Women in Business in the Province of Shaanxi, China:

An Entrepreneurial Perspective

By

Fan Zhang

204521040

Supervisor: Professor D Mahadea

A dissertation submitted in partial fulfilment of the requirement for the degree of

Master of Commerce (Entrepreneurship)

University of Kwa-Zulu Natal

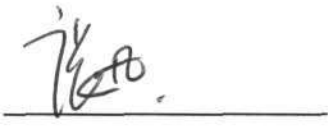
PIETERMARITZBURG

（Ethical Clearance No: HSS/06659A）

March 2008

DECLARATION

I, Fan Zhang, hereby declare that this thesis is entirely my own work, except where due reference has been made. It is submitted in partial fulfilment of the requirements for the degree of Master of Commerce (Entrepreneurship) at the University of Kwa-Zulu Natal, Pietermaritzburg. It has not been submitted before for any other degree or examination at any other university.



Fan Zhang

204521040

ACKNOWLEDGEMENTS

I wish to acknowledge the valuable advice, assistance, support and encouragement of the following people:

- My supervisor, Professor Darma Mahadea
- Dr. Shaun Ramroop
- All people who took time to complete the questionnaire and provide information for this study

Lastly, I wish to thank my girlfriend, Dong Wang, for her long-suffering patience!

ABSTRACT

Since China's introduction of economic reform and adoption of market-oriented programs, more and more people are going into business. China registered an average annual GDP growth of over 8% in the past ten years. Moreover, during the past ten years (1995-2005), the number of women-owned businesses in China has increased significantly, and these businesses are just as successful as those owned by men. With an increasing number of them participating, women have become a major force in China's economic development, even in Shaanxi. The need for a better understanding of this emerging economy and of women entrepreneurs in small firm motivated the researcher to undertake this study.

Moreover, this study was guided by the following research objectives:

Primary objectives

- Determine the motivations underpinning entry of women into small business in Shaanxi
- Examine the barriers and challenges that female entrepreneurs face and how can these be addressed
- Examine the contribution of female entrepreneurs to the regional development of the province with regard to employment
- Consider the determinants of the employment growth of women-owned business as in Shaanxi
- Examine the determinants of the performance of female entrepreneurs in Shaanxi
- Make suggestions regarding further research on entrepreneurship development in Shaanxi province, China
- Examine whether source of funding is associated with the education of the entrepreneurs.

Secondary objectives

- Examine whether perceptions of support for women entrepreneurs vary with marital status and education.
- Examine whether perceptions of support for women entrepreneurs vary with training and networks.
- Examine whether belonging to a business network is related to the marital status and education of the women entrepreneurs.

According to surveyed entrepreneurs, the quest for personal development (pull) and a feeling of not "fit in" with the organisation (push) are two main factors which motivated women to go into business as self-employed persons. The main barriers to them start-up in business are availability of funds and family support. Problems still exist, but women entrepreneurs made a great contribution to Shaanxi's provincial economic development, especially in terms of employment creation opportunities. The regression analysis shows that education and experience of the entrepreneurs contribute significantly to employment growth.

Moreover, efficient business networks, availability of funding with training opportunities and the support from government are seemingly rather weak in Shaanxi, China. Results of the hypotheses tests indicate that training, networks, business location, family member employees and prior working experience of the women entrepreneurs contribute significantly to better performance in business.

TABLE OF CONTENTS

Chapter 1

Introduction

This first chapter provides a short introduction to the study, and why the researcher chose to study women in business entrepreneurship in Shaanxi, China. The second part of this chapter outlines the aims of the study. At the end, an overview of the study by chapters is included.

1.1 Introduction

Entrepreneurs seize opportunities to develop and drive new goods and services. In the process, they create wealth for individuals, families, communities and countries.

China is gradually abandoning the old communist approach and is embracing the market-oriented competition philosophy. This change has helped China to experience rapid economic growth. Moreover, this rapid expansion in GDP is creating numerous opportunities for women to venture into self-employment. As female entrepreneurs increase, they make a greater contribution to economic growth.

However, there are still many problems and barriers for female entrepreneurs. According to the literature, female entrepreneurs experience the following problems: limited access to start-up capital, an inappropriate education system, government regulations and bureaucracy, lack of business knowledge, costs of entry, discrimination, lack of mentorship and government assistance, and possible uncompetitive behaviour from established companies (2006:07.15. http:// www.ey.com; Nieman et al, 2003:27). Some other areas to be covered by the study include the interviewees' motivation for starting a business; the challenges in running it; what characteristics women entrepreneurs have; and the government role. An analysis of whether Chinese female entrepreneurs experience similar problems to females in other regions is also covered in this study.

The researcher chose to study female in business in China, because of the challenges emerging for entrepreneurship in that country since its gradual move towards a free market economy approach to economic development.

China is a rapidly growing economy, with a consistently high positive economic growth rate over the past 15 years. This rapid economic expansion is creating more space for female entrepreneurs to develop; for new institutions to be created and existing ones to adapt to meet the needs of emerging business individuals, as well as to satisfy the changing needs of increasingly affluent consumers. All these factors have prompted the researcher to undertake this study.

1.2 Aims of the Study

This study attempted to improve our understanding of female entrepreneurs and entrepreneurship, what are their entrepreneurial traits and how to enhance their entrepreneurial potential to augment national development. Details for primary and secondary research objectives of this study are provided in chapter 4.

1.3 Overview of the Study by Chapter

This study covers six chapters: which are Chapter 1 Introduction, Chapter 2 Elements of Entrepreneurship, Chapter 3, A Brief Profile of Shaanxi province, Chapter 4 Research Design and Methodology, Chapter 5 Research Findings and Data Analyses and Chapter 6 Conclusion and Recommendations

In chapter 2, a brief literature review for the entrepreneurial development of China has been provided. The theory of the firm is briefly explained. Moreover, this chapter includes a brief overview of different definitions of entrepreneurship and provides a discussion on different types of entrepreneurs, such as women and minority entrepreneurs. Furthermore, small business entrepreneurship in South Africa is introduced at the end of this chapter.

Chapter 3 provides a brief profile of Shaanxi Province. This includes the GDP contribution from entrepreneurship and the challenges facing Shaanxi Province. Institutions supporting small firms and women entrepreneurs in Shaanxi are also attached.

In Chapter 4, the research methodology is presented and justified. Most of the fieldwork took place at the research site because of its convenience. The data collecting tools and techniques were adequate in gathering the relevant data for the study. Consequently, the data analysis yielded findings that could justify the research questions posed at the beginning of the study.

Research findings and data analyses are provided in chapter 5. This chapter includes graphical and tabular presentation of results, the Mann-Whitney, Chi-square tests, hypothesis testing, regression, motivations (Push and Pull factors) analyses and a discussion of the findings.

Chapter 6 provides a discussion of female business ventures in China and female entrepreneurial achievement. In the second part, the researcher draws a recommendation and lessons from the Chinese model of economic growth. The similarities and differences between South African and Chinese female entrepreneurs are presented in the third part. At the end, the limitations of the study and the conclusion have been covered. This is followed by some policy recommendations.

Chapter 2

Elements of Entrepreneurship

In this chapter, a brief literature review for the entrepreneurial development of China has been provided. It is argued that the theory of the firm assumes that profit-maximisation is a key objective of a venture. While profit-maximisation is not easy according to the marginalist principle, profit is necessary for business survival. This chapter also includes a brief overview of the theory of the firm and definitions of entrepreneurship as well as a discussion of different types of entrepreneurs, such as women and minority entrepreneurs. Moreover, small business entrepreneurship in South Africa is introduced at the end of this chapter.

2.1 Entrepreneurship in China

2.1.1 Entrepreneurship in China: 1949 – 2007

After the Communists rose to power in 1949, China's existing market economy was gradually transformed into a socialist economy. Agriculture was collectivized, industry was nationalized, and by 1956 the private sector was eliminated. Under the central plan, the state determined the allocation of economic inputs and outputs, and maintained a monopoly over production and distribution. This monopoly extended to the 'Iron Rice Bowl' of lifetime employment, under the '*danwei*' (Pinyin of Chinese character 单位) system; and to enterprises providing housing and benefits to employees, thus restricting their ability to live outside of the system. Despite official effort, however, entrepreneurship was never entirely suppressed and continued to exist on a small scale, particularly in the form of the black market and underground economies. Unfortunately, much of this activity was unproductive rent-seeking to take advantage of the inefficiencies in the economy (Lu Ding, 1994:1).

After the Cultural Revolution, with China's economy in ruins and facing a crisis of legitimacy, Deng (Deng Xiaoping, ex-Prime Minister) launched the 'Four Modernizations' reform program in 1978 to stimulate economic growth. The first step was de-collectivization of agriculture. The resulting rural unemployment and disappearance of local-level revenues created the impetus for the rapid development of township and village enterprises (TVEs); by 1990, TVEs accounted for 20 percent of China's gross output. These enterprises were not state-owned but collectively owned under local governments (Jean Oi, 1999:1). While they were not true entrepreneurs insofar as they were on a contract system, managers of TVEs demonstrated many entrepreneurial characteristics. They chose the product line, found their own funding, labour, raw materials and distribution channels and, most importantly, reacted to prices and costs in pursuit of profits. In one case, the manager decided to switch production from autoclaves

to fibre glass and then to fishing rods, achieving sales of $2 million within two years (John Wong, et al. 1995). This flexibility stands in stark contrast to the constrained and unimaginative behaviour of SOE (State Owned Enterprise) managers. TVEs can, therefore, be seen as the beginnings of modern Chinese entrepreneurship.

In the 1980s, constraints on private enterprise continued to exist, notably a law limiting employment in a private enterprise to seven people and the difficulty of finding funding as income and savings levels were extremely low and the state-owned banking system lent almost exclusively to SOEs. By 1987, however, a change of policy and the repeal of the law saw a surge towards the private sector. As income and saving rose, TVEs started facing new problems, and banks sought to improve their loan portfolios. The number of private enterprises grew 93 percent in 1987 alone. In addition, the central government's recognition of the tremendous waste and inefficiency generated by SOEs helped motivate individuals to move into entrepreneurship. Specifically, SOEs had been forcefully shrunk by the government in the late 80's and 90's. One study claims that "the state-run sector is contracting at a rate of at least three million workers a year" John Pomfret (2000) said, while fifty million joined the work force per year. SOEs are also encouraging employees to go back to school to pursue advanced degrees. While this new policy is socially uplifting, a problem exists with employing these students after they graduate. Hence it is quite obvious in the statistics and more so in the daily lives of Chinese people that the iron rice bowl is no longer a reliable method of survival (Debbie Liao et al, 2001:28).

2.1.2 Discover the Hot Market in This Land of Opportunity

China offers unlimited market potential, and Chinese people have to exploit this expanding market opportunity by opening up new businesses. Some women entrepreneurs have taken up this challenge by starting small ventures in Shaanxi.

According to Zachary Zhao (2006.11.29. http://goliath.ecnext.com/), managing director for the State of Illinois, Shanghai Office, here is what is hot for potential entrepreneurs:

- Industries: Real estate, steel, oil, construction materials, home appliances, mobile phones, automotive and textiles
- Products: Food, apparel and other fast moving consumer goods; among the nouveau riche, premium-brand perfumes, garments, watches and automobiles
- Services: Telecommunications, health care, banking and insurance

His best advice to businessperson was to attend an organised trade mission, find the right distributor or agent, and use Chinese friends living in China to make introductions for them.

Moreover, Bill Liu (2006), vice president of NaviAsia Consulting Group Inc., a Chinese strategist, sourcing and supply chain consulting firm, shares his ideas on industries that entrepreneurs should go for. There are listed below:

- Industries: Automotive, railroad, transportation, construction, fashion, beauty and health care
- Products: Automobiles, semiconductors and electronics
- Services: Banking, consulting and legal

Liu's best advice (2006.11.29: http://goliath.ecnext.com): "As a first step, source some products from China. The cost savings will allow you to use the extra cash to either source more products or search for a partner for market entry. To realize profits use China as your factory."

2.1.3 Types of Entrepreneurship in China

It is important to note that entrepreneurship in China took many different forms. Three main varieties can be identified. The first occurred before

reform and through the 80's, consisting of very small-scale activities in retail and services such as street vendors, businesses know as '*getihu*' (Pinyin of Chinese character 个体户). Perhaps more accurately referred to as 'self-employed' rather than 'entrepreneurs', those involved were of low social status, often criminals and illegal migrants, with a low education. They started out on their own because they were excluded from the state system. Some achieved success beyond their expectations. But for most, business was a means of subsistence (Tomisaka, 1995).

The second group emerged in the late 1980s, with more highly educated individuals, often engineers or SOE (State-Owned Enterprise) managers, operating on a larger scale than before out of choice rather than necessity. These businesses, known as '*siying qiye*' (Pinyin of Chinese character 私营企业), operate in all sectors, ranging from restaurants to transportation to manufacturing, especially in the production of inputs for SOEs (Debbie Liao, 2001:28).

The third type is the foreign educated or trained Chinese returning to China to start businesses. This type of entrepreneurship has been evident recently in the flourishing Internet sector. Each of these types of entrepreneurs operates in a somewhat different environment, under different constraints and has distinctive characteristics (Debbie Liao, 2001:28).

2.1.3.1 Informal and Formal Business

In China, the definitions of informal and formal business are similar to other countries.

- An informal business is a business that does not have officially recognised business premises, which is not officially registered and does not keep official records.

- A formal business, conversely, is a business that keeps records and is registered for tax purposes (Nieuwenhuizen. 2004:10).

An informal business is easy to start as it does not have to be registered or recorded for tax purposes. However, it will be very difficult for an entrepreneur to obtain finance and other resources. Financial institutions regard informal businesses as unreliable, as they usually have little security to offer.

In a formal business, an entrepreneur will have to register a form of business (such as close corporation, private company, sole proprietorship and partnership), obtain a tax number and comply with local licensing laws and regulations.

2.2 Elements of the Theory of the Firm and the Small Business Entrepreneurship in General

2.2.1 Elements of the Theory of the Firm

2.2.1.1 "What is a firm?"

"What is a firm?" As pointed out by Ferguson (1993:8), a firm is a planning unit for the conversion of inputs into marketable outputs. As social institutions, firms evolve and take various forms: a single trader, partnerships, private and public limited companies, and cooperatives. They can be single or multi-product, sell to a localised, national or world market, embrace a few or a wide variety of functions and vary markedly in size. Furthermore, in the economic sense the identifying characteristic of a firm tends to support the price mechanism, which is different from the state as being the critical allocator of resources (Ferguson, 1993:8). In modern China, the price mechanism signals businesspersons and households to produce, buy, sell and market goods and services because of the prospects of utility and profit gains. In the spirit of the theory of the firm, the firm is a planning unit.

2.2.1.2 Theory of the firm

The theory of the firm was developed by classical economists, such as A. Smith, W.S. Jevons, A. Marshall and P.J. Curwen. According to the Classicists, the objective of the firm is to maximise profits. The entrepreneurs take risks by starting up a firm and as returns they receive profits. The theory assumes that firms equate marginal cost with marginal revenue under conditions of perfect competition. However, Curwen (1983:7) agreed that the truth of the matter may simply be that the real world of the firm is far too complex and diverse for it ever to be approximated to by any one general theory of the firm. Indeed, the models of imperfect competition and monopoly continue to form the mainstay of the theory of the firm. Otherwise, according to Curwen (1983:123), a number of theories of the firm have their roots in the physical sciences, particularly in biology. Such theories can be divided into two groups, consisting of the theories of homeostasis which emphasise short-run changes and the theories of viability which emphasise long-run changes. In both cases the underlying analogy is that firms, like organisms, start small, then mature and produce offspring, and eventually die.

2.2.2 Small Business

A small business may be defined as a business with a small number of employees. The legal definition of 'small' often varies by country and industry, but is generally under 100 employees in the United States and under 50 employees in the United Kingdom (2006.11.20, http://www.lib.strath.ac.uk). In this study, 'Small business' is defined as any business that employs less than 50 people.

However, it is important to distinguish between entrepreneurial ventures and small business. Both are critical to the performance of the economy but serve different economic functions (Nieman et al. 2003:10). Small business owners

are individuals who establish and manage their businesses for the principal purpose of furthering personal goals and ensuring security. The activities of artisan/craftsman, administration/manager and security/family are indicated as characteristics of small business ownership (Watson, 2001:50). Therefore, a small business is any business that is independently owned and operated, but is not dominant in its field and does not engage in any significantly new marketing or innovative practices (Carland et al. 1984: 358).

Owners of small businesses are not necessarily interested in growth as an objective (Nieman, et al. 2003:10). They see themselves as successful when their businesses are profitable (Staude, 1985). Autonomy and security are the primary objectives of some owners of small businesses. They consider themselves successful even if they earn a smaller income than they would have as employees. Quite often the small business only supports a certain owner lifestyle.

2.2.3 Entrepreneur and Entrepreneurship

2.2.3.1 The Definition of Entrepreneur

An entrepreneur is an individual who establishes and manages a business for the main purposes of profit and growth. The entrepreneur is characterised principally by innovative behaviour and will employ strategic management practices in the business (Carland et al. 1984:358).

According to Nieman (2003:9), an entrepreneur is a person who sees an opportunity in the market, gathers resources and creates and grows a business venture to meet these needs. He or she bears the risk of the venture and is rewarded with profit if it succeeds (Staude, 1985).

Scarborough and Zimmerer (2003:4) also state that 'an entrepreneur is one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assembling

the necessary resources to capitalize on those opportunities.' Entrepreneurs usually start with nothing more than an idea—often a simple one—and then organize the resources necessary to transform that idea into a sustainable business.

Entrepreneurs are skilled at identifying new products, new methods of production or new ways of marketing existing products. They set up operations to provide new products, market the products and arrange the financing of the operations. Also, entrepreneurs recognise opportunities for new products or services and obtain the finance and other resources to produce and deliver them. The finance and other resources may come from themselves or from other sources. Entrepreneurs are inclined to take risks and are generally associated with economic growth (Nieuwenhuizen, 2004:33).

By this token, definitions of an entrepreneur are similar, but they emphasise different features.

2.2.3.2 Characteristics of the Entrepreneurs

Entrepreneurs have a fundamental effect on the economy by establishing new businesses that provide not only goods and services to customers, but also job opportunities for individuals in various industries. Nieman and Bennett (2002:57) describe the entrepreneur as a catalyst for business.

An entrepreneur can also be described as someone (Nieuwenhuizen. 2004:34):

Who starts his or her own business

- Who manages his or her own business
- Who identifies new products or opportunities
- Who is creative and/or innovative

- Who organises and controls resources (like capital, labour, materials) to ensure a profit
- With the ability and insight to market, produce and finance a service or product
- Who has financial means or who can obtain financing so as to realise the business?
- Who is willing to take calculated risks?

These descriptions states what an entrepreneur does and gives a broad indication of the characteristics of an entrepreneur. However, entrepreneurs are not necessarily born with these characteristics – they can be acquired through life experience and even through the entrepreneurial process itself (Nieman, et al. 2003:29).

2.2.3.3 What is Entrepreneurship?

According to Timmons (2000:5-6): 'Entrepreneurship is creating and building something of value from practically nothing. That is, entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently available. Entrepreneurship involves the creation, and distribution of value and benefits to individuals, groups, organisations, and society. Entrepreneurship is very rarely a get-rich-quick proposition; rather it is one of building long-term value and durable cash flow streams.'

Moreover, entrepreneurship is the emergence and growth of new businesses. The motivation for entrepreneurial activities is to make profit. Entrepreneurship is also the process that causes changes in the economic system through innovations of individuals who respond to opportunities in the market. An integrated model for entrepreneurship is presented in figure 2.1

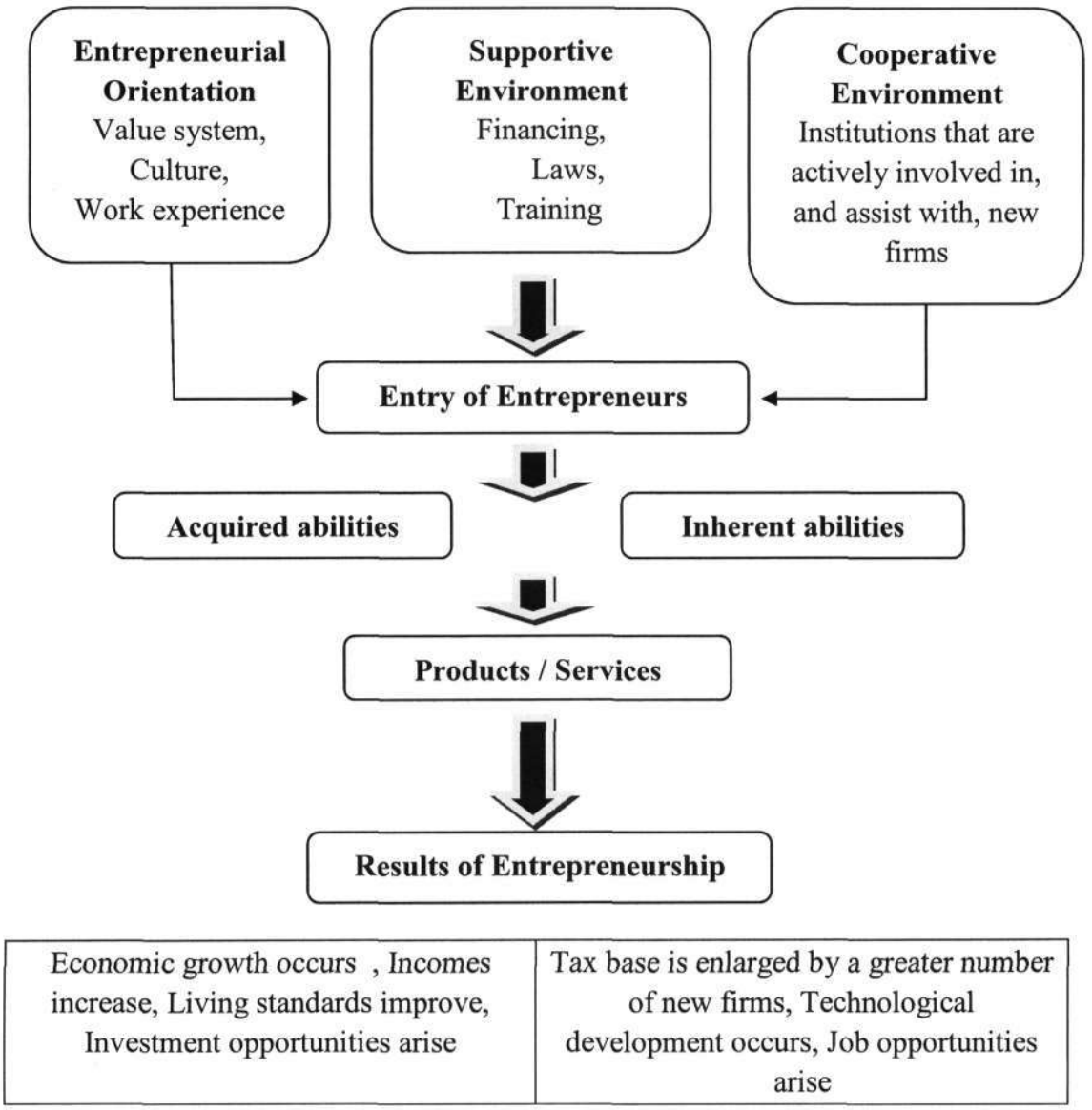


Figure 2.1 A model for entrepreneurship (Nieman, et al. 2003:11)

2.2.3.4 The Entrepreneurial Process

The entrepreneurial process involves founding (or reinventing) a business venture and growing it into a thriving, agile enterprise (Rwigema, et al. 2004:28).

Specific steps include:

- Identifying, measuring and refining an opportunity from multiple ideas
- Formulating a business plan
- Marshalling the resources
- Organising and mobilising the entrepreneurial team, and
- Overseeing new venture creation and growth.

Performing these functions better than competitors confers competitive advantage: something that distinguishes an organisation from competitors (Coulter, 2001:15). Successful ventures add value by meeting consumer needs competitively. Adding value means offering a product which the customer values – that is, how desirable the product is to the consumer – and the price it commands exceeds the cost of production (Robert, et al, 2004:28). So, if a customer is prepared to pay R20 for a product that costs R15 to produce, value is added. Therefore, adding value produces profit, which sustains growth.

i. Refining the market opportunity

An opportunity is a chance to improve an existing situation or create new possibilities. Wickham (1998:28) defines it as 'the gap left in a market by those who currently serve it. It represents the potential to serve customers better than they are being served at present.' The chance to offer the market a fresher, more affordable pie than competitors represents an opportunity. Also a problem exists when conditions fall short of some ideal or when answers are required to a vexing question (Bounds, Dobbins & Fowler, 1995:201). Together, a problem and an opportunity constitute a challenge requiring a solution.

Moreover, entrepreneurs are opportunity driven which implies that they are continually looking for ways to improve current operations, outwit the competition or market something new. Opportunities are more than just 'good ideas' (Timmons. 1999:38). To qualify as an opportunity, an idea should fulfil three requirements (Rwigema, et al. 2004:29):

- The market must be large, easy to enter (with low entry barriers) and growing rapidly
- Profit margins should be large and the break-even point low so that comparatively few units need be sold to realise a profit
- Alternatively, the projected volume of sales must be sufficient to ensure profitability through economies of scale

Next, opportunities flow from various sources (Rwigema, et al. 2004:30). These could include:

- The rate of social and economic change outdates existing products, fashions, and needs, and fuels the demand for continually improved goods and services
- Demographics change
- Growing urbanisation and the accompanying cultural change proffer new threats and opportunities from which alert entrepreneurs can benefit
- Improved intercultural contact has brought its own opportunities
- Obsolescent products and services provide opportunities

While opportunities are essential, they do not guarantee prosperity. The world is full of potential threats that can unravel even the best-laid plans (Rwigema, et al. 2004:31). These include unforeseen competition, hostile regulations, fast changing technology, substitute products, and declining demand, to name a few. Contingency plans can mitigate or reverse the

potential impact of these threats. Forewarned entrepreneurs are forearmed to turn adversity into opportunity, or at least to avert disaster.

Therefore, opportunities and threats must be balanced against internal strengths and weaknesses in a process known as a SWOT analysis (SWOT stands for Strengths, Weaknesses, Opportunities, and Threats). Strengths may include highly skilled staff, innovative technologies and loyal consumers. Weaknesses may include high costs, poor reputation, outmoded technology, and unhappy employees. Recognition of internal capabilities (strengths and weaknesses) helps one to align strategies with external realities (opportunities and strengths), (Rwigema and Venter, 2004:31).

ii. Preparing a business plan

To realise the opportunity, a business plan is helpful (Rwigema and Venter, 2004:32). The business plan (which may be subcontracted) is a document in which one:

- Describes the nature of the intended business, and the way it will function
- Maps out where the organisation is headed by defining its goals, and
- Specifies the intended route or strategy.

