Research on the Problems and Strategies of College Students' Venture Financing

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Abstract. For many college students, entrepreneurship can link the pressure of employment, obtain greater economic benefits, feel their personality charm, so more and more college students choose entrepreneurship. Based on the investigation of entrepreneurship students in Xi'an Foreign Affairs College and Xi'an Peihua College, this paper summarizes the common risks and problems in the process of entrepreneurship financing for college students, and puts forward the channels and ways of entrepreneurship financing for college students, which can provide some reference for the group of underexperienced entrepreneurs.

1. Introduction

According to the data provided by the Ministry of Human Resources and Social Security, in recent years, the number of university graduates has gradually increased, breaking through to 7.27 million in 2014 for the first time, reaching 7.7 million in 2016, and the total number of college students in China in 2017 is 26.958 million, the number of college graduates in 2017 is 7.95 million and 8.2 million in 2018. This shows that the problem of difficult employment has become more serious and prominent.

For this reason, the General Office of the State Council issued the Notice on Doing Well the Employment and Entrepreneurship of Graduates of National Colleges and Universities in 2014, and proposed to launch the "College Student Entrepreneurship Leadership Plan" nationwide from 2014 to 2017, to help and support more college graduates to start their own businesses, and gradually improve the proportion of College graduates' entrepreneurship.

2. The Background of College Students' Entrepreneurship

At the two sessions in 2016, Premier Li Keqiang mentioned in his main objectives, tasks and major initiatives during the 13th Five-Year Plan period that he would "continue to promote mass entrepreneurship and innovation". In this context, the upsurge of College Students' entrepreneurship has become the focus of national attention. In 2009, Xi'an Foreign Affairs College took the lead in setting up an entrepreneurship college in private colleges and universities in Shaanxi Province, and set up an entrepreneurship incubator park for college students in Shaanxi Province. In 2016, Xi'an Peihua College won the top 50 universities in China for innovation and entrepreneurship. In 2017, Xi'an Peihua College also won This These two schools have become the leaders of entrepreneurship education for college students in Shaanxi private colleges and universities.

College students' entrepreneurship undertakes tremendous risks, and the success rate of entrepreneurship is very low. The survey shows that the average success rate of entrepreneurship among Chinese college students is only 3%. Yes, financing and refinancing have always been the key to the success or failure of college students' entrepreneurship. According to Fenghuang.com, the entrepreneurship rate of college graduates in 2015 is 2.86%. Among them, the entrepreneurship rate of college graduates is far higher than that of students of other academic levels; the entrepreneurship rate of college students from municipalities directly under the Central Government and rural areas is high. 38.10% of the entrepreneurs graduated from 985 or 211 universities; 74.34% of the entrepreneurs ranked in the top 30% of their academic achievements; 74.00% had major student cadres experience. The best time for college students to start their own businesses is during school
and after working for 1 to 3 years. The most needed help for college entrepreneurs is the entrepreneurship fund.

College students have limited resources and contacts, no fixed assets mortgage, limited financing channels, poor risk identification ability and financing difficulties. Local governments have increased financial support for college students' entrepreneurs, but harsh conditions, cumbersome procedures and low quota seriously restrict their enthusiasm for entrepreneurship. Therefore, the research on venture financing risk and prevention can provide reference for college students who start their own businesses and improve their success rate, which has been a hot issue at home and abroad.

3. Relevant Research on Venture Financing of College Students

Li Hua Jing and others (Li Hua Jing, Zhang Rui, Kang Ke, Chen Chen, 2010) through the investigation of some universities in Haidian District of Beijing, found that college students face many difficulties in self-employment, especially the bottleneck of entrepreneurship financing, which seriously restricts the decision-making and implementation of college students' self-employment. Breaking through the constraints of entrepreneurship financing can improve the overall success rate of entrepreneurship, which requires the coordination and cooperation of the government, society and universities to form a joint force in order to escort college students' entrepreneurship financing and even the whole process of entrepreneurship.

Li Jicheng (2011) believes that the lack of venture capital is a huge obstacle to college students' entrepreneurship. From the central government to local governments, corresponding policies have been issued to support college students' entrepreneurship. From these policies, we can find that the policies of College Students' venture financing are basically from a single point of view, without considering that entrepreneurship is a continuous process and the funds provided by them are insufficient to support their entrepreneurship.

Guo Weiwei (2010) believed that there were great financing difficulties in the entrepreneurship of college students in China, which mainly showed the following characteristics: blindness in the selection of financing objects; irresponsibility in the use of entrepreneurship financing; and agerness for quick success and instant profit in financing needs.

Zhao Ming (2015) contrasted and analyzed the current situation of College Students' entrepreneurship in the United States and some college students' entrepreneurship in Shanghai, and put forward that college students' entrepreneurship support system should be improved from four aspects: policy support, education support, fund support and incubation support.

