



Problems and Countermeasures in the Construction of China's Entrepreneur Team

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Abstract

Entrepreneur is the engine of an enterprise's sustainable development. To strengthen the construction of entrepreneur team is a must for the construction and perfection of modern enterprise system, and the realization of stable and fast economic development. By defining the connotation of entrepreneur, this paper analyzes the present construction of entrepreneur team in China, puts forward the problems in the construction, and advances relevant countermeasures.

Keywords: China, Entrepreneur, Entrepreneur team, Countermeasures

Entrepreneur, as the excellent talent in business management team, is a kind of scarce resource with high human capital values, exerting extremely important effects on the economic and social development. To strengthen the construction of entrepreneur team is a must for the construction and perfection of modern enterprise system, and the realization of stable and fast economic development. It is another important subject for Chinese enterprises after the property right reform. This paper firstly defines the connotation of entrepreneur, then advances relevant countermeasures for solving the problems in the construction of entrepreneur team in China.

1. The dispute over the connotation of entrepreneur

To define the connotation of entrepreneur and the standards is the base for the study of entrepreneur. In the theoretical field, the definition of entrepreneur has not been established clearly. Here, we present several typical definitions.

The word "entrepreneur" appeared firstly in France in early 16th century. Originally, this word means adventurer, referring to people who guide armies in military expeditions. They must shoulder risks. The man who firstly defined "entrepreneur" was a French writer Belliard in middle 18th century. He defines it as "the people who purchase labors and materials at different prices and sell products according to contracts". Cantanon regards people who are engaged in economic activities as entrepreneurs. And he thinks that the function of an entrepreneur is to shoulder risks. In Knight's opinion, the entrepreneur determines what to do and how to do under uncertain conditions. Schumpeter thinks that entrepreneurs are typical enterprise business managers who reengineer the combination of product, production way, market choice, resource supply and organizational structure and make innovative decisions. Kirzner takes entrepreneurs as brokers who can not only identify chances but also master chances and create profits. In other words, the difference between an entrepreneur and a common people is the "savvy" and the "special knowledge". Casson thinks that entrepreneurs are good at allocating the scarce resources and making wise decisions.

Domestic scholars also hold different opinions toward the connotation of entrepreneur. In Weiyang Zhang's opinion, entrepreneurs are usually also capitalists. Only when a capital owner possesses the priority of being an entrepreneur, can it ensure talented people hold the entrepreneur position. Because the business talent is hard to be observed directly, people's personal property can prove their business talents in a sense. As a rich wants to be an entrepreneur, he must be a talented people. Yunshi Mao thinks that entrepreneurs must be the investors or the founders of enterprises. They should have the right of control over enterprises. In Cheng Wang's opinion, an entrepreneur should hold these fundamental capabilities: the capability of identifying markets for products or services, the capability of knowing and manipulating the production factor market, the capability of building up personal credit and persuading others to provide financial credit, and the capability of identifying different risks and working as usual under the high-risk

pressures. The function of entrepreneurs is to found enterprises. Wanding Zhang and Yuan Li think that entrepreneurs possess more excellent capabilities than common managers merely in one or several aspects. This paper selects the wide definition of entrepreneur, defining the entrepreneur from the angle of the station. In other words, all people who are top executives, stay in the business decision management level, master the right of business decision, and shoulder enterprise risks can be regarded as entrepreneurs.

2. The present conditions of the entrepreneur team in China

2.1 The education structure

Researches show that the educational qualities of Chinese entrepreneurs have been improved greatly in recent years. For example, in 1993, entrepreneurs who have been educated in junior college or above accounted for 69.2 percent of all entrepreneurs. But in 1995, 2000, and 2006, the percentage reached 79.6%, 84.7%, and 79.8% respectively. In 1993, none of entrepreneurs got the master degree in general. But in 1995, 2000, and 2006, percentages of entrepreneurs who have got the master degree reached 1.7%, 9.9%, and 17.6% respectively. Especially in 2006, 1.5% of entrepreneurs have got the doctor degree. Details are displayed in table 1.

Table 1. The educational conditions of Chinese entrepreneurs (%).

Educational level	1993	1995	2000	2006
High school, secondary school, and lower	30.8	20.4	15.3	20.3
Junior college	35.3	37.5	40.1	35.6
College	33.9	40.4	34.7	26.6
Undergraduate	0	1.7	9.9	17.6

Resource: Chinese Entrepreneur Survey System. (1995). Trend of Chinese entrepreneurs' occupational mobility and professionalism at present. Management World. No.3; Chinese Entrepreneur Survey System. (2000). Review of Economic Research. No.76; Chinese Entrepreneur Survey System. (2007). The Social Responsibility in Entrepreneurs' Eyes --- Chinese Entrepreneurs' Growth and Development Report 2007. Beijing: China Machine Press. July.