A generic business plan includes the following:

- The organisation's mission, i.e. a broad aspirational statement of what an organisation hopes to become
- Key goals
- An overview of the key objectives (strategic and financial)

- The market environment (competition, competitive advantage and tactics, target markets)
- Discussion of product, pricing, promotion, networking, and the management team
- Financial forecasts of income, expenditure, balance sheets, and cash flow
- An activity schedule (major and subsidiary projects and their timing)

Preparing the business plan confers the following benefits:

- It forces the entrepreneur to reflect on and provide solutions to strategic and operational challenges
- The plan, presumably ambitious but realistic, becomes a communications tool for investors, employees, and other relevant stakeholders in the business. For investors, the plan is the prerequisite for any negotiations
- By detailing the organisation's mission, the plan works as a mobilising tool around which employees can rally. It clarifies for them goals, actions, schedules, and individual roles
- The result is a concrete plan of action for realising goals (Rwigema and Venter, 2004:33)

iii. Managing resources

A resource is anything of quality that is useful (Dollinger, 1995:25). Resources refer to such inputs as finance (equity and cash), physical assets (buildings, equipment, machinery, vehicles, raw materials), skills, and information. Resources can also be intangible assets, for example, protected patents, unique technology, valuable brands, and a sound corporate reputation (reputational resources, which produce added value in the form of goodwill).

Skilled, motivated employees are the most valuable resource. Resources are the building blocks for creating new value. One can combine them creatively to produce more competitive goods and services (Dollinger, 1995:25).

iv. Establishing an organisational team and structure

2 steps are important in this stage. These are below:

- Motivating a team

Entrepreneurs cannot achieve much without help from qualified and motivated employees (Rwigema and Venter. 2004:34). Sometimes, ventures are formed by a team of family members, friends and dissatisfied employees. Individually, they play distinctive roles – preferably complementary and championed by a lead entrepreneur. Leading by example, this entrepreneur works hard and inspires the team to reach ever higher performance levels.

"The founder who becomes the leader does so by building heroes in the team; by a philosophy that rewards success and supports honest failure, that shares the wealth with those who help create it; and by setting high standards for both performance and conduct" (Timmons, 1999:40)

- Creating structure

It is the entrepreneur's responsibility to organise employees into a coherent and evolving structure. A typical organisational structure has two dimensions: horizontal and vertical (Rwigema and Venter, 2004:34).

Horizontal divisions are generically termed departments. Alternative terminology includes sections, bureaus, faculties, and battalions

The vertical dimension represents levels of command or management layers. Taller, bureaucratic organisations contain longer communication chains than flatter structures with few layers (Rwigema and Venter, 2004:34)

In time, organisations evolve in various ways, depending on 'their size, their rate of growth, the industry they operate in, the types of product or service they deliver,' their age, and corporate culture (Wickham, 1998:28). Therefore, organisational structures differ in accordance with the combination of vertical and horizontal dimensions.

Finally, successful ventures become learning organisations: that is, flexible organisations that continually adapt to changing opportunities. Most importantly, they must learn from their successes and mistakes (Wickham, 1998:32).

2.2.3.5 The Diversity of Entrepreneurship

Anyone has the potential to become an entrepreneur, no matter which group ethnic they belong to, what their age, background and culture. However, cultural diversity is an entrepreneur's great strength (Scarborough and Zimmerer, 2003: 18-25). They also state that are different categories of entrepreneurs.

- Young Entrepreneurs

Young people are setting the pace in entrepreneurship. Disenchanted with their prospects and willing to take a chance to control their own destinies, scores of young people are choosing entrepreneurship as their primary career path. The Global Entrepreneurship Monitor reports that globally one in six young men and one in eighteen young women between the ages of 18 to 29 is involved in starting or running a new business (Business Education Week, 2003 Vol. 1: 1).

- Women Entrepreneurs

  Despite years of legislative effort, women still face discrimination in the workforce. However, the small business has been a leader in offering women opportunities for economic expression through employment and entrepreneurship. Increasing numbers of women are discovering that the best way to break the "glass ceiling", that prevents them from rising to the top of many organisations, is to start their own companies (Scarborough and Zimmerer, 2006: 18).

- Minority Enterprises

  Like women, minorities also are choosing entrepreneurship more often than ever before. Minorities cite discrimination as a principal reason for their limited access to the world of entrepreneurship. In the past decade minority-owned businesses have come a long way. Increasingly, minorities are finding ways to overcome the barriers to business ownership. The future is promising for this generation of minority entrepreneurs who are better educated, have more business experience, have more entrepreneurial role models, and are better prepared for business ownership than their predecessors (Scarborough and Zimmerer, 2006: 20).

- Immigrant Entrepreneurs

  Many counties like China, South Africa and United States all have diverse cultures, and many immigrants have been lured to these countries by their economic development and opportunities. Unlike the unskilled "huddled masses" of the past, today's immigrants arrive with more education and experience. Although many of them come to the country as mentioned above with few assets, their dedication and desire to

succeed enable them to achieve their entrepreneurial dreams by starting small ventures (Scarborough and Zimmerer, 2006: 20).

- Part-time Entrepreneurs

  Starting a part-time business is a popular gateway to entrepreneurship. Part timers have the best of both worlds. They can ease into a business without sacrificing the security of a steady pay-check. A major advantage of going into business part-time is the lower risk in case the venture fails. Many part-timers test the entrepreneurial waters to see whether their business ideas will work and whether they enjoy being self-employed. As they grow, many part-time enterprises absorb more of the entrepreneur's time until they become full-time businesses (Scarborough and Zimmerer, 2006: 21).

- Home-based Business Owners

  Home-based businesses are booming. The biggest advantage home-based businesses offer entrepreneurs is the cost savings of not having to lease or buy an external location. Home-based entrepreneurs also enjoy the benefits of flexible work hours and lifestyles. In the past, home-based businesses tended to be rather unexciting cottage industries, such as crafts or sewing. Today's home-based businesses are more diverse; modern home-based entrepreneurs are more likely to be running high-tech or service companies with millions of dollars in sales. Less costly and more powerful technology, which is transforming many ordinary homes into "electronic cottages," will continue to drive the growth of home-based businesses (Scarborough and Zimmerer, 2006: 21).

- Family Business Owners

A family-owned business is one that includes two or more members of a family with financial control of the company. As Erick Calonius (2003: 82) indicated when it works right, nothing succeeds like a family firm. The roots run deep, embedded in family values. The flash of the fast buck is replaced with long-term plans. Tradition counts. Despite their magnitude, family businesses face a major problem of management succession. Business periodicals are full of stories describing bitter disputes among family members that have crippled or destroyed once-thriving businesses, usually because the founder failed to create a succession plan. To avoid the senseless destruction of valuable assets, founders of family businesses should develop plans for management succession long before retirement looms before them (Scarborough and Zimmerer, 2006: 23).

- Copreneurs

Copreneurs are entrepreneurial couples working together as co-owners of their businesses. Unlike the traditional "mom and pop" business (Pop as "boss" and Mom as "subordinate"), copreneurs divide their business responsibilities on the basis of their skills, experience, and abilities rather than on gender. Studies suggest that companies co-owned by spouses represent one of the fastest growing business sectors. Moreover, managing a small business with a spouse may appear to be a recipe for divorce, but most copreneurs say not. Although copreneuring is not for everyone, it works extremely well for many couples and often leads to successful businesses (Scarborough and Zimmerer, 2006:23).

- Corporate Castoffs

Concentrating on trying to operate more efficiently, corporations have been downsizing, shedding their excess bulk, and slashing employment at all levels in the organisation. Downsizing victims or "corporate castoffs" have become an important source of entrepreneurial activity (Norman, et al. 2003:24). Skittish about experiencing more downsizing at other large companies, many of these castoffs are choosing instead to create their own job security by launching their own businesses. Armed with years of experience, a tidy severance package, a working knowledge of their industries, and a network of connections, these former managers are setting out to start companies of their own (Scarborough and Zimmerer, 2006: 24).

- Corporate "Dropouts"

The dramatic downsizing in corporation has created another effect among the employees left after restructuring, a trust gap. The result of this trust gap is a growing number of dropouts from the corporate structure who then become entrepreneurs (Norman, et al. 2003:24). Although their workdays may grow longer and their incomes may shrink, those who strike out on their own often find their work more rewarding and more satisfying because they are doing what they enjoy and they are in control. Because they often have college degrees, a working knowledge of business, and years of management experience, both corporate dropouts and castoffs may ultimately increase the small business survival rate. Better trained, more experienced entrepreneurs are less likely to fail in business (Scarborough and Zimmerer, 2006: 24).

2.3 Women in China

2.3.1 Women Empowerment

Since 1949, China has undergone traumatic developments through the destruction of Chinese tradition by political movements. During the Great Leap Forward from 1958 to 1960, women started to leave their homes and enter society to join the workforce, a trend that continued during the Great Cultural Revolution from 1966 to 1976. During this period, China was mobilized to abolish the tradition represented by the "Four Olds": old customs, old habits, old culture, and old thinking (Luo Jing.2005:706).

Modern Chinese women were born after the Cultural Revolution and grew up in the 70's with family planning and economic reform; there is a significant difference between them and the women of the previous generation, still confined by old traditions. The political campaigns of the one-child policy and economic reform effected dramatic changes in women's lives. One child per couple is the standard family size in urban areas, while a flexible family-planning policy was implemented in rural areas and for ethnic minorities. Moreover, the emancipation movements in modern China have empowered women to make their own choices in life (Luo Jing.2005:706). A choice that many women exercise is financial independence through small business entrepreneurship.

China's family planning with its one-child policy has resulted in delayed marriages, late childbearing, and fewer children. This modern woman, especially in urban areas is freed, from the burden of housework. With well-equipped kindergartens and a booming domestic service market, more and more women can now enjoy work and family life at the same time. Although modern women have taken up various jobs and proved to be as competent and successful as men, some women have started to follow the trend of reviving traditional values, another aspect of modernization that is due to recent economic reform and the social changes it has effected. These

sociocultural and socioeconomic changes have influenced women's attitudes as mothers and wives. However, although women are devoted to and get due respect for their role as wives and mothers, not many are willing to give up their jobs and return permanently to their small home world. Women enjoy their jobs despite the chores that keep them busy at home. Most women want to keep their jobs even after improving their financial circumstances. Many Chinese nowadays believe that the success and happiness of a woman lie in the combination of a well-established career and a happy family life, and most women spend their lifetime balancing the two (Luo Jing.2005:708). Many women, not taking up a professional career in the transforming China, are opting for self-employment through small business entrepreneurship.

Furthermore, as examined in section 5.1.29, a majority of respondents in the study were married (62.5%), followed by those who were single (28%). Also, 61.5% of the participants felt that running the business did not strain their family life.

2.3.2 Female Entrepreneurs Suddenly a New Force

'20 Percent of Chinese entrepreneurs are women'--- this article was first published by People's Daily on 15 September 2004. It was highlighted that 'Currently women are taking up 20 percent of China's total entrepreneurships, said Zhao Shaohua, vice president of All-China Women's federation (ACWF) at a press conference for the Eleventh conference of the World's Women Entrepreneurs on September 13 2004' (2007.05.02: http://english.cri.cn)

According to the survey, 'The Development of China's Women Entrepreneurs', published by the China Association of Female Entrepreneurs in 2004, China's women entrepreneurships grew rapidly, especially since 1996. Statistics in this survey shows that as many as 60 percent of women entrepreneurs appeared thereafter. Over 95 percent of the medium and small

enterprises led by women bosses were making profits. By the end of 2002, almost 40 percent of them achieved an annual turnover of over one million Yuan and 7.4 percent among them ten million Yuan. This survey also shows that 80 percent of the women entrepreneurs are aged between 30 and 50 and have received, on average, more education than their male counterparts. 55.8 percent of them have received associate college degrees and above 2.5 percent had higher education than men.

With increasing number women entrepreneurs, women have become a major force in China's economic development. At present, they contribute to over 40 percent of the GDP of the country, said Cui Yu, head of the Women Development Department under the All-China Women's Federation. Moreover, there are more job opportunities available for women today. By the end of 2004, there were 337 million women working in cities and rural areas, accounting for 44.8 percent of the total workforce (2007.05.17: http://www.womenofchina.cn). These employment percentages were also the highest in the world. While most women worked in the tertiary sector at that time, nowadays many women work in the high-tech sector, such as computers, telecommunications, finance, and insurance. They have become an important force in these sectors (2007.05.17: http://www.womenofchina.cn).

Female entrepreneurs in the rural areas are playing an active role in the nation's economic construction. Most of them work in small and medium-sized companies. These companies have created more job opportunities for women as well, since 60 percent of the working staff in these companies are women (2007.05.17: http://www.womenofchina.cn).

Although the situations of women in economic development have improved, numerous problems still exist. For instance, women generally earn less than men and the income gap between men and women is widening. Compared

with men, there are still fewer opportunities open to women. Gender discrimination exists in employment and women work in less important positions. In addition, women have little access to labour and social security benefits (2007.05.17: http://www.womenofchina.cn). Nevertheless, tremendous opportunities are opening up for women as China registers high economic growth rates and embraces the market economy. Many are taking up the route of self-employment to avert risk.

2.4 Small Business Entrepreneurship in South Africa: A brief note

South Africa experience a democracy in 1994 and since then the government has put in place various measures to support the development of micro, small and medium-sized ventures. The situation is somewhat similar in China. China too embarked on an economic reform programme in recent years by gradually opening up its economy and by gradually embracing market mechanism and by gradually displacing socialism or communism. Like South Africa, China too has been trying to unleash entrepreneurship among its citizens and has put up new finance institutions to encourage small business formation. The information on small business in South Africa is included mainly the reader in China, so that s/he can get an overview of the small business definitions and the contribution that the SMME sector is making to the economy. It is perceived that this study may be a source of reference for other students in China.

2.4.1 Small Business in South Africa

The South African National Small Business Act (Act 102 of 1996), provides a definition of small business in South Africa that is not much different from that of other countries. The Act offers an official definition to cover all sectors of the economy, as well as all types of enterprises, and consists of two parts – qualitative and quantitative criteria (Nieman, et al. 2003:10).

In terms of the qualitative criteria, which relate to the ownership structure of the business, a small business must:

- Be a separate and distinct business entity
- Not be part of a group of companies
- Include any subsidiaries and branches when measuring the size
- Be managed by its owners
- Be a natural person with sole proprietorship, partnership or a legal person, such as a close corporation or company (Nieman, et al. 2003:10)

The quantitative criteria are presented in the Schedule to the Act and classify businesses into micro-, very small, small and medium, using the following guidelines in respect of different sectors of the economy:

- Total full-time paid employees
- Total annual turnover
- Total gross asset value (excluding fixed property)

Using size of labour employment as a criterion, the South Africa small Business Act categorises various types of small ventures. These are:

- Medium (less than 100 full time employees for most section)
- Small (less than 50 employees
- Very Small (less than 10 employees)
- Micro (less than 5 employees)

Moreover, most entrepreneurial activity takes place in small medium and micro-enterprises (SMMEs). According to the Ntsika Annual Review, SMMEs form 97.5 percent of all business in South Africa. They generate 34.8 percent of the gross domestic product (GDP), contribute to 42.7 percent

2.5 Conclusion

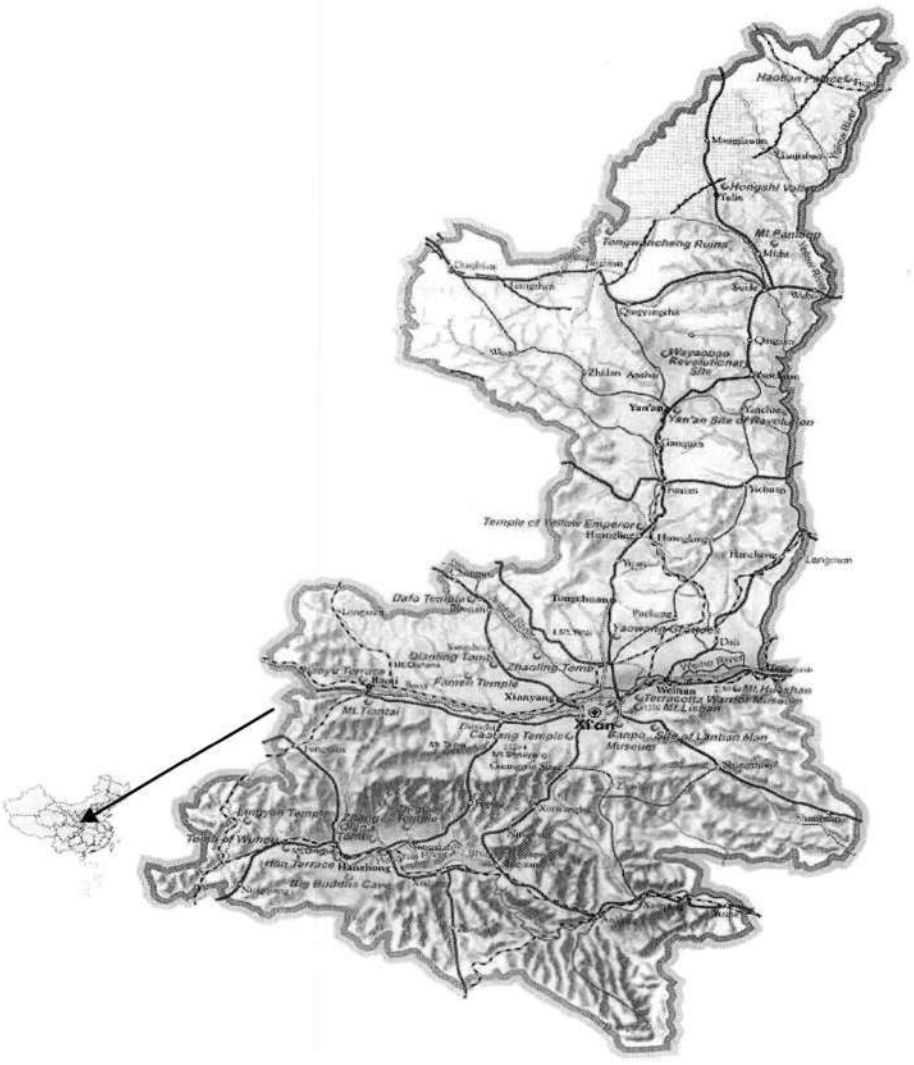
This chapter outlines the current thinking and research related to identifying the theory of the firm; the characteristics of a person who successfully launches a new venture and what the entrepreneurial process is. Moreover, this chapter also shows entrepreneurial cultural differences; the entrepreneurial development in China and the different types of entrepreneurship. This chapter also includes an overview of the definition of the small business in South Africa to enlighten potential users of the study in China, and summarises its various levels and contribution to the country's GDP. SME entrepreneurship is critical for the development of a region. The next chapter examines an overview of the Shaanxi Province in China, a region that provides scope for the development of women entrepreneurs there.

Chapter 3

A Brief Profile of Shaanxi Province

Shaanxi is a well-known historical province in China. This chapter provides a brief profile of this province; including its GDP contribution by entrepreneurship and the challenges facing Shaanxi Province. The institutions supporting small firms and women entrepreneurs in Shaanxi are also examined.

3.1 Introduction to Shaanxi Province



The arrow indicates the Shaanxi region.

Shaanxi Province (Resource from 2008.03.05: http://www.beijingholidays.net)

3.1.1 General Introduction: Situated on the North-western China Loess highland with 37.20 million inhabitants. This province reaches the Yellow River and covers an area of 206,000 sq km (Shaanxi Statistical yearbook 2006: 21). The provincial capital is Xi'an, a rising industrial centre straddling China's east-west trunk line -- the Longhai Railway. Shaanxi is one of the cradles of the Chinese nation where 13 dynasties made their national capital. Yan'an and some of the other places in northern Shaanxi were the seat of the Central

Committee of the Chinese Communist Party from October 1935 to 1948.

3.1.2 Climate: Shaanxi has a continental monsoon climate, with wide temperature differences between the areas north and south of the Qinling range. It has a mean annual temperature of 6°—16°, increasing from north to south. The mean annual precipitation is less in the north than in the south: 340-600 mm in northern Shaanxi, 570-700 mm in the Guanzhong Plain and 800—1210 mm in southern Shaanxi (Shaanxi Statistical yearbook 2006: 22).

3.1.3 Topography: Shaanxi has a diversified landform. There are plateaus in the north, plains in the middle and mountainous areas in the south. The Northern Shaanxi Plateau is the middle part of the Loess highland, comprises the whole of northern Shaanxi. Except for scattered stony and rocky mountains, most of it is covered by a deep layer of loess. Here vegetation is sparse and soil erosion over the centuries has brought about a varied loess land formation. The Guanzhong Plain, also known as the Weihe Plain or the Guanzhong Basin, is 30-80 km by 300 km and crossed by the Weihe River and its tributaries, the Jinghe and Beiluo rivers (Shaanxi Geomatics Centre of SBSM, 2006.11.24: http://www.sxgis.cn). With fertile soil, abundant farm produce, a large population and convenient transport service, the area is one of the important industrial-agricultural centres. The Southern Shaanxi Mountain Area, also known as the Qinba mountainous area, includes the Qinling and Daba ranges surrounding the Hanshui Valley between them.

3.1.4 Major Industries

3.1.4.1 Agriculture: The total agricultural output value was 73.07 billion Yuan, up 8.1% for the year 2004. The grain output was down by 1.8% from 2004 to reach 11.395 million tons by the end of 2005 (Shaanxi Statistical Yearbook, 2006:38).

3.1.4.2 Industry: By the end of 2005, the industrial added value totalled 126.718 billion Yuan, an increase of 18.7% compared to 2004 (Shaanxi Statistical Yearbook, 2006:38). Mineral deposits, including coal, mercury, molybdenum, gold and more than 80 kinds of other minerals have been discovered in the province.

3.1.4.3 Construction By the end of 2005, its total output value was 59.444 billion Yuan, up by 13.2% relate to 2004 (Shaanxi Statistical Yearbook, 2006:21, 48).

3.1.4.4 Transportation Freight carried by various means of transport for 2005 was 9.6% up from the year 2004 to reach 172.368 billion ton-kilometres, which included 145.983 billion ton-kilometres by railway, an increase of 9.9%; 25.446 billion ton-kilometres by highway, increased 7.5%; 904 million ton-kilometres by airway, up 27.3% (Shaanxi Statistical Yearbook, 2006:23, 27).

By the end of 2005, the number of passengers using various means of transport was 8.3% up, to reach 377 million, which included 37.37 million by railway, up 11.1%; 336 million by highway, up 8.1%; 3.44 million by waterway, down 3.4%; and 3.895 million by airway, up 20.1% relate to 2004 (Shaanxi Statistical Yearbook, 2006:23, 27).

3.1.4.5 Postal services By the end of 2005, the annual turnover of postal operations totalled 1.643 billion Yuan, 12.8% up from the year 2004 (Shaanxi Statistical Yearbook, 2006:23, 27).

3.1.4.6 Telecommunications The 2005 annual turnover of telecom services was 33.312 billion Yuan, up 42% relate to 2004. By the end of 2005, the number of fixed line subscribers had reached 8.593 million, an increase of 8.5% from the 2004 figure, and the number of mobile phone subscribers had reached 9.381

million, an increase of 18.9% compared with 2004 (Shaanxi Statistical Yearbook, 2006:23, 27).

3.1.4.7 Retail The 2005 annual turnover from retail sales reached 132.24 billion Yuan, an increase of 13.7% from the year 2004 (Shaanxi Statistical Yearbook, 2006:23, 27).

3.1.4.8 Tourism By the end of 2005, foreign exchange earnings from tourism totalled US$446 million, an increase of 23.9% from 2004. Revenue from domestic tourists totalled 31.63 billion Yuan, increased 16.9% compared with 2004 (Shaanxi Statistical Yearbook, 2006:23, 28).

3.1.5 Continued Effects of Market Reform

3.1.5.1 Imports and exports The 2005 annual value of imports and exports totalled US$4.577 billion, an increase of 25.7% from 2004. This included US$3.076 billion from exports, up 28.3% from 2004, and US$1.501 billion from imports, up 20.5% relate to 2004 (Shaanxi Statistical Yearbook, 2006:23, 28).

3.1.5.2 Economic and technological cooperation Business turnover from overseas project and labour contracts for 2005 totalled US$242 million, an increase of 90.3% from 2004 (Shaanxi Statistical Yearbook, 2006:22, 26).

3.1.5.3 Foreign investment In 2005, the province approved a total of 256 foreign direct investment projects, down by 5.5% compared to the 2004 figure. The investment realized in monetary terms was US$628 billion, an increase of 19.3% from 2004 (Shaanxi Statistical Yearbook, 2006:22, 26, 32).

3.1.6 Social Undertakings

3.1.6.1 Science and technology A total of 3,392 technological contracts were signed during the year 2005, with the business turnover standing at 1.89 billion Yuan (2006.11.20: http://www.sn.stats.gov.cn).

3.1.6.2 Education There were 72 institutions of higher learning at the end of 2005. The number of students enrolled in postgraduate schools and institutions of higher learning during 2005 stood at 20,700 and 208,900 respectively (Shaanxi Statistical Yearbook, 2006:24, 28, 34). By the end of 2005, 97% of the school-age children in the province had access to nine years of compulsory education.

3.1.6.3 Culture By the end of 2005, the province had a total of 118 professional performing organizations, 111 cultural centres, 88 museums and 111 public libraries. All the 119 archives across the province are open to the public. About 93.21% and 94.36% of the provincial population respectively had access to various radio and TV programs in 2005 (2006.11.20: http://www.sn.stats.gov.cn).

3.1.6.4 Public health There were a total of 5,366 medical and healthcare institutions (excluding privately-run clinics) equipped with 106,700 beds and staffed with some 165,300 medical professionals and technicians at the end of 2005. About 85.11% of the villages had set up medical or healthcare institutions. By the end of 2005, 11 counties had been involved in piloting the new-type cooperative medical insurance, covering a rural population of 2.316 million (Shaanxi Statistical Yearbook, 2006:25, 29, 34).

3.1.6.5 Sports The year 2005 saw the organization of 350 sports games and activities, the number of participants topping 700,000. Yangling Teenage Outdoor Activity Camp opened in May 2005. By the end of 2005, the annual sales of sports lottery stood at 620 million Yuan, up 114% from 2004 (2006.11.20: http://www.sn.stats.gov.cn).

3.1.6.6 Welfare and aid Various welfare units across the province at the end of 2005 were equipped with 16,000 beds and put up 12,000 homeless and vagrant people during the year. There were 7,379 urban community service facilities at the end of 2005. A total of 790,000 urban residents and 976,000 rural residents had been covered by the minimum living guarantee system. In addition, about 131,000 rural patients got financial assistance from the rural medical aid system by end of 2005 (Shaanxi Statistical Yearbook, 2006:29, 31, 34).

