

A survey of Chinese SMEs on plans, experiences and perceptions of global e-business

Jeffrey.Soar@usq.edu.au
University of Southern Queensland, Australia
Jeffrey.Soar@usq.edu.au

Gabriele Suder
University of Melbourne
Gabriele.suder@unimelb.edu.au

Robert Wu
CEO SMEsOI
Robert.Wu@usq.edu.au

Abstract: In 2013 a survey was undertaken of Chinese SMEs (Small to Medium Enterprises) to better understand their plans for and challenges in globalisation; the request to participate was distributed through a Chinese-government-funded SME support agency SMEOI and received 171 responses.

Aims: to better understand the plans, experiences and perceptions of Chinese SMEs in relation to international business

Background: given the rise of China in world trade and that China is the major trading partner of many countries its importance is likely to continue rise; consequently a better understanding of Chinese SME perceptions of trade might be of benefit both to Chinese SMEs and to potential trading partners.

Method: a survey instrument using Survey MonkeyTM was developed and translated into Chinese characters. This was pilot tested. An invitation to participate, in Chinese, was circulated to approximately 300 companies on the subscription list of Chinese SMEs held by industry partner SMEOI.

Results and Discussion:

The findings indicate there are many concerns of Chinese SMEs that responded to this survey and that there are a range of issues that impact on their participation in the global marketplace. There may be opportunities for both Chinese and overseas companies and agencies to address these concerns so as to facilitate a freer flow of commerce to mutual benefit.

Conclusion: There is much to learn from the perceptions of Chinese SMEs to better assist e-commerce between Chinese SMEs and potential international partners to mutual benefit. The results of this research will be further analysed and published in a forthcoming series of papers.

Keywords: China, international business, survey

AIMS AND INTRODUCTION

There is great interest in China as an emerging and powerful economy and various predictions of the likelihood of it becoming the world's dominant market. Anecdotes abound of difficulties for foreigners to operate in the Chinese market and just as China can be a challenging market to enter, Chinese companies similarly can face challenges in reaching out to the rest of the world. There are various estimates of the incidence of failure of overseas ventures that suggest there is significant room for better understanding of the experiences and perceptions of Chinese SMEs of globalization.

This research project aimed to better understand the experiences and perceptions of Chinese SMEs in relation to international business and trading with Europe in particular to the information and benefit of Chinese companies and

their potential partner companies, governments and other stakeholders. It explored the use of the Internet for sales, marketing and communication and the degree to which companies had globalised. Companies were asked about their plans for globalisation and the motivation for globalisation, their international partners and criteria for selecting a non-Chinese partner, and their perceptions of main obstacles to directly international market growth. A section specifically focused on business interests in Europe and explored perceptions of barriers and of Europe as a market.

The questions related to internet business on the presumption that it is largely an infrastructure requirement for international business. There are other requirements for international business including having an English-language version of a company's web-site, e-commerce facilities

although much of that can be managed with available software tools.

The findings suggest there are many concerns held by Chinese SMEs about entering the international marketplace and much to be done to successfully partner with Chinese SMEs to operate in European countries. This paper reports on some of the findings of the survey, other findings will be reported in future papers.

LITERATURE

E-commerce adoption within SMEs is considered to be affected by perceived relative advantage, perceived compatibility, CEO's innovativeness, information intensity, buyer/supplier pressure, support from technology vendors and competition (Ghobakhloo et al 2011). There is a body of literature on SME business success, globalisation through digital technologies and on challenges for Chinese business. Chinese SMEs also experience industry and customer pressure to adopt e-commerce however Guanxi (cultural tradition that values face-to-face interaction and interpersonal relationships) can discourage e-commerce (Zhu et al 2014).

There has been an expectation that online marketplaces will render Guanxi irrelevant since online marketplaces are perceived to be impersonal (Yang 1994). The first generation of e-commerce SMEs developed a set of Internet leveraged organizational capabilities to compete online, including capabilities for online marketing, product innovation and eCommerce management (Wang et al 2011).

