Research on Entrepreneurship Financing of Chinese College Students under the Background of New Era

Junsen Xiao\textsuperscript{a,}* , Jason Yang\textsuperscript{b}

Chengdu Juyuan Dan Technology Co., Ltd.& Sichuan Agricultural University, Chengdu, China
\textsuperscript{a}xiaojunsen111@outlook.com, \textsuperscript{b}13888568597@163.com
\*corresponding author

ABSTRACT. ‘mass entrepreneurship and innovation’ is an important carrier to implement the innovation-driven development strategy, and college students' entrepreneurship is an important field of innovation-driven development. This paper analyzes and studies the current situation and predicament of college students' start-up financing, summarizes the actual situation, and puts forward constructive solutions in the hope of providing some useful references for solving the problems of college students' start-up financing.

KEYWORDS: Innovation, Entrepreneurship of college students, Financing, Media attention

1. Introduction

In recent years, the scale of China's higher education has been expanding, the number of college graduates is also increasing, college students are facing greater employment pressure. College students is a full of innovative spirit and high knowledge level of groups, in the new period of the “double gen” policy has brought new opportunities for college students venture, college students can not only solve the problem of their employment, entrepreneurship and can provide more jobs, so college students “employment” entrepreneurial drive is also an effective way to innovation-driven development strategy implementation. However, due to the influence of many factors, the development of college students' entrepreneurship in China is not smooth. The reason is that financing is the bottleneck for the benign development of college students' entrepreneurship.

2. Analysis of the Current Situation of College Students' Start-Up Financing

2.1 Family Financing

Kinship financing is to obtain certain financial support through kinship, which is the main financing method used by contemporary college students in the early stage of entrepreneurship. The financing speed of family affection is fast and the cost is low. However, due to the constraints of economic conditions, the financing scale through family affection is small, so it is generally difficult to meet the capital needs in the initial stage of entrepreneurship. In addition, the project itself has a high risk in the early stage of entrepreneurship. Once the project fails, it will bring serious economic difficulties to the family and relatives.\textsuperscript{[1]}

2.2 Financing by Financial Institutions

According to the national policy, financial institutions can provide small government discount interest loan for university students to start their own businesses, and the policy term of such government discount loan is usually 1-2 years, which is available for enterprises to use the loan for free in the short term, with low cost. But such a credit interest-free loan policy financial institutions in the review condition is strict, the need to loan companies there is a stable and reimbursement ability, and group requires entrepreneurs to have its own funds, loan needs to provide a more complete application materials, and the need to recognize the evaluation department of bank\textsuperscript{[1]} provide collateral valuation report, loan procedures are cumbersome and apply for the success rate is low.

2.3 Fund Support from the State and the Government
State and government at all levels are increasing year by year on college students' venture capital support, according to the technological content of start-ups and absorb employment and potential social benefits, give 2-15 Wan Yuanhuan with the amount of capital, to some extent this will help decrease the cost of college students' venture capital, relieve the pressure on college students venture financing. However, the application for support funds needs to meet specific conditions and provide relevant audit materials, which shall be uniformly declared by the department of Human Resources and Social Security of the region where it is located. The time period is relatively long, and the application for support funds above 100,000 yuan requires a legal representative to reply on site, and the processing procedure is relatively strict.\[2\]

2.4 Venture Capital

Venture capital generally tends to the projects with great development prospects and high technological content, which can bring higher economic returns to enterprises and venture capitalists. College students are a kind of entrepreneurial group with knowledge and culture. It is easy to attract venture investors and obtain large amounts of financial support through high-tech projects. But professional venture investors are reluctant to invest early days project, once the decision to invest in the project, and venture investors means to join the enterprise operation and management, will inevitably need to enterprise, at the expense of the part of equity such important decisions in the face of the enterprise, college students may lose important voice and decision-making, seriously dampened the enthusiasm and initiative of entrepreneurship.

Through analyzing the current situation of college students' venture financing, you can see that the problem of funds is the benign development of the college students' entrepreneurship bottleneck, existing way of financing ways and there are certain advantages and disadvantages, and is generally more disadvantage than advantage, thus for students' venture financing predicament, has affected the college students' innovative entrepreneurial ability. In order to alleviate the problem of college students' start-up financing, it is necessary to make progress analysis on the predicament of college students' start-up financing.\[3\]

3. Optimization Scheme and Path of Undergraduate Start-Up Financing

3.1 Financing Optimization Scheme of Start-Up Enterprises

3.1.1 Make Full Use of Media Attention to Ease Financing Constraints

Network media is an important information transmission channel with the characteristics of fast speed, low cost and wide coverage. Media reports can help the government, venture investors, Banks and other financial institutions to obtain more comprehensive and accurate information about start-ups, reduce the information asymmetry between stakeholders and enterprises, increase the financing channels and approaches of start-ups, and reduce the financing costs of enterprises. Media has the professional ability of information collection and sorting, Ju have specific information dissemination functions, college students in entrepreneurship can make full use of the media attention to the role of corporate governance, improve the information transparency of venture enterprises, in virtually let stakeholders to study the status quo of production and operation of enterprises, reduce the college students' entrepreneurial companies and the government, Banks and other financial institutions degree of information asymmetry between creditors and help stakeholders to understand the corporate social responsibility fulfillment situation and the status of the performance. With the help of positive media reports, start-ups can publicize financing projects and improve their reputation and influence. In the credit market, a good reputation can have an important impact on debt financing.

