

# The Key Determinants of Entrepreneurial Success:

A Study of Small-Scale Clothing Retailers in Beijing

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# The Key Determinants of Entrepreneurial Success:

# A Study of Small-Scale Clothing Retailers in Beijing

### **Thematic Certificate**

To

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#### Abstract

Title:

The Key Determinants of Entrepreneurial Success: A Study of

Small-Scale Clothing Retailers in Beijing

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China is a growing economy where entrepreneurship has a considerable importance especially business such as small clothing retailers. Information about entrepreneurial success factors and its challenges could help to improve situations of entrepreneurs in this sector. The study will assist entrepreneurs of small-scale clothing retailers to reach success in their business and overcome their challenges. It will also encourage individuals to consider entrepreneurship as a job solution.

This study aims at determining the key determinant to entrepreneurial success for small-scale clothing retailers in Beijing. The objectives of the study are to investigate the main motivations that encourage the entrepreneurs to start the small clothing retailer business, to determine the key success factors of small clothing retailers in Beijing and to identify the crucial challenges faced by the entrepreneurs in small clothing retailer store in the capital. Besides other purposes of this research is to test the relationship between entrepreneurs' education level and profitability of the entrepreneurship and to test the relationship between entrepreneurs' experience level and profitability of the entrepreneurship. Finally the last objective is to provide

Recommendations and advices corresponding to the entrepreneurial challenges and help the entrepreneurs to reach success. 14 hypothesis have been established to support the study.

A total of 56 successful small clothing retailers' entrepreneurs randomly selected in Beijing have been interrogated through a survey in form of a questionnaire. The Data obtained has been analyzed using SPSS software and Excel for generating descriptive statistic and correlation results.

The findings reveals that the main motivations of the entrepreneurs to start a small-scale clothing retailers are the desire for independence and autonomy and to increase their income. Further the key success factors in this sector in Beijing are previous experiences, a good customer service and having competitive prices. The results also show that the main challenges face by entrepreneurs of small-scale clothing retailer in Beijing are difficulties to attract customers, limited access to financial capital and Beijing registration and taxation systems. No statistically significant correlation has been found between education levels and profitability of business. Similarly no statistically significant correlation has been found between experience level and profitability of the business. Further the study has elaborated recommendations to help entrepreneurs to reach success and measure to overcome their challenges. For instance some steps and plan have been suggested on how to attract customers, how to develop competitive price and how to provide a good customer service in order to reach entrepreneurial success.

Key words: Entrepreneurship, small clothing retailer, Motivations, Success Factors, Challenges, Education, Experience.

#### 摘要

题目: 创业成功的关键决定因素: 北京小型服装零售商的激励因素研究

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中国是一个不断增长的经济,企业家精神尤其重要,特别是小型服装零售商等业务。关于企业成功因素及其挑战的信息可以帮助改善这一部门企业家的情况。这项研究将帮助小型服装零售商的企业家在业务上取得成功并克服挑战。它也将鼓励个人将创业视为工作解决方案。

本研究的目的是确定北京小服装零售商成功的关键决定因素。 研究的目的是调查企业家开始小型服装零售商的主要动机,确定北京小零售商的关键成功因素,并确定首都小型服装零售商的关键挑战。 此外,本研究的其他目的是测试企业的教育水平与盈利能力之间的关系,并测试企业经验与创业盈利能力之间的关系。最终目标是为创业挑战提供建议,帮助企业家取得成功。 已经建立了 14 项假设来支持研究。

通过调查问卷调查了北京共有 56 家小型服装零售商企业家。所获得的数据已经使用 SPSS 软件和 Excel 进行分析,以生成描述性统计量和相关性结果。调查结果显示,企业家创办小型服装零售商的主要动机是要求独立自主,增加收入。此外,北京这个行业的关键成功因素是过去的经验,良好的客户服务和有竞争力的价格。 结果还显示,北京主要零售商面临的主要挑战是吸引客户,限制金融资本,北京注册和税收制度。教育水平与业务盈利能力之间没有统计学意义上的相关性。同样,业务经验水平和盈利能力之间也没有发现统计学上的显着相

关性。此外,该研究还制定了一些建议,帮助企业家取得成功和措施来克服挑战。例如,已经提出了如何吸引客户,如何发展有竞争力的价格以及如何提供良好的客户服务来实现业务成功的一些步骤和计划。

关键词: 创业精神,小服装零售商,动机,成功因素,挑战,教育,经 验。



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#### 1. Introduction

#### 1.1 Background of study

#### 1.1.1 Preview of entrepreneurship

A country wealth is often founded on its firm's competitiveness and its entrepreneurs or managers capabilities. Numerous countries' economy depend on the private sector's successes. This particular segment highly consist of entrepreneurship and small-medium enterprises. Entrepreneurship and entrepreneurs have been described in different ways around the world. However most of the definitions possess common points. A good summary would describe an entrepreneurs as someone who will take risks while seizing an opportunity to transform it into profits with the help of innovations. The entrepreneurship is the business the entrepreneurs has developed. Entrepreneurship is very important for the economic growth of a country (Cuervo et al. 2010). Entrepreneurship can concern several domains in the vast market of the world this study will focus on small clothing retailers in Beijing. Beijing is the capital of china and is also known to be the political and the cultural capital of China (Beau, 2008). This capital consists of a very favorable environment for businesses. In this growing consummation atmosphere, clothing are getting cheaper, and trend is changing faster. Customers have an increase in demand of clothes which can be beneficial for entrepreneurs.

Human beings depended on clothing and food to survive. The creation of textile and clothing industries began very early in human history (Wang & Jung-Der, 2011). According to The world trade Organisation (2014) textile industries concerns mainly with the production of yarn, cloth and the manufacture of clothing and their supply and 200 billion are engendered by textile exportations around the world. It demonstrates that textile industries form a major part in the world economy which involves numerous workers. Retailing clothes is the next step in this process. More than a quarter of world

clothing production is in china and china has a large growing internal market as well as a considerable share in world trade (Lane, 2011)

#### 1.1.2 History of entrepreneurship

At first entrepreneurs were known as traders and merchants. It was mostly about exchange of goods for another between the traders and merchants. With the apparition of agriculture came stable communities where people became expert in respective domains such as hunting or farming. This change has got a quite significant impact on trades. Specialization allow the habitants to exchange goods and service more easily for the benefits of one another. With the creation of money, trade changed perspective as it was then less about exchange of goods but more paying for your goods. Later with the creation of cities and market, the volume of trade increased drastically. The early entrepreneurs started to raise money, take risk and developed innovative ideas. With industrial revolution and mass production, new ways of doing business had been discovered. This revolution created development of new technologies and brought innovations. This was the beginning of entrepreneurship in the world (Allis, 2014).

#### 1.1.3 China's entrepreneurship

Today China is a non-stop growing economy with an immense market. Chinese population density is well known as being the biggest in the world. Entrepreneurship is an important contributor to economic growth especially for economy like China. In developing country self-employment represent a challenge mainly because of the market. The rare opportunities for employment revealed to be in private sector (Akugri et al. 2015).

#### 1.1.4 Chinese economic growth and private sectors

After recognizing the importance of entrepreneurship, china has established some economic reforms which boost the private sector. Since that moment china is eperiencing

a nonstop growing economy of 9 percent annually. This phenonmenon is happening mostly because of the reaparition of private sector and entrepreneurship (Kara et al. 2011). According to the China Daily (2008), private companies represented 60 % of the country GDP. Further its respective contribution in tax revenue is around 70 %. Small–scale Retailers is a type of business that entrepreneurs tend to appreciate as it seems to be a sector easier to access. In 2008, China consisted of around 549 000 retails enterprises that has in average 15 employees each (Lu & Zhao, 2010). In 2012 the contribution of private sector in GDP is still at 60% (Yiyuan, 2012). Recently an outlook of China has been made in 2016 stating some statistical information about Chinese economic growth. This study shows that wholesale and retailer's sector has an important share of 9.8% in the GDP of China which is a noteworthy contribution (Barber 2016).

#### 1.1.5 Importance of entrepreneurship

Entrepreneurship is not only important because it help the country economic growth. Entrepreneurships is also a remarkable source of job creation around the globe. Further it introduces new products to the market which is favorable for the customer. Besides it increases competition among businesses which is beneficial for the buyer. Last but not the least after increasing the rate of domestic wealth, it also help women and minorities to rise in business. It reduce social exclusion (Fundanga, 2010). Entrepreneurship is seen as the most empowering, democratic and freedom-creating phenomenon in the history of human being (Morris 2006). A New study shows that a country with a positive environment for entrepreneurship and with policies in favor of entrepreneurship receive a lot of benefit from it (Koveos, 2016).

#### 1.2 Problem statement

#### 1.2.1 Help entrepreneurs of small clothing retailers to reach success

The private sector has been boosted in China by the government. This private sector is helping the constant economic growth of the country and entrepreneurship has a

significant contribution in the growth (Kara et al. 2011). However all existing entrepreneurships are not necessarily successful due to various motives. Further new entrepreneurships also take time to reach success. Often lack of management skills or lack of information on the matter can delay this success (Eriksson & Li, 2012). This study will help new entrepreneurs or existing entrepreneurs to reach success in their business by knowing the success factors of successful entrepreneurs and allow them to use it as role model. Providing proper information about the impact of education or experience on profitability in small-scale clothing retailers in Beijing can prepare an entrepreneur. The business person will know where to focus and what is important before starting a business or how to improve his skills while doing the business.

#### 1.2.2 Help entrepreneurs of small clothing retailers to overcome challenges

The journey of an entrepreneur is often very challenging. Sometimes the challenges awaiting ahead are unknown or difficult to overcome. Each sectors might have their own defies. Further the burden seems to be heavier for those who are new in the field or for entrepreneurs who wants to start a business (Kanchana, R.S. et al. 2013).

This study will help the new comers to face the challenges in small-scale clothing retailers by describing the common challenges entrepreneurs faced in Beijing. Besides the study will provide recommendations in order to help the needy entrepreneurs of small clothing retailer in Beijing to overcome the challenges.

#### 1.2.3 Increase international investment in Beijing

Moreover China is investing in the world. Almost every country around the globe trades Chinese products and the cheap goods attracts entrepreneurs. In mostly all country of world, the "made in china" concept is acknowledge. Though Chinese middle class is rising and this enhance the Chinese market considerably. This environment create opportunities for more investment such as starting an entrepreneurship (Wang & Chang, 2013). Knowing the entrepreneurs success factors and their most prominent issues can help encourage or discourage a businessperson to enter the market. Therefore this study

will help foreign entrepreneurs to take decision.

#### 1.2.4 Need to extend Beijing literature.

Several studies has been done in this field. In china as well as around the world, this is among the favorite topic for business researchers. Yet among the available papers concerning China, the focus was on the mainland of China in general and mostly on SME's (Kara et al. 2011). Very few studies focus on the capital trend and lesser on small-scale retailers. Beijing is one of the most important town of china and is also known as the business capital with high population rate. It could be very interesting to study the matter in this town as the finding could help the population and the researchers. Thus there is a need to extend the literature on entrepreneurial success factor, motivation and problems in Beijing. Even if this study is mostly focused on helping and providing solutions to entrepreneurs in small clothing retailers in Beijing, the study will naturally help to extend Beijing literature through the information it will contain.

#### 1.2.5 Entrepreneurship as solutions for unemployment

There is an important unemployment rate in Beijing. Especially for newly graduate students who are encountering difficulties to find a job. It can be problematic if there is a big amount of disaffected tertiary student in the country. They have played powerful role in the past by doing enormous social movement in 1919, further in Cultural Revolution (1966-1976) and in Tiananmen Square movement (1989). That's is why it is important for China to reply to job demand of Tertiary students. Around the world entrepreneurship is known to be a source of job creation. It can be seen as the solution for youth unemployment crisis happening nowadays. Further entrepreneurship can only help economic growth of a country which can be consider as a win-win condition for both parties. This study will prepare the tertiary student or other unemployed persons to consider entrepreneurship as job option. It will provides success factors and challenges that they might face. It will also help with recommendations and advices that will lead their path in this new journey. Besides knowing the relationship between entrepreneur's

education or experience and profitability of the business for small-scale clothing retailers in Beijing can help the student or the unemployed one. Before he start the young entrepreneur will understand where to put his attention: education, experience or both.

#### 1.3 Research objectives

The aim of the study is to determine the key determinants to entrepreneurial Success for small-scale clothing retailers in Beijing.

The specific purposes of the study are:

- Investigate the main motivations that encourage the entrepreneurs to start the smallscale clothing retailer business.
- Determine the key success factors of small-scale clothing retailers in Beijing.
- Identify the crucial challenges faced by the entrepreneurs in small-scale clothing retailer store in the capital.
- Test the Relationship between entrepreneurs' Education level and Profitability of the entrepreneurship.
- Test the Relationship between entrepreneurs' Experience level and Profitability of the entrepreneurship
- Provides recommendations and advices corresponding to the entrepreneurial challenges and help them to reach success.

#### 1.4 Outline of study

Chapter 1 consists of the Introduction on the study. It described the meaning and importance of entrepreneurship. It explained the background of the topic by first describing the history of entrepreneurship and then explained it in Chinese context. Besides it displayed the aim and objectives of the paper with the distinctive hypothesis that will be tested later in the study.

Chapter 2 consists of the Literature Review which gives details on researches done before on the entrepreneurship starting with general concept about the subject after which every component of key determinants to entrepreneurial success has been detail based on previous research. Motivations, Success factors and challenges of entrepreneurship have been clearly discussed using significant research paper. Chinese entrepreneurship has also been described and explained.

Chapter 3 consists of the research Methodology of the study that is, which method was used to carry out the investigation about the key determinants to entrepreneurial success for small-scale clothing retailers in Beijing. Explanation will be given about how the data has been collected and analysed.

Chapter 4 consists of the Results of the study. After the data collection this chapter will display the results obtained. The results will be illustrated in tabulate and graphical forms together with explanations.

Chapter 5 consist of discussion on the results displayed in the previous chapter. Each result will be discussed based on previous literature and personal opinion. Each table and graph will be justified and clearly explicated. The trend of the result will be compared to other studies.

Chapter 6 consists of the Conclusions and recommendations of the study. This chapter will conclude the thesis by validating or not the hypothesis of the study and by responding to the aim and objectives stipulated before. Further it provided all recommendations, advices and solutions this study delivered which will be useful for new or experience entrepreneurs to start or improve their business of small-scale clothing retailers in Beijing.

#### 2. Literature review

#### 2.1 Definition of entrepreneurship

Since the 1980s, researchers has increased interest in entrepreneurship topics (Wadhwani & Jones, 2006). Entrepreneurship has been seen for years as an important part of economic activities (Kaburi et al. 2012). Broadly entrepreneurship represent the idea of self-employment (Kamitewoko, 2013). Entrepreneurs recognize an innovation to grab an opportunity, assemble money and management skills, and take calculated risks to open markets for new products, processes and services. Several governments around the world, consider that entrepreneurship is fundamental to economic development, and they offer Entrepreneurship Development Programs to create awareness in the population (Hebert & Link, 2011). This concept increase job opportunities and help to bring new product and services in the market (Duru, 2011). This types of businesses can lead to abundant prospects (Lewin, 2013). Though the road to this success is filled with challenging obstacle and the triumph need a good driving force (Kamitewoko, 2013).

