

Analysis of Risk Factors of College Students' Entrepreneurship

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Abstract—In the context of mass entrepreneurship, although there are policies to support the entrepreneurship of college students at the national level, some local governments have not issued specific policies. Generally speaking, it is difficult for college students to get support from local governments for starting their own businesses. At the same time, they are questioned for lack of social experience. College students should fully understand the entrepreneurial environment risk, capital operation risk and market risk, which are unavoidable risks for entrepreneurs in their entrepreneurial activities. This paper analyzes these risks causes of these risks, and finally puts forward relevant proposals.

Index Terms—College student; Entrepreneurial risk; Entrepreneurial quality

I. INTRODUCTION

In the post economic crisis era, the economic development of various countries has been developing rapidly. At present, the economic order of all countries in the world is changing in friction. Many economies are facing the critical period of the transformation and development of the real economy accompanied by the continuous growth as well as development of the network economy. At present, countries are facing the realistic pressure of stable employment and economic development. Mass entrepreneurship and mass innovation is one of the effective ways to break the deadlock of economic development and unemployment rate, and also is one of the main measures to actively respond to the call for policies to promote employment.

In the special period of economic restructuring and severe employment trend, entrepreneurship is conducive to college students to create a satisfactory job for themselves according to their own interests and specialties. Entrepreneurship is also an important way for contemporary college students to realize their personal ideals and social values.

However, college students will face many risks and challenges in Entrepreneurship activities. If these risks cannot be effectively identified and controlled, entrepreneurial behavior is likely to end in failure. In the current entrepreneurial environment, we know that western countries represented by the United States have relatively mature systems in entrepreneurial education and risk education. Otherwise, according to the reality of

College Students' entrepreneurship, the impact of external environmental factors on entrepreneurial behavior cannot be ignored.

From the perspective of social environment, this paper analyzes the risks that college students may face in the process of starting an undertaking, and puts forward some measures to cope with the risks, so as to provide some preventive suggestions for entrepreneurial college students. Different entrepreneurs interact with the social environment and become different types of entrepreneurship, that is, either with a goal to start a business, or aimlessly start a business^[1].

II. ANALYSIS OF THE CAUSES OF COLLEGE STUDENTS' ENTREPRENEURIAL RISK

A. Internal Cause

1. Lack of reason

Entrepreneurship is a process in which entrepreneurs use their own technological, team and resource advantages to transform entrepreneurship ideas into entrepreneurship activities. The purpose of entrepreneurship is to realize the personal and social values of entrepreneurs and make them feel a sense of achievement, to indirectly alleviate the severe problem of social employment, to promote the development of a certain industry indirectly, and to benefit the development of local economy.

But entrepreneurship can not only look at its positive side, entrepreneurship in addition to having a strong enthusiasm for entrepreneurship, but also should rationally look at the challenges faced in the process of entrepreneurship, and ultimately around the goal of entrepreneurship is valuable. Entrepreneurship is not simply the process of implementing entrepreneurship ideas, but the process of integrating entrepreneurship ideas into rational analysis and effective implementation. The process of rational analysis covers product uniqueness, product competitive advantage, product applicability, barriers to entry of product technology, product market prospects, etc. In addition, how to maintain team stability, business model and profit model of effective integration with product, and predictable risks in the process of entrepreneurship. These diathesis are also needed thinking for creative people.

In the process of entrepreneurship, entrepreneurs should pay more attention to the rational thinking of social capital besides the general rational analysis of entrepreneurship.

Many entrepreneurs simply believe that entrepreneurship success is the result of the interaction of entrepreneurs personal characteristics, entrepreneurship education, and entrepreneurship policies, while ignoring the impact of social capital on the success or failure of entrepreneurship. For the rational analysis of capital, we should pay attention to the erosion and dilution of equity by capital. Secondly, we should pay attention to the confidentiality of our own technology, business model and profit model; and thirdly, we should prevent the invisible infringement of our own advantages by capital before and after financing.

2. The quality of entrepreneurship needs to be further improved

In the current practice of college students entrepreneurship, college students entrepreneurship has a strong policy orientation. They use the welfare of the policy to solve their own employment problems in the short term, and simply equate the policy dividend with the success of entrepreneurship. Before the practice of entrepreneurship, there is a lack of comprehensive consideration on the motivation, path and support of entrepreneurship. Secondly, it simply follows the upsurge of entrepreneurship and lacks clear Entrepreneurship Model and path analysis. Some entrepreneurship college students also lack the coupling degree analysis of their own intrinsic attributes and entrepreneurial activities. Before the entrepreneurship activities, they have not excavated their own attributes and characteristics in depth, so as to find their own characteristics which are conducive to successful entrepreneurship.

