



Difficulties of College Students' Business Startups Under Economic New Normal and Their Countermeasures

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Abstract

The economic new normal has become a necessary stage of China's economic development. In order to promote effective business startups of college students under economic new normal, research on influences of economic new normal on college students' business startups and main difficulties faced by college students during business startups under economic new normal was carried out. Findings of research: The economic new normal generated more needs of business startups, needed more entrepreneurship participation of college students and required impressive promotion of the entrepreneurship efficiency. However, the present entrepreneurship environment cannot satisfy urgent needs of college students' business startups. What's more, factors such as lack of entrepreneurship capital, insufficient education on college entrepreneurship, low entrepreneurship quality of college students and social prejudice seriously impeded the development of college students' business startups. Hence, support of college students' business startups should be strengthened in aspects of entrepreneurship environment optimization, fund-raising channel innovation for entrepreneurship, innovation of the college entrepreneurship education system and social support etc..

Key words: College students; Business startups; Difficulty

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INTRODUCTION

At present, China's economy is in the developing stage of "new normal". In the developed economy world, "new normal" can be summarized as "one low and two high", namely low increase, high unemployment and high debts. Even America, Europe and Japan are no exception. Since the late 1980s, western economy has maintained the stable and prosperous "Great Moderation" for over 20 years. The global financial crisis in 2008 originated from America made western thinkers reflect deeply and the "new normal" was one of their reflection results. As an important part of the world economy, China's economy also present the "new normal" inevitably not only because of influences of the great economic background but more importantly, due to the inevitable result of the internal development of China's economy. Under the background of economic new normal, the economic structure and the economic development mode etc. will change to greatly affect college students' employment selection.

1. INFLUENCES OF ECONOMIC NEW NORMAL ON UNIVERSITY STUDENTS' INNOVATIVE UNDERTAKING

1.1 The Decreasing Economic Growth Rate Increases the Employment Pressure and Generates More Demands of Business Startups

The economic growth rate falls after rising. The most basic characteristic of the economic new normal is that a

high growth rate about 10% drops to a high-middle rate about 7%-8%. The immediate cause of the decreasing economic growth rate is lack of market prosperity resulting in weak development of enterprises. As a result, as for employment, enterprises increasingly want top-level talents, but reduce recruitment and use of employees for decreasing operating costs at the same time. Therefore, new labor force is confronted with employment difficulties.

Data showed that in China, there were record-breaking 6.99 million fresh college graduates in 2013, 7.27 million fresh college graduates in 2014 and unprecedented 7.49 million in 2015. In fact, since the college enrollment expansion policy in 1999, the enrolled students of colleges increase continuously and rapidly and graduates increase at the same time. Therefore, China's graduate students are faced with a severe employment situation and the employment problem of college graduates is an important issue causing social common concern every year and arouses high attention from all departments of central and local governments and colleges.

Premier Li Keqiang once said that the main aim of stable increase of China's economy was to guarantee for employment. The facts of an increasingly slow economic growth rate, decreasing demands of social labor and successive years of increasing college graduates increase employment pressure of graduates and "unemployment without employment" can be seen everywhere. Under the background of economic new normal, the employment idea of college students has been changed and refreshed. The continuous increase of college students' business startups impels college students' business startups to become the "new normal" of college students' employment in this new period and an important way of relieving employment pressure.

1.2 Economic New Normal Requires Further Increase of Economic Vitality Needing Participation of Business Startups of More College Students

Structurally, under the new normal, the economic structure changes roundly and deeply and keeps optimizing and upgrading. Though since the reform and opening-up policy in 1978, China insists on the socialist market economy where the percentage of the non-public economy in the national economy gradually increases, it is undeniable that the volume of the national economy remains large. On the whole, as state-owned enterprises have problems such as low administrative efficiency and relaxed performance assessment, it causes insufficient national economic vigor.

