



**UNIVERSITY OF GOTHENBURG**  
**SCHOOL OF BUSINESS, ECONOMICS AND LAW**

Master Degree Project in Innovation and Industrial Management

## **Female Entrepreneurship in China**

A comparative study of challenges between female and male entrepreneurs in  
China

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# Abstract

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This thesis compares challenges faced by female and male entrepreneurs in China. The purpose is to investigate what potential challenges female entrepreneurs face that male entrepreneurs do not face in order to identify an explanation to why there are fewer women than men active in entrepreneurship in China. A mixed method was used, including both qualitative data collected from semi-structured interviews as well as quantitative data collected through survey responses. The latter was mainly conducted to complement the former. Data from this research was believed to be found indicating that female entrepreneurs face different challenges than male entrepreneurs in China. This was based on that previous research indicate that female entrepreneurs face inequalities in business as well as the authors' perceptions that it could be more difficult for females in certain business environments, such as to start and manage their own businesses. It was found in the research that challenges faced by male entrepreneurs were generally also faced by female entrepreneurs. However, not all challenges faced by female entrepreneurs were also faced by male entrepreneurs. Even if many of the challenges specific for female entrepreneurs were context related, many of them related to underlying views and perceptions from society and culture. The main findings of female-specific challenges were: balance between business and family, being taken seriously, and the perceptions of the society.

# Table of Content

<b>1. Introduction</b>	<b>4</b>
<b>1.1 Defining Entrepreneur</b>	<b>5</b>
<b>1.2 Purpose</b>	<b>5</b>
<b>1.3 Research Question</b>	<b>6</b>
<b>2. Literature Review</b>	<b>8</b>
<b>2.1 Historical Background</b>	<b>8</b>
<b>2.2 Entrepreneurship in China</b>	<b>9</b>
2.2.1 Challenges for Chinese Entrepreneurs	10
<b>2.3 Female Entrepreneurship</b>	<b>11</b>
2.3.1 Challenges for Female Entrepreneurs	12
2.3.2 Female Entrepreneurship in China	12
2.3.3 Challenges for Female Entrepreneurs in China	13
<b>2.4 Discussion</b>	<b>13</b>
<b>3. Method</b>	<b>16</b>
<b>3.1 Research Strategy</b>	<b>16</b>
<b>3.2 Comparative case study</b>	<b>17</b>
3.2.1 Interviews	17
3.2.2 Survey	19
<b>3.3 Data analysis</b>	<b>20</b>
<b>3.4 Delimitations and Limitations</b>	<b>21</b>
<b>3.5 Validity and Reliability</b>	<b>22</b>
<b>4. Results</b>	<b>24</b>
<b>4.1 Interviews Male Entrepreneurs</b>	<b>24</b>
4.1.1 Feng Shaohua, founder of Hangzhou OME Automation Technology Co., Ltd.	24
4.1.2 Vito Huo, founder of Leovito	26
4.1.3 Tony, founder of Ilink	28
4.1.4 Xulong Qi Wang and Yunfeng Bai, founders of LEAPER	30
4.1.5 Summary Challenges Male Entrepreneurs	33
<b>4.2 Interviews Female Entrepreneurs</b>	<b>33</b>
4.2.1 Cathy Fang, founder of Colletrouge	33
4.2.2 Joy Zhou, founder of Hangzhou Noble Education Technology Co. Ltd. and more	35

4.2.3	Yaping Wang, owner of Lady's 1995 .....	37
4.2.4	Jingjing Shone, founder of Zhejiang Duopu Testing Laboratory Co. Ltd. ....	40
4.2.5	Summary Challenges Female Entrepreneurs .....	42
<b>4.3</b>	<b>Survey.....</b>	<b>43</b>
<b>5.</b>	<b>Analysis .....</b>	<b>49</b>
5.1	Resources.....	49
5.2	Personal.....	55
5.3	Economic and Political Environment .....	62
5.4	Culture and Society .....	65
<b>6.</b>	<b>Conclusion .....</b>	<b>69</b>
6.1	Future research .....	70
<b>7.</b>	<b>References.....</b>	<b>71</b>
<b>8.</b>	<b>Appendix.....</b>	<b>74</b>
8.1	Survey.....	74
8.2	Interview guide.....	78

# 1. Introduction

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Research has found that there is a link between entrepreneurship and economic growth. One interpretation of this is provided by Schumpeter (1934), who states that the function of carrying out new combinations of means of production makes the entrepreneur fundamental for economic growth. Entrepreneurship has been especially crucial for developing economies, which China has often been classified as. Specifically, entrepreneurship has proved to be particularly important for China, where new venture creation and small and medium sized enterprises (SMEs) have been of significance for the country's growth (Huang, 2008), especially since the start of China's economic reforms after 1978 (Ahlstrom and Ding, 2014).

In 67 countries globally as of 2012, approximately 126 million women were starting or running new businesses and 98 million were running already established businesses. However, the rate of females engaged in entrepreneurship varies from 1 % to 40 % globally. Thus, women entrepreneurs' impact on innovation and job creation differs worldwide (Kelley et al., 2013). Research show tendencies for increased female entrepreneurship in the future, moving women closer to their male counterparts. Onwards, female entrepreneurs are predicted to continue to match the changing situation in terms of more gender equality in business environments and in the society (Zhang and Alon, 2010; Alon et al., 2010).

Although women are moving closer to their male counterparts there are some discovered obstacles. Generally, women have lower opportunity and capability perceptions for entrepreneurship than men and fear of failure is higher. In the process of entrepreneurship, findings indicate that women to a greater extent than men face difficulties in moving from one phase to another. That is, they do not sustain their business into maturity. In addition, in many countries becoming a female entrepreneur means going against cultural values, attitudes and traditions (Kelley et al., 2013).

In China, women occupy many managerial positions, whereas in the case of start ups, male dominate (Flannery, 2013). Warnecke et al. (2012) found in their research that 20 % of all entrepreneurs in China are female. Potential reasons for this low rate of female entrepreneurs are thought to be related to culture and funding agents' preferences (Flannery, 2013). Moreover, Warnecke et al. (2012) also found that despite China's growth and that the role of women is changing, Chinese women face high levels of inequalities in business, social networks, education, and capital access.

Even though some research indicate that there are no significant gender differences in entrepreneurship in China<sup>1</sup>, many of the above mentioned obstacles for female entrepreneurs have been found in China. For example, Bates (2002) found that female business owners would be less likely to sell their services to business clients compared to their male business counterparts, even though they were operating in the same industry and had the same size of their firms. There is research suggesting alternative explanations to findings of gender imbalance. For instance, Flannery (2013) proposes that gender imbalance in China could be due to the type of industries investigated, where differences are found to a greater extent in typically male dominated industries, such as high technology and IT-related industries. If there are obstacles specifically faced by women in business and if these are discriminatory, it results in negative consequences economically, socially and politically for a country (Kitching and Jackson, 2002).

## 1.1 Defining Entrepreneur

A definition of what is meant by an entrepreneur has been identified and will be used as a reference point throughout this thesis. The identification is important for bringing clarity to this research and for facilitating the selection of the data sample. Furthermore, since the concept is wide and applicable in a variety of settings, a distinction is needed to narrow the scope of the study and for the research to be value adding. Defining what distinguishes an entrepreneur from other businessmen or women can be difficult and as mentioned there is a wide range of definitions available<sup>2</sup>. The definition by Carland et al. (1984, p. 79) will be the basis for this research: *“An entrepreneur is an individual who establishes and manages a business for the principal purpose of profit and growth. The entrepreneur is characterized principally by innovative behaviour and will employ strategic management practices in the business”*. That is, in this thesis an entrepreneur is defined as, an individual who has initiated and manages his or her own enterprise

## 1.2 Purpose

Entrepreneurship is important for growth in China (Ahlstrom and Ding, 2014) and potential inequalities in terms of challenges for men and women within this field can be seen as a problem for the country. If these inequalities are disadvantageous for female entrepreneurs, this could mean that females are less likely to start and manage their own business. In turn, this could mean that the country miss out on skills, ideas, and growth. If females are not engaged as entrepreneurs, the capacity of about half the country’s population in terms of job creation is lost (Kelley et al., 2013). The purpose with this research is thus to investigate perceived challenges among female and male entrepreneurs in

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<sup>1</sup> Hung et al (2011)

<sup>2</sup> Schaltegger and Wagner (2011)

order to distinguish what challenges there are that might be part of the reason to why fewer women than men become entrepreneurs. Identifying challenges female entrepreneurs face in contrast to men is the first step in overcoming these challenges.

Since the literature is partly ambiguous about differences between female and male entrepreneurs in terms of challenges, and since it indicates that females are gaining ground in relation to men in entrepreneurship, this research was conducted to gain a deeper understanding of what perceived challenges there are among women and men in present time in China. The objective is thus to investigate what potential challenges female Chinese entrepreneurs face and to compare these to challenges faced by male entrepreneurs in order to find similarities and differences. Investigating the topic further will bring clarity to the field and to add to the already existing literature and research about why there are less female entrepreneurs in China.

### **1.3 Research Question**

Since China is so dependent on entrepreneurship for growth, yet its population has been found to experience different types of challenges depending on their gender, a deeper investigation of what these perceived challenges might be, and whether they differ between men and women is warranted. Thus, the research question for this thesis is the following:

What different perceived challenges do female and male entrepreneurs face in China?

Throughout the research, focus was on perceived challenges. The goal was therefore to identify what challenges entrepreneurs feel they face, as well as challenges they may face according to the literature but fail to recognise as challenges themselves. The study also includes investigation of what challenges potential future entrepreneurs think they could face based on the entrepreneurial environment today.

To narrow the scope of the study, focus was not on identifying factors for successful entrepreneurship, but rather to identify what challenges entrepreneurs face in China. Investigating success factors would mean focusing mainly on successful entrepreneurs and miss out on entrepreneurs that are not as successful. In this case, no explanation to the purpose of the thesis would be found. Instead, the research includes investigating if there are differences in challenges that can explain why women are underrepresented in entrepreneurship in China.

Data collected during the field study of this research was believed to indicate that female entrepreneurs face different challenges than male entrepreneurs in China. This hypothesis was based

on that previous research indicates that female entrepreneurs face inequalities in business as well as the authors' perceptions that it could be more difficult for females in certain business environments, such as to start and manage their own businesses.



## 2. Literature Review

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### 2.1 Historical Background

The beginning of China's major economic transition started with the fall of Mao Zedong. This reform broke down the government's interference and regulations as well as opened the doors of China to foreign trade and investments, which enlarged China's private sector (Blanchard and Warnecke, 2010). SMEs have developed in roughly three phases over the past two decades. The first phase can be said to be from 1978 to 1992, with China's reform and opening up, resulting in expansion of SMEs in scale and number. The reason for the expansion was encouragement from the government, which supported the development of township, collective and self-employed enterprises. The end of the first phase, and thus the beginning of the second was in 1992 (Chen, 2006). During the second phase there was an emphasis on development of non-public sectors and reform of the state-owned SMEs in order to reduce the state's ownership in SMEs. During this period, private-owned SMEs experienced rapid expansion and development along with the implementation of a socialist market economy. This led to the private sector to more or less explode as the number of individual business households went from 150 000 in the beginning of the first phase to over 12 million private enterprises at the end of phase two (Hung et al., 2011). The third phase took off in 2002. This period is characterised by the government implementing a SME promotion law that includes tasks such as removing institutional barriers that hinders the development of SMEs and to enhance the competitiveness and quality of SMEs. In 2004 China granted the non-public economy a legal status in the socialist market economy and that shows that the country understands the importance of the non-public sector for growth of the economy (Chen, 2006).

Entrepreneurship has proved to be particularly important for growth in China, where new venture creation and SMEs have been of significant importance for the country's growth (Huang, 2008; Chen, 2006). It has also increased employment, and science and technology innovations (Chen, 2006). Since the start of China's economic reforms, the economy has grown on average at approximately eight percent annually (Yueh, 2013), which has led to a tenfold growth in GDP and a growth in the Chinese middle class from 174 million in the 1990s to 806 million in 2009, moving hundreds of millions Chinese out of poverty (The Economist, 2009).

Private business activities were legalised in the Chinese Constitution in 1988, which makes it a fairly new area of opportunity (Kitching and Jackson, 2002). However, enterprises that are not majority owned by the state account for over half of industrial output (Huang, 2008) and are contributing an increasing share of the country's gross domestic product (GDP)(Ahlstrom and Ding, 2014). The shift

in focus from manufacturing to the service sector is one of the most important aspects in modern day entrepreneurship in China (Warnecke et al., 2012).

## 2.2 Entrepreneurship in China

As mentioned above the economic development in China has been driven by SMEs and entrepreneurial behaviour and today a large portion of the country's GDP comes from privately owned businesses. A study made by Hung et al. (2011) showed that the average age of the entrepreneurs was about 32 years, and time devoted to their business was almost 45 hours per week. Alon et al. (2010), found that about 20 percent of the Chinese entrepreneurs are female and women are thus underrepresented in entrepreneurship in China. However, the women that do become entrepreneurs 43 % are from high-income category households (Kelley et al., 2013).

Ahlstrom and Ding (2014, p.613) state that "being female, older, or a member of the Chinese Communist Party all significantly reduce the probability of becoming an entrepreneur". Kühlman and Dolles (2002) also found that the perceptions of Chinese students were negative in terms of attitude towards new private entrepreneurship. This is important since the student's decision about whether to become an entrepreneur themselves will be influenced by the perceptions they have, which is also explained by Kelley et al. (2013) who claim that even though perceptions are influenced by personal beliefs and are highly subjective, they can provide an overall view of how a society experience the environment for entrepreneurship. In general, men have perceptions of higher opportunities in business than women. Individuals who believe they possess the required capabilities to start a business are also more likely to do so. Lastly, Warnecke et al. (2012) found that entrepreneurship is becoming less of a desirable career for Chinese citizens.

Even though there are many privately owned businesses in China today, there is still a large portion that is state-owned. Comparing the characteristics of Chinese entrepreneurs to managers in state-owned enterprises it can be found that entrepreneurs often tend to take a larger risk, be more innovative, and proactive in responding to the changing institutional environment (Ahlstrom and Ding, 2014). Other personality traits possessed by entrepreneurs are that they often are opportunistic, proactive, value driven, action oriented and risk accepting. This leads to ideas developed into creation of organisations that grow and transform (Alon et al., 2010). Business acumen is commonly observed among Chinese entrepreneurs and is considered one characteristic of success, which can be due to the low level of business training found among Chinese entrepreneurs (Liao and Sohmen, 2001).

In entrepreneurial activities there are three resources that are particularly prominent. These include: financial resources, community resources, and government resources (Davidsson and Honig, 2003).

Financial resources represent the monetary availability of entrepreneurs and the community resources the reciprocal benefits in professional communities, which can be translated into a kind of business network. The government resources indicate the administrative support from the government as well as the policy flexibility (Edelman and Yli - Renko, 2010). For Chinese entrepreneurs guanxi is important to access these resources.

Guanxi is a type of network built on personal trust and informal agreements, and is a social and cultural norm in the Chinese society. It is thus important in all businesses' life cycles (Poon, Zhou and Chan, 2007). There are different types of relationships and ties that make up a person's guanxi network and they are all important when it comes to resource accessibility. Business and community ties substantially enhance entrepreneurs' ability to acquire useful information, whereas government ties are shown to have a positive effect on resource availability. Family ties is the only type of guanxi that can provide both information and resource accessibility. Engaging in guanxi activities can thus help entrepreneurs confront potential challenges through obtaining legitimacy and network benefits (Chen et al., 2015).

### **2.2.1 Challenges for Chinese Entrepreneurs**

Developing countries face different challenges in terms of entrepreneurship and small and medium enterprises than developed countries because in developing or transforming countries, integrated finance or factor markets are still incomplete and they often lack political stability (Dolles and Babo, 2003). Findings of entrepreneurial challenges generally in developing countries include unstable and highly bureaucratic business environments, complicated business registrations and taxation systems, poorly designed and enforced contract and property laws, inadequate infrastructure, poor policies, limited access to capital, corruption and lack of managerial experiences (Hung et al., 2011). In transitional economies such as China, the success determinants are shaped by the social and institutional environment. China, previously centrally planned, is transitioning to a market based economy and its institutions are characterized by fluidity, inconsistency and ambivalence (Peng, 2004).

Weaknesses in institutions hinder development and setup of private firms and it prompts entrepreneurs to form political connections in order to increase their chances to succeed. The environment of Chinese institutions differs greatly from that of the Western countries, with a very strong culture and a socialist tradition (Alon et al., 2010). According to Lu and Tao (2010) there is a big lack of trust between entrepreneurs and the role of government in private enterprise, this because regulatory agencies do not support entrepreneurship sufficiently (Warnecke et al., 2012).

