Establishing an Effective Entrepreneurship Ecosystem in Vocational Colleges

Zhen KONG¹,a,*

Beijing Information Technology College, No. 5, Fangyuanxilu, Chaoyang District, Beijing, China
Email: *Kongz@bitc.edu.cn

Keywords: Mass entrepreneurship; business incubator; innovation; ecosystem; ownership.

Abstract. This article considers the process of business services provision by business incubators as an innovative and dynamic process, carried out in an open innovation context, where many elements from the entrepreneurship ecosystem interact. Results detect some patterns of service provision according to ownership, size and partnership of the business incubators and show the efficacy of the cooperation of the private and public sectors and the colleges. The service-based incubator is the accelerator for starting up new business owned by young students.

Introduction

Start-up frenzy has gripped China since Premier Li Keqiang encouraged people to innovate and start their own businesses. The country's "post-90s generation" of entrepreneurs—a term describing those born in the 1990s—has come of age. They are bold digital natives brought up in the founding era of Internet giants like Tencent and Alibaba, and unafraid of failure. Colleges are following the State Council's call for the rapid improvement of places for public entrepreneurship in order to efficiently turn ideas into reality, providing training on technology, investment, and management.

Mass Entrepreneurship as the Tide

Although China's broader economy is slowing, China's young entrepreneurs are driving a wave of startups that has become a bright spot for the economic landscape and an important engine for future growth. The Chinese government will focus more on mass entrepreneurship and innovation, which is regarded as the key to China's economic growth in the following years. After the first national public entrepreneurship week at the Zhongguancun Science Park, the theme of “attracting new development force” has been realized by entrepreneurship training, project matching, investment negotiations, and venture capital completion. According to its major economic tasks for 2016, the first year of the country's 13th Five-year Plan, China will continue to promote mass entrepreneurship and innovation by relieving financial strain for companies. Measures include reductions to transaction costs, taxes and social insurance fees.

Business-ownership as the Fashion

Business-ownership is fast-becoming a preferred choice of increasingly ambitious college graduates in Beijing, even in the face of a lack of start-up funds and work experience. In a poll conducted by the Beijing Education Committee, 29 percent final-year students "like to" run their own business, yet only 8 percent actually plan to do so. Still, the number of young people starting their own business upon graduation has been on the rise in recent years. Start-up innovators are willing to see if the concept is accepted by the students. If yes, they will switch to launch the projects into operation.

Encouraging Policies as the Fire

China eyes mass innovation, entrepreneurship as new engine. The trend has gained much support from the central government. Premier Li Keqiang has encouraged the entrepreneurial spirit among young people ever since he took office in 2012. He said "China should embrace the trend of mass
entrepreneurship and innovation in the Internet age"[1]. Chinese students with a pioneering spirit can now defer their studies to start their own business, in a move by the education ministry to deal with the record number of college graduates due next year. The number of university graduates in China reaches an unprecedented 7.7 million in 2016. As a result, the Ministry of Education encourages colleges to set up flexible educational systems so that students can be allowed to suspend schooling and set up their own businesses. China's State Council pledged to take various steps to create an amicable environment for innovation and entrepreneurship in order to power growth and generate jobs. The government also steps up policy support, such as simplifying registration procedures and giving subsidies, to innovative businesses.

Interactive Ecosystem

The term “ecosystem” was first used by British ecologist Arthur Tansley. This concept also gives inspiration for entrepreneurship-oriented education. As ecosystems are defined by the network of interactions among organisms, and between organisms and their environment, they can be of any size but usually encompass specific, limited spaces. The ecosystem is definitely open to the students, professors, investors and other stakeholders. Energy, capital, human and intelligence are other essential components of an ecosystem. Ecosystems are controlled both by external and internal factors. Ecosystems are dynamic entities—invariably, they are subject to periodic disturbances and are in the process of recovering from some past disturbance. Ecosystems in similar environments that are located in different parts of the world can have very different characteristics simply because they contain different species. Internal factors not only control ecosystem processes but are also controlled by them and are often subject to feedback loops. While the resource inputs are generally controlled by external processes, the availability of these resources within the ecosystem is controlled by internal factors[2]. Although the infrastructures may be provided by the college, the relationship between stakeholders ought to be friendly, cooperative, effective and helpful for innovative entrepreneurship. The study considers three types of support infrastructure: incubators, technology centers, and universities which affect the biodiversity of mass entrepreneurship and "Creation of the Youth".

Incubators as the Core

The aim of business incubators inside the entrepreneurship ecosystem (EE) is to give birth to tomorrow's entrepreneurs. Thus, incubators play the central role of services that take part in business incubation processes with the concepts of entrepreneurship and innovation. Business incubation takes place in different and connected environments: the business incubator, the wider environment and the business incubation process itself, linked to the elements of the EE, which is an open innovation context where synergies are created[3]. Young people look to cyberspace to weave innovative dreams. For example, the success of e-commerce giant Alibaba Group Holding Ltd, and the rise of its two biggest rivals Tencent Holdings Ltd and Baidu Inc, have given hope to students in Beijing Information Technology (BITC). The college administration then published a series of policies to welcome future entrepreneurs by providing free office in the newly-furnished Liyuan Center which is partly positioned as an incubator. The location is just at the entrance of the college, facing a street in the Lidu Business Zone. The quality service-based EE.