According to statistics of customs, in the first half of 2015, China's total import and export value was RMB 11.53 trillion yuan which declined by 6.9% compared with that of the same period last year, where the total export value was RMB 6.57 trillion yuan with an increase rate of 0.9% and the import value was 4.96 trillion yuan

with an decrease rate of 15.5%. According to data from the National Bureau of Statistics, from January to June in 2015, the national fixed-asset investment (excluding farmers) was 23,713.2 billion yuan with a nominal year-on-year growth rate of 11.4% (a actual growth rate of 12.5% after deducting price factors), but its growth rate declined by almost 6 % compared with that of the same period of the last year. Under economic new normal, foreign trade and domestic investment, the two-horse carriage, increases slowly and its promoting role in the national economy weakens. The development of the national economy urgently needs to be driven via consumption and the promotion of consumer demands needs two-way impetuses of expanded production and increased resident income. Therefore, under economic new normal, continuous expansion of enterprise scales, increase of enterprises and large increase of mean inhabitant income are all needed. And in the present period when the labor scale of enterprises decreases and replacement of labor by science and technology strengthens, only if the number of enterprises increases and the initiatives of individual laborers are exerted, will the economic vitality be increased effectively and the economy increase. Under the present background of economic new normal, college students' business startups mean to give play to group wisdom and talents, bring forth new ideas on economic development forms, promote economic restructuring and enhance economic vitality.

The main force of the group of college students' business startups is college students and college graduates. As a whole, college students belong to senior intellectuals and are placed high hopes from society and family after receiving years of education. Especially, with the continuous development of society and economy, the economy enters into a new period of quality improving and rate declining. Under a situation of unoptimistic employment, college students' business startups have become an important approach and form to remit employment pressure, bringing forth new ideas on employment forms and creating new economic growth.

1.3 The Low Whole Economic Performance of Enterprises Under Economic New Normal Needs Larger Promotion of the Efficiency of Business Startups

On one hand, China once kept an annual economic growth rate of 10% for a long time, but many enterprises did not develop very well with high production costs and low overall efficiency. On the other hand, though the economic growth rates of European and American developed countries were slow, survival rates of their enterprises were high with strong growth. Therefore, the development of the national economy needs large amounts of enterprises with strong growing ability, high levels of profits and sustainable development. As college students of the new era have had higher education and

grown up with the Internet, their ability of accepting new things and matters is strong. In addition to some technology accumulation, they can grasp relatively cutting-edge things in each field rapidly, so they can find entrepreneurial opportunities to promote the efficiency and the success rate of business startups. Hence, this is a good chance for college students to carry out business startups.

2. MAJOR DIFFICULTIES THAT COLLEGE STUDENTS MAY BE FACED WITH UNDER ECONOMIC NEW NORMAL

2.1 The Present Environment of Business Startups Cannot Satisfy the Urgent Needs of College Students' Business Startups

In order to promote college students' business startups, though China has issued a series of preferential policies and measures, some policies are hard to be operated. Furthermore, some policies went out of form during implementation. Especially for key issues on financing and tax preference relating to college students' business startups, may college students of business startups do not obtain effective support, so the road of college students' business startups remains to be difficult. GEM holds that main factors that affect the environment of business startups include: Financial support, support of government projects, government policies, transfer efficiency of research and development, education and training, entry barriers, business and professional infrastructure, physical infrastructure, cultural and social norms. And the main weak areas in China's business startups environment are financial support, government policies including direct government support, examination and approval of new enterprises and business startups policies of central government, government projects including the establishment of service organizations in the government projects, education and training on business startups and business administration education, research and development transfer mainly consisting of conditions of research and development transfer and intellectual property protection, business environments including financial and non-financial services for starting-up enterprises, and cultural and social norms containing individual and collective responsibility relationships. Though there are some national preferential policies for college students' business startups, some preferential policies only can be implemented in accordance with conventional procedures and lack detailed implementing rules. For instance, during procedures of hygienic license application, industry and commerce and tax administration, more than three months will be spent due to very complex procedures.

In addition, after college students have schemes and projects of business startups, smooth application of loans

and funds is the key to their business startups. However, now it is hard to apply for loans and funds of business startups with tedious procedures making applicants flinch. Especially for rural college students, they cannot apply for them due to lack of effective guarantors. As a result, many college students who want to start up business finally give up. Hence, phenomena such as unreasonable utilization of loans and funds of business startups and large sums of idle funds emerge because of tedious loan procedures, poor information, complex programs and application difficulties etc.

