

## ENTREPRENEURSHIP SUPPORT OF ECONOMIC GROWTH IN CHINA (I)

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### Abstract

*Economic growth over the past three decades in China has captured the interest of the whole world. Many nations, governments, business and science look admiringly to "Chinese miracle". The performance of this country is the more remarkable as it includes, besides the effort to go beyond a developing country and the transition from a communist economy to the market economy. "Chinese development model", whereof spoken more and more in this period is unclear due to some nuances not really classical approach to development paradigm, which focuses on promoting democracy, human rights privatization, liberalization and the fight against corruption. Through the new model, some authors, starting from high authority of the state over property and finances, assigns to it a key role in economic growth. From their point of view, the strong boom of the private sector in China is the result of the opening provided by the state and not as a prerequisite for development. This perception is unpopular but other authors who argue that "the Chinese success had as basic ingredients exactly private entrepreneurship, private property, financial and even political reforms, though not always apparent at first glance." This study made a brief foray into Chinese entrepreneurship development, opening new possibilities of deepening towards understanding how it managed to contribute to the development and growth of the country.*

**Key words:** *entrepreneurial, business model Chinese, private enterprises, GuanXi, relational capital*

**JEL Classification:** *F43, L26, O53*

### I. INTRODUCTION

Interest shown by policy makers to stimulate economic growth in China is more strikingly seen in the role of entrepreneurship in the economic life of this country. Moreover, the process of economic transition underway in the Chinese territory can be considered as a predictor of development of entrepreneurship. The latter contributes to economic development by introducing innovations, strengthening rivalry and competition creation. Although ideological consensus was reached on "determinants of entrepreneurship development" (Hui, 2010) in developing countries" in China, some issues are not clear yet" (Wong, Ho, și Autio 2005)

In China, the government has worked to build a friendly environment for entrepreneurs and interest impact of transition on entrepreneurship development. Several studies have investigated the institutional entrepreneurship and cultural dimensions (Li & Materlay, 2006), but there are few investigations on the impact of economic transition on the development of entrepreneurship. By conceiving this material it was intended to highlight the socio-economic conditions of the country in recent decades, the role and the contribution of private companies in the emergence and development of trends and modern entrepreneurship in China.

### III. ENTREPRENEURSHIP PRECEDING THE CHINESE HISTORICAL DEVELOPMENTS

From the late Qing Dynasty (1644-1911) until the beginning of the Republic (1911-1949), China experienced strong shocks coming from outside and made "great attempts at internal reform" (Schwarcz, 1986). Chinese society was disoriented. In the midst of national crisis, amid unrest and discontent, wanting to save the country and its people, people with lofty ideals and many intellectuals "like those who turn to any doctor when they are sick, they sought solutions outside of China. When English and French styles failed, they turned to the Russian method. They did not hesitate to prescribe the most extreme remedy for the disease, hoping in China's rapid rehabilitation" ([www.epochtimes.com](http://www.epochtimes.com)).

After a long struggle (1927-1949), carried against the nationalist forces of the Kuomintang (KMT) [1] on 1 October 1949 was proclaimed the People's Republic of China. Political government of the new republic was provided by the Chinese Communist Party under the leadership of Mao Zedong.

Since 1949, the new Chinese Communist government using its full sovereignty, and taking full control of China, including the economy has made a series of economic restructuring (Brandt and Rawska, 2008), which included agrarian reform and rural gradually taking ownership in almost all sectors of the economy of modern China, including railways, transport companies, energy, electronic communications, agriculture product processing, light and heavy industry, and the financial sector. The government also took control of foreign trade and tariff administration of China. It has also eradicated opium production, gradually eliminating opium addiction, and has solved many social problems such as homelessness and other shortcomings related to the existence of aggressive disease or poverty and corruption inherited from previous governments in China. Foreign traders, real estate investors, bondholders, missionaries and residents in China have lost their privileged life benefits, their tax-free investments in China, even houses (Some lived in China for several generations). Many foreigners, especially those involved in missionary work in building schools and hospitals in China have been betrayed. But for many Chinese, regaining full sovereignty meant a new beginning for economic development efforts in China (Thomas, 2008).

In 1949, China was seen as one of the poorest countries of the world, "the sick man of Asia"; her participation in the global economy which is booming dropped to about 5 percent, with an annual income per capita of about U.S. \$ 50 (Naughton, 2007). China has designed and built newly established economic development policies that led to an average annual growth of about 4 percent in 1953 to 1978, among the highest in the developing world at the time (Hu, 2006, World Bank, 1978, Wang, 2000).