3.1.7 Population, Employment, Social Security and Living Standards

3.1.7.1 Population In 2005 there were 372,000 births, or a birth rate of 10.02‰, and deaths of 223,000, or a mortality rate of 6.01‰. The 2005 natural growth rate of the population stood at 4.01‰. At the end of the 2005, the total population stood at 37.20 million (Shaanxi Statistical Yearbook, 2006:21, 26, 32).

3.1.7.2 Employment The employed urban population was 3.342 million at the end of 2005, an increase of 0.79% from the 2004 figure. About 113,000 laid-off workers got re-employed during 2005 (Shaanxi Statistical Yearbook, 2006:21, 30, 32).

3.1.7.3 Registered unemployment rate The registered urban unemployment rate was 4.18% in 2005 (Shaanxi Statistical Yearbook, 2006:21, 32).

3.1.7.4 Social security In 2005, insurance plans for unemployment, endowments, medical treatment and occupational injuries covered a population of 3.266 million, 3.76 million, 3.488 million and 1.45 million respectively (2006.11.20: http://www.sn.stats.gov.cn).

3.1.7.5 Residents' income In 2005, the disposable income of urban residents was 8,272 Yuan per capita, up 9.4% from 2004. Rural residents' per capita net income was 2,052 Yuan, a growth of 6.9% from the 2004 (Shaanxi Statistical Yearbook, 2006:25, 29, 35, and 36).

3.1.7.6 Residents' consumption In 2005, urban residents per capita expenditure was 6,656 Yuan, up 5.8% from the 2004, while rural residents' per capita expenditure was 1,896 Yuan, up 14.5% relate to 2004 (Shaanxi Statistical Yearbook, 2006:25, 29, 35, and 36).

3.1.8 Tourism Resources

Dispersed in Shaanxi are 72 imperial mausoleums, witnesses to the ancient economy and culture. The province is best known for ten scenic spots including the Mausoleum of Huang Di, the Qin terra-cotta warriors and horses, the Xi'an Forest of Stone Tablets, the Shaanxi Museum of History, and the city gate and wall of Xi'an. The Qin terra-cotta warriors and horses are often called the Eighth Wonder of the World and have been included by UNESCO in the list of World Cultural Heritages. (Photo by 2006.11.20: http://www.bmy.com.cn)

3.1.9 Historical Review of Shaanxi Private Owned Economic Development

Shaanxi private economy has emerged and developed together with market economy. Private owned economic development in Shaanxi can be demarcated in four periods. In the first stage, emphasis was put on utilising foreign successful business experience in Shaanxi province. Thereafter the second period tended to focus on upgrading the knowledge systems regarding

the operation of small business in the province. This made room for bring about innovation in a region that previously had a communist mindset. The third stage entailed updating knowledge about the dynamics of the private enterprise. As knowledge of the operation of the market economy became more current, emerging entrepreneurs were advised to embrace entrepreneurship on a large scale. This prepared the groundwork for further business development in the next stage. (Huang Mengfu, 2004:1-12).

3.1.9.1 Four Periods of Private Owned Economic Development (Bai Yongxiu, et al. 2005:112-114)

- First Period (1978 -- 1981): the stage of utilization of foreign successful experience lasted for about four years (Bai Yongxiu, et al. 2005:112). In this period, people aspired to become private entrepreneurs.

- Secondary Period (1982 -- 1991): The stage lasted for about ten years (Bai Yongxiu, et al. 2005:113). During this period people start realising about the benefits of a private owned economy. These were regarded as necessary and helpful to supplement development of state-owned ventures. At that time, private owned economy became acceptable and legal. The private sector ventures were created not to compete with state firms but to the supplement the performance of a socialist economy. So, in this period, the number of private owned businesses increased, but not rapidly as initially expected.

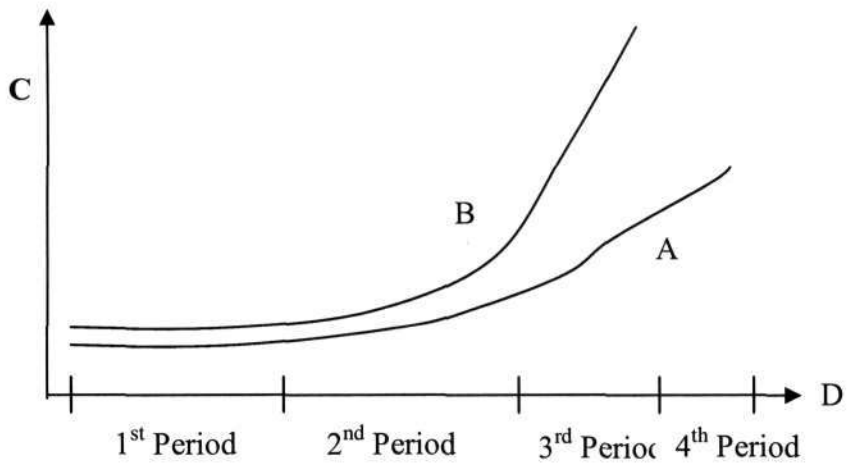
- Third Period (1992 -- 1999): this stage tended to focus on upgrading the knowledge system of current private ventures so that they can become more efficient and be able to compete on the global market (Bai Yongxiu, et al. 2005:113). Within this period, the Shaanxi private economy developed rapidly. The emerging private-owned businesses stimulated economic growth.

- Fourth period (1999 to present): this stage forms part of China's vigorous efforts to accelerate economic development in the Shaanxi province and nationally. It was also referred to as development of the private economy under the new economic environment (Bai Yongxiu et al, 2005:114).

3.1.9.2 Analyses of the differences between Shaanxi and National private owned economic development

Shaanxi has a similar political environment to other regions for private owned economic development. But it has also been restricted by local notions and affected by objective economic foundations. So, this is an obvious difference between Shaanxi and National private owned economic development. This obvious difference has three aspects:

- Difference of time scale. Four phases for national private owned economic development are, as explained earlier, (Wang Yexing, 2004:2-6): first period (1978—1981), theoretic "taken" and difficult start-up under high pressures; secondary period (1982—1991), theoretic "complementarity" and survive in the "gap"; third period (1992—1997), theoretic "upgrade" and high speed development via practice; fourth period (1998 till now), theoretic "significant composition" and the stage of cross over development in practice. A summary of the difference is presented in figure 3.1, showing that development in Shaanxi is lower than nationally.



A: Shaanxi Provincial development trend B: National development trend
C: The difference of development qualities D: The Time scale

Figure 3-1: Analyses of the differences between Shaanxi and National non-public owned economic development (Bai Yongxiu, 2005:116)

- Difference of the spaces and regions. Observed result shows that most national non-public owned economic sectors are dispersed over the Yangtze Rive and Pearl Rive branch islands and south-eastern coastal areas, which suggests the whole region is the regional foundation and carrier for economic development (Liu Runkui, 2003:6). However, Shaanxi, as an inland province, has its entrepreneurial enterprises centralised in some big cities such as Xi'an and Bao Ji.

- Difference in private owned economic development qualities. Over time the level of development in the province was moving in parallel with national development. Accordingly, the expansion of the national economy generated the development of additional private firms in Shaanxi. This development was in terms of absolute number of firms and in their improved quality as well. (Liu Yalan, 2004:14). Moreover, this quality

difference also found expression in three aspects: difference of developmental levels; difference of developmental fields and difference of developmental size.

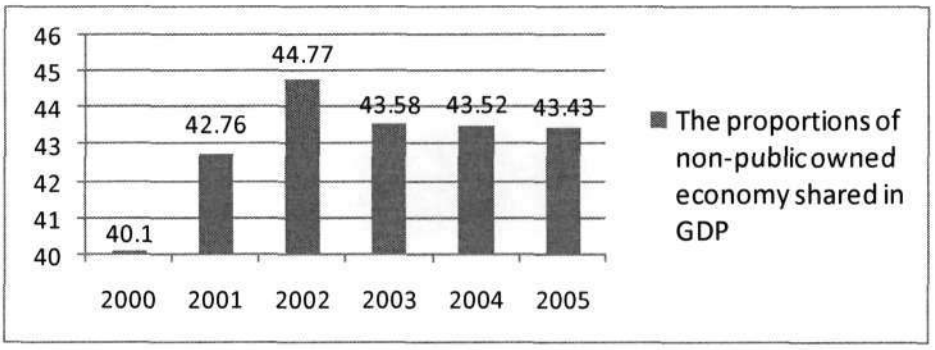
- Difference between types of operations. In Shaanxi, most entrepreneurial enterprises use an extensive operation method, which means technical advances were ignored and there was a lack of strategies for brand operations (Huang Mengfu, 2004:12). However, in south-eastern coastal areas, entrepreneurial enterprises attach importance to technical advances and brand strategies, which help those enterprises, gain more added values becoming more competitive (Bai Yongxiu et al, 2005:117).

3.2 Contribution of Entrepreneurship to GDP and the Challenges Facing Shaanxi Province

3.2.1 Contribution of Entrepreneurship to GDP

Entrepreneurial activities were highly developed using a plan which is referred to as 'Number tenth, five years plan' during the years 2001 to 2005. This increased the contribution of GDP from 40.1% in 2000 to 43.3% in 2005 with respect to the economic growth of the province (2006.01.20: http://www.mofcom.gov.cn). Moreover, in 2005, entrepreneurial activities reached 36.4 billion Yuan. Until the end of 2005, Shaanxi had 929,200 privately-owned small businesses; 98,400 private enterprises and 705 enterprises with foreign investment and the others were home-based enterprises. The aggregate registered capital of private owned businesses reached 111.85 billion Yuan (2006.2.10: http://www.21our.com).

Figure 3.2 The proportions of non-public owned economy shared in GDP.

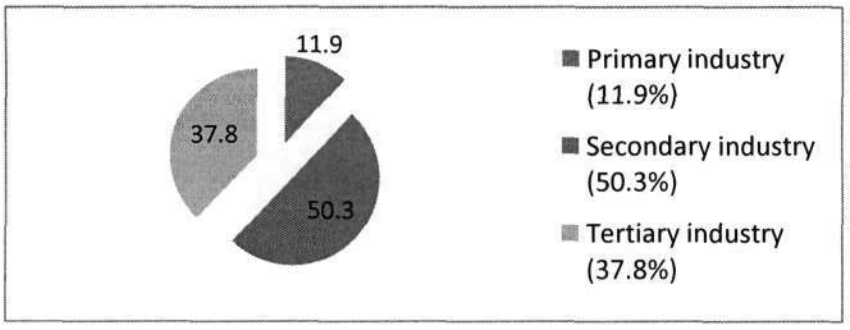


Source: Shaanxi Provincial Statistic Yearbook 2001, 2002, 2003, 2004, 2005, 2006

Provincial Gross domestic product (GDP) GDP for 2005 was 367.566 billion Yuan, up 15.74% from the 2004. The per capita GDP stood at 9,844 Yuan, up 12.2% relate to 2004 (Shaanxi Statistic Yearbook 2006:21). Strictly speaking, this is the regional contribution of the Shaanxi province.

Provincial GDP ratio (primary, secondary and tertiary industries) The primary industry yielded a value added of 43.58 billion Yuan in 2005, 14.5% more than that of 2004; the secondary industry, 184.93 billion Yuan, a growth of 16% from year 2004; the tertiary industry, 139.06 billion Yuan, a growth of 10% relate to 2004 (Shaanxi Statistic Yearbook 2006: 21). The contributions to GDP of the three sectors were 11.9:50.3:37.8 (See figure 3.3).

Figure 3.3 GDP ratio of the primary, secondary and tertiary industries.



Source: Shaanxi Statistic Yearbook 2006

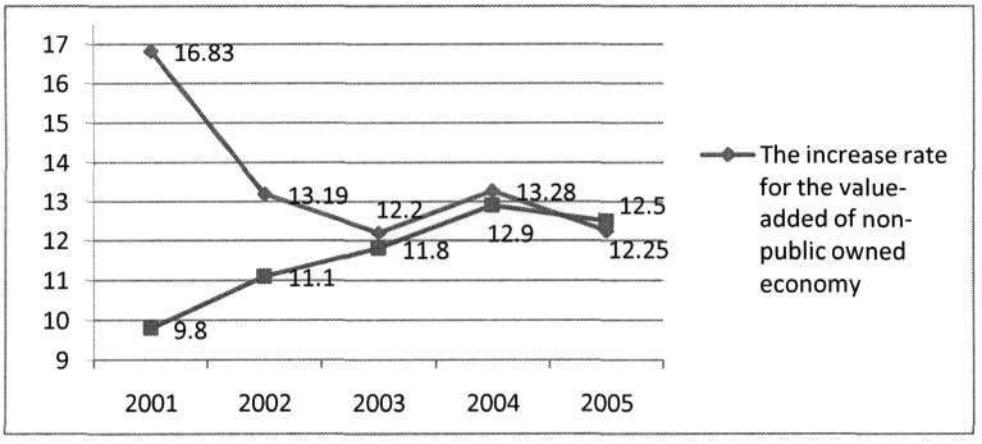
Revenue and expenditure In 2005, provincial revenue was 52.86 billion Yuan, an increase of 27.2% over the year 2004. Provincial expenditure was 64.11 billion Yuan, a growth of 24.2% relate to 2004 (Shaanxi Statistical Yearbook, 2006:21).

Consumer price index (CPI) By the end of 2005, CPI was up 1.2% from the 2004 (Shaanxi Statistical Yearbook, 2006:21).

Investment in fixed assets By the end of 2005, fixed asset investment was valued at 198.05 billion Yuan, up 28.3% from 2004 (Shaanxi Statistical Yearbook, 2006:26, 32).

In sum, during the previous "Number tenth, five years plan" (2001-2005), private owned economy developed quickly. During 2005, the value-added for the non-public owned economy was 159.29 billion Yuan; an increase of 88.7% compared with year 2000, the annually average increased rate was 13.5% from 2001 to 2005; 1.9% higher than the average GDP growth rate during the corresponding period. Moreover, the average increase rate of the private owned economy in the secondary industry was 18.3% (2001-2005), 3.7% higher than the Provincial secondary industry growth rate.

Figure 3.4 The comparison between GDP growth rate and the increase rate for value-added of non-public owned economy



Source: Shaanxi Statistic Yearbook 2001, 2002, 2003, 2004, 2005, 2006

3.2.2 Challenges Facing Shaanxi Province

According to the research done by Shaanxi Provincial Association of Industry and Commerce (2002.01.22: Zhong Hua Industry and Commerce Times), the investment environment for non-public owned business still has many problems, but the four main barriers are:

- The system-information lag. Many people consider that the set up of the "new organisation" is the key to the development of a private owned economy (2002.01.22: Zhong Hua Industry and Commerce Times). Some potential entrepreneurs seem to suffer from a lack of information about current business dynamics in a fast-growth transforming China.

- The barriers of implementation policies. The government constantly kept trying to "broaden the conditions for market access and simplify the procedure for registration" (2002.01.22: Zhong Hua Industry and Commerce Times). However, entrepreneurial enterprises still face perplexing procedures. The phenomenon of "Indiscriminate charges, unjustified fines and apportions", the problem of property right protections still exist. Moreover, for several years, financial problems have been another puzzle for many private firms (2002.01.22: Zhong Hua Industry and Commerce Times).

- There is an absence of favourable environment for implementation of a proper legal system. It is difficult to carry out the policies and some times not follow the rules; the phenomenon of "Indiscriminate charges, unjustified fines and apportions" still exist (2002.01.22: Zhong Hua Industry and Commerce Times). All these problems reflect that at times entrepreneurs do not know the parameters of the legal environment and feel that the law enforcement is harsh against them. (2002.01.22: Zhong Hua Industry and Commerce Times).

- There is an absence of a favourable external environment for high-value private enterprise manufacturing development. The main problem appears as: lack of infrastructure support; the cheap labour force; the low educational level; the lack of systematic financial support; difficulty in getting a loan; lack of policy support to establish a business; lack of preferential taxation policy; complicated procedures; many poorly educated/skilled staff serving in the provincial or rural administrative office; and the difficulty in getting the necessary information, consultation, training and other services to establish a business (2002.01.22: Zhong Hua Industry and Commerce Times).

3.3 Institutions Supporting Small Firms

3.3.1 Institutions Supporting Small Firms by Chinese State Department

According to the document namely 'Some encouragement, support and guidance for the private owned economic development' (2005.02.19), promulgated by the Chinese State Department, seven steps have been taken to support small firms and women entrepreneurs in Shaanxi. These seven steps are listed below:

Broaden the conditions for market access for private owned economy. Following the principle of "equal market access, equitable treatment", the Chinese government allows private owned funds to enter into all industries and economic fields not limited by the laws and regulations. Moreover, some directions and political attitudes have also been presented as guidance for the private owned economy entering into the monopoly industries, public and financial services, infrastructural development, national defence industries and government facility reformations.

Increase financial and tax support for private owned economy. Increase the banking credit and loan for entrepreneurial enterprises; hasten multi-levels development for capital market, extend the direct financing channel; encourage the innovation for financial service, develop favourable financial service and product for small and medium entrepreneurial enterprises; establish, complete and strengthen the supervision for the tax system; otherwise, financial and tax policies also need to be completed.

Complete the social services for private owned economy. Develop multiple agency services; improve policy support for self employment; support the training for business operators and employees; strengthen the services for technical innovation; encourage both domestic and overseas market development; and extend the business credit system positively.

Maintain the lawful rights and interests for entrepreneurial enterprises and their employees. Namely expedite to clear, amend and complete the laws and regulations and administrative rules; protect the lawful rights and interests for entrepreneurial enterprises and their employees; establish and complete the system of social security for all classes of employees and establish the labour union in enterprises.

Progressive guidance to complete the structures for entrepreneurial enterprises. Entrepreneurial enterprises should strictly perform the national industry policies, programs for different trades and the rules for market access. Entrepreneurial enterprises should also complete their own rules and regulations, strengthening and improving managerial level.

Improve the supervision system for non-public owned economy. Based on the operational characteristics of non-public owned economy, government should complete their supervision systems; ameliorate supervision methods and improve supervision levels. Moreover, government should also standardise their fees structure and reduce the burdens for entrepreneurial enterprises.

Strengthen the guidance and policy harmony for private owned economy. Strengthen the understanding of customer service, develop new methods of customer care services, establish the joint meeting system between different departments; strengthen the guidance for consensus and propaganda, which helps to build a good environment for non-public owned economic development (2005.02.19: Some encouragement, support and guidance for the private owned economic development).

3.3.2 Institutions Supporting Small Firms by Shaanxi Provincial Government

After the guideline document (decisions for a number of questions about development and a complete socialist market economy system by the Central Committee of the Communist Party of China, 2003.03) had been approved by the 16th Session of the People's Congress third Central Conference, Shaanxi provincial government promulgated local guideline policies. This positive policy shows three aspects for small firm development:

- Broaden the investment field. Allow private capital to enter into all industries and economic fields not limited by the national laws and regulations. Encourage private capital to participate in competition.
- Broaden the conditions for market access. Allow entrepreneurial enterprises to input their registered capital in stages.

- Offer equal treatment to men and women. Abrogate all discriminatory policies, such as in the field of land use, human resource management, resource allocation, government procurement, import and export trade, certificate transactions and fee structures; and improve service and supervision systems to men and women going into business.

3.4 Women Entrepreneurship

Individuals, especially women, must become increasingly entrepreneurial in the 21st century in order to achieve success in life. Women entrepreneurs have become increasingly common in the business world. According to Michael Revivo-Steiner (2006), there is a high and positive correlation between the level of women's involvement in entrepreneurial activities and growth in GDP of a country, suggesting that countries that are successful in promoting entrepreneurship among women could experience improvements in their economic growth rates (Revivo-Steiner, 2006)

Bent-Googly (2000: 291) argues that when women behave entrepreneurially, they can bring about creative and innovative change in their own lives and in society too. Entrepreneurial thinking and behaviour encourage women to serve as leaders by embracing change, by taking risks and by capitalizing on new opportunities (Bent-Goodly, 2000: 291-302).

The benefits of women entrepreneurship extend beyond the personal level of the practising entrepreneur. The increasing number of women entrepreneurs can facilitate economic mobility and self-fulfilment for individuals, promote economic and social equity, create employment, encourage trade, improve the use of valuable human capital and bolster national economic prosperity. A new perspective emphasizes the claim that women do not have to replicate men's entrepreneurial experience and the masculine mentality of "doing business". Women and investors can see feminine traits and talents as sources of power with

valuable advantages for entrepreneurship. However, in pursuing entrepreneurship, women face numerous barriers; they are exposed to new subordination phenomena, particularly in financing their ventures (Revivo-Steiner, 2006).

Women can increase their success in business by developing networks that connect them to key individuals, assignments, and resources within and outside of organizations. They should continuously build social networks and be pro-active to keep up with change. (O'Connor and Fiol, 2003: 48). Moreover, women should establish a vision and long-term goals for their careers and then take an innovative approach to achieving them. They should do their best to recognize and pursue opportunities, irrespective of existing resources such as time, money, and personal support. Moreover, women must entrepreneurially invest in themselves, including their human and social capital, in order to achieve success in business (Crowell, 2004: 15).

3.4.1 Women Entrepreneurs in Shaanxi, China

The number of Chinese women entrepreneurs has risen rapidly since the country has implemented the policy of economic reform, and especially since 1995. Moreover, Chinese women entrepreneurs make up 20% of all the entrepreneurs in China and 41% of them work in the private sector. Peng Peiyun, President of the All-China Women's Federation (ACWF) stated this at the international women leaders seminar, which opened in Beijing on July 3, 2002 (2006.02.20: http://www.china-embassy.org).

As Shi Qingqi (2002), Vice-President of the China Association of Women Entrepreneurs, said the restricting of Chinese industry, urbanisation and the development of the western regions have all provided opportunities for women entrepreneurs in Shaanxi. This is especially the case with the emergence of new service industries such as community work, tourism, health care, and insurance (2006.02.20: http://www.china-embassy.org). She

also stressed that those Chinese women entrepreneurs should pay attention to opportunities in the international market, to become international women entrepreneurs.

Moreover, enterprises run by Chinese women are highly profitable with only 1.5% losing money (2006.12.02: http://www.cnd.org). The findings were based on a survey conducted by the China Association of Women Entrepreneurs and the Micro-Economy Research Institute, which examined five million enterprises run by women. Of these enterprises, 90% are in the manufacturing and service industries. Characteristics such as diligence, tenacity, and perseverance are attributed to the success of female entrepreneurs.

In the province of Shaanxi, the situation for female entrepreneurs is similar to that of other regions. But, as an inland province the culture differences still impact on the development of female enterprises; and people who live in inland regions need more time to adjust to female entrepreneurs. Local government should take more responsibilities for the further development of women entrepreneurs, by, for example, providing more training opportunities, finance and psychological support.

3.4.2 Women in South Africa

Women entrepreneurs, a growing and promising phenomenon, have become increasingly common in the business world. As in China, women in South Africa are becoming an emerging force in shaping up the economic development of the country. To a certain extent, women were formerly repressed in former Communist China, as they were not allowed full participation in business. This is much in line with the previous situation in apartheid South Africa, as women, especially black females were barred from engaging in formal businesses, except in the homelands. This situation started to change after 1950s in China with a partial reform of communism there, and

similarly in South Africa after the 1994, with the dismantling of apartheid and the advent of democracy. These political changes have gradually opened up entrepreneurial opportunities for women in both countries. However, women entrepreneurs may face numerous problems, some similar to China, in their attempts to fast-track the development of their ventures.

3.4.2.1 Some Statistical Data about Women in South Africa

Census: According to Statistics South Africa's 2007 mid-year estimates, South Africa's population is approximately 47.9 million, of whom approximately 24.3 million (51%) are female (http://www.statssa.gov.za).

Unemployment rate: Since 2001 the Labour Force Survey (LFS) has consistently recorded a higher unemployment rate among women, compared to men. The most recent data, recorded in the September 2006 LFS, reports an official unemployment rate of 21.2% for men, compared to 30.7% among women (http://www.statssa.gov.za).

Education: The General Household Survey (GHS) for 2006 indicates that there are still important gender differences in the percentage of people, age 20 years and older, who have no formal education. A substantial proportion (10.7%) of this group still has no formal qualifications. In 2006, 8.6% of men had no formal education. For women, 12.6% had no formal education. This reflects an overall improvement in the situation in 2002, when 9.9% of men age 20 and above had no formal education, compared to 14% women. However, even with this improvement, the gap between men and women has remained largely constant, at approximately 4% (http://www.statssa.gov.za).

3.4.2.2 Problems Facing South African Women Entrepreneurs

The real GDP at market prices for the first quarter of 2007 increased by 4.7 percent compared with the fourth quarter of 2006. The real annualised economic growth rates during the four quarters of 2006 were 5.0 percent, 5.5 percent, 4.5 percent and 5.6 percent respectively (SARB, 2007). Although South Africa successfully maintains positive economic growth, problems still exist. Economically successful nations are those that use their resources to the maximum capacity. For all countries, the most important resources are those of human capital. Hence, in South Africa, women comprise over half of the population which means they are the one resource that needs to be brought into the economic mainstream.

Nowadays, South Africa has more stable social, political and economic policies. They have created an environment and framework where it is possible for businesses, including those owned by women, to flourish and grow. This has contributed significantly to sustain South African economic growth. However, the need for development programmes targeting women to overcome business-specific constraints is still there.

Before one can address women's issues in the broader South African economy, there is a need for understanding the environment in which women entrepreneurs operate, including the challenges they face. According to DTI's (Department of Trade and Industry) special report, there are five challenges most relevant to the situation of South African women (2007.08.17: http://www.dti.gov.za). These include:

1. The regulatory environment
2. Education opportunities and education systems
3. Cultural factors, societal views and societal perceptions
4. Management training and job opportunities

5. Family responsibilities

The regulatory environment includes government legislation which can have a constraining effect on women's enterprises. Women maybe excluded from the ownership of property, which limits their access to financial services and bank loans. In addition, a high or complex administrative burden in establishing and sustaining a business has an adverse impact on women-owned businesses and sometimes pushes women into the informal sector (2007.08.17: http://www.dti.gov.za).

Secondly, education opportunities and education systems can constrain women-owned enterprises, as women tend to be the ones who have limited access to education opportunities. Education systems are heavily influenced by societal values and principles. Women's career choices from an early age are still directed towards the softer sciences and not those in business, science and technology. These career choices can later affect women's confidence in entering the business world and in starting an enterprise in what is perceived to be a male domain. Gender blindness in the mathematics and science curriculum at secondary school and tertiary level has consistently discouraged women from entering these fields. The result is a shortage of skilled women in the technology-intensive industries which is the key to the success of an economy (2007.08.17: http://www.dti.gov.za).