2.2 Shortage of Business Startups Funds Seriously Hinders the Activity Development of College Students' Business Startups

Capital is one of the most basic elements of business startups and shortage of business startups funds is the most direct and most objective problem in front of the college student entrepreneurs and the problem that entrepreneurs want to be helped most. For college student entrepreneurs who just graduated, during capital raising and enterprise establishment, they may meet difficulties as follows: The first difficulty is lack of personal funds. Earning the first bucket of gold only by working is too slow with a small scale and a low possibility; the second one is low sums of money borrowed from relatives and friends. This is because they lack confidence in entrepreneurs and are afraid of hurting people's feelings due to various disputes after failure of business startups; the third one is the high requirements of commercial loans mainly including hypothecated loans, deposit receipt pledge and third-party guarantee. However, mortgage loans and guaranteed loans are not proper for college student entrepreneurs and in view of the security of loans, banks will not provide loans for college student entrepreneurs. The fourth one is difficult gain of venture investments. Investment corporations generally focus on large projects, but college students have little experience of business startups, small-scale companies and big risk. Therefore, investment corporations are not willing to investment. The fifth one is difficult approaches to free support and loans from the government with a few quotas from people, a long cycle and complicated application procedures. Therefore, lack of startup capital has become the key factor that restricts college students' business startups. According to the "Investigation Report on Chinese business startups", the startup capital of 48% people is less than 100 thousand yuan. Therefore, the capital is the top reason of startup failure. It can be seen that even though some college students have good projects on business startups, they cannot realize their startup dreams because of lack of capital.

2.3 College Education on Business Startups Is an Utterly Inadequate Measure to Promote the Quality of College Students' Business Startups

A comprehensive quality and ability of entrepreneurs are the necessary factors of business startups. The

entrepreneurial ability refers to the ability that people discover and catch business opportunities and combine various resources to create greater value under certain conditions, namely the ability that potential entrepreneurs realize their business plans.

To promote college students' ability and quality of startups not only needs unceasing learning and exercise, but also needs to give full play to comprehensive education advantages of colleges. However, the present education on college business startups still has many typical problems.

2.3.1 Courses on Business Startups Education Cannot Improve College Students' Knowledge Reserve on Business Startups Completely and Effectively

Business startups need large knowledge reserve. Especially, entrepreneurs should learn and master knowledge on financial management, human resource management, production, operation and management, marketing, commercial law, and economic law. Though most single courses of business startups education may contain contents above, but students, especially the non-economic management majors who lack more in this aspect, cannot learn fully, completely and deeply due to limited class hours and numerous course contents resulting in limited teaching time of each part.

2.3.2 Business Startups Education Provides Limited Help for College Students' Ability of Business Startups and Innovation

According to relevant investigations, only 6.1% of college students thought that they had strong ability of innovation, 30.5% college students thought that they had comparatively strong ability of innovation and the rest 56.1% thought their ability of innovation is ordinary, indicating that the ability of innovation of national college students is weak on the whole.

Because of restriction of factors such as single courses and limited class hours practice and practical training activities cannot be carried out, causing college students lose chances of improving ability of business startups and innovation during practice. More colleges find relevant business startups talents and improve college students' ability of business startups and innovation via entrepreneurial innovation contests. However, the number of participants of these contests is small, the virtuality of projects and the nature of competition are strong.

2.3.3 College Business Startups Education Emphasizes Knowledge Teaching and Ignores College Students' Interpersonal Communication Ability and Its Cultivation

College students mainly study and live in the college and have few opportunities to touch society, so they lack social practice and market knowledge. Generally, college students primarily meet classmates and teachers in colleges and seldom meet social elites. And classmates who belong to the same stratum with them generally cannot help them a lot. As a result, college students are

relatively alone during business startups without guidance and help from relevant people.

In addition, college startups education and the overall education mode pay attention to teaching knowledge. Teachers are the leading roles in class teaching and students partly participate in it which cannot promote and train the interpersonal communication ability of college students. In addition, the design of links relating to practical training and operating in colleges is insufficient.

