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SUCCESSFUL ENTREPRENEURSHIP IN CHINA: THE CASE OF JACK MA

Perspective,
opinion and
commentary

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Abstract

In the last decades entrepreneurship has received substantial interest from both researchers and practitioners all over the world. The determinants of successful entrepreneurship are diverse and numerous, such as intelligence, innovation, economic context, entrepreneurial policy, education, experience, perseverance, and leadership. Today's modern China provides many business opportunities, efficient financial markets and legal institutions, and entrepreneurial ecosystems for successful entrepreneurship. The goal of the paper is to present the case of Jack Ma, one of today's Chinese successful entrepreneurs. The research is based on a case study. The paper demonstrates that Ma, the co-founder of Alibaba, has succeeded in achieving the status of a successful entrepreneur both in China and worldwide.

INTRODUCTION

In the last decades entrepreneurship has received substantial interest from both researchers and practitioners all over the world. Entrepreneurship provides jobs, creates entrepreneurial ecosystems, leads to firm formation, ensures economic dynamism, and contributes to economic growth and development (Decker et al., 2014; Stam and Spigel, 2016; Toma et al., 2014; Wennekers and Thurik, 1999). The determinants of successful entrepreneurship are diverse and numerous, such as intelligence, innovation, economic context, entrepreneurship policies and programs, education, experience, perseverance, and leadership (Ács et al., 2016; Baum and Locke, 2004; de Bruin and Dupuis, 2018; Dyke et al., 1989; Shah et al., 2015; Sorensen and Chang, 2006).

The People's Republic of China (hereafter, China) represents a challenging example related to the theme of successful entrepreneurship. After the foundation of the Chinese communist state in 1949 private businesses were eradicated but they regained their legitimacy in 1978, following the Third Plenary Session of the 11th Central Committee of the Communist Party, when the socialist-market oriented reforms were implemented (Li et al., 2009). Since the end of the 1970s, China has attracted an enormous influx of foreign investment and witnessed a significant know-how transfer that fuelled China's pragmatic and old entrepreneurial spirit. China recognized entrepreneurship as „one of the key driving forces of sustained economic development and is accordingly making many efforts to encourage and facilitate entrepreneurial activity” (He et al., 2019, p. 563) and „made starting a business easier by launching online company registrations and by simplifying social security registrations” (World Bank Group, 2019, p. 136). This is why the expansion of entrepreneurship is needed to “improve China's long-term economic prosperity by building sustainable core competencies” (Zhang et al., 2013, p. 3) and to remain „an important engine of growth of the Chinese economy” (Phan et al., 2010, p. 176). Today's modern China provides many business opportunities, efficient financial markets and legal institutions, and entrepreneurial ecosystems for successful entrepreneurship, such as Alibaba or Huawei (Huang, 2008; Jia et al., 2019; Plafker, 2007). In this respect, more than 37,000 Chinese companies are already operating around the world (Woetzel et al., 2019).

The goal of the paper is to present the case of Jack Ma, one of today's Chinese successful entrepreneurs and the co-founder of Alibaba. The paper is structured as follows. The next section deals with the literature review. The research methodology is displayed in the third section of the paper. The fourth

section presents the results of the research. The paper ends with conclusions.

LITERATURE REVIEW

There is a plethora of studies and researches regarding the topic of entrepreneurship in China. After the end of the Second World War, China became a communist state. Under the rule of Mao Zedong, the Chinese Communist Party was the most radical opponent of private businesses. Paradoxically, the same party under the leadership of Deng Xiaoping undertook fundamental reforms towards the market economy in the late 1970s.

A vast programme of modernization throughout the country- the so-called “four modernizations”- in industry, agriculture, science and technology, and national defence started. It was followed by the creation and development of the Special Economic Zones (Shenzhen, Shantou, Zhuhai, Xiamen, and Hainan Island) that offered a favourable business environment. Also, China signed two important agreements for business cooperation with the United States of America (USA): one allowed Coca Cola to be bottled and sold in China, the other made possible the acquisition of three Boeing jumbo jets (Porter, 2011). Moreover, the social institutions created by the Chinese communists, such as schools, hospitals, and houses, saved “the nascent capitalists the price of developing a workforce” (Fishman, 2006, p. 52). Thus, the roots of market economy emerged in communist China. As a consequence, more and more entrepreneurial activities flourished across the country and highly contributed to China's rapid economic development (Yang and Li, 2008). From a historical point of view, the development of entrepreneurship in China covered three main phases (Table 1). There are some specific features of entrepreneurship in China. It is said that:

- “its market condition allows for a relatively strong non-market dimension of entrepreneurship;
- its political environment created town-and-village enterprises (TVEs), which was an early form of non-market entrepreneur-ship in modern China from 1978 to 1992;
- China's high degree of institutional uncertainty resulted in the creation of entrepreneurs with a “red hat” (“red hat” enterprises allowed businesses to register as public-owned organizations, thus concealing their intrinsic private ownership)”. (Zhang et al., 2013, pp. 5-6)

There are many success factors of the entrepreneurial activities in China as follows:

- reputation for honesty;
- good customer service;
- good general management skills;
- charisma;
- friendliness to customers;
- hard-work;

- education;
- access to capital;
- good product at a competitive price;
- previous business experience;
- ability to manage personnel;
- satisfactory government support;
- political nimbleness;
- good location;
- interpersonal harmony;
- personal networks relationships (guanxi);
- proactiveness;
- support of family and friends, etc. (Ahlstrom and Ding, 2014; Chu et al., 2011; Li and Matlay, 2006; Liao and Sohmen, 2001; Tan, 2001).

