigate local settings of entrepreneurship, which not only researchers but also editors and reviewers should effort on. 'indigenous research', as Tsui (2004:

501) defines, is ‘scientific studies of local phenomena using local language, local subjects, and locally meaningful constructs, with the aim to test or build theories that can explain and predict ... phenomena in the local social cultural context’. By scientific studies, she emphasizes the need for high-quality indigenous research as judged by the scientific community. Indigenous Chinese management research is still at its initial stage of trial and formation (Zhang, 2015).

### **Preview of papers in the special issue**

It is undoubtedly helpful to advocate ‘indigenous research’ (or the “inside-out” approach) to develop the indigenous theories of entrepreneurship. Nevertheless, contextualisation in Chinese entrepreneurship research has a much broader scope and the “outside-in” and “comparison” approaches to contextualisation merit equal attention. Consequently, this special issue for *Entrepreneurship and Regional Development* is intended to plug a gap and advance our understanding of Chinese entrepreneurship towards the direction of contextualisation by taking some specific contextual factors into consideration, which have largely been neglected by previous studies. Below we will explain the paper selection process and provide a brief preview of the five papers included in this special issue.

We received 47 submissions in the first round. After the initial review conducted by the three guest editors, 12 papers were selected and their authors were invited to attend the paper development workshop held at Wuhan University in April 2017. Professor Alistair Anderson, editor of *Entrepreneurship and Regional Development*, and Professor Garry Bruton, were invited to give keynote speeches and provided insightful

feedback and guidance for revisions to authors who participated the workshop, along with the three guest editors. After the workshop, we received 10 revised manuscripts from the participant authors by the set and extended deadlines. We also received two more manuscripts from authors who did not participate the workshop. All 12 manuscripts went through rounds of double blind review process, resulting in five papers being finally accepted.

These five papers help advance a more nuanced understanding of entrepreneurship in China from five diverse perspectives. Each article addresses a specific and significant aspect of Chinese entrepreneurship by using a unique conceptual framework and methodology or data set respectively. More importantly, these articles achieve critical acclaims by enriching our understanding of various approaches to contextualisation in Chinese entrepreneurship. They examine China's entrepreneurial ecosystems, sub-national institutions, entrepreneurs' global mind-set and firms' international entrepreneurial orientation, migrant workers' entrepreneurship, and government entrepreneurship policies, respectively.

Li, Cai, Bruton and Sheng (this issue) provide probably a first systematic review of literature on entrepreneurial ecosystems in the leading international journals and also in the leading Chinese journals from the time period of 2000 to 2017. By employing an open code methodology to classify each of the identified 85 articles by theme, they find four principal themes in entrepreneurial ecosystem research: nature, networks, institutions, and dynamics. Articles in the nature theme address the definitions and component parts of entrepreneurial ecosystems. Articles in the networks theme examine interactions of components within the entrepreneurial ecosystem. Based on the institutional theory, the third theme of articles examine institutions and their central role in shaping entrepreneurial ecosystems. Articles in the fourth theme concern the dynamics of ecosystem with a particular focus on how structures can support and reinforce the ecosystem creation. Furthermore, they suggest four broad



questions for future research in China. First, how do institutional variations in geographic regions affect entrepreneurial ecosystems? Second, what is the role of government in shaping the formation and evolution of entrepreneurial ecosystems? Third, how do entrepreneurial ecosystem components interact dynamically towards reconciled goals? Fourth, how can different entities develop cooperation relationship to create shared values in the entrepreneurial ecosystems.