There are many identified benefits for Chinese SMEs in embracing e-commerce including enhanced company brand and corporate image although there are concerns about security and privacy (Jahanshahi, Zhang & Brem 2013). The globalization of the wholesale market is likely to accelerate the pace of export-oriented internationalization of labor-intensive SMEs in China (Wang & Ngoasong 2012). The typical Internet applications that these vendors use include third party electronic marketplaces, company websites, and online Software as a Service (SaaS) (Lefebvre et al 2005). Most SMEs use electronic marketplaces because they have limited resources to build and promote their own websites (Gulledge 2002).

The online business environment is more turbulent than the traditional market, in terms of demand uncertainty, higher price volatility, and quickly changing business requirements. The transparent nature of online marketplaces and increasingly large number of participants make online product selling more competitive than in traditional markets (Zhu 2004b). Guanxi still matters in the online business world but it takes new forms however the Internet can allow SMEs to market products at lower cost, reaching many more customers and also helps them to overcome some of the constraints imposed by lack of access to Guanxi (Yang, 1994) that is embedded in local markets.

BACKGROUND

There is no single agreed definition of the term small to medium enterprises (SMEs) and a variety of definitions are applied across different countries. Although employee numbers is not the sole defining criterion, SMEs are generally considered to be non-subsidiary, independent firms which employ less than a given number of employees. SMEs can differ significantly in terms of employee numbers (Xu & Duan 2007, 40). Daniel & Myers (2000) believed that a widely accepted definition of SMEs was companies with less than 250 employees. China has a defined a standard for SMEs in 2003 covering different industries (Table 1).

Table 1. Definition of SMEs in china

Industries	Business Size	No. of Employees	Business Sales (CNY Million)
Manufacturing	Medium	300-2000	30-300
	Small	<300	<30
Construction	Medium	600-3000	30-300
	Small	<600	<30
wholesale trade	Medium	100-200	30-300
	Small	<100	<30
Retail trade	Medium	100-500	10-150
	Small	<100	<10
Accommodation/ restaurant	Medium	400-800	30-150
	Small	<400	<30
Transport	Medium	500-3000	30-300
	Small	<500	<30
Post communication Service	Medium	400-1000	30-300
	Small	<400	<30

Notes: CNY Chinese Yuan (Adopted from Xinhuanet 2003).

The global financial crisis had a significant impact on Chinese companies and many SMEs have still not recovered. A challenge remains for Chinese SMEs in developing their business in the global marketplace through e-business. SMEs face greater challenges than large companies which usually have access to greater resources. China's SMEs are not immune to competitive pressures both from international and domestic sources to operate in the global marketplace. There are expectations that globalization of SMEs will be a pathway to improved financial performance. Globalisation is seen as critical for China's SMEs for survival and growth.

Some of the internal challenges for globalization of Chinese SMEs have been identified as their manufacturing capacity (Huang & Luo 2013, p.16) to meet increases in volume and the ability of employees to build and service an international client-base (Huang & Luo 2013, p.16), their capacity for international marketing (Luo 2012, p.31; He 2013, p.37), the availability of a budget for R&D that will be required (Luo 2012, p.31; Sun 2013, p.5) and their own "appetite" for innovation (Luo 2012, p.31; Sun 2013, p.5).

External factors include the access and capacity for social relationship networking (Zhou & Liu 2012, p.74; Jiang

2013, p.74; Zuo 2013 pp.127-131) especially with the Chinese government preventing access to certain SM sites and integration of social sources (Zhou & Liu 2012, p.74; Jiang 2013, p.74; Zuo 2013, pp.127-131), a lack of government support was identified by Sun (2013, p.5) as well as difficulties to access finance (Liu & Lu 2012, p.97; Sun 2013, p.5), Sun also identified a need for education and support from industry and professional associations (Sun 2013, p.5)

METHODS

A partnership was sought with an organisation capable of assisting in gaining access to Chinese SMEs, SMEOI, generously agreed to assist. SMEOI is a B2B electronic business company based on cloud computing with its headquarters in Sydney, Australia and offices in several cities in China. The company is supported by several Chinese regional governments and its mission is to improve the ability of small and medium enterprises to compete with larger market players in global e-commerce.

