

A Study on the Challenges and Opportunities Faced by Foreign Entrepreneurs in China

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Abstract

Entrepreneurship is crucial to the advancement of nations. Nevertheless, entrepreneurs cannot function in solitary confinement; they need the right atmosphere to succeed. Entrepreneurship is not just “starting a company”. Entrepreneurship is a mechanism that recognizes opportunities, allocates capital, and generates value. Such value development also happens by recognizing unmet needs or finding incentives for improvement. It has become much easier to do business in and with China than it was a decade ago. Yet doing business does not mean everyone makes money. After its economic reforms, China has embarked on exponential growth within the past three decades, now the second-largest economy in the world. Nonetheless, even with opportunities available, the various obstacles in China restrict foreign entrepreneurial activities. This study recognizes these obstacles and acknowledges that the common denominator is the challenge of new and growing entrepreneurial firms: government policies and initiatives, education, and growth in the vicinity of entrepreneurs. Questionnaires were used to gather data to discover foreign entrepreneurs’ problems and opportunities. This paper provides detailed information about the challenges and opportunities faced by foreign entrepreneurs in China.

Keywords

Foreign Entrepreneur, Opportunities, Challenges, China

1. Introduction

After opening up foreign trade and investment backed by implementation of free-market reforms in 1979, China was among the fastest-growing economies in the world, with real annual gross domestic product (GDP) growing by an average of 9.5 percent through 2018 (CRSR, 2019). This economic growth has

changed the livelihoods of people tremendously. The per capita gross national (GNI) income in China was 175 times higher in 2018 than in 1952, up to \$9732 above the average for mid-income countries (TSCPR, 2019). Not only do enterprises progress in their efforts, but also they live on any idea they come up with due to the economic contribution of new enterprises.

Entrepreneurship is more than just starting a business. It is a process by which individuals identify opportunities, allocate resources for value creation. This creation of value in a larger sense is often the result of identifying opportunities for change. In short, entrepreneurship is a profitable way of finding a solution to problems (Calvin, 2003).

An entrepreneur is the one who plays an important role in the economic development of a country by taking the risk of setting the pace. An entrepreneur breaks new grounds, exercises the foremost role of organizing a venture to take advantage of an opportunity and looking for higher achievement.

This study recognizes that for foreign entrepreneurs in China to become successful there is the need to first understand the challenges militating against entrepreneurship. It is after these challenges are identified that measures can be recommended to help take entrepreneurship to a higher level.

This study intends to examine the challenges and opportunities faced by foreign entrepreneurs in China. Inspired by theoretical insights and empirical findings in the literature, we intend to examine the challenges foreign entrepreneurs face in China. The rest of this paper is organized as follows: part two is a theoretical framework of related topics; part three is brief description of the foreign entrepreneurship in China; part four is brief description of the methodology adopted for this research; part five focuses on data description and analysis; this is followed by part six which is a recommendation of possible ways to create a better entrepreneurial society; and a conclusion.

2. Entrepreneurship Definitions and Concept

The terms “entrepreneur,” “entrepreneur” and “entrepreneur” are likely to be used interchangeably, since each concept expresses specific things about an individual, group or company that use resources to create satisfaction (Abosedo & Onakoya, 2013).

According to Wong et al. (2005), there are two main ways to measure entrepreneurship. These include entrepreneurship through the creation of a new firm and innovative entrepreneurship through innovation.

Concept

Entrepreneurship originates from the French concept of “entrepreneur” which is literally translated into the English concept of “undertake.” To start a business simply means to undertake a business. Hisrich and Peters (2004) suggested that entrepreneurship is a “process of creating something new with value by devoting the time and effort needed, assuming accompanying financial, psychological and

social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.”

This study suggests that entrepreneurship is described as the “development of new enterprises” and supports [Low and MacMillan \(1988\)](#) view that entrepreneurship work seeks to understand and encourage the role of new enterprises in fostering economic progress.

3. Foreign Entrepreneurship in China

Chinese culture has an impact on both business and personal life. It has two definitions, “Guanxi” and “Mianzi.” Guanxi talks about relationships, personal ties, contracts, while Mianzi refers to the idea of “face,”—loosely described as pride or self-respect, and maintaining others self-respect. Mianzi, placed in a hierarchy is linked to reputation ([Dumont, 2012](#)).