In addition to the analysis of their own entrepreneurial characteristics, some entrepreneurs do not give full consideration to their entrepreneurial skills, entrepreneurial models and so on. Most entrepreneurs believe that their entrepreneurship can be successful on the basis of a lack of rational and fair analysis. Entrepreneurial skills must be important, but entrepreneurial skills alone cannot support entrepreneurial success. The improvement of entrepreneurship quality is not only the improvement of entrepreneurial skills, but also the improvement of risk control ability, team innovation ability and execution ability, the confidentiality ability of entrepreneurial technology and mode, and the ability of rational capital cooperation.

3. Lack of social experience

In addition to entrepreneurship is the activities of entrepreneurs themselves, entrepreneurship activities cannot be carried out without the society, that is, with social attributes. College entrepreneurs need to negotiate with people from many social backgrounds in their entrepreneurial activities. However, college students who have just graduated or are still studying on campus lack the skills to deal with complex social relations effectively and well. In the survey of entrepreneurs, most of them have some practical problems, such as small scale, imperfect organizational structure and so on. How to build an efficient, feasible and stable team, how to turn team spirit into an imperceptible corporate culture^[2], in the understanding of the start-up enterprises, these are also what they lack.

In the process of building the entrepreneurial team, the team size is small, but the organization structure should be improved as far as possible. At least two dimensions can be used to build a team. First, from an internal perspective, the team should cover technical, management, information, finance, marketing and other business organizations. Second, from an external perspective, there should be departments for external communication and related foreign business-related activities, such as taxation, industry and commerce, banking, government and other departments. It is difficult to achieve successful entrepreneurship by relying solely on the individual talents of entrepreneurs. To handle entrepreneurship affairs better, we need to have a good entrepreneurship team, and the team has a strong ability of collaboration and efficient operation.

4. Lack of mature entrepreneurial psychology

In the process of entrepreneurship, the emergence of various problems is a normal phenomenon, but different college entrepreneurs have different mental endurance and problem-solving abilities. In the process of earnings realization of start-up enterprises, it is inevitable that it is a tortuous process, but many college entrepreneurs pay too much attention to short-term earnings and ignore the long-term planning thinking. Being eager for success is also one of the important reasons for the failure of college students. It's easy to be discouraged when entrepreneurial activities fail to meet expectations, and to shift responsibility to others or to ascribe it to the external environment.

Therefore, in the process of entrepreneurship practice, the effective integration of entrepreneurs anticipation planning and mental endurance plays a very important role in the realization of entrepreneurship goals. The effective planning of College entrepreneurs is undoubtedly to reduce the uncertainty in order to improve the certainty of entrepreneurship success. A good development plan for start-up enterprises is also conducive to stabilizing the mood of entrepreneurs, and a clear goal for entrepreneurs is conducive to the rational allocation of entrepreneurial resources along this direction. In addition, the ability of selecting, employing and managing entrepreneurs are also important factor for entrepreneurs to form good psychological ability and achieve successful entrepreneurship.

B. External Cause

1. Local government departments are cautious about general venture enterprises

Although many local governments have issued some policies to support the development of start-up enterprises, these policies are generally only aimed at some special industries, such as robotics industry, biomedical industry and other high-tech strategic areas. However, many local governments hold a wait-and-see attitude towards college students' entrepreneurship, and pay more conservatively for college students' entrepreneurship policy. Some local governments lack a comprehensive and effective in-depth analysis of the real needs of college students entrepreneurship.

2. Lack of experience in Entrepreneurship Education for College Students

In China, entrepreneurship education for college students started late. There is a lack of understanding that entrepreneurship education is an important factor for college entrepreneurs. For the developed countries such as the United States and Britain, Whether the awareness of entrepreneurship education or the practice of entrepreneurship education are newness^[3], which are more mature than China. They not only pay special attention to the cultivation of entrepreneurial skills, but also make use of school resources to create synergies for college students' entrepreneurship. Entrepreneurship education helps entrepreneurs to generate new ideas and opinions^[4].

3. Social support for college students is not high

A wait-and-see attitude towards the support of the society for the college students entrepreneurial activities is not changed. It is not very optimistic that the college students conduct social entrepreneurial activities. Many people believe that college students who have just graduated and lack of the necessary social experience for entrepreneurship activities. This experience is comprehensive, not just the experience of a certain skill. Social groups believe that college students are far from enough in terms of social experience, capital operation ability and management ability compared with the requirements of society.

III. MAIN RISKS OF COLLEGE STUDENTS' ENTREPRENEURSHIP

A. Entrepreneurial Environment Risk

At present, from the national perspective, the policy of mass entrepreneurship and innovation encourages college students to start their own businesses actively; but from the local level, the specific policy for college students' entrepreneurship is not very clear, and many local governments lack specific measures to encourage college students to start their own businesses.

In the further analysis of the physical environment of college students' entrepreneurship, the general college students are not favored by the society in their entrepreneurship activities, so they are not concerned by the society in terms of financing ability and management ability. In addition, they also face risks from competition among the same industry, industry crowding out and so on. On the one hand, college students lack of effective support for specific policies; on the other hand, they have to face social squeeze. The main risks they face in the process of starting a business are industry pressure and competition.