The research instrument was developed in partnership with the researchers and with industry partner SMEOI. The tool was translated into Chinese and tested with a small number of trial participants. The researchers felt confident they were familiar with China but there was a pattern of responses which invite further analysis so as to improve future research. Almost all respondents completed questions 1-10 (Appendix 1) which related to company size and operations. Only around half of respondents completed questions 11-29 relating to the use of the internet and e-commerce which might represent those who felt the question was relevant to them. Questions 30-40 asked for opinions on difficulties of international business and were consistently answered by 23-27 respondents which may reflect only those already involved in international business. Questions 41-56 provided 7-point Likert scale for respondents to indicate their agreement with statements primarily about business with Europe. These were answered by 66-68 of respondents, again potentially only those who were engaged or planning to engage in e-business with Europe. The results were workshopped with SMEOI and some of the findings and discussion follow. Other results from the survey require more analysis and interpretation and will be published in forthcoming papers.

RESULTS

As discussed above, SME appears to be defined slight differently in China compared to elsewhere as is reflected in Figure 1. These companies had identified as SMEs through their subscription to SMEOI. Almost 40% had over 1,000 employees. One third of the responding companies had 50-250 employees. Anecdotally we are informed by our industry partner SMEOI that SMEs in China are considered to be those companies with less than 3,000 employees.

Figure 1: number of employees

in China this company has :		
Answer Options	Response Percent	Response Count
Less than 5 employees	1.2%	2
5 – 10 employees 5-10	4.2%	7
10 – 49 employees 10-49	8.4%	14
50 – 99 employees 50-99	14.5%	24
100 – 249 employees 100-249	18.1%	30
250 – 499 employees 250-499	8.4%	14
500 – 999 employees 500-999	7.8%	13
1,000 and more employees 1000	37.3%	62
<i>answered question</i>		166
<i>skipped question</i>		5

Almost half (47%) of responses indicated they operated in China only, the remainder had operations in various other regions and countries. Only 10% identified as a family business.

Almost all companies were operating in B2C, B2B or both (Figure 2).

Figure 2: e-business

Our company sells in:		
Answer Options	Response Percent	Response Count
BtoB B2B	17.6%	28
BtoC B2C	13.2%	21
Both	69.2%	110
<i>answered question</i>		159
<i>skipped question</i>		12

Just less than one-third expressed no intention to go beyond China, another third had plans to sell or invest in other countries while slightly more than one-third of respondents were engaged in international business (Figure 3).

Figure 3: engagement in and plans for international business

Our company engages into:		
Answer Options	Response Percent	Response Count
Business in China only and no intention to sell or invest in other countries	28.3%	47
Business in China only and intention to sell or invest in other countries	34.9%	58
International business	36.7%	61
answered question		166
skipped question		5

Only half of respondents completed the question on issues faced in launching internet business (Figure 4) but of the responses received the main issues can be ranked as:

1. web marketing strategy
2. Web site development and management
3. Getting started
4. E-commerce transactions – secure/online payments and
4. Data and application/web- hosting

Figure 4: issues faced in launching internet business

The issues we face in launching internet business are linked about how to:		
Answer Options	Response Percent	Response Count
Get started	33.3%	27
Web marketing strategy	55.6%	45
Web site development and management	39.5%	32
E-commerce transactions – secure/online payments	32.1%	26
Data and application/web-hosting	32.1%	26
Web search optimisation	19.8%	16
Delivery/logistics	24.7%	20
Run this across borders into other countries	27.2%	22
answered question		81
skipped question		90

Companies learned about non-Chinese opportunities primarily through existing and new clients or partners, and local, regional or national government incentives (Figure 5).

