

# Chapter 5

## Prelude to Military Entrepreneurship in China: A Retrospective View

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### **ABSTRACT**

*The prior studies form a solid foundation for the emerging research on military entrepreneurship in China. This chapter is dedicated to providing a detailed review on the evolution of Chinese disarmament, with a focus on military-civilian transfer and settlement of demobilized military staffs. Such a review comprehensively lays backgrounds for Chinese military entrepreneurship and thus is expected to serve as a prelude to the emerging research in this area.*

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## **INTRODUCTION**

“Teaching leadership, strategic planning, creative problem-solving, task execution, and resiliency—all traits are essential to business ownership. It is not a fancy MBA or university program” (Rockefeller, 2016). This statement fully manifests the business community’s perception of how military serving experience efficiently cultivates strong entrepreneurs. More specifically, veterans are believed to excel at key attributes including top-notch teamwork, rich leadership experience (particularly for the retired officers), high sense of discipline, robust performance under pressure, and willingness to sacrifice, etc. Given these business-desirable characteristics, military veterans have become a fast-growing force in the civilian business world. For instance, according to a study by Syracuse University, among World War II veterans in the US, around 49% chose to own or operate their own business. The likelihood of US military veterans being self-employed doubles that of non-veterans. As a result, the group has become majority owners in 9% of all businesses in the US, which proves to be a shocking number compared with other communities (United States Census Bureau, 2007).

Heinz et al. (2017) and Hope et al. (2011) indicate that the success of military veterans as entrepreneurs has been associated with demographic (e.g., age, education), military service history (e.g., serving location, serving length, level of combat exposure, military branch served), and psychosocial characteristics (mental or behavioral disorder, perceived quality of life, level of openness, extraversion, optimism, achievement-orientation, need for autonomy). In addition, preparation for demobilization, social capital, perception of organizational politics, and work-family conflict are also related to military veterans achieving success in starting their own businesses (Vigoda-Gadot et al., 2010).

With the above-mentioned attributes, military veteran entrepreneurs, or “vetrepreneurs” approach the business problems differently by applying lessons from military to business (Moutray, 2007). For example, veteran entrepreneurs could be more prone to taking more risks, seeking support from a closed network of their fellow veterans, and showing unique perseverance when confronted with economic downturns. Overall, the international research has generally reached the consensus that military veterans’ extraordinary potential for being successful entrepreneurs is rooted in their training and exposure to pressured/competitive environment when serving in the army, which can be complemented by their unique characteristics at individual levels (Waldman Associates & REDA International, 2004; Mid-Atlantic Research, 1984).

The interesting findings from developed countries (US, Israel, etc.) naturally raise curiosity about the military veteran entrepreneurship in emerging markets among which China has been playing an increasingly important role. Considering the

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