Wanting an increase in the living standards of the population, the communist government initiated "Great Leap Forward", an "extremely creative intervention in the economic development of China" (Satya, 1998), which generated an unprecedented crisis in Chinese society, culminating in "Great Famine" [2]. The project turned out to be a great failure it was later abandoned (Lin, 1990; Dwight, 1991). As its policy priority, Mao thought rapid rural industrialization, so Chinese producers, particularly farmers, can use more advanced technologies than the relatively crude tools that were available at that time.

"Before 1949, the peasants had their own farms and small areas of land, participating in traditional festivals, banquets, and paying homage to ancestors" (Mirsky, 2009). Through the Great Leap Forward policy, there have been notable changes in the lives of rural Chinese peasants by expropriating the wealthy and distribute land to the poor and the introduction of agricultural collectivization forced process, alongside a utopian attempt industrialization. This campaign was accompanied by "restrictions on individuals, public struggle sessions, and social pressure, forced labor" (Mirsky, 2009). In the same idea, historian Frank Dikötter (2010) states that the foundation of the Great Leap Forward were the "coercion, terror and systematic violence" as "one of the greatest mass murder in human history".

Modernization of Chinese society was conceived with the idea of building a "economies of scale" [3] with a focus on investment in heavy industry (heavy machinery used for construction of other machines), to the detriment of agriculture and light (oriented consumer goods) couples with surplus resources, especially labor: a process that has been described as "super-exploitation of labor in rural areas" (Satya, 1998). Thus China has given priority to the most "rare" factor of production: physical capital, in the sense of industrial machinery and relatively advanced technology, putting pressure on the most "abundant" factor: labor, considered relatively less expensive than other resources that limited. Thus conceived, this policy requires massive allocation of labor from agriculture to industry. Labor advantage stimulated China's ambition to catch the developed world (believing that Britain could exceed economic influence) in order to "regain glory" in a short time (Yao, 2001).

In the early fifties China began accumulating based technological support provided by the Soviet Union for major industrial projects, almost exclusively in heavy industry: steel, heavy equipment, electricity etc. (Yao, 2001). Moreover, as the Chen (1997), China has "imported equipment, unique technologies and production lines from the Soviet Union, Eastern Europe and western countries". These technologies and equipment brought into China need to adapt the workforce to new knowledge and skills. "More than 20,000 people were sent to the Soviet Union and the countries of Eastern Europe to receive formal education or training. These people have become the backbone of China's technological capabilities in the coming years, until very recently, when the new generation of college graduates after the Cultural Revolution matured in the late 1980s and early 1990s " (Chen, 1997). Major projects were allocated in such a way as to reduce regional disparities in industrial development in the country "thousands of workers, scientists and technicians were mobilized for relocation of the east coast of central and western provinces" (Bo, 1993). Heavy industry development strategy was not deprived of inconsistencies and failures being criticized "as the most important factor that has delayed economic development of China" (Lin, Cai și Li, 1996).

Along with the vast industrialization strategy of the Great Leap Forward was to create positive incentives for the direct producers to remain in rural areas. This has promoted the development of appropriate technologies for use by the direct producers in rural areas, especially under their personal effort on the part of labor, on the other hand, the surplus that they generated without the need for a net transfer of resources from the countryside. It is believed that by adopting appropriate technologies in rural areas, it will give boom development of light industry and would appear more employment opportunities and also improving rural

incomes. Thus the new policy was described by Satya (1998) as a form of "<<self-help>> strategy economic development" by the government thought, would not only eliminate one of the main reasons for migration from country to cities (employment in better jobs than were available in rural areas), but it could even lead to a reversal of the migration flow ("industrialization" of the countryside would create a better life and attract people to return from the cities to the countryside).

By the Great Leap Forward policy has taken into account the urban population where industrialization has made possible the absorption of a number of increasingly more workers as a result of increasing demand from domestic customers. This results in "work units" system known as "danwei" [4]. On individuals, work units had a very strong influence. Through these individuals were assigned living quarters, food, the latter being consumed in the canteen central. At the same time, the unit of work was the supervisor of all the events in the life of a person, being "obliged to seek permission to travel, marriage, having a child" (Satya, 1998). Danwei system was crucial to the implementation of the "one child policy" monitoring the reproductive behavior of workers. Those who did not comply with this policy could have suspended payments, they could withhold incentives or even retrograde living conditions.