These are the opinions expressed by experts and scholars at home and abroad after studying the financing problem. Li Jicheng's research object is government policy, and the government should also provide financing channels for college students. This formulation is correct, but it is not enough that the financial and economic environment has a greater impact on college students' entrepreneurship. Zhao Ming put forward that the government should introduce policies and provide financial support to college students and entrepreneurship education. Supporting policies and financing channels are important links for college students' entrepreneurship. College students' entrepreneurship financing needs the joint assistance of the government, financial institutions, universities and other parties. Guo Weiwei's research is universal, but lacks regional characteristics.

4. Investigation and Analysis of Entrepreneurship Financing of College Students in Shaanxi Private Universities

As for venture financing, domestic scholars' research is universal, but lacks the impact of regional characteristics and financial and economic environment. This research mainly aims at the survey of entrepreneurship students in Xi'an International University and Peihua College. In 2016 and 2017, these two schools respectively won the honor of top 50 national college students' innovation and entrepreneurship. The entrepreneurship education was carried out earlier. 70% of the students came from villages and towns, and entrepreneurship belongs to self-employment, which is the universal
representative of College Students' entrepreneurship in Northwest China. This study conducted interviews and questionnaires among juniors, seniors and graduates of Shaanxi private universities, mainly Xi'an International University and Peihua College, through on-the-spot questionnaires, visits and network surveys. 316 people were effectively investigated. Statistical analysis is as follows:

230 people have thought about starting a business, some have already started a business, accounting for 72.8%; only 86 people, 27.2% of them were reluctant to start a business. It shows that college students are enthusiastic about entrepreneurship and willing to try entrepreneurship.

78% of College entrepreneurs think that in the early stage of entrepreneurship, the biggest problem is "capital". This shows that financing is the key issue at the beginning of entrepreneurship.

Figure 1. Questions at the Beginning of Entrepreneurship.

In the mid-term of entrepreneurship, 65% of the people think that "insufficient funds" is the biggest problem. It shows that the lack of funds has always been a difficult problem for college entrepreneurs.

Figure 2. Difficulties in Business Process.

78% of the students have heard about the government's financial support policy. But no, only 19% of the students have applied. Respondents believed that the application procedure for government funding was cumbersome and long, and the success rate was low.

Regarding the preferred financing channel, 37% of entrepreneurs choose self-financing, crowdsourcing or public financing. Bank loans accounted for 18% and 23% respectively, 8% wanted to find investors, and 14% chose other financing channels such as micro-loans.

Figure 3. The Preferred Financing Channel for College Students' Entrepreneurship.
Regarding the biggest risk of financing, 37% of the students surveyed thought that they were cheated. Over-high financing costs accounted for 29%, bad timing accounted for 10%, consuming a lot of time and energy accounted for 9%, and legal risk accounted for 15%.

![Figure 4. Risk Survey of Venture Capital for College Students.](image)

Professional risk assessment survey before financing shows that only 99 people have thought about it. 31.3% of the total risk was assessed by entrepreneurship teachers and consultants. It shows that college students have weak awareness of risk prevention in venture financing.

5. Major Problems in College Students' Venture Financing

5.1 Understanding of Financing Risk and Weak Awareness of Prevention

About 68.7% of the college students in the survey lack professional risk assessment in the process of financing, and the scientific and rational financing decision-making cannot be guaranteed. Xi'an Foreign Affairs College and Xi'an Peihua College carried out entrepreneurship education earlier. The foundation of entrepreneurship has become a public compulsory course in these two schools, and everyone must learn it. The basic education of entrepreneurship teaches students how to find business opportunities, choose projects, write business plans, make budgets, and lack teaching contents in investment, finance and risk management.

5.2 Understanding More and Practicing Less About the Government's Entrepreneurship Support Policy

Document No. 10 of Shaanxi Provincial People's Government [2016] "Opinions of Shaanxi Provincial People's Government on Implementing Innovation Work for Promoting Mass Venture Capital" points out that a new batch of venture capital funds and angel funds should be set up to grant loans of not more than 50,000 yuan to start-up projects for a period of not more than 2 years; for start-up enterprises that obtain loans under patent pledge and repay principal and interest on schedule, the same period. The benchmark interest rate of bank loans shall be discounted at 30%-50%. Patents formed by projects are subsidized by 70% of the agency fee. College students' entrepreneurship encouragement policies are as follows: (1) They can get a one-time subsidy of not more than 20,000 yuan for entrepreneurship. (2) You can apply for up to 100,000 yuan guaranteed loan for entrepreneurship and 500,000 yuan guaranteed loan for partnership entrepreneurship. (3) Exemption of registration, certificate and administrative fees. (4) Pre-approval, mandatory evaluation, testing, demonstration and other services are charged at 50% of the government's price... Most entrepreneurs are limited to understanding these policies. Applicants consistently reflect that the procedures are cumbersome, the approval is strict, the processing time is long and the success rate is low, which affects the enthusiasm of financing through this channel.