#### 2.2 Motivation of entrepreneurs

Motivation is a simple word with a complex meaning. It can be understood with different angle. According to researchers, motivation can be explain using different categories. At first it represent the reason of a certain behaviour. It can be seen as a driver of a performing an act regardless to the nature of the act (Lai, 2011). It concerns the attribute that drive the person do or not to do something. Motivation has been deeply study by humanity. Several theories have been elaborate by famous researchers. Human being has always been attached to this concept of motivation, rather it is an entrepreneur or any other worker.

#### 2.2.1 Definition

Motivation has got several definitions during the past years. Variation has been made in these definitions. Some example are shown in the table below which displayed the evolution of motivation definition during the last century.

Table 2.1 Definition of motivation

AUTHO	R YE	AR DEFINITION
Bugelski	1956	A readiness for learning.
Lindgren	1967	Part of the self which impels a person to learn, to work towards a goal.
Connell,	1969	Pressure one feels for some need or drive.
Hoover & Hollingswo	1970 rth	Pressure one feels for some need or drive.
Mussen, Conger & Kagan	1970	The needs, goals and desires that provoke an organism to action.
Business Dictionary.	2012 com	Internal and external factors that stimulate desire and energy in people to be continually interested in and committed to a job, role or subject, and to exert persistent effort in attaining a goal.

Source: Wallace, 2013

However it is important to stick to definition which are related to workplace and entrepreneurs. It can be defined "the act of providing motive that causes someone to act" (Burton, 2012:6). Another researcher has defined it more deeply as "factors that activate, direct, and sustain goals-directed behaviour" (Nevid, 2010:262). Other than these definitions several theories has been developed over the time such as Maslow hierarchy of need or Herzberg's two factor theory and McClelland's three needs Theory.

#### 2.2.2 Motivational factors of entrepreneurs

Motivation is an important aspect in this concept and it differs from environment to environment. It is a driving force which push the person to start the entrepreneurship (Shane et al. 2003). Motivation is a concept that has been well research. Around the world different researchers found different types of motivations that lead the entrepreneurs to start their businesses and sustain it. An entrepreneur's motivation is

often influences by his environment in which he reside. This environment encompasses social, economic, political or cultural factors that's has strongly his business. Each country might differ from one another. Understanding their drivers will permit to develop more tools to help to grow in the business world and help theirs activities to survive (Kara et al. 2011).

According to Zimmerman (2013) motivation can be internal or external to the entrepreneurs. Further this researcher explained that there is a relation between the motivation and the performance in entrepreneurship. This statement prove the important of such factors. The result of a research made in Serbia stated that the main motivation of Serbian to start their business is too increase income (Stefanovi et al. 2011).this factors is really present around the world where people are highly motivated to increase their income. Sometimes the political or economic instability of the country contribute to such feeling and drivers. Other experts explained in a study concerning 11 start-up that there are 6 motives that make a person start an entrepreneurship. It includes the need for approval, the perceived wealth, the degree for communitarianism, the need for personnel development, and the need for independence. The result of this study also revealed that motivation for entrepreneurship change from one part of the world to another (Kara et al. 2011). This field has been deeply researched. For example the motivations of Somali women are first the need for economic opportunity, then the need for employment and finally the need to be in control (Ali & Ali, 2013). Country with high unemployment rate seems to be lead to motivation factors such need for employment or need to get a salary. As stated below very often the background plays an important role in the motivations of the entrepreneurs. The context might shape the driver. In addition an organisation's culture can also design the motivation of one of its employee to start a business. Sometimes boredom, lack of responsibilities, lack of control over the job or the willingness to be self-boss at work lead to the need to start something on its own. However each research has come up with new aspects and different results but most of the research shows that the need for independence and the need to increase income is very common around the globe. Regardless of the country, income is always significant.

However motivation cannot be similar for all individuals. The need for independence has also an important impact as driver. Employees want to fly with their own wing, take their own decision and achieve their own success. These main drivers shall be test for Beijing entrepreneurs.

#### 2.3 Success factors of entrepreneurs

#### 2.3.1 Entrepreneurial success

Understanding and acknowledging the success of a firm is very complex. Entrepreneurial success is a very broad subject and has many diverse definition. Mainly the definition will be related to the background of the business. Many research explained that there is not a single definition of success for all firm. It can be based on several characteristics. Further during the past years, success has been interpreted in different manners. Several researchers explained that determinant of success hardly depend on the context and has very few common denominators (Eriksson & Li, 2012). It has been described throughout studies that around the world, determinant of success differs. For example determinant of success in United-States differs from those in south pacific countries. Success is often categorize into internal and external success. Further it could also be separate by long term or short term success. According to Toren (2016), success is not really related to money. It is at the same time personal and universal. He explained that a person is successful when he is not afraid of failure. Therefore he can take risk to achieve success. However other author relate success with money and perfect work balance. Besides Godbole (2016), the CEO and founder of the company Curry cravings explained that success is when your client trust your product and your brand. Levine (2016), founder of the company babies at the barre, has a slightly different definition of success. The founder explained that success resume of being the expert in his field. All these aspects define entrepreneurial success around the world.

#### 2.3.2 Recognition of entrepreneurial success

Repetitive customers has been described to be a representative of success in business. Customer who possess trust in your products or services and come again to purchase help the organisation to reach success (Stefanovic et al. 2010). Moreover Dovaliene et al. (2007) highlighted that repetitive customer is very important for the smooth running of a company and highly contribute to success. Repetitive customer can also be referred as loyal customer. Loyal customers are important for an organisation as it engages the organisation in a profitable relationship. Customer loyalty has been proved to be a measure of success. It concerns the action of choosing a product instead of another one again and again to fulfil a need. The loyalty can be product specific or company specific (MSG, 2016). However there are other determinants of a successful enterprise such as the increase of sale during the last 2 years.

Increase of sales is considerate as another agent of success in an organisation. According to some researchers, the increase in sale of a company during the last previous year represent the success of the company. Statistics of an organisation has always been important information and symbol of the company achievements. Selling more product or services is surely a good indicator of the smooth running of the business (Neil-Boss et al. 2013). It has been discussed that the good period of time to check increase of sale is around five years earlier. This period is considered accurate to measure success. However some author will argue for less years some for more. The profitability of a business is also a very important indicator of success. A company is considered as profitable if the income exceed the expenses of the business. It is often measured by price to earnings ratio (Inc, 2017).

Finally another important indicator of success is the operational period of the company. Researchers stress on the fact that long time running companies often demonstrate a successful organisation. In this study the operation period refers to the period of time a particular organisation exist under the same entrepreneur. It is important because it is possible that a business start and fail and someone else buy it and make it successful, this will not mean that all the life time of the business it was successful

(Mason, 2016). That is why this study will consider the existing operational period under the same entrepreneurs. Normally it is difficult for a business to survive during its first year. Statistic explained that the failures occurs most during the first year of an entrepreneurship. However many investigators also believe the contrary of this previous thought. They explained that the operation period might represent a survival state of the company but not necessary the success. A company can be surviving for many years without real success. Further as success has different meaning for different persons, it will be difficult to say if the company is successful or not, unless a deeper analysis of the entrepreneurs understanding of success is not carried out. Though generally around the world, repetitive customer and increase in sale is more representative of success than operation or existing period (Stefanovic et al. 2010). Even though some researcher compared the success of a business to the success of an animal, they explained that if an animal is being able to survive by its own it is successful. Extinct animal are not successful such as dinosaurs. Even if at one point of time it was successful (Glen Lipka, 2011). There are very different ways of seeing success in the world of research. Some will use image some will use numbers and others will use customers.

#### 2.3.3 Good customer service

It has been understood throughout the years that a good product or service is not enough to achieve success in your business. Customer service has a very significant role and is considered as the better half of a real successful business. This factors is mostly related to the experience your customer will have with this business. It has been proved that emotion of customers are a very important factor in business. Customers are human being and even in twenty five years they will remain human being. They are driven by emotion and desire which guide their actions (Chinunda, 2013). Controlling providing positive emotion is the key. Several researchers mentioned that human are lead mostly by emotion. Therefore create a positive emotion in the customer is the best initiative to take (Leung, 2014). A good customer service has been described a good communication with your client, keeping promises and delivering high standard. Information should be clear

and easy to understand. It is important to understand the need of the client and consider the fact that every client is different. Human resource is very important in this process. Well trained staff should appointed and customer service culture should be developed. These features are considered to delivered good customer service to raise positive emotions and good experiences of the buyer. These emotion might make him come back to the business or to talk about it positively in his surrounding which is only beneficial for the company. Further it is important that the entrepreneur's takes into deep consideration feedback from customers as it might be very constructive for the organization (BSI, 2011).

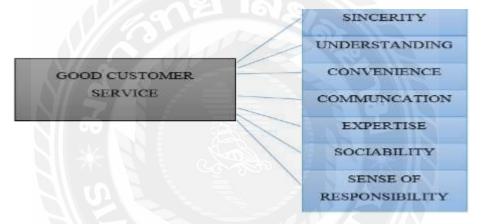


Figure 2.1 Good customer service

Source: Inspired from Kuhn, 2016

As the previous figure is showing, a good customer service is a key to success. In this growing competitive world, customer service is more important than ever. It is important to have a good communication service. Further expertise in the field and sense of responsibility are very important. Xerox study "the state customer service 2015" shows that more than 50% of customer would prefer to pay more to get a better service in their favourite brand (Work, 2015). However even though good customer service is important, there are also other matters such as location of the business that the entrepreneurs should take into consideration in order to reach success according to researchers.

#### 2.3.4 Location of the business

Location of a business has always been discussed in several studies. A location is the place where the business decide to do its operations. It appear that it is a very important factor in a business success. A study made by Barnard et al (2011) demonstrates that there is a positive relationship between the location of a business and the business performance. However it doesn't not have the strongest relation. It seems that employment and business performance have the strongest relationship. Though business location has its own importance. A good business has been proven to bring a good business success according to women Entreprise (2014). There are many thing to consider while choosing the location for a business.

#### 2.3.5 Previous experiences

Experience has been explained to be a very important part in professional life. Experience seems to bring knowledge and success in several domain. Business experience means "Familiarity with a skill or field of knowledge acquired over months or years of actual practice and which, presumably, has resulted in superior understanding or mastery" (Business Dictionary, 2017). Researchers have talked about a very strong link between business success and business experience. Researchers found out that past experience was very essential to reach success (Shonesy & Gulbro, 1998). However a lot of success stories have also started without experiences and has proved to be as prosperous as compare to a professional with experience. Further Wanigasekara (2011) did a study a study over 33 owner manger and he found out in his study that there is not a real relationship between experience and business success. Though he discovered a positiv e relationship between level of education and business success. It can be understood that there is a form of evolution in this field after following the trend of the researches. Even if experience seems to be significant, it really vary by industry.

#### 2.3.6 Competitive price

China has a very competitive environment. It is due to several reasons such as low labour cost or low manufacturing cost. China price is well known over the world. China captured over 70 percent of market share for several product such as toys and jeans. Therefore it is favourable for Chinese products to compete internationally. However competing with Chinese enterprises in China itself is a more complex process (Navarro, 2006). In this growing economy, having a competitive price appears to be an important advantage for the business. Price has a very important place in a business. Further the marketing mix of 4P's consider price as an important factor to gain competitive advantage. Price of a product depend on several elements such as the cost of the product, the expense related to the distribution among others. Prices can changes due to these elements (Singh, 2012).

#### 2.3.7 Trendy product

Nowadays fashion has another definition than before. Fashion used to have season and was altering according to some time period. However today this process seems to have changed as fashion and trend vary more quickly. Having trendy products might be quite challenging as this trend differs and updates very fast. Yet some experts predict fashion and mass production inspired their product from these predictions. Most of the customers are influenced by trend and fashion. Though this trend get outdated very quick. These days it is very complicated to define trend as most of the expert don't know where it start and where it finish. Nevertheless some experts explain that selling trendy product is not so profitable anymore. The most important is to create a brand identity that your customers will recognize. Trend can be used as a tool to make your customers understand that the brand understand the world changes (Abnett, 2015).

#### 2.4 Challenges faced by entrepreneurs

In every journey there is obstacles especially in the road to success. It rarely easy

to triumph. The studies shows that challenges are quite similar around the world. According Shahidi (2008) innovation and opportunity are the two main challenges entrepreneurs face in a dynamic society. Innovation has been a competitive advantage for business in the last decade. However being innovative was proved to be complicated and demanded hard work. Similarly opportunities are important for entrepreneurship. However the ability to pursue is challenging. Another study made by Duru (2011) explained that in Nigeria the challenges encountered are lack of knowledge in the basic sciences and technology, inappropriate incentive structure, lack of strong patent law and high cost of doing business in Nigeria. One more study shows that in Kenya the challenges faced by the entrepreneurs are lack of knowledge in business management due to the education system and also unclear government policies about entrepreneurship (Kaburi et al. 2012). However some studies concentrate more on management challenges that entrepreneurs might encounter such as difficulties to find the right employees, to find the right location or good customers (Kanchana et al. 2013). The Challenges stated below, lack of access to financial capacities and taxation systems are the common challenges encountered around the globe (Kara et al. 2011); (Science & Studies 2013); (Department for Business Innovation & Skills, 2015).

#### 2.4.1 Business registration and the taxation system in Beijing

#### 2.4.1.1 Business Registration

In order to register a business in china, the entrepreneurs need to apply to the relevant authority. Generally the application is made to AIC which is Administration for industry and commerce. After the registration is made in AIC. The business license is delivered as certificate. In China it is required for some type of business to display a copy of the certificate in the premise of the business. Table 2.2 provides a more clear description on the procedures to start a business in China. The time and the cost of these steps might have change a little bit but it can still provide a general idea on the matter.

This paper has been publish in 2008 which represent a long time back however, the step are still quite similar.

