

Comment on global entrepreneurship

[Business](#), [Entrepreneurship](#)



Hello there. If I may say so, one region of the world that has always fascinated me -- not only for its hardworking people but also for a culture's resilience in times of adversity, as well as openness to new challenges -- is Asia. Among the Asian countries, I single out China among other countries which I believe is highly conducive to a small business owner trying to break into a foreign market. This is mainly because, just like India, it is an emerging market.

History has shown that there have been many small business venture owners, armed with rosy expectations of expanding successfully in China, whose dreams of growth were actualized. There may have been many hurdles which have caused a number of companies to fall by the wayside, but there have been others that can attest to the fact that expanding business in a foreign land like China has been money well spent. Examples of a relatively large enterprise and a small company which have experienced marked growth are Dairy Queen and Figaro Coffee Company, respectively.

Both Dairy Queen and Figaro used the franchising system to expand to international shores, notably China. Both companies banked on the expectation that consumption by China's increasingly affluent population of about 1.3 billion people will propel sales. China's special attraction? Its continued growth, not just of its population, but of the economic resources or spending power of its inhabitants. Aside from small business operators representing the food sector, those in the services sector, such as an electrical appliances repair company, also stand to gain a fair share of the market.

Based on the market overview on China in the Market Research Library website http://www.buyusainfo.net/adsearch.cfm?search_type=int&loadnay=no, China's rate of consumer consumption reportedly increased by about 16.3 percent from January through September in 2007. Many economists predict a surge in the number of people achieving middle class status. Add to that the fact that China's exceptional economic growth continues as the country further integrates with the global economy.

As journalist Annika Mengisen's research revealed, "China's growing middle class, low labor costs, crumbling regulatory barriers and entry into the World Trade Organization have made it an attractive country for private companies that are seeking to expand" (Mengisen, 2008, Introductory section, para. 4) Unlike Fortune 500 companies, the owner of a private company doubles as decision maker, a trait that allows such companies to move quickly and flexibly in China's fast-growing economy (Mengisen, 2008, Introductory section, para.

5). Such was the trait displayed by Figaro owner Pacita Juan, in expanding the Figaro chain of stores to China through franchising. Aside from conducting feasibility studies before plunging head-on into the global market, Figaro's top helm also had face-to-face meetings with potential Chinese partners both in its home country, the Philippines, where the business was started, and in China. There were also the linguistic and socio-cultural factors that had to be contended with (P. Juan, personal communication, August 7, 2007).

Indeed, as many small entrepreneurs will point out and as noted in the market challenges on doing business in China incorporated in the Market Research Library website , before reaping success in foreign shores, one must “ thoroughly investigate the market first, take heed of product standards, pre-qualify potential business partners and craft contracts that assure payment and minimize misunderstanding between the parties. ” Small entrepreneurs who dream big will also well to be aware that the climate in China's rapidly expanding economy “ can be as wild as the old West... The idea is to know your new terrain” (Mengisen, 2008, body, para.

7). Be mindful, in particular, that China's unique system of income tax, custom duty regulation and value added tax (VAT) is difficult to navigate. Mismanagement of these tax systems can increase the cost of operations by 10 percent to 17 percent (Mengisen, 2008, Concluding section, para. 9). Fortunately, the winds of change continue to sweep through China “ and like the income tax, the government is leaning toward unification of the three tax systems...For now, a private company should seek advice from experts or local professionals” (Mengisen, 2008, Introductory section, para.

10). On the whole, China’s economic clout and burgeoning population with a huge spending power may be enough enticement for many small entrepreneurs to charge, or stake a claim, in the Chinese market, but it definitely will pay to be forearmed, especially when it comes to dealing with regulations, grappling with hidden costs, and dealing with the language and cultural barriers. Beyond the government planners and the cultural

idiosyncrasies, well-financed investors intent on making money and protecting their investments in China are among those to be reckoned with.

AM References Mengisen, A. (17 October 2007). Small Businesses Find Their Fortunes in China. The street. com. Retrieved April 15, 2008, from <http://www.thestreet.com/story/10383696/1/small-business-find-their-fortunes-in-china.html> Doing Business in China. (2008). Retrieved April 22, 2008, from http://www.buyusainfo.net/adsearch.cfm?search_type=int;loadnay=no