Entrepreneurship only happens if resources are found and exploited. Unearthing and leveraging require intuitive methods ([Hameed & Irfan, 2019](#)). Mainly because different individuals in society have different opinions on the relative worth of money, the price at which markets should be transparent ([Kirzner, 1997](#)). Over the years, China has made many changes and advances in foreign business operations, but Chinese laws are interpreted differently at provincial level. China made it easier for foreign entrepreneurs to start a company by implementing a single method to acquire a business license, organization code and tax registration, but these changes apply to Shanghai and Beijing and cannot be said for other cities in China ([World Bank, 2019](#)). Foreigners wishing to enter, travel or live in China must obtain a visa from a Chinese embassy, consulate, visa office or other Foreign Ministry approved agency. In general, visas must be obtained before entering China, although in certain circumstances visas can be obtained at the border ([Doing Business in China, 2007](#)).

The business types a foreign entrepreneur can engage in include ([Doing Business in China, 2007](#)):

- Joint equity partnership

An equity joint venture (EJV) is a corporate legal entity created by two or more Chinese and foreign parties. An EJV is a limited liability corporation with its own registered capital and a separate legal identity from its creditors. An EJV as an individual legal entity can contract on its own behalf and bearing responsibility. An EJV’s highest authority is the Governing Council. The board of directors will have a president and a vice-president, one of whom is usually chosen by the Chinese party and the other by the international party.

- Cooperative joint company

A cooperative joint venture (CJV) is a business partnership formed pursuant to a cooperation agreement between two or more foreign and Chinese parties. There are 2 kinds of CJVs: those with the status of legal person (a distinct corporate existence) and those without the status of legal person. Status of legal persons is the rule and special conditions apply Refer to CJVs which have no

status as legal individual. CJVs with status as legal persons are limited liability firms. Limited liability does not apply to CJVs that have no status of legal person.

- Wholly foreign-owned company

A wholly foreign-owned enterprise (WFOE) is an investment company set up and run by a foreign investor, without a Chinese partner's involvement. WFOEs are banned from certain sectors of industry. While more business sectors are being opened to wholly foreign-owned investment following China's accession to the World Trade Organization (WTO), for the near future other sectors should remain off limits to this kind of investment.

- Holding owned

Holding firms are also sometimes referred to as "investment" or "paradise" firms. They are FIEs established by a single foreign investor in China, for the specific purpose of holding the equity interests in the various FIEs. A holding firm may be wholly owned by a foreign company or a joint venture with a domestic investor. The capital contribution requirements and the current expenditure to create a holding company are big.

3.1. Entrepreneurial Opportunities in China

Below is a brief description of business opportunities available to foreign entrepreneurs.

- Population size

Every business needs customers, and if there is one thing China is known for it is its population size. China has a massive population, and this population at any point in time can be converted into customers. China's middle class is growing at an unprecedented rate which means that there is also a growth in consumer spending (Ade, 2012).

- A growing economy

China's economy continues to grow yearly, its middle-class population is expected to reach 600 million by 2020. There is a huge cake in Chinese business, and anyone can get a piece (Ade, 2012).

- Cheap labour

Business enterprises need labour one way or the other and China has the largest cheap labour in the world. This means that with your business establishment in China, you can cut down the cost of production since china has the right pool of labour your business may need. Even though the labour is not relatively cheap, compared to countries like the United States and the Western countries, China's labour is cheap (Cisse, 2013).

- E-tailing

The share of China's online retail market is more than 8% in 2014 (Rashed & Nesha, 2016) and not near saturation in the United States. More and more handheld apps are used to do so. It implements the payment system, improves the logistics and is trusted by Online Providers. Many retailers are adapting, al-

beit in far less physical locations. Malls will become hubs for non-retail services.

- Logistics

According to [Rashed and Nesha \(2016\)](#), ecommerce companies are investing billions in modern warehouses and trucks to boost their activities. Before this, most goods were carried by individual truck owner operators. China's Alibaba has made it its priority to spending billions of dollars on its logistics.

