

A Study on College Students' Entrepreneurship Practice in Guangzhou :A Case of GDUFS

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Abstract

In the past 10 years, the ratio of college graduates' self-employment has demonstrated a rising tendency in China. During the process of starting business, college students are inclined to get involved into various troubles as lacking of experience. This research aims to analyze the plights at different stages of starting business, and try to give some suggestions based on the case of Guangdong University of Foreign Studies(GDUFS).

Key Word: predicament of starting a business, entrepreneurship, university students, GDUFS

INTRODUCTION

In recent years, more and more graduates students have decided to embark on a new course of self-employment after graduation. However, starting a new business is a complicated process which dynamically involves the identification and capture of opportunities, the assessment and acquisition of resources, the establishment of new organizations and the management. During this process, college students who are willing to start their own business are more inclined to plunge into various difficulties as lacking of experience. Therefore, it is an necessity to pay attention to the management situation of the entrepreneurial groups of students by helping them identify the obstacles and put forward countermeasures.

This study focuses on the following questions:

- 1. What is the current status of the start-up enterprises operated by students in Guangdong University of Foreign Studies (GDUFS)?**
- 2. What difficulties and challenges those entrepreneurs have encountered when managing their business?**
- 3. How to help the venture teams break through the dilemma ?**

The methods adopted in this research mainly include:

- 1. Field study: Field trips to the pioneer parks and entrepreneurial shops have been carried out to record some basic information such as the number of starting-up**

enterprise pioneered by college students and their business range as well as the managing environment, 24 entrepreneurial enterprises are interviewed for further information .

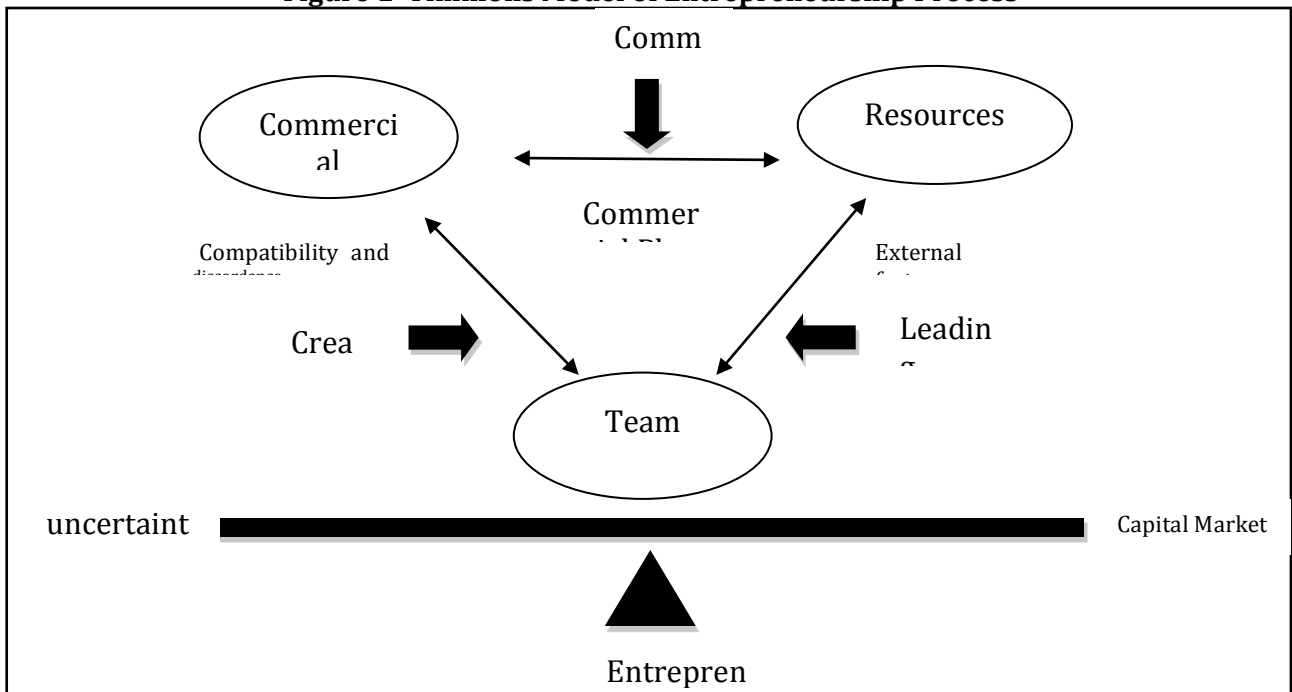
- 2. Semi-structured interview: 14 of the 24 entrepreneurial enterprises mentioned above are informally interviewed based on a rough outline. Interviewers are required to make adjustments whenever necessary to adapt to the practical situation, the information collected through interview should be handled timely. Before the interview, the assignment should be properly distributed and sound recording is a necessity.**