Revolution of 1949, at least in terms of direct producers in rural areas has meant the creation of "joint co-production" based on communist relations of production. Cooperatives Established in 1958 were "<<feudal manors >>: collection of business and residential premises of the peasants, organized legal criteria" (Wikipedia). They were characterized by the presence of administrators and political control performed by senior party (usually made outside the cooperative), which had the task of mobilizing producers work brigades. Another feature was the relative immobility of workers village. This immobility was enhanced in 1958 by the code "hukou" [5], a system that "shared workers as urban or rural" (McClaud, 2001 Luard, 2005) and prevent the inhabitants to migrate the city and / or dodge their obligations to the State. The hukou system was "an instrument of command economy. With its labor settlement was made, ensuring an adequate supply of state enterprises with cheap labor" (Luard, 2005). Joint Cooperative was, in this respect, "a total institution that dominates almost all aspects of its members" (Satya, 1998).

In the late 1950s early successes were not as sensational. Initial increase in production was followed by a decline greater than levels before the Great Leap Forward. Farmers have learned that hard work was not rewarded as would be expected and felt disappointed by their role in the system. Productivity decreased. Agricultural production declined further following a series of natural disasters in 1960. To make things worse cooperative management and staff were misreported by higher structures on the conditions of the rural population, and the results obtained, describing situations more pink than it was reality. Realizing at last the dimensions of rural problems, the Party tried to respond to issues of production, restlessness and hunger by providing producers some freedom (opportunity to work for themselves in addition to common tasks for cooperatives). This was too little, too late and it was clear that the "Maoist approach led to a serious setback. In China's economy "enormous amounts of investment produced only modest increases in production or not ... In short, the Great Leap was a very expensive disaster" (Lin, 1990; Dwight, 1991; Satya, 1998).

#### IV.PRIVATE ENTERPRISES IN CHINA

Before 1949 in China there were about 9 million individual business units (Liu, 2003). After the founding of the PRC, China's private sector has been treated as "tail of capitalism" which was to be "cut" (Zheng si Yang, 2009). After the socialist reconstruction of 1953-1956, says Liu (2003), "would not have remained on any private business or individual." However, in the huge rural areas lagging behind, which the control of the totalitarian state was relatively weak, this individual economic tail was not cut, but survived reasonably private plots in secondary family businesses and trade bazaar (crafts), operating in a way "underground". That is why at the end of 1978, across the country there were only about 150,000 individual businesses (Liu, 2003). The presence of private means of production and exploitation in employment shows that capitalism and the private sector are part of it. In practice, private companies have played the role of "filling gaps" in the national economy, especially in the distribution of consumer goods and services and employment. The role and effect of individual economy were recognized by law (1982) as the promoter of economic recovery and development of urban individual.

After the death of Mao Zedong, through the reforms of 1978, China's leaders began to turn gradually planned economy (introduced in the 1950), in a market economy by opening China to foreign trade, investment and foreign technology (Eesley, 2009). China's aim was to develop carefully planned, tightly regulated, promoting rapid economic growth. The objective of post-1978 China's rapid economic development was similar to that of the "Four Asian Tigers" [6] (Thomas, 2008).

The most important industrial and economic sectors of China (transport, communications, energy, mining, manufacturing, financial services) remained under the control of the Chinese government after 1978. China's economic reform has succeeded primarily in rural areas, with "system responsibility. "Under this system it was created for farmers the opportunity to own agricultural land through long-term leases, about" 15 years and

considerable management autonomy “ (DaCosta și Carroll, 2001). Furthermore, there is a free market opening for business that produces consumer goods and services. It also gave permission for foreigners to be co-share holder in the joint ventures. Finally the establishment of companies with foreign capital was allowed, but covered by Chinese regulations, even in areas owned exclusively by Chinese. In almost all years after 1978, Chinese domestic economy increased systematically with "an average annual rate of 8-10 percent" (Thomas, 2008). At the same time a large part of state property passed into private ownership venture of China, with foreign investors, privately owned domestic and even foreign private.

During the first stage of economic reform, the main component of the private sector was given by home individual firms known as Getihu. As a new category of business getihu was characterized at the time the owner is the sole industrial and commercial manager called. By 1988, there were two types of individual or private businesses in China. The first was personal business, defined as "a unit that could employ more than five employees" [7], aspect mentioned by a government document in July 1981 (Liu, 2003).