3.2. Chinese Business Environment

[Casson \(1982\)](#) describes entrepreneurial opportunity as a situation where new products or services can be launched and sold at a higher price than their production costs. Unbiased entrepreneurial opportunities themselves, their discovery and exploitation by entrepreneurs is an intuitive mechanism ([Shane & Venkataraman, 2000](#)). To answer the question why certain people, find entrepreneurial opportunities and others do not, aside from the obvious answer that is pure chance, other answers present themselves.

According to [Shane \(2000\)](#), previous information or experience acquired by the entrepreneur through industry or education can help an entrepreneur recognize an opportunity. The explanation that certain individuals perceive an opportunity before others is due to the basic cognitive properties that an entrepreneur can use to discover the value of an opportunity. Two entrepreneurs with respect to a discovered opportunity will approach it differently due to both entrepreneurs individual instincts, although the opportunity posed is the same. Ultimately, a reasonable capitalist would only exploit an incentive that offers a higher potential benefit than the best alternative's opportunity cost (see e.g. [Busenitz & Barney, 1997](#); [Corbett, 2007](#); [Shaver & Scott, 1991](#)).

[Amit et al. \(1993\)](#) indicate that individuals are likely to have different options with different outcomes, hence the probability of leveraging a specific choice would vary on an individual level. [Aldrich and Zimmer \(1986\)](#); [Evans & Leighton \(1989\)](#), implying that easy access to capital or stronger credibility or stronger relationships in society make it easier for one to acquire the resources required to exploit an opportunity, this has a near positive link to the opportunity to be exploited. Possibly valuable knowledge from previous jobs, and its transferability is another determinant ([Cooper et al., 1989](#)).

Every economy poses some sort of exposure the entrepreneur considers a challenge ([Gümüşay, 2018](#)). There is an entrepreneurial tradition in any economy with some imperfection. Entrepreneurs face threats of dislike, hatred, and fear of failure ([Tan & Ng, 2006](#)).

China's economy continues to grow yearly, its middle-class population is expected to reach 600 million by 2020. There is a huge cake in Chinese business, and anyone can get a piece ([Ade, 2012](#)). China as a country provides foreign entrepreneurs with both opportunities and challenges. These challenges are both major and minor depending on the sector you find yourself doing business in. According to [Lam \(2012\)](#), an entrepreneur must pay much attention to intellec-

tual property rights when he or she finds himself or herself doing business in China. Even though the Chinese government is putting in place policies to correct the issues of intellectual property, foreign entrepreneurs or investors need to be aware of issues related to copyright.

In addition to this, the issue of differences from one province to the other makes china not to have a homogeneous market. Consumer behaviour changes the moment you enter the next province (Cisse, 2013).

Recently, China is considered the world's factory. China alone accounted for 13.2% of all manufacturing in the world, making the United States of America the second manufacturing destination. China made this rank because it offers entrepreneurs or business firms access to low-cost raw materials and labor that are attractive to western companies. Chinese society is heavily influenced by the traditional values associated with Confucianism that promote a strict system of norms and propriety. These values determine how a person is to act within a community. Moreover, there is little separation between business and private life in China (Irwin, 2012).

According to Ferguson (2018), doing business in China is somewhat expensive and difficult due to its varying government and provincial regulations. Acquiring required permits for business operations is a cumbersome and tiring process, with the amount of taxes to be paid for businesses being a burden and also entrepreneurs cannot depend solely on government programs and policies for all the help and support they need. The tax administration carries a high corruption risk for business. Bribes and irregular payments are often exchanged when meeting with tax officials (GAN Integrity, 2018). Tax collectors were ranked as the second most frequent recipients of bribes, with more than half of surveyed companies citing the administration to be susceptible to corruption (Charney, 2015).

These permits accusation can be a huge problem in all aspect of business operations, from acquiring real estate and housing, environment regulations, pollution laws (He et al., 2016); acquiring digital media rights on contents (Han, 2016), the news and media are overseen and controlled by the Chinese Communist Party (CCP) which accredits journalists, doles out penalties for online criticism, and owns media outlets (GAN Integrity, 2018). There are no press provisions that provide for the protection of journalists and their rights (GAN Integrity, 2018) to name but a few areas. This can cause delays in business operations since normal everyday task, like obtaining product approval, labour contracts etc., can drain the resources (time and money) of the entrepreneur (Froese et al., 2019). Policies and programs at the national and local level favor domestic or local entrepreneurs or businesses and not foreign entrepreneurs. Related government procedures, moreover, are generally less transparent. According to Sutherland (2003), China has long espoused ambitious domestic industrial policies to nurture national champions.

