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Patterns of Venturing Financing: The Case of Chinese Entrepreneurs¹

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This study examines the sources of venture financing of Chinese entrepreneurs in Wuhan, China. Based on a sample of 222, we found that Chinese entrepreneurs in Wuhan mainly rely on venture financing on their own or parties that are within their close social

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networks such as parents, relatives and friends. External financing sources are notably missing. We also found that entrepreneurs who use significantly more personal saving in venture financing are older (>37 years), female, with high school education or less, and have longer working experience. Entrepreneurs who are male with college or higher education, and who take time to build their business (more than two years) tend to receive significantly more bank loans. Young male entrepreneurs who have less working experience and with intention to create a business fast tend to rely more on financial support from their inner social network such as parents, relatives and friends. Implications and future research directions were provided.

Introduction

With the rapid economic development of China under reform policy, the role of entrepreneurs on the private economy will be key to the development of stable and steady economic growth. Entrepreneurship and small private enterprise development has been used by the Communist leadership of People's Republic of China (PRC). In fact, the Communist Party of China has allowed market forces and subsequently independent small business owners to become one of the major economic factors (Dana, 1999).

China has adopted a different approach toward entrepreneurship and private optioning for the development of a mixed "socialist market economy." As far back as 1978 China began to realize some of the advantages of mixing state and private enterprise. In an effort to stimulate economic growth and development Chinese leaders encouraged the formation of rural enterprises and private businesses, liberalized foreign trade and investment, relaxed state control over some prices, and invested in industrial production and the education of its work force (Hu and Khan, 1997).

During the 1980s an entrepreneurial led private sector was developed rapidly in China. Starr (1998), along with Dana (1999), contended that the private sector was the fastest growing part of the Chinese economy. By the end of 1990s it was estimated that more than 12 million private enterprises were operating in China (Quanyu, Leonard, and Tong, 1997). Many of these newly emerging small and medium-sized enterprises (SMEs) were clustered along China's eastern seaboard in the Guangdong, Fujian and Zhejiang provinces. Dana (1999) also reported that a large number of new private enterprises were located in rural areas.

Many of the newly emerging entrepreneurial led private sector businesses are micro-enterprises. Starr (1998) pointed out that most Chinese SMEs employ, on average, fewer than fifteen workers and hold less than forty thousand dollars in registered capital. By the same token there appears to be an emergent class of "Entrepreneurial Titans" developing large private empires. For example, the Nan De Group Cooperation led by Mr. Mou Quizhong with an estimated market value of \$12 million has more than 300 factories and companies in China, Eastern Europe and Russia (Quanyu, Leonard, and Tong, 1997).

By the 15th Communist Party Congress in 1997 Chinese political leaders including Prime Minister Zhu Rongji realized that if China was to continue to foster sustained economic growth the state sector must be further reduced. This marked the start of a new phase whereby tens of thousands of small and medium-sized state enterprises would be privatized (The Economist, 2000).

Further indication of the central government's commitment to entrepreneurship and SMEs' development became evident early in 2000. On January 5, 2000 *The China Daily*

reported that Zhou Yuanqing, vice-minister of education publicly called for China to produce more scientists, academics and entrepreneurs in order to compete internationally.

The Communist Party of China has indicated that future economic policy would concentrate on blending agriculture and industrialization in an attempt to slow the mass migration into major urban areas. Township and local village private enterprise development has been considered a vital supplement to the state agriculture sector. For example the “Spark Program” was designed to stimulate agriculture and light industrial development in rural areas and had created 20,000 projects between 1986 and 1999 (Dana, 1999).

Entrepreneurship and the continued development of private enterprise are vital to China’s economic prosperity and stability for decades to come. The government’s policy of using entrepreneurial led small and medium size enterprises (SMEs) as a supplement to state enterprise in combination with China’s ongoing “Consumer Revolution” is creating a new emergent class of tertiary industries. Both Dana (1999) and Davis (2000) cited examples such as financial services, real estate, subcontracting, restaurants and the entertainment sectors where entrepreneurial activity have begun to flourish.