Research states that the institutional environment in China is poor for private firms, mainly due to

weak property rights, an underdeveloped or discriminatory financial system and a weak credit system (Alon et al., 2010). Private businesses in China were not approved loans from state controlled banks until many years after the reform. The entrepreneurs' perceptions are however that the loans offered now are more on the basis of political considerations than economic ones (Dolles and Babo, 2003). Furthermore, start-up capital can be a hassle for entrepreneurs as the venture capital industry is still in its nascent stages and since large banks are often unwilling to make investments (Liao and Sohmen, 2001).

In China it takes on average 33 days and 13 procedures to start a new business. Compare this to 12 days and five procedures in the OECD countries. Chinese firms have been able to grow despite the constraints present. This is largely thought to be because of the informal social institutions being of high importance in China's business environment (Ahlstrom and Ding, 2014). However in some regions, such as where Hangzhou is located, the process has recently been shortened in order to facilitate for new businesses and thereby growth (Jin, 2015).

Neither private nor state-owned SMEs can develop without support from the Chinese government. SMEs have had difficulties competing on the market with the large enterprises and they are more vulnerable to market risks because of their small size and weak capacity. However they are incredibly important for the economic and social development in China, which is why the government has improved its way of supporting SMEs. If the government adopts appropriate policies that favour and are in line with the nature of SMEs, such as to create a more open, fair and enabling external environment for enterprises of varied ownership, the social and economic development can be enhanced further (Chen, 2006).

Hung et al. (2011) identified challenges facing entrepreneurs in China, such as that different levels of bureaucracy (local, provincial, national) have conflicting agendas, that it is hard to get access to resources in terms of funding, labour and technology, and that business ownership has had negative connotations until recently which still affect the society negatively. Another problem encountered by entrepreneurs according to studies are unreliable and undependable employees. Lack of management training and intense competition is also highlighted as great challenges for Chinese entrepreneurs (Hung et al., 2011).

## **2.3 Female Entrepreneurship**

The participation of women in entrepreneurship varies around the globe and thus their impact on innovation and job creation. If females are not engaged as entrepreneurs, the capacity of half the world's population in terms of job creation is lost (Kelley et al., 2013).

Female entrepreneurs generally tend to be more reluctant to scale their businesses or to enter new market than men. Findings show a strong link between the perceptions of women about entrepreneurship and the entering rates of this activity. In order to encourage women to engage in networks and connections with people that could be useful for their businesses and strengthen their positions, research has shown that it is important to develop support networks, female mentors and local women as role models. Another finding was the importance of training and education in the process of raising the level of skills, building confidence among women and changing their perceptions and believes of themselves. This is important because to become a female entrepreneur in many countries, means to go against cultural values, attitudes and traditions (Kelley et al., 2013).

### **2.3.1 Challenges for Female Entrepreneurs**

Female firms are generally likely to be smaller, grow slowly, and have less collateral than male firms. This leads to women having more difficulties in raising funds for their enterprise because banks tend to be more cautious about lending to female entrepreneurs. A survey among more than 14 000 firms across 34 countries showed that female firms were charged an interest rate 0.45% higher than males and also that they were 5% less likely to even obtain a loan (Muravyev et al., 2009). Because of the difficulties women might face in terms of fundraising they need to turn to their families. However, due to some cultural norms families do not necessarily prioritise female entrepreneurship, but instead tend to focus on ensuring that females are wed (Zhang, 2010).

One constraint found for female entrepreneurs is the lack of time to put into the firm. In societies where men do little or no unpaid household work, the women are restricted to take employment or start their own businesses because of lack of time. Another problem may be the unawareness of the particular constraints faced by female entrepreneurs (and female workers in general); long-standing cultural norms biased against women may seem 'natural' in the society and may thus not be perceived as discriminatory (Warnecke et al., 2012).

### **2.3.2 Female Entrepreneurship in China**

In China, women have equal rights as men in all fields of life (Kitching and Jackson, 2002), including business ownership (Hung et al., 2011). In the future, the profiles of female Chinese entrepreneurs are predicted to continue to match their changing situation in the business environment and in society, moving closer to their male counterparts, making it more equal between the genders (Zhang and Alon, 2010). However, the gap between ideology and reality is large (Kitching and Jackson, 2002) and it may be hard to eliminate gender discrimination entirely in the short term, since the Chinese society is still male dominant (Zhang and Alon, 2010).

Research shows that there are differences in gender connected to entrepreneurship in China. There are

some characteristics identified specifically for female entrepreneurs, such as that they are older than their male counterpart, that they possess financial parameters, and see business relations as network (Poon, Zhou and Chan, 2007). The female's family is identified as an important factor since its support enhances the females' capability to deal with hardship and uncertainty (Alon et al., 2010). Furthermore, the family can provide networks that lead to secured funding, technical assistance and business connections (Tan, 2008). Previous research shows finding of that family members' support is very important for success of female entrepreneurs, where the partner played an especially important role (Alon et al., 2010).

### **2.3.3 Challenges for Female Entrepreneurs in China**

Even though female entrepreneurship has increased in China, so has the income gap between genders (Zhang et al., 2008). China has a cultural, economic, social, legal and educational system that has posed challenges for the development of female entrepreneurship. Findings in a study made by Kelley et al., (2013), where China was one of several investigated developing countries, show that in all regions investigated, women have lower opportunity perceptions for entrepreneurship. In addition, women's capability perceptions were lower than those of men and fear of failure was higher (Kelley et al., 2013). This is significantly influenced by gender norms regarding the role and behaviour of women in Chinese society (Thébaud, 2010). In the process of entrepreneurship, findings also indicate that females to a greater extent face difficulties in moving from one phase to another (Kelley et al., 2013).

Also Kitching and Jackson (2002) found in their study about businesswomen in China that females face more difficulties than men. Their findings show that women struggle to maintain profits, find good employees and to manage cash flows (Kitching and Jackson, 2002). They have less access to clients than male-owned firms when they operate in markets outside their traditional household clientele, and one of the biggest problems is being taken seriously (Bates, 2002). Other problems brought up by the participants in the study are the government policy, the state of the economy and access to technology and capital (Kitching and Jackson, 2002).

## **2.4 Discussion**

The challenges found in the literature for Chinese entrepreneurs, female entrepreneurs, and female entrepreneurs in China are listed in a table below. All challenges are marked with what kind of entrepreneurs they apply to specifically according to the literature.

<i>Challenge</i>	<i>Entrepreneurs in China</i>	<i>General for Female Entrepreneurs</i>	<i>Female Entrepreneurs in China</i>
<b>Governmental policies and regulations</b>	X		X
<b>Bureaucracy</b>	X		
<b>Complicated regulations and taxation systems</b>	X		
<b>Property rights</b>	X		
<b>Limited access to capital</b>	X	X	X
<b>Lack of managerial training</b>	X		
<b>Weak credit system</b>	X		
<b>Weak institutions</b>	X		
<b>Governmental support for entrepreneurship</b>	X		
<b>Long and complicated start-up process</b>	X		
<b>Society's perceptions</b>	X	X	
<b>Finding and retaining skilled employees</b>	X		X
<b>Intense competition</b>	X		
<b>Culture and traditions</b>		X	
<b>Family support</b>		X	
<b>Lack of time to put into business</b>		X	
<b>Confidence/trust in own capabilities</b>		X	X
<b>Resources to expand</b>		X	X
<b>Being taken seriously</b>			X
<b>Limited access to technology</b>	X		X
<b>The state of the economy</b>			X
<b>Network and guanxi</b>	X		X

**Table 2.1 Challenges**

Many of the challenges mentioned in the literature are generic challenges for entrepreneurs in China or female entrepreneurs, which means that all challenges listed above could be applied for female

entrepreneurs in China. Some of the challenges mentioned specifically for females could of course also be applied to male entrepreneurs.



# 3. Method

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## 3.1 Research Strategy

Since the aim was to investigate particular challenges female entrepreneurs face that males do not, a qualitative and iterative study was conducted with a quantitative study as complement. This was followed by a comparative analysis.

Qualitative research is a research strategy that emphasises words rather than numbers, as is the case in quantitative research (Bryman and Bell, 2011). Since the aim of this research was to investigate what potential perceived challenges Chinese entrepreneurs face, useful data was able to be collected through mixing qualitative and quantitative research. The qualitative part with interviews was done in order to investigate the views and opinions more deeply among the respondents, whereas the quantitative part was done to extend the data collection and identify and define the challenges among a wider crowd. When choosing between qualitative and quantitative research strategies, there is a trade-off between investigating a topic on a deep level or in a broad perspective. Generally qualitative studies have the benefit of being able to go more deeply into the subject or phenomenon investigated, which was desired in this research and something that could not have been achieved to the same extent with a quantitative study. As the research question suggests, it was the views, opinions, and perceptions of the respondents that were the main focus. However, in order to also cover a broader view the qualitative study was complemented with a quantitative study with the aim of identifying perceptions of a larger population. This means that this research covers both perspectives (broad and deep) in a sense, even if the main focus was on the qualitative part, the case studies.

In order to get the most out of the research, the possibility to go back and forth between literature, results, and analysis was of great value. The most important aspect of this in this research was the opportunity to go back to certain interviewees to ask follow-up questions and for clarifications in the cases this was needed. This is in line with the iterative strategy described by Bryman and Bell (2011). Since the starting point of this thesis was the results from the data collection it can also be argued to be an inductive study. According to Bryman and Bell (2011) the inductive research means that theory is the outcome of the observations made and this type of research is linked to the iterative strategy.

The basics of the process of the research is presented in a simplified figure below.



**Figure 3.1 Research process**

## **3.2 Comparative case study**

This study is a multiple-case study with a comparative design. Case studies were conducted with the aim to comprehend the dynamics present within individual environments, as suggested by Eisenhardt (1989). In this thesis, multiple cases were studied with the purpose of comparing them. According to Bryman and Bell (2011), cases can be selected to represent a population, and in this thesis there will be two populations; female and male entrepreneurs. The choice of study and design allow the researchers to compare and contrast the findings of the two cases, the populations. Using the comparative design, one can find out what is unique and what complies across cases. A comparative design means using methods that are identical for the different cases examined, in this research it has meant conducting the same interviews with both the female and male participants in the study as well as giving the same survey to female and male entrepreneurs or soon to be entrepreneurs. The aim was to examine perceived challenges for female entrepreneurs, and in order to know if the findings are specific for this population and not for entrepreneurs in general, it was also necessary to investigate perceived challenges for male entrepreneurs. A comparative study was necessary in this case in order to identify the specific challenges for female entrepreneurs and not only for entrepreneurs in general, thus it was critical for answering the research question of this thesis.

### **3.2.1 Interviews**

Interviews allow the respondents to think and answer freely and in this case of semi-structured interviews, which were conducted, the researchers to follow up and ask for clarifications and explanations during the interviews. This was something that was very valuable in the data collection. The interview guide was prepared before the first interview and was based on the challenges that were found in the literature review. Potential interviewees and survey respondents were approached in Hangzhou, the capital city of the province Zhejiang. This location was chosen because of its significant economic development in recent years as well as the fact that the researchers' home university, University of Gothenburg has close connections to the host university, Zhejiang University.

The interviewee selection was broad and the main criterion when choosing interviewees was that they needed to be the founders and managers of their own firm, in accordance with the definition of an entrepreneur. Furthermore, they needed to be Chinese and have operations in China. Further criteria important for the interviewee selections were that the firms needed to be started in Hangzhou, be

privately owned, and qualify as SMEs. The choice of approaching only entrepreneurs with firms initiated in Hangzhou was made, in addition to what has been mentioned before, due to that the local government has a great influence in China and choosing entrepreneurs in the same area would mean that they all experience the same conditions in this matter. Delimiting the research to investigating managers of SMEs was made with the purpose of interviewing entrepreneurs with as similar companies as possible. An SME is defined differently depending on what industry and country the company is active in, in China a company is generally considered an SME if it has less than 2000 employees (Zhong and Zhang, 2010). It can be assumed that large firms face other challenges than SMEs that would make a comparison between the case studies difficult or even impossible because of the different conditions these companies might have.

In accordance with the selection criteria stated above, the interviewee respondents share the same features as listed below. They all:

- Have close ties to Zhejiang University
- Are the founders and/or owners of the firm (7 founders and owners, and 1 owner not founder)
- All qualify as SMEs
- Are privately owned
- Are located in Zhejiang Province
- Have operations in China

Although the definition of an entrepreneur was used as the main criterion in the interviewee selection one exception was made when the opportunity came along to interview a woman who was not the founder of her business but instead the owner and manager. This interview was despite not being in line with every criteria included in the data collection because of her proven success with making the company profitable and expanding it, her entrepreneurial behaviour as well as her interesting views on Chinese female entrepreneurs' position in the society. Furthermore, even though some questions regarding the start up phase had to be excluded in the interview, the interviewee added value to the research, not the least in terms of running a business as well as her insights and opinions on feminism and gender (in)equalities.

In total 8 interviews were held with 9 interviewees and they are presented shortly in the table below.

<i>Name</i>	<i>Company</i>	<i>Industry</i>	<i>Registration</i>	<i>Employees</i>	<i>Gender</i>
<b>Shaohua Feng</b>	Hangzhou Automation Technology Co., Ltd.	Industrial automation equipment	2012	8	Male
<b>Vito Huo</b>	Leovito	Mobile application development	2014	10	Male
<b>Tony</b>	Ilink	Architecture	2013	11	Male
<b>Cathy Fang</b>	Colletrouge	Tailored clothing	2014	23	Female
<b>Joy Zhou</b>	Hangzhou Noble Education Technology Co. Ltd.	Education and event coordination	1999	50	Female
<b>JingJing</b>	Zhejiang Duopu Testing Laboratory Co., Ltd.	Health and environmental testing	2011	160	Female
<b>Yaping Wang</b>	Lady's 1995	Beauty and healthcare	1995 (2009)	500	Female
<b>Yunfeng Bai and Xulong Qi Wang</b>	LEAPER	Industrial quality control	2012	50	Males

**Table 3.1 Interviewees**

In order to get the most out of the research, semi-structured interviews were conducted, which all were recorded and transcribed. Conducting semi-structured interviews means using an interview guide with fairly specific topics but with open questions, providing the interviewee with the opportunity to elaborate with the answer, not discouraging them from going off topic or talk about things that they want to emphasize (Bryman and Bell, 2011) since this may add value to this kind of research. In the case where the interviewee did not answer the intended question satisfactory, follow-up questions were prepared that were based on the challenges found in the literature and thus the survey. Questions not initially included in the guide were in some cases also asked during the interviews if relevant for the study. This method allowed for flexibility in terms of letting the respondents answer freely to the questions, while still facilitating a comparison through asking all respondents similar questions, as mentioned as one of the main advantages with semi-structured interviews by Bryman and Bell (2011).

### **3.2.2 Survey**

In order to complement the interviews a survey was given to students who own their own business or who are likely to start their own business in the near future. The students were all enrolled at the Zhejiang University's MBA or EMBA programmes, that both are designed to develop and educate entrepreneurs.

As mentioned in the literature review, the perceptions students have on entrepreneurship is important in their decision to become an entrepreneur (Kühlman and Dolles, 2002) and even though perceptions are influenced by personal beliefs and are highly subjective, they can provide an overall view of how a society experience the environment for entrepreneurship (Kelley et al., 2013). This made it interesting to hand out a survey to students likely to become entrepreneurs, in order to investigate their perceptions of the challenges they could or will face. This was thus helpful in answering our research

question through complementing the interviews particularly focusing on the perceptions. Furthermore, it could give an indication of the challenges future entrepreneurs will face and what the perceptions of potential gender imbalances are, as well as of how the future gender distribution in entrepreneurship will look like.

The survey that was handed out was based on the literature review and is similar to the questions that were treated in the interviews. It can be found in appendix 8.1 Survey. In the first part of the survey students were asked to rank their perceptions of potential challenges they could face as initiator and manager of their own business on a scale from 1 to 5, where 1 represented not at all a challenge and 5 very much a challenge. In the second part they were asked to answer to whether they perceived certain aspects related to entrepreneurship to be advantageous or disadvantageous for them as future business owners on a scale to 1 to 5, 1 representing very much a challenge and 5 very advantageous. The survey was concluded with one yes or no question and two open questions in order to give the respondents the opportunity to express further opinions in the matter.

In total 135 responses were collected in the survey, of these 78 respondents were male and 57 were women. All surveys that were handed out were also filled out, making the response rate 100 percent. The results are presented as descriptive statistics in order to give a clear view of the answers.

### **3.3 Data analysis**

The gathered data, which in this case are the transcripts of the interviews and the survey responses, were thoroughly reviewed in order to identify and label parts that might be of theoretical significance. This is in line with the data analysis strategy Bryman and Bell (2011) describe as *grounded theory*, which is also closely tied to the iterative strategy. Basically, grounded theory has two central features. Firstly it is concerned with the development of theory out of data, and secondly theoretical sampling, collection of data, and data analysis are performed in tandem and repeatedly refer back to each other, meaning that data collection and analysis occur in parallel. This is something that was done also in this research, as can be seen in the simplified research process above in figure 3.1. This was very valuable in the research since it allowed for flexibility and adaptability throughout the process.