Western economies protect their domestic and foreign business with strict laws and patterns, whereas in china, their legal environment is loosely defined,

giving rise to various loopholes in their law (Gentlemen in China, 2019). China's "Shanzhai" or copycat culture which has its root from the Confucian Tradition promotes individual sharing what they create with the society to promote greater harmony. China today is the world's largest producer of counterfeit products (Gentlemen in China, 2019). Due to Chinese to English translations, most often the wordings of laws are vague and can be interpreted in so many ways. Laws which are deemed important, laws on trade, intellectual property rights, labour and taxation are often refined which leads to complexity in interpretation of the laws. This in the long run leaves room for manipulation of law by local lawyers against foreign enterprises (Whitehouse, 2007).

According to the World Bank (2019), China has made a great many changes and developments in the way business functions over the years. Chinese laws are viewed differently at Regional level. China made it easier to start a business by introducing a single form to obtain a company license, organization code and tax registration. That applies to both Beijing and Shanghai. China has made it easier to start a company by removing both the minimum capital requirement and the requirement for an accounting firm to obtain a capital verification report. This reform is applicable both to Beijing and to Shanghai. Basically, all literature about this research and World Bank Group reports is always focused on Beijing and Shanghai. A skilled pool of employees is one of the key factors for deciding where to locate a foreign company. A location with nearby universities and colleges helps to provide qualified research and development staff for foreign high-tech companies. Not surprisingly, many high-tech companies are in Beijing and Shanghai, China's two largest cities (Chen, 2014). This study aims to address the gap in literature by exploring opportunities and challenges across China, and not only Beijing and Shanghai.

4. Methodology

This study adopted the survey methodology that used quantitative methods to collect and analyze data. Structured questionnaire was introduced for quantitative variables. This study's population included all foreign entrepreneurs in China. Foreign entrepreneurs operating a business in China were the research population for this study. The population for this study consisted of all the provinces in China that share common characteristics. Because of the time constraint and accessibility, the whole population could not be examined.

Quantitative data such as personal information, market views and challenges facing foreign entrepreneurs in China were gathered through, coordinated, close-ended questions. The questionnaire used in this study is adapted from (Reynolds et al., 2005). The closed-ended questions related to challenges faced by foreign entrepreneurs in China were asked as follows: 1) Strongly Agree, 2) Agree, 3) Neutral, 4) Disagree, 5) Strongly Disagree. The questionnaires contained 52 questions in three sections. The first section containing 8 questions addresses respondents' demographics. The second segment containing 41 ques-

tions discusses 9 key factors considered to test international entrepreneurship in China. The reason for using the questionnaire was that there are many topics that the respondents may find in an interview as inconvenience. The survey questionnaire provides a measure of privacy when addressing these topics. The researcher personally distributed the questionnaires via WeChat and Facebook channels to the Expat Community Groups. Because the target audience was Foreign Entrepreneurs in China, entrepreneurial online platforms were target across China to get respondents from across all provinces. In total 245, survey responses were received (**Table 1**). The questionnaire survey is also less costly, giving the respondent more versatility (Kumar, 2005: pp. 129-130; Welman et al., 2005: p. 178; Cooper et al., 1989: pp. 97-108; Leedy, 1989: p. 70).

5. Discussion and Interpretation of Findings

5.1. Demographic Data

The survey as depicted in (**Table 2**) indicates that majority of foreign entrepreneurs were male (77.0%) and the rest were female (23.0%). The age of entrepreneurs recorded at 15 - 25 years is 14.0 per cent, 26 - 35 years is 50.2%, 36 - 45 years is 25.1%, 46 - 55 years is 5.1% and lastly 56 years and above was 5.5% (**Table 2**). 37% of the entrepreneurs registered were Service Entrepreneurs, 40% were Good Entrepreneurs, while the remaining 23% were both Good Entrepreneurs and Service Entrepreneurs (**Figure 1**). With respect to the number of years spent by entrepreneurs in China, foreign entrepreneurs who have been living in China for less than a year accounted for 12.7%, 1 - 3 years to 26.1%, 3 - 6 years to 33.9% and 6 years to 23.3% (**Figure 2**). The majority of foreign entrepreneurs in China are Africans, accounting for about (49.4%), European (18.7%), Middle East (11.1%), Asia (9.4%), South Americans (4.7%), North Americans (4.7%) and Oceanians (2.1%) (**Table 2**).