Table 2.2: Business registration in China

No.	Procedure	Time to Complete	Associated Costs
1	Obtain notice of Pre-Approval of the Company Name	1 day	RMB 40.00
2	Open a preliminary bank account, deposit initial capital funds in the account and obtain the certificate of deposit	1 day	RMB 30.00
3	Obtain capital verification report from an auditing firm	7 days	RMB 500.00
4	Obtain registration certification "Business License of Enterprise Legal Person" from local Administration of Industry and Commerce (AIC)	7 days	RMB 369.75 (Registration fee: 0.08% of registered capital; copy of Business License; RMB10)
5	Obtain approval from the police department to make a company seal	1 day	No cost
6	Make a company seal	1 day	RMB 300.00
7	Obtain the Organization Code Certificate issued by the Quality and Technology Supervision Bureau	7 days	RMB 148.00
8	Register with the local statistics bureau	1 day	No cost
9	Register for national and local tax	1 day	RMB 10.00
10	Open a bank account for the company and transfer registered capital to the account	5 days	RMB 20.00 (RMB20 f opening account but some banks charge RMB200 quarterly fo accounts less than RMB300,000)
11	Apply for authorization to print or purchase financial invoices	4 days	No cost
	The procedure has been removed in Haidian District.		
12	Purchase invoices	1 day	RMB 31.00 (RMB0.7- 1.1 per set of invoice
13	File for recruitment registration with local Career Service Center	1 day (simultaneous with procedure 11)	No cost
14	Register with Social Welfare Insurance Center	1 day (simultaneous with procedure 11)	No cost

Taxes in china is the main source of fiscal revenue for the government. There are different types of taxes in china. The taxes that are important for businesses are mostly turnover taxes and income taxes. Turnover tax includes 3 different taxes which are value

added taxes, consumption tax and finally business tax. It is normally based on the volume of turnover or sales of the entrepreneurs in the company (Sackin, 2013). However there are some exemptions or reduction in the tax for some industries or type of business. The table 2.3 below describes each important tax in china.

Entrepreneurs find it complex to overcome this challenge. Taxation systems around the world are often not favorable for small business and entrepreneurs face difficulties to cope with the systems. In China corporate income tax rate for small companies is 20% and this include small-scale clothing retailers. Further Value added Tax is another tax to consider which is paid around 17%. This percentage can be reduce for certain type of goods to 13%. Besides there is also business tax. Business tax is paid from 3% to 20% it is a turnover tax. There are different type of taxes in China. However these 3 taxes are important to consider when you have a small-scale clothing retailer. The tax year finish at 12/31 of each year in China.

Understanding taxes in China can be very challenges for entrepreneurs. There is numerous tax that the entrepreneurs should take into consideration. However tax is not the only challenge that entrepreneurs faced around the globe. Another challenge is limited access to financial capital to start a business or to help a business to survive.

Table 2.3 Tax in China

Category of Tax	Type of Tax	Tax rate
Tax on transaction	VAT	17% on most gods 13% on daily necessity goods 11% transportation 6%
	Consumption Tax	from 1% to 50%
	Business Tax	from 3% to 20%
	Corporate Income Tax	25%, 20%, 15%, 10%
Tax on Income	Withholding Income Tax	from 5% to 45%
	Individual Income Tax	Based on salary
Tax on Resource	Resource Tax	varies
Tax on property	Land Appreciation Tax	30%-60%
and property transaction	Mag,	1.2% of building residual value and 12% of the
	House Duty	rental
Tax on transaction	Vehicle and Vessel usage licence plate Tax	25%, 20%, 15%, 10%
Tax off traffsaction	Stamp Duty	0.05-0.1%
	Deed Tax	3%-5%
Customs duties	Customs Duties	varies

Source: Inspired by Hoffmann, 2014

#### 2.4.2 Limited access to financial capital

When an entrepreneurs develops an idea, he is the only one who understands truly his idea. Therefore to start a business the entrepreneurs need investments. Further to get investment to fund an idea is very challenging. Generally the most brilliant entrepreneur's ideas don't get investor to finance their project because the entrepreneurs could not give the proper explanation of the project. Most of the time investors won't take any risk with their money. Raising the capital to finance the start-up could be very demanding. In order to overcome this challenge, the entrepreneur should be able to sell his idea, to explain the point of view, to show the image of what is expected from this project. To do so, the entrepreneur often needs a team that will help to carried out these tasks and preparations. This team should have a common vision and understand what this project could be in the future so that the investor could see through them (R.S.Kanchana et al. 2013). This challenge has also been stress out in the research of Kaburi et al (2012) where the

researchers explained the same difficulties entrepreneurs encounters while trying to finance their project..

There are some banks which propose loan especially for small business. For instance Bank of China has an offer called "small business loan" unsecured loan. This offer has the purpose of facilitating the business growth of the entrepreneurs. However this is present in Hong Kong. It can lend up to 2 million Hong Kong Dollar (Bom, 2016).

There are several types of loans which can be considered. ICBC is another bank that is providing an interesting loan to business persons. It is call a "personal business loan". It can lend up to RMB 3 million. It has some requirements and a long list of documents needed (ICBC, 2016). These are just some examples of bank that are providing loan but there are plenty more with more options available. However it is said that in China it is difficult to obtain a loan. Consequently all hope should not be on this option only.

There are other type of financing such as shareholder loan which is an external type of financing the business. A shareholder loan is a form of depth to fund a company. The money comes from the shareholders of the business. It is an easy way to get investment for the entrepreneurship. In clear the shareholders give money in exchange of interest payment. It is known as subordinated debt. The entrepreneurship should try to find investors for the business. These investors will finance the project and in return they will receive interest. The investment can be done by a group of investor or by an individual investor. Sometimes bank might consider the business as "a business at risk" and will not deliver any loan. The option of shareholder loan might be easier to access. Another important challenge face by entrepreneurs is lack of managerial skills to perform their duty in the entrepreneurship

#### 2.4.3 Lack of managerial skills

Entrepreneurs generally has very different background before starting their business. However having entrepreneurship skills are very important. Skills required in entrepreneurship are mostly some technical skills, business management skills, and

entrepreneurial skills as stated in the diagram below.

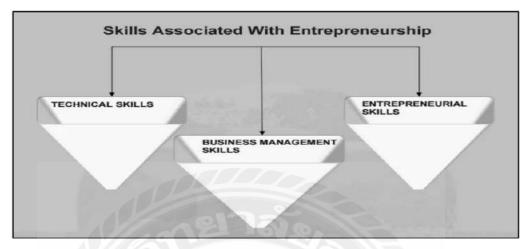


Figure 2.2 skills associated with entrepreneurship

Source: Kamalanabhan, T.J. 2012

Technical skills is more about communication, interpersonal relations and the coordination of team members. Business management skills encompass marketing, planning, accounting among other. And finally entrepreneur skills involve innovations, risk taking, visionary among others (.Kamalanabhan, 2012). However assembling all these skills is a very big challenge. Generally it is among the most significant challenge that entrepreneurs can face in the business. Appropriate skills help the business to expand surely and able the business to meet its initial objectives. These skills can be obtain through education, training or experience (Dingee et al. 2008).

#### 2.4.4 Difficulties to attract customers

In this competitive environment, it requires skills to attract customers in your business. Repetitive customers is the most constant source of revenue in a business. Yet some new clients can only boost the profit. There are several ways to attract a purchaser. Trying to attract them might be quite challenging in Beijing. What is important is to know your competitors and know what they are providing. Further the entrepreneurs need to understand his customers' requirements and expectations. After gathering all these information's, the entrepreneurs can elaborate a proper marketing plan in order to attract

his target customers (Hill, 2013).

#### 2.5 Chinese entrepreneurship

In china entrepreneurship seems very common. The general trend in china concerning motivation, success factors and challenges of entrepreneurs has been described to follow its own tendency.

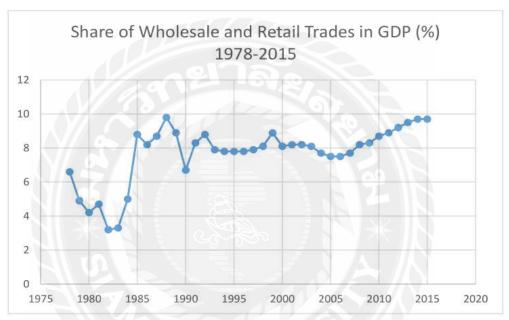


Figure 2.3 Share of Wholesale and Retail Trades in GDP 1978-2015

Source: National Bureau of Statistics of China (2016)

The figure 2.3 shows that the share of wholesale and retail trades increase with time. It represents the current importance of this field for the GDP growth of the mainland

Figure 2.4 shows a statistic about state owned enterprise share in assets, profits and employment until 2014. It can be seen that the all the three portion are decreasing impressively. Employment appears to decrease more than asset and profit.

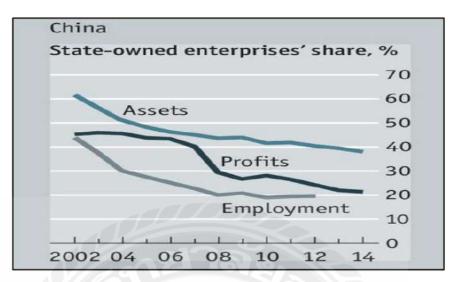


Figure 2.4: SOE shares in Asset, Profit and Employment

Source: (The economist, 2015)

Further the diagram 2.5 shows the importance of entrepreneurship in China's employment. Entrepreneurs as a percentage of total employment in China increase significantly from 1991 to 2005. The motivations of Chinese has been studied by Zhu & Chu (2010) and Kara et al (2011) and the main motivation for both studies is the need to increase income. Besides Wang & Chang (2013) shows that the success factors for entrepreneurship could be define as business purpose, business location, business climate, business organization and business leader. The researcher explains that before starting it's important for the entrepreneurs to study the customer behavior and the market competition as it can become among the most important challenges. Further he explained that location of the business is of great importance too.

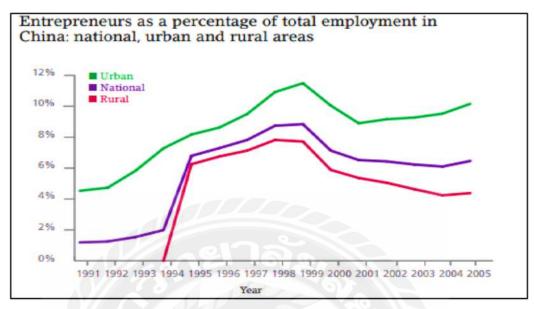


Figure 2.5 Entrepreneurs as a percentage of total employment in China Source: (Yueh, 2008)

There is three economical sector in china which are primary, secondary and tertiary sector. Primary sector consist of agriculture industry, secondary sector is about industries and the tertiary sector is service industry. Retailer falls under service sector which is tertiary sector. The figure below displays the distribution of workforce in each sectors. And we can see that in 2014 the biggest proportion of workforce in held in the service sector.

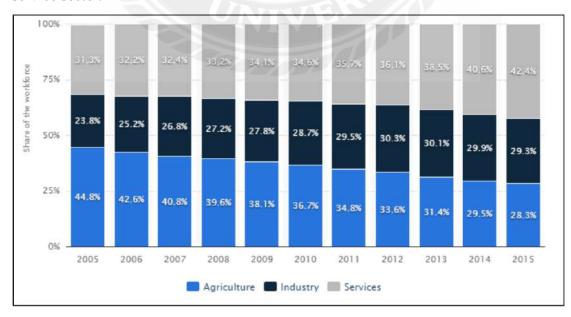


Figure 2.6: Workforce distribution

Source: (Statista, 2015)

Tertiary sector is an important sector for Chinese economic growth. Clothing retailers participate heavily in this growth in China.

#### 2.6 Summary

It is important to be able to understand the driving forces, the challenges and the factors that lead to success in an entrepreneurship. These information can help to take better decisions and enable to understand the trend of the market. In the world like in china these information can be very useful. In this growing competition, it is important to possess the good keys and tools to differentiate the business in the market. China economic environment has been describe to be very appropriate for entrepreneurship. During the past years, entrepreneurship has helped the Chinese economy and employment rate. However it also contain challenges and a harsh journey in order to reach success.

Around the world motivation differs but in some way the most prominent motivation are very repetitive. The motivations of an entrepreneurs depend on his personal environment or society. Further sometimes there are some motives which are common around the world such as need to increase income.

The way to be successful is the most important knowledge that entrepreneurs want to acquire as they want to follow the same path of success. Success factors can be separated into several categories such as personal traits or external environment. It depend on which angle the person want to study it. Management skill or location are both significant success factors but also very different variables.

Finally the challenges faced by the entrepreneurs seems to be shared in different countries in the world as well as in China taxation seems to be the first barriers of entrepreneurs that several time appear in literature. Tax systems can be very complicated and especially in china there is several taxes to take into consideration. Besides there seems to be a problem in financial facility especially in China. Getting investment for a

start-up usually required a lot of skills. It is important to make the investor understand the idea which can be quite challenging. These two variables which are taxation and lack of bank credit seem to repeat in several studies. Entrepreneurship contributes heavily to economics growth in a country that is why each of its components are essential and especially in china where entrepreneurship has been describe to be one of the most important ingredient of the successful growth of Chinese economy.



# 3. Methodology

### 3.1 Research Design

#### **3.1.1 Scheme**

This chapter consists of the details of how and which method were used to gather data for the research of the study. For example, the data collection methods, population and sampling techniques, hypothesis and questionnaire design.

After collecting and analysing background information from key informants and the literature, a questionnaire was prepared and was utilized as method of data collection. Before setting up the questionnaire, it is very important to identify the relevant questions and make it clear and simple so that the respondent can easily respond to the questions. As the study has been carried out in Beijing, the questionnaire has been translated into Chinese in order to simplify the data collection. It has been argued that the importance of research design is to minimize the chance of drawing incorrect causal inferences from data.

## 3.1.2 Quantitative Research

There are normally two types of research done for a study namely qualitative and quantitative. The qualitative method consists of gathering descriptive information usually representing verbal or narrative data through techniques such as open-ended questions, unstructured interviews or semi-structured interviews, Focus Group Techniques and Observational Method. On the other hand the quantitative method consists of gathering numerical information that can be analysed statistically through structured techniques such as online questionnaire, face-to-face interview, Postal questionnaire, Telephone interviews and Self-administered questionnaire. For this study quantitative methods were used in the form of a questionnaire which was designed to investigate the key

determinants to entrepreneurial success in small-scale clothing retailers in Beijing.

# 3.1.3 Sampling frame

The targeted population of this study is entrepreneur of small clothing retailers in Beijing. The entrepreneur can be the owner or the manager of a small business. The entrepreneur will be choose according non probability-sampling based on self-selection according to the availability of the business around the capital. The study target to find 60 entrepreneurships of small scale clothing retailers. Therefore the targeted sample size of the study comprises a total of 60 entrepreneurs of different small-scale clothing retailers business. The sample size has been calculated according to the study time frame, accessibility of the entrepreneurs and advice of supervisors.

As the target population is successful entrepreneurs of small clothing retailers in Beijing, it is important to design a proper tool to evaluate whether the business is successful or not. According to literature, an increase in sale during the past two years, repetitive customers and the operational period of the business are factors that show success of the business. These factors has been be tested in the questionnaire and only successful entrepreneur's questionnaire has been count as valid for the study.

## 3.2 Hypothesis and questionnaire design

#### 3.2.1 Hypothesis

The hypothesis has been made based on several literature reviews and a set of variable has been selected. Though the hypothesis of this study has been deeply inspired by the work of Kara et al. (2011) where the research made is very similar but in a larger scale in China. After the reading of different papers published around the world on motivation of entrepreneurs, and the deep inspiration of Kara et al. (2011) work, it can be noticed that increase income, desire for autonomy and lack of appropriate job opportunities seems to repeat several times. That is why these three variables has been chosen for the motivation factors.