THEORETIC FRAMEWORK: TIMMONS MODEL

Timmons Model, advanced by Jeffery Timmons (2005) and integrated by dynamism and complexity, is one of the most significant theoretic models of entrepreneurship process. It provides valuable framework for the identification of internal mechanism and inherent rules of entrepreneurship process. In this model, opportunity, resources and team work are three essential elements, and entrepreneurship process is dynamic-balanced with the goal of opportunities being pursued, resources and team members properly distributed.

Under this framework, entrepreneurs are required to make full use of their creativity to discover opportunities in the indefinite and uncertain environment and to synthesize resources with the help from outside like the capital market, in the meantime, efficient team should be built, leading the enterprise to realize the value of the opportunities. Through the process, the relationship between resources and opportunities dynamically proceeds from compatibility to discordance then to compatibility again.

Figure 1 Timmons Model of Entrepreneurship Process



. Feature Analysis of Students' Entrepreneurial Teams of GDUFs

Since 2012, more than 10 entrepreneurial teams have successfully applied for the programs of undertaking practice, members who have participated in this program often actively exchanged their learning experience, and the Center of Employment and Entrepreneurship Management of GDUFs also held sharing session, inviting the team of Innovated Flowers to

share their experience in starting their business. Except in the form of team cooperation applied in the entrepreneurial programs, some students positively have dipped their toes into this field both individually and collectively as a team. The enthusiasm of students in entrepreneurship is so great that the atmosphere has pervaded through different colleges, majors and grades. And for the entrepreneurs, the value of their practice lies in that it can enrich campus life, exercise their own personal ability.

Most of the entrepreneurs of the 14 interviewed enterprises have the experience of working in students' associations, which contributes to enhance their practical ability and expand their social circle by the increased chances to contact with colleagues from other colleges. A lot of entrepreneurial team members have met each other during community work.

Among the 14 enterprises being interviewed, 77% of the members' major is business, the rest are mainly majored in computer science and advertisement, etc. The students of business are more likely to be exposed to the business cases during their academic study, and the competition activities held in their colleges are also mostly focused on commercial operation, all together have bolstered the students' sensibility to business opportunities.

Description of Entrepreneurial Companies' Operating Situation

The 24 entrepreneurial companies are distributed in both north and south campuses with a ratio of 6:18, and in which, 18 are project-supported. For the 14 interviewed enterprises, 5 have been operating within only 3 months and 3 of them died young, 1 company has not started yet, the other 1 is still operating; 3 have operated above 3 months and under 1 year; 6 have operated for more than 3 years while 2 of them died young.

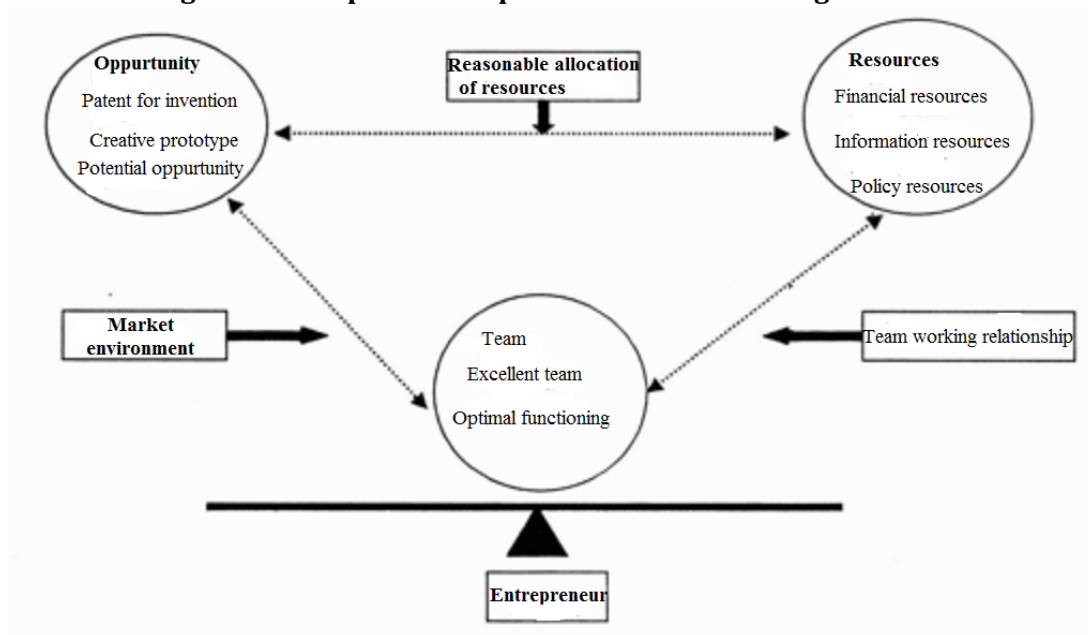
Among those companies which have opened for business, 9 of them are profitable and 4 are at loss (1 has not started yet). Of the 4 profit-loss companies, 2 have the potential profit possibility while the rest will suffer further losses. In terms of entrepreneurship direction, 10 companies are focused on providing intellectual service, in which, 3 are high-tech focused; 3 are sale-based; 3 are intellectual service centered and together with 2 are independently opened up. Beside these, there are 3 sale agents.