The People’s Republic of China provides a unique living laboratory in which to explore entrepreneurship and small business development. Although there has been an emerging body of knowledge about entrepreneurship and private enterprise development in the Chinese context, few in-depth empirical investigations have been made to date. Siu and Kirby (1999) pointed out that the opening of the Chinese economy provides an opportunity for extended research into Mainland China where small and medium sized enterprises have begun to play an increasingly important role in the development of the economy. Consequently, researchers have a unique opportunity to identify, probe, and analyze the characteristics of both Chinese entrepreneurs and the enterprises they are developing.

China has embarked on a process of transforming a centrally planned economy into a market driven economy. Entrepreneurial development has played and will continue to play a critical role in the transition. One interesting question is that given the Chinese economic and cultural environment, to what extent, venture financing of Chinese entrepreneurs are different from each other. In this paper, we are particularly interested in the question of how Chinese entrepreneurs finance their startups, and to what extent these patterns differ across a number of demographic variables such as age, gender, education and experience. We also explore the relationship between financing patterns and gestation period – the time s/he takes to create a new business, i.e. from the idea to implementation.

Internal and External Financing

China has embarked on a side by side economic policy of capitalism and socialism. It has adopted entrepreneurship as the vehicle through which it will privatize the economy and create new jobs. China needs a 6% growth rate to keep up with the number of new job seekers. As such, it needs to create an institutional mechanism for entrepreneurial support and financing. The propensity of a country to produce entrepreneurial firms is thus based on its willingness to provide infrastructural programs to move its transition economy into a privatized mode. Thus it needs transforming institutions to establish more favorable set of conditions such as providing financing for new businesses.

If this institutional process fails to come about, an alternative method of financing is left to the individual or his or her family. This is the family network who, through years of savings, offer their financial support to individual family members who embark upon their

entrepreneurial journey. While family financing has become known to be a significant source of capital, as a field it has largely been overlooked and there remains very little theory or evidence relating to factors determining family financing. Basa and Parcker (2001) proposed a new model interpreted in terms of family equity financing. They suggest a mix of altruistic and selfish motives underlying family financing. Altruism often appears in the form of gifts or lower than market interest rates. Thus it becomes an interesting empirical question: How are new businesses financed in a transition economy. Through an institutional (government) program or through the social network of family relationships?" This is the primary focus of the study undertaken here.

RESEARCH METHODOLOGY

Sampling Procedures

The City of Wuhan

Researchers usually face a number of challenges when it comes to collect data in developing countries. These well-documented challenges include low response rate, low percentage of useable questionnaires, to name just a few. To improve response rate, we adopted a focused method of investigation by choosing Wuhan – a major urban area and the provincial capital of Hubei, China. Located on both the Yangtze and Hanshui rivers Wuhan serves as a major transportation hub in central China. Wuhan has two international harbors, two airports and a major railway network. With a population of 7.3 million and an area of 8,467 square kilometers, Wuhan serves as the largest financial and commercial center in central China (www.chinapages.com/hubei/wuhan, 2000) and was one of the earliest cities to be industrialized. Metallurgy, automobiles, machinery and high-tech are the key economic sectors of Wuhan. In recent years, the Wuhan region has established a number of major joint ventures with foreign multinationals including Citroen (France), Budweiser and Coca-Cola (US), NEC (Japan) and Philips (Holland).

China is a huge country with diverse local culture and uneven economic development across different regions. Even though conducting research in one location would not be sufficient to grasp the complexity of Chinese entrepreneurship development in general and venture financing issue in particular, Wuhan has a unique vantage point in this regard. On the one hand, Chinese coastal cities such as Shanghai, Qingdao, Guangzhou are among the first few cities opened to outside world during the early stage of economic reform. Historically, people in these cities are more entrepreneurial than those in inner cities such as Wuhan. On the other hand, compared with those in the western areas of China such as GanSu, Chongqing, people in Wuhan are more entrepreneurial. Therefore, by sampling Wuhan entrepreneurs, we expect to have a nominal view of Chinese entrepreneurs in terms of their demographics, financing, personal attributes, growth aspirations and motivations, among other dimensions.