B. Risk preference in Entrepreneurship

For college students in entrepreneurial activities, profitable projects are the start of successful entrepreneurial activities. The choice of entrepreneurial projects is an important factor affecting the success of entrepreneurial activities. When choosing entrepreneurship projects, college students often choose projects related to their own strengths or courses learned in school. Whether these projects meet the market demand, whether they are widely accepted by the market, whether they have good prospects for development and so on. These factors are uncertain. When undertaking project

selection, college students should fully consider the level of profitability and carry out feasibility analysis.

In the feasibility analysis of entrepreneurship, entrepreneurs should consider the background of the project, the existing resources of the project, their ability to operate the project, the competitive advantage of the project, the project management model and the project profit model. In addition, it is also important to make a reasonable forecast of the cash flow and future profitability of the project and to make a reasonable planning of the operating cost.

C. Market Risk

The most important part of market risk is to analyze how to open up sales channels, speed up capital operation and reduce inventory and circulation costs after mass production of products. If the project products chosen by college students for entrepreneurship belong to the buyer's market, they will face greater market risks. At this point, the market requirements and standards for the marketing and service capabilities of the entrepreneurial team will be improved. However, there is a lack of experience in good sales practices when college students start their business. Therefore, the weak marketing ability of college students, improper control of the market, unclear arrangement of their own product advantages, as well as lack of understanding of competitors and the real needs of customers, etc, will form market risks.

D. Capital Operation Risk

The operation of entrepreneurial activities requires high-speed capital operation or strong capital strength. For entrepreneurs, there is a trade-off between capital turnover and financing. On the one hand, entrepreneurship activities need the support of liquidity cash, because college entrepreneurs often lack the capital stock. However, the liquidity of capital is either the completion of the product cycle or the financing. The completion of the product cycle is a relatively uncertain process, so it is irrational for entrepreneurs to use the product cycle to meet the demand for capital liquidity. Thus, the risk of capital turnover of venture capital is formed. Under the condition that the creditor's rights capital can be satisfied, the start-up enterprises will face the risk of increasing financial costs. If the start-up enterprises are difficult to maintain enough funds before the debt is fulfilled, they will face the risk of insolvency. This will further affect the credit of enterprises and increase the credit risk of enterprises. If the conditions of equity financing are satisfied, the start-up enterprises can successfully raise funds, but also face the risk of dilution of equity. In the worst case, start-ups can not obtain creditor's rights or equity financing through their own assets or operating capacity, coupled with the lack of their own funds. Start-ups will face a particularly serious risk of capital operation.

IV. APPROACHES TO RISK CONTROL OF COLLEGE STUDENTS' ENTREPRENEURS

A. Make Full Investigation of Entrepreneurial Projects before Starting a Business

Before undertaking entrepreneurship activities, entrepreneurs should clarify the motivation and purpose of entrepreneurship, and then carry out entrepreneurship activities around this purpose. When investigating the feasibility of a project, entrepreneurs should be fully aware of the project's policy compliance, market and industry conditions, product design plan, investment income prediction, cost estimation and so on. In the feasibility report, entrepreneurs should analyze in detail the advantages of their products and the market share they may occupy, and find out the differences between the products of the same type of enterprises or their business models. College entrepreneurs should not blindly choose entrepreneurship projects. The implementation of entrepreneurship activities should be based on rational research.

B. Entrepreneurs Should Improve Their Entrepreneurial Quality

The quality requirement of entrepreneurship is not only reflected in professional skills, but also in the rest. For example, an extroverted personality with entrepreneurial passion, a strong desire for wealth, and good coordination skills are integrated. From product production to sales to capital return, in the whole process of entrepreneurship, entrepreneurs either have the ability to operate in the whole process, or have the ability to communicate, organize and coordinate with the team.

Familiarity with marketing and marketing capabilities are also requirements for the quality of entrepreneurs. Capturing the potential real needs of customers through the market is one of the ways to carry out effective marketing activities. Marketing ability and analysis ability of investment and financing are important factors for entrepreneurs to succeed in business. Entrepreneurial college students can only sell their products to obtain substantial capital income, which is conducive to reducing the risk of entrepreneurs' ability.

C. Strengthening Organization Stability and Improving Risk Control Ability

The size of the entrepreneurial team can be small, but

the main components of the organizational structure should be relatively complete. Reasonable division of labor in a team can enable the staff in an organization to perform their duties, develop their own professional expertise, and conduct their work in a regular and orderly manner. A stable team member can contribute to the formation of team spirit. A good team spirit is also conducive to the improvement of the probability of success in entrepreneurial activities. In the process of entrepreneurship activities, entrepreneurs can participate in entrepreneurship education training or related industry summit forums^[5]. Entrepreneurship education can improve their understanding of the industry and risk identification, and to improve their risk management and control ability by learning the experience of other people's risk management and control^[6].

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