Research on Social Support of College Students’ Entrepreneurship in Liaoning Province of China

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Abstract—Many countries have established social support system for college students' entrepreneurship, such as legal promotion and guarantee system, entrepreneurial education and training mechanism, diversified financing mechanism, convenient business registration system and so on. By collating relevant local regulations and governmental policies, we can see that Liaoning Province has also implemented a series of measures to support college students’ entrepreneurship. These measures could be simplified or generalized as: the support and guidance of local regulations and the normative documents of the Education Department, the establishment of the guiding and incubator bases for college students’ entrepreneurship, the encouragement of enterprises to reside, the reduction or exemption of taxes and administrative fees for college students’ entrepreneurship, and the establishment of financing and loan supporting systems and platforms. Many of measures we have mentioned above are pioneering and creative in China, and some experiences are worth summarizing. However, the effect of the implementation of these measures, still needs to be tested in practice.

Keywords—College students’ entrepreneurship; Liaoning Provincial government; Entrepreneurial incubator base; Preferential tax; Loan guarantee; Venture capital

I. INTRODUCTION

Entrepreneurship is a matter of culture, a matter of behaviours and a matter of specific situations (new firm creation, corporate venturing, acquiring existing businesses, and so on) [1]. College students’ entrepreneurship is not just a slogan or a way to inspire their potential for innovation, it is also a policy measure to better solve the employment problem of college graduates. In order to implement college students’ entrepreneurial activities smoothly, state organs and various organizations need to establish a diversified social supporting system.

II. FOREIGN PRACTICE OF SOCIAL SUPPORT FOR COLLEGE STUDENTS’ ENTREPRENEURSHIP

A. Social Support for College Students’ Entrepreneurship in America

(1) Perfect legal promotion and guarantee system. In America, the cultivation of students’ entrepreneurial abilities is emphasized by many federal law, including 1974 Career Education Act, 1973 Comprehensive Employment and Training Act and 1994 School-to-Work Opportunity Act. In addition, the Labor Security Act is used to ensure the implementation of entrepreneurship policy.

(2)Systematic entrepreneurial education and training mechanism. American entrepreneurial education started relatively early, many education institutions for entrepreneurship have been established to encourage entrepreneurs, including college students, to start their own businesses. One example being the American National Science Foundation that has established an institution to implement the “Small Business Innovation Research Program.

(3)Diversified financing mechanisms. The United States, under the premise that the government should try not to interfere in the market, has implement a Small and Medium Enterprises (SME) policy which includes entrepreneurial support. Under the federal government system, credit guarantees are provided by the SME Department, however, some state government do provide loans as well in addition to credit guarantees. The guarantee ratio is generally 76% of the loan amount. For loans that below $150,000, the guarantee ratio is generally 84% [2]. Moreover, the developed US venture capital industry has solved the bottleneck of funding shortage for many entrepreneurs.

(4)Convenient business registration system. In the United States, The approval process that a company needs to go through (from registration to opening) has four steps. From beginning the application to start the new business, the process only takes seven days. The amount of official fees required for completing the registration as well as various approval steps is equivalent to only 1% of the per capita annual income. The minimum amount of registered capital required for establishing a new company is zero.

B. Social Support for College Students’ Entrepreneurship in the Netherlands

The Netherlands has established a comprehensive entrepreneurial education and training system. For a long time, the major universities in the Netherlands and other levels of educational institutions have developed a variety of educational training courses for entrepreneurship, and have formed a unified model in 2000. The Ministry of Economics, the Ministry of Education and Culture and the Ministry of Agriculture, Nature and Food Quality have been jointly promoting the entrepreneurship education nationwide. They also launched a program called “The Cooperation Plan of
Education and Entrepreneurship”, which has replaced the smaller project “Learn to Start a Business”.

