

# A Comparative Study of Entrepreneurial Risk between Chinese and American College Students and Countermeasures

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**Abstract**—Chinese and American college students have different entrepreneurship education, entrepreneurial risk awareness, and culture between the two countries. There are some differences in the behavior and risk controlled among Chinese and American college students in entrepreneurial practice. This paper will analyze the differences between China and the United States in the respect of entrepreneurial risk of college students, and provide some suggestions for Chinese college students to avoid entrepreneurial risk.

**Keywords**—*Entrepreneurial risk, American University Students, Chinese University Students*

## I. INTRODUCTION

Mass entrepreneurship and innovation have become an important pole to promote employment in China. As one of the main bodies of national innovation and entrepreneurship, college students are important practitioners and promoters of entrepreneurship activities. But entrepreneurship as an uncertain activity, the study of college students entrepreneurial risk has practical significance for analyzing the high failure rate of entrepreneurship. This paper will make a comparative analysis of entrepreneurial risk between Chinese and American college students from the perspectives of Chinese and Western culture, entrepreneurial education, entrepreneurial policy and leadership differences.

## II. RELATED RESEARCH

J.S. Rosenbloom believes that risk is the uncertainty of loss. F.Gran believes that risk is the uncertainty of future losses. Brockett, Charnes, Cooper & Ruefl define risk as the probability of occurrence of adverse events or event sets. Skippe believes that risk is the relative change between the expected result and the actual situation. When there are several possibilities and the actual results can not be predicted, we think that there are risks.

Veciana, Aponte & Urbano (2005) points out that personal traits influence entrepreneurial intentions. These traits include abilities of opportunity recognition, risk taking, risk control, independent creativity and so on. Of course, the inherent characteristics of the entrepreneur or potential entrepreneur can be either natural or acquired. Those who have the entrepreneurial qualities are more inclined to receive cultivation and education. Entrepreneurship is relatively easy to succeed for them. Social environment and culture can impact on entrepreneurial orientation such as local entrepreneurship services. Cultural atmosphere can benefit for generating the spirit and spirit of adventure and innovation. In addition, The entry of venture capital will also promote the development of college students entrepreneurship in a certain extent. If a good social and cultural environment exists, college students will be more willing to develop their own creativity. The success rate of entrepreneurship will be greatly increased.

Lee, Chua & Chen (2004) pointed out, if the family and society take positive view of entrepreneurial activities, young people will be more motivated to start business. However, some scholars have suggested that do it for your own business no matter how the outside world appraise the entrepreneurial activities of college students.

Stevens, Armstrong & Arum (2008) believe that the impact of business incubators and other institutional services on entrepreneurial performance of College students is various—different studies, different countries and regions have different results. More and more studies show that incubators and other external support factors are positive for entrepreneurial performance.

## III. ENTREPRENEURIAL RISK OF CHINESE UNIVERSITY STUDENTS

### A. Risk Control Consciousness

Although college students in China are more enthusiastic about entrepreneurship, they are too idealistic about their entrepreneurial behavior and implementation process. Therefore, Chinese college students entrepreneurship is often in a passive state when dealing with real or potential risks such as financial risk, liquidity risk, and business risk. From the perspective of the university student entrepreneurship, although most of the university student entrepreneurs will assess the risk of entrepreneurship activities, the risk system construction and management are a bit helpless. Most of the entrepreneurs have no confidence in their own risk management and countermeasures.

### *B. Risk Control and Execution*

Most of the entrepreneurs have less theoretical study and practical training on professional entrepreneurship knowledge during their school years. They are weak in guarding against potential risks in entrepreneurial process. As a result, they are helpless when they face risks in the process of starting an undertaking. In terms of risk management and control, there are many factors that should be attributed to some college students lack of comprehensive thinking on entrepreneurial issues and lack of planning. Otherwise, analytical skills have greater room for improvement.

### *C. Policy Cognition*

Some entrepreneurs in Chinese college students entrepreneurship groups lack understanding of the relevant government policies and believe that their entrepreneurship can not get preferential policies from the government. From the perspective of government policy support, the current Chinese college students entrepreneurship has a large scale, a wide range of distribution, the implementation of governments at all levels is limited, and a longer time lag from the implementation of policy support to the realization. From the application of preferential funds to obtain preferential funds can not meet the demand of Entrepreneurs in time. Many entrepreneurs missed the demand time of the capital chain because of limited funds and policy preferential funds. Therefore, the risk of entrepreneurial failure will be increasing.

### *D. Entrepreneurship Education*

According to the results of the questionnaire, more than half of the college students know little about the theoretical courses of entrepreneurship education offered by the school, and only a few of them think that their entrepreneurship benefits from the entrepreneurship education of the school. Generally speaking, entrepreneurship college students think that entrepreneurship education has little effect on the process of entrepreneurship according to the results of the questionnaire .

In addition, the limited innovation and entrepreneurship workers in Colleges and universities believe that the most important job of college students is to learn professional knowledge and skills; entrepreneurship will affect college students' learning. They will also think that college students lack the ability to practice entrepreneurship. They insist that to improve their ability to learn in school is better than to fail in entrepreneurship. Therefore, for the education of innovation and entrepreneurship, tutoring students to complete their studies is better than encouraging students to start their own businesses under uncertain conditions. The environment of entrepreneurship education in China makes college students lack the ability to prevent, control, and deal with risks in their entrepreneurship activities. It also makes the entrepreneurship education in Colleges and universities fail to achieve the desired design effect and level.