The same system has been applied in order to determine the variable for success factor. The chosen variables has been again inspired by the work of Kara et al (2011) where the researchers use more than 10 different variables for the success factors. However only 3 has been chosen from this paper. The variables for success factors are good customer services, location of the business, and previous experiences. Further with more deep research two more variable has been added which are competitive price and trendy product. Consequently there is a total of 5 variable for success factors.

Moreover challenges that entrepreneurs faces during their journey has been well researched around the world. Taxation systems, limited access to financial capital and lack of managerial skills seems to repeat among the studies. Besides difficulties to attract client has also been raised as a challenge. Consequently these 4 variables have been chosen for the challenges faced by entrepreneurs in Beijing for small scale retailers.

Furthermore the study will test two relationships. First it will test the relationship between entrepreneurs' education level and profitability of the business. Then the study will focus on testing the relationship between the entrepreneurs' experience level and profitability of the business.

Finally there are a total 14 hypothesis that will be tested throughout this study, the hypothesis are mentioned below.

- **H1.** The main motivation that encourages the entrepreneurs to start the small-scale retailer business is **to increase income**.
- **H2.** The main motivation that encourages the entrepreneurs to start the small-scale retailer business is **the desire for independence and autonomy.**
- **H3.** The main motivation that encourages the entrepreneurs to start the small-scale retailer business is the **lack of appropriate job opportunities.**
- **H4.** The key success factor that of small-scale retailers firm is providing **good customer** services
- **H5**. The key success factor that of small-scale retailers firm is **the location of the business**
- **H6.** The key success factor that of small-scale retailers firm is **previous experiences**

- H7. The key success factor of small scale clothing retailers is competitive price
- **H8**. The key success factor of small scale clothing retailers is selling trendy product
- H9. The crucial challenge faced by the entrepreneurs in small-scale retailer store is the business registration and the taxation system in Beijing
- H10. The crucial challenge faced by the entrepreneurs in small-scale retailer store is Limited access to financial capital
- H11. The crucial challenge faced by the entrepreneurs in small-scale retailer store is the lack of managerial skills
- H12. The crucial challenge faced by the entrepreneurs in small-scale retailer store is difficulties to attract customers
- H13. There is a positive relationship between education level of entrepreneurs and profitability of the small scale clothing retailer
- H14. there is a positive relationship between experience level of entrepreneurs and profitability of the small scale clothing retailer

## 3.2.2 Questionnaire Design

Based on the literature review, a questionnaire was designed to investigate the key determinants of entrepreneurial success in small-scale retailers in Beijing. Some of the variables have been used in previous research and some have been elaborated according to the purpose of this study. The purpose of this study was to determine the entrepreneurial success factors, challenges and motivations of the entrepreneur in this field. Further another purpose is to find out the relationship between education/experience level and profitability of the small-scale clothing retailers. Besides the questions has been elaborated in order to validate the hypothesis mentioned in the section above. The questionnaire is available as appendix A and B. The questionnaire has three sections.

Section A consisted of the demographic data of each respondent with a total of 5 questions. It includes the age group (from 18 to more than 60), gender (male and female), occupations (owner or manager), education level (primary school, high school, bachelor

degree, master degree, PHD) and experience level (from less than 1 year to more than 30 years).

Section B is about successful business recognition. The overall part contain 4 questions. This part will be used to test whether the business is successful or not. The first question concern the operating period of the business (from less than 1 year to more than 30 years). The second questions ask about an increase in sale during the last 2 years with a YES-NO answer. The following question asks about whether they have repetitive customers or not with again a YES-NO answer. Finally the last question of this section 2 concern whether the business is profitable (not at all profitable, not really profitable, neutral, somewhat profitable, very profitable)

Section C tested the key determinant of entrepreneurial success for small-scale clothing retailers in Beijing. There is a total of 12 questions. This part is divided into 3 categories with 3 questions concerning motivations of entrepreneurs to start a small-scale clothing retailers, 5 questions concerning key success factors and 4 questions for challenges faced by entrepreneurs in Beijing.

The questions were framed in simple English first and then translated into Chinese with careful wordings to ensure clarity. The translation has been done using online tools and supervisor correction. There were also a careful sequence of questions and a clear layout was adopted so that the respondents do not get confused. This design technique was used to enhance both the response rate and validity of the responses.

The final questionnaire contained 21 questions. The questionnaire reflects the literature review as mentioned above so that the objectives in chapter 1 can be achieved. Moreover, the questions were designed after reading and understanding studies made before such as the work of Kara et al. (2011).

#### 3.3 Data collection

## 3.3.1 Pilot Testing

The survey was pre-tested by 5 respondents from the target population with the

aim to set the time taken to complete the questionnaire, their aptitude to comprehend the questionnaire layout, the wording of the questions as well as the level of interest in the study.

Out of the 5 respondents, 3 had some Chinese comprehension problems which made them take more time to fill the questionnaire and made them leave some questions blank. The problem was in some wrong Chinese translation.

The time taken to fill the questionnaire was in average 3 min. Some entrepreneurs were very interested to fill the questionnaire. However most of them believe it was a waste of their time.

The pilot study has result in a change in the questionnaire. In fact a translation in Chinese has been restudied so that every respondent could understand properly the questions and be able to answer it without language barriers.

#### 3.3.2 Ethics issues

Each questionnaire consisted of a covering letter stating the purpose of the study and ensuring the respondents that all information given would be purely for academic use and strictly confidential. It explained that the student form part an MBA programme and describe the study which is being carried out on the key determinants of entrepreneurial success of small-scale clothing retailers in Beijing. It also appreciates the participation of the respondent and declare that it will be used only for academic purpose

#### 3.3.3 First and Second round of Data collection

For this study, a questionnaire was used. The questionnaires was handed out and collected during specific period of time. The entrepreneurs was interviewed in their place of work and especially during different hours but mostly not in rush hour.

Moreover it took around 7 weeks to find the target entrepreneurships and distribute the questionnaires. The respond rate was quite disappointing as it was so low. At first in Beijing a total of 100 different entrepreneurships of small-scale clothing has been questioned. However only 45 questionnaires has been filled. That is why another

additional 30 entrepreneurships had to be found in order to get at least 60 respondents. Finally after questioning a total of 130 entrepreneurs, a total of 63 respondents has been obtained. This represent a respond rate of 48%. 3 questionnaires have not been accepted because it was wrongly filled.

To conclude only 60 questionnaires out of the 63 have been taken into consideration for the purpose of this study and the respond rate is 48%.



# 4 .Samples analysis and selection of valid Questionnaires

#### 4.1 Overview of data collected

Upon accomplishment of data collection through the questionnaire survey, the analysis of the data is conducted. The findings and factors underpinning them will be discussed in relation to theories and information presented in the literature review in the next chapter. The data and the result produced are analyzed in fulfillment of the objectives of the study. This will only state the results obtained.

A total of 60 questionnaires out of 63 have been accepted after the data collection. This data has been input in SPSS software in order to be analyzed. Out of this 60 questionnaires only successful entrepreneurships questionnaire will be validated. In order to determine whether the entrepreneurship is a successful one, a set of 4 questions have been elaborated as criteria. If the business has a positive respond for at least 3 of the 4 questions it will be considered that the company is successful based on finding in the literature review. Further only the successful entrepreneurship's questionnaires will be considered and their data will be analyzed that is why the first part of this chapter will be about successful business recognition.

All collected data were analysed using version 20 of IBM SPSS (Statistical Package for the Social Science) and Microsoft excel. The SPSS software has been used for the calculation of mean and standard deviation, percentage, variance, Frequency and correlations. Further the software has helped to calculation Pearson correlation coefficient in order to determine the correlation of 2 variables. Pearson correlation coefficient has been calculated using significance of 2 tailed. Descriptive statistics were generated for the relative variables and 95% confidence intervals. Microsoft Excel 2013 was also used to generate bar charts, pie chart, table and graphs.

# 4.2 Successful business recognition

As the study concern success factors and challenges in successful entrepreneurship, only successful businesses' data will be taken into consideration. Consequently a selection will be made based on 4 questions. If the business has at least 3 positive questions on this 4 questions, based on literature and personal research it will mean that the business can be consider as successful.

# 4.2.1 Operating period

The first question asked about the operating period of the business. In clear it enquires about how long the business has been running. According to literature the longer the business is running the more it show that it is successful (Mason, 2016). This is the first criteria the study is going to analyze. However this criteria has also been criticized as some researchers would defined it as survival rather than successful (Toren 2016).

Table 4.1: Operating Period

What is the operating period of your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
	Less than 1 year	0	0	0	0
	1-5 years	26	43.3	43.3	43.3
Valid	6-10 years	26	43.3	43.3	86.7
	11-20 years	8	13.3	13.3	100.0
	Total	60	100.0	100.0	

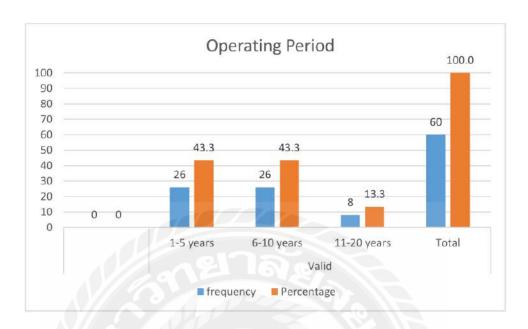


Figure 4.1: Operating Period

The table and chart above show the result from the data collected concerning operating period of the entrepreneurships. The table shows that the total number of questionnaire is 60 which represent 100 percent. It can be noticed that no business has an operating period less than 1 year. Also no business has an operating period more than 20 years. Further coincidentally there is an equal number of business that have an operating period between 1-5 years and 6-10 years. Visibly there is 43.3% of entrepreneurship that have an operating period between 1 to 5 years which represent 26 entrepreneurships. Another 43.3% of entrepreneurships have an operating period between 6-10 years (26 businesses). Finally 13.3% of the 60 entrepreneurship investigated has an operating period between 11-20 years (8 business)

As it can be seen there is no newly created business in the panel of respondent. All the business have more than 1 year. The majority has between 1 to 10 years. According to literature this criteria of existing more than 1 years can be representative of success as the business survived more than a year and is still on-going (Toren, 2016). However it can be controverted as for some researcher surviving doesn't represent success (Mason, 2016). That is why this criteria cannot represent success alone and will

be used along with other criteria because success is relative and adaptable according to the point of view. Thus this data seems be positive for all the respondents as they are all operating more than a year.

# 4.2.2 Increase in sale during the last 2 years

The second criteria that has been used to test the success of the business is an increase in sale during the last 2 years. Having an increase in sales during the last two years can be showing that the business is doing well. As explained before in the literature, the statistic of a business is always a good indicator of the state of the commerce. If the business is selling more it is a clear illustration of its success (Neil-Boss et al. 2013).

The table 4.2 displays that the majority of entrepreneurship investigated has a positive answer for this question. As shown in figure 4.2, 38% of businesses did not have an increase in sale during the last 2 years and 62% of businesses had an increase in sale during the past 2 years. In numbers, 37 small-scale clothing retailers on 60 have an increase in sale during the last 2 years and 23 small-scale clothing retailers on 60 do not have an increase in sale during the last 2 years. Table 4.2: Increase in sale

Do you have an increase in sale during the last 2 years.

Table 4.2: Increase in sale

Do you have an increase in sale during the last 2 years?

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	37	61.7	61.7	61.7
No	23	38.3	38.3	100.0
Total	60	100.0	100.0	

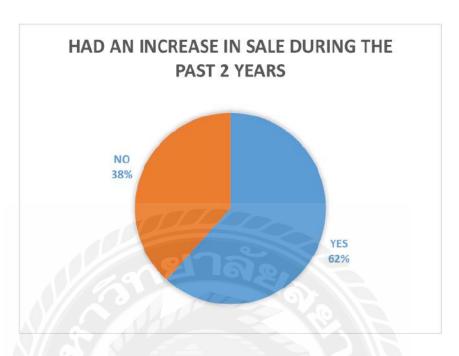


Figure 4.2: Increase in sale

As stated before, having an increase in sale during the last years is a good representative of success of the business. However the study is showing that only 62% of the respondent have a positive answer of this question. This doesn't mean that those who have a negative answer are unsuccessful. It is just on criteria over 4 and to be successful they have to validate at least 3 over the 4 set criteria. Finally this criteria has not been validated by many.

## 4.2.3 Repetitive customers

Repetitive customers have been described as a helper to the smooth running of a company. It is also referred as a reference to success in an organization (MSG, 2016). Being an important key to success, this aspect has been tested in the questionnaire as one criteria. Therefore this is the third criteria used in this study and the third question in the success section.

Table 4.3: Repetitive customers

#### Do you have repetitive customers?

		Frequency	Percent	Valid Percent	Cumulative
					Percent
	Yes	58	96.7	96.7	96.7
Valid	No	2	3.3	3.3	100.0
	Total	60	100.0	100.0	



Figure 4.3: Repetitive customers

The data collected for this criteria is stated in the table and chart above. This criteria has been tested with a YES-NO answer. It can been seen that a large majority of the entrepreneurships has repetitive customers. Actually 58 entrepreneurships has repetitive customers over 60 businesses and only 2 business stated that they don't have repetitive customers. This condition seems to be validated by almost all small-scale clothing retailers except in two cases.

# 4.2.4 Business profitability

A profitable business can also be defined as a successful business according to some researchers. As the definition of success is so complex, profit could represent one

criteria of success for a business. That is why it has been tested in the success section of the questionnaire as the last question.

Table 4.4: Business profitability

Is your business profitable?

		Frequency	Percent	Valid Percent	Cumulative Percent
	Not really profitable	2	3.3	3.3	3.3
	Neutral	15	25.0	25.0	28.3
Valid	Somewhat profitable	38	63.3	63.3	91.7
	Very profitable	5	8.3	8.3	100.0
	Total	60	100.0	100.0	

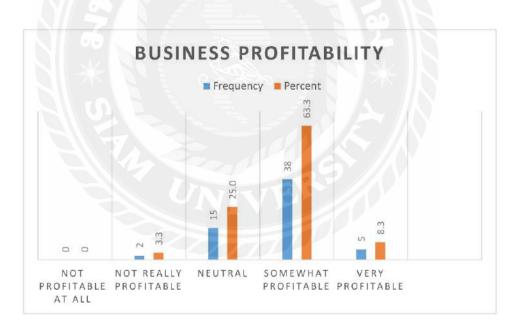


Figure 4.4: Business profitability

The table 4.4 describes the data obtained in percentage and frequency. The figure 4.4 displays that there is no business over this 60 entrepreneurships that are not profitable at all. Besides there is 2 businesses that are not very profitable in their trades. Having an answer below neutral in this case represent a negative answer for the criteria. However,

except these 2 business, the rest have an answer from neutral to very profitable which is positive. 15 entrepreneurships claim a neutral answer and as it can Frequency Percent be seen in the graph the majority of 38 small-scale clothing retailers have a somewhat profitable business. And finally 5 over 60 are very profitable.

After describing the answer of each questions in this category, it is important now to decide how many questionnaires will be validate or not. As stated above, at least 3 criteria over 4 should have a positive answer in order to be selected as successful small-scale clothing retailer.