C. Social Supporting for College Students’ Entrepreneurship in Korea

In Korea, college students who are in the process of starting their own businesses can enjoy coordinated social services. The Small and Medium Enterprises (SME) Administration, relevant social organizations, and university’s support centers for entrepreneurship are the ones that have been mainly participating in the entrepreneurial education. The Korean SME Administration has established special venture capital fund in order to reward and support student entrepreneurs. Besides offering network service, membership service and follow-up service, some relevant social organizations have been actively carrying out entrepreneurial training for college students, providing entrepreneurship-related information services, and organizing professional training courses to help college students improve their career consciousness and ability.

In summary, many foreign countries have a number of social supporting measures to support the entrepreneurship of college students, all of which provide many practical references for the promotion and development of college students’ entrepreneurship activities in China.

III. THE SOCIAL SUPPORT SYSTEM FOR COLLEGE STUDENTS’ ENTREPRENEURSHIP IN LIAONING PROVINCE

A. Regulations and policy guarantees

Bohai University issued a survey questionnaire that mainly focused on the college students in Liaoning Province (effectively recycling 359 copies), this questionnaire is to show us that for this question: “which aspects of social conditions needs to be improved most for students”, 36.8% of the student options are: policy support. Following this as guidance for entrepreneurship (28.7%), financial support (27.6%), public opinion support (4.9%), and others (0.3%). It can be seen that entrepreneurial policy support is the social condition that college students need to improve most when they start their businesses.

In the 1980s and 1990s, many Chinese universities, such as Liaoning Normal University, severely punished the students who do their own businesses, and this punishment activity as an important task for LNU to manage their students. However, with the deepening of reforms and the renewal of ideas, the concept of entrepreneurship is gradually accepted by the education community. At the end of 1998, the Ministry of Education issued the policy document, "Action Plan for Education Revitalization for the 21st Century" for the first time: allowing college students, postgraduates (including master's and doctoral students) to suspend school, retaining a student status to establish a high-tech enterprise, and enhancing students’ awareness of entrepreneurship and practical ability.

In 2000, the policy document, Ministry of Education proposed to implement the Opinions of the Central Committee of the Communist Party of China and the State Council on Reinforcing Technological Innovation, Developing High Technology, and Realizing Industrialization" Article 11: Allowing college students, postgraduates (including master's and doctoral students) to suspend school, retaining a student status to establish a high-tech enterprise, and enhancing students' awareness of entrepreneurship and practical ability.

In 2007, " Holding High the Great Banner of Socialism with Chinese Characteristics and Striving for New Victory in Building a Well - off Society in an All - round Way - Report at the Seventeenth National Congress of the Communist Party of China" proposed: Implementing the development strategy of expanding employment and promoting employment through entrepreneurship. Employment is vital to people’s livelihood. We must persist with the implementation of a positive employment policy, strengthen government guidance, improve the market employment mechanism, expand the scale of employment, and improve the employment structure. Improving the supporting for self-employment, self-employment policies, strengthen employment concept education, and make more workers become entrepreneurs.

In 2010, the policy document, “Outline of the National Medium- and Long-Term Education Reform and Development Plan (2010-2020)” clearly stated in Chapter VII “Higher Education”: Promoting entrepreneurship education. And the Ministry of Education announced the "Opinions on Promoting Innovation and Entrepreneurship Education in Colleges and Universities and Self-employment of College Students", clearly pointing out that the entrepreneurship of college students is to implement the "Improving the capacity of independent innovation and building an innovative country" and the requirements of the development strategy of “promoting employment through entrepreneurship” proposed by the 17th National Congress of the Communist Party of China.

In order to implement the national policy requirements for supporting college students’ entrepreneurship, Liaoning Province also issued a series of local regulations and policy documents in a timely manner to encourage university students to actively participate in entrepreneurial activities. In 2009, the Liaoning Provincial Government issued the “Provisions for the Employment of Graduates of Colleges and Universities in Liaoning Province”, it advocating college graduates to establish a correct concept of career choice and scientific entrepreneurship, improve employability and entrepreneurial ability; encourage college graduates seek the way towards the basic level employment, to be Self-employed and use entrepreneurship to promote employment. Colleges and universities should regard employment and entrepreneurship guidance as an important part of education management.