Survey Instrument and Data Collection

The Entrepreneurial Profile Questionnaire (EPQ) was utilized as a data collection instrument. The EPQ was designed to survey the effect of individual, societal and environmental factors on entrepreneurship by collecting a combination of demographic information and extensive detail related to characteristics and orientations. A five-point Likert scale ranging from “strongly agree” (5) to “strongly disagree” (1) was provided next to each statement.

The EPQ was successfully piloted and validated through a series of studies in Romania, Turkey, Russia, Poland, the Czech Republic, Hungary, Lithuania, Estonia, Germany, Venezuela as well as South Africa, Mexico and the United States. The EPQ was professionally translated and edited into Mandarin, pre-tested and then back translated to clear up ambiguities or idiosyncratic terminology.

With the assistance of the local chamber of commerce, we randomly selected 500 from a firm registration database. In China, the Chamber of Commerce is a government agency with tremendous political influence. The introduction by Chamber of Commerce provide us great access to local small businesses and entrepreneurs in a way that we would not have had otherwise. During early 2000, MBA students from a local university where the researchers taught, were trained to conduct interviews based on the questionnaires. This is a way to ensure a reasonable response rate. All interviewees were assured anonymity. Out of 500, we received usable EPQ questionnaires of 222. Many questionnaires were disqualified due to incomplete data and missing information.

Variable Operationalization

Venture Financing. Each respondent was asked to provide a percentage of each source of financing they secured during the startup stages, including personal saving, mortgage of own assets, corporate stock (IPO), partners contribution, personal loan, parents/relatives/friends, venture capital, customer advances, grants from government or private sources, and other debt sources. The sum of these percentages should amount to 100%. For those who failed to report sources of financing and those whose percentage did not add up to 100% were eliminated from our sample. Consequently, 57 responses were eliminated from the sample and the final sample consisted of 165 entrepreneurs, of which 40 are females and 125 males.

For the purpose of comparing different patterns of financing across demographic variables, we created groups based on age, gender, education, experience and gestation time. The median age of 37 was used as a cut off point to create two groups – old and young entrepreneurs. Based on gender, we segregated the data into male and female entrepreneurs. Based on education background, we created one group of entrepreneurs with high school or less education (less than 13 years) and the other group of entrepreneurs with college or higher education (greater than or equal to 13 years). Based on median experience of 8 years, we created a group of entrepreneurs with less working experience (less than 8 years) and the other group of entrepreneurs with more years of working experience (greater than 8 years). Gestation time is measured by the difference between the year when the entrepreneur first started thinking about creating a business and the year when she or he actually created a business. Based on the median of 2 years, for entrepreneurs who spent less than 2 years in firm gestation, we called them “doers” and the rest called “thinkers.”

Analysis of Variance

We used Analysis of Variance (ANOVA) to test different financing methods across different groups. ANOVA would uncover the difference between venture financing methods across age, gender, education, experience and gestation group and also indicates statistical significance of the difference.

RESULTS

Sources of Venture Financing

As indicated in Figure 1, personal saving and financial support from parents, relatives and friends accounted for 68% of venture financing, followed by mortgage of own assets (9.667%). In total, the first three sources of financing accounted for 77.7% of all financing alternatives. By contrast, financial supports from government (1.576%), venture capital (1.321), customer advance (0.897%), and equity market (0.424%) were marginal.

Table 1 provides a descriptive statistics of the sampled entrepreneurs. On average, these entrepreneurs received a junior college education (14 years), with median age of 37 and 8 years of professional experience. The median gestation time is two years, from the year they first thought about a business idea to the year when the business was established.