Chen, Li and Paik (this issue) address an under-researched question as to how sub-national institutions affect the diversification of small and medium-sized enterprises (SMEs) into new businesses in China. Adopting an institutional framework, they assess the impact of sub-national institutions on SMEs' strategic behaviour. More specifically, they examine how two important aspects of sub-national institutions, the dominance of state-owned enterprises (SOEs) and development of market systems, influence diversification. Using data derived from both a large-scale national survey on SMEs and the National Economic Research Institute (NERI) Index of Marketization on China's provinces, they find that in provinces dominated by SOEs, SMEs were less likely to diversify into new businesses. They also find that the development of market systems tended to reduce the odds of diversification for SMEs that primarily served local markets and lower the likelihood of unrelated diversification. The study shed new light on the relationship between diversification and institutions in strategic entrepreneurship

Lin, Cao and Cottam (this issue) respond to Chinese SMEs' increasing international networking and knowledge acquisition activities and set out to investigate the roles and joint influence of their leaders' global mind-set and firms' international entrepreneurial orientation in those processes. Using survey data from a sample of 208 SMEs in China, they find that both leader's global mind-set and firm's

international entrepreneurial orientation have a direct and significantly positive impact on Chinese SMEs' international networking and knowledge acquisition activities. They also find that leader's global mind-set has an indirect effect on the firm's internationalisation activities through the mediation of firm entrepreneurial orientation, and eventually influences firm-level performance. These findings help advance knowledge of the role of business leaders in shaping organisation-wide entrepreneurial orientation, behaviours and subsequent firm performance.

Duan, Yin, Xu and Wu (this issue) explore how the push factor of job demands and the pull factor of entrepreneurial resources influence the intention of Chinese migrant workers to return to their hometown and engage in entrepreneurial activities. From an analysis of a sample of 302 Chinese migrant workers, they find that job demands on migrant workers increase their job burnout and in turn increase return-home entrepreneurial intention. They also find that entrepreneurial resources of return-home migrant workers increase their entrepreneurial conviction that in turn positively influences their entrepreneurial intention. In addition, they find that intergenerational differences positively moderate the job demands–job burnout–entrepreneurial intention relationship and negatively moderate the entrepreneurial resources–entrepreneurial conviction–entrepreneurial intention relationship. Duan et al.'s study reveals the importance of examining push and pull factors concurrently, and emphasizes the intergenerational differences in explaining the return-home entrepreneurial intention of Chinese migrant workers.

Dai, Arndt and Liao (this issue) address the questions of what types of entrepreneurs are more likely to ‘stay tuned’ to government policies and whether it pays off to align with government policies. From the lenses of opportunity recognition and the institution-based view, they examine the link between the pursuit of policy-induced opportunities and firm performance. Based on an analysis of a sample of 3,284 privately owned Chinese firms in 31 regions/provinces in China, they find that entrepreneurs who have past working experience within the government are more likely to stay alert to government policies involving entrepreneurial opportunities, which leads to increased entrepreneurial activities and, ultimately, firm performance. This study enriches our understanding of the importance of policy-induced opportunities arising from changes in entrepreneurship framework condition and government intervention. It also sheds new light on how entrepreneurial alertness to government policies may influence firm performance.

### **Some future research directions**

Despite the considerable progress, not least in the rapidly increasing volume of research on entrepreneurship in China, there still remain largely unanswered questions, and even ‘puzzles’ (Huang, 2010; Zhou, 2011; He et al., 2018; Bruton et al., 2018), left unaddressed by the special issue papers. Some questions are related to the particular Chinese context, while others are associated with the new developments in China, both of which can have an impact on entrepreneurship as indicated earlier. Therefore, there is a need to broaden the scope by taking into consideration a more holistic and inclusive view of wider and richer contextual factors. We have identified four contextual parameters that are important to the

next stage of entrepreneurship research. The research gap becomes prominent given the significance of these unique Chinese contextual factors in the entrepreneurial process and performance.

First, research needs to explore in greater depth the role of government in entrepreneurship (Liu and Huang, 2018), as implied by Dai et al. (this issue). ‘In China, the government is an integral part of the ecosystems that spawns and sustains entrepreneurship’ (Bruton et al., 2018). In recent years, the Chinese government has implemented a variety of policies to encourage and facilitate entrepreneurial activities as entrepreneurship is considered one key driving force of sustained economic development (He et al., 2018). Since 2015, “mass entrepreneurship and innovation” has emerged as the new national economic development strategy. Entrepreneurship development in China has been applauded for entering a golden era (He et al., 2018, p1). However, it is not yet known if such policies have been effective.