It can be concluded that: the students' entrepreneurship is still at high failure rate, as the survey shows, 5 of the interviewed companies have failed, reaching a failure rate of 36%; the students who are committed to entrepreneurship practice mostly from the south campus, with the enterprises acquiring project support, only one is from north campus; the companies which are run at loss are all under operation within 3 months without any project supporting; more than half of the students' entrepreneurial enterprises are offering intellectual services and they are all profitable (though 1 is now at loss, still get potential to obtain earnings in the future.)

PROBLEMS EXISTING IN ENTREPRENEURIAL COMPANIES

College students' entrepreneurial process can be divided into three key stages: preparation for starting business, company's inception and the stage of management. Mu(2008) holds that a combining analysis, that is, synthesizing the three kernel factors of opportunity, resource and team with other aspects of different phases of starting a business, can come at an entrepreneurship process mode of college students based on the existing framework of Timmons mode. (shown in Figure 2)

Figure 2 Entrepreneurship Process Mode of College Students



According to this mode, for entrepreneurs, a matched balance among the three factors of opportunity, resource, team should be maintained. However, each phase of entrepreneurship has different tasks to focus on, thereby creating different dilemmas for the students. Hence, to further explore the existing problems of college students when establishing their companies, this research classifies the different stages of 14 interviewed venture enterprises and summarizes the prominent issues of different team stages from three perspectives of opportunity resources and team.

Preparation Stage

In preparation for the entrepreneurship, the priority should be given to the exploitation and selection of business opportunities, while during this process of choosing opportunities and screening information, students are susceptible to various factors such as personal traits, entrepreneurial behaviors and the values of surrounding community, education on entrepreneurship, social values and the overall entrepreneurial culture. Based on this, it is believed that when choosing business opportunities and screening information, the following problems are prominent for the students at GDUFs:

- **Single-minded pursuit of market void, ignoring the managing risks.**
When selecting business opportunities, most entrepreneurs lay emphasis on looking for market void. Of the 14 interviewed companies, 9 are pioneers whose products or profit-making patterns are totally new in their regional markets. However, while enjoying the benefit of markets potential brought by the identity of pioneers, entrepreneurs should also take the management risks of the new products or model into consideration. One of the entrepreneurial teams in GDUFs — Fast Delivery of Refreshment to Dormitories, has found the strong market demand for door-to-door delivery on campus which has not been exploited yet through their own observation and experiences, hoped to establish the platform of fast delivery service together with the cooperation with surrounding snack merchants. However, the later practice proved that this profit model brought little or no revenue as it was extremely restricted by the market demand and the labor cost was also high, eventually leading to the business failure.
- **Low-level business model with less competitiveness and substitutability**

The entrepreneurs of college students possess the advantage of having a command of professional expertise when choosing their business directions, which contributes to improving the competitiveness of their companies in the market to some extent. In this survey, 10 of the 14 interviewed companies provide intelligence services, 3 are sales agents and the last one runs a physical store independently. The services of the 3 sales agents—Kkoklily Fashion House (taobao shop), Door to Door Refreshment Delivery, Lolita's Sanitary Napkin Monopoly, are similar to the early E - Go network service platform which acts as purchasing agency, the business model is to earn intermediary service fees by building connections between merchants and consumers. At the preliminary stage, there is a great chance to survive for those companies under this profit-making pattern as the market demand is strong, as the Lolita's Sanitary Napkin Monopoly has demonstrated. While as more competitors flood into the market or market demand decreases, it is an urgency to re-choose business opportunities, transform the business model, otherwise may cause major failure.