2.2 The age structure

In recent years, the average age of Chinese entrepreneurs tends to be younger. According to a survey by Chinese Entrepreneur Survey System in 1995, 92% of entrepreneurs are more than 40 years old, 56.3 more than 50 years old, and only 8% less than 40 years old. In 2000, the survey shows that 15.2% of entrepreneurs are more than 56 years old, 40% or so less than 45 years old, among with 5.6% less than 35 years old. Considering different age groups, 47.3% of entrepreneurs belong to the age group between 46 years old and 55 years old. In 2006, the survey shows that 25.5% of entrepreneurs are more than 56 years old, and 32.9% less than 45 years old. Obviously, 41.6% of entrepreneurs belong to the age group between 46 years old and 55 years old. In 2006, the average age of entrepreneurs is 48.9 years old, less 0.2 years than that in 2005.

2.3 The capability quality

Along with the progress of state-owned enterprise reform, Chinese entrepreneurs' capability quality has been improved gradually in market competition. According to a survey by Chinese Entrepreneur Survey System in 2002, Chinese entrepreneurs take the decision capability (61.7%), organizational coordination capability (61.6%), and the innovation capability (33%) as their strongest capabilities. It proves that entrepreneurs have full confidence in grasping market opportunities and coordinating internal operations. In contrast, they regard the social relationship capability (61.2%), the marketing capability (32.4%), and the expression capability (31.4%) as the weakest capabilities. This result has close connections with Chinese entrepreneurs' educational structure and the business environment. The "weakest" capabilities in entrepreneurs' eyes connect closely with enterprises' external exploration and market expansion, and the "strongest" capabilities more closely with enterprises' internal management. It indicates that in the capability quality aspect Chinese entrepreneurs are good at internal management instead of external exploration. However, in early 2007, a "Chinese entrepreneur quality model" report has been issued, which takes entrepreneurs who are excellent in certain industries and in charge of enterprises with assets valued more than 10 billion RMB as objects. For the first time, Chinese entrepreneurs are put in a global capability quality platform to be studied. The results indicate four aspects deserve more worries: Chinese entrepreneurs do not pay sufficient attention to organizational capability, financial safety, talents cultivation and conservation; Chinese entrepreneurs do not possess strong innovation capability in local market, especially amounts of markets with low-income people; the top-executive teams in Chinese enterprises can not cooperate properly and entrepreneurs do not understand their roles in the implementation of strategy; Chinese entrepreneurs are not good at widely collecting and analyzing information.

2.4 The income conditions

According to the Law of Enterprise, we should perfect the state-owned entrepreneurs' performance evaluation system gradually, realizing the wage-oriented salary structure. Connect entrepreneurs' salaries with their business performances, operation fruits, and enterprises' economic effects closely and implement the annual salary system. The annual salaries of Chinese entrepreneurs tend to rise in general. The percentage of entrepreneurs who gain annual incomes more than 10 thousand Yuan changes significantly in recent years. From 1980 to 1984, the percentage is merely 8.7%, from 1985 to 1993, it is 23.4%, and from 1994 to 1999, the number reaches 59.5%. According to a survey by Chinese Entrepreneur Survey System, entrepreneurs who gain annual incomes more than 60 thousand Yuan account for 32.1% of the total in 1999. In 2000, the number reaches 80.2%. Recently, the annual income of Chinese entrepreneur rises more quickly.

3. Problems in the construction of Chinese entrepreneur team

3.1 The overall qualities need to be improved further and excellent entrepreneurs are too less.

For a long period, most Chinese entrepreneurs have experienced the traditional planned economic system. They have been selected according to party policies. Therefore, they have been affected by the old system more or less. Plus their lower self-qualities, unreasonable knowledge structures, poor innovation consciousness and market ideas, and low business management level, and most of them emphasize on economic effects instead of improving qualities by learning, few Chinese entrepreneurs are influential in the world up to now. The quantities and scales of entrepreneurs can not meet the needs of constructing an overall well-off society.