Entrepreneurs' Demographics and Sources of Financing

Age. As noted in Table 2, younger Chinese entrepreneurs use significantly fewer personal saving (42.690%) than older entrepreneurs (57.144%). Meanwhile, younger ones received significantly more supports from parents, relatives and friends (25.036%) than their older counterparts (11.243%). The differences in other categories of financing across the two groups of entrepreneurs are statistically insignificant. However, one item worthy of noting is that older entrepreneurs do seem to receive more government support (2.720%) than younger ones (0.667%).

Gender. As Table 3 indicates, Chinese female entrepreneurs used significantly more personal saving as a way of financing their business (60%) as compared to the male counterparts (47.054%). By contrast, Chinese male entrepreneurs received significantly more loans from Banks (7.624%) than that of female entrepreneurs (3.125%). Chinese female entrepreneurs also relied more on parents, relatives and friends (20.9%) than male entrepreneurs (16.922%), even though the difference was not statistically significant.

Years of Education. As Table 4 demonstrates, entrepreneurs who received a college or higher education tend to use less personal saving (44.402%), received contributions from partners (8.374%), were able to secure more loans from bank (8.011%), and sought more support from government (2.723%) than those who only had high school education or less. For Chinese entrepreneurs who had fewer years of education, they tended to rely on more personal savings than other alternative ways of financing. Additionally, we also found that the impact of education background on sources of financing was greater in female entrepreneurs than male entrepreneurs. In other word, the financing differences between the two education groups in female entrepreneurs were significantly greater than those in male entrepreneurs. For example, female entrepreneurs who had high school or less education have 71.5% of their financing from personal saving, as compared to 51.05% for those with college or higher education. By contrast, male entrepreneurs with high school or less education had 53.63% of their financing from personal saving, as compared to 42.72% for those with college or more education.

Working Experience. As indicated in Table 5, Chinese entrepreneurs with more working experience tended to have more financing from personal saving (55.750%) and less from parents, relatives and friends (12.669%). Comparatively, those with less working experience had 43.862% of financing from personal saving, and 22.506% from parents,

relatives and friends. In both financing categories, the differences between experienced and less experienced entrepreneurs were statistically significant.

Gestation Time. As Table 6 shows, on average “thinkers” have 8.907% of money in the form of bank loans, which is significantly higher than 5.185% for “doers.” On average, the combined sources of financing from personal saving and parents, relatives and friends were 66.79% for “doers” as compared to 66.16% for “thinkers.” It seems that both groups were equally committed to their business and willing to commit financing resources to ventures. However, “doers” had a significantly higher percentage of investment from parents, relatives and friends (19.315%) than “thinkers” (11.911%). For the balance of the sources of financing, we failed to find any significance between the two groups.

DISCUSSION

This study examined the sources of financing by Chinese entrepreneurs and the extent to which the sources of financing vary across age, gender, education background, working experience and gestation time. Overall, a few interesting patterns emerge from our study.

Overall financing patterns

Our results indicate that Chinese entrepreneurs heavily rely on financial sources of their own or parties that are within the close circle of their social network. By contrast, external sources of financing such as banks, government and equity market are notably missing and significantly under-utilized. There are a few explanations for the occurrence of such patterns. First, the pattern reflects Chinese culture in family values. Members of a family and relatives have the obligation to support each other not only emotionally but also financially when necessary. Very often a Chinese entrepreneur would first seek financial support from the inner circle of his or her social network (family members, relatives) before looking into the circle of friends. The external support sources are usually the last resort.

Second, the pattern may also suggest the fact the external support for entrepreneurial development is inadequate and under-developed. There may be limited financial support available for Chinese entrepreneurs. Historically, China has been a planned economy and almost all governmental resources have been devoted to support state-owned enterprises (SOEs). In recent years, money losing SOEs have become increasingly more dependent on financial support from state-controlled banks to provide loans as a way to survive. There is mounting pressure to save these non-performing SOEs to keep employment and social stability. As a result, little financial resources have been allocated to promote the creation of private free enterprises. To a certain extent, the Chinese government’s strong commitment in entrepreneurial development as a key economic policy has not yet materialized.

