

Research on Financing Dilemma and Strategy of College Students' Entrepreneurial Enterprises

Wei Chai

University of Science and Technology Liaoning, Anshan 114000, China

ABSTRACT

With the rapid development of China's economy, China is actively promoting the development of college students' innovation and entrepreneurship. As an important force, college students' entrepreneurship is of great significance for promoting economic transformation and upgrading and training young talents. At present, college students' entrepreneurial enterprises are facing serious financing difficulties. Although the government, universities and all sectors of society have issued a series of support policies, there are still many problems in the financing of college students' entrepreneurial enterprises. Therefore, from the perspective of college students' start-up companies, this paper discusses their financial problems and corresponding solutions, and encourages these entrepreneurial students to make rational fundraising decisions based on their own operational conditions, so as to reduce the burden of their companies in raising funds, and at the same time, it can bring certain reference value to more college students' entrepreneurs in the future.

KEYWORDS

College student entrepreneurship, Financing dilemma, Strategy analysis

1. INTRODUCTION

As the new youth of the 21st century, we must constantly improve the scientific and technological innovation system and support the development of specialized and special new enterprises. As a key link of national innovation and development, the problem of college students' entrepreneurial financing must be paid enough attention and solved. The government, financial institutions and all sectors of society should work together to provide a better financing environment and more possibilities for college entrepreneurs.

Since the implementation of the national strategy of "Mass Entrepreneurship and Innovation", which encourages and supports young people to create and develop independently, universities and colleges across the country have set up relevant training programs to enhance students' creative and business practice ability. At the same time, the students also actively participated in various colorful and challenging competition activities and obtained a certain amount of project funding and practical experience[1]. This phenomenon reflects that China's educational institutions and all sectors of society generally pay attention to the self-development potential of young people and have a strong sense of responsibility for them - although colleges and universities across the country are vigorously promoting young people to devote themselves to their career pursuits, in the practical process, it often ignores an important link: how to provide effective financial security for their initial investment? Work in this area is far from perfect.

The operation and management of all companies rely on the support of capital, especially for the enterprises founded by just starting university graduates, capital is like their lifeblood. New

companies often need continuous cash flow in their early stages to pay employees, invest in technology research and development, marketing and sales, so raising capital becomes an important part of the entrepreneurial process. However, many recent graduates often encounter many difficulties and limitations in seeking financial support, both from the influence of external circumstances and from their own problems. An in-depth discussion of the key challenges that arise in startup financing for college students can help them make informed choices after understanding their financial situation, thus easing their financing burden.

2. FINANCING DILEMMA OF COLLEGE STUDENTS' ENTREPRENEURIAL ENTERPRISES

2.1. Lack of financing expertise

The guidance of undergraduate entrepreneurial enterprises in the professional field of financing is slightly insufficient. Venture financing needs to involve many disciplines, such as financial management, business administration, finance, marketing, management, etc., with a wide range of knowledge and greater difficulty, it requires high financing knowledge.

At present, the teaching of innovation and entrepreneurship in higher education is still in the development stage, and the relevant courses offered include basic subjects such as "Entrepreneurship", "Innovation and Entrepreneurship Education" and "Entrepreneurship Management"[2]. However, the question of financing is only a small part of the various courses and does not provide specific advice. In addition, such courses tend to stimulate students' entrepreneurial enthusiasm rather than practical skills, and tend to be theoretical and ignore practical links.

Many college students do not have enough practical experience to make full use of various resources and still tend to rely on their social networks as the main source of start-up capital. However, these students are often unable to set a sound fundraising strategy based on the size of their project. When they seek external financial support, they often do not fully consider how their entrepreneurial projects will obtain funds, the amount needed and how to raise them. Some young entrepreneurs cannot effectively express the advantages of their entrepreneurial ideas and key technologies when communicating with investors or fund companies; At the same time, they do not have in-depth research on the company's business model, the future trend of the market, sales strategy, risk control, financial estimates and other issues, which may be due to their shortcomings in financing and failure.

2.2. Financing policy failed to achieve the expected effect

In recent years, administrative agencies across the country have issued a number of preferential measures regarding start-up capital assistance to encourage college students' self-innovation. For example, for college student entrepreneurs who need financial assistance, the loan amount may be raised to the range of 100,000 or 200,000 yuan, and financial support will be given to those who have entrepreneurial needs and meet the conditions and vulnerable groups, and may even not need collateral as a guarantee. In addition, in terms of tax benefits, post-graduation students and other key groups have the opportunity to enjoy a certain tax relief period if they set up independent businesses or individual companies. However, in practice, no matter in terms of publicity or implementation, it has not landed as desired.