China’s stagnating TEA rate since 2015 as revealed by China GEM data is such a puzzling phenomenon. In his key-note speech at the 2014 Summer Davos held in Tianjin, China, Chinese Premier Li Keqiang first articulated the country’s new initiative of mass entrepreneurship and innovation (MEI) as twin engines to revitalise economic growth. The Chinese government quickly beefed up its support to MEI in “Opinions on Several Policy Measures to Boost Mass Entrepreneurship and Innovation (MEI)” issued by State Council in May 2015. Evidence is abundant that enthusiastic local governments have topped up central government’s incentive measures with generous entrepreneurship support. Why have such policies and support not spurred more people in China into entrepreneurial action? In relevance to Dai et al.’s study (this issue), are the policies only effective on those entrepreneurs who have work experience in the government? Why do people feel less capable of exploiting entrepreneurial opportunities and more afraid of failure? Why are women less enthusiastic with entrepreneurship? To answer these questions, we

need greater knowledge and understanding of how entrepreneurship policies are formulated and implemented. We need to open up the black box of policy-making in order to understand the context through which entrepreneurship policies are coordinated and impacts are trickled down.

Research on the role of government also needs to link it to the quality of entrepreneurship. One of the myths revealed in the GEM China surveys is the declining high-growth entrepreneurship. Entrepreneurs vary in their innovativeness (Li, Qu & Huang, 2018). In his provocative piece, Shane (2009) argues that encouraging more people to become entrepreneurs is a bad public policy. He contends that many entrepreneurship policies actually lead people to start marginal businesses that are likely to fail, have little economic impact, and generate little employment. China's MEI initiative is an entrepreneurship policy experiment in an unprecedented scale. Will MEI's outcomes prove Shane wrong or add more weight to Shane's argument? Does the stagnation of entrepreneurship hamper high-growth entrepreneurship in China? Does the unbalanced entrepreneurial ecosystem as revealed early on constrain high-growth entrepreneurship? Or does generous entrepreneurship support crowd out high-growth entrepreneurship? All these are intriguing questions that beg answers. The problems and obstacles identified could have implications for other countries that endeavour to promote entrepreneurship.

Second, research needs to explore the impact of the development of Chinese version of globalisation on Chinese entrepreneurship. Chinese government has been vigorously promoting the 'Belt and Road Initiative' since 2013. Significantly, China's outbound FDI (foreign direct investment) since 2014 has overtaken inward FDI. Initially Chinese FDI focused on natural resource-seeking in developing countries (Lehmann, 2015). Chinese entrepreneurs are now setting up processing and production facilities to add value to raw materials in developing countries, for

example, Africa (Ado and Osabutey, 2018). Such international entrepreneurship can not only make important contributions to financial wealth creation (Coviello, McDougall, & Oviatt, 2011) and economic development in these countries but also help upgrade Africa in the global value chain (Ado and Osabutey, 2018) and even affect global sustainable well-being (Zahra, Newey & Li, 2014). Nevertheless, most countries along the Belt and Road routes are least developed countries often coupled with underdeveloped institutional systems. Chinese entrepreneurs tend to lack country familiarity, defined as the sense of knowing about a country (Clark, Li, & Shepherd, 2018) in these countries. In the meantime, more recent Chinese outbound FDI has gone in substantial sums to developed countries with focus on strategic resource-seeking, including in acquisitions of high tech and high brand companies (Lehmann, 2015). How do Chinese entrepreneurs identify and explore opportunities? Do Chinese values influence their decision making process? How do they overcome newness and liability as foreign firms? What determines their survival and success in unfamiliar countries?