In 2013, the Liaoning Provincial Department of Education issued the “Several Opinions on Strengthening the Work of Innovative and Entrepreneurship Education for College Students in Regular Colleges and Universities”. The purpose of this “Opinions” is to further improve the innovative practice
ability and entrepreneurial ability of college students in Liaoning Province. Established related incentive guarantee system through these aspects including curriculum construction, teaching material construction, teacher team construction, for guiding universities to strengthen innovation and entrepreneurship education. Then, focus on integrating innovation and entrepreneurship education into the whole process of professional teaching and personnel training, and adopt a number of measures to promote innovation and entrepreneurship.

In 2015, the policy document, “Liaoning Provincial People's Government to publish a notice on promoting a number of policies and measures for people entrepreneurship and innovation” proposed that by 2020, they’ll do their best to implement that the number of college students participate in entrepreneurial training do not lower than 10% of the total graduates this year. Creating convenient conditions for college students to start their own businesses. The student who wish to start their own business can be given the priority to transfer to related field of study. Allowing students to take time-outs, start businesses and innovate. To establish and improve the flexible system of school management, and extend the scope of self-employment support policies for college graduates to student at school. Since 2003, Liaoning Province has formulated at least 70 preferential policies to encourage and support college students and graduates to start their own businesses.

B. Organizational guidance and incentives

There are many government and non-governmental organizations (NGOs) abroad that actively support students’ entrepreneurship education and provide convenience and funding for it. Organizations such as the United Nations Youth Employment Network. More than teams of Chinese college students have been selected to participate in the global entrepreneurship contest for undergraduates at the University of Berkeley.

Liaoning Province has been leading the nation in setting up guiding and incubators for college students’ entrepreneurship, many of which are pioneering and have created many "firsts".

The Liaoning Youth Entrepreneurship Foundation and the Youth Business China (YBC) Liaoning Regional (Pilot) Office were formally established in 2008 and became the first local project office of the China Youth Entrepreneurship International Program in China. In 2011, the association established the YBC Liaoning Mentor Club to counsel and support young people in entrepreneurship.

In 2009, Liaoning Province established the Liaoning Province college students’ Entrepreneurship Education Training Base, it is the first provincial-level public welfare base to provide comprehensive guidance and services for college students. The main functions of the base are as follows: entrepreneurship education function, policy test function, theoretical research function, teacher training function, business incubation function and project docking function. The purpose of the base is to promote the colleges and cities in the province to provide effective guidance and services for college students to start a business, and to build a university-based entrepreneurship education, guidance service, training and incubation system with Liaoning characteristics.

In 2011, the Education Department of Liaoning Provincial issued the Notice on Strengthening the Construction of College Students' Entrepreneurship Incubation Bases (Liao Education [2011] No. 24), which integrates and utilizes various resources inside and outside the school with the construction of college students' business incubator base as a carrier. To provide guidance and training for business start-up, to accept college students for business start-up training, to provide information on entrepreneurial projects and software and hardware support for entrepreneurial project incubation, and to provide support and services for college students to start their own businesses. Promoting the successful incubation of college students' entrepreneurial projects, and vigorously promote the self-employment of college students. The aim is to build a group of college students' incubator bases in different fields, different types, different levels and diversified in colleges and universities of the whole province, to cultivate a group of college students’ Innovative Business Talent, and incubate a group of scientific research achievements. Set up a group of self-employed college students. After the completion of the incubation center, we will directly select a number of students with entrepreneurial-minded enter into the incubation center, and provide practical space for college students to start their own business.