Most time and effort was put on the coding and categorisation of the data in order to define what challenges that seemed most prominent. This is also in line with what is suggested by Bryman and Bell (2011), that claim the coding of the data to be the most important process in grounded theory. As suggested by Bryman and Bell (2011) the coding was done along the way. One important factor to consider when using this strategy for the data analysis is that the researchers need to be 'blank' before starting. It means that in order for the data analysis not to be biased the authors' had to be very careful

to not include their previous perceptions in this step of the process. Being two persons conducting the coding and data analysis in this thesis, there was an opportunity to help each other stay objective.

### **3.4 Delimitations and Limitations**

External variables' impact were excluded by controlling the setting of the interviewees to an as great extent as possible, such as choosing respondents that have as similar business characteristics as possible in terms of the selection criteria stated above. The research is also delimited by only targeting entrepreneurs that are founders of their own businesses and that are part of the management team. However, one of the interviewees (Yaping Wang) is not the founder of her business. Nevertheless, the decision was made to include her in the study because of reasons discussed above even if it affected the results slightly in terms of Wang not being able to answer all questions and may not represent the population of entrepreneur in some aspects.

Because of a limited network for the authors in China and a difficulty in finding and getting in touch with entrepreneurs, controlling for certain variables and aspects of the targeted interviewees was limited. The culture in China requires a mutual contact to introduce people to each other, which in this study created dependence on the people already known to the researchers for introduction to entrepreneurs. Since the authors were partly limited in the selection process other than in terms of the decided criteria mentioned previously, all interviews provided were with people that are fairly or very successful in their businesses. This means that unsuccessful business people may perceive and face other challenges that are not included in this research. Furthermore, all participants of the study, entrepreneurs and students, are educated at University level, resulting in that this research do not cover uneducated entrepreneurs' perceptions, which might differ from those of the two chosen populations.

Another limitation to this research can be argued to be the fact that the interviewee respondents are active in very different industries. This most likely have an impact on the challenges they face as certain industries might face different challenges, as well as that female and male entrepreneurs might face different challenges also because of their gender in certain industries. It can be assumed that traditionally male dominated industries are not as female friendly as traditionally female friendly industries. This might have an effect on the results and will be treated further in the analysis.

The results, and thereby the analysis of this thesis can be argued to be partly biased by the authors. This because the perceptions of challenges derive from two sources, the interviewees and the authors. The meaning of perceptions is thus twofold. Firstly it relates to the opinions and experiences of the respondents themselves, and secondly it relates to the researchers' interpretations and conclusions of the responses. The first step was investigating what perception of challenges the entrepreneurs have,

and the second step was the researchers' analysis. In the analysis some of the challenges not mentioned as challenges by the respondents themselves were discussed as "hidden challenges" because the aspects were not perceived as or categorised as challenges by the respondents, but could for various reasons be argued to be challenges if referring back to the literature and when comparing the different cases. The authors' perceptions are to some extent subjective and affected by personal experiences and background, thus there is a risk of the research being partly biased from this.

### **3.5 Validity and Reliability**

Validity and reliability are important criteria in establishing the quality of the research and qualitative research has been subject to criticism in fulfilling these. Validity refers to what extent the researchers are observing or identifying what they say they are (Bryman and Bell, 2011). The validity in this study has been controlled for through consulting with supervisors (one in Sweden and one in China) who has given advice and guidance along the way. It has further been controlled for through the amount of interviews and the fact that the researchers could help each other to stay objective by having a professional relationship throughout the study with an environment open for questioning each other.

The fact that all respondents are located in Hangzhou and that China is a very large country that differ significantly depending on region in terms of among others economic conditions and culture, the choice of location can be argued to be a limitation for generalizability. Furthermore, the sample size of four females and five males can be seen as an implication for generalizability. However, the findings show little variance in the respondents' answers, which indicates that a higher number of respondents in the research would most likely show the same results. Another complication related to the generalizability is the above-mentioned fact that the entrepreneurs interviewed are fairly to very successful. This could result in implications for the generalizability of the research in terms of not including the views of unsuccessful entrepreneurs.

The survey was conducted to complement and give further reliability to our research findings, giving a broader view, thus partly handling the issue of generalizability. However, since the survey population was specified to students, it could be argued that this population cannot be said to fully represent the total population in China, especially in terms of education as stated above. Nevertheless, they have perceptions that most likely indicate what the total population's perceptions are, particularly in Hangzhou.

Reliability refers to what degree the researchers agree about what they see and hear as well as, to what extent the research can be replicable (Bryman and Bell, 2011). In this study the reliability was ensured through firstly recording and transcription of the interviews and secondly through thorough coding of these transcriptions. It was further ensured through the interview sessions being as similar as possible.

The transcripts were read separately and the coding was not considered complete until consensus between the researchers was reached. In the cases it was difficult for the researchers to reach consensus, the supervisors were consulted for help.



## 4. Results

The results from the interviews and the survey are presented below. The results have all been categorised into different subheadings. The coding into categories derives from the literature review and the findings and are presented in table 4.1 below.

<i>Category/subheading</i>	<i>Challenges</i>
<b>Resources</b>	Financial resources Time to put into business Sufficient resources for expanding Access to technology Skilled employees
<b>Personal</b>	Network Managerial training Family support (in terms of encouragement) Confidence Role models and mentors Gender
<b>Economic and Political Environment</b>	Bureaucracy Institutional environment Government Economic situation in China Competition
<b>Culture and Society</b>	Seriousness Society's perceptions Culture and traditions

**Table 4.1 Categories**

### 4.1 Interviews Male Entrepreneurs

#### 4.1.1 Feng Shaohua, founder of Hangzhou OME Automation Technology Co., Ltd.

Feng Shaohua is 37 years old and graduated from Zhejiang University with a Master in electronic engineering. He has a background as a hardware manager for Alcatel-Lucent Shanghai Bell Company, which is a telecommunication company. He worked there for many years before deciding to start his own business. At Bell Company, Feng acquired substantial managerial skills as well as technological knowledge. The company he is running today is closely tied to what he was doing at Bell Company. The company has been up running since April 2012 and has today 8 employees. The current company is as the name implies in the automation industry and develops both hardware and software products. At the moment, the company has three different products in different development stages. The main product, which is on the market, is a precision measure. This product is used in factories to detect faults in the production line. The other two products are not yet on the market. One is still in its R&D

stage, but will soon be launched and the other is a research project in cooperation with the Zhejiang University.

### *Resources*

Because of the business model of Hangzhou OME Automation Technology Co., Ltd., access to financial resources has never been a challenge for Feng. The customer pays first, and the product is delivered only after the payment is made, which means that the company is not in need of external finances. Also, the company does not currently have an expansion goal, which makes external funding to financing growth unnecessary at the moment. The aim right now is rather to get the product to the market and make it a strong and stable product. First after that is accomplished, the other two products can be launched. Even though the company is currently cooperating with the university to develop one of its products, Feng wants to partner with other companies in the future in order to access knowledge and technologies. This would make the development process faster by not having to do all R&D in-house. At the moment, access to technology is one of the main challenges for Feng.

The main challenge Feng faces as an entrepreneur are challenges within human resources (HR). He said that it is very difficult to find skilled employees to work in the firm. So as mentioned before, Feng sees it as a great opportunity to partner with other firms in order to get access to skilled people and valuable knowledge.

Feng himself puts in approximately 10 hours per day 5 days a week and usually some extra hours during the weekend. He said that he knows that is more than average, but that it is necessary for him if he wants his business to be successful and he does not see this as a challenge, even if he has to compromise with the time he is able to spend with his family.

### *Personal*

Personal network is according to Feng his most important source of information, customers, employees etc. Not only does he have a personal network from family and friends, but he also developed a wide and useful business network during his years at Bell Company. Despite this, he still finds it difficult to find good partners and skilled employees. Feng does not only want to cooperate with other businesses, but also include a second partner in his firm. He said that it is very difficult to find a partner with the same goals and ambitions that still can be a complementary resource to his own skills and knowledge in the firm. Furthermore, having a good *guanxi* is important for an entrepreneur and Feng sees this as a challenge.

### *Economic and Political Environment*

As many companies in China currently are updating and improving their production facilities, the product Feng's company currently has on the market is attractive. However, the product is similar to

many foreign products, and Feng face challenges in being taken seriously as an entrepreneur and with his product. This was also a challenge for Feng in terms of opportunities to expand his company further. He needs to prove that his product is better than the other in order to create success stories that can help him develop further and sell his products to more customers. In comparison to many of the foreign products, Feng can provide better local service that might be an advantage.

Regarding macroeconomic circumstances, Feng expressed that these are very beneficial in China in terms of the economic situation, the governmental regulations as well as the governmental policies.

#### *Perceived gender differences in entrepreneurship*

Feng does not see that there are any differences between male and female entrepreneurs when it comes to challenges. He claimed that everyone have the same opportunities and challenges in business, which he also sees as a very positive thing. However, he also stated that men and women have different qualities that make them good in different areas. He believes that him being a male is advantageous in his business. In the technological area, there are not many women starting their own businesses, but within e-commerce there are many.

#### **4.1.2 Vito Huo, founder of Leovito**

Vito Huo, 21 years old, is originally Shanghaies but resides in Hangzhou after graduating from the Zhejiang University with a major in software engineering. Before starting his own business, he did several internships, amongst others at Deloitte and at the DBS Bank. He states that he learnt important things during the internships that made him decide to build up his own business.

Huo has run his own business Leovito since August 2014. The company develops applications for phones, mainly on the market for the operation systems IOX and Android. The company has 10 employees and Huo started the business together with his roommate and one of his classmates. The company has its office in one of the Science Parks in Hangzhou and Huo is the business manager and the employees are all developers. Leovito has so far developed two products, one travel application and one application for financial trade.

#### *Resources*

Huo stated that one of his biggest challenges as a business manager is to find designers for the applications the company wants to develop. There are not many experienced designers who want to work for a recently started business founded by a 21-year old. Huo said that he instead decided to open up for internship positions at the company, and that he brought in classmates who were willing and eager to learn how to design applications. He also created a partnership with one classmate and with his roommate.

Huo does not experience access to capital to be a challenge. He explains that their current business model includes orders and payments from the clients in advance, which means that need of funding has not been a problem yet. He also claims that the company was founded without any larger costs, since most of the employees are interns with little or no salaries and since they have their office at a Science Park where the rent is very low. He said that when he wants his company to grow, it will and that he then will have to lend money from the bank. However, since that is not the case yet, it is not something that concerns him.

### *Economic and Political Environment*

Huo mentioned competition to be a big challenge for him. There are many companies and start-ups within the same business as him, an industry that is fairly new. He said that the customers are very demanding and that it is challenging to keep up the pace with customers' preferences. It is a fast changing industry with an uncertain market.

### *Culture and Society*

In the very initial phase of the start-up, Huo described that he experienced difficulties in being taken seriously by clients, which expressed itself in offers of very low prices. He thinks that this derived from the fact that he is very young and that they are a student team running the business. Huo overcame the challenge by buying himself a suit and not telling potential and existing companies his age.

### *Perceived gender differences in Entrepreneurship*

Huo said that he sees differences in female and male entrepreneurship in terms of what kind of area of business different genders choose to engage. He said that entrepreneurship within computer or application development is male dominant and that it is because females and males think differently and have different interests. He stated that women generally are more careful in their behaviour than men, who generally are more aggressive and creative in their way of thinking. He said that they have one female developer at the company and that she is very good at what she does, but that she often actually acts more like a boy than a girl.

Huo also thinks that the society has another view of women than men and that women in business within some areas can be hard to be taken seriously. He mentioned IT development as a difficult business for women, and that there is a saying that there are "nine boys on one girl" within that business. He stated that the reason for this is the way the different genders think and that in other areas, such as finance, there are "nine girls on one boy".

He thinks that women need to take care of the children and that it in many families is the conventional view, that taking care of the family is the main (or only) task for women. Huo explained that the

chances for women to become entrepreneurs in many cases depend on the men. The most important factor relates to whether the husband supports the wife to become an entrepreneur instead of taking care of the children, and it is thus rather a family problem than a societal one, that there are few women in entrepreneurship.

However Huo does not rule out society's role in affecting women to become or not become entrepreneurs. Generally men are stronger than women physically, which makes them think that they are also stronger psychologically. Even though Huo himself does not agree with this and thinks that women are stronger than men psychologically in most instances, he believes that this affects women's confidence to become entrepreneurs. In the more prosperous regions of China women have more opportunities of becoming entrepreneurs since the men there are more educated. He thinks that richer men are more reasonable, whereas poor men often blame their wives. Huo mentioned both Shanghai and Hongkong as two westernised cities where the opportunities for women are many.

#### **4.1.3 Tony, founder of Ilink**

Tony is in the architecture business and lived in England from the age of 13 until after he graduated from his degree in architecture in Manchester. When Tony came back to China he worked for a big architecture firm. However, he was not comfortable with the culture of the firm; copying others' work and focus being on earning as much money as possible rather than to put effort and creativity into the work, rather than creating art. Tony realized that his main goal was not to make money but to do something meaningful for him and that he did not like to be told what to do.

Tony decided to start a business in 2013 together with his partner James. The business is in architecture conception design and the firm has its office in one of Hangzhou's Science Parks. The firm has 11 fixed employees and access to another 10 people in a platform that is open for everyone to join. Tony wanted to found the business with James because he is a local actor in China who has been in the architecture business for 10 years and thus is familiar with how the industry works in China, something that Tony felt that he lacked.

#### ***Resources***

For Tony it has been a challenge to find skilled architects who want to take the risk to work for his start-up company. He claimed this to be because of the small size of the company and because they do not have a reputation yet. He started looking for employees among his friends and later on the Internet but he said they are still struggling to find people with good ideas.

Tony also finds access to capital to be a challenge. He emphasized the difficulties in getting full payment from customers when a job is done. He said that a contract, at least in his business area, does not ensure that both parties carry it out.

He also mentioned difficulty in accessing technology within his field in China. Since the industry according to him is mostly about copying and with the least effort possible design objects, Tony feels that there is a lack of technological development in China that makes it difficult for him to work and develop in the way he wishes to.

### *Personal*

Tony claimed that size and reputation also affects which kind of projects you get. Tony's family is in the real estate development industry and helped him to get the firm's first big project. If he had no network that could help him push start the business, he thinks it would have been hard to start the business. Furthermore, creating a partnership has helped him a great deal, since he was new to the Chinese system and since his partner already had an established network in the industry. However, he still sees access to the right network and contacts as one of the biggest challenges in starting and running a business.

On the personal level Tony feels that he lacks managerial training as well as confidence in his own capabilities. Managerial training could contribute to him running the business in a better way and that is one of the reasons to why the two partners do not want the company to grow at this stage, but rather become stable internally and also externally in terms of reputation.

### *Economic and Political Environment*

When starting his business, Tony found the regulations in China within architecture to be very challenging. Partly because he had lived abroad for a long time and was not familiar with them, but also because there are so many in China.

He mentioned the obliged contact with the government in his industry as a challenge. According to him, most projects within architecture come from the government and the firm has to negotiate with it, something that can be very hard. The government gives offers, prices and instructions for the projects that the firms have to follow. Tony claimed that this is both advantageous and disadvantageous. It can be advantageous since the firms do not need to use a lot of creativity since they just need to follow instructions. On the other hand, in this way the companies do not develop their creativity skills, something that Tony finds to be very important. He also mentioned that he does not think this is seen as a problem by other Chinese people in the business since most of them know only of this system and does not reflect about it. He claimed that the government's main goal is to create simple things that make them as much money as possible.

Tony said, as mentioned above, that it is difficult to get full payment for projects from customers and that the payment is often delayed. He also stated that there is no help to get from the Chinese law. He

stated that: *“In China law is not law. The law is just a word. You cannot use that. Believe in yourself, do not believe in the law”*.

Another challenge mentioned by Tony is competition. He said that it is hard to stand out and compete with the large architecture companies. On the other hand, he stated that if you only want the company to stay alive it is easy, especially in a city like Hangzhou since the big companies are based in Shanghai or Beijing.

#### *Perceived gender differences in Entrepreneurship*

Tony does not see differences in challenges for men and women as being a problem, but he thinks they exist to a certain extent and that they mainly derive from differences in characteristics of the two genders. He had no idea that there was a 20 %/80 % gender difference within the entrepreneur field and claimed that it must be the other way around in China. He said that women are more competitive than men, which can make them more successful. He also claimed that women generally are more sensitive and that they because of this have more friends that they can get support from. However this, according to him, can also mean that a business can be affected negatively since women often prioritise friendship in situations that can lead to less good deals for the company. Men on the other hand, think about the company first, which may result in lost friendships. He thinks that the balance between the two behaviours is challenging and very important. He pointed out that communication is one of the most important things when running a business, something that he thinks women are better at than men. He also thinks that women potentially, in the future, can lead the founder-statistics of businesses in China.