Third, research needs to investigate the impact of urbanisation on Chinese entrepreneurship. It has been argued that China's economic transition is a three-driver process, namely marketization, globalization, and decentralization. As a result, the dynamic institutional context is critical for entrepreneurial activities (He et al., 2018). In fact, this transition is coupled by the process of urbanisation with a huge volume of population moving to the urban areas. According to Liu et al. (2018), by 2013, more than 80% of the 240 million migrants in urban China were rural-to-urban migrants. However, there is little research, probably with the exception of Liu et al (2018), that specifically addresses internal migrant entrepreneurship. Using the 2012 and 2014 Chinese Labour-force Dynamics Survey (CLDS) data, they find that rural migrants in China are more likely to engage in entrepreneurial activities than their urban counterparts who live in cities and their rural counterparts who remain in the

rural areas. However, available research seems to suggest that as ‘outsiders’ to the host locality (Rath and Kloosterman, 2000; Canello, 2016), migrant entrepreneurs face significant disadvantages relative to local entrepreneurs, e.g., the active hostility of both the local government (Kloosterman & Rath, 2001) and local entrepreneurs (Canello, 2016). This may have contributed to their further finding that migrant-owned businesses are over-represented in the mature sectors (wholesale, retail, and food) (Liu et al., 2018). Indeed, as Liu et al. (2018) admitted, little research has systemically examined migrant entrepreneurship dynamics in the Chinese context. Therefore, it would be interesting for future research to investigate how migrant entrepreneurs overcome barriers in the entrepreneurial process, from opportunity identification, resource acquisition to creation of new ventures towards success. Such research is not only important to China but also other emerging economies, such as India and Indonesia, which are witnessing large scale movement of domestic migrants, many of whom have the potential to engage with entrepreneurial activities (Bhavnani and Lacina, 2017).

Fourth, research is needed to examine the influence of digital technology on entrepreneurship in China. Digital technologies and infrastructure can be external enablers of new venture creation and growth (Nambisan, 2017; von Briel et al., 2018; Autio et al., 2018). This is probably more significant in China (Du et al., 2018). China has the world's largest number of internet users, and is already an internet leader in many ways. In addition, China has built considerable strengths in the IT industry with unique Chinese characteristics in terms of customer-focused and efficiency-driven (McKinsey Global Institute, 2015). China is also able to take advantage of having a minimal technology legacy and leap frog into new technologies, mobile payments, on demand transportation, and social networks (China Daily, 2016). In fact, China’s technology industry, particularly its mobile businesses, has in some ways pulled ahead of the United States (New York Times, 2016). For example, China is

the world's leader in "financial technology" (Fintech, internet-based banking and investment), which helps to build a more efficient banking system that benefits consumers and small businesses (Economist, 2017). Growing up as 'digital natives', the Chinese younger generation born after 1990 are constantly connected, and know information technology so well (Zhang, Chen, Chen, & Ang, 2014). WeChat, a Chinese multi-purpose app developed by Tencent, is the equivalent of WhatsApp plus Facebook plus PayPal plus Uber plus GrubHub plus many other things with more than 1 billion monthly active users around the world. Integrated, WeChat Pay provides merchants with an advanced mobile payment method and a platform which enables long-term communications and customized customer services for billions of Chinese consumers (New York Times, 9 January 2019). As the most widely used social network and one of the most popular mobile payment platforms among Chinese people, Wechat has 800 million monthly active users (China Daily, 23 January 2019). Against this background, how can and will such developments influence entrepreneurship? Will such extraordinary expansion of digital technology and on-line platform enable entrepreneurship by lowering market entry barrier and easier access to customers? Will this lead to development of informal economy, i.e., businesses are not registered with government regulatory authorities? Can such digital platforms facilitate cross-border businesses?