It is not the goal to establish an incubation platform, need to have the college student entrepreneurial enterprise smoothly to reside, can give play to the its function effectively. To this goal, the policy document "Provisional Regulations on the Conditions for Simplifying the Registration of Main Market Residents in Liaoning Province (Provincial Government Order No. 290)" be issued to provide policy support for entrepreneurial enterprises which rely on the registration of the incubation platform. The regulation implements policies such as “one address with more than one photo”, “one photo with more than one address” and simplifies the submission of residence certification materials submitted by enterprises (business premises), supporting enterprises to register with clusters of new-type incubators such as the space for mass creation, and implementing residence (business premises) Reporting System. This system is exempt from submitting proof of use of the venue.

Shenyang has set up a system to subsidies field rent for Entrepreneurial College students admitted to incubators. Full-time college graduates who leave school to start their own business, or who are studying at university or within 5 years after graduation, start their own business in Shenyang (the start-up entity is not yet 3 years old). The “full subsidies for rents” will be given the company that should meet the following requirements: For the first time, it has entered into municipal business incubator base, science and technology incubator, public innovation space, business start-up counseling base recognized by the Municipal People’s Bureau, or provincial or national entrepreneurial incubator platform. Besides, the enterprise needs to be in good condition. The subsidies be granted by this way that pay part of the fee first, and then make up the full amount. And the Full Subsidy shall be granted to the star-up site which the lease area not exceeding
200 square meters and the total annual rent not exceeding 200,000 yuan for a maximum period of 2 years.

C. Support for tax reduction or exemption

(1) Preferential tax policies should be implemented for college students to start their own businesses, and the amount of tax payable should be reduced or exempted. This part supports the policy, some of which are preferential measures that can be enjoyed by all start-up enterprise, including college students start-up enterprise. For example, the “Notice of the General Office of the People’s Government of Liaoning Province on the implementation of the Provincial Department of Labor and Social Security and other departments on promoting the implementation of entrepreneurship to promote employment” (Liao Zheng Ban Fa [2008] No. 83) stipulates that for enterprise that meet the requirements for starting their own businesses, the threshold for monthly business tax payment will be raised from 2000 yuan to 5000 yuan per month. There is also a class of incentives specifically designed to encourage college students to start their own businesses. For example, the “Notice of the People's Government of Liaoning Province on Doing a Good Job in Stabilizing Employment and Promoting Employment” (Liao Zhengfa [2009] No. 6) stipulates in the initial stage (within 2 years) of setting up enterprises by college graduates, the business tax, city maintenance and construction tax, education additional tax and enterprise income tax payable in the current year shall be deducted sequentially according to the annual limit of 8000 yuan for each household. For this enterprise the business tax, city maintenance and construction tax, education additional tax and enterprise income tax shall be deducted sequentially according to the actual number of graduates recruited per person per year, and real estate tax and urban land use tax shall be reduced by half.

(2) Administrative fees for college students' entrepreneurship shall be reduced and exempted. For example, the Liaoning Provincial Department of Finance and the Liaoning Provincial Price Bureau in the "Notice of the National Development and Reform Commission of the Ministry of Finance on the implementation of preferential policies for the relevant personnel engaged in self-employment" stipulates: registration of unemployed persons, disabled persons, re-transfer soldiers, and graduation Ordinary college graduates within 3 years who are engaged in self-employment shall be exempted from relevant registrations and licenses approved by the relevant provincial government and provincial finance and price departments within 3 years from the date of their first registration in the industrial and commercial sector. Specific items include: 1. Fees charged by the health authorities for professional qualifications in Chinese Medicine and Western Medicine; 2. The Public Security Department collects the special profession license cost, the Seal anti-false network registration fee; 3. Registration examination fee for tourist guide; 4. The Construction Department charges city-occupied road tolls; 5. Ministry of Land and Resources of the People's Republic of China charges urban land occupation fee and urban land temporary occupation fee; 6. Other registration, license and management fee items related to self-management approved and established by the provincial government and the provincial finance and price departments.