#### **4.1.4 Xulong Qi Wang and Yunfeng Bai, founders of LEAPER**

Qi Wang and Bai are students at the Zhejiang University, Bai is majoring in Computer Science and Qi Wang is a PhD student at the Technology Management department. Bai and Qi Wang decided to start a business together with a third partner in the end of 2012. The third business partner has also graduated from Zhejiang University, but with a major in optics. The three of them know each other from the University, being ex-classmates and team members of the University basketball team.

LEAPER operates in the high technology industry, producing machines for quality control at factories in China. The business develops different devices for defect detection of products, such as cans, materials and medicine capsules. The company has one big competitor at the moment, but this company is mainly selling foreign similar products and since Leaper develops their own machines and devices it is fairly unique in the industry. Similar and more advanced products from the US exist, however the factories in China cannot afford these at the moment, creating opportunities for LEAPER. Leaper recently developed a very special camera that can add a third dimension to the traditional cameras, distance. For this camera Leaper has spent over 1 million RMB to get a world wide patent.

Other than the patent for this product the company has several other patented products and technologies.

### *Resources*

At the start of the company, the three founders invested 10 000 RMB each of their own money to build a defect detection machine by using computer science and optics, a machine that they sold for 200 000 RMB. After that, they have reinvested the profit into the company to be able to develop and grow and they have also obtained a lot of support from the government in terms of financial resources.

Bai stated that one of the challenges that he is facing is the balance between the work at the company, the work at the University and the time being able to spend at home with his wife. He feels that there is never enough time for either of his commitments and that the University studies and his wife take most of the fall.

Bai also mentioned the initial phase of the start up to be challenging in terms of that they were only three people handling everything in the company, such as development, marketing and sales. He mentioned the period to be stressful. Another challenge connected to this was the difficulty in finding employees in the beginning. He claimed that the difficulty was based in the fact that the founders and the business did not have much capital at that point, and because they were not a known company. They solved the problem by first hiring a person responsible for the human resources that could help them find suitable people for their company. However, the challenge of attracting skilled people in their field remains.

### *Personal*

Bai also mentioned lack of support from his family to be a problem for him. He claimed that many parents in China think that it is too risky to start a business. They do not want their son or daughter to go to small companies, but rather to the big ones that have a lot of money or to a department of the government that is more secure. Qi Wang, on the other hand has a lot of support from home and with his parents working for the government, this has helped in getting the governmental support.

Even though both Qi Wang and Bai are studying at the university they do not think that the university can teach the students everything they need to know in order to be able to run a business successfully. They state that since the university can only prepare you and teach you so much, the real training comes from practical practice. When problems occur in the business, they handle it by discussing until they find a solution. They rarely turn externally for advice or guidance.



### *Economic and Political Environment*

The governmental policies and regulations have been very beneficial for LEAPER and they have obtained a great deal of governmental support, especially financially, but also in terms of introduction to new customers etc. LEAPER receives a lot of governmental support because of the industry in which it operates and because of its high-tech and innovative nature. However, because the company receives governmental support, it also means that the company is obliged to follow the government's guidelines and requirements specific for their company. These requirements mainly refer to a certain number of patents and the revenues of the company.

### *Culture and Society*

Qi Wang and Bai have had some problems in being taken seriously both by customers, suppliers, and potential employees. The main reason for this has been the size and the young age of the company. Many people see risks in engaging in a start-up like LEAPER. Furthermore, customers have doubted their ability to deliver and the quality of the products and the technology. The suppliers have been reluctant to selling the small quantities of components required by LEAPER, and potential or existing employees have, as mentioned above, considered it as more attractive and safe to go to or stay at large firms. In this case, LEAPER has had a challenge in proving that their technology is the best and that their products are of high quality. Once the first customers' trust was gained LEAPER has been able to build on that to also gain more trust from suppliers and potential employees.

Bai mentioned it as a challenge for him as a male that his wife is earning more money than he is. Society's opinion is generally that the man should be the one with the higher income in the family. His parents can give him a hard time regarding this even though he expresses it as more of a societal problem.

### *Perceived gender differences in entrepreneurship*

Both Qi Wang and Bai believe that there are differences in challenges for male and female entrepreneurs. In the industry where LEAPER is active, they believe that women would have an even harder time in being taken seriously than in others. Many of the Managers who are their customers and suppliers are old-style men who can behave rudely towards women and have a bad attitude towards female entrepreneurs. The attitude from these men towards women is something that Qi Wang and Bai think is embedded in the Chinese culture and traditional behaviour, and that these men are not well educated. However, they believe that the attitude and culture towards female entrepreneurs are changing.

Even if women would face more challenges than men in entrepreneurship, Qi Wang and Bai see that women have some qualities that many men do not have. One example is that women are better at connecting with people. They have a more gentle approach and are more careful. The HR Manager of

the firm is a female because she has these qualities. Furthermore, they think that women are better at administration than men because they are more thorough.

Bai thinks that for women, the tradition is to stay home with the family and children and that that is a challenge specific for female entrepreneurs. However, he also believes that this is changing and that it will look differently in the future.

#### 4.1.5 Summary Challenges Male Entrepreneurs

Below in table 4.2 the challenges identified in each case of the male entrepreneurs are summarised. Some challenges are more common than others in the cases investigated.

	<i>Feng Shaohua</i>	<i>Vito Huo</i>	<i>Tony</i>	<i>Xulong Qi Wang and Yunfeng Bai</i>
<b>Financial resources</b>			X	
<b>Time</b>	X			X
<b>Access to technology</b>			X	
<b>Human resources</b>	X	X	X	X
<b>Managerial training</b>			X	X
<b>Family support</b>				X
<b>Governmental policies</b>			X	
<b>Competition</b>	X	X	X	
<b>Being taken seriously</b>		X		X
<b>Society's perceptions</b>				X

Table 4.2 Results challenges male entrepreneurs

## 4.2 Interviews Female Entrepreneurs

### 4.2.1 Cathy Fang, founder of Colletrouge

Cathy Fang is originally from a relatively wealthy family. She started her first business already as a graduate student at the Zhejiang University. At that time, she was studying for her Master's degree in management, and had from before that a Bachelor's degree in computer science. She changed her major as she realised that she wanted to become an entrepreneur as soon as she graduated. During her studies she also had several internships, among others in General Electrics and in different start-ups. Her first own company was a translation service company, from which she made enough money to afford to buy an apartment in downtown Hangzhou. After graduation Fang started a company together with some Senior Managers within the e-commerce industry. She soon became CEO and the company had a 200 % turnover growth for about 5 years. It is today one of the most respectable companies in Hangzhou and in the region. However, after a few years there was a dispute between Fang and the chairman of the board. They no longer had the same ideas and Fang felt that the chairman wanted to control too much. After two years of arguing, Fang eventually quit and decided to start up another company. This company has been registered officially since December 2014. In this company she is

both the CEO and the chairman. The current company owned, founded, and run by Fang is active within tailor-made suits and has a business model that makes it competitive in the industry.

### *Resources*

Fang do not see any challenges with attracting skilled employees, but rather expressed getting access to skilled employees as one of her strengths. She finds it easy to attract people her in own age or younger, however when she was young herself it was a challenge to find older and more experienced people. Now there are many people that have grown with her and she has been able to show her ability in building and running a business.

Fang works about 90 hours per week in her company and expressed it as being “crazy”. Putting that much time into the company also means she has less time for her child and husband. However she also said that communication is the key to meeting this challenge.

### *Personal*

Unlike many other graduate students, she has never felt the pressure from her family to find an employment at a large firm with a good salary. She has instead been encouraged to start her own business and has been offered help from her parents. However, her father is a respectable entrepreneur in her home village and since she decided to start a company, he is expecting her to become more successful than him. This because she has an education while he does not. Fang stated: *“One thing he said, he might be kidding but it is very funny. When I was still in middle school he talked to me saying that the most intelligent people would chose to go into business in America, and the less intelligent ones would go to be scientists, and the most stupid ones would go to politics, so which way would you choose?”*

Fang had at the beginning of her career difficulties understanding the boardroom and the shareholders. When she became the CEO she did not know how to negotiate about the shares and ended up with only a small amount of the total shares. She has come to the understanding that at the time, her only challenge regarding this was not only how to negotiate, but also understanding the meaning of ‘share’ and ‘being a shareholder’.

Being an entrepreneur means playing many different roles for Fang. Except for being an entrepreneur, she is also a wife, a mother, a daughter, as well as the CEO and the chairman of the board. She expressed that it sometimes can be a challenge to balance between all these roles. Regarding the family Fang created for herself (husband and child) she mentioned that there will always be a challenge regardless if she is a successful entrepreneur or not. If she would not be successful she would be told to stop doing what she is doing and focus on the family instead. Conversely if she is successful there will also be a challenge because men are supposed to be more successful than women

in business and that is a challenge in being a female entrepreneur. Fang highlighted the importance of choosing the right husband in this sense.

### *Culture and Society*

When Fang first became the CEO of her first company she experienced difficulties in being taken seriously by her team members. There was a lack of trust of her as a leader among the employees, which Fang thinks was because of her age. At the time she was around 25-26 years old. She never experienced it to be a challenge among customers, suppliers or partners, but it was the employees who doubted her abilities to lead them and the company forward. After growing older and showing her abilities she no longer has this challenge as an entrepreneur.

### *Perceived gender differences in entrepreneurship*

Fang herself said she has not experienced any challenges because of her gender. However when asked again she remembered that she had issues with the board when she was pregnant with her son. At that time she had the choice to either get an abortion or to give up her shares. She further explained that this is common for women in business and that many have to choose between family and career. Many women in these cases chose to quit their jobs after giving birth. Fang however chose to give birth to her son and stay CEO. She thinks that the time to take care of the family and contribute to the family is the most common challenge among female entrepreneurs that she does not see that male entrepreneurs face.

Fang does not think that gender is an issue in most areas although she has heard people say that women know nothing, especially in traditional industries.

### **4.2.2 Joy Zhou, founder of Hangzhou Noble Education Technology Co. Ltd. and more**

Joy Zhou is a graduate from Zhejiang University where she studied media and technology. She started her first business in 1999, which was a company that helped foreign students to find part-time jobs. This company also provided some educational services, such as lectures in Chinese and about the Chinese tea culture. After running this business for 5 years, she decided to move back to her hometown. There, she started another company within embroidery. She developed her own brand for this, which is still selling. However, after two years of running this, she decided to go back to Hangzhou and let someone else run her business, while still remaining the owner. Back in Hangzhou, Zhou took up her first business, Hangzhou Noble Education Technology Co. Ltd, and developed it further. She started teaching in entrepreneurship and arranging for company leaders to go abroad to famous universities, such as Stanford and Yale. During these trips the company leaders would attend lectures in among others management and entrepreneurship, as well as visit other local companies and do sightseeing activities, all planned by Zhou. The company also works the other way around. That is if foreign companies are interested in coming to China she can arrange similar visits for them in

China. She also arranges for local educations and lectures for company leaders that are interested. In these cases she brings together the most prominent people within that field (both business leaders and researchers) to make it the best. This company also has a branch for teaching children. For this part of the company, Zhou goes to places in China to teach children and the profit from that business goes straight to charity.

Hangzhou Noble Education Technology Co. Ltd. is one of Zhou's main focuses now, however she recently (five months ago) opened the Purple Cow Café, which is a café in the School of Management Building at Zhejiang University. This café is not only a café, but it also works as a faculty club for the university professors and students who get the opportunity to mingle and exchange ideas with other entrepreneurs. In connection to this, she has also started an investment company in order to invest in people's business ideas at the first round of investments, if she finds them interesting. She can also help them start their business with other means, such as providing office space and advice. The café as such is thus used as a café, a faculty club, as well as a meeting place for entrepreneurship and innovation.

### *Resources*

One challenge that has been particularly prominent for Zhou in her entrepreneurial activities has been the access to capital. She has had to make new and small investments step by step. One way is by cutting costs by not buying the most fancy car, but instead buying a cheaper one so that the rest of the money can be used to invest. She has also borrowed money from close friends of her and repaid it as soon as she had the money herself. The third thing she has done in order to get financial resources is to temporarily sell some asset, for example her car. She explained that she is reluctant to borrowing money from the bank because of the high interest rate even if she had to take some bank loans when she first started as an entrepreneur. For a bank loan it is required to already have some assets for deposit and because of that bank loans have not been so much an option for Zhou.

Regarding human resources Zhou mentioned that there are two challenges connected to that. The first one is to find skilled employees and to put them in the right position in her companies. The other is to find skilled employees that can take over the management of her business so that she can expand and develop her existing businesses, but also so she can start new companies. She finds it very difficult to find people with the same way of thinking that she can trust to manage her firms.

### *Personal*

Zhou's husband and daughter are living in a different city, which makes it difficult for her to spend time with them. Because she needs to travel a lot and because they live in different cities there is not much time left for her to spend with her family. She tries to go home every weekend to spend time with them, but they think she should be home more with them. Even if she wants to spend more time

with her husband and daughter she explained it as *“I’m a boss, I must have some time with my work and my colleagues”*.

Zhou said that she is very dependent on her guanxi for several reasons. She would not have been able to even start her business without it and nonetheless expand. Her guanxi has helped her get access to many different resources, for example funding as stated above. It has also been helpful when she has been in need of advice. She has then been able to ask different people or different guanxis for advice in different matters. Knowing many professors has benefitted her in many ways, particularly for advice regarding management.

Confidence and persistence were described by Zhou as two important factors for success. However, she expressed that she constantly doubt herself, but that she needs to ignore the doubts. If she wants to do something she knows that she must insist in order to reach her goals, even if it is difficult. If she feels like she wants to do something and does not go through with it, she would feel like a failure. Zhou herself expressed it as: *“No pains, no gains!”*

#### *Economic and Political Environment*

Because Zhou has always done her best and been successful in her business she has never used the support provided by the government, even if she thinks that the government is very supportive to entrepreneurs. She also believes that being the best and doing the best she can make her very competitive and she does not really face any competition as long as she stays the best.

#### *Culture and Society*

It is not only Zhou herself and her family that think she should spend more time at home with her husband and daughter. She also explained that the society might view her as an entrepreneur inappropriate or at least have certain opinions about her for spending so much time on her companies and not on her family. She said that it is probably because she is a woman.

#### *Perceived gender differences in entrepreneurship*

Zhou answered that she did not see any particular challenges in being a female entrepreneur and thinks that the challenges are the same regardless if you are a man or a woman. Her perception is that this is the case in any industry.

### **4.2.3 Yaping Wang, owner of Lady’s 1995**

Yaping Wang is also a graduate from Zhejiang University where she studied at the School of Management. After graduating, she worked for the government for one year when she realised that she would rather want to be a Manager or run her own business. Thus, she became an investment Manager and worked for the same company for six years. In 2009, she had the opportunity to buy the company Lady’s 1995 at a good price, because the company was doing poorly at the time. However, the

company and the brand were founded (as the name implies) in 1995. Since Wang bought Lady's 1995, she has made it a turn-around case. The company has now good financial performance with 200 millions in revenue and has gone from only having one shop to having 30 today, and 500 employees.

The company is active within the women's healthcare and beauty industry and the main product is a treatment for women's chins to become sharper and V-shaped. For this, they combine western medicine and machines with traditional Chinese medicine and creams.

### *Resources*

In the company, about 98 % of the employees are women, which makes it different from other firms especially when it comes to management. In this sense Wang believes that she has an advantage being a woman, because she can understand her employees in a way most men would most likely not be able to do. Managing female employees are difficult for two reasons according to Wang. Firstly the family is generally very important for Chinese women. This leads to their career being very short before they become pregnant and start focusing on their family instead. This is related to that women tend to be emotional. If something has happened at home with for example a boyfriend or a family member women have a hard time not letting that influence their work, which also leads to that many women perform badly and eventually leave their work. The second reason to why women are difficult to manage is that they have a tendency to be too focused on details and are not good at working in teams. It can be for simple reasons, such as disliking the colour of someone's clothes that leads to poor team performance or it can be that the women are individualistic and do not want to share their work with others. Because Wang is a woman, she can cover for this challenge because she can understand where these characteristics among her female employees come from.

Even if Wang has developed a corporate culture that is working, she sees a challenge in managing more employees throughout China when the company is expanding. Since China is a large and diverse country with many differences in culture among the different regions and provinces, Wang will have to develop ways to manage these cultural differences in her firm as well.

When Wang first bought the company she did it with money she had earned for herself, which she could do because she had worked for a long time and since the company was doing poorly she could get it at a very low price. When expanding, the financials has mainly come from friends and from bank loans. In order to obtain the loan from the bank she had to use her house as insurance for the bank.