#### 4.2.5 Selection of successful small-scale retailers

The operating period of the company, an increase in sale during the past 2 years, having repetitive customers and the business profitability have been used as conditions in this study in order to determine whether the business is successful or not. As business success can be very wide and with different characteristics according to literature, these criteria has been tested to have a general view of success. It has been set previously that if at least 3 of the 4 criteria have been validated with a positive answer as describe above, it would mean in this study that the business is successful. Therefore its questionnaire will be selected to continue the data analysis to complete the purpose of this study.

After analysis of all the data, a chart has been elaborated in order to verify the amount of questionnaire that validate at least 3 criteria and the amount of questionnaire that does not validate at least 3 criteria. The data has been established in ascending order in SPSS software to facilitate the process of recognition.

After the analysis of all questionnaires, the figure 4.5 has been created. 56 over 60 questionnaires validated at least 3 criteria of success. 4 questionnaire over 60 validated less than 3 criteria of success which mean that these 4 questionnaires won't be accepted in this study as a successful entrepreneurship and its data won't count in the data analysis of the study. To conclude only 56 successful small-scale clothing retailers' data will be taken into consideration in this study. The other 4 questionnaires' data has been deleted.

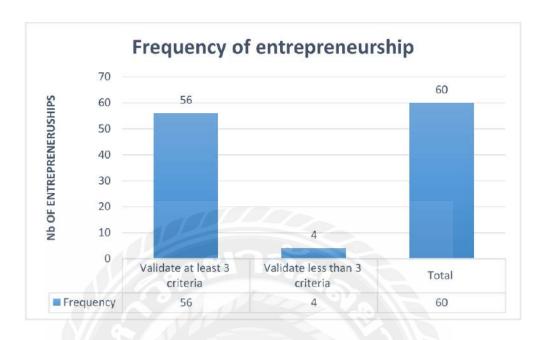


Figure 4.5: Validation of successful entrepreneurship

# 4.3 Characteristics of sample

56 small-scale clothing retailers' data has been analysed to reach the purpose of this study. 56 over 60 entrepreneurships has been selected as successful business. The first section of the questionnaire aims at obtaining some characteristics about the respondents. From the field data collection, the following information has been obtained. The table 4.5 displays the characteristics of the 56 entrepreneurs that has been questioned. As it is exhibited in the table, the entrepreneurs are in majority between 20 to 39 years old. The majority of 43% are in the range of 30-39 years old. Only 4 over 56 entrepreneurs are under 19 years old and 5 over 56 are over 40 years old. They are mostly female with 84% and only 16% of male. 84% represents 47 entrepreneurs over 56. The 9 left are male. Among all the entrepreneurs, 45% are owner of the business and 55% are general manager of the business. The majority of 84% have a high school certificate and surprisingly only 16% have bachelor degree. Further nobody in this panel has less than high school certificate and more than a bachelor degree. Finally the panel seems to be quite experienced as the majority of questioned entrepreneurs has between 1 to 10 years

of experience in the field. Only 1% has less than 1 year of experience and 9% of entrepreneurs has more than 10 years of experience in the field of clothing retailers. .

Table 4.5: Characteristic of Sample
Characteristics of Sample n=56

		Count	Percentage
Age	18-19	4	7%
	20-29	23	41%
	30-39	24	43%
	40-49	5	9%
	50-60	0	0%
	>60	0	0%
Gender	Male	9	16%
	Female	47	84%
Occupation	Owner	25	45%
	Manager	31	55%
Education	Primary School	0	0%
	High School	47	84%
	Bachelor Degree	9	16%
	Master Degree	0	0%
	PHD	0	0%
Experience	less than 1 year	5	9%
	1-5 years	26	46%
	6-10 years	20	36%
	11-20 years	5	9%
	more than 30 years	0	0%

In this study with the 56 entrepreneurs, the majority has between 20 to 39 years old. This range seems a little bit young. According to some article, the average age of an entrepreneur is 40 years when he start his start-up (Forbes, 2015). However in Beijing for small-scale clothing retailers, the entrepreneurs seems to be younger. According to some researchers age will not necessarily determine the success of your entrepreneurship. However there are some field which are complicated enough to require a large amount of

experience before starting on your own. For example in certain biological field, experience will play a significant role and experience will have an impact on success of the entrepreneurship (Xero, 2016). However for clothing retailer, the young age does not seems to be an issue. Another point of view could be that in period of recession, more and more young people started their entrepreneurship due to lack of job opportunities. Over population in China doesn't render finding a job easy. Around the world researchers have shown that the number of young entrepreneurs under 35 are increasing in small business (Rebecca, 2014). It is interesting to see that Beijing is following this trend also where more young entrepreneurs are rising.

The majority of entrepreneurs in this study are female with 84%. This result has been quite revealing for the study as it was unexpected. The entrepreneurship has been chosen randomly and was absolutely not choose according to the entrepreneur's gender. However randomly it seems that female entrepreneurs are more present than male in small-scale clothing retailer field. An article in China daily newspaper says that female entrepreneur account for one quarter in China. However it was regardless to the field and the region. But for this study and this small-scale clothing retailer's field, it seems that female entrepreneurs account for more than 3 quarter which is an important percentage. Further it is possible that this phenomenon is present only in Beijing or other important cities (Xinhua, 2015). Female entrepreneurship in Beijing can be a good opening for this study. Further china provides help to women who wants to open an entrepreneurships. It can explain the high percentage of female entrepreneurs in this field in Beijing.

The panel consist of an almost equal percentage of general managers and owners of the entrepreneurships. Often for small-scale clothing retailers when there is an owner and an entrepreneurial manager, the entrepreneurial manager is the one who take care of the full daily business while the owner look after the finance parts. The owner opinion is very important for this study. Normally in small-scale clothing retailer's entrepreneurship, the owner is very multitasking. They do several work at the same time and don't have other employee to help if they are new in the sector. However the entrepreneurial manager experience is also a very good attribute for this research. The

entrepreneurial manager is the one facing all the daily challenges and meeting the clients (Birte et al. 2010).

The education level in the panel is quite interesting. The big majority of 84% have high school certificate. There is no entrepreneurs with more than a bachelor degree. And even very few have bachelor degree. There is no PHD holder in the panel. Around the world several well-known entrepreneurs have drop out high school or university to start their entrepreneurship such as Bill Gates for Microsoft or Ralph Lauren for Ralph Lauren clothing brand. Dropping school or universities did not prevent these well-known entrepreneurs form becoming billionaires (Cook, 2010). However this subject has very conflicting answers from researchers. Some researcher explained that in order to acquire skills it important to get a good level of educations. Other researcher explained that education level does not necessarily affect success of the entrepreneurships but it can help (Bae et al. 2014).

The panel seems to consist of fairly experience persons as the majority have from 1 to 10 years of experience in small-scale clothing retailers. However a very small percentage has less than 1 year of experience and very few has more than 10 years of experience. Though as stated before most of the entrepreneurs are below 39 years old. And they have an acceptable level of experience. Experience are often told to be useful for entrepreneurship. Yet some have a different idea about it. Entrepreneurship is about risk taking. Sometime with experience, you tend to forecast the future with your knowledge. And young people without experience tend to take the risk without thinking too much as they don't have the experience (Morris 2014). Therefore experience can be good for the entrepreneurship but also not having experience can have its own advantages.

# 5. Determinants Analysis

## 5.1 Motivation of entrepreneurs

Motivation has been has been well research around the world by several scientists and researchers. The phenomenon of motivation seems to be very significant for human being. In this study the motivations is what pushes the entrepreneurs to start his small-scale retailers in Beijing. The main motivations of entrepreneurs are described in the results below and are discussed in comparison with other studies.

#### 5.1.1 Results

One of the objectives of this study is to determine the main motivation of entrepreneurs to start their small-scale clothing retailers. In order to meet this purpose questions 10 to 12 have been dedicated to this variable in the questionnaire available in the appendix. This section describes the data obtained from the 56 entrepreneurs. The answer is based on liked scale from 1 to 5 with 1= strongly agree, 2=disagree, 3=neutral, 4=agree and 5= strongly agree.

	N	Minimum	Maximum	Mean	Std. Deviation
The main motivation that encourages the entrepreneurs to start a business is the lack of job opportunities	56	2.00	5.00	3.3750	1.12108
The main motivation that encourages the entrepreneurs to start a business is to increase income	56	3.00	4.00	3.5893	.49642
The main motivation that encourages the entrepreneurs to start a business is the desire for independence and autonomy	56	3.00	5.00	3.9286	.49935
Valid N (listwise)	56				

#### Table 5.1 Motivations

### **Descriptive Statistics**

As it can be seen in the table 5.1, all the answers has a mean of more than 3. First lack of job opportunities as main motivation received a mean of 3.3 and a standard deviation of 1.12. The minimum for this question is 2 and the maximum is 5. This signify that in average the entrepreneurs agreed with this statement saying that the main motivation that encourage an entrepreneur to start a business is lack of job opportunities. The standard deviation shows how much the data deviate from the mean. And in this case it seems that it deviate a little bit. Actually the minimum and the maximum shows that the answer for this statement varies a lot from strongly agree to disagree.

The second statement of this section is the main motivation that encourages the entrepreneurs to start a business is to increase income. This statement has a mean of 3.5 and a standard deviation of 0.49. The minimum for this statement is 3 and the maximum is 4. Again here the entrepreneurs in average agreed for this statement. It means they agree to the fact that the need to increase income is a motivation to start an entrepreneurship. The standard deviation being very small shows that the values in statistical data do not deviate too much from the mean. With a minimum of 3 and a maximum of 4, it seems that all the 56 entrepreneurs agree with this statement.

Finally the last statement of this section is the main motivation that encourages the entrepreneurs to start a business is the desire for independence and autonomy. This one has a mean of 3.9 and a standard deviation of 0.49. The minimum is 3 and the maximum is 5. This statement seems to have a high mean which demonstrates that the average of the panel agree strongly with this statement. The small standard deviation shows that the values in the data do not deviate too much from the mean. With a minimum of 3 and a maximum of 5, it seems that all the panel approve this statement that desire of independence and autonomy is the main motivation of an entrepreneurs to start a entrepreneurship.

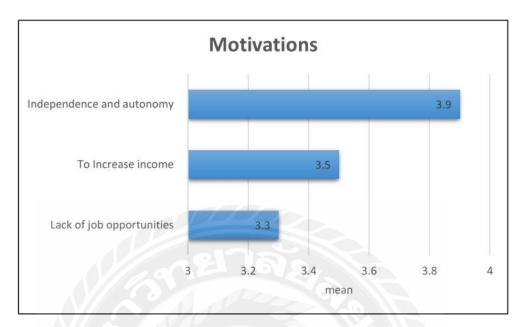


Figure 5.1: Motivation Mean

The figure 5.1 demonstrates clearly the order of these statements. The statement which has the highest mean is "the main motivation that encourages the entrepreneurs to start a business is the desire for independence and autonomy". In second position it is "the main motivation that encourages the entrepreneurs to start a business is to increase income". Finally the statement which has the lowest mean is "The main motivation that encourages the entrepreneurs to start a business is the lack of job opportunities".

To conclude the main motivation for an entrepreneur to start an small-scale clothing retailer business in Beijing is the desire for independence and autonomy and then the second motivation is to increase income and finally at last because of lack of job opportunities.

### 5.1.2 Discussion

As discussed in the literature review, motivations can be influence by several factors such as environment, cultures or politics system of the country. Each country might differs from others (Kara et al. 2011). In this study, the result shows that the main motivation of an entrepreneurs to start a small-scale clothing retailer is the desire for

independence and autonomy and secondly to increase their income.

A similar study has been made in China for women entrepreneurs in order to know their motivations and the results shows that the main motivation for Chinese women entrepreneurs is to increase income, to be independent and to prove their ability (Zhu & Chu, 2010). This study just proved the results of this current thesis. Both studies has been carried out in China and this thesis was focussing on clothing field and the other one was more general. It is interesting to see that both studies got the same results. Beijing is following the same trend than previous studies result made around China as the mainland. It can be considered that this thesis has validated the results of women entrepreneurs study done before. It is interesting to see that the results obtained in previous years are still valid today. Even though this previous study has been made for women only, the results are still same. It can be concluded that for Chinese men or Chinese women both the motivational factors are very similar.

Further this result corresponds exactly to another study made in Venezuela. Two researchers named Zimmerman & Chu 2013 made a study on motivation, success and problems of entrepreneurs in Venezuela in 2013. They found out that the main motivations of the entrepreneurs are to be one's own boss and to increase their income. It is interesting how two countries very far from each other can have the same results about entrepreneur's motivations. In both countries, entrepreneurs are seeking for independence and autonomy.

Furthermore there is another study made in south Sudan in 2013 on motivational factors of Somali women entrepreneurs. The results also included the need to be in control and to be independent (Ali & Ali, 2013). The study consider a sample of 200 women entrepreneurs and carried out a survey questionnaire with them. It interesting how this factors is repetitive around the world. 84% of the panel of this current study was female and the study of south Sudan concerned women entrepreneurs. It could one the reason the result is similar. However as explained before, there is not much difference between the gender motivational factors as it does look very similar. But the results for Beijing small-scale clothing entrepreneurs and Somali women entrepreneurs are quite

surprisingly alike.

The desire to be independent and the need to increase income are two very common motivational factors that has been seen in several studies around the world. People in a country where there is high level of unemployment often seek for entrepreneurship because of lack of job opportunities. A more recent study made in Pakistan shows that lack of financial resource is an important motivations for Pakistani entrepreneurs (Mahmood et al. 2016). However Beijing entrepreneurs did not put this factor as the main motivations for them. It can be explained as the level unemployment is not so critical in Beijing as compared to several other countries. Nevertheless this thesis has confirmed other studies about motivations made around the world but also in China. It confirms that fact that, Beijing entrepreneurs in small-scale clothing retailers are actually following the trend around the world but also the result are corresponding with other research made in China in general. Results obtained in the mainland correspond perfectly with the result obtained in this thesis concerning entrepreneurs' motivations.

# 5.2 Driving force of small-scale clothing retailers

The driving force or in other word the success factors of a business might vary according to several features. This study found out what are the driving forces of the small-scale clothing retailers in Beijing and the results are stipulated in the following section. Further each results are going to be discussed with the point of view of other researchers.

#### **5.2.1 Results**

This study has as second purpose to determine the main success factors of small-scale clothing retailers in Beijing. In order to meet this purpose, questions 13 to 17 have been dedicated to it in the survey available in the appendix. These five success factors which have been proposed to the 56 entrepreneurs are factors that have been tested around the world and also tested in china. However no study has tested them in Beijing in specific and for this small-scale retailer in particular. This result are aim to help

entrepreneurs in difficulty to know where to focus and also for new comers to understand what is the good step to take in Beijing. The answers are categorised in a liked scale from 1 to 5 with 1= strongly agree, 2=disagree, 3=neutral, 4=agree and 5= strongly agree.