In terms of publicity, some local governments and relevant departments may lack the importance of policy publicity and do not invest enough resources and energy in publicity, resulting in poor policy publicity. At present, policy promotion mainly relies on government websites, news media and other channels, but these channels may not cover all college entrepreneurs, especially those who lack attention and understanding of policy information groups. At the same time, some policy content may be more complex, involving multiple departments and areas, resulting in entrepreneurs difficult to

understand and grasp, if the policy publicity can not be concise and concise way to convey the core content and requirements of the policy to entrepreneurs, then the effect of policy publicity will be greatly reduced.

Although the country has rolled out some policies to support college students' start-up financing, local governments may vary in the implementation process. Some local governments may be due to resources, manpower or other reasons, the implementation of the policy is not enough, resulting in the policy is not fully implemented. For example, some local governments provide subsidies for college students to start businesses ranging from several thousand yuan, but these subsidies can hardly meet the huge capital needs of entrepreneurs. At the same time, some entrepreneurs may have limited understanding and utilization ability of the policy, and cannot make full use of the financing support provided by the policy. This may be due to the lack of relevant financial and legal knowledge, or due to information asymmetry and other reasons.

2.3. There are numerous barriers to social financing

In this era, various financial firms, community groups, industry unions and the public sector have failed to unite effectively to provide adequate financial assistance to innovative enterprises of college students. For these start-ups, especially those that rely on commercial banks as their main source of external financing, the situation is different.

College students often have lower credit ratings because they have just graduated and started working. However, in order to avoid risks, commercial banks often set many thresholds when college students apply for start-up loans. Commercial banks usually require university student startups to provide personal credit reports of their legal representatives or principal persons to assess their credit status. If the credit history is poor, such as the existence of late, arrears and other bad records, it may lead to the rejection of financing applications or restrictions. Commercial banks will also assess the repayment ability of entrepreneurial enterprises, including business conditions, profitability, cash flow and so on. If the enterprise lacks a stable source of repayment or is in poor financial condition, it may lead to the rejection of financing applications or limited financing limits. These conditions make the procedures they have to go through when applying for loans relatively complex, and the success rate is relatively low, so for college students who intend to start their own businesses, they will feel difficult and choose to give up and find another way. There are even some banks have not formulated special preferential credit policies for entrepreneurial college students[3].

3. FINANCING STRATEGIES OF COLLEGE STUDENTS' ENTREPRENEURIAL ENTERPRISES

3.1. Establish a financing knowledge network

The success of entrepreneurial enterprises mainly depends on college students as entrepreneurs. Enhancing their innovation and entrepreneurial capabilities can enhance the core competitive advantages of products and services, thereby winning the recognition of market consumers and improving financing strength. In addition, by forming a startup team, you can also improve your ability to resist risks. To some extent, the improvement of financing ability also promotes college students to establish financing knowledge network.

At the level of university education, colleges can regularly arrange presentations on the topic of venture capital raising by specialists from financial institutions, start-up support organizations and various related enterprises; Qualified institutions of higher learning can also set up educational programs on college students' entrepreneurial financing. In addition, schools should establish a diversified entrepreneurship teaching framework and provide most students with the opportunity to learn basic knowledge of entrepreneurship, so as to help them have a basic understanding of

entrepreneurship and stimulate their entrepreneurial passion and creative thinking. For those students who have a strong desire to start a business, we should provide more professional entrepreneurship tutorials, covering investigation and research, scientific and technological development, business management, market strategy, capital acquisition, sales promotion and other aspects of the content, so as to enhance students' innovative ideas into practical operation ability.

For the training of educators, universities should continue to hold entrepreneurship training activities related to education, strengthen their interaction with the financial industry, in order to have a deeper understanding of the development of the field and its future direction, so that their teaching content can be more realistic and fresh. In addition, schools should also provide support to establish communication channels between teachers and venture and angel investors to build a bridge between students and investors.

3.2. Strengthen policy implementation and supervision

Government agencies at all levels need to continuously optimize the innovation investment and financing system, and accordingly set up venture capital funds specifically for college students to increase the capital required for college students to start their own businesses. At the same time, it is also necessary to improve the intensity of policy publicity and make financing information more transparent, so as to make full use of the support effect of the special fund.