Additionally, venture capital is still an emerging industry in China. The late 90s dotcom frenzy creates a momentum for the development of Chinese venture capital industry. The majority of venture capital investment has been concentrated in a few big cities such as Beijing and Shanghai, with a focus on technology-based sectors. Such a source of financing is still off limits to entrepreneurs in other cities and in other sectors. Additionally, the Chinese equity market has such very stringent listing criteria that only well established and large companies can meet them. This source of financing is still not on the radar screen of Chinese entrepreneurs. In more recent years, the Chinese government is developing a “secondary board” for the listing of small startups. We believe that this is certainly a right step in the right direction for the economic development of China.

Overall, our finding suggests that there is a great room for external financial support of entrepreneurial development in China. More government loans are needed and more support from banks are needed.

Demographics and Sources of Financing

The differences in sources of financing between two age groups are not surprising. For older entrepreneurs, they tend to have more saving and would probably rely more on their personal saving before seeking supports from parents, relatives and friends. For younger entrepreneurs, the fact that they seek greater support from parents, relatives and friends may be due to low personal saving. Additionally, older entrepreneurs may have worked in government agencies or state-owned enterprises for a long time before they decided to create their own business. They probably have more Guanxi or connections in the government. As a result, they are more likely to seek and receive grants from the Chinese government.

There are two plausible explanations for the financing differences between Chinese male and female entrepreneurs. First, in Chinese society, women are traditionally confined to family and supportive roles. As a result, they tend to have smaller social networks than men and their social network mainly consists of close family members, relatives and classmates. It is not surprising that Chinese female entrepreneurs are more likely to rely on personal saving more than external sources of support. Second, Chinese female entrepreneurs may be hesitant to seek loans from banks. At the same time, banks may be reluctant to provide loans to female entrepreneurs. The differences in bank loans point to the fact that there is a certain degree of gender bias against female entrepreneurs in China.

The differences in venture financing across two education groups are interesting. Traditionally, Chinese culture places great value on education – the more years of education a person has, the more respect and trust s/he may receive. In essence, education is a form of human capital as well as social capital. For entrepreneurs with college or higher education, their education background would bestow a certain degree of legitimacy in their business establishment. Consequently, they are able to tap into a broader range of social networks and receive more financial support from external sources such as government and banks.

The results from entrepreneurs' working experience and financing suggest that the more experience an entrepreneur has, the more she/he utilizes personal savings, and the less she/he uses money from parents, relatives and friends. This may be due to the fact that entrepreneurs with longer working experience would be more likely to have personal savings, which can be subsequently used to finance startup activities.

The differences in venture financing across the “doers and the “thinkers” suggest that the “doers” are more apt to tap into resources in their close social network. By contrast, the “thinkers” are more independent and rely on personal saving and loans. The “doers” are action-oriented and have a relatively short gestation period. As a result, they have to rely on more immediately available financial resources from sources such as parents, relatives and friends, rather than sources such as bank loans which take a long time to secure.

CONCLUSIONS

In terms of venture financing, this study found that Chinese entrepreneurs in Wuhan mainly rely on their own or parties that are within their close social networks such as parents, relatives and friends. External financing sources are notably missing. We also found that entrepreneurs who use significantly more personal saving in venture financing are older (>37

years), female, with high school education or less, and have longer working experience. Entrepreneurs who are male with college or higher education, and who take time to build their business (more than two years) tend to receive significantly more bank loans. Young male entrepreneurs who have less working experience and with an intention to create a business fast tend to rely more on financial support from their inner social network such as parents, relatives and friends.