Wang is one with her work. She believes that work is life and life is work and she finds no challenges in balancing private life and business. She is always working, regardless if she is in the office or somewhere else.

### *Personal*

Even if Wang has studied at the Management School at Zhejiang University, she does not believe that the education there has taught her sufficiently about entrepreneurship and leadership. She believes that the education is too traditional and that it is designed in such a way that it is more suitable for people who wish to become PhDs or professors eventually. She claims to have learnt how to run a business by actually doing it and believes that that is a better way of learning.

### *Culture and Society*

Wang has not faced challenges in being taken seriously because of her gender. However, when she first took over the company, some of the older employees did not trust her because they already had their way of working. What she did then was to combine older and more experienced employees with younger and more innovative to create more dynamic teams that all eventually trusted her management skills.

### *Perceived gender differences in entrepreneurship*

Wang believes there are differences for men and women when running a business. She believes that women will face more challenges, mainly because of society's perceptions. Because of different attitudes towards men and women from society, men who are successful can proudly talk about it and say that their success comes from them being smart, whereas women who are successful only talk about it more humbly saying that their success comes from them being hard-working. Wang do believe this is something that is about to change and that should change. She thinks that feminism is growing stronger in China.

The perceptions from society is also that men can achieve big things, while women who achieve big things usually gets it from their husband or their family. Usually, the women will be taken care of by the men, however the laws have changed in China leading to women becoming more independent. The lifestyles of women have changed so that women can work and learn more to a greater extent than before and thus become more independent and have more freedom.

Another thing Wang believes is a difference when it comes to male and female managers is that female managers (just like employees) are controlled by emotions whereas male managers will use data analysis and facts to create logic for running the company. This leads to that men generally have more strategic eyes and can focus more about the future of the company than women do. Women generally lack this mind-set and tend to think more narrowly. This is why Wang believes that a female manager will need some male characteristics in order for her to be successful. According to Wang, these characteristics do not come naturally for women, so she thinks that they need to be learnt in order to cover for the original disadvantage. Even though Wang thinks that feminism is growing



stronger and that men and women are becoming more equal in China, she thinks that it will never be truly equal because of the differences in nature between the genders.

#### **4.2.4 Jingjing Shone, founder of Zhejiang Duopu Testing Laboratory Co. Ltd.**

Shone is a 43-year old businesswoman who has a background in language and finance studies from the Zhejiang University in Hangzhou. She founded a company together with a friend in 2005 within the laboratory testing industry. At the time of the start-up Shone was pregnant and did not have another occupation. This meant that she had an opportunity to start a business without sacrificing other activities in her life. She mentioned this timing of opportunity to be of great importance when deciding to become partner in the start-up, especially since she had never before imagined or wished to do so.

The business was at that time located in a small laboratory in the Zhejiang University and consisted of the two partners and five employees. In 2007 Shone decided that she wanted to move the business into a new area; safety and health evaluation and testing, and in 2011 she separated from her first business partner to do so. The company's main business today is to test the environment on work sites by taking samples of for instance water and air, analysing it in laboratories and put together evaluation reports and suggestions for potential improvements. The organisation works as a support for government control of the pollution in workplaces in China. The company is therefore partly dependent on that the government supervise the factories. JingJing's company has developed and it is today the second biggest in the country within the industry with 160 employees. Shone is the CEO of the company.

#### ***Resources***

Shone thinks that building a relationship with her co-workers is a problem because most of her team members are male. She thinks that there is a common language and an easier understanding among men, or an easier relationship since they are more alike and think and behave in similar ways. She thinks that women tend to be too talkative, a trait she sees very much in herself. With this she means that the communication with her colleagues previously tended to be her doing the talking while forgetting to listen to them. She thinks that this problem can be the same for female and male leaders.

Shone think that she faces a challenge that male leaders do not. She claimed that the female's physical condition means that she has a shortage of time every day. She thinks that females are less energetic than men and that females generally need more sleep than men do, which means that they have less time to be active during a day. She believes that since she has to compete with the energy that men obtain and that she does not, she has to work harder in life, which she does.

### *Personal*

Shone has struggled to match her personal values with the business environment. She was taught to not care about money and has never pursued with anything with the drive to earn money. She said that this clashed with the interest of her employees in the company and affected the speed of development of the company. Since money is not an incentive for her, she has instead developed drive through a feeling of responsibility to do good for people around her. She claimed that she is a bad mother and wife and that she has a dream of being a housewife who raises her child, but that she thinks that she can do something better and that she can contribute to make the world a better place by instead being a business woman.

### *Economic and Political Environment*

As mentioned before, Shone is operating in an industry where a relationship with the government is necessary. She claimed that it is challenging to create a good relationship with government officers. She said that she is not likely to become friends with them since most of them are males and because they have different interests. She also claims that it is much harder to create a relationship with them because she is a woman. She said that they will not support her 100 % and that they will doubt her ability of leading the company because of her gender. However she also said that now it is not a very big problem for her, because the company and herself is well known in their area and they do not need to impress anyone because of the great history they have within the industry. She feels, however, that the male leaders in the industry are really good friends, something which she cannot see herself be a part of since she is a woman.

In the industry where Shone operates, firms are dependent on government decisions, something that can be challenging. When Shone decided to start operating in the Health and Safety environment business private companies did not make these kinds of testing yet and it was not clear whether the government would encourage it. Furthermore, the firm needs to be authorised by the government and certain departments handle this. The firm is dependent on the department to authorities the company in order to be able to operate and Shone mentioned the relationship status in connection to this to be challenging.

### *Perceived gender differences in Entrepreneurship*

Shone stated during the interview that she thinks there are many differences between male and females in business situations. She thinks that it is very hard for females, and for herself, to lead groups of male members and also to build networks in the society. She said that females are self-located and rather want people to understand them than trying to understand other people. She thinks that females tend to have a very egoistic view, mostly putting themselves in focus, while men have a wider vision that makes them more receptive to the environment around them. Shone mentioned that she thinks that men generally are wiser than women because of this. She said that females care more about

themselves, what they wear or how they look, something that makes them sensitive at work and a reason to why females have to work harder to reach the same achievements as males. She mentioned that she does so by reading, exercising and speak English to impress in her work situation. She claims that it is not impossible for females to overcome the challenges that they face that men do not, but that it is hard and that it requires determination.

Shone does not think that equality can be reached between women and men in entrepreneurship. She claims that reason for this is that men and women are physically and mentally different. She believes that the differences are embedded in the culture and that they generally apply in China. She thinks, that just as herself, all women dream of being housewives. But she also believes that there are more important activities to pursue with for many women and that they need to put aside their dreams to fight for something good.

She also said that it is hard for women to balance family and business since women naturally care for and see family as very important for them. Furthermore, she stated that females are easier judged from society when they are choosing to have their own business and do not spend so much time with their family. She however, chooses to see it in a positive way, that she can be competitive in a male world and that she is fighting for a reason.

Even though Shone mentioned several differences in challenges for men and females within entrepreneurship in China, she does not think that this is a problem. She claims that people in China do not look at men and females differently, and that the differences between males and females are not problems until a female is successful. She states that the opportunities are the same for the genders, but that the personality is the main difference. She says that one need to remember that since China is so big there are differences depending on location. She mentions an example of that men in the southern parts of China have softer personalities than Chinese men in the north where they are really strong.

### 4.2.5 Summary Challenges Female Entrepreneurs

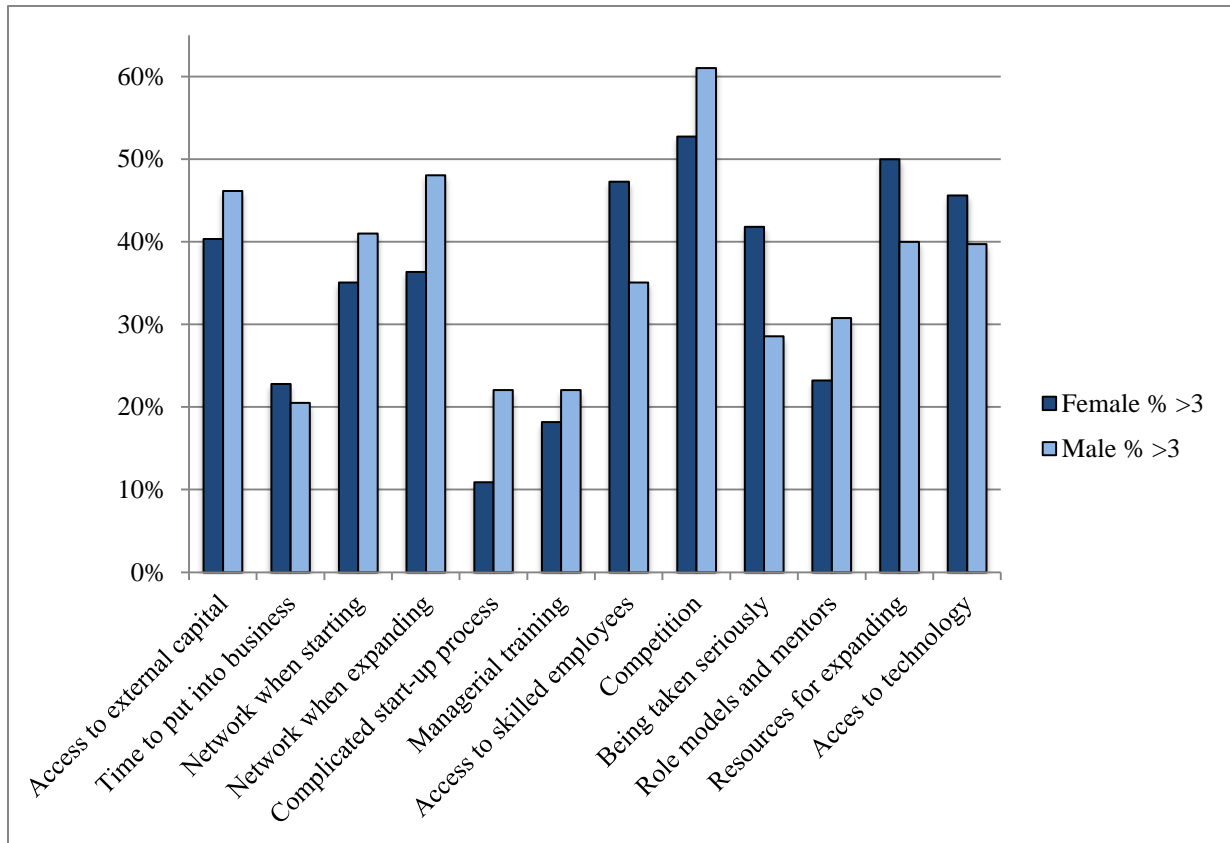
In table 4.3 below the challenges identified among the female entrepreneurs in these case studies are summarised. While some of the challenges differ among the participants there are also some that applies for more than one case.

	<i>Cathy Fang</i>	<i>Joy Zhou</i>	<i>Yaping Wang</i>	<i>Jingjing Shone</i>
<b>Financial resources</b>		X		
<b>Time</b>	X	X		X
<b>Human resources</b>	X	X		
<b>Network</b>				X
<b>Confidence</b>		X		X
<b>Gender</b>	X		X	X
<b>Governmental policies</b>				X
<b>Being taken seriously</b>	X		X	X
<b>Society's perceptions</b>		X		

**Table 4.3 Results challenges female entrepreneurs**

## 4.3 Survey

Below, the results from the survey are presented as descriptive statistics. In total 135 responses were collected in the survey, of these, 78 respondents were male and 57 were women. All surveys that were handed out to the MBA and EMBA students were also filled out, making the response rate 100 percent.



**Figure 4.1 Potential Challenges**

**(Females and males who have rated aspects as 4 or 5 (>3) on a five-point scale)**

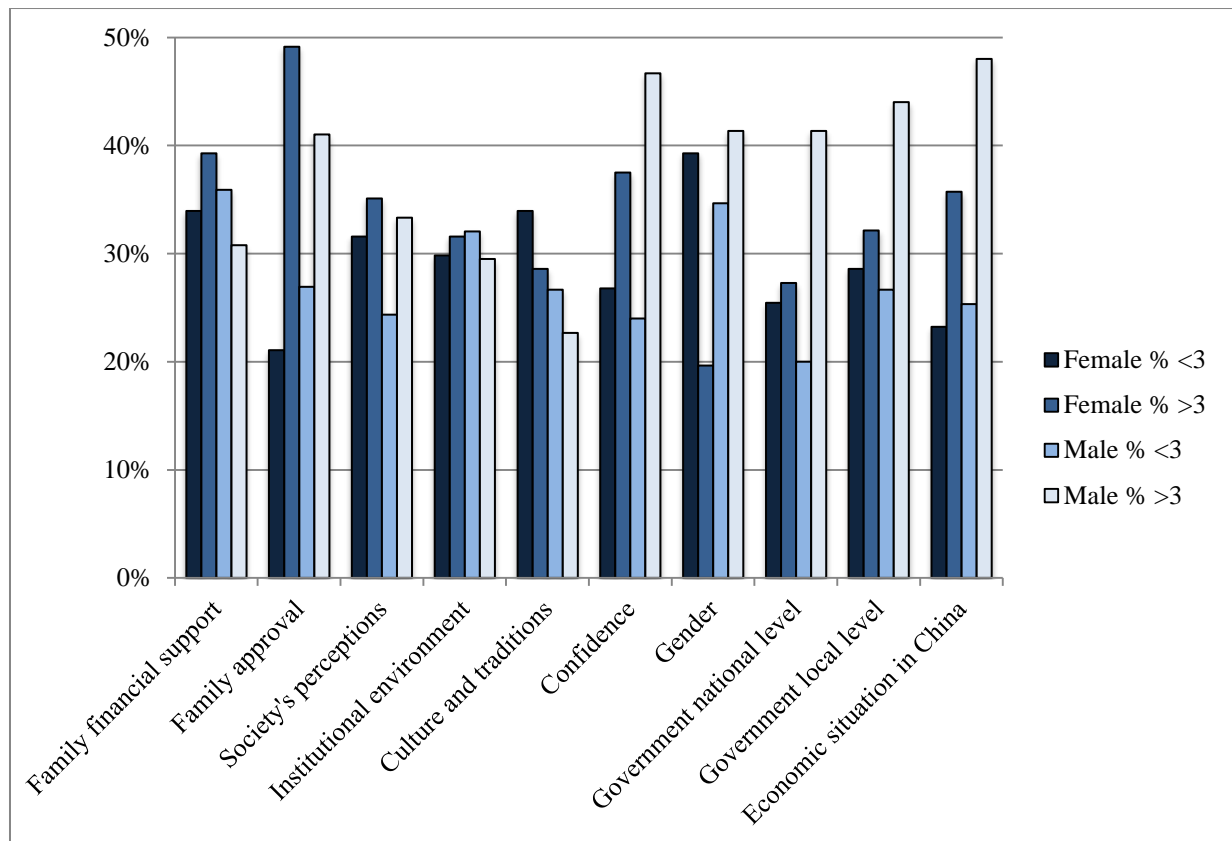
In figure 4.1 above, the results from the first section of the survey are presented. The results included are the rates from females and males who have answered 4 or 5 on the questions (see appendix 8.1 Survey) on a five-point scale, where 1 represent “not at all a challenge”, and 5 “very much a challenge”. This means that the figure represent those who see these aspects as challenges.

In most cases the perceived challenges are similar between the genders, however there are some differences. For instance, women tend to see it as more of a challenge than men to be taken seriously as entrepreneurs. 42 % of the women have answered a 4 or a 5 on this question whereas 29 % of the men have given answers that indicate that this is a challenge. Another aspect where there are differences between the female and male respondents in answers is the access to skilled employees. For this challenge, 35 % of the men answered a 4 or a 5, while the equivalent percentage rate among the women is 47 %, indicating that women see this as a greater challenge than men do.

There is almost no notable difference in finding it a challenge to have enough time to put into the business. For this challenge 23 % of the women and 21 % of the men rated it with a 4 or a 5. This is however an aspect that neither of the genders has rated as very much a challenge compared to many of the other aspects.

*Access to technology* seem to be very challenging for both men and women, even if there is 6 percentage points more women rating it with a 4 or a 5.

Too much competition seems to be the most prominent challenge for both males and females. 55 % of the female respondents put 4 or 5 this challenge and 61 % of the males.



**Figure 4.2 Factors affecting entrepreneurship (Females and males who have rated aspects as 4 or 5 (>3) or as 1 or 2 (<3) on a five-point scale)**

In figure 4.2 above, the results from the second section of the survey are presented. The results included are the rates from females and males who have answered 1 and 2 (<3), or 4 and 5 (>3) on the questions (see appendix 8.1 Survey) on a five-point scale, where 1 represent “very much a challenge”, and 5 “very advantageous”. This means that the figure represent those who consider these aspects as challenges and those who consider them as advantageous.