3.2 The traditional and dated thinking way barriers the construction of Chinese entrepreneur team.

The profound reasons that affect the construction of Chinese entrepreneur team are certain unfavorable elements in Chinese traditional culture, such as "officialdom standard thought", "politics of being emperors", and "philosophy of self-protection". The officialdom standard thought makes entrepreneurs operate enterprises in a political thinking mode. The politics of being emperors emphasizes on the control over underlings, what may lead to such a result that some "mediocre persons" or "flunkies" instead of talents occupy important positions in enterprises. The philosophy of self-protection makes some entrepreneurs satisfy with present conditions, leaving innovations behind.

3.3 The imperfect operation mechanism barriers the construction of Chinese entrepreneur team.

In recent nearly 30 years since the reform and opening, the construction of entrepreneur team is still imperfect. The primary reason is the mechanism. Here, the operation mechanism mainly includes three aspects. The first is the inflexible personnel mechanism. Even in some reformed state-owned enterprises, the employment of entrepreneurs still adopts the "appointment system", lacking a platform for entrepreneurs competing fairly and developing their management talents. In a sense, it restrains the exertion of entrepreneurs' potentials, going against excellent entrepreneurs showing themselves. The second is the imperfect salary mechanism. The salary and premium system is not perfect. There is not a flexible and diverse distribution system that completely reflects entrepreneurs' values. The third is the imperfect supervision and constraint mechanism that focuses on external regulations and internal performances. The norms for entrepreneurs' performance evaluations and supervision constraints are still an absence.

3.4 The construction of entrepreneur team is lack of the professional and market base.

At present, the entrepreneurs' professional and market construction is still at a theoretical level. The human resource mechanism that can cultivate professional entrepreneurs and allocate entrepreneurs in market does not come into being. Because of the lack of a free circulation mechanism for entrepreneurs in the personnel market, entrepreneurs, as important human resources, can not be shared and allocated reasonably. If the entrepreneur resource can not realize the optimal allocation in market, other resources' optimal allocation becomes meaningless. It is impossible to realize a reasonable adjustment of product structure, industrial structure, and enterprise organizational structure, not mention the construction of high-quality entrepreneur team.

3.5 The imperfect education and training system for entrepreneurs

The education and training system for Chinese entrepreneurs is far from perfection. Investment in training is extremely insufficient. On one hand, the teaching staff and other teaching conditions for management education and training in China are in short. On the other hand, the education and training market is in a mess. All kinds agencies, no matter they are qualified or not, are engaged in education and training. Even more than 100 MBA programs are advertised in one city. In Chinese enterprises, the internal investment in human resources is quite insufficient. In more than half enterprises, the education expenses are no more than 1% of the total sales. Most enterprises invest little in education and training. Most entrepreneurs have never received modern business management training.

3.6 The merciless social environment

China is lack of an understanding social environment in which entrepreneurs can be treated kindly. The society can not understand entrepreneurs' innovations and tolerate their mistakes, what constrain entrepreneurs' spirits of exploration

and innovation. The media do not pay attention to news of entrepreneurs for the lack of necessary respect, care, and support for entrepreneurs. There is not a social environment that provides with relevant social and political positions for entrepreneurs. This merciless social environment brings about more pressures on entrepreneurs' work, which may hurt their health, blocking the construction of Chinese entrepreneur team.

4. Tactics for quickening the construction of entrepreneur team

The construction of entrepreneur team is a systematic project. At present, in order to cultivating a batch of professional, modern, and international entrepreneur team quickly, we should adopt these tactics as follow.

4.1 Establish a reasonable enterprise selection and evaluation mechanism

The establishment of enterprise selection mechanism is a more profound and complex problem than the property system. It concerns interests of many parts. At present, in China's selection mechanism the appointment still accounts for a relatively larger proportion. In order to speed up the state-owned enterprise reform, we must construct a scientific and normative enterprise management system that is right for the market economy. Perfect the corporate governance structure further. Build up an enterprise selection mechanism that emphasizes on market allocation, preferred selection, and approval of investors. Change the situation in which the state government appoints entrepreneurs or non-market elements determine the selection of entrepreneurs. Make "official entrepreneurs" be professional and market. We need to explore a new enterprise selection and evaluation mechanism that includes principles of "party controls cadre" and "market selection" and satisfies the requirements for market economic development. Concerning the selection standards, we should insist on the principle of classes and levels and establish specific quantitative standards according to enterprises' sales income, increment range, taxes, and other main indexes. Under the state's macro control, construct an environment in which entrepreneurs and enterprises can realize the free and mutual choice.