This study generates a few important implications for policy makers and for banks as well. From a policy standpoint, this study indicates a low degree of venture financing from the Chinese government. It therefore highlights the urgency for the Chinese government to channel financial resources to create innovative programs to support entrepreneurial endeavors. Historically, the Chinese government has devoted much of its attention to state-owned enterprise and scant attention has been paid to the development of private-owned enterprise. Not until after 1992, did the Chinese government start to accept and realize entrepreneurs as the engine of economic development. However, our finding shows that there is still a disparity between governmental intention and actions. For banks that are interested in providing loans for startups, this study yields the profile of entrepreneurs who are most likely to seek bank loans. These are male entrepreneurs who are college educated. However, banks should also recognize that there is a group of under-served entrepreneurs who are female and have no college degrees.

One notable caveat in this study is related to our sample, which is based on entrepreneurs in Wuhan. We note that Chinese entrepreneurs in more entrepreneurial areas such as Shanghai and Guangzhou may exhibit a different pattern of venture financing. These places were among the first areas opened to the outside world since China launched its open door policy in 1978. We would expect that the infrastructure for entrepreneurial development in these areas could be better established than inland areas such as Wuhan. Entrepreneurs in Shanghai and Guangzhou may receive a higher percentage bank loans. However, major Chinese banks such as Bank of China, Bank of Chinese Agriculture, Industrial and Commercial Bank of China are state-owned and they generally have a uniform policy regarding loans for private startups. Although we expect there may be some differences in financing across different regions, we don't expect the differences to be significant. Nevertheless, no attempt is made here to generalize findings from this study to other areas of China.

This study represents an initial effort in identifying sources of venture financing of Chinese entrepreneurs. Future research could be focused on the following two areas. First, researchers can explore the antecedents of the choices of sources of financing. For example, what are the relationships between entrepreneurs' personal attributes such as self-efficacy, motivations and venture financing? Second, studies can also be devoted to the consequences of financing patterns. For example, what are the relationships between venture financing and growth aspiration? To what extent may the type of venture financing affect a firm's survival?

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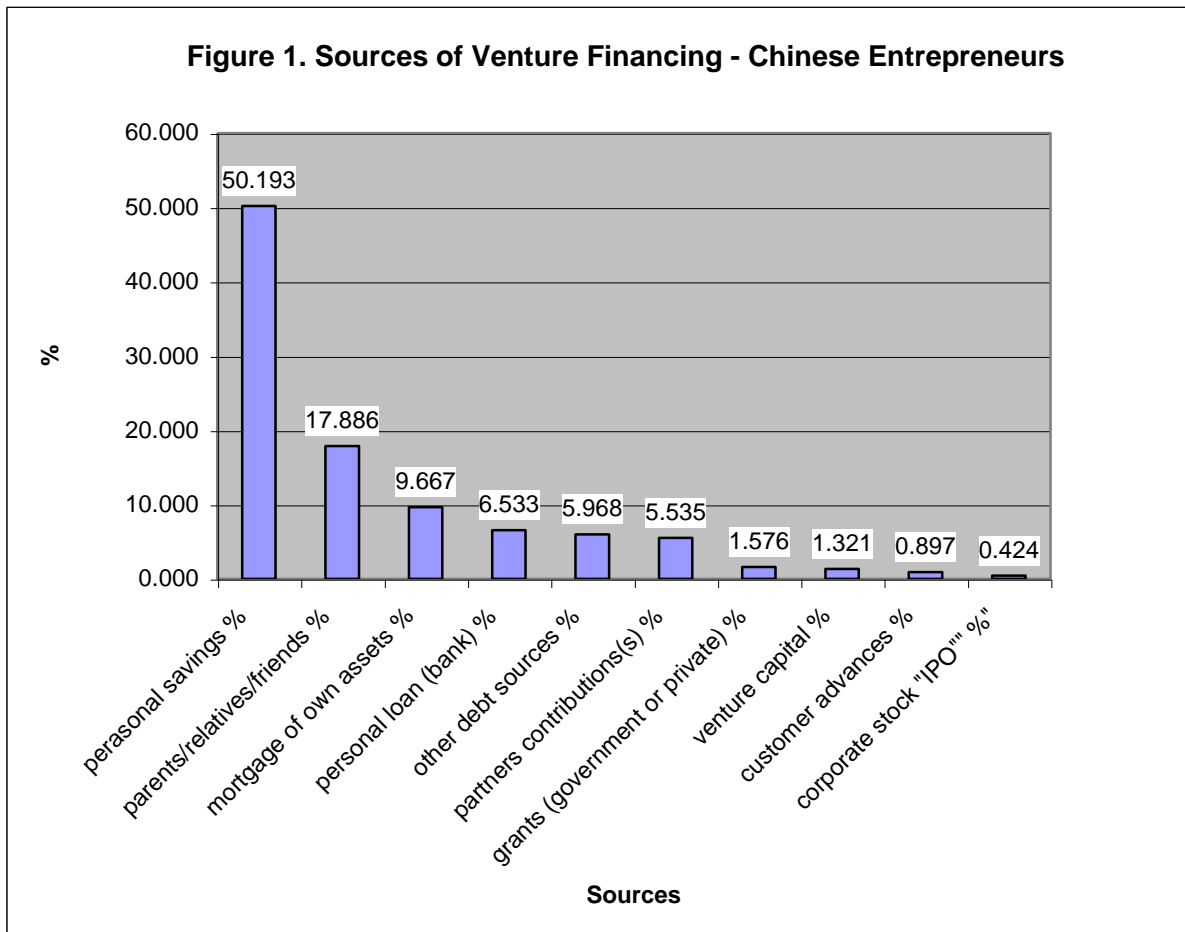