5.2. Factors Identified by Respondents as Challenges for Foreign Entrepreneurs in China

During primary data collection, the researcher attempted to discover challenges experienced by the respondents through closed-ended questions. As per the responses, the biggest challenges for foreign entrepreneurs were government policies, transfer of knowledge from research and development to new and growing entrepreneurial firms, market openness, finance, and culture.

As reflected in **Table 3**, respondents irrespective of their entrepreneurial profession or education background indicated an unambiguous understanding of the policies and programs that affect entrepreneurial activities; new entrepreneurial firms could not obtain most of the required license within about a week, with the amount of tax payable being a burden on firms, as well as government programs for new and growing entrepreneurial firms are not adequate and almost anyone in need of assistance from government programs for a new or growing business finds it difficult to obtain the assistance required.

Table 1. Respondent number and city.

CITY	FREQUENCY
Beijing	9
Binzhou	3
Changsha	3
Chengdu	29
Chongqing	1
Dalian	2
Dandong	1
Deyang	3
Fuzhou	3
Guangzhou	25
Hangzhou	2
Hefei	8
Hezuo	2
Huainan	23
Huangshi	5
Jiachang	4
Jiameng	2
Jinan	2
Jingshan	2
Jinhua	3
Jinjian	2
Jinzhou	2
Jiujiang	1
Lechang	6
Linghai	4
Nanchang	2
Nanjing	18
Ningbo	5
Pudong	1
Putian	4
Qingdao	3
Qiqihar	1
Shanghai	5
Shenmu	1
Shenyang	5
Suzhou	1
Taiyuan	3
Tianjian	2
Weifang	1

Continued

Wuhan	4
Wuxi	2
Wuxi	2
Xinzhou	7
Yiwu	21
Zhanjiang	3
Zhenjiang	7
TOTAL	245

Table 2. Demographic data.

Demographic data	Percent (%)
Gender	
Male	77
Female	23
Age	
15 - 25 years	14
26 - 35 years	50.2
36 - 45 years	25.1
46 - 55 years	5.1
56 years and above	5.5
Region	
Middle East	11.1
Asia	9.4
Europe	18.7
Africa	49.4
South America	4.7
North America	4.7
Oceania	2.1

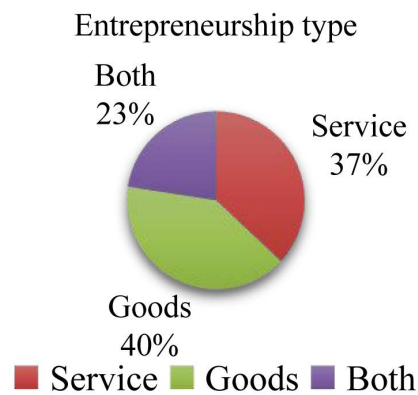


Figure 1. Entrepreneurship type.

Years in China

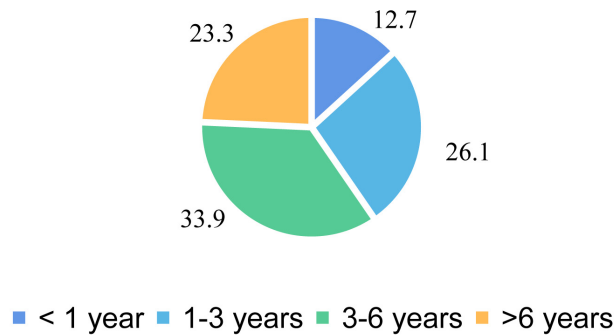


Figure 2. Years in China.

Table 3. Factors identified by respondents as challenges for foreign entrepreneurs in China.