In rural areas, the emergence of the private economy was a product of institutional reform in this environment. This family-based agriculture was restored under the direction of a farmer and contracting arrangements. This reform increased the incentives for farmers and increased agricultural production (Lin 1992). As a result, farms quickly accumulated a considerable amount of wealth in the process of increasing production. On the other hand, after intensive work in agriculture began to show a surplus labor force in rural areas. Thus increased revenue and surplus labor contributed to "modernize private enterprises in rural areas" [8] of China.

Rebirth of the private economy in cities was possible due to the pressure generated by the urban unemployed youth on the government. Employment of young people has become a great burden to him, which is why the government has encouraged young people to engage in their own business. This policy was clearly stated in several documents issued by the government and the party in 1981, providing guidelines for solving problems of individual businesses (such as land use, supply of materials, business administration, etc.).

Public enterprises and cooperatives Common Brigades, established during the Great Leap Forward, as otherwise a "limited role" [9] have lost viability (Huang, 2008). In towns and villages in China within the competence of local public enterprises are new market-oriented known as Entreprises Town and Village (ETV; pinyin : Xiangzhen qiye). Following Huang (2008), the new economic entities "that have nothing in common with the Great Leap Forward is set mostly during the reform of the 80s, their numbers increasing from just 1.5 million in 1978 to ETV 12 million in 1985 "and" a rate of about 93% " (Liao și Sohmén 2001). This growth has direct effects on the one hand, labor market, as highlighted an "employment from 28 million in 1978 to a peak of 135 million in 1996" (Saich, 2001 Vogel, 2011), and on the other part in production, where the increase was from 1.8 billion yuan in 1978-49 billion yuan in 1992 (Naughton, 2007; Lin, Fang, și Zhou, 2007).

ETV (companies 'public') refers to the structure of ownership (owned by towns and villages) and TVE (enterprise "private" from the public) discuss location (located in towns and villages) Huang (2008).

In this context, Naughton (2007) specifies that a large part of ETV were "collective property." Called "red hat" (private owner under a hat of collective ownership), such a company is set up with the original purpose of the owner to evade harassment ideological operated by the government, which prohibited private firms (Gregory, Tenev, și Wagle, 2000; Zhang și Liu 1995). Naughton's arguments (2007) relate how they fell apart and support the farming villages and towns in their establishment, namely that "property rights" remained in collective [10], while the "usufruct "was the new ETV delegates led by managers. Thus ETV were given great flexibility [11], "basically operating as private enterprises", which, by (Wong, 1988) ensured their success "since the early 1980s". To the development success "of public enterprises" in the period 1978-1989 contributed, on the one hand, "fiscal decentralization" of 1980 which gave greater discretion to local governments about tax revenue and career potential of local officials (strong incentives to promote ETV), and on the other hand, helping the state by encouraging government borrowing from the banking system " (Kung & Lin, 2007).

Along with momentum ETV, Chinese private entrepreneurship has undergone extreme pressure, especially during the administration of Jiang Zemin, which led to "bankruptcy nearly a third of entrepreneurs" (Oi, 1992). However, "open to privatization ETV" (Saich, 2001), their sector has experienced "dramatic changes in 1995 to 1996" (Huang, 2008) manifested by expropriations [12] and loss of competitive position. This is when private ETV sector recovery beginning to take weight. Rural industries today are more related to local government and community and took "forms and new roles" (Huang, 2008). With a strong impact in the ETV developments can be recorded growth of "industrial clusters - small firms compete with one another, but able to cooperate to form a relatively complete industrial chain" (Park și Minggao, 2003).

Extraordinary performance of of rural industrialization in China has been attributed by some observers as a combination of private entrepreneurship and collective ownership as the best response to market imperfections and political environment in China (Che și Yingyi, 1998; Li, 1996, 1997).