2.3.4 Psychological Health Education of College Students' Business Startups Needs to Be Strengthened Urgently

On the whole, the living and studying environments of current college students have been improved largely than before and they meet relatively fewer difficulties and setbacks. As a result, it is easy for them to generate lots of psychological problems mainly including lack of self-confidence and independent opinions. What's more, their psychological enduring capacities are poor. And they may feel timid and fearful when they meet great setbacks. It's easy for them to give up and escape. However, business startups need to face many difficulties and unexpected challenges which are great psychological tests. Now the psychological health education of college students is reflected in daily enlightenment and guidance and does not involve in psychological health education of college students' business startups.

2.4 Social Bias Restricts the Behavior Choice of College Students' Business Startups

China's traditional social concepts and social bias are also important factors giving rise to difficulties in college students' business startups. Affecting by the traditional education idea "A good scholar can become an official" for thousands of years, the overwhelming majority of people think that college should choose to work at state organs, public institutions and great enterprises. If college graduates choose to carry out self-employment, especially in the fields of traditional industries such as the service industry including catering service and consultation, worldly people will think it is a helpless choice for college students who start up business because of poor personal ability and failure of finding a job. As a result, many college students have ideas on business startups, but only a few people put into practice. According to the investigation of "Current State of Graduate Business Startups" in several colleges in Tianjin by Nankai University, more than 60% of college students want to start up business startups, but nearly 90% are afraid of business startups. Most college students expressed that business startups are not realistic with a high failure rate. Hence, after graduation, they firstly choose to find a job, secondly to take part in the postgraduate entrance exams and go abroad and few graduates choose to start up business. In addition, when they really start up business, they may underestimate the social pressure they need to

bear and efforts they need to make, have not enough mental preparation for entrepreneurial hardships. They may also be ranted and raved due to unsmooth business startups.

3. COUNTERMEASURES TO SOLVE THE DILEMMA OF COLLEGE STUDENTS' BUSINESS STARTUPS UNDER ECONOMIC NEW NORMAL

3.1 Create and Optimize a Good Environment of Business Startups, and Guide and Encourage College Students' Business Startups Effectively

3.1.1 Release Enforcement Regulations of College Students' Business Startups to Normalize Guidance of College Students' Business Startups

At present, the central government pays unprecedentedly high attention to the innovation and startups strategy. In recent years, a series of policy documents, guiding outlines and oriented strategies including the issued *National Education Reform and Development of Long-Term Planning Programs (2010-2020)*, "Public entrepreneurship and innovation" proposed in NPC and CPPCC 2015, *Notice on Employment and Startups of Graduates of National General Institutes of Higher Education in 2104* issued by General Office of the State Council, *Suggestions on Further Implementation of Employment and Startups Under the New Situation* issued by the State Council, *Implementation Suggestions of Deepening the College Reform of Innovation and Startups Education* printed and distributed by the General Office of the State Council in May 2015, and *Guiding Opinions About Accelerating Establishment of the Platform of Public Entrepreneurship and Innovation* issued by the State Council on September 26, 2015, provide a good policy environment for college students' business startups. However, except a part of policies and regulations such as *Suggestions on Accelerating the "Integration of Three Certificates Into One" Registration System Reform*, are very exact with direct implementation and operation and detailed relevant regulations, many other policies remain to stay in the guiding level, lack enforcement regulations or implementation schemes to guide compliance and execution of each department and main body. Though each local government formulated specific provisions with local features in some fields, on the whole, general and effective implementation and execution of central-government policies still needs to be strengthened and numerous regulations need to be carried out.

3.1.2 Strengthen the Support of Local Governments and Colleges to College Students

In order to promote and improve college students' business startups, local governments should provide

uniform support for college students' business startups in fields such as tax preference, rental subsidies, social entrepreneurship training, establishment of science-and-technology enterprise incubators, project promotion, legal right safeguard, policy advisory, venture fund establishment, small-sum guaranteed loans.

Relying on their advantages in fields of education and science and technology etc., colleges should choose high-quality teachers to carry out one-on-one tutoring on college students who start up business and their projects and provide most powerful strong support and guidance from respects of technology, concepts, management, operation and skills etc.. In addition, colleges should play a role as a university science park to strengthen incubation of startups projects and follow-up guidance.