	MEAN
A. Government policies to support new and growing entrepreneurial firms.	
A4. New entrepreneurial firms can get most of the required permit and licenses in about a week.	3.34
A5. The amount of taxes is NOT a burden for new entrepreneurial firms.	3.48
B. Government programs to support new and growing entrepreneurial firms.	
B3. There are an adequate number of government programs for new and growing entrepreneurial firms.	3.01
B5. Almost anyone needs help from a govern program for a new or growing business can find what they need.	3.06
D. Research and development transfer to new and growing entrepreneurial firms.	
D2. New and growing entrepreneurial firms have just as much access to new research and technology as large established firms.	3.14
D3. New and growing entrepreneurial firms can afford the latest technology.	3.54
D4. There are adequate government subsidies for new and growing entrepreneurial firms to acquire new technology.	3.55
E. Commercial, legal infrastructure relevant to new and growing entrepreneurs	
E2. There are enough subcontractors suppliers, and consultants to support new and growing firms.	3.14
E4. It is easy for new and growing firms to get good banking (checking accounts, foreign exchange transactions, letters of credit, and the like).	3.06
F. Internal [within the country] market openness.	
F3. New and growing firms easily enter new markets.	3.19
F4. The new and growing firms can afford the cost of market entry.	3.35
F5. New growing firms can enter markets without being unfairly blocked firms can enter markets without being unfairly blocked by established firms.	3.31
F6. The anti-trust legislation is effective and well enforced.	3.26
H. Cultural, social norms that encourage new and growing entrepreneurial firms.	

Continued

H2. A high value is placed on self-sufficiency, autonomy, individualism, and personal initiative.	3.06
H5. The national culture emphasizes the responsibility that the individual (rather than the collective).	3.18
I. Financial support for new and growing entrepreneurs.	
I1. There are enough government subsidies for new and growing entrepreneurial firms.	3.09
I2. There is enough funding available from private individuals (other than founders) for new and growing entrepreneurial firms.	3.28

Respondents also pointed out the difficulty in accessing new research and technologies, cost of latest technology and inadequate subsidies from government. Ongoing trade negotiations in early 2019, for example, centered on Chinese state subsidies, government directed credit (via the state-controlled banking system) and public procurement, as well as forced technology transfer. In short, China appears to be using domestic legal, regulatory and government interventions to favor its domestic firms (Froese et al., 2019).

Furthermore, ease and cost of market entry, anti-trust legislations laws, and already existing firms blocking new ones from entering the market scored means of above 3. Doing business in a foreign country is not an easy task, and the dynamic Chinese market contributes to an even more challenging environment. Despite its impressive economic development, China is still a transitional economy, as it is arguably still moving from a position where few market supporting institutions existed (i.e., a centrally planned economy). Thus, it may still be problematic to apply management approaches from advanced Western countries in China (Warner, 2009; Zhao & Du, 2012).

Gangata and Matavire (2013) point out that the government should play its role in enabling entrepreneurs to obtain funds at affordable interest rates, for example by reducing the rates charged by financial institutions or creating special funds, which can be accessed by entrepreneurs without too much red tape. According to Gangata and Matavire (2013), the government should also provide training to entrepreneurs in areas like financial and strategic management, to ensure proper management of these important entities and the government should also look at the possibility of opening a bank to cater for the needs of entrepreneurs.

Finally, Chinese culture emphasizes on groups and society and not the individual and celebrates the collective. Traditionally, under the influence of Confucian, Taoist, and Buddhist faiths, Chinese culture generated a rich and profound system of values which have uniquely evolved in each region/municipality of China (Kwon, 2012). A very recent example was the backlash against the Italian luxury brand Dolce and Gabbana after it launched an advertisement with unflattering stereotypes. The founders of the brand apologized for delivering offensive messages due to “cultural misunderstandings” (BBC News, 2018), gain confirming the importance of gaining local knowledge.

5.3. Factors Identified by Respondents as Opportunities for Foreign Entrepreneurs in China

As per Rashed and Nesha (2016), it has become much easier to do business within and with China than it was decades ago. But doing business does not always guarantee money for anyone. After its economic reforms (1978) three decades ago, China has embarked on an unparalleled economic growth, growing to become the second-largest economy in the world today and become the largest by 2020. The economic reforms in China have led to an enormous shift in the nature of the business climate and the opportunities that foreign entrepreneurs have available. Since China joined the World Trade Organization in November 2001, it has seen rapid growth in its foreign investment and commerce.