Third, cultural and societal values as well as perceptions continue to oppress women. Cultural attitudes also discourage women from taking risks in business and accessing information as well as preventing them from getting equal access to procurement opportunities. Certain negative cultural aspects in patriarchal societies make women more vulnerable to being victims of crime and gender-based violence. The social environment also discourages women from pursuing career paths in the fields of science, engineering and

technology sectors. This probably happens in the technology-intensive industries, applied technology and in other knowledge industries (2007.08.17: http://www.dti.gov.za).

Fourth, the limited access of women to management training and relevant job opportunities has a negative impact on women entrepreneurs. Often women in the workplace are concentrated in the least skilled or lowest paid jobs; this limits their access to management or technical training and denies them on-the-job management experience that would enable them to successfully manage an enterprise. Such knowledge is difficult to teach, for example in government-supported training programmes, as it is often acquired hands on through experience in the workplace (2007.08.17: http://www.dti.gov.za).

Fifth, women's family responsibilities can often result in additional financial burdens as well as increased household responsibilities. For instance, a lack of affordable childcare facilities for young children creates an additional burden for the mother who would like to start her own business (2007.08.17: http://www.dti.gov.za).

These five constraining factors result in a number of difficulties for women entrepreneurs, such as getting adequate finance, gaining adequate skills to start and manage a business, the risks of crime and violence, lack of access to information and often poor use and understanding of technology. It is therefore necessary to respond to these different constraints through appropriate support measures. South African Women Entrepreneurs Network (SAWEN) has been brought forward under this situation. Although SAWEN acts as an advocacy organisation on issues of how the South African government can improve the regulatory environment for women in business, it is still not enough (2007.08.17: http://www.dti.gov.za).

3.5 Conclusion

Shaanxi, situated on the Northwest China Loess highland, reaches the Yellow River and covers an area of 206,000 sq km inhabited by 37.20 million people. Its major industries are agriculture, construction, industry, transportation, postal services, telecommunications, retail and tourism. Moreover, within the past two decades the continued effect of market reform has caused rapid economic development. However, Shaanxi had experienced four periods of private owned economic development. Furthermore, Shaanxi faces various problems in its quest to accelerate economic development. The most conspicuous barriers are: the conceptions of system-information lag; the barriers to implement policies; absence of favourable environment for the legal system and the absence of a favourable external environment for private owned enterprise manufacturing development. Further, both local and national governments have implemented many policies to support the development of small firms and women entrepreneurship.

Women entrepreneurship is beneficial not just for women, but for men and the economy too. The increasing number of women entrepreneurs can facilitate economic mobility and self-fulfilment for individuals, promote economic and social equity, create employment, encourage trade, improve the use of valuable human capital and bolster national economic prosperity. Entrepreneurship gives women a sense of identity in the business world. But many women, just like men, in China cannot realise their entrepreneurial potential, because they still face many barriers.

Chapter 4

Research Design and Methodology

In this chapter, the research methodology is presented and justified. Most of the fieldwork took place in Shaanxi because of its convenience to the researcher. The data collecting tools and techniques were adequate in gathering the relevant data for the study. The main instrument used for data collection was the questionnaire.

This chapter also sets out the research questions and hypotheses that underpin this study, as well as the statistical approaches.

4.1 Background to the Study

Since the 1970s, especially since China's introduction of the economic reform and adoption of market-oriented programs, an increasing number of people are entering business. China has registered an average annual GDP growth of over 8% in the past ten years. Moreover, during the past ten years (1995-2005), the number of female-owned businesses in China has increased significantly, and these businesses are just as successful as those owned by men. Women tend to think and act differently from men when they enter business. They often adopt a non-traditional style in running their businesses, and they perceive business possibilities and opportunities different from men (Hisrich and Peters, 2001: 106).

According to Charlie Coffey (2006), the China Association of Women Entrepreneurs (CAWE) projects that female entrepreneurs will comprise 30% of all entrepreneurs in China within three to five years. It also urges women to study strategies for managing a business, as well as skills to achieve domestic happiness. However, despite the rapid increase in the number of businesses owned by women, there has been little research on the financial success of women business owners in China by other researchers.

(Map from 2006.08.04: http://www.gov.cn)

As is well known, China is a developing country with the biggest population in the world. A recent survey shows that China's population had reached 1.26 billion by the end of 1999 (excluding the population of Hong Kong and Macao Special Administrative Regions and Taiwan Province). This accounts for about

21% of the world population (China Statistical Yearbook 2005). China is also the world's third largest economy after the United States and Japan. Its GDP in 2004 was around2,275 billion US dollars (Robert 2005: 1).

Moreover, in China women's status has been raised distinctly and the living standard of senior citizens has been improving. Currently, women amount to over one-third of all government functionaries, managerial personnel in state-owned enterprises and institutions and professionals of all trades (2006.08.04: http://www.stats.gov.cn). In 1999, employed women amounted to 46.5% of the entire workforce in China, compared to the world level of 34.5%, and women's income accounted for 80.4% of men's (2006.08.04: http://news.xinhuanet.com). There is a pressing need to understand the role of women as business owners in China since it has recently started to liberalise its economy. An important consideration is how women business owners regard entrepreneurship as a career in 'modern' China, how they balance business and family responsibilities and what challenges they face as entrepreneurs. All these factors have prompted this study.

4.2 Research Objectives

The primary and secondary objectives of this study are listed below.

Primary objectives

- Determine the motivation underpinning entry of women into small business in Shaanxi.
- Examine the barriers and challenges that female entrepreneurs face and how can these be addressed.
- Examine the contribution of female entrepreneurs to the regional development of the province with regard to employment.
- Consider the determinants of the employment growth of women-owned business as in Shaanxi.

- Examine the determinants of the performance of female entrepreneurs in Shaanxi.
- Make suggestions regarding further research on entrepreneurship development in Shaanxi province, China.
- Examine whether source of funding is associated with the education of the entrepreneurs.

Secondary objectives

- Examine whether perceptions of support for women entrepreneurs vary with marital status and education.
- Examine whether perceptions of support for women entrepreneurs vary with training and networks.
- Examine whether belonging to a business network is related to the marital status and education of the women entrepreneurs.

China is gradually abandoning the communist approach to development and is embracing the market-oriented philosophy. It is experiencing rapid economic growth. This rapid expansion in GDP is creating numerous opportunities for women to venture into self-employment. As women entrepreneurs increase, they make a greater contribution to the country's economic growth. This study provides an improved understanding of female entrepreneurs and entrepreneurship, their entrepreneurial traits and how to enhance their entrepreneurial potential to augment national development.

4.3 Formal Hypotheses

According to Fowler (1984), a hypothesis is a proposition made from known facts as a basis for reasoning or investigation. The following hypotheses and propositions have been generated to guide the study and data analyses:

- Firms servicing the local and export market perform better than those servicing mainly the local market.

- Perceptions of support for women entrepreneurs vary with their training and networks.
- Women entrepreneurs with higher levels of education perform better in business than those with lower levels of education.
- Women entrepreneurs exposed to training perform better in business than those not exposed to training.
- Entrepreneurs with networks perform better relative to those who do not.
- Female entrepreneurs who operate in urban locations perform better in business than those operating in rural locations.
- Firms employing family members perform better in business.
- Performance varies according to income group served; entrepreneurs serving the higher income group customers perform better relative to those serving the lower income group.
- Female entrepreneurs with greater prior working experience perform better in business than those with less prior working experience.
- There is a relationship between performance and type of activity of the entrepreneurs.
- Business performance varies according to marital status of the entrepreneurs.
- The perception of support for women varies with marital status and education.
- There is a relationship between business performance and key decision makers of the entrepreneurs.
- Source of funding differs with marital status.
- Source of funding differs with educational groups.
- Nature of customers served does not differ with education of the entrepreneurs.
- Women entrepreneurs employ more female than male workers.
- Women entrepreneurs employ, on average, a greater number of female employees than male employees.
- There is a difference in the average number of family and non-family members employed by the women entrepreneurs.

4.4 Research Design and Methodology

The research design and methodology used for this study is explained below.

4.4.1 Scope of This Study

As female entrepreneurs increase in number, they make a greater contribution to the country's economic growth. If the contribution of women to business in the province of Shaanxi is to be enhanced, further information about the economic or cultural world of women enterprise is required. That is, what drives women into business, the problems and challenges they face, their needs and how can these be addressed is investigated. These aspects of female entrepreneurship were investigated to provide some policy guidance on the furthering the development of women in business in the transitional economy of Shaanxi.

4.4.2 Sampling Design and the Sample

A survey approach, with the aid of questionnaires, was to be used to gather relevant data for this study. The questionnaire consisted of both open-ended, unstructured, and closed-ended questions (Bless and Higson-smith, 1995). In this study, small businesses run by female entrepreneurs in the Shaanxi province (China) were investigated. The focus was on firms that have been in existence for more than two years, to gain insights into their growth dynamics and the challenges experienced in the growth process. Failed ventures do not experience growth; they simply exit.

A population is the total collection of elements about which inferences are made. The objective of sampling is to select some of the elements in a population to make conclusions about the entire population. The ultimate test of a sample design is how well it represents the characteristics of the population it supposedly represents (Cooper and Schlinder, 2001:164)

Moreover, according to Spiegel (1992:175), generally the literature considers 100 cases in a sample is the bare minimum. This can permit adequate statistical tests. So, here accepting the need to overcome sampling error and accepting a degree of risk level a sample of 200 ventures was chosen. This sample of 200 firms was selected systematically, chosen after every 100 registered firms from the list of registered firms in Shaanxi. These firms must be registered for two or more years.

Furthermore, there were 34.5% of the surveyed firms (69 out of 200) doing both wholesale and retail businesses; about 0.2% of firms (3 out of 200) were in manufacturing; 24% were in the tourism service industry and about half of firms (49 %) were retailers only, selling daily foodstuffs and consumables.

But, the limitations of sample still exist. The total number of female businesses cannot be ignored, so the 200 businesswomen in the sample may still have limitations. As the questions used for collecting data on the surveyed women entrepreneurs were not of the same scale, a very high Cronbach alpha coefficient could not be obtained. Nevertheless, the reliability of the instrument is reasonable good as an alpha coefficient of 0.50 was obtained, though a higher value would have been more desirable. Failed firms were not considered because of the stigma attached to business failures. Failed business women were also difficult to locate.

4.4.3 Data Collection:

The methods for data collection are explained below.

Primary Sources: Questionnaire and Interviewing

- *Questionnaire:* Structured questionnaires were used in this study. This type of questionnaire served the purpose of collecting large amounts of information from the respondents in a relatively quick and objective

manner. Moreover, questionnaires also have the added advantage of being quick and easy to administer. However, Bless and Higson-Smith (1995:122) note that questionnaires tend to restrict the number of possible answers.

Moreover, the questionnaire used in the present study consists of three sections (See Appendix 1). Section A is personal information; Section B is Business information and Section C deals with other questions. A pilot study of the final questionnaire was given to 15 female business owners before distributing to the sample, in order to check on the time required complete it and to check whether there were any unforeseen problems with the items and response mode. Normal time taken to complete the questionnaire was 15-20 minutes, and the participants reported no difficulties with the questionnaire.

- *Interviewing*: In this study, personal interviews, with the support of questionnaires, were used to gather data. Using interviewing as a research technique has immense value in gathering first-hand information on the perceptions of women entrepreneur in the province of Shaanxi. Fletcher (1996) indicates that an effective interview is able to capture much more than the word, since the tone and feeling associated with what is being said contains vital clues about how people perceive something or someone. Similarly, Bless and Higson-Smith (1995:100) note that those interviewed can expand on the topic and relate their own experiences as they see fit. This is particularly important in gathering data related to perceptions, as is the case in this study.

  The disadvantage of interviewing is that the researcher needs to be very skilled in this technique to elicit the required responses. Another disadvantage is that the respondents may say things to impress the researchers, which may deviate from the reality of the situation. However,

to guard against this tendency, the researchers can use other techniques or tools, such as a split sample, to gather data to validate the respondents' claims.

Having previously interviewed participants for similar feedback, the researcher felt that the first disadvantage did not seriously affect the results of the study. Neither did the second disadvantage pose a problem because of the other techniques used in this study to collect similar data. For instance, Shaanxi provincial statistical documentation was used as a measure of triangulation to substantiate the women entrepreneurs' claims about the business environment and business growth rate over the years.

Secondary Sources: In order to obtain a wider view on the importance of small business, especially in the context of China, an extensive search of secondary data sources, namely the Internet, textbooks, government reports, journals, newspapers and small business agencies' yearly reviews were also conducted. In this way a better in-depth understanding of the topic being studied was made possible.

4.4.4 Data Analysis Tools (Statistical Approaches)

Data collected from the completed questionnaires were captured and statistically analysed using SPSS. For all structured questions, the distribution of respondents' responses has been presented in tabular and graphical forms. Answers to questions presented and analysed are in Chapter 5.

Moreover, some questions were analysed using categorical statistical methods, such as generalised linear regression, chi-square, and multivariate analyses. T-test, Kruskal Wallis test and Mann-Whitney U test were also used.

Regression: a regression model is a mathematical equation that describes the relationship between two or more variables. A simple regression model includes only two variables: one independent and one dependent. The dependent variable is modeled as a random variable because of uncertainty as to its value, given only the value of each independent variable, and the independent variable is the one used to explain the variation in the dependent variable (Mann, 2005:596). For instance, when investigating the relationship between greater prior working experience and business performance, factors or variables can influence entrepreneurs' business performance. Certainly, prior working experience is one factor. However, many other variables also affect business performance, such as funds, location and employees. These variables are called independent or explanatory variables because they all vary independently. Moreover, business performance here is called the dependent variable because it depends on the independent variables. Linear regression is a simple regression model that gives a straight-line relationship between two variables (Mann, 2005:597). The equation of a linear relationship between two variables x and y is written as $y = a + bx$ Each set of values of a and b gives a different straight line (Mann, 2005:597).

Chi-square: Chi-square is a non-parametric test of statistical significance for bivariate tabular analysis (also known as cross-breaks) (Kohler, 1994). It examines whether there is any association among variables. This statistical approach was used to examine whether there is an association between women's education, type of business and their access to loans.

Mann-Whitney U test: is a non-parametric test for assessing whether two samples of observations come from the same distribution. The null hypothesis is that the two samples are drawn from a single population, and therefore that their probability distributions are equal. It requires the two samples to be independent, and the observations to be ordinal or continuous measurements

(Kohler, 1994: 695). The Mann-Whitney statistical technique is used to test for differences between two independent groups on a continuous measure (Daniel, 1990).

T-test: The t-test assesses whether the means of two groups are *statistically* different from each other. This analysis is appropriate whenever comparing the means of two groups, and is especially appropriate as the analysis for the post-test, two-group randomized experimental design (2007.10.17: http://www.socialresearchmethods.net). In this study T-test is used to test the hypotheses that there are an equal mean number of females and mean number of males employed by entrepreneurs.

Kolmogorov Smirnov test: is used to determine whether two underlying one-dimensional probability distributions differ, or whether an underlying probability distribution differs from a hypothesized distribution, in either case based on finite samples (2007.09.02: http://www.physics.csbsju.edu). In this study, the Kolmogorov Simonov test is used to test whether the data follows a normal distribution or not (Kohler, 1994:707).

Kruskal Wallis test: The Kruskal Wallis test is a nonparametric test that can be used to determine whether three or more independent samples are selected from populations having the same distribution (Kohler, 1994:707). The Kruskal Wallis test, in this study, is used to test how performance varies according to the nature of the customer served..

Performance: The current monthly sales have been used to measure the entrepreneurial performance. Moreover, in the statistical part, current monthly sales were counted in Ren Min Bi – Chinese currency -- for short RMB. 1USD = 7.45RMB (Latest rate 2007.11.05: www.http://boc.cn/)

Other variables: Education and Trading in the current activity (entrepreneurial experience) were measured in years. Working experience and duration of training were measured in months.

4.5 Limitation of the Survey

The total number of 200 firms was selected by a random selection procedure from the female entrepreneurs licensed by Shaanxi Provincial Administration for Industry and Commerce. However, the total number of female businesses cannot be ignored, so the 200 businesswomen in the sample may still have limitations. Only ventures trading for at least two years or more were examined.

As the questions used for collecting data on the surveyed women entrepreneurs were not of the same scale, a very high Cronbach alpha coefficient could not be obtained. Nevertheless, the reliability of the instrument is reason good as an alpha coefficient of 0.50 was obtained, though a higher value would have been more desirable.

Failed firms were not considered because of the stigma attached to business failures. Failed business women were also difficult to locate. Certainly, this random selection procedure did not capture all the characteristics of the population. But this limitation is present in all research studies, unless a census is done.

4.6 Conclusion

Data for this study was gathered primarily through the use of self-report questionnaires which were divided into 3 sections i.e. Section A, Personal Information, Section B, Business Information and Section C, Questions.

The items in the questionnaire were selected to give information which could be analyzed using the hypotheses (section 4.3) as guidelines. The data analysis and results of the research will be described in chapter 5.

Chapter 5

Research Findings and Data Analyses

This chapter presents the research findings and data analyses. It consists of 6 sections. Respondent questionnaires were examined and discussed in the first section, the research findings. In the second section, the Kolmogorov Simonov Test was used to test whether parametric or non parametric tests are appropriate for data. Hypothesis testing is covered in the third section, together with the regression analyses. The fourth and fifth sections cover motivations (Push and Pull factors) and a discussion of the major findings of this study. The conclusion was covered in the last section.

5.1 Research Findings

5.1.1 Demographics

The survey involved 200 women entrepreneurs. About a quarter (28%) was single and the majority (62.5%) married as indicated in Table 5.1 and Figure 5.1.

Figure 5.1

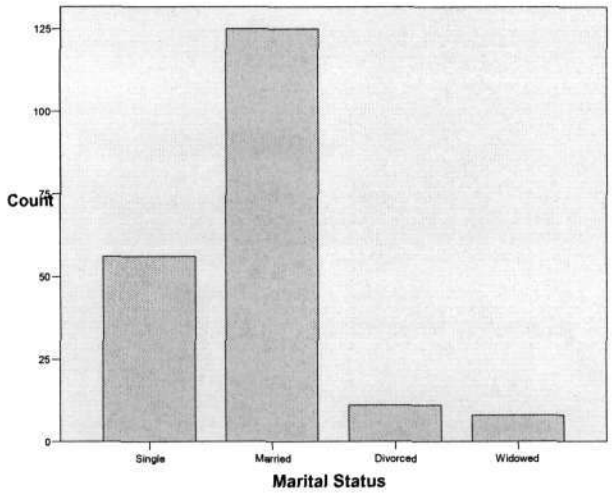


Table 5.1

Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	56	28.0	28.0	28.0
	Married	125	62.5	62.5	90.5
	Divorced	11	5.5	5.5	96.0
	Widowed	8	4.0	4.0	100.0
	Total	200	100.0	100.0	

Recently China adopted a one-child family policy. Accordingly, as reflected in Table 5.2 and Figure 5.2, the model group has one child (49%) and 44% have no child.

Figure 5.2

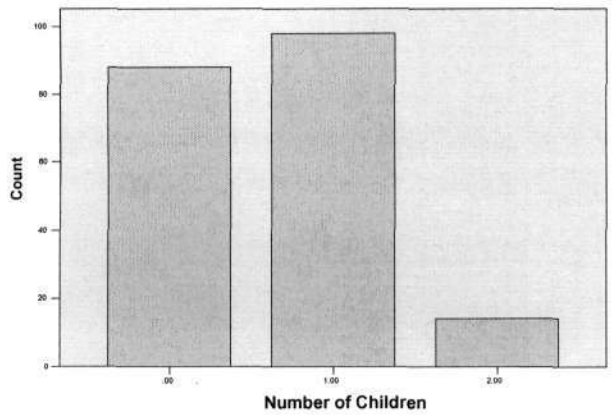


Table 5.2

Number of Children

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	88	44.0	44.0	44.0
	1.00	98	49.0	49.0	93.0
	2.00	14	7.0	7.0	100.0
	Total	200	100.0	100.0	

5.1.2 Education and Training

As reflected in Figure 5.3 and Table 5.3, 48% of the participants attended senior high school (16--18). Only 14% graduated from secondary school (13--15).

Figure 5.3

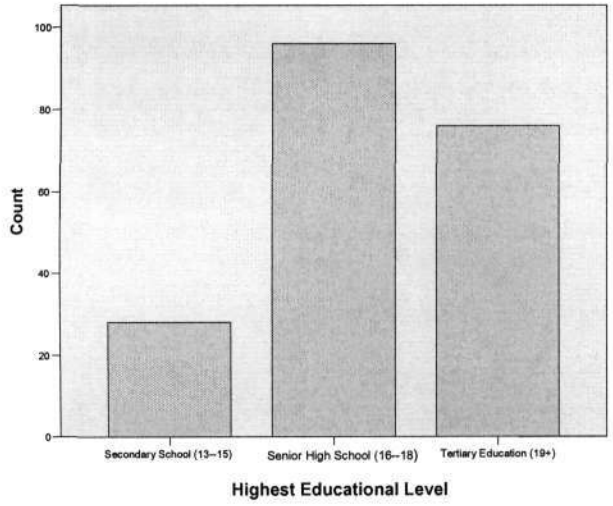


Table 5.3

Highest Educational Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary School (13--15)	28	14.0	14.0	14.0
	Senior High School (16--18)	96	48.0	48.0	62.0
	Tertiary Education (19+)	76	38.0	38.0	100.0
	Total	200	100.0	100.0	

Do all participants attend technical school? 80% of them answered 'no', as reflected in Figure 5.4 and Table 5.4.

Figure 5.4

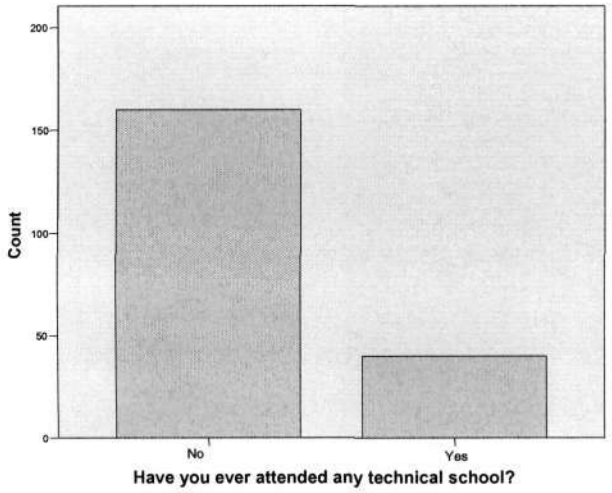


Table 5.4

Have you ever attended any technical school?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	160	80.0	80.0	80.0
	Yes	40	20.0	20.0	100.0
	Total	200	100.0	100.0	

Accordingly, as reflected in Figure 5.5 and Table 5.5, 80% of participants did not attend any technical school. 14% participants attended technical school for 3 years, and a smaller proportion (6%) attended technical school for 2 years.

Figure 5.5

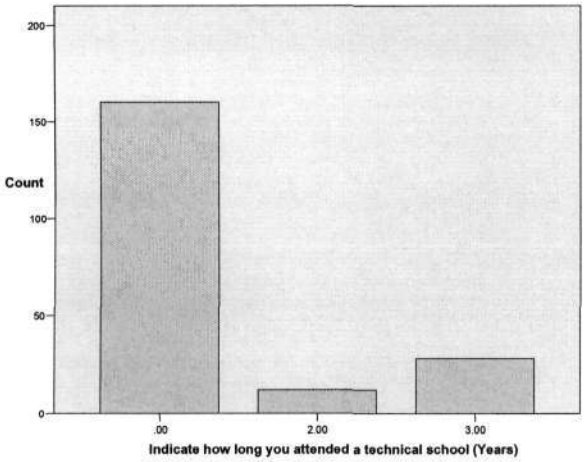


Table 5.5

Technical school attendance

	Years	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	160	80.0	80.0	80.0
	2.00	12	6.0	6.0	86.0
	3.00	28	14.0	14.0	100.0
	Total	200	100.0	100.0	

5.1.3 Age

The age distribution of the surveyed women entrepreneurs is presented in Table 5.6 and Figure 5.6. About a third was in the youngest age category 18-25 years and 14% were in the post-45 age group.

Figure 5.6

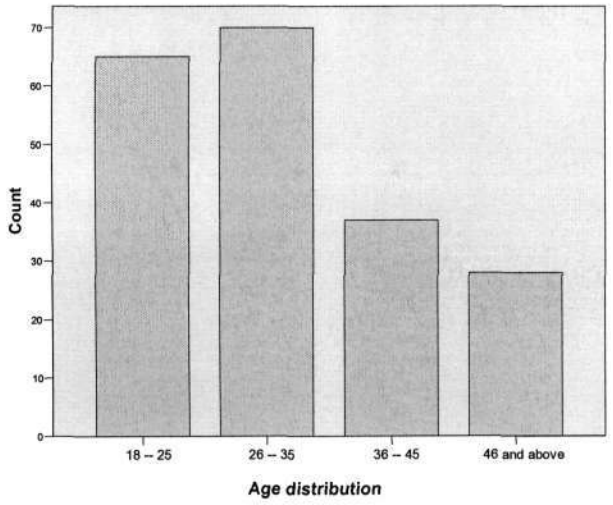


Table 5.6

Age distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 -- 25	65	32.5	32.5	32.5
	26 -- 35	70	35.0	35.0	67.5
	36 -- 45	37	18.5	18.5	86.0
	46 and above	28	14.0	14.0	100.0
	Total	200	100.0	100.0	

70 out of 200, 35% of the participants are between 26 to 35 years old.

5.1.4 Working Experience

Prior work experience is important for entrepreneurs, going into business as the basis of the trade and group behaviour has been learnt. Those human skills help someone to be a better employer because previous work experience gives knowledge of the human aspects of the labour force. In this survey, 80% of participants have had previous working experience as an employee in a business (Figure 5.7 and Table 5.7).

Figure 5.7

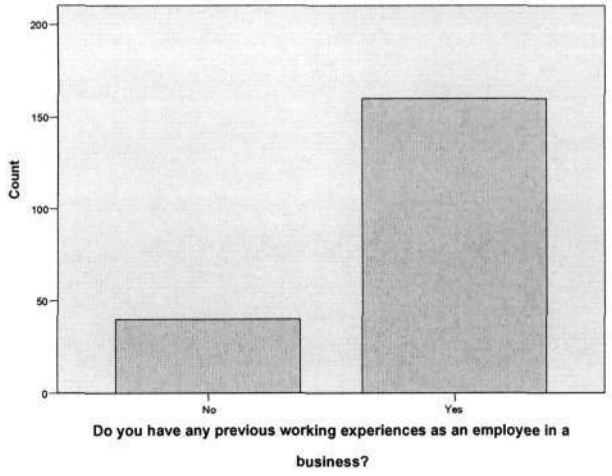


Table 5.7

Do you have any previous working experiences as an employee in a business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	40	20.0	20.0	20.0
	Yes	160	80.0	80.0	100.0
	Total	200	100.0	100.0	

The duration of the work experience varied considerably and ranged from 1 to 22 years, as reflected in Figure 5.8 and Table 5.8; 21.5% of participants served as an employee in a business for 1 year. Here was only 1 respondent who had worked for over 20 years before starting up her own business.