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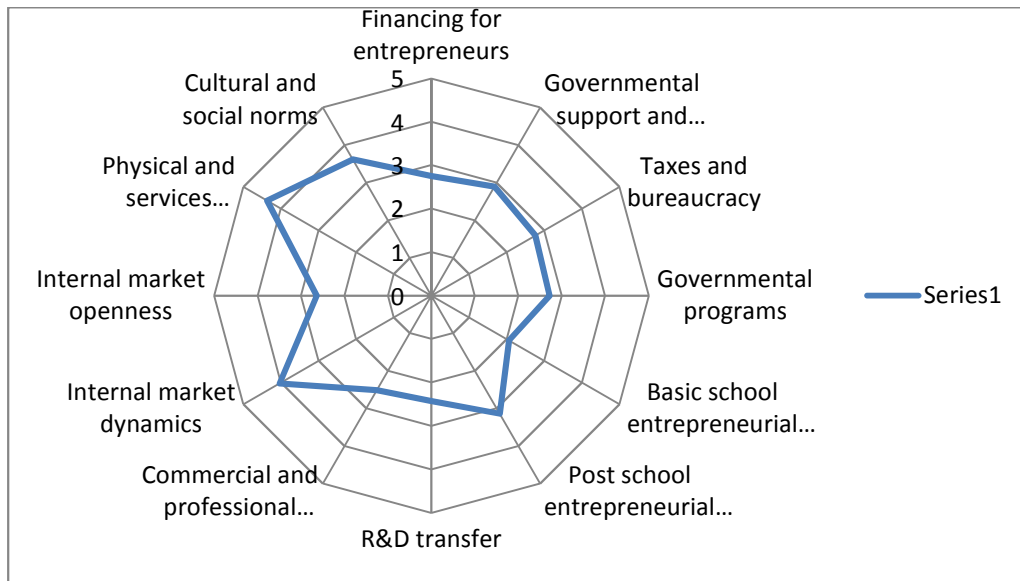
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Table 1 Overview of Chinese entrepreneurship, 2002-2018

Year	Values, abilities and opportunities					Intentions	Motivation		Entrepreneurship				impacts	
	Perceived opportunities	Perceived capabilities	Fear of failure rate	High Status to Successful Entrepreneurs	Entrepreneurship as a Good Career Choice	Entrepreneurial intentions	Opportunity-motivated TEA	Necessity-motivated TEA	TEA China	Female TEA	Established Business Ownership	Entrepreneurial Employee Activity	High Job Creation Expectation	Innovation
2018	35.07	24.15	41.7	68.72	60.82	15.28	n/a	n/a	10.4	9.2	3.16	1.0	20.38	33.06
2017	35.21	27.24	41.46	74.57	66.35	15.29	67.2	32.4	9.9	8.6	6.83	1.36	24.32	25.51
2016	37.33	29.82	49.08	77.8	70.3	21.3	73.3	26.7	10.3	10.2	7.5	1.2	26.7	28.8
2015	31.71	27.42	39.96	77.62	65.94	19.52	64.3	34.7	12.8	14.2	3.12	1.36	35	25.82
2014	31.88	32.97	39.5	72.91	65.68	19.33	65.7	33.2	15.5	12	11.59	0.46	13.65	19.63
2013	33.07	36.29	34.3	73.53	69.61	14.42	66.1	33.9	14	11	11.04	0.6	22.94	21.7
2012	32.24	37.6	35.82	76.13	71.67	20.39	63	37	12.8	22.4	12.45	0.59	18.23	21.06
2011	48.84	43.9	35.64	73.41	73.12	42.81	59.4	40.6	24	n/a	12.67	2.09	34.87	14.06
2010	36.17	42.33	32.01	76.93	70.03	26.9	58	42	14.4	16.5	13.77	n/a	20	n/a
2009	25.32	35.23	32.07	77.49	66.12	22.58	52	48	18.8		17.16	n/a	19.22	n/a
2007	39.19	38.85	31.05	70.59	68.64	31.46	60.4	39.6	16.4	20.5	8.39	n/a	29.41	n/a
2006	31.2	36.39	31.7	71.54	69.49	24.71	59.2	38.7	16.2	n/a	12.92	n/a	21.78	n/a
2005	21.31	22.55	13.91	67.25	73.78	45.54	53.2	45.3	13.7	n/a	13.24	n/a	16.62	n/a
2003	32.06	37.53	28.26	71.41	73	29.46	47	53	12.9	n/a	13.82	n/a	17.98	n/a
2002	26.98	35.86	36.92	n/a	n/a	27.55	40	60	12.1	n/a	10.58	n/a	20.69	n/a