There are, as the graph shows, some differences in how beneficial or challenging males and females perceive certain aspects to be for them as entrepreneurs or future entrepreneurs. Simultaneously, as figure 4.2 describes, female and male responses do not differ remarkably in certain areas, and within some fields the number of people who see aspects as challenging do not differ greatly from

the number of people who perceive the same aspects to be advantageous, this applies for both men and women.

As figure 4.2 shows, the aspects *Economic situation in China*, *Governmental local level* and *Confidence* and *Governmental local level* show similar response patterns from male and female students; there is a larger share of males and females who think that the aspects mentioned are advantageous rather than challenging. For instance, 47% of the male respondents and 38% of the female respondents respectively perceive their own confidence to be advantageous for them as entrepreneurs while 24% of the men and 27% of the women perceive it to be challenging or very challenging. It should be noted however, as the figure shows, that there is only 2 % more females that perceive the *Government on a national level* to be advantageous for them rather than challenging. In all of the mentioned aspects, the share of females and males who perceived them to be challenging did not differ greatly.

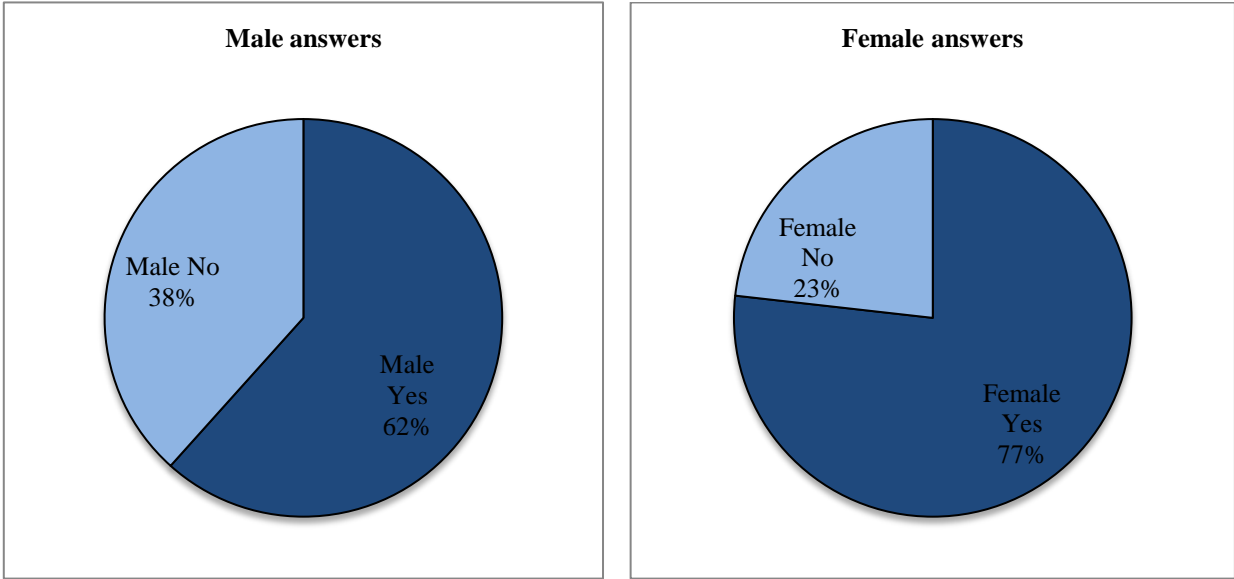
Within the aspect *Family financial support*, a higher percentage of the responding women perceive it to be advantageous than the percentage who perceive it to be challenging, at the same time as a higher percentage of the males perceive it to be challenging than the share who perceive it to be advantageous. When it comes to *Family approval* however, both more women and more men perceived it to be advantageous for them as entrepreneurs as opposed to challenging, with the percentage points differing as much as 28 for females. A higher share of males than females perceived family approval to be challenging.

Both a higher share of female and male respondents perceive society's perceptions to be advantageous than challenging, however as the graph describes, there is almost as many females perceiving this aspect to be challenging, the difference being only 3 percentage points. 32 % of the females believe that society's perceptions would be challenging for them, while the percentage for men is 24 %.

There are only two aspects that females perceive to be more challenging or very challenging than advantageous; *Culture and traditions* and *Gender*. 34 % of the respondent women perceive culture and traditions to be challenging while 29 % perceive it to be advantageous. Simultaneously, 27 % of the males perceive it to be challenging and 23 % it to be advantageous. There are thus more females than men who believe culture and traditions in China to be challenging. The answers collected for the aspect *Gender* differ from the other aspects since, as can be read out from the figure, the replies of the males and females differ just as the answer rates of the females. 39 % of the females perceive this aspect to be challenging while only 20 % perceive it to be advantageous. As opposed to this, more males perceive it to be advantageous, 41 %, than those who think it is challenging, 35 %. There are

thus a higher percentage of males who perceive gender to be advantageous while a higher percentage of females perceive it to be challenging than males.

The three most prominent challenges for females are, as the figure shows, *Family financial support*, *Culture and traditions* and *Gender*. *Family financial support*, *Institutional environment* and *Gender* have the highest rate of responses among men in terms of challenges. *Family financial support* has the highest male response rate in terms of challenge and *Gender* the highest female response rate, with 36% respectively 39%. None of the aspects were perceived to be challenging or very challenging by a majority of the genders.



**Figure 4.3 Do women face different challenges than men in entrepreneurship in China?**

Figure 4.3 above represent the responses to the question “Do women face different challenges than men in entrepreneurship in China?” divided by gender.

As can be seen in figure 4.3 above, 23 % of the women and 38 % of the men state that there are no differences in challenges between the genders in entrepreneurship in China. In total, 32 % of the respondents state that there are no differences for men and women in entrepreneurship in China. The rate of women who state that there are differences is 77 % compared to 62 % of the men. There are thus more women who perceive gender differences in terms of challenges in China, however as the charts shows, there is a majority of both men and women who perceive these differences.

87 males and females answered yes to the question in the survey if they think that women face different challenges than men in entrepreneurship in China. 57 males and females of the 87 students



that answered yes also stated why they perceive females to face different challenges than males in an open question in the survey.

Among the respondent students, results show that there are some challenges that are perceived to be faced to a greater extent by females than by males. 46 % of these respondents mentioned time to put into business due of family responsibility to be the main challenge that makes the genders differ in terms of faced challenges.

Another challenge related to entrepreneurship for females mentioned in the responses was gender discrimination and lack of acceptance from the society, 29 % of the yes respondents expressed this aspect to be the reason for gender differences. Two other explanations expressed by the respondents are that females possess less energy than men and have less physical power, as well as that females generally do not have as good networks and guanxi as males in the Chinese society. There was an equal share of females and males who expressed each of the aspects above, with the exception of networks, where all respondents were female.

# 5. Analysis

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## 5.1 Resources

### *Financial*

Previous research show that it can be difficult to obtain financial resources in China, especially for women, mainly due to the nascent stage of the venture capital industry, and to skewed preferences of financial agents (Dolles and Babo, 2003; Liao and Somen, 2001). However, in this research from the interviews, this aspect for entrepreneurs is rather shown to include a reluctance among both genders to take bank loans, this because of what seems to be a desire to not be dependent on such institutions. The high interest rate and the requirement of assets for assurance have been mentioned as reasons for not wanting to take bank loans and can thus be seen as challenges within this aspect.

Whether or not the mentioned findings from the previous research still applies in China and Hangzhou based on the individuals interviewed in this thesis cannot be treated, since none of them has yet chosen to finance, or try to finance their companies through bank loans. This could potentially be a reason to why there is no result with notable gender difference in this matter. However, the survey indicate differently since there are actually more, however just marginally more, males than females that perceive access to external capital to be a problem. The reason to why entrepreneurs decide to rely on other financial sources instead can be of interest since it seems like both females and males want to avoid help from the bank.

As treated in the literature review, the institutional environment has been considered to be poor in China for private firms, due to weak property rights and an underdeveloped financial system (Alon et al., 2010). Considering this, the findings could indicate a mistrust in financial institutions and potentially on a culture where it is considered more safe to not to be bound to institutions. Thus, it could be that the view of institutions from entrepreneurs in general affect the decision to engage with them, and changing those views takes time.

Furthermore, Kelley et al (2013) showed that the women who do decide to become entrepreneurs come from high-income families. In line with this is that from what is known, all interviewed females (and men) come from wealthy families. The interviewees had consequently opportunities of financial help from family and/or friends that created possibilities for them to choose between different ways of financial access. It might be that if potential entrepreneurs with no financial opportunity but loans or help from investors do not trust in external financial access or do not see it as an opportunity, that this is a reason for not engaging in entrepreneurship. If this perception is even stronger for women, it could

be that fewer females start businesses. This is also in line with what Zhang (2010) expressed about females being dependent on family for financial means. However these are just theories suggested through studying the literature and the features and behaviours of the interviewees and cannot be said to be actualities since it could not be tested in this study.

In the survey, the males expressed access to external capital as more of a challenge than the females. At the same time, more males found family financial support to be challenging rather than advantageous. Conversely, more females consider it to be advantageous. This does thus not support the theories discussed above, since female students seem more optimistic than males when it comes to potential challenges related to external financial resources. However the reason for this might be that they instead have family support, as most of them can be assumed to have wealthy families because of attendance to payed University.

Almost as many women as men found the aspect of family financial support challenging. Even if the share of the women stating that financial support from family is advantageous is larger than the share stating that it is challenging, 34 % still claim it to be challenging, which means that it is a challenge for at least one in three of the women.

It should also be stated that access to family financial support could be connected to family approval. The results show that more females find financial family support to be advantageous, which is in line with the fact that many also perceive family approval to be advantageous. This can be compared to the fact that most males find financial support by the family to be challenging but family approval to be beneficial. This difference could be sourced to that female entrepreneurs often are dependent of financial help from mainly their partners that is their biggest family support, while males could be argued to be expected to find financial means from other sources. It thus seems possible for males to have family approval but not financial support, while it could be more likely that family approval and family financial support correlates for females. This could also be connected to the fact that males finds access to external capital to be more challenging than females, since it might be that there is a greater pressure on male entrepreneurs to manage their way on their own, and since, because of the situation in China, it is not likely that males can rely on their wives to support them financially.

From the results of the case studies and the survey, many of the men and women seem to meet some kind of challenge in terms of accessing financial resources. However, these challenges can be assumed to in many cases have different underlying factors.

## *Time*

Warnecke et al. (2012) found that in developing societies, such as China, where men do very little or no unpaid household work, this responsibility is put on the females instead. From what can be found in the study, time seems to be the main challenge for the women in entrepreneurship. The difficulty lies in that it is hard to balance between work and family and in these women's cases, feeling guilty for not having time to spend with their children. This leads to that women have limited time to put into business, and/or that their careers are very short. Even if some men have mentioned limited time as being a constraint for them when running their business it has mainly been with regards to their work at university and not that they make sacrifices to the same extent as the women have to.

Even though most of the men do not perceive challenges to be different for men and women, both men and women interviewed agreed upon that balance between family and business is a challenge specific for women, mainly because it is the general and traditional view that unpaid household work should be performed by women. Women have the perception that they need to make more sacrifices being an entrepreneur than men and this is something the women are aware of and something they emphasised to a greater extent than the men in the interviews. However, most of the females do not perceive this to be unfair, but rather accept that it is the duty of the females to be with family and that they need to live with the mental burden of not choosing to do so. This mirrors the view of the society in China.

Contradictory to the result from the interviews, the survey results show little differences in time being a challenge for men and women in entrepreneurship, just over 20 % of both genders perceive this aspect to be challenging. One reason to this could be that the survey respondents are students and that most of them most likely have not started their own families yet, leading to this aspect not yet being of importance for them when/if starting a business. Also, since most of the survey respondents were not running their own business at the moment it can also be argued that they do not yet know how much time it takes to run a business and how it can affect other parts of life, potentially making time an issue.

What is further interesting with the survey result is that the most common answer among the open answers to what different challenges men and women face in entrepreneurship is the aspect of family versus business balance. About as many men as women stated this as the main difference in challenges, with women facing this dilemma to a greater extent than men do. This is however not shown in the response rate for each individual's perception of their own potential challenges. This can be assumed to have two explanations. Firstly, as mentioned in the above paragraph, since most of the students are not business owners yet, and since most of them are assumed to not yet have families, their replies regarding their perceptions of their own future or present entrepreneurial situation in terms of this aspect differ from the views they have of entrepreneurs in general. Secondly, since there

was an equal share of the two genders mentioning this aspect in the open questions, the male's views on female entrepreneurship and time do not show in the rating question about time.

The open answers imply that women have more difficulties with time when running their business than what is indicated in the closed survey questions. However, since the difference between males and females was marginal in this aspect, it could also be possible that the situation is changing for women into being more career focused from traditionally family focused. This is further supported by the views of the interviewed entrepreneurs, just as the literature where Zhang and Alon (2010) suggest that as countries develop, female entrepreneurs' business environments and possibilities will move closer to the ones of their male counterparts.

From this study, one main challenge found faced by females and not as much by males is time to put into the business. Even if this could be assumed to be in progress of change, findings in this research show that it as of today is still a challenge for female entrepreneurs in China. These findings correspond with results from previous research.

### *Resources for expanding*

Kelley et al. (2013) and Muravyev et al. (2009) found in their research that female entrepreneurs face challenges in terms of expanding their business or moving it from one phase to another. *Resources for expanding* can be argued to be a result of other challenges combined, challenges that might differ in perception between the genders. The challenge of this aspect can be assumed to derive from challenges within many other aspects treated in this study, that are not only relevant when starting and running a business, but also when growing and expanding.

One of the potential underlying challenges contributing to not being able to or not wanting to expand, is lack of managerial training and trust in self. Some interviewees mentioned the desire and the necessity to first make the internal organisation stable in order to be able to expand successfully in the future. A stable internal organisation further requires a stable management, which can be obtained through management practice in the own firm before expansion.

Another resource of importance for entrepreneurs in the study relates to difficulty in finding and retaining skilled employees. In many cases, it is difficult finding employees skilled enough to be able to assume the role of a manager or finding a suitable business partner that could help growing and developing the company. This challenge can in turn be argued to be an effect of other underlying challenges the entrepreneurs face, such as access to capital, lack of good reputation and age of the company as well as the founder.

Network is identified by the literature and a factor affecting the opportunity for a company to expand and was therefore asked explicitly about in the research. No results could be identified among the interviews but it seemed to be an aspect seen as a challenge by a large portion of the survey respondents. Both men and women state that this is a challenge for them, although the share among the men stating it to be a challenge is larger than the share among the women. This indicates that this aspect is a challenge for women, however they do not seem to face this challenge to a larger extent than men.

Another aspect that also can be assumed to affect how challenging expansion is considered to be is government policy. As Chen (2006) argued, regardless if a firm is state- or privately-owned - an SME cannot develop and grow without the support from government. In the interviewees it has been found that the governmental policy in Hangzhou is beneficial for entrepreneurs, showing no indications of gender differences. The survey shows similar results although the rate among both men and women who state that it could be challenging is 20-30 % for both local and national level. Even if it is difficult to draw parallels between these two challenges (resources for expanding and governmental support) in this study, it could be that governmental support affects the possibility for entrepreneurs to expand. However, there do not seem to be any major gender differences regarding this issue.

The survey results show that 50 % of the women perceived lack of resources for expanding to be challenging, while the equivalent number was 40 % for the men. Thus shows that the findings are in line with the literature. It is however, from the survey, not possible to define what kind of resources the respondents are referring to even if it can be assumed to be related to some of the underlying challenges mentioned above. Furthermore, the female interviewees did not seem to perceive that they face any particular challenges in relation to expansion.

### *Access to technology*

Hung et al. (2011) identified access to technology to be a challenge specific for Chinese entrepreneurs, whereas Kitching and Jackson (2002) found this challenge to be specific for female entrepreneurs in China. In the survey, there is no major difference between women and men who have rated access to technology as a challenge, although the rates are rather high in comparison to other aspects that were asked about in the survey. The rather high rates can have several explanations.

It could be that the respondents' interpretation of the aspect includes elements of protecting and staying competitive in terms of technology. In the open answers of the survey, some of the respondents stated an additional challenge to be the risk of being copied, either in terms of business model or product/service. Weak property rights in the country is also stressed in the literature by Alon et al. (2010).

Another explanation could be related to the type of industries entrepreneurs choose or will most likely choose to engage in. According to the men at LEAPER, the most lucrative business to engage in in the Zhejiang Province and in China right now is the high technology industry. What is more, the support from government is usually higher in this industry. If many potential entrepreneurs imagine themselves engaging in a high-tech business, access to technology is most likely to be one of the main challenges, something which could explain the rather high answer rates.

With the assumptions of the last paragraph in mind, the slight difference in responses between the genders in the survey could relate to that industries that require a lot of technology are often male dominated. Referring back to some of the interview answers, females have more difficulties in being taken seriously in male dominated industries, and particularly in high-tech industries. This could mean that they also face more difficulties in accessing the technology as such since they have a hard time in being taken seriously in the first place, especially in these industries. This could also relate to network.