Figure 5: how companies learned about non-Chinese opportunities

We have learned about non-Chinese opportunities mainly through our existing clients or partners (Chinese):		
Answer Options	Response Percent	Response Count
Our existing clients or partners (Chinese)	48.7%	38
New partners or clients contacting us directly	25.6%	20
New partners or clients contacting us via the CII, other organisations or agents	15.4%	12
Trade fairs and similar events	20.5%	16
Governmental (local) incentives	25.6%	20
Governmental (regional) incentives	23.1%	18
Governmental (national) incentives	26.9%	21
Own existing knowledge (work or education abroad; travel)	7.7%	6
Reading, internet, documentation	17.9%	14
Observing similar internationalization by Chinese firms	14.1%	11
Other (please specify)		0
answered question		78
skipped question		93

Companies indicated their main motivations for international business were, in order of the number of responses received: new markets, innovation and knowledge, reputation building and others as listed in Figure 6.

Figure 6: motivation for international business

Our company's main motivation for (starting or currently running) international business is that we seek		
Answer Options	Response Percent	Response Count
Resources	32.9%	25
New markets	57.9%	44
Innovation & knowledge	48.7%	37
Learning about international norms, standards & compliance	31.6%	24
Reputation – building	39.5%	30
Improvements in regard to quality for own firm	34.2%	26
Adherence to global sustainable development/env ironmental protection expectations	26.3%	20
Other (please specify)		1
answered question		76
skipped question		95

Figure 7 shows responses for the question: Motivations for having business relations with non-Chinese partners. Chinese SMEs who responded indicated they were seeking innovation, learning, quality improvement and lower cost.

Figure 7: motivation for business relations with non-Chinese partners

Your business relations with non-Chinese partners IN China is motivated by the desire to:		
Answer Options	Response Percent	Response Count
Help international firms improve quality	42.5%	31
Help international firms lower costs	41.1%	30
Help international firms improve innovation	49.3%	36
Learn about non-Chinese business opportunities	43.8%	32
Learn about non-Chinese behaviours	13.7%	10

Other (please specify)	1
answered question	73
skipped question	98

Social and political ties in China were seen as important for access to foreign markets (Figure 8).
Figure 8: leverage for access to foreign markets

For your access to foreign markets, you find it important/essential to leverage:		
Answer Options	Response Percent	Response Count
Political ties at home	22.1%	17
Social ties at home	27.3%	21
Political and social ties at home	45.5%	35
Ties with similar companies in China	42.9%	33
Ties with similar companies outside of China	23.4%	18
answered question		77
skipped question		94

Of interest to non-Chinese companies seeking to partner with a Chinese company will be the responses to a question on the criteria of Chinese SMEs for selecting a non-Chinese partner. Figure 9 shows the main criteria as: reputation in the target market, reputation worldwide and in China, innovation capacity and market reach.

Figure 9: criteria for selecting a non-Chinese partner

What criteria do you use / plan to use when selecting a non-Chinese partner? (More than one answer possible)		
Answer Options	Response Percent	Response Count
Reputation in China	44.2%	34
Reputation worldwide	44.2%	34
Reputation in target market	48.1%	37
Market reach	41.6%	32
Product range	29.9%	23
Innovation capacity	44.2%	34
Willingness to share product or regulatory knowledge	24.7%	19
Complementarity of products or	35.1%	27

services		
Knowledge of Chinese culture	15.6%	12
Business contacts in China/networks	18.2%	14
Business contacts in target market	18.2%	14
Payment guarantees	11.7%	9
Other (please specify)		0
answered question		77
skipped question		94

The main obstacles to explore international market growth were reported as unfamiliarity with foreign market, unfamiliarity with foreign legal and institutional environment and unfamiliarity with foreign culture (Figure 10).