Table 5.2 describes the results of success factors section in the questionnaire. It can be noticed that all the mean are over 3. Which mean that in average the entrepreneurs agreed with these statements.

	N	Minimum	Maximum	Mean	Std. Deviation
The key success factor of a small business is providing good customer services	56	3.00	5.00	3.9286	.49935
The key success factor of a small business is the location of the business	56	2.00	5.00	3.4643	.87312
The key success factor of a small business is previous experiences	56	3.00	5.00	4.0893	.64036
The key success factor of a small business is having competitive prices	56	2.00	5.00	3.6607	.76934
The key success factor of a small business is selling trendy product Valid N (listwise)	56 56	2.00	5.00	3.5536	.76085

Table 5.2: Success factors

### **Descriptive Statistics**

"Good customer service" as success factor has a mean of 3.9 and a standard deviation of 0.49. The minimum is 3 and maximum is 5. This statement has a high mean of 3.9 which mean that the panel in average agreed with the fact that providing a good

customer service is a key success factor in small –scale retailers in Beijing. The standard deviation being small indicate that the values in the data doesn't deviate too much from the mean. The minimum and the maximum displays that all the 56 entrepreneurs are neutral or agreed with this statement and none of them disagree with it.

"Location of the business "as success factor has a mean of 3.4 and a standard deviation of 0.8. The minimum for this statement is 2 and maximum 5. The location of the business seems to have received a low mean compared to the others in this sections. However, the entrepreneurs' approved this statement as it is greater than 3. Seeing the minimum and the maximum it can be seen that some agree and some disagree with it.

The third statement "Previous Experiences" received a mean of 4 and a standard deviation of 0.6. Its minimum is 3 and maximum is 5. All these information's shows that this statement has been strongly approved by the 56 entrepreneurs as none of them disagree with it. The mean is quite high compare to other. The panel seems to really agree with the fact that the key success factor of a small business is previous experiences.

The forth statement of this section is about "competitive prices" as success factor. This statement has a mean of 3.6 and a standard deviation of 0.7. The minimum for this statement is 2 and the maximum is 5. Here as well the panel in average agreed with this statement but according to the minimum it can be said that some disagree with it.

The last statement of this section "selling trendy product" has a mean of 3.5 and a standard deviation of 0.7. It has a minimum of 2 and maximum of 5. Selling trendy product seems to have a quite fair average. The entrepreneurs agreed with it but some showed disagreement.

As figure 5.2 confirms, the statement with the highest mean is "previous experiences". The second highest is providing a "good customer service". In third position there is "competitive price" and forth position is "selling trendy product". Finally "the location of the business" as success factors has the lowest mean.



Figure 5.2: success factors in small-scale clothing retailers

To conclude the key success factor in small-scale clothing retailers in Beijing is having previous experiences, then the second key success factor is having a good customer service and finally the third key success factor is having competitive price.

#### 5.2.2 Discussion

There is a study that has been carried out in 2011 about Chinese entrepreneurs and their success factors. The study targeted 196 entrepreneurs in China in main cities such as Shanghai and Guangzhou. The sample were randomly selected. The study used a survey to gather the data. The results shows that the key success factors are providing good customer service, having good management skills and reputation for honesty (Kara et al. 2011). It can be seen that here the variables used are different compare to those used in the thesis study. However in the top three, there is good customer service as key success factors for being small-scale clothing retailers. Another study has been carried in China on Chinese women entrepreneurs and the key success factors obtained in the results are reputation, hard work and management skills (Zhu & Chu, 2010). Again here the results are quite different from the thesis result. These variables can be tested in another study

that can be done in order to complete this one.

Besides a research has been made in Malaysia in 2012 about critical success factors for small and medium enterprise. The study got a total of 108 entrepreneurs around Malaysia as sample (Chong, 2012). They collected the data by using a questionnaire. Surprisingly the result is very similar than the other study carried in china in 2011 by Kara et al. The results states that the critical success factors are reputation for honesty, good customer service and hard work. These three variables seems to repeat in several studies. A more recent study made in 2016 in South Africa says that customer care and quality of service is one of the most important success factors of an entrepreneurship (Meyer & Mostert, 2016). Good customer service is an important factor in China. It has a very significant role to play in business success. Reputation is also very essential in this competitive environment. Having a good reputation will definitely attract customers and not having a good reputation is also going to affect the business specially when there is high competition. Hard work as a variable seems to be very abstract. Defining hard work might be complex. However the researchers used it as variable and the sample seems to agree with it.

Moreover another study has been made in Sweden concerning success factors in entrepreneurship. The purpose was to analyse and find out the factor that influence success in the companies. They did a qualitative study by the use of interviews (Eriksson & Li, 2012). After the data collection, the results explained that the brand reputation was very important for being successful. Again this variable has not been used in the thesis but could have been a good contribution to this thesis. It can be interesting to make another study based of this variable and explored it more as it seems to repeat in several studies and results. Further in this Sweden study one more variable has been raised which customer service. Customer service appears to be very important around the world and also in China as it can be noticed in this thesis results.

Curiously competitive price are rarely present in the findings of other studies. Competitive price is well known to be an important factors in highly competitive environment. It can be a very good advantage for the business. It seems that it is not the most important according to other studies on success factors where they don't even mention pricing. Thus pricing seems significant for Beijing environment. Low labour cost and low cost of raw material in China permit to lower the price. These low cost products increase pricing competitions. Having competitive price will able the entrepreneurs in Beijing to be competitive in the market. It can explain the presence of "competitive price" among the top third of key success factors of small-scale clothing retailers in Beijing. Besides in small-scale clothing retailers, price is very important for the client. It is likely that pricing are not so important in other fields but for clothing retailers the competition and low prices are just too common in Beijing. The small-scale clothing retailers have to fight with this competitions.

"Previous experience" is also a rarer variable in these previous studies. In this thesis it is the first key success factor in small-scale retailers. This result was quite surprising as this variable is quite infrequent in other research papers. Nonetheless there is one study done in 2013 by Kamitewoko about determinant of entrepreneurship success of Chinese owned business in Congo. The findings states that one among the key factor is experience in trade. Experience effect on the business has been studied deeply during the last years. It is often described as an essential part in a successful business. Experience in the same field has been demonstrated to increase probability of success. Though there are some researchers that claim experience has no impact on success (Kamitewoko, 2013). There is conflicting ideas on the subject and very different studies concerning the matters. In this thesis' findings, experience is the first key success factors for small-scale clothing retailers.

# 5.3 Challenges faced by entrepreneurs in Beijing

There are several challenges that entrepreneurs have to face in their daily business life. Some challenges are common around the world and some are more specific to the sector. This study found out what challenges entrepreneurs of small-scale clothing retailers in Beijing are facing and the results are mentioned and discussed below.

#### 5.3.1 Results

The third objective if this study is to determine the main challenges faced by entrepreneurs of small-scale clothing retailers in Beijing. To reach this objectives, questions 18 to 21 has been established in the survey available. A total of 56 entrepreneurs respond to it and the result will be display below. The answer are also based on a liked scale from 1 to 5 with 1= strongly agree, 2=disagree, 3=neutral, 4=agree and 5= strongly agree. Table 5.3 indicates the results from the survey concerning the challenges faced by entrepreneurs of small-scale retailers in Beijing. In this table, it can noticed that the mean are very close to each other with very less variation. All are between 3 and 4. Further all the statements have a minimum of 2 and the maximum of 5 except for one case where it is 4. The business registration and taxation system challenge has a mean of 3.51 and a standard deviation of 0.8. It has a minimum of 2 and a maximum of 5. The second challenge "limited access to financial capital" has a mean of 3.53 and a standard deviation of 0.9. The third challenge "lack of managerial skills" has a mean of 3.4 and a standard deviation 0.6. Finally the last statement "difficulty to attract customers" as challenge has a mean of 3.6 and standard deviation of 0.7. It appears that in average all these statement has been approved by the panel with very low standard deviation. However after seeing the minimum and the maximum, it can be deduced that the point of views varies a lot among them with some who agree and some disagree with the same statement

Table 5.3: Challenges faced by entrepreneurs

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
The biggest challenge faced by entrepreneurs in small clothing retailers store is the business registration and taxation system in Beijing	56	2.00	5.00	3.5179	.87368
The biggest challenge faced by entrepreneurs in small clothing retailers store is limited access to financial capital	56	2.00	5.00	3.5357	.97168
The biggest challenge faced by entrepreneurs in small clothing retailers store is lack of managerial skills	56	2.00	4.00	3.4286	.65663
The biggest challenge faced by entrepreneurs in small clothing retailers store is difficulties to attract customers Valid N (listwise)	56	2.00	5.00	3.6071	.77878

Figure 5.3 exposes the rank of these statements concerning challenges. As it can be seen, "difficulty to attract customers" as challenges has the highest mean. It followed by "limited access to financial capital. The statement saying that business registration and taxation system in Beijing is the main challenge entrepreneur's face in Beijing has the third rank according to its mean. Lastly the lowest mean goes to "lack of managerial skills" as main challenge.

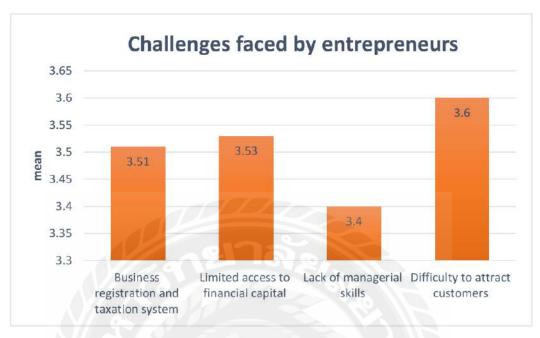


Figure 5.3: Main challenges faced by entrepreneurs

To conclude the biggest challenge faced by entrepreneurs in small clothing retailers store is difficulties to attract customers, then the second biggest challenge faced by entrepreneurs in small clothing retailers store is limited access to financial capital and finally very closely in third position is business registration and taxation systems.

#### 5.3.2 Discussion

Around the world it seems that challenges faced by entrepreneurs are quite alike. Many studies talk about business registration and taxation systems. It is curious how all researchers included this variable in their study. Each country rules and regulations give the impression to be severe concerning business and entrepreneurship. Even if many governments provide help and support for entrepreneurship, still the paper work are complicated. From Africa, Asia to Europe, all talks about this challenges as one of the main issues. Here in Beijing small-scale retailers, it seems that this challenge has surprisingly the third position (Kaburi et al. 2012) & (Kara et al. 2011). When such system are complicate, it discourage people to get engaged in such procedure. If someone

want to start something, he will face the pressure of this barrier and might give up. Something the procedure is not so complicate, but there is just a lack of appropriate information of the matter.

This thesis found out that the first challenge for small-scale clothing entrepreneurs in Beijing is the difficulty to attract customers. Getting the right customer is an issue for all business. However it appears that for small-scale retailers is more important as they voted it as the main challenges they face every day. It is important for a business to find good customer. A good customer is a loyal customer or also known as a repetitive customer. This is essential for the smooth running of a business. In the competitive environment of Beijing, this challenge is understandable (Kanchana, R.S. et al. 2013).

The second most important challenge face by entrepreneurs in small-scale clothing retailer in Beijing is limited access to financial capital. This is also another common challenge encountered in the world regardless to the country. To start an entrepreneurship, it requires an important amount of money. The cost of doing business is sometimes very high according to the business the person is doing. A study in Venezuela explains that one of the challenge face by their entrepreneurs is difficulty to obtain short and long-term capital (Zimmerman & Chu, 2013). This problem is mostly related to owner of small or medium business which is exactly the case in this thesis as they are entrepreneurs in small-scale clothing retailers. Without a proper capital, the business growth is limited which is sometime not appropriate for business with great ideas. This prevent them from developing the business and be more successful. It mostly discourages the entrepreneur to think further. In China, most of the bank are owned by the government. These banks mostly lend money to large-scale businesses which have a significant deposit in the bank. For Chinese resident, loan can be granted for real estate or automobile but if there is medical issue or other matter, the people will use their saving or borrow money from each other. The case for small and medium private enterprise is similar. If they need money, they usually use shadow banking system which are a nonbank financial system which give similar service than commercial bank but not in normal financial regulation. Even if China has a growing economy, the lack of financial resource

for small business is still present.

# 5.4 Correlation between education level and profitability of the business

#### **5.4.1 Results**

In statistics correlation is used to test the relationship between two random variables. Pearson correlation is a measure of linear dependence between two different variables. In this study it is use to test the relationship between education level of entrepreneurs and profitability of their business. The forth objectives of this study is to test this relationship.

Table 5.4: correlation between education and profitability

Correlations

6		Is your business profitable?	Education
DI * BO !	Pearson Correlation	1	.114
Is your business profitable?	Sig. (2-tailed)	$\mathbb{N}$	.403
1311 2 18	N	56	56
	Pearson Correlation	.114	1
Education	Sig. (2-tailed)	.403	
	N	56	56

The table 5.4 represents the result of the correlation between education level of the entrepreneur and the profitability of his business obtained from the software SPSS. The entrepreneurs are randomly selected. This test has been carried out in order to test on the hypothesis of the study. The Pearson correlation coefficient R is displayed in the table 5.4. This coefficient as a very important role in this test. This coefficient rely between 0 and 1. The closer it is to 1 the stronger the relation is between the two variables. The closer it is to 0 its mean the weaker the relation is between the two variables. In this study the Pearson correlation coefficient is equal to 0.114. This R value is very close to 0. This mean than there is a very weak relation between education level and profitability of the business. The sign of the coefficient is very important as it represent the slope of the

scatter chart. This sign positive or negative will tell whether the relationship between these variable is positive or negative. A positive relationship mean when one variable increase the other one increase as well. And it could be when one variable decrease the other one decrease also. In clear a change in one variable brings the same change in the other variable. A negative relationship between two variables means that when one variable decrease the other one increase or vice versa. The sign of the Pearson correlation coefficient for education level and profitability of the business is positive in this study. It means that when education level increase than profitability of the business increase. But as the relation has been proven to be very weak it is more like when one increase the other one also increase but the change is not significant at. The statistical significance level P is also shown in the table 5.4. This value help to determine whether there is statistical significant correlation between the two variables. In order to be statically significant it has to be smaller than 0.05. For thistest the table 5.4 is showing a P value of 0.403. The table also shows N is equal to 56. This mean that the total number of data is equal to 56.

To conclude, if only the Pearson correlation coefficient is taken into consideration it could be finalise that there is a weak positive relationship between education level and profitability of the business. However as the significant level p value is greater than 0.05, its mean that the relationship between the 2 variable is not significant. Finally there is no correlation between education level and profitability of the business.