Figure 5.8

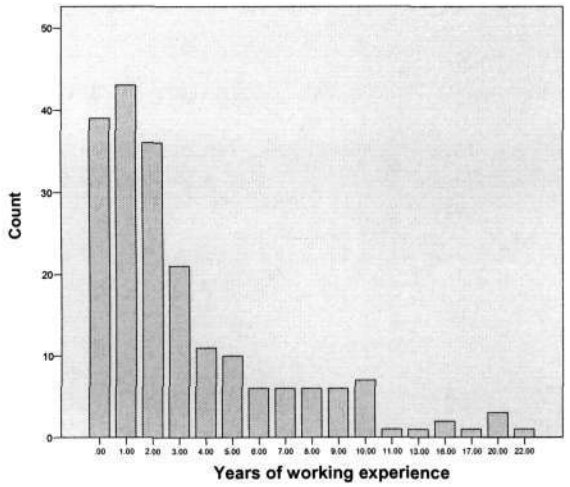


Table 5.8

Years of working experience

Year(s)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	39	19.5	19.5	19.5
	1.00	43	21.5	21.5	41.0
	2.00	36	18.0	18.0	59.0
	3.00	21	10.5	10.5	69.5
	4.00	11	5.5	5.5	75.0
	5.00	10	5.0	5.0	80.0
	6.00	6	3.0	3.0	83.0
	7.00	6	3.0	3.0	86.0
	8.00	6	3.0	3.0	89.0
	9.00	6	3.0	3.0	92.0
	10.00	7	3.5	3.5	95.5
	11.00	1	.5	.5	96.0
	13.00	1	.5	.5	96.5
	16.00	2	1.0	1.0	97.5
	17.00	1	.5	.5	98.0
	20.00	3	1.5	1.5	99.5
	22.00	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.5 Previous Training Experience

As presented in Table 5.9 and Figure 5.9, 79.5% of the participants had training experience in business activities.

Figure 5.9

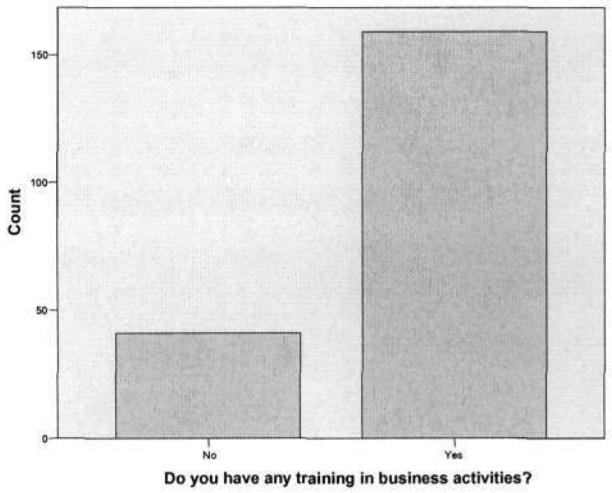


Table 5.9

Do you have any training in business activities?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	41	20.5	20.5	20.5
	Yes	159	79.5	79.5	100.0
	Total	200	100.0	100.0	

5.1.6 Experience in Current Business

30.5% of the participants had been operating their business for 2 years and 18% had been trading for 3 years (Figure 5.10 and Table 5.10). Only about 9% of the surveyed women entrepreneurs had been in the current business for a period exceeding 10 years.

Figure 5.10

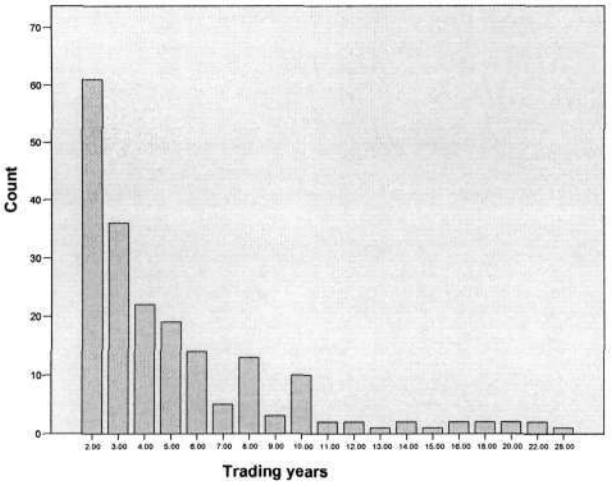


Table 5.10

Duration of trading years

Year(s)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00	61	30.5	30.5	30.5
	3.00	36	18.0	18.0	48.5
	4.00	22	11.0	11.0	59.5
	5.00	19	9.5	9.5	69.0
	6.00	14	7.0	7.0	76.0
	7.00	5	2.5	2.5	78.5
	8.00	13	6.5	6.5	85.0
	9.00	3	1.5	1.5	86.5
	10.00	10	5.0	5.0	91.5
	11.00	2	1.0	1.0	92.5
	12.00	2	1.0	1.0	93.5
	13.00	1	.5	.5	94.0
	14.00	2	1.0	1.0	95.0
	15.00	1	.5	.5	95.5
	16.00	2	1.0	1.0	96.5
	18.00	2	1.0	1.0	97.5
	20.00	2	1.0	1.0	98.5
	22.00	2	1.0	1.0	99.5
	28.00	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.7 Duration of Training

As presented in Figure 5.11 and Table 5.11, 47 out of 200 participants (23.5%) spent 2 months on business training. Only 2% of the respondents had training for a period of up to 2 years.

Figure 5.11

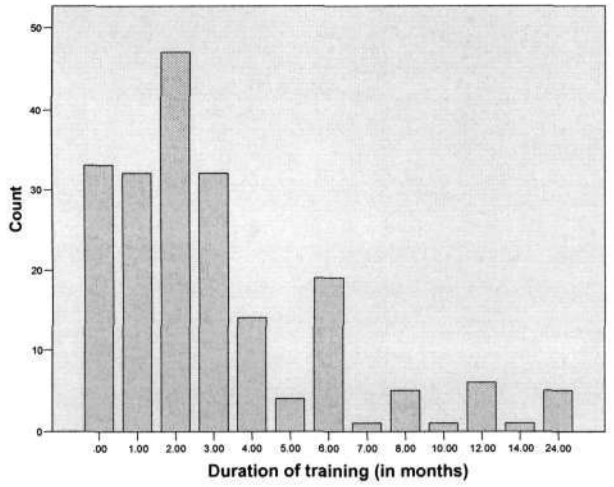


Table 5.11

Duration of training (in months)

Month(s)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	33	16.5	16.5	16.5
	1.00	32	16.0	16.0	32.5
	2.00	47	23.5	23.5	56.0
	3.00	32	16.0	16.0	72.0
	4.00	14	7.0	7.0	79.0
	5.00	4	2.0	2.0	81.0
	6.00	19	9.5	9.5	90.5
	7.00	1	.5	.5	91.0
	8.00	5	2.5	2.5	93.5
	10.00	1	.5	.5	94.0
	12.00	6	3.0	3.0	97.0
	14.00	1	.5	.5	97.5
	24.00	5	2.5	2.5	100.0
	Total	200	100.0	100.0	

5.1.8 Running the Business and Family Life

As shown in Figure 5.12 and Table 5.12, 61.5% of participants felt that running a business did not place a strain their family life. However, about 40% mentioned that running a business impacted adversely on their family life.

Figure 5.12

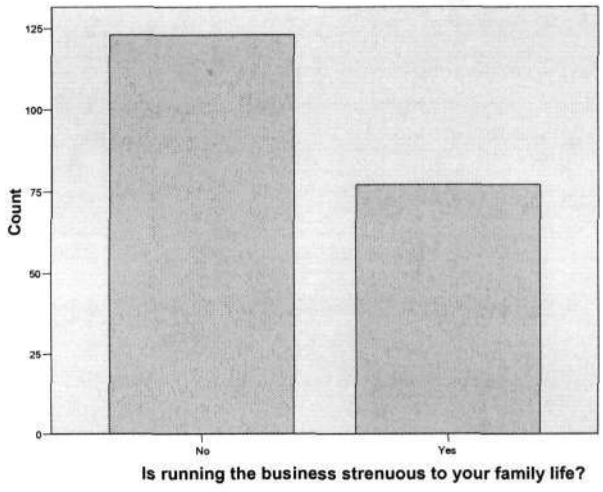


Table 5.12

Is running the business strenuous to your family life?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	123	61.5	61.5	61.5
	Yes	77	38.5	38.5	100.0
	Total	200	100.0	100.0	

5.1.9 Any Other Businesses

81.5% of participants do not have other businesses, as shown in Figure 5.13 and Table 5.13. However, another 17%of the respondents have an additional business. Thus some of the respondents are more entrepreneurial than others.

Figure 5.13

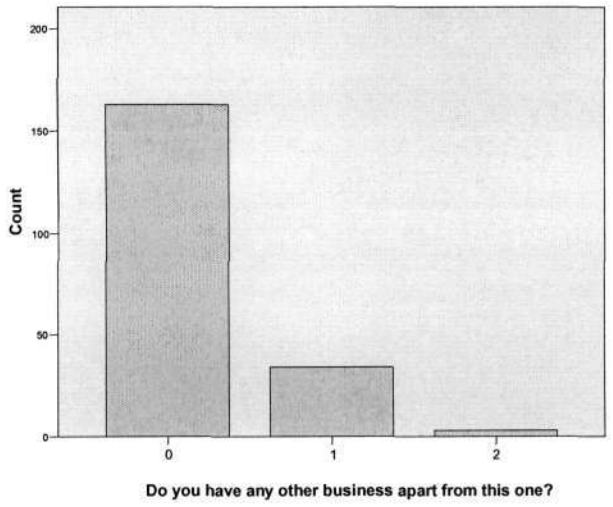


Table 5.13

Do you have any other business apart from this one?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	163	81.5	81.5	81.5
	1	34	17.0	17.0	98.5
	2	3	1.5	1.5	100.0
	Total	200	100.0	100.0	

5.1.10 Number of Non-family Member Employees

The total number of non-family employees hired by the female entrepreneurs is presented in Figure 5.14 and Table 5.14. This ranges from 1 employee (18%) to 47 employees (0.5%). Moreover, 62 participants (31%) employed 2 non-family employees. This was the model figure.

Figure 5.14

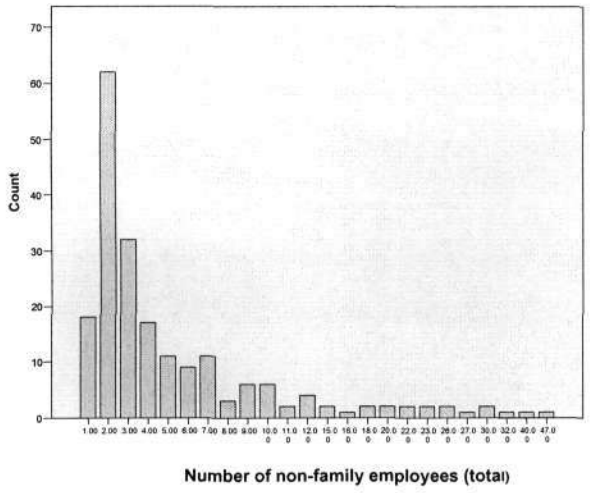


Table 5.14

Number of non-family employees (total)

Employee(s)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	18	9.0	9.0	9.0
	2.00	62	31.0	31.0	40.0
	3.00	32	16.0	16.0	56.0
	4.00	17	8.5	8.5	64.5
	5.00	11	5.5	5.5	70.0
	6.00	9	4.5	4.5	74.5
	7.00	11	5.5	5.5	80.0
	8.00	3	1.5	1.5	81.5
	9.00	6	3.0	3.0	84.5
	10.00	6	3.0	3.0	87.5
	11.00	2	1.0	1.0	88.5
	12.00	4	2.0	2.0	90.5
	15.00	2	1.0	1.0	91.5
	16.00	1	.5	.5	92.0
	18.00	2	1.0	1.0	93.0
	20.00	2	1.0	1.0	94.0
	22.00	2	1.0	1.0	95.0
	23.00	2	1.0	1.0	96.0
	26.00	2	1.0	1.0	97.0
	27.00	1	.5	.5	97.5
	30.00	2	1.0	1.0	98.5
	32.00	1	.5	.5	99.0
	40.00	1	.5	.5	99.5
	47.00	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.11 Number of Male Non-family Member Employees

As presented in the Figure 5.15 and Table 5.15, 68 participants (34%) employed 1 male non-family employee. Only 10% employed more than 5 male non-family members.

Figure 5.15

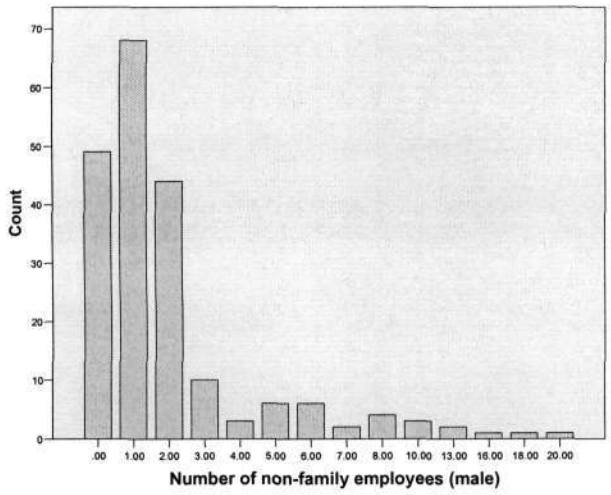


Table 5.15

Number of non-family employees (male)

People		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	49	24.5	24.5	24.5
	1.00	68	34.0	34.0	58.5
	2.00	44	22.0	22.0	80.5
	3.00	10	5.0	5.0	85.5
	4.00	3	1.5	1.5	87.0
	5.00	6	3.0	3.0	90.0
	6.00	6	3.0	3.0	93.0
	7.00	2	1.0	1.0	94.0
	8.00	4	2.0	2.0	96.0
	10.00	3	1.5	1.5	97.5
	13.00	2	1.0	1.0	98.5
	16.00	1	.5	.5	99.0
	18.00	1	.5	.5	99.5
	20.00	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.12 Number of Female Non-Family Member Employees

58 participants (29%) employed 1 female non-family employee and 27.5% employed 2 female non-family employees (Figure 5.17 and Table 5.17). Only, about 8% of the entrepreneurs employed more than 10 non-family female members.

Figure 5.16

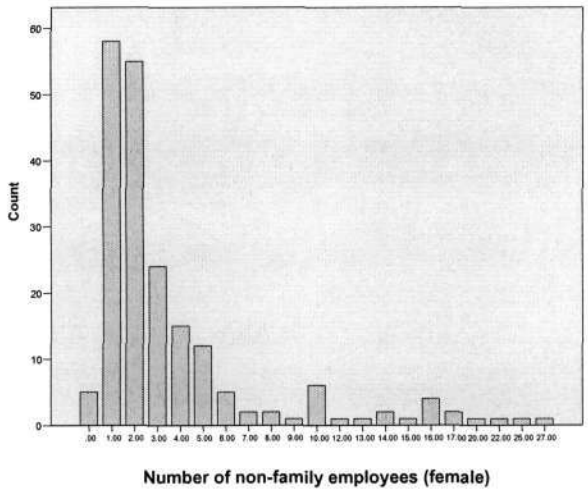


Table 5.16

Number of non-family employees (female)

People		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	5	2.5	2.5	2.5
	1.00	58	29.0	29.0	31.5
	2.00	55	27.5	27.5	59.0
	3.00	24	12.0	12.0	71.0
	4.00	15	7.5	7.5	78.5
	5.00	12	6.0	6.0	84.5
	6.00	5	2.5	2.5	87.0
	7.00	2	1.0	1.0	88.0
	8.00	2	1.0	1.0	89.0
	9.00	1	.5	.5	89.5
	10.00	6	3.0	3.0	92.5
	12.00	1	.5	.5	93.0
	13.00	1	.5	.5	93.5
	14.00	2	1.0	1.0	94.5
	15.00	1	.5	.5	95.0
	16.00	4	2.0	2.0	97.0
	17.00	2	1.0	1.0	98.0
	20.00	1	.5	.5	98.5
	22.00	1	.5	.5	99.0
	25.00	1	.5	.5	99.5
	27.00	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.13 Number of Family Employees

As shown in Figure 5.17 and Table 5.17, 86 out of 200 (43%) participants did not employ family members as employees. 39.5% employed 1 family member.

Figure 5.17

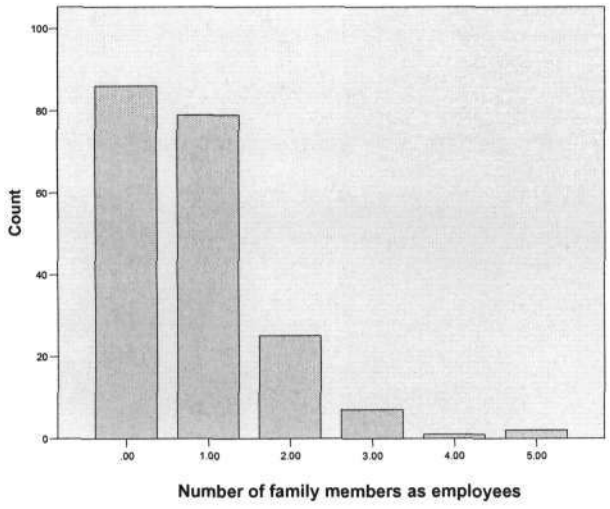


Table 5.17

Number of family members as employees

People		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	86	43.0	43.0	43.0
	1.00	79	39.5	39.5	82.5
	2.00	25	12.5	12.5	95.0
	3.00	7	3.5	3.5	98.5
	4.00	1	.5	.5	99.0
	5.00	2	1.0	1.0	100.0
	Total	200	100.0	100.0	

5.1.14 Business Location

97.5% of participants run their business in an urban area (Figure 5.18 and Table 5.18).

Figure 5.18

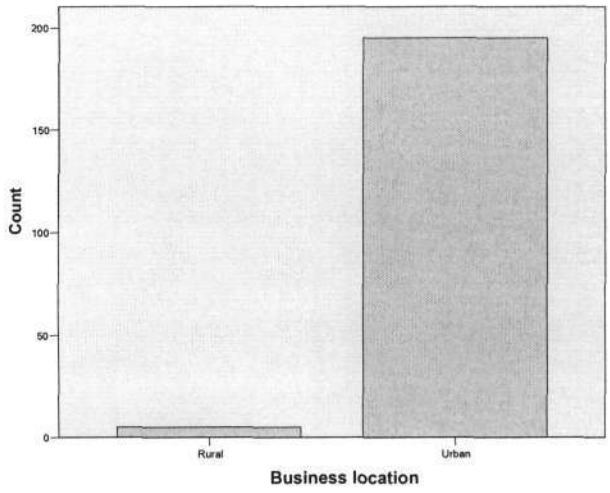


Table 5.18

Business location

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rural	5	2.5	2.5	2.5
	Urban	195	97.5	97.5	100.0
	Total	200	100.0	100.0	

5.1.15 Operating Years

61 out of 200 (30.5%) participants have been operating their businesses for 2 years; 19.5% have operated for 3 years (Figure 5.19 and Table 5.19). The number of operational years ranged from 2 to 23 years.

Figure 5.19

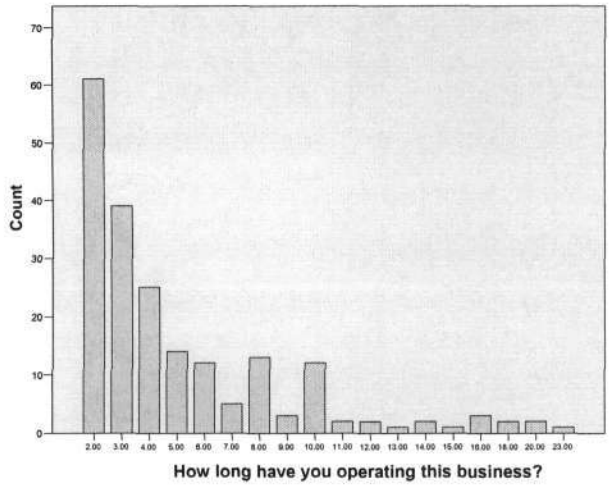


Table 5.19

How long have you operating this business?

Year(s)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00	61	30.5	30.5	30.5
	3.00	39	19.5	19.5	50.0
	4.00	25	12.5	12.5	62.5
	5.00	14	7.0	7.0	69.5
	6.00	12	6.0	6.0	75.5
	7.00	5	2.5	2.5	78.0
	8.00	13	6.5	6.5	84.5
	9.00	3	1.5	1.5	86.0
	10.00	12	6.0	6.0	92.0
	11.00	2	1.0	1.0	93.0
	12.00	2	1.0	1.0	94.0
	13.00	1	.5	.5	94.5
	14.00	2	1.0	1.0	95.5
	15.00	1	.5	.5	96.0
	16.00	3	1.5	1.5	97.5
	18.00	2	1.0	1.0	98.5
	20.00	2	1.0	1.0	99.5
	23.00	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.16 Current Monthly Sales

As presented in Figure 5.20 and Table 5.20, 25.5% of the participants (51) reported their current monthly sales under 15000RMB. 24.5% between 15000 to 30000Ren Min Bi (--Chinese currency – for short RMB). However, 15% had high monthly sales, about 75000RMB.

Figure 5.20

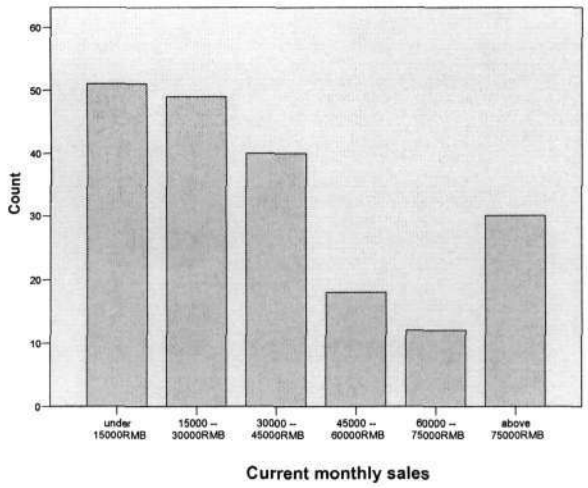


Table 5.20

Current monthly sales

Sales		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under 15000RMB	51	25.5	25.5	25.5
	15000 -- 30000RMB	49	24.5	24.5	50.0
	30000 -- 45000RMB	40	20.0	20.0	70.0
	45000 -- 60000RMB	18	9.0	9.0	79.0
	60000 -- 75000RMB	12	6.0	6.0	85.0
	above 75000RMB	30	15.0	15.0	100.0
	Total	200	100.0	100.0	

5.1.17 Support for Women Business in Shaanxi

There were 135 out of 200 (67.5%) participants satisfied that there is enough support for female business in Shaanxi (See Figure 5.21 and Table 5.21). About a third felt there was not enough support for female businesses in the province.

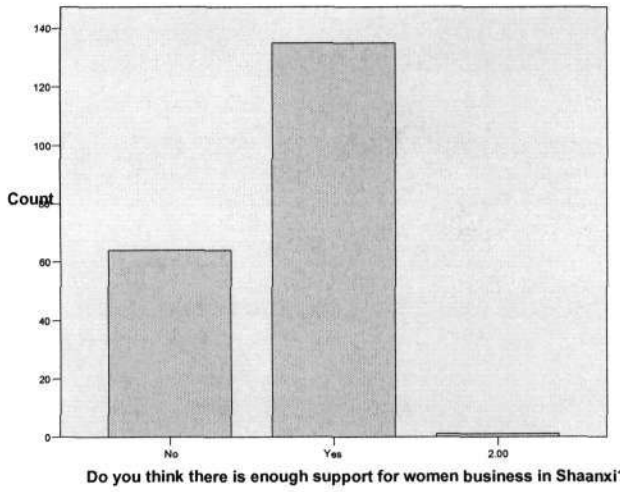


Table 5.21

Do you think there is enough support for women business in Shaanxi?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	64	32.0	32.0	32.0
	Yes	135	67.5	67.5	99.5
	Missing	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.18 Serving Market

As presented in Figure 5.23 and Table 5.23, 94% of participants were serving the local market only. Most of the firm, therefore, service the local customers.

Figure 5.22

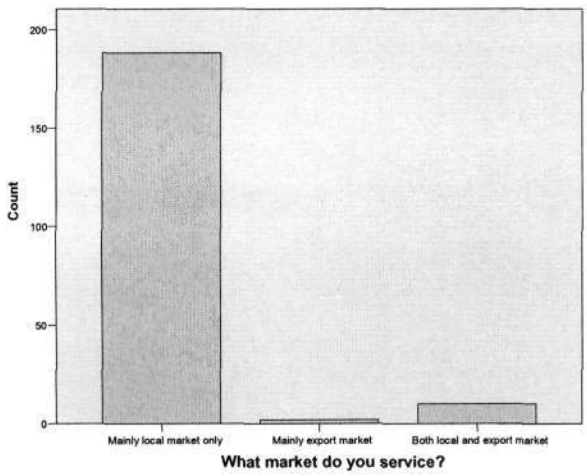


Table 5.22

What market do you service?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mainly local market only	188	94.0	94.0	94.0
	Mainly export market	2	1.0	1.0	95.0
	Both local and export market	10	5.0	5.0	100.0
	Total	200	100.0	100.0	

5.1.19 Employment at Started-up (Total)

84 participants (42%) employed 2 people (in total) when they started-up (Figure 5.23 and Table 5.23). The start-up employment ranged from 1 to 32 people.