In 2018, young people aged 25-34 represented the most active group of entrepreneurs in China (Bosma and Kelley, 2018). On this line, Jack Ma started his first business in his 30s and constitutes a valuable example of a highly successful Chinese entrepreneur.

METHODOLOGY OF RESEARCH

In order to reach the aim of the paper the author used a case study. A case study represents a form of research that “endeavors to produce rich description about singular contemporary events or topics” (Lapan and Quartaroli, 2009, p. 166). It provides a detailed and intensive analysis of a single organization, a single location, a person or a single event (Bryman and Bell, 2007). First, the author identified the libraries from Bucharest (British Council, the Central Academic Library “Carol I” Bucharest) where the data could be found. Second, he explored several sources of secondary data such as journals, reports and books from the areas of entrepreneurship, management and international business. Third, the author carried out a comprehensive literature review. Fourth, he analysed and synthesised the data, and wrote the paper.

RESULTS AND DISCUSSION

Born Ma Yun in 1964 in Hangzhou City, Zhejiang province, Jack Ma lived during the difficult years of the Cultural Revolution. Unfortunately, “as the grandson of a landlord and son of a performer of Pingtan- a traditional folk art combining music with storytelling- Jack was on the wrong side of history in the eyes of the Communists” (Erisman, 2015, p. 9). When he was 8 years old, the American president Richard Nixon visited his hometown that was suddenly transformed in a tourist destination. In order to become conversationally fluent in English, Jack rode each morning on his bicycle to a hotel to talk with the foreign tourists. He guided the tourists

around the city and had the possibility to improve his English knowledge. Also, he spent most of his free time reading martial arts novels.

In time, Jack met an Australian family and developed a good relationship with their two kids. In 1985, they invited Jack to spend a summer vacation in Australia. Three years later, he graduated with a bachelor degree in English the Hangzhou Teacher’s Institute, after he failed the entrance exam three times. Ma started to work as a lecturer with the School of English and International Trade at the Hangzhou Dianzi University.

In 1994, Jack open his first venture: the Haibo Translation Agency (Gregersen, 2019). As he became known for his English skills and he always thought to start a business, the idea to serve the increasing demand of local businesses acting in tourism and foreign trade was put into practice.

In 1995, Ma travelled to the USA. There, some American friends introduced him to the internet. Sitting in front a personal computer for the first time in his life was a great challenge for him. He searched the word “China” and had the surprise to find no information about his country. This was a crucial moment in his life because “Ma realized that not only did the internet have tons of information to offer it also held amazing potential for business” (Clark, 2016, p. 13). He instantly thought “if we can take companies in China and make a home page for them, this could be something big” (Erisman, 2015, p. 11).

When Jack returned home, he founded China Yellow Pages, his first Internet company, that brought him almost \$1 million. In 1999, Ma and his 17 business partners launched Alibaba at a press conference in Hong Kong when he announced a \$5 million investment led by Goldman Sachs. From the beginning, he declared the three objectives of Alibaba:

- “We want Alibaba to be one of the top ten websites in the world.
- We want Alibaba to be a partner to all businesspeople.
- And we want to build a company that lasts 80 years!” (Erisman, 2015, p. 20).

Another \$20 million, led by Japan’s Softbank, were poured in the company one year later. It is said that “Alibaba brought the dream of using the internet to conduct business globally for Chinese based companies to reality” (Clark, 2016, p. 18). In 2014, Alibaba reached \$200 billion market capitalization and more than \$500 billion at the beginning of December 2019 (Macrotrends, 2019).

In order to improve the global e-commerce system, he founded other companies such as Taobao, Alipay, Ali Mama and Lynx. Ma’s huge business success has been owed to several key elements as follows:

- vision;
- passion;
- intelligence;

- ambition;
- hard-work;
- entrepreneurial spirit;
- working in team;
- perseverance;
- charismatic leader;
- brilliant communicator;
- humble and continuous learner;
- philanthropist;
- magnetic personality;
- optimism;
- funny business man;
- excellent English skills, etc. (Clark, 2016; Erisman, 2015).

One of today's worldwide recognized most successful entrepreneurs, Jack Ma is considered the richest Chinese businessman with a net worth of \$38.5 billion (Stone et al., 2019).

CONCLUSIONS

Entrepreneurship in China has a long tradition. Since the late 1970s, entrepreneurship has emerged and developed in China. The expansion of entrepreneurship in China has highly contributed to its economic miracle.

The paper shows that there are specific and numerous success factors of Chinese entrepreneurship. Also, it demonstrates that Jack Ma, the co-founder of Alibaba, has succeeded in achieving the status of a successful entrepreneur both in China and worldwide.

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List of tables

Table No. 1

The historical phases in the evolution of entrepreneurship in China

No.	Period	Phase
1.	1978-1992	The emergence of private businesses
2.	1993-2000	The rapid growth of the private sector and the decrease of importance of state-owned enterprises.
3.	After 2000	The increasing policies designed and implemented to channel and focus private investment.

Source: Zhang *et al.*, 2013.