Inception stage

At the stage of business inception, the central task for students entrepreneurs is to instantly acquire and integrate resources that are necessary for exploiting business opportunities, including resources of finance, information and policy, etc., and try to realize a matched balance between resource and business opportunities. Whereas they are relatively lack of entrepreneurial resources and the accessible channels are limited. Therefore, the biggest dilemma confronting the college students is the scarcity of resources.

a. Human Resources

GDUFS is an university with focuses on liberal arts and commerce, which leads to a deficiency in technical talents. Among the 14 investigated enterprises, 3 are high-tech companies which are: DNA Media, E-GO Network Service Platform and Run-studio, and the major services provided are online marketing, third-partner-online shop, software outsourcing. The owners of the 3 companies have expressed their worries for the lack of technical personnel. One of the starters of "Run-studio" said that some technicians who had already worked for a while would ask for quitting due to the heavy workload. To solve this problem, some entrepreneurs have tried to attract the talents by recommendation and open recruitment, but little achievements have been made.

b. Disconnection between entrepreneurial projects and the actual demand of the entrepreneurs

By now, 9 of the 14 interviewed enterprises have applied for the entrepreneurial projects of GDUFS and are widely supported in capital, place, professional guidance and competing fields. During the interview, the interviewees have fully expressed their gratefulness to the support given by their faculties. However, the fact is the support provided by the entrepreneurial project is disconnected with the practical requirement of entrepreneurs to a certain extent. For example, for starter of Red Soul Wine Club, the fund issuance for entrepreneurship in GDUFS has to be checked repeatedly, which leads to the deferred actual use of the capital. In the same time, both the English training center of "Falling love with English" and "Ai Yin Si Tan Musical Training Institution" have expressed their dissatisfaction with the non-professional instructors. In addition, "Ditto Piggy Bun" and "XZ Room Escape" have all refused to apply for the entrepreneurship project and when being asked why, they replied that the flexibility of the entrepreneurship was in conflict with the normalization of the projects, and the instructors' ignorance of the specific industry is also what they are concerned about.

c. College students who are not well-connected are lack of enough market information

Of the 14 entrepreneurial companies, 9 are in the business of building connections between merchants and consumers, and their target audiences are students at universities. While the same problem they need to resolve is where to find merchants for cooperation, which results from the deficiency in market information. For example, "Kkoklily Clothing Store (Taobao shop)" is difficult to find suitable clothing manufacturers to replenish its stock; "Run Studio" which has developed the calling positioning system has also failed to put its products into actual use due to the taxi drivers are reluctant to be partners; and the owner of "DNA Creative Media" said that its aims of conducting B2B business could not be realized as the commercial clients are hard to dig.

Growth stage

At the growth phase of entrepreneurial companies, the more intensified market competition requires more talented partners to form an outstanding team. Therefore, the most notable problem at the growth stage is how to effectively manage the team.

a. Intimate relationship between team members making the disagreement difficult to resolve

Among the interviewed enterprises, both the youth English training center "In Love with English" and the "E - Go Network Service Platform" have established their own teams made up of members from the same dormitories and classes. At the early stage, the intimate relationship between members brings much convenience to effective communication, however, as the operation of the enterprises goes on, they are prone to disagreeing with each other when in the face of many decision-making problems, thereby creating handicap for the dilemma solving.

b. Supplementary Predicament Confronting Teams

Among the 14 interviewed companies, members of the 12 enterprises are all from GDUFs, and most of them have been working together in the same association. Only 2 companies, ie. "Aiqin House" and "Keep it" are organized by students from different faculties, but still no experienced people outside the faculty has been invited for cooperation. From the analysis, it can be seen that when choosing team members, the students are inclined to select partners with the similar background, leading to the supplementary predicament, that is, as the degree of similarity of members increases, the overlapping of knowledge, skill and social network would be more obvious.

c. Management issue occurred along with the team expansion

At the growth stage, the entrepreneurial team grows along with the scale expansion of the company, which sets higher demands in the capability of team managing for entrepreneurs. For example, as the business of "Lolita" has largely developed, it needs more sales forces. But the fact is that, the mobility of sales person is so high that it is against the improvement of service quality and experience accumulation. Likewise, the music training agency of "Ai Yin Si Tan" has mostly employed students of lower grade with insufficient expertise. The "E - Go Network Service Platform" is also faced with the same problem: as it is preparing for the building of foreign trade business platform, new members are in need to take in charge of this section. How to manage and maintain the relationship between the new entrants and the experienced one is a challenge confronting "E-go".