Figure 5.23

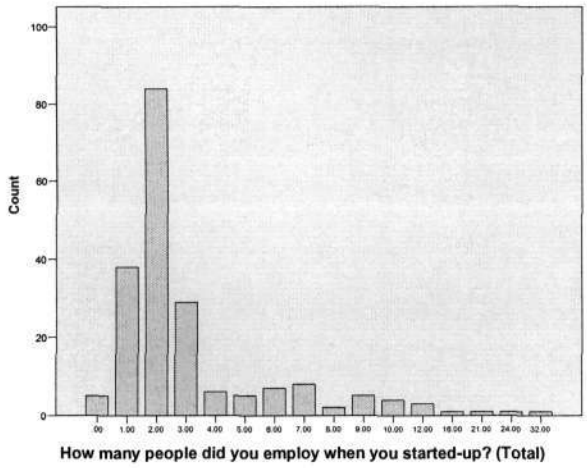


Table 5.23

How many people did you employ when you started-up? (Total)

People Employed		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	5	2.5	2.5	2.5
	1.00	38	19.0	19.0	21.5
	2.00	84	42.0	42.0	63.5
	3.00	29	14.5	14.5	78.0
	4.00	6	3.0	3.0	81.0
	5.00	5	2.5	2.5	83.5
	6.00	7	3.5	3.5	87.0
	7.00	8	4.0	4.0	91.0
	8.00	2	1.0	1.0	92.0
	9.00	5	2.5	2.5	94.5
	10.00	4	2.0	2.0	96.5
	12.00	3	1.5	1.5	98.0
	16.00	1	.5	.5	98.5
	21.00	1	.5	.5	99.0
	24.00	1	.5	.5	99.5
	32.00	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.20 Employment at Started-up (Male)

78 participants (39%) employed 1 male employee when they started-up (Figure 5.24 and Table 5.24). However, about a third did not employ any male person in the founding stage.

Figure 5.24

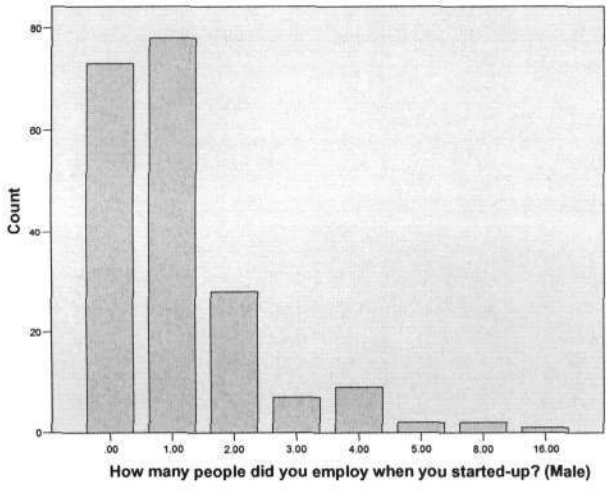


Table 5.24

How many people did you employ when you started-up? (Male)

People Employed		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	73	36.5	36.5	36.5
	1.00	78	39.0	39.0	75.5
	2.00	28	14.0	14.0	89.5
	3.00	7	3.5	3.5	93.0
	4.00	9	4.5	4.5	97.5
	5.00	2	1.0	1.0	98.5
	8.00	2	1.0	1.0	99.5
	16.00	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.21 Employment at Started-up (Female)

90 participants (45%) employed 1 female employee when they started-up (Figure 5.25 and Table 5.25). In a gender comparison of the employment of just 1 unit of labour, the surveyed female entrepreneurs tended to employ more females (45%) than males (39%).

Figure 5.25

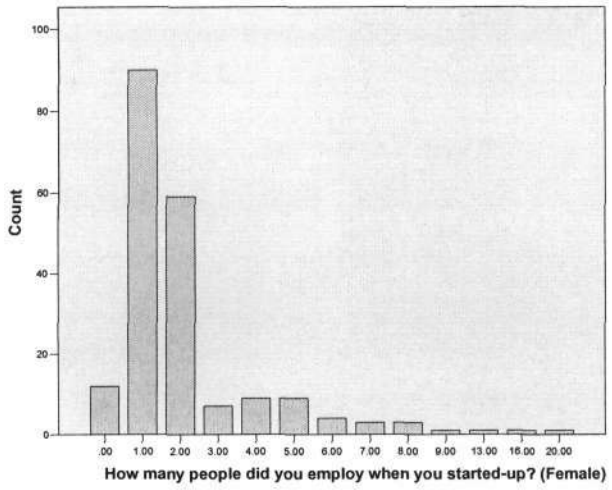


Table 5.25

How many people did you employ when you started-up? (Female)

People Employed		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	12	6.0	6.0	6.0
	1.00	90	45.0	45.0	51.0
	2.00	59	29.5	29.5	80.5
	3.00	7	3.5	3.5	84.0
	4.00	9	4.5	4.5	88.5
	5.00	9	4.5	4.5	93.0
	6.00	4	2.0	2.0	95.0
	7.00	3	1.5	1.5	96.5
	8.00	3	1.5	1.5	98.0
	9.00	1	.5	.5	98.5
	13.00	1	.5	.5	99.0
	16.00	1	.5	.5	99.5
	20.00	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.22 Opinion about Government Responsibility

As presented in Table 5.26 and Figure 5.26, 48% of the participants agreed and another 36% strongly agreed that the government has a responsibility to increase the number of female entrepreneurs; also this is important for future national economic growth.

Figure 5.26

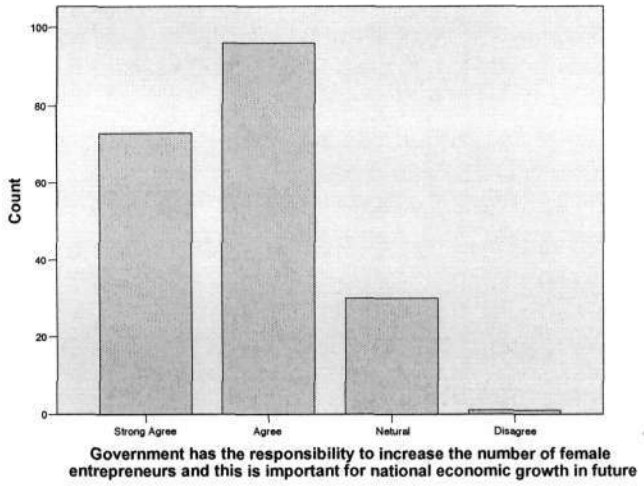


Table 5.26

Government has the responsibility to increase the number of female entrepreneurs and this is important for national economic growth in future

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong Agree	73	36.5	36.5	36.5
	Agree	96	48.0	48.0	84.5
	Neutral	30	15.0	15.0	99.5
	Disagree	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.23 Main Barrier for Businesswomen (Start-up)

The main barrier for businesswomen to start-up in business is presented in Table 5.27 and Figure 5.27. 82 participants (41%) thought that availability of funds is the main barrier for businesswomen to start-up. Another 39% thought the main barrier is family support. Family members do not want to see women going into business for fear of failure; a failure can impact the woman herself as well as her family.

Figure 5.27

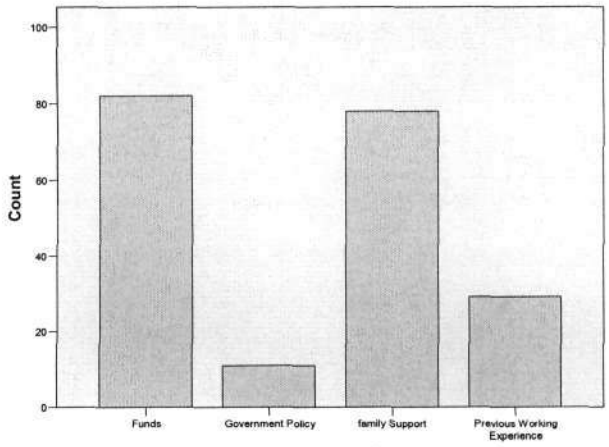


Table 5.27

What do you think is the main barrier for businesswomen to start-up in business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong Agree	73	36.5	36.5	36.5
	Agree	96	48.0	48.0	84.5
	Netural	30	15.0	15.0	99.5
	Disagree	1	.5	.5	100.0
	Total	200	100.0	100.0	

5.1.24 Key Decision Maker

112 participants (56%) said that the key decision maker in their enterprise is them self. About a third (31.5%) is assisted by family members in their decision making process (Figure 5.28 and Table 5.28). Family members play an important role in the decision making process of the women entrepreneurs, though the key role player remains the entrepreneur.

Figure 5.28

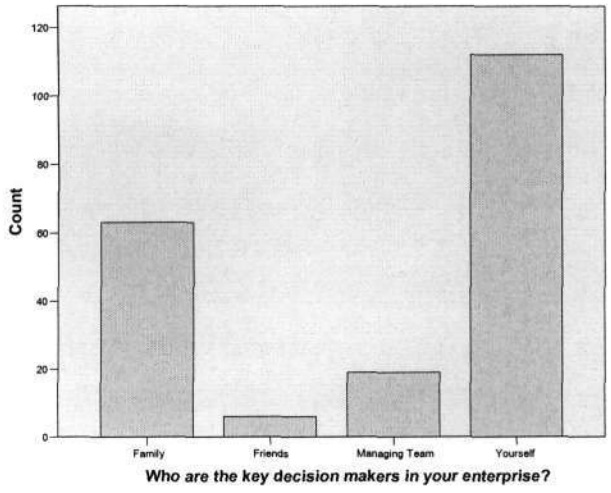


Table 5.28

Who are the key decision makers in your enterprise?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Family	63	31.5	31.5	31.5
	Friends	6	3.0	3.0	34.5
	Managing Team	19	9.5	9.5	44.0
	Yourself	112	56.0	56.0	100.0
	Total	200	100.0	100.0	

5.1.25 Source of Funding (Start-up)

118 participants (59%) reported that the source of funding for the start-up was received from family or friends (Figure 5.29 and Table 5.29). The bank is not an important source of funding in the founding stage of the business. The entrepreneurs are reluctant to offer their house as a collateral security in the start-up phase of their business; about a quarter (23%) had to use their accumulated savings in the start-up phase. For over 80% of the respondents, start-up finance came from internal sources.

Figure 5.29

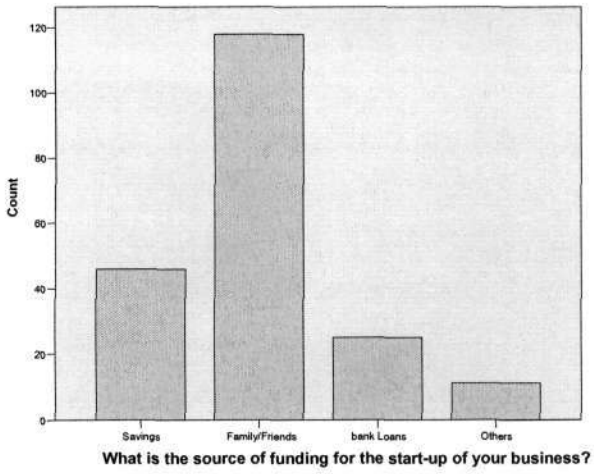


Table 5.29

What is the source of funding for the start-up of your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Savings	46	23.0	23.0	23.0
	Family/Friends	118	59.0	59.0	82.0
	bank Loans	25	12.5	12.5	94.5
	Others	11	5.5	5.5	100.0
	Total	200	100.0	100.0	

5.1.26 Source of Funding (Expansion)

For 82 participants (41%) the source of funding for business expansion was family or friends (Figure 5.30 and Table 5.30). Banks are the second major source of funding (26.5%) for business expansion. Where entrepreneurs have had success in an operational business and have money, banks now had trust and were more willing to assist with loans for expansion at this stage, rather than in the founding phase.

Figure 5.30

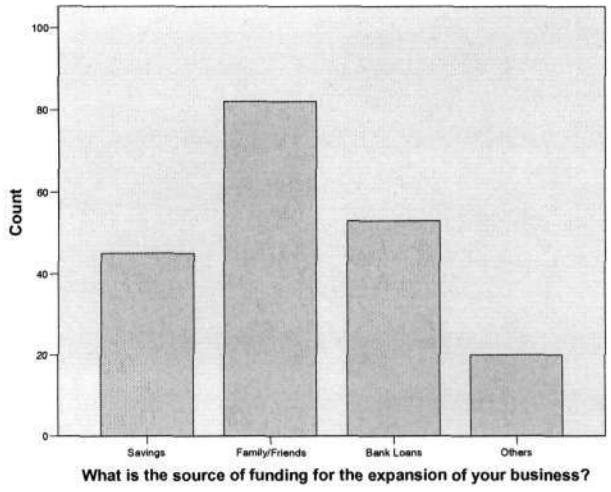


Table 5.30

What is the source of funding for the expansion of your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Savings	45	22.5	22.5	22.5
	Family/Friends	82	41.0	41.0	63.5
	Bank Loans	53	26.5	26.5	90.0
	Others	20	10.0	10.0	100.0
	Total	200	100.0	100.0	

5.1.27 Customer groups

The target customer groups, as presented in Figure 5.31 and Table 5.31, show that 54% of the participants considered that they are serving all groups of customers. About two-fifths (39%) service the medium income groups. Only a few (6.5%) were servicing the low income group.

Figure 5.31

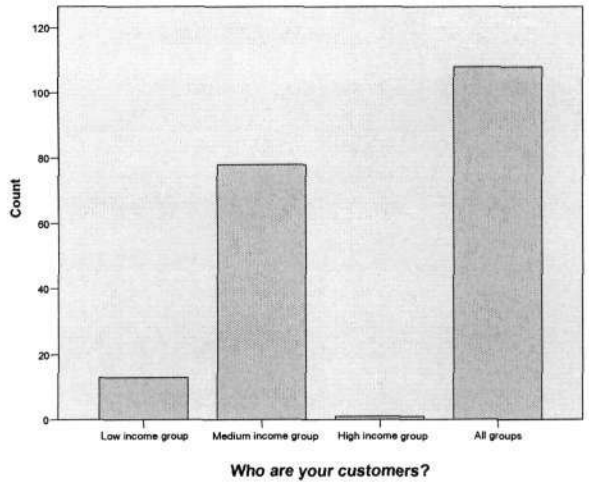


Table 5.31

Who are your customers?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low income group	13	6.5	6.5	6.5
	Medium income group	78	39.0	39.0	45.5
	High income group	1	.5	.5	46.0
	All groups	108	54.0	54.0	100.0
	Total	200	100.0	100.0	

5.1.28 Networks

92 participants (46%) stated that they belong to any networks (Figure 5.32 and Table 5.32). Just over half (54%) of the surveyed female entrepreneurs do not belong to networks such as the All-China Women's Federation (ACWF) and the China Women's Chamber of Commerce (CWCC). Networking enables participants to be in touch and to share ideas about business opportunities, strategies and problems.

Figure 5.32

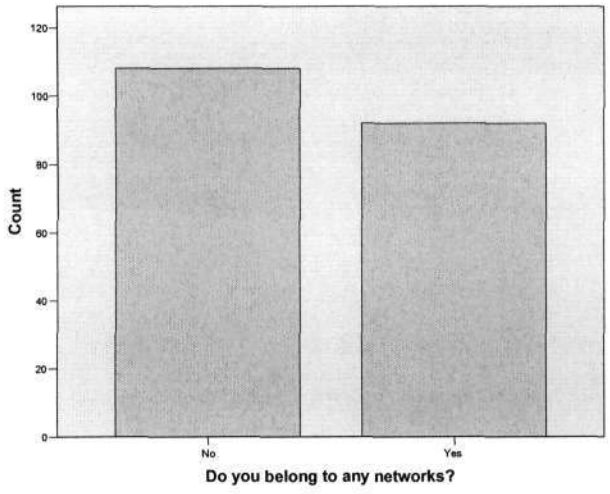


Table 5.32

Do you belong to any networks?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	108	54.0	54.0	54.0
	Yes	92	46.0	46.0	46.0
	Total	200	100.0	100.0	100.0

Moreover, as presented in Figure 5.33 and Table 5.33, about 40% of the participants were of the opinion that the networks seem to help them in their business. The female entrepreneurs are independent and do not like to be 'dictated to' by the 'club/network'.

Figure 5.33

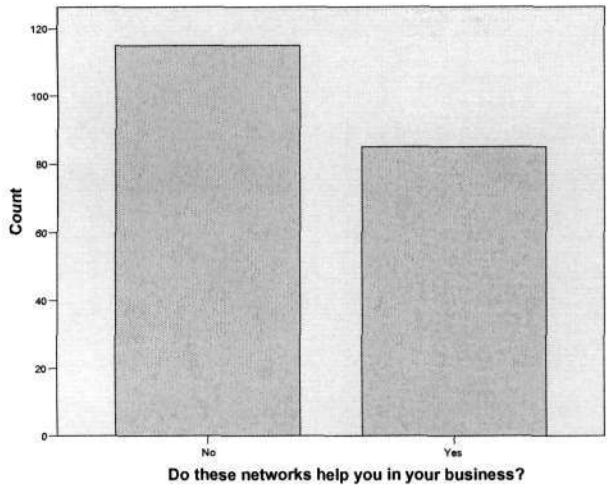


Table 5.33

Do these networks help you in your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	115	57.5	57.5	57.5
	Yes	85	42.5	42.5	42.5
	Total	200	100.0	100.0	100.0

5.1.29 Discussion of Findings

This section provides a discussion of the profile of the surveyed women entrepreneurs and of their businesses. The majority of the respondents in the study were married (62.5%), followed by those who were single (28%). Most of the respondents had one child (49%) or no children (44%). China's one-child policy create better opportunities for women to enter into business, as they would not be burdened by child care and domestic responsibilities for too long, compared to the previous situation in which there was no restriction on family size. The highest education level were those that had a senior high school education (48%) and tertiary education (38%). 80% of the respondents had never attended any technical school, but of the 20% attending, the majority of them did so for 3 years (14%) and 2 years (6%). The modal age group was 26-35 years (35%), followed by those in the 18-25 years group (32.5%).

An overwhelming 80% of the respondents have had previous work experiences as employees in business; and the majority of these respondents had from 1 year (21.5%), 2 years (18%) and 3 years (10.5%) experience. A very noticeable 79.5% of the respondents had had training in business activities of2 (30.5%)-3 (18%) years.

The duration of training that was the most frequent was 2 months (23.5%), followed by 1 month (16%) and 3 months (16%) training. 61.5% indicated that running the business was not strenuous to their family life. 17% of the respondents own other businesses apart from the current one. The modal number of non-family employees was 2 (31%); non-family male employees was 1 (34%) followed by 2 (22%) and the number of non-family female employees was 1 (29%) followed by 2 (27.5%). The modal number of family member employees was 1 (39.5%) followed by 2 (12.5%). A large (97.5%) proportion of the respondents had urban business locations and 30.5% of the respondents had been running the business for 2 years and 19.5% of them had been running the business for 3 years.

The modal monthly sales groups were under 15 000 RMB (25.5%), 15000-30000 RMB (24.5%) and finally 30000-45000RMB (20%). 67.5% of the respondents felt that there is enough support for women business in Shaanxi. A strong 94% of the respondents service the local market mainly and the modal number of people

employed when the respondents started up their businesses was 2 (42%) followed by 1 person (19%).

The modal number of males were employed at start up was 1 (39%); females employed at start up was 1 (45%). Almost half (48%) agreed and 36.5% strongly agreed that for economic expansion, government has a responsibility to increase the number of female entrepreneurs. The main barriers for businesswomen to start up in business are funds (41%), and family support (39%). The key decision makers in the surveyed enterprises are family (31.5%) and the respondents themselves (56%).

The source of funding for the start up of business was savings (23%) and Family/Friends (59%), whilst the source of funding for expansion was Savings (22.5%), Family/Friends (41%) and Bank Loans (26.5%). Most of the customers come from all income groups (low, medium and high) (54%), and the medium income group (39%). Just over half (46%) of the respondents belong to any networks and 42.5% of the respondents felt that these networks help their business. Of businesswomen, 41% considered that the availability of funds was the main barrier when they start-up in business. 54.5% of women entrepreneurs considered that they are serving all groups of customer. The findings on sources of funding and the work experience of the entrepreneurs in Shaanxi are somewhat similar to results of studies done in South Africa and in the U.K. (Storey, 1994; Alberts, 2004).

5.2 The Kolmogorov Smirnov Test

The Kolmogorov Smirnov test is used to test whether the parametric or non parametric approach is appropriate for the data.

H_0 The data follow a normal distribution.

H_1 The data do not follow a normal distribution.

The results follow:

Table 5.35 **One-Sample Kolmogorov-Smirnov Test**

	N	Normal Parameters(a,b)		Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)
		Mean	Std. Deviation		
Marital Status	200	1.8550	.69019	4.551	.000
Number of Children	200	.6300	.61235	4.076	.000
Highest Educational Level	200	3.2400	.68171	3.643	.000
Have you ever attended any technical school	200	.2000	.40100	6.944	.000
Indicate how long you attended a technical school	200	.5400	1.10203	6.900	.000
Age	200	2.1400	1.02746	3.241	.000
Do you have any previous working experiences as an employee in a business?	200	.8000	.40100	6.944	.000
Indicate the year	200	3.3850	4.11234	3.285	.000
Do you have any training in business activities?	200	.7950	.40471	6.912	.000
Indicate nature of trading years	200	5.2250	4.36228	3.251	.000
Indicate duration of training month	200	3.3750	4.28089	3.605	.000
Is running the business strenuous to your family life?	200	.3850	.48782	5.657	.000

Do you have any other business apart from this one?	200	1.2000	.43698	6.950	.000
Number of non-family employees (total)	200	5.8500	7.12752	3.509	.000
Number of non-family employees (male)	200	2.1000	3.03911	4.499	.000
Number of non-family employees (female)	200	3.7450	4.53130	3.893	.000
Number of family members as employees	200	.8200	.93379	3.515	.000
Business location	200	1.9750	.15652	7.615	.000
How long have you operating this business?	200	5.0800	4.00798	3.270	.000
Current monthly sales	200	2.9050	1.71777	2.840	.000
Do you think there is enough support for women business in Shaanxi?	200	.6850	.47635	6.021	.000
What market do you service?	200	1.1100	.44598	7.600	.000
How many people did you employ when you started-up? (Total)	200	3.3500	3.82894	4.475	.000
How many people did you employ when you started-up? (Male)	200	1.1650	1.67685	4.161	.000
How many people did you employ when you started-up? (Female)	200	2.1850	2.44760	4.739	.000

Government has the responsibility to increase the number of female entrepreneurs and this is *important* for national economic growth in future	200	1.7950	.70388	3.529	.000
What do you think is the main barrier for businesswomen to start-up in business?	200	2.2700	1.14615	3.904	.000
Who are the key decision makers in your enterprise?	200	2.9000	1.35987	4.960	.000
What is the source of funding for the start-up of your business?	200	2.0050	.76017	4.563	.000
What is the source of funding for the expansion of your business?	200	2.2400	.91465	3.373	.000
Who are your customers?	200	3.0200	1.09342	5.020	.000
Do you belong to any networks?	200	.4600	.49965	5.111	.000
Do these networks help you in your business?	200	.4250	.49558	5.366	.000

Since the p-values are all less than the level of significance of 5% (table 5.35), H_0 can be rejected and H_1 accepted; the data do not follow a normal distribution. This suggests that the nonparametric approach can be used for data analyses. In the next section, Mann-Whitney and Chi-square tests will be used for hypotheses testing.

5.3 Hypothesis Testing

5.3.1 The Mann-Whitney U test will be used to test the following hypotheses

H_0: Firms servicing both the export and local market perform better than those servicing mainly the local market.

H_1: Firms servicing both the export and local market do not perform better than those servicing mainly the local market.

Test Statistics (a)

	Current monthly sales
Mann-Whitney U	474.000
Wilcoxon W	18240.000
Z	-2.698
Asymp. Sig. (2-tailed)	.007

a Grouping Variable: What market do you service?

Firms servicing mainly the local market in Shaanxi are restricted in their sale or market coverage, unlike those servicing both the export and local market. Firms servicing both markets are likely to sell more and may enjoy certain benefits of economies of scale, such as reduced transport and marketing costs per unit of sale revenue.

The Mann-Whitney U test is used for this hypothesis. At the 5% significance level, H_0 can be rejected because the p-value is less than 0.05. It can thus be concluded that firms servicing both the export and local market do NOT perform better than those servicing mainly the local market. The following cross tabulation (table 5.36) also confirms the result. Firms servicing mainly the local market seem to have an edge in sales relative to those servicing the export market. Selling to the overseas market could be a challenge to the surveyed firms. Care should be exercised with this result as there were only two firms that were serving mainly the export market.

Table 5.36

What market do you service?

		What market do you service?			Total
		Mainly local market only	Mainly export market	Both local and export market	
Current monthly sales	under 15000RMB	50	1	0	51
	15000 -- 30000RMB	48	0	1	49
	30000 -- 45000RMB	36	1	3	40
	45000 -- 60000RMB	16	0	2	18
	60000 -- 75000RMB	12	0	0	12
	above 75000RMB	26	0	4	30
Total		188	2	10	200

H_0: The perception of support for women does not vary with training.

H_1: The perception of support for women does vary with training.

Test Statistics (a)

	Do you think there is enough support for women business in Shaanxi?
Mann-Whitney U	2561.000
Wilcoxon W	3422.000
Z	-2.603
Asymp. Sig. (2-tailed)	.009

a Grouping Variable: Do you have any training in business activities?

At the 5% significance level, H_0 (p-value <0.05) can be rejected and it can be concluded that the perception of support for women does vary with training

H_0: The perception of support for women does not vary with networks.

H_1: The perception of support for women does vary with networks.

Test Statistics (a)

	Do you think there is enough support for networks in Shaanxi?
Mann-Whitney U	4781.500
Wilcoxon W	9059.500
Z	-.563
Asymp. Sig. (2-tailed)	.574

a Grouping Variable: Do you belong to any networks?

At the 5% significance level, H_0 (p-value >0.05) can be rejected. So, one can conclude that the perception of support for women does not vary with networks. It can thus be argued that the perception of support for women is independent of networks.

5.3.2 The Chi-Square test will be used to test the following hypotheses:

H_0: Entrepreneurs with higher levels of education do not perform better in business than those with lower levels of education.

H_1: Entrepreneurs with higher levels of education perform better in business than those with lower levels of education.

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.294	10	.504
Likelihood Ratio	9.133	10	.519
Linear-by-Linear Association	2.210	1	.137
N of Valid Cases	200		

Table 5.37

Highest Educational Level * Current monthly sales Crosstabulation

Count

	Current monthly sales						Total
Highest Educational Level	under 15000 RMB	15000 – 30000 RMB	30000 – 45000 RMB	45000 – 60000 RMB	60000 – 75000 RMB	above 75000 RMB	
Secondary School (13--15)	8	7	5	3	3	2	28
Senior High School (16--18)	24	25	24	7	5	11	96
Tertiary Education (19+)	19	17	11	8	4	17	76
Total	51	49	40	18	12	30	200

*Ren Min Bi – Chinese currency – for short RMB

At the 5% significance level, one can accept H_0 since the p-value (0.504) is greater than 0.05 (X^2 value = 9.24, df =10). Hence it can be concluded that entrepreneurs with higher levels of education do not necessarily perform better in business than those with lower levels of education.

H_0: Entrepreneurs exposed to training do not perform better in business than those who have not been exposed to training.

H_1: Entrepreneurs exposed to training perform better in business than those who have not been exposed to training.

