

## Editorial: Foreign Entrepreneurs in China

This thematic issue attempts to expand scholarly understanding of international entrepreneurship in China, by providing empirical evidence of the current problems key to the success of foreign entrepreneurs in China, and analysing the context of entrepreneurship in that country. The need to understand foreign entrepreneurship in China is both an important and a timely problem, because China is transforming into the world's economic leader, and at the same time the conditions for international entrepreneurs are rapidly changing in the global business environment, especially in the context of emerging economies (Bruton, Ahlstrom, & Obloj, 2008). As such, this issue contributes also to an emerging new scholarly literature aimed at understanding the dynamic nature of international business in emerging economies, which, as observed by Puślecki, Trąpczyński, and Staszaków (2016), needs to be revisited by scholars using new approaches, and new empirical evidence.

To date, various aspects of entrepreneurship in China have been a subject of scholarly inquiry. For example, seminal works of Bat Batjargal and his colleagues explored the role and the nature of family ties in Chinese entrepreneurship (Arrengle *et al.*, 2015) and explained rationale behind observed particular behaviours of Chinese entrepreneurs (Batjargal, 2008). However, as noted by Głodowska, Pera, and Wach (2016), differences between institutional arrangements and forces influencing entrepreneurship in different economies, often labelled collectively as 'emerging markets', demand more tailored approaches in scholarly research on those contexts. Hence, this special issue is dedicated to one, albeit most important, emerging economy, namely China. We focus on China because of its relevance to international business, and because inquiries made in such a dynamic context can help develop new theoretical insights. Indeed, since its 'opening' nearly 40 years ago, China has established an environment facilitating entrepreneurship, and attracts businesspeople from literally the whole world. Now, being the world's second largest economy, a member of the World Trade Organization, and an important player in other global and regional economic integration blocks and cooperation agreements, the country not only remains a magnet for foreign business, but also has been developing a large pool of Chinese entrepreneurs and companies who expand abroad (Luo & Lemański, 2016).

During the process of China's impressive economic development, foreign entrepreneurs played an important role contributing to the advancement of technology and management practices in China. Yet, while learning from abroad still plays an important role, the focus has been shifting towards development of Chinese own knowledge and enhancing Chinese innovation (Zhang & van Stel, 2016). Successive 'Five-Year Plans' of China's government, as well as other state policies explicitly focus on the development of Chinese technologies, patents, know-how, and brands. So while historically foreign products enjoyed a reputation of higher value, and foreign firms were preferred by many excellent graduates, the growing

number and advancement of products and services offered by Chinese companies and entrepreneurs, and development of organisational practices in Chinese firms, has been shifting the relationships between foreign and local businesses.

The aim of this thematic issue of *Entrepreneurial Business and Economic Review* (EBER) is to understand this changing role of foreign entrepreneurs in China, especially in the context of China's institutional framework, and the cultural and economic environment, and the current trends in the foreign direct investments to and from China. We invited empirical and conceptual articles investigating these subjects within the broad theme of international entrepreneurship. While the EBER journal has a strong tradition of publishing high-quality quantitative research, given the novelty and dynamic nature of the subject and that the main theme has been relatively less explored in the literature, we opened up this issue to all research methodologies. We received many interesting and high-quality submissions, yet we had to limit the final selection to only those articles which provided novel and unique contributions with a potential to significantly advance literature on the theme of this special issue, and which fit into the mission of the EBER journal. Therefore, the thematic section contains four thematic papers presented in the following.

In the first thematic article, Kenneth-Southworth, Watters, and Gu map the formal institutional framework for entrepreneurship in China, and explain how both foreign and domestic entrepreneurs are affected. This contribution is unique. It informs international scholars about the role of normative documents in Chinese initiatives to encourage entrepreneurship. The authors argue that because of the strategic goals set in the national economic policy the legal framework is principally targeted at Chinese entrepreneurship, but has also benefited foreign entrepreneurship.

In the second thematic article, Ng and Fu, put under scrutiny factors driving entrepreneurship of foreign women in China. The authors first present a thorough review of literature on female entrepreneurs in developed economies, and then cross-compare the results of that literature review with their own original empirical work conducted in China to outline commonalities and differences between women entrepreneurs in China and in the Western economies.

In the third thematic article, Zhang and Hao present a unique indicator based on the political events methodology to analyse the location choice of Chinese foreign direct investments. Next, using a major database of Chinese outgoing FDI, the authors empirically investigate the impact of political relations on the location of those investments. The authors find significant inter-country differences between the effects of political relations on the location of Chinese FDI. The improvement in the bilateral political relations is associated with an increase in Chinese FDI to developing countries, yet in developed host countries the economic development and the market size are the main determinants of Chinese FDI.

In the fourth thematic article, Cieřlik, Yi Qu, and Ting Qu explore the nature of innovation and its relationship with export performance. The empirical evidence presented by the authors indicate that there is a positive association between the probability of exporting of both product and process innovations, firm size, foreign capital participation and foreign technology. In addition, the results obtained by the authors show an interesting switch in the relevance of process innovations. Data from the year 2003 suggest that process innovations were more important for export performance than product innovations,

whereas there is an adverse correlation in the data from the year 2012, i.e. product innovations gained in importance relative to process innovations. The authors discuss the implications of such findings for international entrepreneurship, and suggest new promising avenues for future inquiries on that subject.

Overall, this Thematic Issue of EBER provides fresh and relevant empirical evidence of entrepreneurship in China, and it points out to such new directions for research on international entrepreneurship which are relevant to both theory development and practice, yet have not been yet fully explored by scholars. Among others, the articles in this thematic issue direct attention to such issues as the relevance of formal institutions (Kenneth-Southworth *et al.*, 2018), and thus can help develop the debate proposed by Li, Hitt, Batjargal, Ireland, Miller and Cuervo-Cazurra in their current Call for Papers in the Global Strategy Journal. Another article from this thematic issue (Ng & Fu, 2018) encourages more fine-tuned and novel approaches in the examination of gender issues and cultural differences affecting international entrepreneurship, and so resonate very well with new calls for research on entrepreneurship in Asia recently issued by Wu, Si, Chen and Castro in the Asian Business & Management journal, as well as a special issue dedicated to female entrepreneurs, forthcoming in the same journal (Wu *et al.*, forthcoming).

Thus, I trust that all articles in this Thematic Issue, along with the articles included in the 'Others' section in this volume, will invigorate debates on entrepreneurship in China, help answer current puzzling questions about entrepreneurship in the contemporary business environment in Asia, and in general support advancing research on international entrepreneurship, especially in the context of emerging economies.

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