## V. ATTRIBUTES OF CHINESE ENTREPRENEURSHIP

The second stage of economic reform in China, late 1980s and early 1990s, the "set the stage for Chinese entrepreneurs to exploit labor cost gap between Western countries and China" (Zhou, 2012). Global market China has become the largest producer of low-cost in the world. Low labor costs have enabled Chinese manufacturers to adopt a simple business model that was reflected in the significant increase in China's GDP. At the same time, there were many problems "inefficient and corrupt banking system, high levels of pollution, public health services of poor quality, increased extreme poverty and inefficiency of state enterprises (Morrison, 2009). China's central government has begun to implement new policy initiatives to maintain economic growth and to address the problems described above by supporting SMEs [12] nationwide. This was set in 2011 by the National Development and Reform Commission, which aims to implement a good "global strategy", and improving the financial and tax, insurance tax to help Chinese enterprises (Zhou, 2012).

Chinese entrepreneurship has two important attributes: familism on the one hand and, on the other hand, relational capital known as "GuanXi". They are added to humanism and hierarchy. These are the unique challenges and opportunities for SMEs in China. Global context challenges and chances of success in Western countries depend on other contexts rather different from traditional.

Familism refers to a social structure in which family needs are more important and have priority over the needs of any individual family members. The whole nation can be regarded as a family, so-called "great socialist family" and each organization is also a family. In the family, there are different roles: leaders of organizations are "parents" and employees are "other members" (Gao și Kotey, 2008). Familism has a great influence on business decisions in Chinese society, many SMEs in China are based on family. Familism affects management. Following values familism, Chinese managers prefer to recruit family members, relatives, friends, such as *aperciază Zapalska and Edwards (2001)*, "nepotism" in the SMEs in China "is fashionable". Activities and personal lives of employees are closely related to those of firms in which they work. The managers of these firms operate as parents in the extended families, being responsible both for managing business and solving personal problems of employees (Xing 1995). Since the start-up capital is often provided by family members, they influence decisions and the functioning of society. In many families, with many members, and influence decision footprint extends across countries and seas. A family business can be the beneficiary of a large trust network that helps more family members and business globally. Values such as loyalty, solidarity, patriotism, filial piety and moral dimensions of familism give confidence in China (Sheh 1993, 2001).

Humanism, another important value of Confucian origin, human-centered refers to courtesy, generosity, good faith, diligence and kindness (Gao și Kotey, 2008). Humanism is very useful in building a harmonious working environment without conflicts between individuals on different levels. Compared to the government of humanism met Chinese entrepreneurship, western business relationships are governed by contracts stipulating the rights and obligations of each party, making clear distinction between personal and business relationships (Kotey și Meredith, 1997).

Hierarchy, the basic attribute management, influencing entrepreneurship in China, the majority of SMEs in the country as a family business with a strong emphasis on hierarchical order according to family structure. Reproduced in business, family hierarchy enables executives sometimes encourage abuse of power that has been vested (Zapalska și Edwards, 2001; Sheh 2001). Employees in the family hierarchy must show respect, loyalty and obedience to the CEO who must be regarded as a source of power for business. In turn CEO must keep a high social status, a situation that Hellriegel, Slocum and Woodman (2001) refers to as a "high context culture". Also, the CEO must take care of the welfare of employees. Thus, everyone in an organization understands the power center.

A central idea in Chinese society refers to personalized networks of influence called GuanXi. In China, relational capital is very important in business. In almost every aspect of social interaction, Chinese society is like a bundle of connections and informal interpersonal relations, including relations with the government. Most entrepreneurs in China have transferred their informal interpersonal networks in their companies to strengthen inter-organizational linkages. These "relationships and exchanges associated favors contribute to information exchange and partnerships that have a positive influence on financial performance" (Zhang și Zhang, 2006). For example with a good GuanXi, some firms are more likely than others to receive approval for funding (loans), or receive licenses to import / export earlier than other firms. Because GuanXi is known as the most powerful force in Chinese culture, it can be considered as "a special kind of currency" in China (Zhou, 2012). Without proper GuanXi is very difficult to achieve business and associations worldwide.

Yang (1994) consider that depending on the purpose or family ties ("connection experts") or business connections ("links instrumental") GuanXi "will be induced by a sense of obligation and reciprocity" being built exchange of gifts, favors and banquets, which provides skillful mobilization of moral and cultural imperatives. The distinction between the two types of connections is clearly observed by Fan (2002). He argues that although

a relationship can be cultivated pursue instrumental goals, there are some specific connections that must conform to the culture of family and kinship where these objectives will be achieved.

Typically, in transition economies (particularly in China), the emphasis on personal connections built based gifts led and continue to led to the existence of a parallel economy that aims to return favors income redistribution. If the "relationship" is treated as prevalent, it can help in achieving useful exchanges, fair. If it becomes clear that the relationship involves only material interest (direct and immediate payment), the exchange can be ranked as one of bribery, or at best, a mere commercial transaction (Zhou, 2012).