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	59.788	20	.003
Likelihood Ratio	63.927	20	.000
Linear-by-Linear Association	9.464	1	.002
N of Valid Cases	200		

At the 5% significance level, H_0 can be rejected since the p-values are less than 0.05. It can be then concluded that entrepreneurs exposed to training perform better in business than those not been exposed to training (X^2=59.78; df =20; p=0.003).

H_0: Entrepreneurs with networks do not perform better in business than those without networks.

H_1: Entrepreneurs with networks perform better in business than without networks.

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.546	5	.001
Likelihood Ratio	21.351	5	.001
Linear-by-Linear Association	.360	1	.549
N of Valid Cases	200		

At the 5% significance level, H_0 can be rejected since the p-values are less than 0.05. Thus, it can be concluded that entrepreneurs with networks perform better in business than those without networks (X^2=20.546; df =5; p=0.001).Networking is therefore an important aspect of business performance among female entrepreneurs.

H_0: Entrepreneurs operating in urban locations do not perform better in business than those operating in rural locations.

H_1: Entrepreneurs operating in urban locations perform better in business than those operating in rural locations.

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.128	5	.000
Likelihood Ratio	14.326	5	.000
Linear-by-Linear Association	2.864	1	.002
N of Valid Cases	200		

At the 5% significance level, H_0 can be rejected since the p-values are less than 0.05. It can be concluded that entrepreneurs operating in urban locations perform better in business than those operating in rural locations (X^2=13.128; df=5; p=0.000). The cross tabulation (table 5.38) further confirms this: Firms in the rural location have lower monthly sales than their urban counterparts.

Table 5.38

Business location * Current monthly sales Crosstabulation

Count

		Current monthly sales						Total
		under 15000RMB	15000 -- 30000RMB	30000 -- 45000RMB	45000 -- 60000RMB	60000 -- 75000RMB	above 75000RMB	
Business location	Rural	1	2	2	0	0	0	5
	Urban	50	47	38	18	12	30	195
Total		51	49	40	18	12	30	200

Ren Min Bi – Chinese currency – for short RMB

H_0: The key decision makers and performance are independent

H_1: The key decision makers and performance are dependent

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32.452(a)	15	.006
Likelihood Ratio	36.550	15	.001
Linear-by-Linear Association	14.877	1	.000
N of Valid Cases	200		

At the 5% significance level, H_0 can be rejected and it can be concluded that the key decision makers and performance are dependent, i.e. they are related factors (X^2=32.452; df=15; p=0.006). The performance of a business is determined by the key decision maker.

H_0: Firms employing more family members do not perform better in business than those who do not.

H_1: Firms employing more family members perform better in business than those who do not.

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	76.872	25	.000
Likelihood Ratio	67.159	25	.000
Linear-by-Linear Association	17.842	1	.000
N of Valid Cases	200		

At the 5% significance level, H_0 can be rejected since the p-values are less than 0.05. It can thus be concluded that firms that employ more family members perform better in business than those who do not (X^2=76.872; df=25; p=0.000). Family members are seemingly more interested in the performance of the family firm than 'outsiders'.

H_0: Firms serving higher income groups do not perform better in business than those serving the lower income groups.

H_1: Firms serving higher income groups perform better in business than those serving the lower income groups.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.768	15	.224
Likelihood Ratio	20.312	15	.160
Linear-by-Linear Association	2.933	1	.087
N of Valid Cases	200		

At the 5% significance level, H_0 is accepted since the p-values are greater than 0.05 (X^2=18.768; df=15; p=0.224). It can then be concluded that firms serving higher income groups do not necessarily perform better in business than those serving the lower income groups. Firms selling to the lower income group may be registering more sales in absolute terms, relative to those sourcing the high income group, but the margin from the high income group may be higher, relative to the firms serving the low income group.

H_0: Entrepreneurs with greater prior working experience do not perform better in business than those with less prior working experience.

H_1: Entrepreneurs with greater prior working experience perform better in business than those with less prior working experience.

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.355	5	.006
Likelihood Ratio	16.905	5	.005
Linear-by-Linear Association	1.958	1	.162
N of Valid Cases	200		

At the 5% significance level, H_0 can be rejected since the p-values are less than 0.05. It can finally be concluded that entrepreneurs with greater prior working experience

perform better in business than those with less prior working experience (X^2=16.355; df=5; p=0.006). Prior working experience could generate a learning curve effect on entrepreneurs.

5.3.3 Regression Analysis

A generalized linear model (GLM) analysis was carried out to investigate the demographic, educational, training and socioeconomic factors affecting the performance of the firms. Since the response variable of interest, the performance of the firm is a count data or category, it may not be reasonable to assume that data are normally distributed. As a result the classical linear model is not applicable. A generalized linear model extends the traditional linear model to a wider range of data analysis problems (normal, inverse Gaussian, gamma, Poisson, binomial) and a function can be used to link the expected response mean and a linear function of the explanatory variables. A generalized linear model can be constructed by choosing an appropriate link function and response probability distribution (McCullagh and Nelder, 1989; Dobson, 2001; and Agristi, 2002) .

The best known generalized linear model for count responses assumes a Poisson distribution. The Poisson distribution has a positive mean. Although a generalized linear model can model a positive mean using an identity link, it is more common to model the log of the mean. The log link is particularly attractive for Poisson regression because it ensures that all the predicted values of the response variable are nonnegative (McCullagh and Nelder, 1989; Dobson, 2001; and Agristi, 2002). For the purpose of this study, the model with the log link was used. Education was measured in years, training in months, and experience in years. Location was categorized as urban, coded with a value of 2 and rural coded with a value of 1. Experience had 2 levels and was coded as 1 for having experience and 2 for not having any previous experience. Education had three levels, secondary (1), Senior High School (2) and Tertiary (3).

The results are as follows:

Regression analysis

Response variate:	Sales
Distribution:	Poisson
Link function:	Log
Fitted terms:	Constant + Education + Duration of training + experience + location

Estimates of parameters

Parameter	estimate	s.e.	t(*)	t pr.	antilog of estimate
Constant	0.440	0.337	1.31	0.192	1.552
Education 3	-0.001	0.130	-0.01	0.993	0.9989
Education 4	0.175	0.133	1.32	0.188	1.191
Duration of training	0.02033	0.00843	2.41	0.016	1.021
Experience 1	0.289	0.118	2.45	0.014	1.335
Location 2	0.252	0.305	0.83	0.409	1.286

Message: s.e.s are based on dispersion parameter with value 1.

For the comparison purpose, parameters for factors are differences compared with the reference level:

Factor	Reference level
Education	2
Experience	0
Location	1

From the table of estimates it can be seen that, at the 5% significance level, the performance of a firm is influenced by the duration of training (p=0.016) the business women has, as well as the prior experience (0.014). There is a difference between those women business owners with prior experience and those without any with respect to the performance of the firm. The other factors are insignificant at the 5% level. The duration of training and experience are significant in influencing sales.

5.3.4 The Kruskal Wallis test will be used to test the following hypotheses.

H_0: Performance does not vary according to marital status.

H_1: Performance varies according to marital status.

Test Statistics(a,b)

	Current monthly sales
Chi-Square	20.411
df	3
Asymp. Sig.	.000

a Kruskal Wallis Test

b Grouping Variable: Marital Status

Since the p-value is less than the level of significance of 5%, H_0 has to be rejected and H_1 accepted. It can be concluded at the 95% level of confidence that the performance varies according to marital status. Married women tend to sell more than unmarried women (X^2=20.411; df=3; p=0.000).

H_0: The perception of support for women does not vary with education.

H_1: The perception of support for women does vary with education.

Test Statistics (a, b)

	Do you think there is enough support for women business in Shaanxi?
Chi-Square	14.065
df	2
Asymp. Sig.	.001

a Kruskal Wallis Test

b Grouping Variable: Highest Educational Level

At the 5% significance level, H_0 (p-value <0.05) is rejected and it is concluded that the perception of support for women does vary with education (X^2=14.065; df=2; p=0.001). More educated people tend to perceive support as an important factor, relative to those with little education.

H_0: The perception of support for women does not vary with marital status.

H_1: The perception of support for women does vary with marital status.

Test Statistics (a, b)

	Do you think there is enough support for women business in Shaanxi?
Chi-Square	10.164
df	3
Asymp. Sig.	.017

a Kruskal Wallis Test

b Grouping Variable: Marital Status

At the 5% significance level, H_0 (p-value <0.05) is rejected and it is concluded that the perception of support for women does vary with marital status (X^2=10.164; df=3; p=0.017). Married people tend to perceive support as important, relative to those who are singled or widowed.

H_0: Source of funding for start-up and expansion does not differ with marital status groups.

H_1: Source of funding for start-up and expansion does differ with marital status groups.

Test Statistics (a, b)

	What is the source of funding for the start-up of your business?	What is the source of funding for the expansion of your business?
Chi-Square	.233	6.060
df	3	3
Asymp. Sig.	.972	.109

a Kruskal Wallis Test

b Grouping Variable: Marital Status

At the 5% significance level, H_0 (p-value >0.05) is not rejected and it is concludes that source of funding does not differ between marital status groups (X^2=0.233 and 6.06; df=3 and 3; p=0.972 and 0.109). The implication of this is that there are other factors far more influential in the source of funding, such as personal savings or family and

friends; these independent of marital status. In other words, there is no difference in the marital status groups with respect to source of funding.

H_0: Source of funding does not differ with education of entrepreneurs

H_1: Source of funding does differ with education of entrepreneurs

Test Statistics (a, b)

	What is the source of funding for the start-up of your business?	What is the source of funding for the expansion of your business?
Chi-Square	3.497	.002
df	2	2
Asymp. Sig.	.174	.999

a Kruskal Wallis Test

b Grouping Variable: Highest Educational Level

At the 5% significance level, H_0 (p-value >0.05) is not rejected and it is concluded that source of funding does not differ with educational groups (X^2=3.497 and 0.002, df=2 and 2 and p=0.174 and 0.999). The implication of this is that there are other factors that could be different with respect to the source of funding, such as personal savings or family and friends, these independent of education. Education does not seem to influence source of funding of female entrepreneurs.

H_0: Nature of customers does not differ with education of entrepreneurs.

H_1: Nature of customers does differ with education of entrepreneurs.

Test Statistics (a, b)

	Who are your customers?
Chi-Square	1.324
df	1
Asymp. Sig.	.250

a Kruskal Wallis Test

b Grouping Variable: Highest Educational Level

At the 5% significance level, H_0 (p-value >0.05) is not rejected and it is concluded that the nature of customers, in terms of the income group- i.e. high, medium and low income, does not differ with education of the surveyed women business owners. (X^2 =

1.324, df = 1 and p = 0.250). The implication of this is that there are other factors that could be far more influential in the nature of customers, such as location.

H_0: Belonging to a network and marital status are independent factors

H_1: Belonging to a network and marital status are dependent factors

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.498(a)	3	.683
Likelihood Ratio	1.581	3	.664
Linear-by-Linear Association	.566	1	.452
N of Valid Cases	200		

		Are you belongs to any networks?		
		No	Yes	Total
Marital Status	Single	30	26	56
	Married	66	59	125
	Divorced	6	5	11
	Widowed	6	2	8
Total		108	92	200

At the 5% significance level, H_0 is accepted, since the p-values is greater than 0.05. Thus, it can be concluded that belonging to a network and marital status are independent factors (X^2=1.498; df=3; p=0.683).

H_0: Belonging to a network and educational status are independent factors

H_1: Belonging to a network and educational status are dependent factors

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.842(a)	2	.656
Likelihood Ratio	.840	2	.657
Linear-by-Linear Association	.187	1	.665
N of Valid Cases	200		

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 12.88.

Crosstab

Count

		Are you belongs to any newtworks?		Total
		No	Yes	
Hightest Educational Level	Secondary School (13--15)	13	15	28
	Seniro High School (16--18)	54	42	96
	Tertiary Education (19+)	41	35	76
Total		108	92	200

At the 5% significance level, H_0 is accepted, since the p-values is greater than 0.05. Belonging to a network and educational status are independent factors (X^2=0.842; df=2; p=0.656).

Statistics

		Number of non-family employees (male)	Number of non-family employees (female)
N	Valid	200	200
	Missing	0	0
Mean		2.1000	3.7450
Median		1.0000	2.0000
Mode		1.00	1.00
Variance		9.236	20.533
Range		20.00	27.00
Minimum		.00	.00
Maximum		20.00	27.00

5.3.5 The Mean Sample T-test will be used to test following hypothesis

H_0: There are an equal mean number of females and mean number of males employed by entrepreneurs.

H_1: There are an unequal mean number of females and mean number of males employed by entrepreneurs.

Paired Sample Test

		t	df	Sig. (2-tailed)
Pair 1	Number of non-family employees (male) - Number of non-family employees (female)	-7.872	199	.000

At the 5% significance level, H_0 (p-value <0.05) can be rejected and it can be concluded that there is an unequal mean number of females and mean number of males employed by entrepreneurs. The surveyed women entrepreneurs, on average, tend to employ more females (3.7) than male (2.1) as non-family member. The difference is significant (t= -7.872, p= 0.000).

H_0: There are an equal mean number of family members and mean number of non-family members employed by entrepreneurs.

H_1: There are an unequal mean number of family members and mean number of non-family members employed by entrepreneurs.

Statistics

		Number of non-family employees (total)	Number of family members as employees
N	Valid	200	200
	Missing	0	0
Mean		5.8500	.8200
Median		3.0000	1.0000
Mode		2.00	.00
Variance		50.802	.872
Range		46.00	5.00
Minimum		1.00	.00
Maximum		47.00	5.00

Paired Sample Test

		t	df	Sig. (2-tailed)
Pair 1	Number of non-family employees (total) - Number of family members as employees	10.272	199	.000

At the 5% significance level, H_0 (p-value <0.05) can be rejected and it can be concluded that there are an unequal mean number of family members and mean number of non family members employed by entrepreneurs. In other words, there is a big difference in the mean number of non-family member employed (5.85) and family member employed (0.82) by the surveyed entrepreneurs (t= 10.272, p= 0.000).

5.3.6 Regression – Employment Growth

Creation of new variable: Average Labour Growth.

This variable is created by using the formula:

$(L_1-L_0/L_0.\ n) \times 100$

(When L_1 is current units of labour employed L_0 is the units of labour employed at the start-up and n is the number of years the firm has been in operation.)

Statistics

AVGLABOURGROWTH

N	Valid	157
	Missing	43
Mean		43.4870
Median		20.8333
Mode		.00
Variance		5296.319
Range		633.33
Minimum		-33.33
Maximum		600.00
Sum		6827.47
Percentiles	25	5.0000
	50	20.8333
	75	50.0000

Now, the average labour growth variable can be used as a dependent variable to be regressed against location, marital status, education experience and training, to find out which variables are significant in influencing the average labour growth. A stepwise regression procedure is used. Only 3 variables are found to be significant, and these are presented below. The significant variables are business location, training and education.

Model Summary (d)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.408(c)	.167	.150	67.08129

The adjusted R^2 is 0.15, which is not too strong. The model explains about 15% of the variation in labour employment growth among the surveyed women entrepreneurs.

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	137741.168	3	45913.723	10.203	.000(c)
	Residual	688484.528	153	4499.899		
	Total	826225.696	156			

The ANOVA in the above table tested the hypothesis that the coefficients are all equal to zero i.e.

(null) H_0 : $\beta_i = 0$ for i= 0,..,3 against

(alternative)H_1 : each coefficient is not equal to zero

The ANOVA table suggests that the regression is significant at the 5% level, i.e. it exists.

Coefficients (a)

Model		B	Std. Error	beta	t	Sig.
	(Constant)	256.845	73.961		3.473	.001
	Business location	-129.968	34.210	-.282	-3.799	.000
	Years of training	-3.282	1.282	-.191	-2.561	.011
	Highest Educational Level	17.942	8.056	.165	2.227	.027

a Dependent Variable: AVGLABOURGROWTH

Often the independent variables are measured in different units. The standardized coefficients or betas are an attempt to make the regression coefficients more comparable.

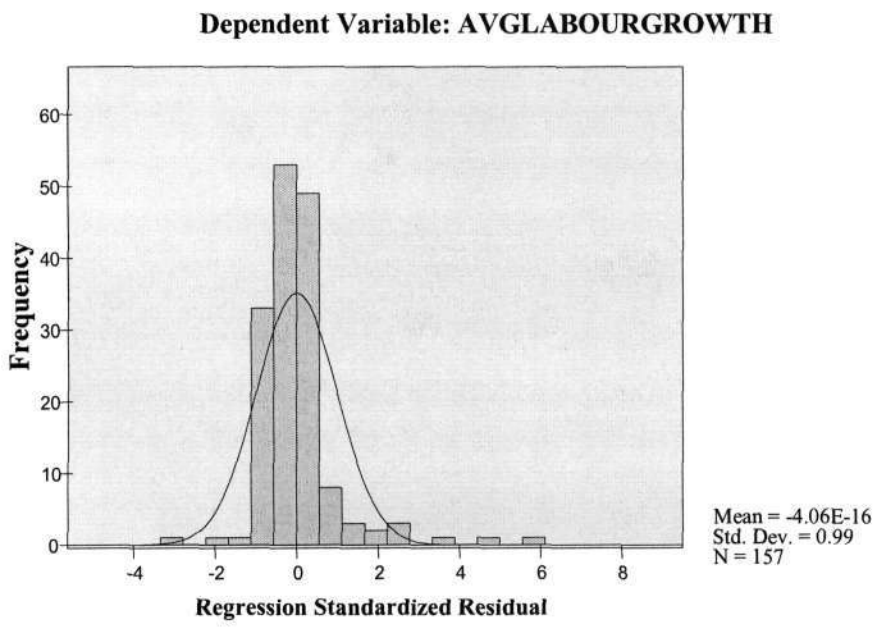
If the data to z scores are transformed prior to the regression analysis, one would get the beta coefficients as unstandardized coefficients are reached.

The variables found to be significant in the model explaining labour growth are business location, years of training and highest education level. The model is written as:

Average labour growth=256.845-129.968Business location-3.282years of training+17.942highest education level.

The interpretation is that for a unit increase in business location and years of training, the average labour growth decreases by 129.968 and 3.282 units. This reflects an inverse relationship, i.e. as one increase, the other decrease. This could be because location and years of training are inverse factors of average labour growth. However, for a unit increase in highest education level, the average labour growth increases by 17.942 units. This is a mutually positive relationship. In other words, the highest educational level is proportional to average labour growth. Thus, if policy makers in Shaanxi want to create more employment opportunities, they should consider empowering women entrepreneurs with more education assuming other factors remain constant.

Histogram

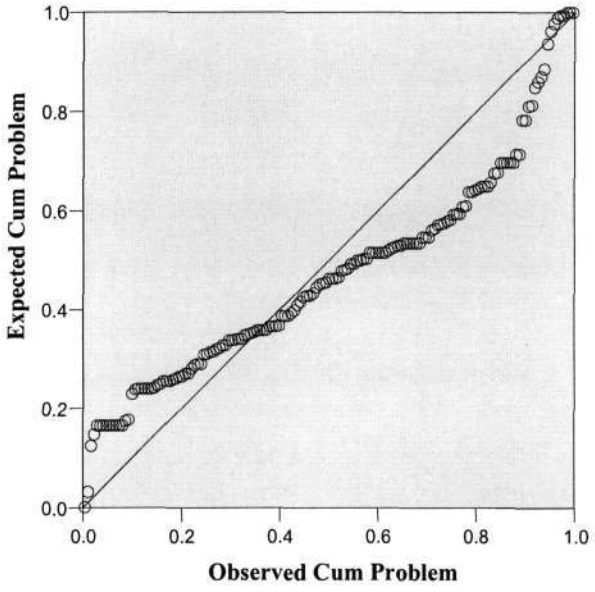


The diagnostics reveal that none of the regression assumptions have been violated. The diagnostics test shows that the assumption of normality has not been violated. The regression residual displays a normal distribution curve, as indicated in the graph above. The histogram reflects this, as well as the normal plot of the regression standardised residual. This shows a flattened S-shaped curve (Page 119). One can conclude that employment growth in Shaanxi is statistically related to the location of

the business, the years of the training of the women entrepreneurs and their educational level.

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: AVGLABOURGROWTH



5.4 Motivations, Pull and Push Factors

Entrepreneurship is not always seen as a legitimate or desirable career choice. What are the main reasons or forces that cause individuals to become entrepreneurs? What motivated women to self employ in business? According to Nieman (2003:31), they can be classified as either opportunity, pull factors or necessity, push factors of entrepreneurship. Most people face a combination of push and pull factors, as indicated in figure 5.35.

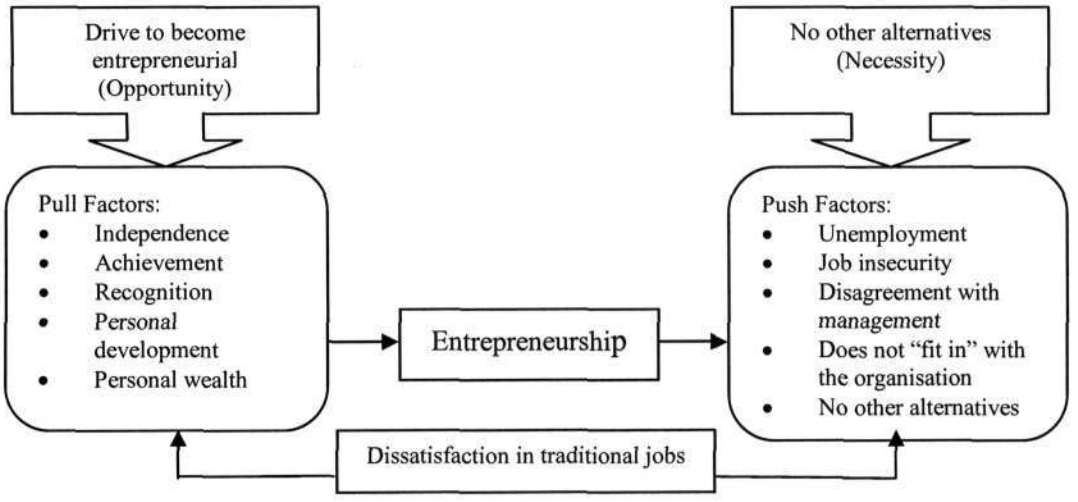


Figure 5.35 The push and pull factors of entrepreneurship (Nieman, 2003:31)

The respondent questionnaire shows that 68.5% of (137 out of 200 participants) women entrepreneurs in business were drawn by pull factors: 22.3% (31 participants) for personal development; 19% (26 participants) for independence; 16.8% (23 participants) for achievement; 15.3% (21 participants) for personal wealth; and 12.4% (17 participants) for recognition. Moreover, in push factors, 34.9% (22 participants) chose "does not fit in" with the organisation, 25.4% (16 participants) chose no other alternatives. 17.5% (11 participants) of the women went into business because they experienced job insecurity and 15.8% (10 participants) because unemployment.

Overall, the overwhelming majority (68.5%) of the surveyed women entrepreneurs were drawn into business by pull factors. Therefore, the prospects of attractive rewards, intrinsic or extrinsic, motivate women in Shaanxi to go into business. Pull factors trend to predominate over push factors.

5.5 Discussion:

The area of business networks is a key concern in the growth and performance of businesses; some respondents benefit from them and others do not. There seems to be an almost even split in this perception. The government is also a major contributor to the development of female businesswomen entrepreneurship. The results of the hypotheses tests indicated that the following factors contribute towards better business performance:

- Training
- Networks
- Business location (Urban)
- Family member employees
- Prior working experience

The generalised linear model also confirmed that training and prior working experience contribute towards better business performance.

However, based on the data collected from surveyed women entrepreneurs, the main barriers and challenges to start-up in business were availability of funds and family support. The performance of business was determined by the key decision maker. Furthermore, the two factors not contributing towards the performance of the businesses were education and those businesses that serve the higher income groups, since most of the surveyed businesses serve all the income groups.

It is also seen that business performance varies according to the type of market served and according to marital status. Firms servicing the export market did not necessarily perform better than those servicing the local market in Shaanxi. Most unmarried people had more time to invest in business. With regard to the creation of employment, education was found to be a significant determinant. Women entrepreneurs with a higher level of education tended to employ more labour than their less educated counterparts. This result may have certain policy implications for South Africa, presently suffering from a high rate of unemployment.

Otherwise, there was an unequal mean number of females as compared to the mean number of males employed by surveyed entrepreneurs. Also, there is an unequal number of family and non-family members employed by surveyed entrepreneurs. In addition, seeking personal development, pull and experiencing not "fit in" with the organisation, push were two main factors which motivated women to go into business as self-employed.

5.6 Conclusion

In this chapter, research questions and hypotheses have been examined and measured. There are five factors contributing towards better business performance:

- Training
- Networks
- Business location (Urban)
- Family member employee
- Prior working experience

Moreover, as indicated in section 5.1.30, the duration of training that was the most frequent was 2 months (23.5%); followed by 3 months (16%); and 1 month (16%). 54% of the participants indicated they did not belong to any networks. However, the hypotheses test shows that women entrepreneurs with networks perform better in business than those without networks. Business location is another important factor; women entrepreneurs operating in urban locations perform better in business than those operating in rural locations. The model number of family member employees was 1 (39.5%) followed by 2 (12.5%). Also, women entrepreneurs employing family members perform better than those who do not. A third of women entrepreneur has prior working experience and performs better than those without prior working experience.

Furthermore, seeking personal development (pull) and experiencing not "fitting in" with the organisation (push), are two main factors motivating women to enter self-employment.

Chapter 6

Conclusion and Recommendations

This chapter consists of five sections. The first section provides a brief synthesis of the main elements of entrepreneurship in the manpower context of China. Against this background and the findings of the study, recommendations are indicated in the second section. The similarities and the differences between women entrepreneurs are examined in the third part. Section four covers the limitations of the study and the direction for future research. The policy recommendations and the conclusion are covered in the last section.

6.1 Synthesis

Globally, entrepreneurship is a critical tool for economic development (Brush et al., 2006:17). Entrepreneurs seize opportunities to develop and market new goods and services and, in the process, create wealth for individuals, families, communities and countries.

After China's introduction of the economic reform in the 1970s and its gradual adoption of market-oriented programs, more and more people are going into business there. According to the China Association of Women Entrepreneurs (CAWE), women entrepreneurs make up 30% of all entrepreneurs in China (Coffey, 2006). Women entrepreneurs are increasingly becoming a new force in today's economic development. They play a very important role in entrepreneurial activities, especially in doing small businesses. Moreover, certain manpower policies also encourage women to go into business, such as China's recently introduced one-child policy. This policy creates better opportunities for women to enter into business, as in modern times they would not be burdened by child care and domestic responsibilities for too long, compared to the previous situation in which there was no restriction on family size. Findings of this study perhaps suggest a form of women empowerment, as 49% of surveyed women entrepreneurs have one child and 44% have no child.