For promotion work, government agencies have created a network of innovative project support and financial services specifically for college students, integrated relevant policies at the national and local levels into this network, updated the most cutting-edge policy information in real time, continuously optimized the data base, and built a standardized information disclosure system. In addition, they also use the government website, policy seminars of higher education institutions, news media and other ways to vigorously promote these official paths, so that students can fully grasp the relevant information about loan sources and other government special funds, so as to expand their fundraising options, as far as possible to prevent the financial pressure caused by insufficient information.

In order to strengthen the implementation, China and local governments have set up funding projects specifically for innovative enterprises, expanded the scale of public financial investment, and actively advocated all sectors of society to join in providing support for innovative companies of high-quality college students, so as to establish multiple financing channels[4]. In addition, we have provided tax incentives or loan assistance to entrepreneurs and social organizations who are committed to investing in universities to reduce the burden of starting a business and the difficulty of entering the market. Moreover, we should also reduce the cost burden of these startups, cut some non-essential administrative expenses, optimize the registration procedures and operation methods, improve its practicality and convenience, so as to effectively alleviate the financial difficulties they face in the initial stage.

3.3. Remove barriers to social financing

Enhance the participation of companies, financial institutions, charitable organizations and other social forces, build a comprehensive network system of college students' venture financing, make full use of the connection effect between schools and enterprises and industry associations, and timely assist excellent projects to connect with social capital[5].

In view of the financing threshold faced by college students' entrepreneurial enterprises in commercial banks, a comprehensive solution can be adopted. First, commercial banks can launch financing products specifically for college students' entrepreneurial enterprises, which should have a low threshold and flexible repayment methods to adapt to the uncertainty and risks of entrepreneurial enterprises. Second, government departments can guide commercial banks to increase financing

support for college students' startups by providing policies such as financial interest discount and tax incentives. In addition, the guarantee mechanism can be established and perfected. For example, the creation of a college student entrepreneurship security fund to provide security support for start-ups and reduce the risk concerns of commercial banks. At the same time, the entrepreneurial enterprises of college students should also actively improve their own credit level and strength. By standardizing financial management, timely repayment and other behaviors, establish a good credit history and improve the credit rating in commercial banks. In addition, startups should also enhance their technological innovation and market development efforts to enhance their competitive advantages and profitability, and thus improve the attractiveness of commercial bank financing. At the same time, the government, commercial banks and college student startups are working together to break down barriers to social financing. Through policy guidance, product innovation, the improvement of guarantee mechanism and the improvement of enterprises' own strength, the financing threshold can be effectively reduced, and a better financing environment and development opportunities can be provided for college students' entrepreneurial enterprises.

4. SUMMARIZE

College students' entrepreneurship is an enduring topic, but in order to overcome the problem of college students' entrepreneurship, the first thing is to solve the financing dilemma of college students' entrepreneurship. To solve the problem of college students' financing difficulties, the government, universities and social financing institutions need to form an integrated force to provide financial support for college students' entrepreneurship. Only in this way can better conditions and more platforms be created for college students' entrepreneurship. To a certain extent, more college students can start their own businesses to promote college students' employment.

ACKNOWLEDGEMENTS

The author gratefully acknowledge the financial support from University of Science and Technology Liaoning's Undergraduate Innovation and Entrepreneurship Training Program Project Fund.

REFERENCES

- [1] Zhang Jinhuan. Dilemmas and Countermeasures of Entrepreneurial Financing for College Students [J]. Think Tank Times, 2018(43):71+73.
- [2] Zhang Zihui, Li Yajie. Analysis of college students' financing difficulties [J]. Industrial Innovation Research, 2020(21):165-167.
- [3] Liu Tingting. Research on the existing problems and solutions of college students' venture financing [J]. Economic Research Guide, 2021(20):107-109.
- [4] YU Jiamin, Ye Lingjia, Sun Wei et al. College students' self-employment financing difficulties and countermeasures [J]. Journal of cooperation in economy and technology, 2020 (10): 142-143. The DOI: 10.13665/j.carol carroll nki hzjyjkj. 2020.10.052.
- [5] Lin Xuezhi, Xie Feng. Research on the dilemma and countermeasures of college students' venture financing [J]. Innovation and Entrepreneurship Education, 2015, 6(03):46-47+71.