Figure 10: main obstacles to explore international market growth

What would you consider to be the main obstacles to directly explore/further develop international market growth?		
Answer Options	Response Percent	Response Count
Unfamiliarity with foreign market	51.9%	40
Unfamiliarity with foreign culture	33.8%	26
Unfamiliarity with foreign legal and institutional environment	36.4%	28
Uncommitted partner	18.2%	14
Unqualified partner	7.8%	6
Lack of partner	20.8%	16
Capital	20.8%	16
Other (please specify)		0
answered question		77
skipped question		94

DISCUSSION

Companies that are considered to be SMEs in China can be much larger than the size expectations in Australia in terms of numbers of employees (Xu & Duan 2007, 40). In this research nearly 87% of respondents had more than 50 employees and in some cases several thousands of employees. The respondents saw a potential benefit of e-commerce as enabling Chinese SMEs to stay competitive. Figures 6 and

figure 9 show that 48.7% of the respondent Chinese SMEs were interested in adoption of e-commerce for innovation and knowledge, 34.2% for improvements in quality, 26.3% for adherence to global sustainable development. 30% to 45% of the respondents Chinese SMEs focus on market reach (41.6%) and product reach (29.9%), innovation capacity (44.2%), and complementarity of products or services (35.1%) when they select a non-Chinese partner.

The Internet and e-commerce are viewed as a way for SMEs to compete with their larger counterparts in accessing global markets by overcoming distance and size (Payne 2003, p.8; Apigian et al 2005, p.123; Gengatharen & Standing 2005, p.417). The potential benefits of e-commerce include the capacity to “level the playing field” for SME’s offering them many opportunities and benefits previously enjoyed only by their larger competitors (Payne 2003, p.8; Bunker & Yin 2005, p.57; Lawson-Body & O’Keefe 2006, p.2; Chong & Pervan 2007, p.15).

SMEs see a potential value of e-commerce in enabling access to world markets. Figure 6 shows that the motivation of 90.8% of responding Chinese companies for international business is for new resource (32.9%) and for access to markets (57.9%).

Domestic demand, fixed asset investment and export trading support the Chinese economy. Domestic demand does not secure long-term economic growth, China’s economy has relied heavily on fixed asset investment over the past 10 years. It has been accounted for nearly 78.5% of GDP in 2013 compared to 47% in 2003 (Li 2014).

Consequently Chinese companies have turned their attention to global market. SMEs are motivated by the prospect of new markets opening (Chong & Pervan 2007, p.15). For example, currently, China’s outward direct investment (ODI) has overtaken foreign direct investment (FDI) inflows (Brainard & Fenby 2007, p.17). Chinese ODI is shared 60% to Asia, 16% to Latin America, 7% each to North America and Africa, 6% to Europe and roughly 4% to Australia and New Zealand (Brainard & Fenby 2007, p.17).

Before the Internet age, SMEs were often forced to accept market conditions as they found (E-business Policy Group 2002, pp.5-6). New technologies have opened up opportunities for SMEs to expand their markets beyond national borders (Fathian, Akhavan & Hoorali 2008, p.11). Through the use of e-commerce, organisations of all sizes and types can conduct business without worrying about the territorial market limitations of the past (Fazlollahi 2002, cover page). Traditional distance related barriers disappear (Walczuch et al. 2000 cited in Scupola 2003, p.59). Therefore, e-commerce may support SMEs in establishing a commercial presence in foreign markets (DFAIT-MAECI 2004, n.n.).

Knowledge and support services are important for Chinese SMEs adopting global e-commerce. The results in figure 4 indicate that 88.9% of companies concerned how to get started global e-commerce (33.3%) and web marketing

(55.6%). 71.6% concerned how to operating including website development and management (39.5%) and application/web hosting (32.1%). 84% concerned the support services in technique including e-commerce transaction-secure (32.1%), data and application/web hosting (32.1%) and web search optimisation (19.8%). 51.9% need support services in international marketing deliver including delivery/logistics (24.7%) and run business into other countries (27.2%). Government incentives are still important for Chinese SMEs entering into global marketing.