Services as the Highlight

The EE is a concept that appeared just over a decade ago and its popularity is growing in academia in the last years. The environment and relationships, that are critical to the success of an innovation, are also important to the success of new businesses[4]. The EE has been related to the activities in several studies and its importance for the success of new business projects has been highlighted. An effective private-public-college partnership is guaranteed by the services of the business incubator in an open innovation context. A quality service-based EE is always helpful for a new starter in the Internet industry. The young people have nearly zero experience or knowledge in this highly technical industry. Business services are the key to effectiveness. They can be described as a set of
professional services organized in and around the incubator, and available to the client companies.

**Training as the Guide**

The EE is a concept that some BITC students majored in E-commerce have decided to transfer themselves from fashion buyers to E-business owners to set up their own technology company last December. They have access to free internet, necessary office equipment, and advice from the innovation tutors. The only way to get all these above is to present the business plan and pass the review by the board of BITC Entrepreneurship and Innovation Administrators. A package of services include entrepreneurship practice advisory, guidance and coordination. Training services are provided by College for the incubated firms. A quality feature of this training is the existence of guidance on how to correct training gaps. The teaching materials for this training also take advantage of the more than 50 conferences and seminars carried out during the years of existence of the incubators and from the Master Degree for entrepreneurs under the support of the University Chair for Entrepreneurship. There is also training program around these topics, including incubation models overseas in developed countries. In line with selection criteria, entrepreneurial projects are probably to receive funds and other support. The college inputs money, experience and relationship for the newly-started companies in time. If they are innovative services or knowledge-intensive services, they enjoy the priority to move to advanced incubators in Zhongguancun Park, etc.

**Atmosphere as the Accelerator**

As a result, business incubation is more than a tool to consolidate new companies. Business incubators, especially those in colleges, are themselves tools for fostering entrepreneurship, but doing this, China eyes mass innovation, entrepreneurship as new engine. The trend has gained much support from the central government and local governments. Ownership of the business incubators determines the amount of services delivered and opens the way to the third scope of the analysis that are partnerships among incubators and other stakeholders, as an efficient way to obtain a critical mass and some synergies that conform a better service-based EE. Empirical results demonstrate the same conclusions obtained in the theoretical section: that they are an example of efficient players within the EE and that the source of their value added stems not only from the quality of the services provided but also from the innovative and dynamic way of their provision and also from the interrelations among all the stakeholders of the EE through effective networking [5].

**Interaction with the Government**

Further research is desirable by identifying and extrapolating value creation from the dynamics of other networking experiences, as it has been done here with the comparison of the vocational colleges incubators with the clusters of North Wales and Silicon Valley in an attempt to build up strategic network models for other incubators in China. In China, the government exerts more power in the market, as well as in the education field. Therefore, colleges need to pay more attention to maintain safe and sound interaction with the government in operating the ecosystem. Universities and colleges have set up special funds for entrepreneurship and innovation projects totalling 1.02 billion yuan (160.4 million U.S. dollars), according to statistics. This year, more than 3 million college students have participated in innovation and entrepreneurship activities. In fact, the government can coordinate with employer demands to provide relevant information, services and training for graduates to help them find proper entrepreneurship programs. Preferential policies are urged to put in place to support college graduates creating start-ups.

**Development Strategy**

College graduates are in great need of innovation-driven development strategy and public undertaking. On the other hand, the employment of university graduates have great effect on the overall economic development and people's livelihood improvement. All students have open innovation entrepreneurship education compulsory courses and elective course. The number of such
courses offered in Chinese universities increased by 14 percent this year compared to 2014. Preferential policies are urged to put in place to support college graduates creating start-ups.

**Local Government Policies as the Advantages**

The Beijing municipal government vigorously promotes mass entrepreneurship and innovation by implementing local regulations and policies. Thereby, colleges in Beijing, are more likely to receive funds from the government, which is the unique advantage and resource of great significance. As the most innovative city in China, Beijing encourages high-tech projects. This points out the trend for college incubator to be more focused on major initiatives, to promote the economic efficiency, to coordinate development of Beijing-Tianjin-Hebei. Beijing adheres to promote scientific and technological innovation as the core, to eliminate institutional obstacles restricting the development of innovative undertaking as the key point, to provide the personnel, finance, market environment, intellectual property, international cooperation support for the new breakthrough in important fields and crucial links. All efforts pay to create a good environment for innovation entrepreneurship. High-end innovation actively guides the creative main body and innovative entrepreneurs undertaking development momentum. By 2017, innovative entrepreneurial element agglomeration, professional services, the layout optimization of emerging industry will happen with a number of innovative start-ups, forming a batch of perfect service system. The ecosystem will contribute to win-win situation. Internet education, Internet finance, Internet health, energy, intelligent agriculture form the main stream of mass entrepreneurship.

**Summary**

In this paper, we have discussed the distinguished importance of establishing incubator as the core of ecosystem of entrepreneurship. To sum up, business incubation is an innovative tool where services delivery has a certain future. Due to the economic new normal, entrepreneurship in China is necessity-driven. In times of necessity, not all the entrepreneurial initiatives perform with high quality or innovation patterns. Thus, the contribution of vocational college incubators is essential and is also a challenge for continuing innovation in services. As seen in the discouraging elements of the EE, Chinese culture has been traditionally less receptive to entrepreneurship. Thus, some immediate actions for reinforcing the service-based EE would have an holistic approach through an effective strategic networking, with as many stakeholders as possible. This will pave the way for increasing number of college graduates who have chosen to freelance or start their own small businesses rather than compete with millions of others for a job with monthly pay around 5,000 yuan ($764) and regulations and restrictions from a boss. This is an effective alleviation of the tough employment situation.

**Acknowledgement**

This research was financially supported by Beijing Information Technology College Research Subject XY-YN-14-201516.

**References**