Table 1
Descriptive Statistics

| | N | Minimum | Maximum | Mean | Median |
|-------------------------|---------|---------|---------|--------|--------|
| Age | 159.000 | 18.000 | 60.000 | 36.849 | 37 |
| Gender* | 165.000 | 1.000 | 2.000 | 1.758 | 2 |
| Yrs of Education | 163.000 | 6.000 | 18.000 | 13.074 | 14 |
| Total yrs of experience | 153.000 | 0.000 | 40.000 | 10.588 | 8 |
| Gestation time | 146.000 | 0.000 | 24.000 | 3.150 | 2.000 |

*1 – female; 2 – male

Table 2
Entrepreneurs' Age and Sources of Financing

| | Young (<=37) | Old (>37) | F-test | Sig. |
|----------------------------------|---------------|---------------|--------|----------|
| Personal savings % | 42.690 | 57.144 | 8.274 | 0.005*** |
| Mortgage of own assets % | 9.607 | 8.973 | 0.047 | 0.829 |
| Corporate stock "IPO" % " | 0.238 | 0.667 | 1.028 | 0.312 |
| Partners contributions(s) % | 6.560 | 4.763 | 0.530 | 0.467 |
| Personal loan (bank) % | 7.536 | 5.467 | 1.169 | 0.281 |
| Parents/relatives/friends % | 25.036 | 11.243 | 12.872 | 0.000*** |
| Venture capital % | 1.643 | 1.000 | 0.240 | 0.625 |
| Customer advances % | 0.452 | 1.333 | 2.162 | 0.144 |
| Grants (government or private) % | 0.667 | 2.720 | 1.698 | 0.195 |
| Other debt sources % | 5.571 | 6.691 | 0.159 | 0.691 |

***p<0.01; **p<0.05; *p<0.1

Table 3
Gender and Sources of Financing

| | Female | Male | F | Sig. |
|----------------------------------|--------|--------|-------|---------|
| Personal savings % | 60.000 | 47.054 | 5.048 | 0.026** |
| Mortgage of own assets % | 5.875 | 10.880 | 2.273 | 0.134 |
| Corporate stock "IPO" % " | 0.250 | 0.480 | 0.234 | 0.630 |
| Partners contributions(s) % | 4.675 | 5.810 | 0.167 | 0.683 |
| Personal loan (bank) % | 3.125 | 7.624 | 4.413 | 0.037** |
| Parents/relatives/friends % | 20.900 | 16.922 | 0.775 | 0.380 |
| Venture capital % | 1.500 | 1.264 | 0.026 | 0.873 |
| Customer advances % | 0.700 | 0.960 | 0.142 | 0.707 |
| Grants (government or private) % | 0.125 | 2.040 | 1.167 | 0.282 |
| Other debt sources % | 2.850 | 6.966 | 1.715 | 0.192 |