Build a progressive three-level platform of startups education including "a student entrepreneurship studio, a school entrepreneurship center and a college entrepreneurship park". In order to promote the motivation level of students' business startups, strengthen the awareness of innovation and startups and stimulate motivations of college students' business startups, the government and colleges should actively establish a progressive three-level platform of startups education including "a student entrepreneurship studio, a school entrepreneurship center and a college entrepreneurship park" and provide free training for college students who start up business by themselves.

The student entrepreneurship studio is built spontaneously by students according to voluntary association and majors and colleges and schools provide services and platforms for incubation and promotion of college students' business startups. The entrepreneurship center and the entrepreneurship park" can offer cheap or even free places for entrepreneurship teams as well as technology and policy guidance for the startups college students. Wenzhou University has established an entrepreneurship park. By screening, examining, cultivating and eliminating through competition, numerous excellent entrepreneurship teams. The progressive three-level platform of startups education including "a student entrepreneurship studio, a school entrepreneurship center and a college entrepreneurship park" provides college students with good chances of business startups with good effects and this mode should be popularized nationwide.

3.2 To Establish a New Financing Platform and Channels for College Students' Business Startups to Support College Students' Business Startups Powerfully

3.2.1 Information, Service and Assessment Agencies Should Be Utilized Fully to Conduct Comprehensive Evaluation on Projects of College Students' Business Startups and Improve Effects of Capital Usage

College students' business startups exist in certain blindness to lack of experience and unfulfillment of

technology and market analysis. During actual operation, events such as unstable and repeated difficulties and challenges, unreasonable use of limited capital and serious waste and loss may occur. Based on this, the startups projects and entrepreneurs should be accessed effectively to save capital and promote its use rate.

3.2.2 Establish Diversified Fund-Raising Channels for Business Startups

The government, banks and society are main sources of capital of students' business startups. Support from financial institutions and social groups to college students' business startups should be strengthened with policy guidance. At the same time, the entrance standard of college students' business startups should be lowered especially in special fields and industries requiring special permission.

In order to partly support college students who lack capital during business startups and satisfy their crying needs, the funds of college students' business startups should be established.

At the same time, government sectors can consider to issue bonds or lotteries of college students' business startups and provide financial support for college students via the social power.

3.3 Focus on Promoting the College Business Startups Education System and Improving the Quality of College Students of Business Startups Creatively

As a bridge between college students and society, colleges play an important role in college students before they enter into society. So far, in addition to teaching knowledge and skills, a college is a great platform for students to train and show themselves. Under encouragement and support of policies, colleges are doing their utmost to help and support college students' business startups both in hardware and software.

Therefore, in combination with future trends and realistic demands meeting reforms and development in the new era and new requirements for entrepreneurs and college startups education in the age of "Internet Plus", it should be established in basic school characteristics, rules and advantages, take a full consideration of unique individual characters and internal development needs of present college students, promote effective connection between talent training in higher education and social and economic development, create the logical frame of the college entrepreneurship education system of a new stage and build a college entrepreneurship education and innovation system with mutual coupling relationships

of knowledge education, quality education, innovation education, application education and lifelong education.

Colleges can attempt to build the five-in-one college entrepreneurship education system with "entrepreneurship basis + entrepreneurship skills + entrepreneurship simulation + entrepreneurship practice + feedback and evaluation of entrepreneurship".

3.4 Guide Public Opinion Propaganda Correctly to Create a Good Atmosphere for College Students' Business Startups

Influencing by traditional thought and traditional culture for thousands of years and various problems of social resources appeared in different social groups, society holds great prejudice against college students who fight for business startups with assiduity and thinks it is a manifestation of "inability, uselessness and no future". In addition, society also holds that as outstanding students from the ivory tower, college students should find a stable job and lead a decent life. As a result, college students who start up business are confronted with great social and mental pressure.

The significance of business startups and entrepreneurial successes should be widely publicized via various media. Honorary titles such as the "entrepreneurial star" should be established and the social status of entrepreneurs should be upgraded and they should be amply rewarded both physically and mentally.

At the same time, the public prejudice against college students' business startups should be broken down by various education forms. In addition, typical examples of graduates of famous universities at home and abroad who started up business successfully should be widely propagandized to strengthen demonstration effects of successful entrepreneurs.

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