As the literature indicates, women entrepreneurs also experience the following problems: limited access to start-up capital, an inappropriate education system, government regulations and bureaucracy, lack of business knowledge, costs of entry, discrimination, lack of mentorship and government assistance, and possible uncompetitive behaviour from established companies (Nieman et al, 2003:27). The main barrier for businesswomen to start up in business hinges on insufficient funds (41%), forcing them to raise funding to start up the business from accumulated saving (23%) and family/friends (59%). Furthermore, seeking personal development (pull) and experiencing not "fitting in" with the organisation (push), are two main factors motivating women to enter self-employment. The surveyed women entrepreneurs also created over one thousand employment opportunities.

Entrepreneurship is not always seen as a desirable career choice for all individuals. However, as mentioned earlier, 30 percent of Chinese entrepreneurs are women and they are an increasingly important force in current Chinese economic development. In the future, more women entrepreneurs in the SME (Small and Medium Enterprise) sector are expected.

6.2 Recommendations

According to the research findings of this study, four main factors affect the development of women entrepreneurship in Shaanxi. Accordingly, policy recommendations are based on these factors:

- Government support/responsibility
- Training/Prior working experience
- Education
- Networks

Firstly, as presented in section 5.1.22, 84.5% participants agree or strongly agree that the government has a responsibility to increase the number of female entrepreneurs; and this is important for national economic growth in future. Most participants think that the government has the responsibility for the development of women entrepreneurship because government is not just a political, but also an information platform, an intermediary and a service provider. So, as shown in Figure 6.1, government has a responsibility for establishing an integrated education system, providing training opportunities and efficient networks.

Secondly, as stated in section 5.1.4, prior working experience is important for someone contemplating going into business as they learn about the basis of the trade and group behaviour. These human skills enable someone to be a better employer, as through previous work experience they understand the human aspects of the labour force. Experience can come via the training process. In this survey, 80% of participants have had previous working experience as an employee in a business. Almost 80% of participants have had training experience in business activities; 23.5% of participants spent at least 2 months on business training. As examined in section 5.3.2, entrepreneurs exposed to training perform better in business than those who

have not been exposed to training. Therefore, the provision of relevant training is critical for empowering more women in business.

Furthermore, education is another important factor. Knowledge is power in business entrepreneurship. Illiterates are more likely to remain poor, and the poor are more likely to be uneducated or unskilled; it is a vicious cycle. The poor cannot afford education, and the illiterate cannot hope to earn enough to overcome poverty. Those caught in the cycle tend to remain poor throughout life and, in many cases, down the generations. In this study, based on the surveyed women entrepreneurs, 48% of participants attended senior high school and 38% of participants had tertiary education. Moreover, women entrepreneurs with higher levels of education employ more people and perform better than those with lower levels of education. Hence, economic growth benefits from an integrated education system and well educated entrepreneurs working efficiently in networks. Also, someone with higher levels of education learns faster than those with lower levels of education.

In this survey, just over half (54%) of the respondents did not belong to any networks and 57.5% of the respondents felt that these networks did not help their business. However, hypothesis testing (section 5.3.2) shows that entrepreneurs who have networks perform better in business than those who do not have networks. The main problem could be those networks may not work efficiently and people need to spend more time to meet others. As business opportunities increase globally, there has become a strong need for business networking to take place on a more efficiency level. There are a myriad of social networking tools, which have been created to fulfil these needs. Together with software and digital technology which provide access to online meetings and instant messaging, people are able to both access and increase their business networks without travelling.

6.2.1 Lessons from Chinese model of economic growth

China, as an emerging economy, registered an average annual GDP growth of over 8% in the past ten years. It is unlikely within the next 20 years that China's economic growth will show down. Moreover, as a Third World developing country, the Chinese model of economic growth, which subsumes Shaanxi's growth performance, could be

a reference for other developing countries. In general, many developing countries, perhaps South Africa too, face almost the same economic development problems.

What can be learned from China? This could be divided into the following three issues:

- Reform the educational system to meet the demands of the new model of economic growth
- Move up from low end goods provider to more value-added goods provider
- Foster a bigger so-called middle-class.

The first issue is the most far-reaching one to be addressed. This is linked to human capital. Education is the fundamental element that boosts social progress and entrepreneurial capacity. Educational reform must meet the requirements of economic development. The education system must cultivate more and more innovative talents at different levels, including entrepreneurship. Vocational education is the key force in supplying sufficient qualified labour for all industries. Technology moves the world, a well trained labour force is expedient and this group will constitute the future middle-class. This is the major problem China is facing now. Not all Chinese labour, including those in Shaanxi, are well trained and cheap. So their products are not all high value-added quality products in the global market. Low cost is not a permanent source of real competitive edge when the low cost comes from low value-added labour. Only technically driven low costs could prevail in future markets (2007.08.30: http://www.pkubr.com). This has implications for all entrepreneurs. They need to be technologically more proficient to maintain business growth and development (2007.08.30: http://www.pkubr.com).

The second issue is the producer perspective. Policy-makers should work out a better macroeconomic environment for those firms: dedicating themselves to technical and administrative innovation; restricting the development of low value-added or low technique products; and punishing heavy polluters or heavy power consuming plants. This has to be accomplished by establishing a sophisticated legal system by the national legislation body (Bai Yongxiu et al, 2005:101).

Fostering a large middle-class is important for entrepreneurship because of the resultant increase in earning and spending power of middle-class individuals. Higher quality products need higher spending power. Market is the final driving force for economic reform. Ideally, a different consumer group distribution to an Olive-shaped curve from Pyramid-shaped curve is recommended. China has a large population base for the middle level quality product market, while the high-end and low-end product market is relatively smaller (2007.08.30: http://www.pkubr.com). Without a better market environment, the reform is doomed to fail. In order to get a higher middle-class population, government should control all speculation in real estate or financial markets, eliminate monopolization in power, steel, telecom to make them more efficient, productive and beneficial to more people (2007.08.30: http://www.pkubr.com).

6.3 Women Entrepreneurs: Similarities and Differences

Women entrepreneurs have become a driving force in current economic development. They shape and redefine the workplace, business networks, financial institutions and culture.

Although South Africa and China are both developing countries, they have different developing processes and experiences. South African women entrepreneurs are similar to women entrepreneurs in China across some basic demographic factors, problems, and business characteristics; but they differ widely from Chinese women entrepreneurs across individual dimensions related to education, work experience, skills, business start-ups, business goals and performance. Otherwise, similar to Chinese women entrepreneurs, women entrepreneurs in South Africa tend to face domestic challenges. They are still more likely to be the primary parent, emotional nurturer, and housekeeper. Given the patriarchal systems in South Africa, women entrepreneurs are not usually relieved of their domestic responsibilities when they start a business and are thus more likely to face conflicting demands between their business and family responsibilities (South African Women Entrepreneurs, 2005:14).

Moreover, women entrepreneurs have become an important part of the growth of diverse economic trends. Against difficult odds and barriers, women entrepreneurs apply their creativity and innovation to establish enterprises. They forge new paths,

design new careers and face new challenges. With determination and drive, they inch their way forward to make gains that will advance women entrepreneurs in further development (South African Women Entrepreneurs, 2005:15).

6.4 Limitations of the Study and Direction for Future Research

All research studies suffer from certain limitations. Although a sample of 200 firms was selected by a systematic procedure from women entrepreneurs licensed by Shaanxi Provincial Administration of Industry and Commerce, this does not mean that the population of women ventures was examined. So, the small sample size of women entrepreneurs could be the first limitation. Secondly, failed firms were not considered because of the stigma attached to business failures; failed business women were also difficult to locate. Thirdly, China has 34 provinces and special administrative regions and each region has its own economic development problems. Shaanxi is just one province. It would have been desirable to consider women's ventures in more than province, but owing to resource constraints this could not be done. However, there are still similarities and differences with regard to women in business entrepreneurship in Shaanxi, China and elsewhere.

The direction for further research includes two points. Firstly, this study only focused on women entrepreneurs; in further research a comparison of male and female entrepreneurs should be introduced. Secondly, there is a need for further understanding the strategy of firms that serve both local and export market. This is important because China is a fast growth economy and this growth is partly defended by export firms. What determines the export propensity of firms run by male and female entrepreneurs could also be another area of research.

6.5 Conclusion

Entrepreneurs seize opportunities to develop and promote new goods and services and, in the process, create wealth for individuals, families, communities and countries. During the Great Leap Forward from 1958 to 1960, Chinese women started to leave their homes and enter mainstream society to join the workforce. Moreover, the emancipation movements in modern China have empowered women to make their

own choices in life. With an increasing number of women entrepreneurs, they become a major force in China's economic development today.

By the end of 2004, women entrepreneurs contributed to over 40% to China's GDP and covered 44.8% of the total workforce. By the end of 2005, women entrepreneurs in Shaanxi province accounted for 35.5 percent of total workforce. As examined in chapter 5, 68.5% of surveyed women entrepreneurs who went into business were drawn by pull factors: 22.3% for personal development reason, 19% for independence, 16.8% for achievement, 15.3% for personal wealth, 12.4% for recognition. However, everything seems not plain sailing as women entrepreneurs also face some barriers when they start-up. 41% of surveyed women entrepreneurs considered that availability of funds was the main barrier when they started-up and 39% insisted on family support. Otherwise, the source of funding for the start up of business was saving (23%) and family/friends (59%), whilst the source of funding for expansion was savings (22.5%), family/friends (41%) and bank loans (26.5%). Moreover, this study shows that some factors contribute significantly towards better business performance, these are: training, networks, business location (urban), family member employees and prior working experience.

Furthermore, women entrepreneurs provide employment opportunities and contribute towards advancing further economic development. The surveyed women entrepreneurs created 1170 (420 male and 750 female) employment opportunities.

Women are the one resource that needs to be brought into the mainstream economy. Efficient business networks, availabilities of funding with training opportunities and the support from government are seemingly rather weak in China. These issues should be the focus of more attention in the future, in order to secure an optional development of (male and) female entrepreneurs in Shaanxi, China.

Appendix 1

Questionnaire for Research into Women in Business in the Province of Shaanxi, China

The information gathered from this questionnaire will be used only for academic research towards a Master's Degree. Please, rest assured that the collected information will be confidential, anonymous and used purely for academic purposes.

This questionnaire includes three sections (A, B and C).

Date: _____

Section A: *Personal information*

Marital status: Single ☐ Married ☐ Divorced ☐ Widowed ☐

Number of children: _____

Highest Educational level:

Primary school (6--12) ☐ Secondary school (13--15) ☐

Senior high school (16--18) ☐ Tertiary education (19+) ☐

Have you ever attended any technical school? Yes ☐ No ☐

Indicate how long you attended a technical school: _____ years.

Age: under 18 – 25 ☐ 26 – 35 ☐ 36 – 45 ☐ 46 and above ☐

Business Number: _____

Contact Number: _____

Address: _____

_____

_____

Post code: _____

Do you have any previous working experiences as an employee in a business?

Yes ☐ No ☐

Indicate the years: _____

Do you have any training in business activities?

Yes ☐ No ☐

Indicate nature of TRADING _____ .

Indicate duration of TRAINING _____ **month.**

Is running the business strenuous to your family life?

Yes ☐ No ☐

How do you balance family life with business?

_____

What sort of networks do you belong to?

_____

Do these networks help you in your business?

_____

Section B: *Business information*

Type of Business: _____

Do you have any other business apart from this one?

0 ☐ 1 ☐ 2 ☐ 3 ☐

Number of non-family Employees: Total: _____ Male: _____ Female: _____

Number of Family members as Employees: _____

Business Location: Rural ☐ Urban ☐

How long have you operating this business? _____

Current Monthly sales: under 15000 RMB ☐ 15000 – 30000 RMB ☐

30000 – 45000 RMB ☐ 45000 – 60000 RMB ☐

60000 – 75000 RMB ☐ above 75000 RMB ☐

Do you think there is enough support for women business in Shaanxi?

Yes ☐ No ☐

What market do you service?

Mainly local market only ☐ Mainly export market ☐

Both local and export market ☐

How many people did you employ when you started-up?

Male: _____ Female: _____ Total: _____

What was your initial monthly sale when you started?

_____

Where do you get your supplies from?

_____

What barriers do you think women face in starting-up a business?

_____

What barriers do you think women face in managing their business?

_____

What barriers do you experience in growing/expanding the business?

_____

Which kind of opportunities and challenges do you think exist in your field of business?

_____

Section C: *Questions*

Government has the responsibility to increase the number of female entrepreneurs and this is important for national economic growth in future:				
Strong Agree	Agree	Neutral	Disagree	Strong Disagree

What do you think is the main barrier for businesswomen to start-up in business?

A: Funds
B: Government policy
C: Family support
D: Previous working experience

Who are the key decision makers in your enterprise?

A: Family
B: Friends
C: Managing Team
D: Yourself

What is the source of funding for the start-up of your business?

Savings ☐ Family/Friends ☐ Bank loans ☐ Others ☐

What is the source of funding for the expansion of your business?

Savings ☐ Family/Friends ☐ Bank loans ☐ Others ☐

Who are your customers?

Low income group ☐ Medium income group ☐

High income group ☐ All groups ☐

What factors motivated you to go into business as self-employed entrepreneurs?

What characteristics do you think business women should have to go into business?

What attributes do you think women should possess to be successful in the small business?

What sort of assistance is needed for the development of women firms in Shaanxi?

What is your best advice to business owners who are struggling with the day-to-day running of their business?

Thank you for your co-operation.

Best Regards

Fan Zhang

Groebner, D.F and Shannoon, P.W, 1985. Business Statistics: A Decision Making Approach, 2nd Edition. Columbus: Charles. E. Merrill Publishing Company.

Gouws, A. 2004. Export Issues for Entrepreneurs. Published by Juta Academic.

Giorza T, M. 2001. A Participatory Self-evaluation of Work Carried out by DWEBA (Development of Dynamic Women's Enterprise in Business and Art) with Three Groups of Rural Women in Kwa-Zulu Natal. Pietermaritzburg: University of Natal.

Huang Liangwen. 1996. Statistical Theory, 3rd Edition. Beijing: University of China Broadcast and Television.

Hu Bo, et al. 2005. Statistics, 2nd Edition. Beijing: Economy and Management publisher.

Herera, S. 1997. Women of the Street: Making it on Wall Street, the World's toughest Business. New York: John Wiley & Sons. Inc.

Hisrich, R.D. and Peters, M.P. 2001. Entrepreneurship. McGraw-Hill. New York.

Huang Mengfu, 2004, China's Private Economy Development Report No.1(2003), Bei Jing: Social Science and Literature Publishing Company.

Imraan V, Economic Policy and Women's Informal and Flexible Work in South Africa, Sept 2000, University of Natal.

Jiang Yonghong, et al. 2002. Statistics. He Fei: University of Science and Technology.

Kenneth D.B. 1984. Modern Social Research Method, Chinese Translated Edition. Shang Hai: Shang Hai People's Publishing Company.

Kohler, H. 1994. Statistics for Business and Economics. Harper Colling, Chicago.

Lindsey, J. K. 1995. Modelling Frequency and Count Data. Oxford: Oxford University Press..

Longenecher J, G. 2003. Small Business Management: an Entrepreneurial Emphasis. Published by South-Western.

Lu Ding, 1994. Entrepreneurship in Suppressed Market. New York: Garland Publishers

Lund, F. (1998) 'Women Street Traders in Urban South Africa: A Synthesis of Selected Research Findings', CSDS Research Report No 15, School of Development Studies, University of Natal.

Lund, F. and C. Skinner (1999) 'Promoting the Interests of Women in the Informal Economy: An Analysis of Street Trader Organisations in South Africa', CSDS Research Report No 19, School of Development Studies, University of Natal.

Luo Jing. 2005. China Today: an Encyclopedia of Life in the People's Republic. Volume One: A-L. London: Greenwood Press.

Luo Jing. 2005. China Today: an Encyclopedia of Life in the People's Republic. Volume Two: M-Z. London: Greenwood Press.

Martinussen, T. 2006. Dynamic Regression Models for Survival Data. Guildford: Springer Science & Business Media.

McCullagh, P and Nelder, J.A (1989).*Generalised Linear Models* (2nd edition). London: Chapman and Hall.

Mendenhall, W. 2006. Introduction to Probability and Statistics. New York: Thomson/Books Cole.

Michie, J. and Padayachee V. (1997) The Political Economy of South Africa's Transition: Policy Perspectives in the late 1990s, London: Dryden.

Motala, S. (2000) 'An Investigation in the Links between the formal and informal businesses in the clothing industry in the Durban CBD', unpublished research report, School of Development Studies, University of Natal, Durban.

Moss M. 1990. Women in History: Women and Business. East Sussex: Wayland Limited.

Nieman, G. 2003. Entrepreneurship: a South African Perspective. Pretoria: Van Schaik.

Nieman, G & Bennett, A. 2002. Business Management – A Value Chain Approach. Pretoria: Van Schaik

Nieuwenhuizen, C. 2004. Basics of Entrepreneurship. Cape Town: Juta and Company Ltd

Ngcobo K, H. 2003. Divesting and Investing as Strategies Decisions in Small Business Entrepreneurship. Published by University of Natal.

Norman M, S, et al. 2003. Effective Small Business Management: an Entrepreneurial Approach, 8th Edition. New Jersey: Pearson Prentice Hall.

Ou Ruiqiu, et al. 2005. Micro-Economic Diagram Explanation. Beijing: University of People's.

Peck, R. 2006. Statistics: a Guide to the Unknown. Boston: Duxburg.

Pather, P. 2003. An Investigation into the problems and constraints Facing Small business in "Downtown" Pitermaritzburg. Published by University of Natal.

Parker S, C. 2004. The Economics of Self-employment and Entrepreneurship. Published by C.U.P

Qi, J .1999. Rural China takes off. Berkeley: University of California Press.

Reuvid, J. 1994. Doing Business in China. London: Kogan Page.

Robert, C. 2005. Walking on the Chinese wall: a Global Report. New York: NIRA (National Industrial Recovery Act, USA)

Rwigema, H, et al. 2004. Advanced Entrepreneurship. Cape Town: University of Oxford

Salkind, N. 2004. Statistics for People Who (Think They) Hate Statistics. London: Sage Publications Inc.

Sapsford, R.B. 1998. Survey Research. London: Sage Publication, ltd.

Scarf, M. 1981. Unfinished Business: Pressure Points in the Lives of Women. London: Macmillam.

Scheaffer, R L. 2006. Elementary Survey Sampling, 6th Edition. New York: Thomson/Books Cole.

Smith R, L. 2004. Entrepreneurial Finance. West Sussex: John Wiley & Sons.

Shelley, S. 2004. Doing Business in Africa: a Practical Guide for Investors, Entrepreneurs and Expatriate Managers. Cape Town: Zebra.

Simth, J. M. 1984. A Development Programme for Women in Management. Guildford: Manpower Service Commission.

Staude, G. E. 1985. Management in South Africa: an Introductory Text. Kenwyn: Juta.

Storey D.J. 1994. Understanding the Small Business Sector. Routledge: London

Tanton, M. 1994. Women in Management. London: Routledge.

Terre Blanche, M. 2006. Research in Practice: Applied Methods for the Social Science. Published by University of Cape Town

Timmons, JA. 1999. New venture creation: entrepreneurship for the 21th century, 5th edition. New York: McGraw-Hill International Editions (Business Series)

Timmons, J.A. 2000. New Venture Creation: Entrepreneurship in the 21st Century, 5th edition. Burr Ridge: Irwin.

Tomisaka S., 1995. Heirs of the Dragon. San Francisco: Cadence Books

United Nations, 1999, 1999 World Survey on the Role of Women in Development: Globalization, Gender and Work, New York: United Nations

Vianello, M. 2004. Women and Men in political and Business Elites: a Comparative Study in the Industrialized World. London: Sage.

Vinnicombe, S. 1995. The Essence of Women in Management. London: Prentice Hall.

Watson, C.H. 2001. Small business versus entrepreneurship revisited. In: Brockhaus, R.H.(Ed.), Entrepreneurship education: a global view. Burlington: Ashgate.

Wan Dongcheng. 1991. Economic Research Theory. Wu Han: Hu Bei People's Publishing Company.

Welligton, S. 2001. Be Your Own Mentor: Strategies from Top Women on the Secrets of Success. New York: Random House.

Westwood, S. 1988. Enterprising Women: Ethnicity, Economy and Gender Relations. London: Routledge.

Wickham, PA. 1998. Strategic entrepreneurship: a decision-making approach to new venture creation and management. London: Pitman.

Wickham, P. A. 2003. Strategic Entrepreneurship. London: Prentice Hall.

Wong J, et al. 1995. China's Rural Entrepreneurs. Singapore: Times Academic Press.

Yifu Lin J, et al. 2003. The China Miracle: Development Strategy and Economic Reform (English edition), (Revised) Hong Kong: Chinese University Press.

Yifu Lin J, et al. 2001. State-owned Enterprise Reform in China (English Edition), Hong Kong: Chinese University Press.

Zhang Houyi, 2003, China's Private Enterprise Development Report No.5(2003), Bei Jing: Social Science and Literature Publishing Company.

Journals:

Advancing Women in Leadership Online Journal, Vol.23 Spring 2007. Entrepreneurial Career Development: Using human Captial, Social Captial, and Distance Education Achieve Success.

Bent-Goodley, T.B. 2000. Defining and Conceptualizing Social Work Entrepreneurship. Journal of Social Work Education. 38(2), 291-302.

Carland, J.W., Hoy,F., Boulton, W.F. & Carland, J.C. 1984. Differentiating Entrepreneurs from Small Business Owners: a Conceptualization. Academy of management Review, 9(2):354-359.

Carroll R. 2005. Walking on the Chinese wall: a Global Report. Published by NIRA (National Industrial Recovery Act, USA)

Conference on Gender and the Private Sector Report. Feb.2000. by South Africa, Commission on Gender Equality.

Crawford S, et al. Women and Minorities in Franchising and financing Practices, May 26 1999, The Office of Advocacy of the U.S. Small Business Administration.

Crowell, L.F. 2004. Weak ties: A Mechanism for Helping Women Expand Their Social Networks and Increase Their Capital. The Social Science Journal, 41(1), 15-28.

Department of Trade and Industry (DTI), South Africa. Women in Business: a DTI Special Report November 2003.

Department of Trade and Industry (DTI), South Africa. South African Women Entrepreneurs: a burgeoning force in our economy, a special report 2005

Dr. Candida G. Brush, et al. An Investigation of Women-Led Firms and Venture Capital Investment, Oct 20 2001, The Office of Advocacy of the U.S. Small Business Administration.

"Entrepreneurship Is Increasingly Popular Among Young Adults," Business Education Week, Association of Collegiate Business Schools and Programs, Vol. 1, No. 11, November 2003, P, 1.

Erick C. 2003. "Blood and Money," Newsweek, Special Issue, P, 82.

Goril, J J and Richard G. P McMahon: International Small Business Journal. Volume 3. No. 2. April 2005.

Huang Mengfu. 2004. Report for China's private owned economic development, No.1 (2003). Social science publisher. Beijing, China.

Israel Venture Capital & Private Equity Journal (IVCJ). 2006.06.12. Women Entrepreneurs: A Growing and Promising Phenomenon.

Liu Runkui. 2003. A Research into the Problems face by Private Owned Economic Development, No.1. Published by New Times Forum.

Liu Yanlan. 2004. Understanding about the Currently Private Owned Economic Development, No.8. Published by Liao Ning Economic Magazine.

Lustgarten, S. 1995. Research Summary: Business Ownership as an Employment Opportunity for Women. Published by United States Small Business Administration, Office of Advocacy

Makgetla, N. 1995. 'Women and the Economy: Slow Pace of Change', *Agenda*, 24, 7-20.

Myakayaka-Manzini M, Women Empowered – Women in Parliament in South Africa, 2002.

Organization for Economic Co-operation and Development. Economic Survey of China, 2005.

O'Connor, E.J. & Fiol, C.M. 2003. Reclaiming Your Future: Entrepreneurial Thinking in Health Care. The Physician Executive, January-February, 48-49.

Pomfret, J. 5th January 2000. "Private Enterprise Gets a Beijing Endorsement", International Herald Tribune.

SARB (2007): South African Reserve Bank Quarterly Bulletin, No. 245, September. Pretoria.

Stern N. Investment Climate in China: Lessons and Challenges, Dec 3 2002, World Bank.

The Small Business Monitor programme Design, Research and Information Division Volume 2. No.1. 2004. Ntsika Enterprise Promotion Agency, Programme Design, Research and Infromation Division Present.

Weiß, P. "Applications of Generating Functions in Nonparametric Tests." *Mathematica J.* **9**, 803-823, 2005.

Newspaper:

Zhong Hua Industry and Commerce Times 2002-01-22

Websites:

2006.01.20

http://www.mofcom.gov.cn/aarticle/difang/shaanxi/200511/20051100848544.html

2006.02.10

http://www.21our.com/readnews.asp?id=766869

2006.02.20.

http://www.china-embassy.org/eng/sgxx/sggg/sstx/2002/t35006.htm

2006.08.04

http://news.xinhuanet.com/employment/2002-11/18/content_633168.htm

2006.08.04

http://news.xinhuanet.com/english/2003-04/02/content_815390.htm

2006.08.04

http://www.stats.gov.cn/tjsj/ndsj/2005/indexee.htm

2006.11.20

http://www.lib.strath.ac.uk/busweb/guides/smedefine.htm

2006.11.27

http://www.businessweek.com/smallbiz/content/jan2006/sb20060104_466114.htm

2006.11.29.

http://goliath.ecnext.com/coms2/gi_0199-5397390/Find-China-discover-the-hot.html#abstract

2006.12.02

http://www.cnd.org/CND-Global/CND-Global.00.4th/CND-Global.00-12-19.html

2007.03.07

http://www.thetimes100.co.uk/theory/theory--the-formal-informal-organisation-structure--308.php

2007.05.02

http://english.cri.cn/3126/2006/06/11/269@101062.htm

2007.05.17

http://www.womenofchina.cn/research/statistics/16481.jsp

2007.06.10

http://www.statssa.gov.za/news_archive/23August2007_1.asp

2007.08.16

http://bcs.wiley.com/he-bcs/Books?action=chapter&bcsId=2142&itemId=0471473243&chapterId=19236

2007.08.17

http://www.dti.gov.za/publications/WomeninBusinessSisebenza.htm

2007.08.30

http://www.pkubr.com/bbs/read.php?tid=2560&fpage=1

2007.09.02

http://www.physics.csbsju.edu/stats/KS-test.html

2007.10.17

http://www.socialresearchmethods.net/kb/stat_t.php

2007.11.05

www.http://boc.cn/cn/common/whpj.html

2008.03.05

http://www.beijingholidays.net/map/map_shaanxi.htm