Opportunities present for foreign entrepreneurs in China identified by respondents are as follows (Table 4):

- Public policies and initiatives to encourage new and increasing entrepreneurial firms: Government policies (e.g. public procurement) actively promote new and growing entrepreneurial firms with funding for new and growing national and local companies. Government programmes to help new and growing businesses are successful, with a wide variety of government assistance available to new, growing businesses through communication with one agency, and those working for government agencies are knowledgeable and efficient in helping new and growing businesses. Technology parks and business incubators have produced and developed several businesses.

Table 4. Factors identified by respondents as opportunities for foreign entrepreneurs in China.

Opportunities present for foreign entrepreneurs in China identified by respondents	MEAN
A. Government policies to support new and growing entrepreneurial firms.	
A1. Government policies (e.g. public procurement) consistently favor new and growing entrepreneurial firms.	2.74
A2. The support for new and growing entrepreneurial firms is a high priority at the national level.	2.32
A3. The support for new and growing entrepreneurial firms is high priority for policy at the local government level.	2.55
A6. Taxes and other government regulations are applied to new and growing entrepreneurial firms in a predictable and consistent way.	2.78
A7. Government policies aimed at supporting new and growing entrepreneurial firms are effective.	2.45
B. Government programs to support new and growing entrepreneurial firms.	
B1. A wide range of government assistance for new growing entrepreneurial firms can be obtained through contact with a single agency.	2.77
B2. Science parks and business incubators have led to the creation or growth of many businesses.	2.27
B4. The people working for government agencies are competent and effective in supporting new and growing firms.	2.58

Continued

C. Education and training with emphasis on new and growing entrepreneurial firms.	
C1. The education system is structure in such a way that it encourages creativity, self-sufficiency, and personal initiative.	2.40
C2. The education system is structure provides adequate instruction in market economic principles.	2.89
C3. The education system provides adequate attention to entrepreneurship and new firm creation.	2.83
D. Research and development transfer to new and growing entrepreneurial firms.	
D1. There are well-developed systems in place for transferring new findings from universities and public research centers to new ventures and growing firms.	2.46
D5. The science and technology base support the creation of world-class new technology-based ventures in at least one area.	2.53
D6. There is good support available for engineers and scientists to have their ideas commercialized through new and growing entrepreneurial firms.	2.42
E. Commercial, legal infrastructure relevant to new and growing entrepreneurs	
E1. There are enough subcontractors suppliers, and consultants to support new and growing firms.	2.90
E3. It is easy for new growing firms to get good professional, legal and accounting services.	2.89
F. Internal [within the country] market openness.	
F1. The markets for consumer goods and services change dramatically year to year.	2.20
F2. The markets for business-to-business goods and services change dramatically year to year.	2.28
G. Access to physical infrastructure for new and growing entrepreneurs.	
G1. The physical infrastructure (roads, utilities, communications, waste disposals) provides good support for and growing entrepreneurial firms.	2.11
G2. It is not too expensive for a new or growing firm to get good access to communications (phone, internet, etc.).	2.27
G3. A new or growing firm can get good access to communications (telephone, internet, etc.) within a week.	2.20
G4. New and growing firms can get good access to utilities (gas, water, electricity, sewer) in about a month.	2.26
H. Cultural, social norms that encourage new and growing entrepreneurial firms.	
H1. A high value is placed on self-sufficiency, autonomy, individualism, and personal initiative.	2.33
H3. National culture encourages entrepreneurial risk taking.	2.52
H4. National culture encourages creativity and innovativeness.	2.33
I. Financial support for new and growing entrepreneurs.	
I3. There is enough venture capitalist funding available for new and growing entrepreneurial firms.	2.99
I4. There is enough funding available through initial public offerings (IPO) for new and growing entrepreneurial firms.	2.96