Despite the emergence of China as the world's largest trading nation there is much yet to learn on both sides so as to derive mutual benefit. Further papers will report on analysis and discussion of the remaining questions.

LIMITATIONS OF THE STUDY

The invitation to participate was circulated to the 300 Chinese SMEs that are subscribers to the government-funded SMEOI service that aims to support SMEs in on-line and global business. Consequently the participants were already those interested in globalising their businesses. The pattern of responses indicates there is room for improvement in the design of questionnaires for future research so as to attract greater completion of questions. This paper reports only on those questions that have been analysed by the researchers, the results of the remaining questions need further interpretation with the industry partner and will be reported on in papers that are under development.

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APPENDIX: RESEARCH INSTRUMENT

Chinese SME survey

All information will be treated confidentially and only used in aggregated analyses without specific mention of any one firm. If so desired, we provide an executive report of findings/copy of publication to respondents.

Completing the questionnaire will at most require 10 minutes.

We thank all respondents.

Part 1: First, some questions about your company for statistical purposes.

The following questions are about your company and its clients, partners, or any other operations abroad.

This company is headquartered in (city, region, country).....

This company focus on the sector of

Currently, this company has operations in China and:

- ☐ China only
- ☐ China and directly neighbouring countries
- ☐ Asia (most countries)
- ☐ Asia – Pacific
- ☐ Oceania
- ☐ Europe
- ☐ North America
- ☐ Central- and /or South America
- ☐ Africa

In all, in China this company has:

- ☐ Less than 5 employees
- ☐ 5 – 10 employees
- ☐ 10 – 49 employees
- ☐ 50 – 99 employees
- ☐ 100 – 249 employees
- ☐ 250 – 499 employees
- ☐ 500 – 999 employees
- ☐ 1,000 and more employees

In all, our company has the following number of employees worldwide:

- ☐ Less than 5 employees
- ☐ 5 – 10 employees
- ☐ 10 – 49 employees
- ☐ 50 – 99 employees
- ☐ 100 – 249 employees
- ☐ 250 – 499 employees
- ☐ 500 – 999 employees

- ☐ 1,000 and more employees

The turnover of our company in 2011 was (x 1,000 US\$) approx...:

- ☐ < 99
☐ 100 – 299
☐ 300 - 499
☐ 500-999
☐ 1,000-4,999
☐ 5,000-14,999
☐ 15,000-50,000
☐ > 50,000

Five years ago, the turnover of our company was (x 1,000 US\$):

- ☐ < 99
☐ 100 – 299
☐ 300 - 499
☐ 500-999
☐ 1,000-4,999
☐ 5,000-14,999
☐ 15,000-50,000
☐ > 50,000

Our company sells in

- ☐ BtoB
☐ BtoC
☐ Both

Our company is

- ☐ A family business
☐ Not a family business

Our company engages into

- ☐ Business in China only and no intention to sell or invest in other countries
☐ Business in China only and intention to sell or invest in other countries
☐ International business

Part 2: Internet business

Does your company use the internet?

- ☐ Yes
☐ No

If not, why not /not yet : ...

- ☐ For all sales purposes nationally
☐ For part of sales purposes nationally
☐ For no sales purposes nationally

- ☐ For all sales purposes internationally
- ☐ For part of sales purposes internationally
- ☐ For no sales purposes internationally

For marketing purposes nationally

- ☐ For part of marketing purposes nationally
- ☐ For no marketing purposes nationally
- ☐ For marketing purposes internationally
- ☐ For part of marketing purposes internationally
- ☐ For no marketing purposes internationally

For communication purposes nationally

- ☐ For part of communication purposes nationally
- ☐ For no communication purposes nationally
- ☐ For communication purposes internationally
- ☐ For part of communication purposes internationally
- ☐ For no communication purposes internationally

For other purposes: please specify: ...