Although GuanXi plays an important role in business operations in China, especially in building business networks (Kempster and Cope, 2010), there is controversy about whether to be or not regarded as a dimension of personal value. Many researchers treat GuanXi as a socio-cultural factor in the Chinese context (Gao și Kotey, 2008; Huang și Bin, 2006; Luo și Chen, 1997; Kirby și Fan, 1995).

## VI. CONCLUSION

With an ancient and continuous civilization China had a historic and impressive economic development. Confucianism, an ethical and philosophical doctrine influenced culture both Chinese people and socio-economic activities and political ones promoting a set of values such as loyalty, honesty and mutual obligations in relation to others. These virtues were both sources of progress and regress. For example, the higher the confidence and loyalty to the country led pulse Great Leap Forward and the Cultural Revolution to near bankruptcy. The same values were the basis for the economic recovery of 1978. Compared to the "shock therapy of" economic reform in Europe, in China it was done step by step, piece by piece is called "soft landing". Emphasis was placed on supporting small and medium enterprises through the establishment by the government of the general economic framework. Thus Chinese entrepreneurship, animated of familism on the one hand and on the other side of GuanXi, China has got wings providing support healthy development.

## VII. NOTE

- [1] Kuomintang of China (abbreviation KMT), often translated as the Chinese Nationalist Party, is a political party in the Republic of China, Taiwan today, the most widely represented political party within places occupied in the assembly. KMT is a member of the International Democratic Union. Kuomintang was in opposition to the Chinese Communist Party, as well as to Japan, which demand a dominion of China. Following the Chinese civil war that followed the 2nd World War, the Kuomintang was defeated by the Communists. Party leaders and some of the supporters fled to the island of Taiwan, where proclaimed Republic of China.
- [2] The period between 1958 and 1961 was characterized by widespread famine, drought and bad weather. Great Leap Forward policies imposed by the Communist Party of China have contributed asemnea to famine. According to government statistics, there were 15 million excess deaths in this period (O Grada, 2009). Unofficial estimates vary, but scholars have estimated the number of famine victims to be between 20 and 43 million (Dikötter 2010).
- [3] Economy of scale is a term that describes what happens when the quantities of factors used in production grow. More specifically, a firm reduces its unit costs to produce more goods and services and, as you increase production, lower average costs by spreading fixed costs over a higher production.
- [4] Danwei is a term still in use, is now used more to refer to a job during the Chinese economy was strong socialist or when raised employment in state enterprises.
- [5] A system for recording people. Hukou registration system is a record of persons formally identifies a person as a resident of an area and include identifying information such as name, parents, spouse and date of birth.
- [6] East Asian Tigers is a term that denotes the economies of Hong Kong, Singapore's, South Korea and Taiwan. These territories and states were marked by sustained economic growth and accelerated industrialization between 1960-1990.
- [7] This limitation is based on no economic reason has led to a reconsideration of the situation by the central government, which in 1988 issued an important document, Interim Provisions for Private Enterprises (Tentative Stipulations on Private Enterprises-TSPE). According to this document, a unit holding private assets and employs more than eight employees is regarded as a private enterprise (Xiangzhen qiyè).
- [8] It is a new system of cultivation and the recognition of the legitimacy of private production without recognizing absolute private ownership of land. This sent a strong signal to farmers and encouraged them to engage in non-farm small.
- [9] The limited role of these enterprises mainly refers to "garden baskets" key phrase communisms 50s without the Great Leap Forward would be complete. They were limited to the production of iron, steel, cement, fertilizers, hydropower, and agricultural tools.
- [10] The complexity of this arrangement resulted in labeling of TVE property rights as "unclear" (Naughton, 2007).
- [11] Political institutional environment to encourage such undertakings "public" in the early years of reform, because private companies are facing severe restrictions and discrimination in terms of resources and regulations.
- [12] In China, at the end of directional liberalism local authorities were encouraged to expropriate ETV
- [13] National Development and Reform Commission highlights five basic missions on SMEs: 1) Improving setting up businesses and creating new jobs; 2) Optimization of SMEs; 3) Stimulating the development of "new distinct specialized and sophisticated" industries and industry groups; 4) Raising the level of business management; 5) Refining of service system for SMEs.

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