5.3 There is Little Choice in Financing Channels

According to the survey, nearly half of entrepreneurs choose family support, partnership investment, borrowing from relatives, friends, teachers and other ways to raise their own funds. For the current micro-loans, crowdsourcing, venture capital and other modes of choice is relatively small. Because loans need mortgage, few college students' start-ups get bank loans. Many students
do not know enough about the financial services provided by the government. These services include: 1) Crowd Creation, Crowd Outsourcing, Crowd Support, Crowd Financing platform for college students to make financing choices. (2) For seed funds that meet the requirements, equity investment should be adopted to support them. (3) Encouraging banks and other financial institutions to provide personal guaranteed loans, intellectual property pledge loans, equity pledge loans and other financing services, and trying these financing channels and choosing suitable financing methods can greatly save financing costs.

5.4 The Lack of Professional Evaluation and Guidance in Venture Financing

Several schools surveyed offered basic courses on entrepreneurship. Taking Xi’an International University as an example, we conducted general education on entrepreneurship foundation in sophomore year. For students who choose to start their own businesses, they were sent to entrepreneurship College for entrepreneurship training. Schools have national second-level entrepreneurship consultants, school entrepreneurship consultants, social entrepreneurs as entrepreneurship mentors, but few consultants. First, entrepreneurship students have acquired basic knowledge of entrepreneurship through systematic learning, and are confident of their ability to complete entrepreneurship activities by their own strength. Second, entrepreneurship consultants are not equipped with every entrepreneurship project, but as resources of entrepreneurship colleges, there are some obstacles in docking with the project. Thirdly, entrepreneurship mentors have their own strengths, which are good at legal aid, which are good at risk analysis, which are good at operation management students do not understand, and they often take detours in the selection of consultation.

6. Suggestions on Venture Financing for College Students in Private Universities

6.1 Constructing a Perfect Entrepreneurship Curriculum System

The entrepreneurship basic education in Shaanxi private colleges and universities has become a compulsory course for students. The course focuses on finding business opportunities, selecting projects, marketing, financial analysis and packaging projects. We should also take investment, finance, risk prevention of project financing and enterprise operation management as important course contents, build a perfect course system, make students choose financing channels and ways scientifically and reasonably, manage and utilize funds rationally, and improve the success rate of entrepreneurship.

6.2 Research Support Policies to Improve the Success Rate of Applications

Many college students have a basic understanding of the government's financial support policy, but the successful application is only a case. In addition to the cumbersome procedures, long filing time and the emphasis on scientific and technological innovation projects, there is also a reason that business students are the majority of entrepreneurship projects, such as services, circulation enterprises, e-commerce, etc. Examination and approval of discrimination affects the success rate of applications, and most of them succeed on their own. Schools can organize people who are familiar with policies and successful applications, study the skills and procedures of declaration, or establish communication with relevant government agencies to create green financing channels and improve the success rate of applications.

6.3 One-to-one Counterpart Equipped with Project Consultants

Schools can equip entrepreneurship consultants and entrepreneurship mentors with counterparts in projects. At the same time, they can establish databases of entrepreneurship consultants, project risk assessors, legal consultants, investment consultants and venture capital experts to facilitate students to choose legal consultants and risk assessors to provide professional guidance and evaluation services when they encounter financing problems. Counselors should consult whenever they encounter problems, build a credit information system for entrepreneurship and protect credit resources.
6.4 Recommend Some Suitable Financing Channels for College Students

Encouraging students to innovate independently to form their own intellectual property rights, looking for venture capital, encouraging students to use intangible assets for bank mortgage loans can become an effective channel for college students' venture financing; campus venture capital is also one of the channels for college students' venture financing. Schools should simplify the process of application and approval of venture funds, provide fair and fast services, stimulate the enthusiasm of college students to start their own businesses by establishing green channels for application, approval, loan and supervision of venture funds; schools can find investors, venture capital companies for college students, establish links with social public welfare institutions, and seek venture capital; some enterprises or Institutions can provide university students with paid micro-loans, which require school evaluation, introduction, simplification of procedures, and supervision of student repayment in stages according to regulations. This characteristic way of funding has achieved good results in Britain. In China, it can also be used as a financing channel to recommend to students.

It is a common problem for college students to have difficulty in financing their entrepreneurship. To carry out research on College Students' entrepreneurship financing, to respond to Premier Li Keqiang's call of "mass entrepreneurship and innovation" and to fulfill the function of University in serving the society, can make entrepreneurship assistance truly serve college education, minimize the failure rate of college students' entrepreneurship, stimulate the enthusiasm of college students' entrepreneurship, and cultivate more entrepreneurs for the society.

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References