***p<0.01; **p<0.05; *p<0.1

Table 4
Years of Education and Sources of Financing

| | High school or less | College or above | F | Sig. |
|----------------------------------|---------------------|------------------|-------|----------|
| Personal savings % | 58.812 | 44.402 | 8.404 | 0.004*** |
| Mortgage of own assets % | 9.391 | 9.968 | 0.039 | 0.844 |
| Corporate stock "IPO" % | 0.145 | 0.638 | 1.405 | 0.238 |
| Partners contributions(s) % | 1.536 | 8.374 | 8.311 | 0.004*** |
| Personal loan (bank) % | 4.565 | 8.011 | 3.344 | 0.069* |
| Parents/relatives/friends % | 18.365 | 16.851 | 0.156 | 0.693 |
| Venture capital % | 0.217 | 2.160 | 2.284 | 0.133 |
| Customer advances % | 0.580 | 1.149 | 0.888 | 0.347 |
| Grants (government or private) % | 0.058 | 2.723 | 2.966 | 0.087* |
| Other debt sources % | 6.330 | 5.723 | 0.048 | 0.827 |

***p<0.01; **p<0.05; *p<0.1

Table 5
Entrepreneurs' Working Experience and Sources of Financing

| | Less working experience (<=8) | More working experience (>8) | F | Sig. |
|----------------------------------|-------------------------------|------------------------------|--------|----------|
| Personal savings % | 43.862 | 55.750 | 8.274 | 0.005*** |
| Mortgage of own assets % | 8.481 | 11.222 | 0.047 | 0.829 |
| Corporate stock "IPO" % | 0.494 | 0.278 | 1.028 | 0.312 |
| Partners contributions(s) % | 7.311 | 4.389 | 0.530 | 0.467 |
| Personal loan (bank) % | 6.519 | 6.389 | 1.169 | 0.281 |
| Parents/relatives/friends % | 22.506 | 12.669 | 12.872 | 0.000*** |
| Venture capital % | 1.296 | 1.500 | 0.240 | 0.625 |
| Customer advances % | 0.469 | 1.042 | 2.162 | 0.144 |
| Grants (government or private) % | 1.617 | 1.736 | 1.698 | 0.195 |
| Other debt sources % | 7.444 | 5.025 | 0.159 | 0.691 |

***p<0.01; **p<0.05; *p<0.1

Table 6
Entrepreneurs' Gestation Time and Sources of Financing

| | Doers (≤ 2) | Thinkers (> 2) | F | Sig. |
|----------------------------------|-----------------------|-----------------------|-------|--------|
| Personal savings % | 47.478 | 54.256 | 1.559 | 0.214 |
| Mortgage of own assets % | 10.565 | 9.722 | 0.067 | 0.796 |
| Corporate stock "IPO" % | 0.326 | 0.741 | 0.759 | 0.385 |
| Partners contributions(s) % | 6.076 | 6.078 | 0.000 | 1.000 |
| Personal loan (bank) % | 5.185 | 8.907 | 3.288 | 0.072* |
| Parents/relatives/friends % | 19.315 | 11.911 | 3.355 | 0.069* |
| Venture capital % | 1.902 | 0.463 | 0.980 | 0.324 |
| Customer advances % | 0.815 | 1.352 | 0.607 | 0.437 |
| Grants (government or private) % | 1.348 | 2.519 | 0.432 | 0.512 |
| Other debt sources % | 6.989 | 4.052 | 1.027 | 0.313 |

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$