The Research on Entrepreneurship Transformation and Employment Effects

Meng-Jiao LI\textsuperscript{a,*}, Xiu-Li CHEN\textsuperscript{b}

Tianjin University of Technology, Tianjin, China
\textsuperscript{a}447272954@qq.com,\textsuperscript{b}chenxiuli64@126.com

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Abstract. Entrepreneurship has become one of the most important way to nourish economic growth and enhance employment. Entrepreneurship can be classified as necessity entrepreneurship and opportunity entrepreneurship from the perspective of the entrepreneurs’ subjective motivation. The development trend of entrepreneurship shows that the entrepreneurial activities in China are changing from necessity to opportunity. Opportunity entrepreneurship can break the old employment pattern of one person one position and establish the employment pattern of one person leading a group of positions. Under the entrepreneurial activities situation of China, developing opportunity entrepreneurship, optimizing entrepreneurship environment, widening entrepreneurship finance channel, reinforcing entrepreneurship education and providing pioneering enterprise with hatchibator will promote social employment and increase the employment quality.

Introduction

Employment is fundamental for people's livelihood, and entrepreneurship is a source of employment. According to the statistics from the national statistical departments in 2015, China's registered urban unemployment rate was 4.05 percent. Implementing development strategy of expanding employment and using entrepreneurship to improve employment\cite{1}, is an important measure to improve the employment effect in China.

The Basic Concepts of Necessity Entrepreneurship and Opportunity Entrepreneurship

Necessity Entrepreneurship

Necessity entrepreneurship, a concept comes from the push-type employment study of Raphael Amit(1994), the Robert B. Goergen Professor of Entrepreneurship at the University of Pennsylvania. In China, the majority of necessity entrepreneurship arrives from poverty, the demand to get rid of survival pressure and the need for making a living. Therefore, the founders have a great desire for making profit.

Opportunity Entrepreneurship

Opportunity entrepreneurship refers to a kind of entrepreneurship, which the founders choose entrepreneurship as a choice of career. This kind of founders who hold the faith of “seizing valuable opportunity” and “doing things that they love” chase for larger development space through finding or creating new market chance. As a new type of economy pattern, knowledge economy is the foundation of opportunity entrepreneurship. And knowledge industry becomes the essential industry of opportunity entrepreneurship. The main part of the people who participate in opportunity entrepreneurship has good education background. They pay more attention to the recruitment of talents and the cultivation of entrepreneurship culture and emphasize exerting their profession specialty to manage the organization. Once the entrepreneurship succeeds, it will not only bring considerable economic value, but also offer more employment. Silicon Valley Type is a classically successful case of opportunity entrepreneurship. After the Chinese economic reform, The Zhongguancun Science Park which is the silicon valley of China appeared. It is an industry group of high-tech industry, information industry and modern service industries, creative industries and it has already become the pioneer of opportunity entrepreneurship.
The Situation of Entrepreneurial Activities in China

The entrepreneurial activities have experienced from nonexistence to pass into existence and become more actively since the Chinese economic reform. At present, the status of entrepreneurial activity is mainly manifested in the following aspects.

Increase in the Number of Small and Medium Enterprises

The Small and Medium Enterprises are one of the most important market subjects. Especially in recent years, the number of small and medium enterprises in China has increased rapidly and the level of development is gradually improved. At present, the number of small and medium enterprises in China is nearly 50 million according to statistics. The number of small and medium industrial enterprises above national scale is 490,000 in 2010. The total output value of these enterprises is 4.98 billion which contributes 60 percent of the Gross Domestic Product in China and 50 percent tax. The national 66% of the invention patents and 80 percent new products are researched and developed by the small and medium enterprises in. The small and medium enterprises contribute greatly to promote rapid growth of China’s economy.

Low Quality of Opportunity Entrepreneurship

According to the 3rd China Economic Census, self-employed households are concentrated in three industries: wholesale and retail trade, transportation, accommodation and food and beverage industry\[2\]. Global Entrepreneurship Monitor China Report (2002-2012) issued by Tsinghua University shows that China’s entrepreneurship rank has risen from 11 (2012) to 2 among the more than 60 countries and regions participating in GEM (Global Entrepreneurship Monitor), and China has become one of the most active entrepreneurship activities areas. Although the opportunity entrepreneurship is the main part of entrepreneurship at present in China, it generally has a not high quality. The main reason is that there is a scarcity in entrepreneurship talents, the other reason is that labor cost is still not high and most people gather in low-tech field. So the economic growth and exports have not been improved in the long run.

Low Educated Entrepreneurs

Education background, the expertise and experience of entrepreneurship, the ability of organizing resource and the capacity of adapting to market are essential to the result of entrepreneurship. Most of our entrepreneurs are laid-off workers, landless peasants or just graduated from college students who cannot find a job. The average lifetime of entrepreneurship enterprises in China is 2-3 years, which is much lower than developed countries and this is closely related to the education background of founders.