4.2 Construct a professional and market entrepreneur team

The professional and market construction of entrepreneur team is an effect way at present. The concept of professional entrepreneur has three meanings. Firstly, for the society, professionalism reflects the social division. Secondly, for entrepreneurs, they take the foundation and development of enterprises as their lifelong causes and pursue greater successes. Thirdly, distinguish professional entrepreneurs from common entrepreneurs. Professionalism is to make the occupation of entrepreneurs more professional, acceptable, and legal. It makes entrepreneurs regard business management as their professions for life. The professional construction of entrepreneur team can break up the "official standard" system, realizing the transition from enterprise management officers to entrepreneurs as soon as possible.

In order to make Chinese entrepreneur team grow steadily, properly, and quickly, we must build up an entrepreneur market. Market is the soil for professional entrepreneurs. Therefore, a competitive market is the key. Introduce a competition mechanism and change the former appointment system. On one hand, make up a set of standards for entrepreneurs' primary business knowledge, comprehensive capability and quality level, and professional moral level, by which investors can select the right entrepreneurs in market. On the other hand, empower investors with right of floor and decision-making. Use talent competition and business performance evaluation to identify and select more innovative and excellent entrepreneurs.

4.3 Establish a scientific incentive mechanism

Most entrepreneurs agree that the most effective incentive element is "high salary connected with performance" and the most acceptable salary system is "annual salary system". To set up a scientific salary incentive mechanism is an important aspect for the construction of entrepreneur team. Build up an income allocation system that benefits the growth of entrepreneurs. Constitute a multiple entrepreneur salary system and implement the wages-focused material incentive system. Connect entrepreneurs' salary structures with their business performances, business successes, and enterprises' economic effects closely and apply the annual salary system. In addition, a systematic spiritual incentive system is also necessary. Realize entrepreneurs' values as talent capitals. Improve entrepreneurs' statuses and enhance their rights in enterprises' business activities. Meanwhile, exert the effects of entrepreneurs' fame mechanism. Use the values and ideas of enterprise culture to motivate entrepreneurs' behaviors.

4.4 Establish a supervision and constraint mechanism that focuses on internal performance evaluation and external regulations

An effective supervision and constraint mechanism is based on external constraints of regulations, according to entrepreneurs' business performances. First of all, build up a scientific and reasonable evaluation system, including the scientific and reasonable evaluation index system and the evaluation organizational system. This evaluation system will be helpful for supervising entrepreneurs' business management process. Secondly, exert effects of market and laws and enhance the external constraints to entrepreneurs. In the product market, form a mechanism that uses enterprises' profits and market shares to evaluate entrepreneurs' business performances and business capabilities. In the capital market, form a business performance and capability evaluation mechanism. Finally, strengthen the legal constraints on

entrepreneurs by perfecting the Law of Enterprise and the Law of Securities.

4.5 Construct and perfect the modern management training and education mechanism

Entrepreneurs are valuable and scarce resources for enterprises. We should emphasize on management training and improve entrepreneurs' integrated qualities step by step, including their theoretical levels, comprehensive capabilities, and moral qualities. The improvement of entrepreneurs' integrated qualities is an important part of the construction of entrepreneur team. Education and training serve as the important way for the improvement of integrated qualities. In order to improve the overall qualities of entrepreneur team, China needs to perfect the present education and training system for entrepreneur team from several aspects. In specific, develop the EMBA education that can provide with systematic education for entrepreneurs and sorts of short-term trainings that satisfy entrepreneurs' needs rightly, such as Harvard's MIP program. Besides, regulate the education and training market and get rid of unqualified training agencies. What's more, from a strategic angle, the state should cultivate a group of backup talents, asking them to join in training or advanced studies by possible ways.

4.6 Cultivate an easy social environment

In order to drive the construction of entrepreneur team, we should cultivate such a social environment that encourages, supports, and helps entrepreneurs to achieve successes. People should really care about, cherish, understand, and trust entrepreneurs, with more understandings and tolerances and less complaints and comments. Cultivate a favorable work environment, a harmonious interpersonal environment, a comfortable living environment, and an understanding public environment, which can make entrepreneurs relate their careers with the social ideas and social responsibilities organically. By this way, entrepreneurs will enjoy a sense of satisfaction for realizing self values, a sense of achievement for contributing a lot to the society, and a sense of fame for being accepted and respected by the society.

Enterprises' growth and development depend on excellent and high-quality entrepreneurs. At present, the real "bottleneck" that restricts the economic development in China is the lack of entrepreneurs who know business management clearly and possess spirits of innovation. Only by quickening the construction of entrepreneur team, can we realize the healthy, harmonious, and sustainable development of state-owned enterprises.

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