D. Financing and loan support

Funding is the most difficult for college students to start their own business, and the policy effect on funding is the least obvious. The American Babson College and the London Business School have jointly conducted a survey called “Global Entrepreneurship Monitor”(Gem) that looked at the entrepreneurial environment in nine key areas: financial support, government programs, education, and training. According to their research, China's entrepreneurial environment ranks 23rd among the 37 participating countries and regions, which belongs to the middle and lower levels. Among the shortcomings, financial support ranks first.

Liaoning Province provides support for college students start their own business mainly in the form of loan guarantee. According to the "Notice of the General Office of the People's Government of Liaoning Province Forwarding the Provincial Labor Security Department and other departments on implementing the work of promoting entrepreneurship to promote employment" (Liao Zheng Ban Fa [2008] No. 83), it is necessary to further expand the scope of support for small secured loans. The policy of micro-guarantee loans covers registered unemployed people in cities and towns, graduates of colleges and secondary schools, ex-servicemen, military families, the disabled, people on subsistence security, and migrant workers returning home to start their own businesses.

For those who meet the requirements for applying for a small secured loan, the maximum amount of each person is 50,000 yuan. For university students and science and technology personnel to achieve self-employment in the high-tech field, each person has a maximum of 100,000 yuan. The term of the loan shall not exceed 2 years, and the Financial Department shall give a discount interest at 50% of the benchmark interest rate of the loan, and no interest shall be paid on the continuation.

Since 2006, the “Entrepreneurship Fund for College Graduates” has been set up. It has been raised through two channels, finance and society. It is dedicated to provide guarantees for college graduates to start their own businesses and apply for micro-loans to start enterprises. In general, the amount of guarantee for micro-loans for self-employment is around RMB 50,000 , with a term of no more than two years. The method of repayment and the method of recording interest shall be agreed between the two parties; for graduates who start their own businesses in a partnership or organization, the number of people and projects may be taken into account, appropriately expand the scale of loans. Each commercial bank examines and determines according to the borrower’s actual conditions.

The liability balance of the micro-guarantee loan for self-employment shall not exceed five times the balance of the bank deposit of the Guarantee Fund for self-employment, the guarantee fee collected by the guarantee institution shall not exceed 1% of the principal of the loan, and the guarantee fee shall be paid in full by the finance department at the same level. The venture of micro-guarantee loans for college graduates to start their own businesses shall be shared by the guarantee institution and the commercial bank. The guarantee institution
pays 90% of the loan loss, and the commercial bank bears 10% of the loan loss.

Shenyang's approach to funding entrepreneurs is innovative. Entrepreneurial loans are divided into personal small-amount guarantee loans and labor-intensive small-enterprise loans, in which small-enterprise loans are divided into small-amount guarantee loans and small-enterprise loan banks to apply for discount interest. Personal loan limit is 50,000 yuan, maximum loan 80,000 yuan, partnership and multiunit enterprise for employment, total maximum loan can be 1 million yuan. The maximum loan limit for labor-intensive small enterprises is 2 million yuan.

According to the entrepreneurial support policy of “Shahekou District E-commerce Pioneer Park” in Dalian, open to the community to recruit 32 college students e-commerce business enterprises, can enjoy a series of business support policies, including providing interest-free loan support for entrepreneurship.

IV. CONCLUSIONS AND PROSPECTS

Liaoning Province has established a relatively perfect social support system for college students’ entrepreneurship, and many initiatives are pioneering nationwide. This paper summarizes the measures of social support for college students’ entrepreneurship in Liaoning Province, which is of reference significance for the formulation of relevant laws and policies. On the other hand, we should also see that many measures of social support for college students’ entrepreneurship in Liaoning Province, compared with the relevant measures in other regions, the characteristics of homogeneity is more obvious. At the same time, it is undeniable that the entrepreneurial atmosphere in Liaoning Province is still not strong enough, and the implementation effect of many social support measures still needs to be tested by practice. How to realize the long-term mechanism of social support measures for college students’ entrepreneurship is still a problem that needs to be further explored by all parties in Liaoning Province, including government organs, social organizations, incubator platforms and financial institutions.

REFERENCES