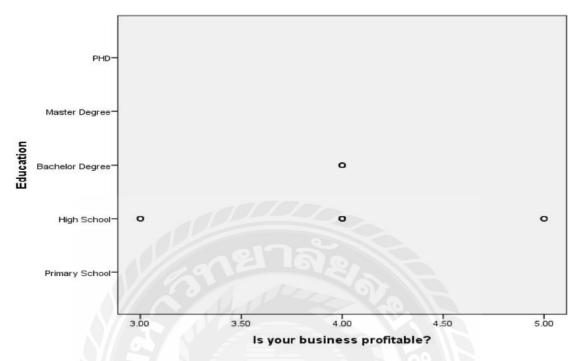


Figure 5.4: Scatter diagram for education and profitability

The scatter chart above represent the relationship between the two variables education level and profitability of the business. A scatter chart will tell a lot about the relationship that two variables will have. The line and the slope will represent whether there is a positive or negative relationship. This figure is used to confirm the previous results obtained in table 5.4. The scatter seems empty and it can be explained as the answers are based on a liked scale from 1 to 5 and the sample size is quite small. That is why the scatter diagram seems that way. Thus no slope can be notice in the diagram. No slope can be notice in this figure 5.4. A horizontal line is being represented. As there is no slope in the scatter chart and there is a horizontal line, it confirms that there is no relationship between education level and profitability of the business.

#### 5.4.2 Discussion

This thesis has tested the relationship between education level and profitability of the business. A correlation has been made using these two variables. Precisely, a Pearson coefficient has been calculated by the software SPSS. The coefficient was calculated using Sig 2 tailed to know the statistical significant of the correlation. The result of this

test shows that there is no correlation between education level of the entrepreneurs and profitability of the business. This result appears unexpected. The impact of education on entrepreneurship success has been the subject of a lot of researches and discussion around the world.

Education brings knowledge, skills, personal growth as stated by several scientists. It is a traditional way to invest in future. Many authors explain the importance of education in self-employment and the positive influence it has on the organization success. It is also said that education has a direct connexion to the performance of the business. For instance, there is study done in Sweden by Eriksson & Li in 2012 which talks about success factors of SME's. The study stipulated that there is a clear connection between education of the owner and the performance of the company. Another study made by Kamitewoko in 2013 says the same things about education. It has got the same result than the study made in Sweden about education. Kamitewoko stated that education plays an important role in the entrepreneurial success. Besides there is ananother paper with similar finding made by Dickson et al in 2008 that found out the effect of education on entrepreneurial success. It clearly specifies that there is a strong relationship of education on entrepreneurial success. One more journal article was made by Kolstad & Wiig in 2009 about education and entrepreneurship in Malawi. The findings of the study explicate that an additional year of school increase 6 percent of profit in the entrepreneurship. This paper used profitability as variable as this current thesis used. However the result appears very different from what has been obtained in this thesis. There are plenty of studies that contradict the result obtained in this thesis. In Texas, a research has been done on its SME's and they found out that there is a statistical significance between the relationship between education level of the owner and the sale volume of the business (Al-Zubeidi, 2005). Nevertheless these studies did not have a focus field. It was mostly about entrepreneurship in general. They did not specify the entrepreneurship background or characteristics. Focusing on a specific domain might have influence these findings. It is possible that in general, education really have a significant impact on entrepreneurial success. But it is also likely that if the researcher

concentrates in some specific field, he might obtain a different result.

As stated before, this topic has been discussed several time and contradictory opinions are available. Education has not always been proved to have an effect on entrepreneurial success. Numerous scientists got different results saying that there is no clear link between these variables. Very often Bill Gates, Walt Disney, Steve Jobs cases are discussed. All these very successful entrepreneurs did not have a formal education. They did not graduate from college before the starting their business. It is true that later on some have been awarded degrees. But before none of them did not have a strong educational background. This did not prevent them from being among world's famous entrepreneurs. They are very often taken as model and so many people want to follow their path. Thus education is not be denied and special entrepreneurship education actually help the entrepreneur to understand the concept of entrepreneurships. It also introduce them to the world of business. Entrepreneurship education can be recognize as a viable tool for entrepreneurship development (Gwija et al. 2014). But according to some authors, it is not necessarily leading to success in entrepreneurship. So many success stories started without education around the world. If a person has a critical thinking and skills, he can be successful. In a way, every person need to go through the process of learning in life, which can be in a college or in daily life. Human never stop to learn every day. Sometimes informal educations teach more to the person than the formal one such as college and school. A person personality and skills are also very important to reach success.

This thesis finding stipulated that there is no statistical significant correlation between education level and profitability. Profitability is a variable which shows whether the business is earning money or not. Having a large profit can be one of the various description of success. Success' definition is very broad. It is difficult to test its relationship with education. That's is why profitability has been chosen as variable. Somewhat it represent a small part of success in a business. This correlation between education of the entrepreneurs and profitability of the business has been tested several time before. The results differs from each other. Some states that there is correlation

between the two variables and some explains that there is no correlation between the two variables. It really depend on the country or on the field this is being applied to. This thesis focused on small-scale clothing retailers in Beijing. This is quite specific. Therefore the panel consisted of 56 entrepreneurs and 84 percent of them have only high school certificate. Very less among them have a bachelor degree and nobody has a PhD. However all of them has been determined to be successful entrepreneurships with reasonable profits. This can be the reason explaining the absence of relationship between education and profitability of the business. Further in this clothing field, it can be seen as less technical and more practical. The entrepreneurs need to meet client and understand their demand concerning clothing. Each client are different. The interaction with each of them can differs. Besides this knowledge are often present in their own personality and also acquired by the experience on the field of work.

This finding concerning education and profitability has been surprising but not incredible. So many researchers have stated the same result previously and so many researchers have also stated the contrary. This topic is very broad. Further studies should be done on the matter. More characteristics of success should be explore and new relationship should be tested such as correlation between education and sales volume. Further the sample size can represent a disadvantage for the accuracy of the results. The sample being small, might not be representative enough to symbolise the real relationship between these two variables. However even if education has no correlation with profitability, it is not insignificant and negligible. Learning can be beneficial for any person. Leaning something related to your field may help the entrepreneurs about many issues. Education formal or informal provides knowledge and develops skills which can only be advantageous for the smooth running of the company. Finally education level has no significant relationship with profitability of the business in small-scale clothing retailers in Beijing but it might have a significant relationship with other important element in the business. Further research can focus on these other elements.

## 5.5 Correlation between experience level and profitability of the business

#### 5.5.1 Results

The fifth objectives of this study is to determine the relationship between experience level of the entrepreneurs and the profitability of his business. In the previous section, correlation has been used to test the relationship between the education level and profitability of the business. The same process is used to test this second relationship between these two variables.

The correlation between experience level and profitability of the business has been done also in the SPSS software.

Table 5.5: Correlation between experience and profitability Correlations

72		Experience	Is your business profitable?
Experience	Pearson Correlation	1	.060
	Sig. (2-tailed)		.661
	N	56	56
Is your business profitable?	Pearson Correlation	.060	1
	Sig. (2-tailed)	.661	
	N	56	56

Table 5.5 is showing the result of the correlation of experience level and profitability of the business. It displays the Pearson correlation coefficient and the significance level of the relationship. As explained before the Pearson coefficient rely between 0-1. The closest it is to 1, the strongest the relationship is. Table 5.5 is showing a Pearson coefficient of 0.06 which is very close to 0. It could be understood that there a very weak relationship between the two variables. The sign of the coefficient is positive which can relate to a positive weak relationship between experience and profitability of the business. However the significance level which has to be smaller than 0.05 is equal to 0.6. This p value indicates that there is no statistically significant correlation between experience level and profitability of the business. To conclude there is no correlation

between experience level and profitability of the business. If one variable increase or decrease it does not affect the second variable.

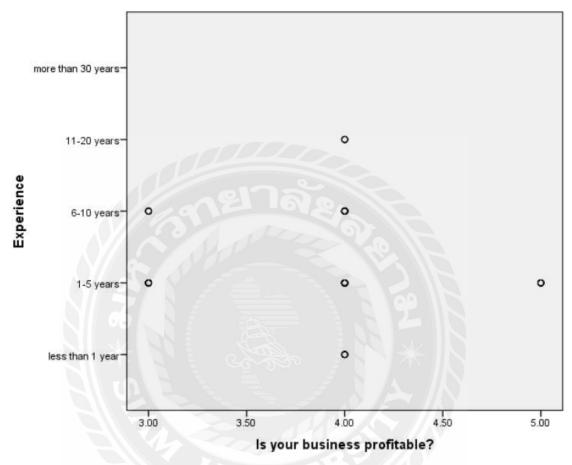


Figure 5.5: scatter chart for experience and profitability of the business

The figure 5.5 represents the scatter diagram of the experience level and profitability of the business. This diagram is used to confirm the previous results obtained by the table 5.5. In such diagram the slope of the represented line will provide information about the relationship between the two variable. An ascending slope means there is a positive relationship between the two variable and a descending slope means there is a negative relationship between the two variable. Having random point in the diagram without any distinct line means that there is no relationship. As it can be notice in the diagram there is no distinct slope or line which confirms the result of table 5.5. There is no correlation between experience level of the entrepreneurs and profitability of his business.

### 5.5.2 Discussion

This thesis tested the relationship between experience level of the entrepreneurs and profitability of the business. The process used is similar to the method used in the previous section. The correlation between experience level of the entrepreneurs and the profitability of the business has been tested using SPSS software based on sig 2 tailed. The finding in this thesis mentions that there is no statistical correlation between experience level and profitability of the business. This result is quite interesting and the contrary was expected.

Experience and education are two factors that has been frequently related to entrepreneurship. Both are known to have an impact on self-employment. Experience is about acquiring skills and knowledge of your field with the passage of time. So many studies have proved a very strong relationship between experience and success. Some states that it improve the change of being successful in your business. Others encourage to acquire experience before starting an entrepreneurship. Further studies around the globe disapproved the result of this thesis. Some authors explain that experience and education lead to entrepreneurial development. A paper in India on entrepreneurial success describes experienced entrepreneurs as great promoter of successful entrepreneurship (Panda, 2010).

However so many successful entrepreneurs have started without any experiences in their field of work. There is so many success story around the world. As for successful entrepreneurs without formal education, there is also many successful entrepreneurs without experience in their respective field. A study has been mention earlier in the thesis about the impact of business experience on business success. The study encompasses 33 owner-manager in Sri Lanka and they found out that there is no relationship between experience level and business success (Wanigasekara, 2011). This result is quite close to this thesis results. However the field tested in Sri Lanka was small retailers in general and for this current thesis is about small clothing retailers which is more specific. Thus it is quite alike.

In this thesis the panel of 56 entrepreneurs have in majority 1 to 10 years of

experience. Coincidently they almost all have the same level of experience and all of the entrepreneurship choose are successful. The fact that they have very similar level of experience could affect the result in a way that the relationship between experience level and profitability of the business cannot be clear. It is still unclear why experience and profitability has no relationship in this study. However it does not mean that the finding is wrong. Thus if education and experience has no correlation with profitability of the business then what other factors have to be investigated. This could be a very good opening of the subject. Profitability as a small success representation has been used. Another variable could be used to represent success such as sale volume as stated in the previous section. Another factor than education and Experience could be ability to take risk or some other personality traits of the entrepreneur that could affect the entrepreneurship. It could be interesting to see what actually has an impact on the profitability of the business in order to help entrepreneurs of small-scale clothing retailers to increase their profit. Profit being a part of entrepreneurial success, it could push the entrepreneurship toward success. Leadership is also known to have an impact on success. It could be very interesting to test the correlation between leadership skills of the entrepreneur and profitability of the business. Or to be more broad, the impact of marketing skills of the entrepreneurs on entrepreneurial success. These are just suggestions in order to open the subject more as no correlation has been found between experience level and education level with profitability of the business. Further the study has been carried out to help entrepreneurs to be more successful and help them to understand on what to focus in order to be more successful. Education and experience seems not be primordial in small-scale clothing retailers. It is possible that other skills are significant such as leadership skills or marketing skills as stated above. Experience is never useless, it can only prepare the person to face different kind of situation at work. When you have an issue and already has the same issue before, it is easier for the entrepreneurs to solve it. These knowledges are acquired through time and it is not unusable. Even if this study found out that there is no correlation between experience level and profitability of the business in small-scale clothing retailer in Beijing,

experience still have its significant in other area of the business. Many success stories started without any experience and education of the entrepreneur but also many other stories showed that education and experience have been an important benefit for the success of the entrepreneurship. This subject and this relationships has been discussed again and again around the world and in different fields. A very recent study made in 2016 shows that an entrepreneurs with managerial experience is more likely to reach entrepreneurial success (Staniewski, 2016). Still results seems to vary in different situation and it can be due to changes of environment or even modernization of various things in the field which makes other factors more important than experience and education.

### 6. Recommendation and Conclusion

#### 6.1 Recommendations

The last purpose of this study is to provide recommendations in order to facilitate entrepreneurs to face challenges and to reach success. The following information will provide methods or plan to accomplish certain challenging task in entrepreneurship.

# 6.1.1 Provide a good customer service in China

In this study, a good customer service is among the key success factor for small-scale clothing retailer in Beijing. However providing a good customer service can be learned. A good customer service will create satisfied customers. Human being and emotions are inseparable. In order to have a positive impact on your customer it has be based on the emotion they feel. The reaction and the emotion they will feel will be based on the products or the services they are receiving from the company. A satisfied customer last longer and buy more. It is important that businesses monitor if their customer are satisfied.

A good customer service is actually very important in every type of business. However each sector has specific requirements according to the environment. This thesis talk about small-scale clothing retailers. Here the customer service skills need to be specific for this field. Conversation, knowledge, problem solving and enhancing the customer shopping experience seem to be four important points for small-scale retailers.

### Conversation

In clothing retailers it is important to have a good communication with your client. Welcome them warmly when they enter the shop. Greet each client according to their age in order to make them to feel comfortable. Engaging in small talk is beneficial and provide a good impression. Show them that you are glad to see them. The seller should stay visible so that if the customer need him they can call him. The seller should

not disturb the client in their shopping unless they seems that they need help. If the seller feels that the client need help, he should try to help the client finding what he need. A very careful attention should be given to the demand of the client. Let the client express himself on what they are looking for and do listen judiciously. Every client want the seller to be helpful not just sell anything to them.

## Knowledge

In order to be able to help a customer, it is important to possess knowledge. The current trend should be known so that you can give useful advice and trendy advice to your customers. The entrepreneur or the manager should know where the item are placed in the shop. It is important if they need any size or anything else they won't waste time to find it. Sometime when you waste time finding something, impatient customer just leave. Further the seller should inspect the product before the payment so that there is no problem. The seller should make sure that the customer did not forget any merchandize before leaving the store. And if so, the seller should keep it safely until the client comes back to take it. It is important also that you are honest with the client but you should be flattery. If a product is too small or too big and won't fit the client, it is important to explain to the customer gently. For example the seller can say this is a very beautiful color but not a good fit. Besides the seller can say that the product cut is not appropriately. It is important to always blame the product and never the body shape of the customer.

### Problem solving

If a customer comes back with a complaint or want to return a merchandise due to defects, it is very important to know how to handle the situations. First listen carefully the complaint of the client. Then the entrepreneurs should stay calm even if the client is putting blame on him. The seller should find a solution for the client and apologize for any mistake caused by the shop. It is good to act as if the customer were always right even if sometimes it's not always the case. But being calm is the key in this kind of situation.