3.1.2 Give Full Play to the Comprehensive Advantages of Business Incubation Bases and Build a Diversified Financing System

Due to its own limitations, even with the support of national policies, a single entrepreneurial enterprise will find it difficult to meet the requirements of credit conditions due to the imperfect system in some aspects, which will bring difficulties to financing. Therefore, college students' venture financing enterprises can consider to take diversified financing methods to alleviate the financing difficulties by virtue of the industrial agglomeration advantages of business incubation bases. First of all, the related venture enterprises in the business incubator base can join together to form cosigners, and the cosigners jointly contribute to form a certain risk margin, which can be used as collateral to apply for joint loans from the bank, which will increase the chances of the bank's approval and can get more financial support from financial institutions. Secondly, the affiliated enterprises of the business incubator base can also jointly purchase insurance.\[6\] Due to the different risks and benefits of the affiliated enterprises, the joint purchase can encourage the insurance company to make up for the losses of the high-risk policy-holders with the benefits of the low-risk
policy-holders, so as to reduce the premium and realize the mutual win among the enterprises. Finally, enterprises can also use the supply chain of business incubators financing, in those early days, start-ups need to determine a large core enterprise in the supply chain, with the help of its business and capital relationship, let the upstream or downstream of the leading enterprises in the supply chain to provide guarantee, taking the advantages of the supply chain share financing, in order to obtain a better way to funding sources.

3.2 External Stakeholder Financing Optimization Path

3.2.1 University Scientific Research Departments

Under the strategy of innovation-driven development, colleges and universities should make full use of the favorable conditions of their innovation and entrepreneurship complex to build a diversified innovation and entrepreneurship education and training system and an open space for mass innovation. First of all, according to the requirements of the state and the government, innovation and entrepreneurship education courses should be set up in the teaching, and social experts with entrepreneurship experience and successful experience should be employed as entrepreneurship guidance teachers for college students, so that college students can get real innovation and entrepreneurship education training and improve their skills in innovation and entrepreneurship. Secondly, colleges and universities can give financial incentives and financial support to qualified entrepreneurial projects of college students to help them implement and transform entrepreneurial achievements. Thirdly, for more mature entrepreneurial projects, colleges and universities can also provide certain financial support in terms of fund raising and start-up loan guarantee fund. Finally, colleges and universities can also give full play to their resource advantages, actively promote innovative and entrepreneurial projects to alumni units, make full use of alumni resources, increase support, and provide corresponding financial support for graduate start-ups.[5]

3.2.2 Financial Institutions

Intermediaries of banking, securities, insurance and other financial institutions may formulate financing service mechanisms specifically for university entrepreneurship, and provide guarantees in other non-material ways in case of difficulties in the delivery of physical mortgage or security funds. To obtain recognition and social venture capital institutions has the development potential of innovative entrepreneurial project, decrease the loan underwriting standards and loan interest rates, such as better for the usage of funds, pay the mortgage and corporate rates offer certain breaks in the short term, help them to spend money difficulties, promote the healthy and continuous development.

3.2.3 Government Departments

Under the strategy of innovation-driven development, government departments should earnestly implement the major national policies, improve the ability and enthusiasm of college students' innovation and entrepreneurship, and take effective measures to solve the financing problems of college students' entrepreneurship. First of all, the government should increase financial support according to entrepreneurial projects and potential social and economic benefits,and provide entrepreneurs with necessary start-up subsidies to alleviate financial pressure. Secondly, government departments should make full use of the current advantages of big data information to establish entrepreneurial database. On the one hand, it should provide entrepreneurs with entrepreneurial projects and information platform, which is convenient to attract more venture investors to participate in the production and operation process of enterprises and provide more financial support for enterprises. On the other hand, it is also convenient for stakeholders to understand the operation and financial information of enterprises, alleviate the information asymmetry between financial institutions and start-up enterprises, and provide favorable conditions for start-up enterprises to obtain more financial credit. In addition, relevant government departments can also formulate effective tax preferential policies and implement time-limited relief measures for enterprises' VAT, urban maintenance and construction tax, education surcharge and individual income tax, so as to alleviate the financial pressure of enterprises.

4. Conclusion

At present, college students' venture financing problem restricting the healthy development of college students' entrepreneurial, based on the analysis of the current college students' venture financing and financing channels, on the basis of analyzing the problems in the financing process, seeks advice corresponding countermeasures from several levels, in combination with the traditional financing scheme, on the basis of introducing media attention, through the media and publicity, increase the startup project profile, broaden the financing channels and means for carving out and want to be able to reference for college students venture financing, helping entrepreneurs realize their life values, and promote the development of an innovative society.
References


