

An Extended Abstract of Uncovering the Success of Minority Chinese Entrepreneurs: The Role of Financial Literacy and Entrepreneurial Orientation

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Abstract

This study is motivated by the prevalence of ethnic Chinese entrepreneurs in Indonesia. To uncover the reasons behind their apparent success, we build and test an empirical model on the relationship between ethnicity, financial literacy, entrepreneurial orientation, and small and medium-sized enterprise performance. The theoretical foundations of this model are cross-cultural cognition theory and the resource-based view of the firm. These are validated by 15 qualitative interviews that highlight that the Chinese institutional environment supports early-age exposure to business practices and to trust-based ethnic networks that value business opportunities. We test our model through a survey of 162 Chinese and 166 Javanese firms/entrepreneurs and find that Chinese entrepreneurs appear to have a different mindset, different preferences, and achieve better firm performance than indigenous Javanese entrepreneurs who live in the same national context. We suggest that this study helps to demystify the entrepreneurial success of ethnic Chinese, by showing that such success is systematically associated with entrepreneurs with higher financial literacy and a stronger entrepreneurial orientation.

Keywords

Ethnic Chinese, ethnic entrepreneurship, financial literacy, entrepreneurial orientation, cross-cultural cognition.

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