### *E. Other Risk Factors*

Many college students lack the cognition of social environment. In their entrepreneurial process, many entrepreneurs believe that the sale of products is a key factor in the success of entrepreneurship and lack of dynamic understanding of the market environment. Generally speaking, they attach too much importance to entrepreneurship talent and entrepreneurial planning. However they ignore the impact of social consortia and market competition on entrepreneurship and entrepreneurial products. In addition, it is not easy for the team members to have the spirit of mutual trust and cooperation in the University Entrepreneurship team and to pay much attention to the field of personal competence.

Therefore, College entrepreneurs lack of judgment on social competition and social consortia. The risk of lack of teamwork ability centered on individuals is also a risk factor in Chinese College entrepreneurship.

## IV. ENTREPRENEURIAL RISK OF AMERICAN UNIVERSITY STUDENTS

In the United States, entrepreneurship is a common phenomenon among college students. They always have a pioneering and tentative feelings for entrepreneurship. Compared with the culture of stable employment of Chinese College students, American college students advocate the pursuit of free employment, without too much ideological burden and the concept of career stability. In the U.S, nearly half of college students in the field of technology start-ups come from school entrepreneurship competitions. Start-ups are an important force to increase gross domestic product and employment.

### *A. Entrepreneurship Education*

Entrepreneurship Education in the United States is highly targeted. American scholars believe that entrepreneurship education should not only teach entrepreneurship, but also improve their entrepreneurial skills and cultivate good entrepreneurial spirit. In American entrepreneurship education, great attention is paid to the cultivation of entrepreneurial behavior characteristics. Entrepreneurship education provides entrepreneurs with overdue behavior characteristics matching entrepreneurial types. In the process of entrepreneurship education in the United States, the orientation of entrepreneurship education is not to cope with the completion of entrepreneurship education, but to improve college students' entrepreneurial ability and entrepreneurial success rate. Therefore, in Entrepreneurship education, entrepreneurship mentors will cultivate the information acquired and innovation ability of entrepreneurs as well as the entrepreneurship ability of a reasonable evaluation.

American entrepreneurship education attaches great importance to finding effective entrepreneurship education mode or entrepreneurship education program. Scholars in the field of entrepreneurship education in the United States believe that the effective mode of entrepreneurship education is to promote entrepreneurship into practice and to provide entrepreneurial initiative by changing the intrinsic abilities of people involved in Entrepreneurship Education programs.

Souitaris, Zerbinati & Al-Laham (2007) applied Behavior Planning Theory, researched the impact of entrepreneurship education on Entrepreneurship of science and engineering students. The results show that entrepreneurship education can enhance entrepreneurial enthusiasm and inspire their inspiration. In addition, it will promote the development of new products and sales growth of start-ups.

### B. *Entrepreneurial Tendency*

Entrepreneurial orientation is a display of entrepreneurial behavior. It is embodied in the act of gathering information to create more value or new value. It also reflects a process of planned start-up. Entrepreneurial intention affects entrepreneurial activities ultimately by influencing entrepreneurial behavior.

Next, we will analyze the factors that affect entrepreneurial orientation.

First, the work done by family members. The type of work that family members engage in has a significant impact on entrepreneurs. Family members who have a greater impact on the behavior of entrepreneurs. If they are also entrepreneurs, the entrepreneurs will be subjected to subtle influence, entrepreneurial motivation will be stronger than the other entrepreneurs so that entrepreneurial tendencies are higher.

Secondly, individual career choice of entrepreneurs. Different people will have different careers because of their different career pursuits. Some people pursue job stability, while others pursue personal freedom. Therefore, there is a negative correlation between people who are more in pursuit of job stability and entrepreneurial tendency. People who tend to gain more authority and have greater responsibilities tend to have a stronger entrepreneurial tendency.

Finally, the adventurous spirit of entrepreneurs. For entrepreneurs, risk-taking spirit, risk identification ability, risk-taking ability, and risk-coping ability are their innate or acquired traits. People with these or more entrepreneurial traits are more likely to start a business and have a higher probability of success.

## V. COUNTERMEASURES

Before starting a business, college students should know as much as possible about the country's policies in the field of entrepreneurship and understand these policies systematically. They should strengthen the ability of risk identification, control, and coping. In the process of entrepreneurship education, schools can also properly and reasonably guide entrepreneurship students to strengthen their study in this area.

Before starting a business, college entrepreneurial students should fully understand the basic situation of the industry they want to start a business. Knowing one's own supply capacity and one's own entrepreneurial activities can estimate how much effective demand they can provide to the market and how to stand in the market competition. Before starting a business, it is best to do a survey of the product market in which you intend to start a business so as to better understand the risks you may face in the market.

College entrepreneurial students should strengthen the awareness of risk control before starting a business or in the process of starting a business. They should constantly identify the risks faced by starting a business and make countermeasures according to the general and special risks of the environment in which the business starts so as to manage and control risks well. Entrepreneurial activities are not simple entrepreneurial behavior, but to form a competitive business model and profit model. At the same time, we should also pay attention to the impact of capital market on entrepreneurial activities.

In China's entrepreneurship education, the concept of entrepreneurship education should be changed from coping style to application mode. China can learn entrepreneurship education from the US. In the process of entrepreneurship education, we should cultivate students' entrepreneurial enthusiasm, improve their entrepreneurial tendencies, and improve the success rate of entrepreneurship. We should pay attention to the selection of entrepreneurship types, the control of entrepreneurship opportunities, the cultivation of entrepreneurship characteristics, the management and control of entrepreneurship risks.

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