Imperfection of Entrepreneurship Environment

From 2002 to 2012, China’s entrepreneurship environment generally improves. Comprehensive index (five points for full marks) of entrepreneurial environment increased from 2.69 in 2002 to 2.8 in 2012. According to the standard for evaluation of international entrepreneurship environment, the entrepreneurship level doesn’t get enough improvement. The strength of entrepreneurship environment in China are physical infrastructure and business environment, compared with which shows less convenience in financial support, government program support, entrepreneurship education and training, as well as the development transfer of entrepreneurship research. If policy, education training and service get improved, there will be more talents, especially the undergraduates, which will eventually promote employment.

Entrepreneurship Transformation and Employment Effects

Transformation from Necessity Entrepreneurship to Opportunity Entrepreneurship

China started to take part in GEM in 2002, from the Global Entrepreneurship Monitor. China Report of 2002 and 2003 indicates that the rate of necessity entrepreneurship is both higher than the
rate of opportunity entrepreneurship, the rate is respectively 60:40 and 53:47.2. The necessity entrepreneurship led in this period of time. China’s opportunity entrepreneurship activity index ranked second in GEM in 2005. There are two meanings. First, the number of necessity entrepreneurship in China is more than other countries. Then, the entrepreneurial activities are more active. Therefore, necessity entrepreneurship is the dominant type of entrepreneurial activities in China compared with other countries. And China’s opportunity entrepreneurship activity index first exceeded necessity entrepreneurship activity index in 2005, which is 53.2:45.3. It shows that China’s entrepreneurship type has started to change from necessity entrepreneurship to opportunity entrepreneurship [3].

**Entrepreneurship Transformation Promotes Employment Effects**

From the experience of other countries, encouraging labor to set up their own business is a useful method to relieve employment pressure. For example, in order to solve increasingly severe unemployment, the European Union spent over 5.7 million euros in supporting entrepreneurship enterprise and more than 75million people get employment opportunity from 2004 to 2006. Global Entrepreneurship Monitor China Report—Entrepreneurship Transformation and Employment Effect by Jian Gao and his team of Tsinghua University show that the employment multiplier effects of opportunity entrepreneurship is obvious. It can be seen that the transformation from necessity entrepreneurship to opportunity entrepreneurship is beneficial to economy development and the relief of employment pressure in China.

**Encourage Opportunity Entrepreneurship and Enhance Employment Effects**

**Reinforce Entrepreneurship Training and Increase the Proportion of Opportunity Entrepreneurship**

Entrepreneurship training is the essence of cultivating entrepreneurship talents. A lot of people who participated in entrepreneurship have never received entrepreneurship training, which has a negative effect on the success rate of entrepreneurship. The Global Entrepreneurship Monitor of 2003 showed that the possibility of entrepreneurship success of the people who receive undergraduate or higher education is twice than those who don’t receive. The most important part of training is getting the ability of entrepreneurship. On the one hand, universities should establish entrepreneurship subject, optimize scientific curriculum provision and improve entrepreneurship teaching to increase the teaching efficiency of entrepreneurship. On the other hand, entrepreneurial training institutions should build a scientific research team, strengthen the entrepreneurial training for workers to promote more high-level workers to start, increase the proportion of opportunity entrepreneurship and achieve the employment multiplier effect.

**Strengthen the Construction of Business Incubators and Improve the Success Possibility of Opportunity Entrepreneurship**

Business incubator is also called entrepreneurship center. Rustam Lakaka, American famous incubator expert, considers that incubator is designed to foster new enterprise of controlled work environment. Smilor(1986) argues that incubator is a kind of innovation that is aimed to assist the development of newly found enterprises and provide them with various services and supports. In western developed countries, incubator plays an important part in promoting entrepreneurship and gains much public resource assistance. In total, it is necessary to strengthen business incubator establishment[4].

**Policies Support Opportunity Entrepreneurship and Enhance Employment Effects**

The entrepreneurship financing is the important content of entrepreneurship policy. Opportunity entrepreneurship entrepreneurs are most college graduates. Because they just came out of the college, the shortage of funds is the most obvious difficulty. Therefore, it requires the government to issue related policies and establish a special fund to help students their financing problems, such as providing them with loan guarantees and technology venture fund and so on. In addition, the
government should offer the policy of reduction of taxes and fees for opportunity entrepreneurship. Compared with European and American developed countries, the tax burden of enterprises in our country is relatively heavy. In order to encourage and promote opportunity entrepreneurship, a lot of cities in China started to issue preferential tax policies which aim at enhancing the entrepreneurship employment effect in recent years.

**Promote the Transformation of Scientific and Technological Achievements and Encourage Technological Entrepreneurship**

Universities are the main position of cultivating talents and the main site of scientific activities. Take Silicon Valley and Stanford University as an example, early Silicon Valley high-tech enterprises were founded by Stanford University teachers and students. Stanford University and Silicon Valley have always maintained very close ties in which Office of Technology Licensing (OTL) of Stanford University played a very important role. It helps teachers and students in college to transfer patents into commercial projects through efficient operations and assists inventors in technology licensing, patent licensing or the business creation. If the proportion of students who participate in entrepreneurship in China increases, employment of the graduates will be solved to a large extent and entrepreneurship will lead to employment[5].

**References**