If not, why not /not yet : please specify:

The issues we face in launching internet business are linked about how to:

- get started
- web marketing strategy
- web site development and management
- e-commerce transactions – secure/online payments
- data and application/web- hosting
- web search optimisation
- delivery/logistics
- run this across borders into other countries

Part 3: How international is your company, your client, your partner and your market?

Your company is

- ☐ Chinese Owned
- ☐ Partially Chinese owned
- ☐ Not Chinese owned

Your clients are

- ☐ Only Chinese
- ☐ Mainly Chinese
- ☐ Mainly not Chinese
- ☐ None is Chinese, but all are Asian
- ☐ None is Chinese, they are from Asia and elsewhere (if so, please specify : ...)

Your partners are

- ☐ Only Chinese

- ☐ Mainly Chinese
- ☐ Mainly not Chinese
- ☐ None is Chinese, but all are Asian
- ☐ None is Chinese, they are from Asia and elsewhere (if so, please specify : ...)

Your market is

- ☐ Only Chinese
- ☐ Mainly Chinese
- ☐ Mainly not Chinese
- ☐ Not at all Chinese
- ☐ Asian only
- ☐ Asian-Pacific only
- ☐ European only
- ☐ Other (please specify: ...)

On non- Chinese markets, you sell

- ☐ Directly (own subsidiary)
- ☐ Through an agent
- ☐ Through a partner (joint venture)
- ☐ Through other channels (please specify :)

Your company has become/is planning to become international in regard to its market (directly or indirectly)

- ☐ Immediately at its origin
- ☐ After 1-3 years of existence
- ☐ After 5 years of existence
- ☐ Other, please specify: ...

We have learned about non-Chinese opportunities mainly through our existing clients or partners (Chinese)

- ☐ our existing clients or partners (Chinese)
- ☐ new partners or clients contacting us directly
- ☐ new partners or clients contacting us via the CII, other organisations or agents
- ☐ trade fairs and similar events
- ☐ governmental (local) incentives
- ☐ governmental (regional) incentives
- ☐ governmental (national) incentives
- ☐ own existing knowledge (work or education abroad; travel)
- ☐ reading, internet, documentation
- ☐ observing similar internationalization by Chinese firms
- ☐ other (please specify:)

Our company's main motivation for (starting or currently running) international business is that we seek

- ☐ Resources
- ☐ New markets

- ☐ Innovation & knowledge
- ☐ Learning about international norms, standards & compliance
- ☐ Reputation –building
- ☐ Improvements in regard to quality for own firm
- ☐ Adherence to global sustainable development/environmental protection expectations
- ☐ Other (please specify:)

Your business relations with non-Chinese partners IN China is motivated by the desire to

- ☐ Help international firms improve quality
- ☐ Help international firms lower costs
- ☐ Help international firms improve innovation
- ☐ Learn about non-Chinese business opportunities
- ☐ Learn about non-Chinese behaviours
- ☐ Other (please specify:)

For your access to foreign markets, you find it important/essential to leverage

- ☐ political ties at home
- ☐ social ties at home
- ☐ political and social ties at home
- ☐ ties with similar companies in China
- ☐ ties with similar companies outside of China

What criteria do you use / plan to use when selecting a non-Chinese partner? (More than one answer possible)

The Partner's:

- ☐ Reputation in China
- ☐ Reputation worldwide
- ☐ Reputation in target market
- ☐ market reach
- ☐ product range
- ☐ innovation capacity
- ☐ willingness to share product or regulatory knowledge
- ☐ complementarity of products or services
- ☐ knowledge of Chinese culture
- ☐ business contacts in China/networks
- ☐ business contacts in target market
- ☐ payment guarantees
- ☐ Other (please specify:)

What would you consider to be the main obstacles to directly explore/further develop international market growth?