Even if access to technology according to the literature could be a challenge that women face, there is no support for that it is a specific challenge for females in this study. However, it is important to take into account the industries in which the participants are active when discussing this challenge. Thus, this seems to be more of an industry-specific challenge rather than a gender-specific.

#### *Access to skilled employees*

Hung et al (2011) identified unreliable and undependable employees to be one of the major challenges for Chinese entrepreneurs. Kitching and Jackson (2002) further argued that for female entrepreneurs in China, the main challenge related to human resources is finding skilled employees. Among the interviewees, 100 percent mentioned this aspect to be a challenge, making it seem like more of a general challenge among the entrepreneurs than a gender related. On the contrary, in the survey the differences between the male and female answers in this aspects differ quite a lot. 47 % of the women state that this is a challenge, whereas the equivalent number for the men is 35 %.

The interviewees' reasons for why access to skilled employees is a challenge were rather generic. Age of the entrepreneur him-/herself is a challenge as well as the stage the company is in. People will generally prefer to start working for a large firm, partly because it is more secure, but also because a start ups usually have very young and inexperienced managers. This could relate to that many of the interviewees have seen it as a challenge that they lack managerial training, something which will be treated further down as it relates to personal attributes.

Reasons for the difference among men and women in the survey could be connected to the fact that female students also perceive being taken seriously as more of a challenge than male students do. If entrepreneurs have difficulties in being taken seriously, then it could be challenging for them to access and retain skilled employees who rather want to work for a company and a manager that is seen as a serious actor. Access to skilled employees could be affected by the aspect of being taken seriously, which in turn can be assumed to be affected by the view of the society. If female entrepreneurs in general have difficulties in being taken seriously then finding skilled employees could also be more of a challenge for them than it is for their male counterparts.

Most likely, access to skilled employees is also related to network. In many instances, the employees origin from the entrepreneur's own network, as the case with Vito Huo, whose entire workforce are friends from his university time, roommates, and friends of friends. If the entrepreneur does not have this kind of network with the experiences and knowledge needed, then the entrepreneur could in an initial stage face difficulties in finding employees to develop his or her business. This is also in accordance with Chen et al. (2015) that argue that business and community ties are of great importance when it comes to resource accessibility.

From what can be found in this research, the interviewees all see this as a major challenge regardless of gender, while the survey responses indicate that this is more of a perceived challenge for female entrepreneurs.

## **5.2 Personal**

### *Network*

Chen et al (2015) and, Poon, Zhou and Chan (2007) highlight the importance of guanxi when running a business in China and particularly in terms of resource accessibility. Warnecke et al. (2012) found that women face high levels of inequalities when it comes to business and social networks. Noted from the interviews when treating networks was the importance of guanxi, however from most cases in the studied population, it was not identified as a challenge but rather as a necessity for both genders in their businesses.

Even though the aspect was not regarded as one of the main challenges, it was mentioned as challenging in certain contexts of some businesses. One example is Shone, who perceived it to be a challenge in being woman when connecting and interacting with men in the government. Since her business was highly dependent on the relationships with the government, this was something that became very evident. She noticed that many of the men in the business were friends with the



government officials, something which was not possible for her because of, as she perceived it, her gender. Also the men at LEAPER pointed out that within certain male dominated industries, men do not have or show equal respect for males and women. Thus, being female running a business in a male dominated industry could include having a hard time being taken seriously and being accepted socially.

During the interviews, it became evident that there was a perception shared by all participants that affected their gender-related opinions; there are female and male specific characteristics that differ. The interviewed men and women have different opinions and perceptions regarding what gender specific characteristics that are beneficial for networking. The men argue that women possess characteristics that make them better than men at networking, such as that they are more soft, gentler and more caring. Women on the other hand argue that females tend to be too egocentric to be skilled at networking. Some of them further claimed that men are born smarter than women and that females need to adopt certain male characteristics in order to become successful entrepreneurs. The perceptions and opinions of the males and females differ in this aspect of the study. With these findings in mind, it could be argued that it is not necessarily so that males generally perceive female characteristics to be disadvantageous in entrepreneurship, but rather that it is mainly the females themselves who have this view that could hinder them in business situations. This kind of perception can also affect confidence.

In the open-ended answers of the survey, network is stated as one of the challenges that differ among men and women, all answers stating it to be more challenging for women. Interestingly, all respondents claiming this are women, supporting the arguments of the previous paragraph. More than one third of both the females and males perceive this aspect to be challenging, with a slightly higher percentage of the males. What can be said with the basis in these results is that many women who have answered the survey see a challenge in network, but they also see a general greater challenge for women than for men when it comes to network. The latter is however contradicted by the male and female personal ratings, where the results show that males could have greater challenges than females.

Network is important for starting and running a business in China and it could be a challenge for both females and males, somewhat contradicting Warnecke's et al. (2012) theory of females being discriminated in business networks. However, findings also show tendencies of challenges specific for women in network, indicating that females face inequalities in certain contexts.

### *Managerial training*

Lack of management training is brought up as a great challenge for Chinese entrepreneurs in the literature (Hung et al., 2011). Even though the majority of the population in the interviews of this

study have managerial education, both men and women were in agreement with that the university does not prepare students sufficiently for practical work, and even less in terms of running and managing a company. Two of the interviewees with managerial training or education and all those who do not have managerial training or education, have experienced challenges with lack of managerial training, especially in the early stages of the start-up. Many entrepreneurs learn this role by trial and error instead. Some of the participants however, also state that the university cannot and should not take responsibility for the practical part, but rather solely lay the basis theoretically.

The literature treats the importance of training and education for skills, changes in perceptions of oneself and confidence building especially for women (Kelley et al., 2013). Shone, one of the female interviewees, shows an example of this when she, after running her business for several years, finds the need for and attends an MBA in entrepreneurship. This in order to develop as a person and leader and to gain new skills to stay competitive, all of which lead to a higher confidence that she feels that she often is lacking. For her, the education is very important for her career and for her role as a leader. However, since Shone was the only female expressing explicitly training to be an important element for her female leadership, it cannot from this research be stated that females are in greater need of this. It shows however, that this can be the case. It should be noted that Shone is the only woman interviewed who is engaged in a male dominated industry, which can potentially contribute to her urge to stay competitive as a female leader in a male-dominated industry.

Other than Shone, the only other female who have not studied management also expressed confidence to be a challenge, just as the only male who did not receive any managerial training or education prior to the initiation of his start-up. Based on this population, the research indicates that managerial education or training is important for the confidence of entrepreneurs running a business, but also that it is not necessarily gender related.

Interestingly, the survey responses do not show any indications of managerial training being a great challenge, which could be a result of the fact that the respondents all study management. This could either mean that they are well-prepared for starting and/or running a business, or it could indicate an unawareness among the students of how different theoretical learning is to real life practise.

From what can be identified in this study, managerial training seem to be a challenge that is not gender specific in itself, but that seem to affect the confidence of an entrepreneur, especially in terms of whether the entrepreneur has the theoretical education or not. Theoretical managerial training seem to make the entrepreneurs more confident in their own management abilities, whereas lack thereof will have the opposite effect.

### *Family support in terms of encouragement*

Zhang (2010) also showed that women need the support from their family, especially in terms of financials. However, not only is family financial support important in many cases, but mental support from family can be just as important. As mentioned in the literature review, Alon et al. (2010) identified family support to be important for entrepreneurship in China, and especially for female entrepreneurs because it enhances the females' capability to deal with hardship and uncertainty. The partner is found to play an especially important role in this.

The research conducted shows findings of differences between the interviewees regarding how they perceive and reason about family support. Most of the interviewees mentioned that they are supported by their families in their choice of occupation. However, some see it as a great challenge that they do not have full support from home in their business pursuits. One example is one of the founders of LEAPER whose parents would rather see him working for one of the large and secure firms, something which seem to be the general opinion and view of the society. This supports Hung's et al. (2011) argument that the society still perceive entrepreneurship to be a less desirable career.

Furthermore, the partner at LEAPER also mentioned that it was a challenge that his wife at the moment was earning more money than him, which he mentioned was not socially accepted. This was also highlighted by some of the women during the interviews that claimed that earning more than their husbands was a challenge for them because of the traditional view that the man should be the one providing the family with financial assets.

While women on the one hand state that the family support is good and beneficial for them, many of the respondents also state that their partners express a desire of them spending more time at home with them and their children. This indicate that there is a certain pressure on the interviewed women, mostly evident among those women who have children. This pressure express itself in the women feeling guilty and considering themselves to be bad mothers.

Even if family mental support is stated to be advantageous for most entrepreneurs and not challenging, the results from the interviewee responses indicate that this aspect is a challenge more prominent among women than men, even if it seems they fail to recognise it themselves. This is strengthen by the fact that the female interviewees talked about the importance of finding the right man in relation to this matter, and how lucky they were to have found their husbands, indicating on that other females might not find themselves in the same situations. Since the partner is the most important source of encouragement for female entrepreneurs, this means that in China, women who want to become entrepreneurs will have to find a husband who is ready to disregard traditional gender roles. This is also emphasised by one of the male interviewees who stated: "*...the chances for women to become*

*entrepreneurs in many cases depend on the men. The most important factor relates to whether the husband supports the wife to become an entrepreneur instead of taking care of the children, and it is thus rather a family problem than a societal one that there are few women in entrepreneurship.”*

The survey results, show that more females than males perceive family support to be advantageous. At the same time, more men than women consider this aspect to be challenging for them. This finding on its own, if applicable generally, contradict the literature as one of the underlying factors to why there are fewer females than males in entrepreneurship. It could however be that the respondents because of their age do not refer to partners in their answers, as was mentioned to have the most important support role for women at least, but rather to parents and other relatives. Therefore, the students cannot be said to represent the entire population in this matter.

Attempting to explain the survey results, it could be that the pressure on men to be successful in their careers is bigger than on women, resulting in their families being more critical to their choice of occupation. Furthermore, since there seem to exist a desire, at least from what is said in the male interviews, among parents for their children to start working for giant companies that give good income and that are safe it is not unlikely that the support is not absolute in the initial stages of the start ups.

Females on the other hand, although in this case students at University, might not have the same pressure on themselves in terms of earning money, thus giving them as also stated by females in the interviews, more freedom of choice and thereby more access to support. However, what contradicts this is the presumed pressure to not be too time bound to work because of family responsibilities. However it might be that families that pay for their daughters to do MBA's are not as conservative in their thinking as the rest of the society.

Generally, the respondents in this survey perceive that they have support from their families in terms of encouragement and approval. However, there are some cases where this has been shown to be a challenge. The most interesting finding is that the challenges that do exist (but that in many cases are failed to be recognised) seem to differ between the genders.

### *Confidence*

Thébaud (2010) and Kelley et al. (2013) wrote about how gender norms significantly affect women's' perceptions of themselves and their role in society. Thus, how the society views and treats women can be reflected in the confidence of the women in that society. The gender norms in China could, if disadvantageous for females, be expressed in terms of lack of confidence among the women and

thereby potentially be a challenge faced specifically by women in entrepreneurship. Lack of confidence in connection to entrepreneurship can, however, be a result of many different factors, such as education as mentioned above.

As touched upon before, confidence among the interviewees varies. Two of the women expressed explicitly that they doubt themselves and their abilities to run a business, but also at least one of the men, mainly relating it to educational matters. One other potential explanation to lack of confidence is given by one of the male interviewees who stated that since men are stronger than women physically, there is a traditional view of them being stronger also mentally. This was also touched upon by one of the women interviewed, who also stated that women do not possess the same energy levels as men, something she found challenging. The latter was also mentioned by other females who all claimed that women according to them need to compensate for this by working harder and longer than their male counterparts. Lower levels of energy and physical power were mentioned as challenges faced by women also in the open ended survey responses. This view, deriving from old days and evidently still embedded in the culture and in the society, could affect women to think they have less capabilities than men in entrepreneurship, thus affecting their confidence. It should however also be mentioned that the interviewees are of the perception that this view is changing in China in a way that it is moving towards seeing men and women as equally strong mentally.

In the survey, there are more students indicating that their confidence and trust in self is more advantageous than challenging. However, there is a smaller share among the women stating that their confidence is advantageous than there is among the men. Simultaneously, there is a slightly larger share of the women stating that it is a challenge than it is among the men. Male students seem to find this aspect almost as challenging as the female student, which could indicate that it is not a gender related challenge and thus support the view of the interviewees that the situation in terms of the general view of women is changing in China.

Confidence and doubt in self can most likely also be related to family support and responsibilities. Even if supported by husbands and families, there is generally a larger pressure on women than men in terms of family responsibility, not necessarily affecting confidence in business settings but rather in terms of doubt and questioning if investing effort in an own business is the right thing to do.

If it is the case that the society's view affects women in their way of thinking and their confidence, and therefore also their behaviour, women's behaviour is most likely also affecting the society's perception of women. The behaviour and views of society and the behaviour of women can therefore be argued to reinforce each other. It seems like the general view of the respondents is that females are

generally considered to be mentally weaker than males, which can how they view themselves and thus their confidence. However, there are indications on that this view is changing.

### *Role models*

Role models and mentors were found in the literature to be important for encouraging women to start their own business (Kelley et al., 2013). Thus, not having role models and mentors could be a challenge for female entrepreneurs. In this research, no signs of challenges in terms of lack of role models and mentors have been found neither for men nor women. What is more, it has not been found to be of any advantage either. During the interviews the respondents have rather showed confusion regarding this question and not been able to answer it. It seems, that among the interviewees this phenomena is not considered to be of importance in relation to entrepreneurship.

The survey answers indicate that this could be somewhat of a challenge, however compared to the other aspects treated it is ranked rather low in terms of challenge among both men and women, with men perceiving it to be more challenging than females. It could be that the challenge is found to be perceived bigger among the students than among the already established entrepreneurs because there is a greater perceived need of guidance prior to start of a business than when a business is already up running, in some cases for several years.

### *Gender*

Zhang et al. (2008), Kelley et al., (2013), Thébaud (2010), Kitching and Jackson (2002), and Bates (2002) all found challenges specific for female entrepreneurs in China that could be related to their gender, which is the one aspect permeating this thesis throughout all potential challenges investigated. Thus, it is mainly considered in relation to other aspects. However, the gender in itself could potentially also be considered a challenge for female entrepreneurs.

Even if none of the interviewed female entrepreneurs explicitly stated that their gender in itself is a challenge for them in their business, it can from the answers be derived that this in fact might be a challenge for the women. Some of the challenges the females perceive they face (or have faced before) are specifically related to them being women. One clear example of this is when Fang had to decide whether to make an abortion or sell off her shares.

In the survey, gender has not been identified being a challenge for females, even if it seems as if being a male is more advantageous. The survey results show that female respondents are slightly less positive towards their own gender in connection to entrepreneurship. Even if the difference between men and women seeing this aspect as challenging is rather small, the difference between the men and women who view it as advantageous is large. This indicates that even if it might not be more challenging to be a female entrepreneur it could be more advantageous being a male.

Thus, women do not see their gender as being a challenge even though they in some instances have faced challenges directly connected to their gender. The men on the other hand, see their gender as being advantageous, which could indicate that they would think that being a woman is less advantageous.

## **5.3 Economic and Political Environment**

### *Bureaucracy*

One of the challenges for Chinese entrepreneurs in the start-up phase identified by Hung et al. (2011) is the complexity and different levels of bureaucracy that exist in China. Ahlstrom and Ding (2014) also found that the process for starting a business in China is much more complicated and longer than the ones in the OECD.

However, in some regions, such as where Hangzhou is located, the start up process has recently been shortened in order to facilitate for new businesses to arise and develop (Jin, 2015). The fact that Hangzhou is very entrepreneurially friendly is most likely the reason to why this has not been found to be a challenge in this research. There are no indications in the interviews that this was a challenge for the entrepreneurs when they started their businesses. In the survey the share of women who have rated this with a 4 or 5 is 11 % and among the men it is 22 %. This could give an indication that men perceive it to be more difficult than women, but the number can still be considered very low, especially compared to many of the other challenges that were brought up in this research. The findings of this study in terms of elements investigated within the aspect bureaucracy do not correspond according to previous findings by Hung et al. (2011) and Ahlstrom and Ding (2014).

### *Institutional environment*

Research states that the institutional environment in China is poor for private firms, mainly due to weak property rights and a weak credit system (Alon et al., 2010). There has not been much evidence in the interviews indicating that this is a major challenge for the entrepreneurs. Only one mentioned it to be difficult to understand and cope with the systems, norms and laws that regulates the entrepreneurial environment, however this person was educated abroad and had come to China just recently to start up his business. He also had experienced difficulties in getting paid for completed work, which is related to weak credit systems and institutions to support his claim.