d. Sustainability of Teams

It is no doubt that the newly established enterprises will meet various difficulties, and whether the team members can work together to sail through the hardship matters the

survival of the company. When being interviewed, the entrepreneur of “DNA Media” told the interviewers that it had 5 core members before, while 2 left midway. The members are lack of entrepreneurial passion and can't efficiently integrate into the process of entrepreneurship. At last, its entrepreneurial project failed due to the improper operation of the successors. At the same time, the starters of “Run-studio” also showed that its members quit as they can't bear the over-tiredness, and mobility of employees was great and frequent as well. Beside these, the teams of “Door-to Door Refreshment Delivery of GDUFs” and “XZ Escape the Room” all announced dismissal due to the unresolved disagreement among members, finally leading to the business failure. In terms of the existing companies, they are also confronted with the same problem of sustainability. This is because that speaking of companies' future development, individual members have different expectations, which is one of influencing factors in operating efficiency. Some of the members regard the entrepreneurship as a life experience, while some with an aim of expanding the business scale. As most of the starters are sophomores or juniors, the newly founded enterprises always step into the predicament of intensified mobility of employees when graduation season comes.

COUNTERMEASURES AND SUGGESTIONS

Mu(2008) argues that , the entrepreneurial process of college students is affected by various factors which can be classified into 4 levels ,ie. individual, group, school and society.

Of these 4 levels, individual variables are connected with the personality and innovation capability; group variables are with community values and entrepreneurial experience; school variables are with entrepreneurship education and support; social variables are with overall entrepreneurial culture and policies. Based on this, this research puts forward corresponding measures and suggestions for college students' entrepreneurship predicaments from the perspectives of the above mentioned 4 levels.

1. From the individual level

As the main body of entrepreneurs, college students play a vital role through the whole entrepreneurial process. Firstly, at the preparing stage, choosing appropriate models for managing and profit-making is of great significance. The starters should make an intensive analysis of market competition and risk prediction. To capture business opportunities and exploit the strength of the companies, methods like field survey should be applied to investigate the macro environment and market demands, thus having a fully grasp of the competition situation and gaining more edge in the market. In the meanwhile, adequate reserves should be set aside in case of running out of cash. And to meet the human resources demand from the newly established companies, college students should actively participate in outdoor activities and social practice, such as part-time job and work-study program, to seek potential partners who are supplementary in knowledge, skill and experience, thereby establishing and expanding their social network and reserving talents for entrepreneurship in advance. In addition, passion, executive ability and perseverance are 3 essential factors throughout the business process. The cause of entrepreneurship is no doubt beset of hardship and obstacles, and the attitudes of entrepreneurs are the prerequisite to solving the problems.

2. from the group level

At this level, it is suggested that college students who are willing to start business set up an entrepreneurship association, or make use of the associations already existed to provide a platform for regular information sharing, creating strong entrepreneurial atmosphere and fostering practical view of entrepreneurship.

At the same time, the association can also be utilized as the reserve base for talents, absorbing the students of passion and action, during which the connection between the members and the newly established companies can be enhanced and thereby cultivating potential successors for the growing enterprise. By doing this, more talents can be enrolled into the newborn companies and the sustainable development can be achieved after sailing through the transitional period.

3. from the faculty level

Faculties are required to enhance the entrepreneurial education and further improve the curriculum setting; teacher development is also in need to provide students with both professional and practical guidance. Specifically, the faculties can encourage teachers to practice in some well-known enterprises, for improving their own practice ability; faculties can also organize students to conduct field survey in the successful enterprises to investigate their developing cause and managing situation;

Alumni with experience can be invited as mentors to give lectures regularly, which is an useful way to motivate students' awareness and interests in business starting. At last, the construction of innovation park should be perfected in its procedure and flexibility. Resources like funds and dependable information are to be offered in time, establishing practice platform for college students.

4. from the level of society

The whole society should advocate the culture of innovation and encourage college students to have pioneering spirit through various channels: the media can pay more attention to the report of college students' entrepreneurship, setting successful examples for students, and interview some professionals to make thorough analysis of college students' entrepreneurial practice from multiple angles. The government should also perform its functions in various fields: in terms of policy formulation, it can create favorable conditions for the construction of entrepreneurship incubation base, setting up platforms for the students. For example, it can offer help through policy support, system design and tax preference. The government also needs to follow up college students' entrepreneurship and provide support until the new enterprises have solid strength to survive; beside these, the regulation of government policy should be strengthened. In the meanwhile, it can increase financial support, through financial taxation and other means, further standardizing the department responsibility and authority, simplifying procedures and improving the service efficiency.

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