- ☐ Unfamiliarity with foreign market
- ☐ Unfamiliarity with foreign culture
- ☐ Unfamiliarity with foreign legal and institutional environment

- ☐ Uncommitted partner
- ☐ Unqualified partner
- ☐ Lack of partner
- ☐ Capital
- ☐ Other (please specify:)

Part 3: Open questions

In your opinion, what are the sources of uniqueness of the international strategies adopted by Chinese firms?

....

In your opinion, what can Western firms learn from the internationalization strategies of Chinese firms?

....

In your opinion, on the other hand, what can Chinese firms learn from the internationalization strategies of non-Chinese firms (partners or not)?

...

In your opinion, what can Chinese firms learn from the internationalization strategies of other international firms?

...

Are you aware of non-Chinese companies/types of Western firms that have internationalization strategies similar to that of Chinese firms?

...

If applicable: Which non-Chinese organizations do you belong to that support the internationalization of your company (please provide one of two keywords summarizing the support received)?

...

What is the greatest advantage of working with foreign partners in China?

...

What is the greatest advantage of working with foreign partners in their home market?

...

What is the greatest difficulty in serving foreign clients in China?

...

What is the greatest difficulty in serving foreign clients in their country?

...

What is the greatest difficulty in working within foreign markets?

...

Part 4: Business interests in Europe

Please specify to which degree you agree with these statements. 1 = strongly disagree, ...7 = strongly agree. This is about your personal perception.

We know that most cross-border trade procedures have been harmonised across the member countries of the European Union (EU).

1 – 2 – 3 – 4 – 5 – 6 – 7

We intend to sell our products in Europe/are selling them in Europe.

1 – 2 – 3 – 4 – 5 – 6 – 7

We intend to invest in Europe (through joint venture or Merger & Acquisition) /are doing so.

1 – 2 – 3 – 4 – 5 – 6 – 7

We intend to serve the European market via internet only.

1 – 2 – 3 – 4 – 5 – 6 - 7

We learned/experienced over time that most cross-border trade procedures have been harmonised across the member countries of the European Union (EU).

1 – 2 – 3 – 4 – 5 – 6 - 7

The country that we serve/will serve most in Europe is a main hub for business in our sector and serves most other EU member countries.

1 – 2 – 3 – 4 – 5 – 6 - 7

This country is a favourable location to overcome the remaining barriers to cross-border trade within Europe.

1 – 2 – 3 – 4 – 5 – 6 - 7

This country is a favourable location to overcome the barriers to cross-border trade between China and the EU.

1 – 2 – 3 – 4 – 5 – 6 - 7

We operate in/via this country because time to market for our products is the best in Europe.

1 – 2 – 3 – 4 – 5 – 6 - 7

Our company invests/will invest in this country because there it is culturally close to China.

1 – 2 – 3 – 4 – 5 – 6 - 7

Our company learns/hopes to learn about the EU Single Market due to networking with other companies in China that have business experience in Europe.

1 – 2 – 3 – 4 – 5 – 6 - 7

Our company learns/hopes to learn about the EU Single Market due to networking with other foreign-owned companies in this country.

1 – 2 – 3 – 4 – 5 – 6 - 7

Our company learns/hopes to learn about the EU Single Market due to the experiences of all its subsidiary companies in Europe.

1 – 2 – 3 – 4 – 5 – 6 - 7

Our parent company learns/ hopes to learn about the EU Single Market due to the experiences in Europe of senior managers now located at headquarters in China.

1 – 2 – 3 – 4 – 5 – 6 - 7

Your perception of Europe as a market

The number of documents and the time and cost of completing the documents according to the import/export and customs regulations of Europe are more complex than with other foreign countries.

1 – 2 – 3 – 4 – 5 – 6 - 7

Customs clearance (incl. document submission and health, technical and security inspections) is slower in Europe than in other foreign countries.

1 – 2 – 3 – 4 – 5 – 6 - 7