Sources: GEM data (<https://www.gemconsortium.org/data>), Gao et al. (2008)

Figure 1 Entrepreneurship framework conditions in China in 2018



Sources: GEM data (<https://www.gemconsortium.org/data>)

Table 2 Overview of contextualisation in Chinese entrepreneurship research

<p>Social context</p> <p>Stage model of guanxi (Guo &amp; Miller, 2010); moral sentiment (Yiu et al., 2014); Confucian social model (Li &amp; Liang, 2015); relational and institutional embeddedness (Avgerou &amp; Li, 2013); Confucian Ren-Yi Wisdom (Zhu, 2015); religious and political involvement (Du, 2017); prominent business association (Ma et al., 2015); reconfiguration of gender hierarchies (Wallis, 2015); Zhong-yong thinking (Ma et al., 2017); mentoring (Ting et al., 2017); faith and trust of protestant entrepreneurs (Tong &amp; Yang, 2016)</p>
<p>Spatial context</p> <p>Urban entrepreneurial states (Chien, 2013); regional institutions (Zhou, 2014); local state entrepreneurial governance (Xue &amp; Wu, 2015); local government entrepreneurship (Xun et al., 2016); embeddedness in clusters (Fu, 2016)</p>
<p>Institutional context</p> <p>State controlling ownership (Li et al., 2012); party affiliation (Lu &amp; Tao, 2010); urban entrepreneurial states (Chien, 2013); entrepreneur-politician alliances (Sun et al., 2010); institutional entrepreneurship (Lee &amp; Hung, 2014); legal environments, political factors (Fuller, 2010); co-evolution of entrepreneurial action and the institutional structure (Zhang &amp; White, 2016); policy entrepreneurship (Hammond, 2013; Zheng &amp; Hu, 2018; Zhu, 2013; Zhu, 2016); institutional Change in Universities (Eesley et al., 2016); dueling logics (Yiu et al., 2014); state-led strategic entrepreneurship (Sun, 2015); institutional boundaries (Chen &amp; Touve, 2011); a rent-seeking society (Dong et al., 2016); network “fit by founding” (Zhang et al., 2016); non-munificent institutional environment (Bhatt et al., 2017); socialist imprinting (Dai et al., 2018); compound (institutional) voids (Fish et al., 2017); the state-market complex (Cho, 2011); universities as institutional entrepreneurs (Liu et al., 2018); dual role of cadres and entrepreneurs (Liou &amp; Tsai, 2017); managerial task allocation (Guo et al., 2017); contingency model of CSR (Song et al., 2016); property right (Wang, 2012)</p>
<p>Temporal context</p> <p>Stage model of guanxi (Guo &amp; Miller, 2010); the role of early network events (Burt &amp; Burzynska, 2017; Burt, &amp; Opper, 2017); dynamics of entrepreneurial emergence (Atherton &amp; Newman, 2016; Dai et al., 2019); changing role of guanxi (Liu et al., 2018; Peng et al., 2016); emergence of the digital entrepreneurial ecosystem (Du et al., 2018); entrepreneurship attributes (Cinar et al., 2018)</p>
<p>Discrete</p> <p>Institutional profile (Tang &amp; Tang, 2012); ownership arrangements (Zhang et al., 2016); political networking (Su et al., 2015; Zhou, 2013); political participation (Chen et al., 2012; Feng et al., 2014, 2015; Talavera et al., 2012); community-level institutional trust (Zhang, 2015); transitional stage (Bernhofer &amp; Han, 2014); guanxi networks (Su &amp; Sohn, 2015; Troilo &amp; Zhang, 2012); institutional environments (Lin &amp; Si, 2014); Chinese markets (Zhao &amp; Parry, 2012); local conditions (Li, 2017); health insurance (Liu &amp; Zhang, 2018)</p>
<p>Comparison</p> <p>contrasting forms of network disadvantages in China and the West (Burt, 2019); women entrepreneurship in China and Vietnam (Zhu et al., 2019)</p>