• Enhance the customer shopping experience

The entrepreneur should create a good environment in order to enhance the shopping experience of the client. Beautify your products by a good representation. Match clothes on mannequin and put appropriate lights to enhance the visibility and create the appropriate atmosphere in the shop. By doing so you can create a need for your product. The client might enter wanting one dress and finally wanting more. The customer will enjoy such environment and experience a good emotion toward the store. The environment should reflect the entrepreneurship essence. Exposing the product in an advantageous way will not only facilitate the customer take a decision but also enhancing his shopping experience.

# 6.1.2 Set a competitive retail price

Having a competitive price has been determined to be one of the key success factor in small-scale clothing in Beijing. China has a very competitive environment. Further it has the advantage of possessing a very low cost raw materials compared to other country. Low Chinese price are famous around the world. Having a competitive price is a good advantage to compete with the opponents. A competitive price is basically having a lower price than the competitors. There are important information that the entrepreneurs should acknowledge before setting the retail price of the product.

### • Be careful of wrong pricing

It is important to avoid putting wrong price in a product. The owner should know what the good balance is. If the price is too low it can reduce the profits and put the company at risk. It is significant to know the cost of the products including fix cost and variable cost. Further if a price is too low it can make the customers think that the products have low quality. However if the price is too high, the customer won't buy as they can find cheaper in competitor's shops. That is why proper calculation should be made in order to reach the perfect price.

### knowing your competitors product prices

To be able to set your price, it is important to know the prices of competitors. It will be very helpful to determine own prices if the seller know the opponent price. There

are several way of the knowing this kind of information such as in gathering or conference. You can then analyze the prices and the products of the opponent. Afterward the entrepreneurs can decide on his own prices.

## • Knowing your customers perception on the shop

If the entrepreneur have an idea on his customer's perception on his shop, it will help him to establish his price. If the customer take his shop as a luxury shop then the entrepreneur should set his price same or above his opponent prices. Knowing the customer perception will help the entrepreneurs in setting the perfect price in order to increase profit. Seeing how the customer is perceiving the service or quality of the product facilitate to set the price of the product.

## 6.1.2.1 Make use of previous experience to achieve success

This thesis has shown that entrepreneurs in Beijing believe "previous experiences" have a significant role to play in achieving business success. Past experiences tend to help in complex decision making process and will allow the business person to deliver better decision according to the issue. Work experience help an entrepreneur to understand the dos and don'ts in the place of work and also make the person develop his skills. It is very important to know how to match previous experiences and the current job. Just following previous working habits does not represent a proper use of previous work experience. Another good point of experience is networking. It allows the entrepreneurs to build contact and find help in needy moment. However using previous job experience is not always good in the new place of work. It is important to know when past experiences are useful and when innovation are required.

#### 6.1.3 Attract customers

One of the main challenges faced by entrepreneurs found in this study is the difficulty to attract customer in this field. In this very competitive environment of clothing retailers in Beijing, the entrepreneurs seems to get difficulties to attract their client. Though there are some methods that can be followed in order to attract clienteles

(James 2015).

### Store design and layout

A store layout and environment are very useful to attract and retain customers. The first thing the customer will view in the store is the threshold area which is the beginning of the store. That is why the beginning of the store should be properly maintain, with appropriate lighting and color in order to appeal purchaser. Further another study explains that 90% of the customers tend to turn right when they enter the store. Hence the entrepreneurs should pay more attention to the right side of the shop and organize it well. This place might create the first impression' the client get from the store. It is also essential to create a walk path in the shop that will lead the customer around the store. The customer will get a better view of all the products and this will help him in his shopping.

## Have an online marketing

Social networking is one the way online marketing can be done. These platforms are consulted by thousands of potential customers every day. Creating an identity in these platforms and promoting the products can boost the number of clients. The entrepreneur should be active in his profile and make regular update. Clients like to have a visual contact with the goods, consequently it is interesting to post pictures or video of the products. The entrepreneurs should pay attention to customer's reviews online because bad reviews can have a very bad impact on the business.

#### Sales

Sales is well known to appeal customers. It is a good way to attracts new or regular clients. In order to make it obvious, it is imperative to show clearly that the shop have a sale. For example the entrepreneurs should put big red signs outside and inside the shop displaying sale. If the entrepreneurs has an online presence, he can announce the sale sometime before so that the client can get prepared. A time limit to the offer is also a good strategy to put a small pressure on the client stipulating them to buy now. It proven that if the entrepreneurs had a little bit of urgency in the sale, it will increase the sale by a considerable percentage. It is also good to advertise the best goods outside of the shop

with images or slogans. This will attract more people to the door of the shop.

## Technology

Nowadays technology has a very deep place in customer life. Especially in China, technology is developing every day. The shop should make use to technology to attract clients. In Beijing, almost everyone you see on the road have a smart phone. The shop should find a way to take advantage of that. First WeChat is one of the most important application used in China. The shop should be able to provide WeChat payment which facilitate the client in his purchase. Chinese are very used to WeChat payment and tend to prefer it than cash payment. The shop need to have these facilities in order to attract loyal customers. Further the shop can create a WeChat page and get followers. This will enhance loyalty of the clients and create repetitive customers. Alipay is also another significant application used in China. Alipay should also be available as payment mode in the shop. All these services will help the customer in the process of buying. An easy and good experience will make them come back.

### 6.1.4 Qualities of a successful entrepreneur

Entrepreneurship can be as complex as interesting. This entrepreneurship world has been studied several time and this thesis has also studied it. The key success factors found is previous experience, good customer service and competitive price. However these are general factors about the business. In entrepreneurship the entrepreneurs himself have a very important role to play. An entrepreneur should be passionate about his project. This will help to motivate him to pursue his plan. Besides the entrepreneurs should take in consideration his own experiences and also try to learn from others. Getting experience in an industry or learning from other entrepreneur's mistake can be very useful. He should read about success stories and learn from it. There is always thing to learn about successful organization that can be useful for their own business. Furthermore the entrepreneurs should be a very good marketer. He should be able to sell his product and truly believe in it. An entrepreneurs should also allow himself to take risks. Successful entrepreneurship have often started by a risk taking entrepreneur.

Finally it is important for an entrepreneurs to build a reputation for himself. By doing this the entrepreneurs will build trust toward him in the industry.

#### **6.2 Conclusion**

This study is about the key determinants to entrepreneurial success, a study made in small-scale clothing retailers. Nowadays entrepreneurship is very significant for China as it contributes considerably in Chinese economic growth. Beijing is the capital of China and the political and cultural capital of the Mainland. Having a considerable population, Beijing has a very good environment for business. Further the clothing retailers is a flourishing field in Beijing. This study has been made in order to help fresher's to consider small-scale clothing entrepreneurship as an option, to help new entrepreneurs to face challenges in their small-scale clothing retailers and finally to help new and existing entrepreneurs to reach success in theirs business. Entrepreneurship are challenging but at the same time very fruitful. With the appropriate information, entrepreneurs can achieve success or simply improve their business. Besides the information obtained in this thesis help to extend Beijing literature on entrepreneurship and small-scale clothing retailers. Extend the literature is not among the main purpose of this thesis, however the information's obtained will still be beneficial for Beijing literature.

The aim of this study was to determine the key determinants to entrepreneurial success for small-scale clothing retailers in Beijing. The specific purposes of the study are to first investigate the main motivations that encourage the entrepreneurs to start the small-scale clothing retailer business. Secondly it is to determine the key success factors of small-scale clothing retailers in Beijing. Further the study had to identify the crucial challenges faced by the entrepreneurs in small-scale clothing retailer store in the capital. Furthermore another purpose is to test the relationship between entrepreneurs' education level and profitability of the entrepreneurship and also to test the relationship between entrepreneurs' Experience level and profitability of the entrepreneurship. Finally the last purpose of this study is to provide recommendations and advices in order to help entrepreneurs to face challenges and reach success. The recommendations have been

made in the previous section.

A questionnaire of 21 questions has been distributed to 56 entrepreneurs of successful entrepreneurship around Beijing. A statistical software named SPSS has been used to analyze the data. The results states that the main motivations that encourage the entrepreneurs to start a small-scale clothing retailers in Beijing is the desire for independence and autonomy and then to increase income. Further the findings explain that the key success factors of small-scale clothing retailers in Beijing is first having previous experiences, then a good customer service and finally having competitive price. The results also showed that the main challenges faced by entrepreneurs in small-scale retailers are difficulties to attract customers, then the second biggest challenge faced by entrepreneurs in small clothing retailers store is limited access to financial capital and finally very closely in third position is business registration and taxation systems. Moreover the finding confirms that there is no statistically significant correlation between education level of the entrepreneurs and profitability of the business. Also there is no statistically significant correlation between experience level of the entrepreneur and profitability of the business. These relationship would help the entrepreneurs to know where to focus their attention in order to reach success or to enhance their business. However no relationship has been found. But it doesn't mean that these two variables are not important for the business. Each of them has their own effect and impact on the business.

Based on literature review, a set of hypothesis have been established for this study and the finding has accept or reject each of them. Hypothesis 1 is the main motivation that encourages the entrepreneurs to start the small-scale retailer business is to increase income and it is accepted. Hypothesis 2 is the main motivation that encourages the entrepreneurs to start the small-scale retailer business is the desire for independence and autonomy and it is accepted. Hypothesis 3 is the main motivation that encourages the entrepreneurs to start the small-scale retailer business is the lack of appropriate job opportunities and it is rejected. Hypothesis 4 the key success factor that of small-scale retailers firm is providing good customer services and it is accepted. Hypothesis 5 is the

key success factor that of small-scale retailers firm is the location of the business and it is rejected. Hypothesis 6 is the key success factor that of small- scale retailers firm is previous experiences and it is accepted. Hypothesis 7 is the key success factor of small scale clothing retailers is competitive price and it is accepted. Hypothesis 8 is the key success factor of small scale clothing retailers is selling trendy product and it is rejected. Hypothesis 9 is the crucial challenge faced by the entrepreneurs in small-scale retailer store is the business registration and the taxation system in Beijing and it is accepted. Hypothesis 10 is the crucial challenge faced by the entrepreneurs in small-scale retailer store is Limited access to financial capital and it is accepted. Hypothesis 11 is the crucial challenge faced by the entrepreneurs in small- scale retailer store is the lack of managerial skills and it is rejected. Hypothesis 12 is the crucial challenge faced by the entrepreneurs in small-scale retailer store is difficulties to attract customers and it is accepted. Hypothesis 13 is there is a positive relationship between education level of entrepreneurs and profitability of the small scale clothing retailer and it is rejected. Finally the last hypothesis 14 is there is a positive relationship between experience level of entrepreneurs and profitability of the small scale clothing retailer and it is rejected. H1, H2, H4, H6, H7, H9, H10, H12 have been accepted and H3, H5, H8, H11, H13, H14 have been rejected.

As it is stated above the main motivation of the entrepreneurs in small-scale clothing retailers to start a business in Beijing is to be independent and autonomic. This is very common around the globe and it confirms that small-scale clothing retailer in Beijing are following the same trend. This is will help to extend the literature the key success factor of entrepreneurial success for small-scale retailers are previous experience, good customer service and having competitive price. Knowing that good customer service and having competitive price help small-scale clothing retailers to reach success in Beijing is an important information for current entrepreneurs in this field. They can focus on customer service and reconsider their price to be more popular. Further having previous experience seems to be important according to the finding. Experience workers can consider starting entrepreneurship as it seems that it a key success factors in the

clothing retailers field. The main challenges that entrepreneurs of small-scale clothing retailers faced in Beijing are difficulties to attract customers, limited access to financial capital and Beijing registration and taxation systems. If someone know the challenges it render easier his path and his preparations. Recommendations based on the challenges has been made in the previous section so that it can prepare the entrepreneurs who are facing these challenges. Finally there is no relationship between education level and profitability of the business and same no relationship between experience level and profitability of the business. It seems that for small-scale clothing retailer in Beijing, there is no relationship among these variables. In clear these variables do not seems to affect the profitability of the entrepreneurships. However it doesn't mean that these variable do not have an impact on the business success. Success definition is complex and cannot be describe easily. This study has only tested profitability which represent a very small part of success. Further studies need to explore this subject in small-scale clothing retailers in Beijing using different variables representing success. It is useful to know what kind of impact education and experience level have on a business. It is very curious that according to the entrepreneurs, previous experience is the key success factor but this thesis could not find any relationship between experience and profitability. This mean that the impact is elsewhere in the business which lead to success. This need to be investigate further.

To conclude this study results will help new or existing entrepreneurs of small-scale clothing retailers in Beijing to be more successful. Further it will also help those who want to start entrepreneurship in this field. Especially for MBA fresher which will land in this unemployment issues. Considering entrepreneurship can be beneficial for them. It can be very profitable it the person has the correct tool to improve the business. This study has tried to take enough information and data in order to understand the pattern in small-scale clothing retailers and know their difficulties and key success factor so that other could inspire their path with the successful ones. All the purposes of the study has been meet and some hypothesis have been accepted and some rejected.

## 6.3 Limitations and Opening of the subject

First of all the sample size is too small for a city like Beijing. The result is not statistically representative for the capital. Due to time restriction the sample could not be more expand.

Besides another issue was the lack of time some entrepreneurs face. Most of the time in small-scale entrepreneurship, the owner has to be multi-tasking. This was the main reason so many entrepreneurs were rejecting the questionnaire. Most of the time if there is client, it is almost impossible to get their attention. It was very challenging to find them out of working hours and in other place than their workplace. So the remaining solution was to find the shops.

Further there were a very strict language barriers between the student and the respondents which limit communication and understanding for both parties. However this issues have been resolved later on by taking someone who is fluent in Chinese to accompany the student.

Moreover another problem was that the student is foreigner and it's looked suspicious for the entrepreneurs that a foreigner was taking their personal information. There were a problem of trust from the respondent to the supplicant. Even if the student was accompanied, it did not improve the trust level. Consequently the respond rate stayed very low during the data collection period.

Finally the last issues was to find these target entrepreneurships. It took a very longue time to locate them. During this time no reunion of entrepreneurs had been highlighted online or any conference on entrepreneurship had been announced. These kind of event could help to gather a large amount of entrepreneurs outside their workplace willing to help however this opportunity did not appear.

During this study several matters appear to be a good subject for further studies. For instance it seems that for motivations and success factors there were not enough variables proposed. Therefore further studies can include more variables in order to give more choice to the panel. The result might vary. For key success factors, reputations, hard work and management skills seems to be interesting to test. Moreover as no relationship

has been found out between education level and experience level with profitability, it would be interesting to know what impact these variable has on business. More research should be done on the impact of education and experience on small-scale clothing retailer in Beijing. The fact is according to the finding of this thesis the key success factor is previous experience. It means that experience level has its place in this field but it is still confusing of where it has an impact. Further other relationship can be test such as leadership skills or marketing skills relationship with business success. This could be an interesting relationship to investigate. Finally the sample size need to be increase in order to have more accuracy in the result. 56 entrepreneurs do not seem enough to represent a precise result. Their education and experience level were too similar among themselves.



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