- Education and training with focus on new and growing entrepreneurial firms: The educational program is designed to promote innovation, self-sufficiency, and personal initiative and provide appropriate instruction on market economic principles. Training programs offer ample access to entrepreneurship and new firms.
- Migration of research and development to new and growing businesses: Well-developed mechanisms exist to transfer scientific developments from universities and public research centres to new companies and rising firms. The science and technology base funds emerging technology-based initiatives in at least one field. Engineers and scientists will help market their inventions through new and growing businesses.
- Economic, legal infrastructure for new and rising entrepreneurs: Suppliers and consultants are necessary to support modern, rising firms. New growing companies get good technical, legal, and accounting services quickly.
- Market openness: Consumer goods and services markets adjust significantly annually. Business-to-business goods and services markets change significantly annually.
- Access to physical infrastructure for new and growing entrepreneurs: Physical infrastructure (roads, utilities, communications, waste disposal) provides strong support and business development. A new or growing business will have good access to communications (telephone, internet, etc.) within a week and the cost of obtaining those communications is not too costly. New and rising businesses will have good access to utilities in around a month.
- Cultural, social standards that facilitate new and growing businesses: Through personal efforts, national culture encourages individual achievement. This promotes creative risk-taking, imagination and innovation.
- Financial support for new and rising entrepreneurs: Ample financing for venture capitalists is available through initial public offerings (IPOs) for new and growing entrepreneurial firms.

6. Conclusion and Recommendation

Most people yearn to put their business ideas to life as well as build a new company, but obstacles constrain them daily. Perhaps the challenges are not what to expect. The findings of the study have revealed both challenges and opportunities that are both present on the foreign entrepreneurial front. These challenges and opportunities seem to be cutting across all forms of entrepreneurship. While the business transformation in China remains at the relatively early stage in general, a significant body of research and experience in entrepreneurship, firm policy and development has accumulated in China (Bruton et al., 2001; Hitt et al., 2004).

New businesses cannot get all the necessary permits and licenses in about a week, and the amount of taxes is a burden on new businesses. Small and growing companies cannot afford the latest technology, nor have access to new research

and technology, just as large existing firms do. There are no government incentives for SMEs to develop new technologies. Subcontractors, manufacturers, and consultants cannot be used by new and growing firms. Good banking (checking accounts, foreign exchange transactions, credit letters, etc.) is difficult for new, growing firms. New and rising businesses cannot easily enter new markets, are unfairly blocked from market entry, and are unable to bear market entry costs. Anti-trust legislation is not robust and well-enforced. Low importance is given to self-sufficiency, sovereignty, individualism and personal initiative, and national culture emphasizes collective responsibility. Modern, rising businesses have no government incentive. Private companies (other than founders) have little funding for new, rising businesses.

To create a genuinely entrepreneurial programme in China that addresses the challenges facing foreign entrepreneurs, new and growing businesses need to collaborate with government to identify what is acceptable. Foreign entrepreneurs in China should not only see obstacles that should not be underestimated but should also learn to leverage opportunities. Foreign entrepreneurs can find smart ways to succeed in China's current market challenges while partnering with government to develop the system.

In terms of enhancing foreign entrepreneurship in China at both national and local level, this research offers some suggestions to promote the entrepreneurial cycle for foreign entrepreneurs: government must implement new and welcoming laws that reduce the administrative burden on entrepreneurs when starting business projects. General and local government should promote entrepreneurs and provide moral support through enabling and a warm culture, the government will agree that one way to develop the economy is to encourage entrepreneurship. To do that, it should create a culture that promotes entrepreneurship. Government should include policies and programs to create industry-friendly atmosphere for foreign entrepreneurs. Credit providers like banks and other financial agencies should reduce red tape and other formalities while providing credit to entrepreneurs to open their business units. The government should create the right institutional climate, such as programs and policies that will help entrepreneurs obtain business licences on time, tax waivers for new and emerging business projects, proper banking laws and systems, fostering national and local culture, incentives, and grants to help entrepreneurs obtain the latest technology. Government should include entrepreneurship creation as a curriculum subject at secondary and higher education institutions to provide the requisite basic knowledge and construct adequate entrepreneurial skills and attitudes among primary-level youth. The education system should integrate entrepreneurial teaching and nurture, while the judiciary should be receptive to IPR protection. The private sector cannot understand and create a fully entrepreneurial society without regulation. Moreover, financial institutions should properly integrate and set aside enough funds to support new, creative enterprises. China is a valuable research site here, and research on this topic is a significant step in

this direction.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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