Also in the survey the institutional environment cannot be seen as a major challenge for the entrepreneurs. There are almost equal shares of both men and women who state that this is

advantageous and challenging. However, in some cases in the survey the respondent have claimed that the risk of being copied and the weak intellectual property rights in China pose a risk to them as entrepreneurs and this would thus be a challenge related to the institutional environment.

It could be that this aspect is not perceived as challenging because it is considered normal and because it is difficult to reflect on this aspect when the awareness of how it could be or how it is in other countries is limited. This argument is partly reinforced by the fact that the one interviewee who had experienced a developed country's institutional environment, and therefore could make a comparison, was extremely critical to the Chinese environment. It could thus be seen as a challenge even though the participants of the study do not perceive it to be so, however that can not be argued from the result of this study. Furthermore, no gender differences have been found.

### *Government*

In the literature there are many reasons found to why government plays an important role for entrepreneurs in China. According to Warnecke et al (2012) government do not support entrepreneurship sufficiently, which could lead to a lack of trust between entrepreneurs and the government according to Lu and Tao (2010). Chen (2006) also argued that no SMEs in China can grow without resources from the government, which Edelman and Yli-Renko (2010) state are related to the administrative support and the policy flexibility.

The general view among the interviewees is that the governmental support is good on both local and national level. However, this perception is found among the respondents that either have gotten support from the government or has nothing or very little contact with the government. The respondents who are dependent on the government, and the decisions that are made on that level, claim it to be somewhat of a challenge, however, potential challenges do not seem to be of gender-specific type.

Although, there is one example of when government seem to be challenging for one of the interviewees because of her gender. The interviewee has a lot of contact with the government officials in her work. She does not see any challenges in working with the government per se, but rather, as touched upon before, in being socially accepted because most of the government officials are men. Thus, the interviewee sees challenges in the relationship because of her gender. The other women in the research do not have the same contact with the government and can therefore not express any opinions in this matter.

In the survey the answers to how governmental policies are perceived at national as well as local level are rather positive, which supports the general view in the interviews. There is a predominant



proportion among men stating that governmental policies and regulations are beneficial. However, from the survey no differences regarding this aspect and challenges related to it between the genders can be found.

The reason to why most of the respondents in this research claim government to be beneficial for them as entrepreneurs has, as already mentioned when discussing bureaucracy, most likely to do with the positive attitude the government has towards entrepreneurship in this particular region in China.

### *Economic situation in China*

One of the challenges found in the literature that supposedly could be more challenging for women than for men is the state of the economy (Kitching and Jackson, 2002). However, the economic situation in China has not once been mentioned as a challenge among the interviewed entrepreneurs, but rather as an opportunity. Also, in the survey the responses indicate on an equal, rather low share of males and women who perceive this as a challenge. Instead, both more females and men seem to find it beneficial.

With the last years growth rate in China as well as the predicted future development, the results can be argued to be highly understandable. The literature state that the economic situation could be a challenge for female entrepreneurs, however in these cases it seems to be the other way around. The economic situation in China has opened up many opportunities for women and keeps on doing so. Several of the interviewees, both females and males, highlighted and argued that there is great potential for women to become more influential in the future and have more opportunities to become successful. This, mainly because with rapid development economically comes changes in other areas of the society, in this case providing the society with the possibility to learn about women's potential and thus view women differently. This has already started in developed areas of China, such as Shanghai and Hong Kong, but also Hangzhou. However, since China is a large and diverse country the economic situation might look different in other parts.

Among the interviewees or survey respondents in this study in Hangzhou, there was none of the genders who perceived this to be more challenging than the other. This aspect could not be identified as a challenge, but rather opportunity-related.

### *Competition*

Competition has in the literature been mentioned as a general challenge for entrepreneurs in China, among others by Hung et al. (2011). In the interviews there have been slightly different answers in regards to competition, where it seems to be more of a industry-specific challenge than a gender-related one. Most of the interviewed entrepreneurs claim the competition to be fierce within their industries, however some are experiencing it to a greater extent than others. In Hangzhou, the

competition among start-ups is especially high since there are so many of them, partly explained by the beneficial governmental policies.

According to the interviews, competition is faced by all entrepreneurs to a greater or lesser extent and it is not related to gender, but instead more to the industry in which the entrepreneur is active. From what was said in the interviews, it seems that industries such as IT and hightech are considered to belong among the most competitive.

The survey results also show that the competition is perceived to be high among the MBA students. A majority of both male and female respondents have stated it to be challenging for them if they were to start their own business. There is however a higher percentage rate of the men stating this. There is no apparent identification of the reason for this, however based on what was mentioned in some of the interviews, some assumptions can be made. As mentioned in the previous paragraph, currently, some industries show greater potential for growth than others in China and are therefore more competitive, among them, as mentioned, IT and hightech. Furthermore, these industries tend to engage more males than women and can therefore be identified as male dominant. It could be that more male students than female students imagine themselves engaging in these highly competitive industries, resulting in them rating competition to be high.

Competition is a challenge faced by almost all entrepreneurs and the level of competition is dependent on the industry rather than any factors that can be related to gender.

## **5.4 Culture and Society**

### *Seriousness*

Being taken seriously is the biggest problem for female entrepreneurs in China according to Bates (2002). This challenge affects and is affected by other challenges and factors investigated and treated in this thesis.

Seven of the nine research interview participants stated being taken seriously as a challenge for them as entrepreneurs. None of the participants stated gender to be the reason for the challenge, but rather the age of themselves and the company. The survey responses on the other hand indicate that being taken seriously is more of a challenge for women with 42 % stating that it is challenging, compared to 29 % of the men. There is thus no identified gender perception difference among the interviewees, however, among the students there is. The reason for the former could be because all the interviewees except for one can be argued to be active in their respectively gender-dominant industries, or at least in

industries where there is no obvious gender dominance. It is thus likely that their personal perception is to not have been discriminated for their gender. However, some men from the interviews stated that it would be difficult being a woman in their particular industries because of the traditional gender views within the industry. This is also something that is supported by some of the women who said that they have the perception of that in some industries, they would have a harder time being taken seriously as entrepreneurs than men. This is in line with Flannery's (2013) proposal that gender imbalances in China could be due to the type of industries investigated. Where differences are found to a greater extent in male dominated industries. This previous research also found these industries to be within technology and IT. Industries in which the male interviewees, that have mentioned this to be challenging for women, are also active.

The students' perceptions, not yet entrepreneurs within a specific industry, can be assumed to reflect a more general view with perceptions of that females might, in general, have more difficulties being taken seriously. The theory is further strengthened by the fact that the mentioned interviewee who is not in her gender-dominated industry but instead in a male-dominated one, brought up her gender to be a hinder for being taken seriously in certain settings and contexts within the industry.

In addition to industry, other aspects that could be connected to being taken seriously are as mentioned previously, among others access to skilled employees and network. The aspect access to skilled employees seems to be more of a challenge for female entrepreneur, just as network.

What seems to be the main reason to why women might have a harder time being taken seriously as entrepreneurs than men is the different context and industries in which they are active. Being taken seriously could thus be explained as a challenge related to the industry in which the entrepreneurs are active. However, it seems as if this is a challenge faced specifically by females, since there are no findings indicating that men face similar difficulties in female-dominated industries, thus also making it gender related.

### *Society's perceptions*

Warnecke et al. (2012) found that there can be a problem of unawareness of particular constraints faced by female entrepreneurs in certain societies, such as that long-standing cultural norms biased against women may seem natural in and may therefore not be perceived as discriminatory. This might be the case in entrepreneurship in China.

Neither the female nor the male interviewees see differences in challenges as an inequality problem in China. Most of the interviewees explained the differences by differences in characteristics between

males and females, they did not consider the society's view of females and males as a main contributor to this.

In the survey the share of the respondents who have answered society's perceptions to be advantageous is larger than the share who have answered it to be challenging. However, there is a larger share among the women stating that it is challenging than among the men. This could indicate that society's perceptions are more challenging for female entrepreneurs, even though it is important to bear in mind that also the share among the women stating it to be advantageous is larger than the share among the men. It is thus difficult stating for whom society's perceptions would be more challenging from the survey results.

As mentioned above, it is the authors' perception that women and men might fail to recognise certain views from the society as more challenging for women than for men since it is an embedded norm in the society and thus not perceived as unequal. One example of this is that the Chinese entrepreneurs, males and females, see it as natural that women, and thus not men, should stay home with children and take care of the house. They do not consider the view of women as the only careholders of children and household to be an inequality problem that could and should be changed. Instead they accept it how it is and view it as a reason or explanation to why there can be different challenges for females and males. Thus, they consider this potential challenge to be a choice for the female to take, with potential consequences, such as the risk of being judged by the society.

With basis in the interview results, society's perceptions seem more challenging for female entrepreneurs than for male entrepreneurs. This because there are views and perceptions in the society of that women should behave and act in certain ways. Society's perceptions are perceived to be equally challenging for all entrepreneurs in the study. However, it can be argued that this challenge is faced to a greater extent by female entrepreneurs and in different contexts than the male entrepreneurs.

### *Culture and traditions*

Flannery (2013) and Alon et al. (2010), all argued that culture is a challenge faced by female entrepreneurs in developing countries. This could also potentially be applied to China, since it has a very strong socialist culture and traditions (Alon et al., 2010). Another problem may be, as also mentioned in the section about society's perception, the unawareness of the constraints faced by female entrepreneurs (and female workers in general); long-standing cultural norms biased against women may seem 'natural' in the society and may thus not be perceived as discriminatory (Warnecke et al., 2012).

In the interviews, none of the respondents stated that the way culture and traditions affect the society is a challenge for them. Although, in some cases, the interviewees stated that this might be the case for other entrepreneurs in China. Some of them also stated, as already touched upon, that there is a change going on in that the culture and society is slowly moving towards practicing a better attitude towards female entrepreneurs. On the contrary, two of the interviewed women stated that full equality between the genders is impossible to achieve because of gender characteristics and traditional roles that cannot be overcome.

What seem to be the most prominent challenge regarding culture and traditions is according to the interviews the cultural standpoint that men and women are born with different characteristics. This seem to be used as an explanation and excuse to why, just as in the case of and connected to society's perception, there are differences between men and women, again, not realising that it might be the views deriving from culture and traditions that can and should change. As mentioned, many of the interviewees do not see that these differences in characteristics can ever change. They fail to recognise that admitting and encouraging differences between the genders, and this often from birth, might actually be the main reason to why the genders act and behave differently. This will in turn affect society's perceptions of how women and men should behave and thus also the perceptions of women being entrepreneurs. From what can be identified in this study, what Warnecke et al. (2012) wrote about cultural norms and society is highly present in China. The entrepreneurs see and perceive culture and traditions and thereby the society's view as something normal and even if they see that there are differences between the genders, they do not see that it can change. It is so obvious and normal to them that it is not perceived as challenges.

In the survey the responses from the men and women do not differ greatly, however it can be seen that women have perceptions of a greater challenge than men when it comes to the culture and traditions in China.

## 6. Conclusion

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Literature suggests that there are differences in challenges between females and males within the field of entrepreneurship in China. Some of the findings from the conducted research in Hangzhou support previously identified challenges, while others contradict them.

Findings from this study show that most challenges identified during the research are faced by both Chinese women and men. One challenge that was identified among all interviewees was access to skilled employees. This most likely derives from the fact that all participants have been fairly young when starting their own business and the fact that there are certain risks for employees connected to joining a startup company. Other challenges identified among many interviewees, that seem to be non-gender related, are competition and lack of sufficient managerial training or education.

There are findings indicating that there still are, as previous research claims, some gender-related differences in terms of perceived challenges for entrepreneurs in China. The main finding suggests that there is a greater challenge for women to balance work and family time. The culture in China requires women to take a greater responsibility for the home and children than men, which affect business women in a negative way since many of them carry a feeling of not being enough. Men on the other hand are expected to work hard and prioritise job-related issues according to the norm, which makes this much less of a challenge for them. Another prominent perceived challenge identified for females is the fact that they, in certain contexts, are not being taken seriously because of their gender. This female specific challenge was identified among both males and females in the study. An aspect that permeated the majority of the findings in this thesis is the perceptions of society. The general view among the female interviewees in this thesis is that that women possess different characteristics than men that make them less suitable for starting and running a business. This view, that seem to derive from a more general view of the society, could contribute to women being of the perception that starting and running a business is not suitable for them.

The cultural norms and traditions are changing in China. However, change of norms takes time and the problem of unawareness of particular constraints faced by female entrepreneurs in the society seem to still exist to some extent. Cultural norms biased against women in business and in the society seem natural for both males and females and may therefore not be perceived as discriminatory. In order to handle inequalities in China, the first step is to raise awareness about them and to problematise them because there are in fact differences in challenges that could partially explain why fewer women than men choose to become entrepreneurs and start their own businesses.

## 6.1 Future research

This research shows that there are some differences in challenges between female and male entrepreneurs. For future research it would be valuable to add to this by investigating entrepreneurs in the same industry to completely rule out industry specific challenges.

Investigating the three most prominent challenges faced by female entrepreneurs one by one and going more in-depth in each of these aspect could also provide value for academia and in long term for China's development.

A comparative study among female entrepreneurs in China and in a developed country that is considered in front when it comes to female entrepreneurship could also be of value for future research. This could further provide suggestions and areas of improvement when it comes to the policies from government and how the institutional environment might improve to support and increase the share of female entrepreneurs in China.

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# 8. Appendix

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## 8.1 Survey

### Survey: Challenges for Entrepreneurs in China

1. Gender:

Male

Female

2. Are you the founder of a business?

Yes

No

3. What is your level of education?

High school

Bachelor's  
degree

Master's  
degree

PhD

MBA

4. Consider you were to start and run your own business. In your opinion, how much of a challenge do you think the following would be for you? Or if you already have started your own business: how much of a challenge were the following when starting and running your business?

(1 = Not at all a challenge, and 5 = Very much a challenge)

a) *Difficulty to access capital (bank loans or other external investors)*

1

2

3

4

5

b) *Lack of time able to put into the business*

1

2

3

4

5

c) *Insufficient network and contacts (guanxi) for starting your business*

1

2

3

4

5

d) *Insufficient network and contacts (guanxi) for expanding your business*

1       2       3       4       5

e) *Complicated bureaucracy during start-up process*

1       2       3       4       5

f) *Lack of personal managerial training*

1       2       3       4       5

g) *Difficult to access skilled employees*

1       2       3       4       5

h) *Too much competition*

1       2       3       4       5

i) *Not being taken seriously by clients, suppliers, potential employees, society, etc. as a business owner*

1       2       3       4       5

j) *Lack of role models and mentors*

1       2       3       4       5

k) *Insufficient resources for expanding (please leave blank if you do not want to expand your business)*

1       2       3       4       5

l) *Difficult to access technology*

1       2       3       4       5

5. **Consider you were to start and run your own business. In your opinion, how much of a challenge/advantage do you think the following would be for you? Or if you already have started your own business: how much of a challenge/advantage were the following when starting and running your business?**

(1 = Very much a challenge, 5 = Very advantageous)

a) *Family support in terms of financial support*

1       2       3       4       5

b) *Family support in terms of approval and encouragement*

1       2       3       4       5

c) *Society's perceptions of me as a person being/becoming an entrepreneur*

1       2       3       4       5

d) *The institutional environment (e.g. property rights, law enforcement, politics, norms, corporate governance)*

1       2       3       4       5

e) *Culture and traditions*

1       2       3       4       5

f) *Confidence in own capabilities / trust in self to start and manage a business*

1       2       3       4       5

g) *My gender*

1

2

3

4

5

h) *Governmental regulations and policies (national level)*

1

2

3

4

5

i) *Governmental regulations and policies (local level)*

1

2

3

4

5

j) *The economic situation in China*

1

2

3

4

5

**6. Can you think of any other challenges that you might face in your role as an entrepreneur?  
If yes, please list them below**

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**7. In your opinion do women face different challenges than men in entrepreneurship in China?**

Yes

No

**8. If yes, in what way?**

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Thank you for participating!

## 8.2 Interview guide

1. Present ourselves and our purpose with the interview.
2. Please tell us a little about yourself and your company.

### **Follow-up topics**

- a. Educational background
  - b. How the company was founded/how it all started
  - c. What the company does, in what industry it is active etc.
  - d. How many employees
3. What kind of different challenges have you faced in your role as an entrepreneur?

### **Follow-up topics**

- a. Financial resources
  - b. Time to put into business
  - c. Difficulties for expanding
  - d. Access to technology
  - e. Employees
  - f. Network
  - g. Managerial training
  - h. Family support
  - i. Confidence
  - j. Role models and mentors
  - k. Challenges during start-up process
  - l. Law, regulations, institutions
  - m. Government
  - n. Economic situation in China
  - o. Competition
  - p. Issues with being taken seriously
  - q. Society's perceptions
  - r. Culture and traditions
4. Do you believe you have faced any of these challenges because of your gender?
  5. Do you believe there are differences between women and men in entrepreneurship in China when it comes to challenges?