

# Research on the Improvement Directions of Entrepreneurship Incentive Policy for College Students in China, Japan and Korea

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**Abstract:** In recent years, China, Japan and Korea have all strengthened their support for entrepreneurship due to social development and economic conditions. This article cross-sectionally compares the entrepreneurship incentive policies of college students in each country and finds that although the three countries did not start to encourage college students for entrepreneurship at the same time, their policies have formed a policy system with the national characteristics. However, the response of college students to the entrepreneurship incentive policies in all three countries is lower than expected, which indicates that college students in China, Japan and Korea all have low policy perception. To increase the effectiveness of the entrepreneurship incentive policies, the three governments need to build entrepreneurship education systems, strengthen entrepreneurship education, organize entrepreneurship activities, and try new media channels that are more acceptable to young people in order to further strengthen the dissemination of entrepreneurship policy information.

**Keywords:** Entrepreneurship Incentive Policy; College Students' Entrepreneurship; CJK; Improvement Directions

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## 1. Introduction

China, Japan and Korea(CJK) are all important economies in East Asia, and the three countries have closely related histories and traditional cultures. Moreover, college graduates from CJK have more similarities in their job-seeking mentality and career planning. Although China, Japan and Korea are at different stages of economic development, the current employment market of college students in all three countries shows an oversupply. The huge labor supply of CJK exceeds the demand of the job market, resulting in the increasing number of unemployed people. The overall job market situation in the three countries is still not optimistic.

The lack of jobs and the inability to provide sufficient employment opportunities for college graduates are the major reasons for the difficulties in employment. The governments of the three countries have responded to the idea of encouraging university students to start their own business.

## 2. Comparison of Entrepreneurial Incentive Policies for College Students in CJK

### 2.1 Entrepreneurial Incentive Policies for College Students in China

China's entrepreneurship incentive policies for college students emerged late and are still in the process of continuous improvement. According to the document "Guidance on Further Supporting College Students' Innovation and Entrepreneurship" issued by the General Office of the State Council of China in October 21, China's entrepreneurship incentive policy system is mainly composed of the following professionals: the central government, local governments, universities and relevant faculty members.<sup>[1]</sup>

#### 2.1.1 Policy direction of the Chinese national government

Since May 2010, the Ministry of Education has asked local education departments and universities to establish a complete framework for entrepreneurship education by strengthening entrepreneurship guidance services and building entrepreneurship bases, so as to effectively plan and improve the promotion of entrepreneurship for college graduates in an innovative way. At that time,

innovation and entrepreneurship education began to sprout in universities around the world and developed at a high speed in the following years, during which innovation and entrepreneurship work gained outstanding results.

### **2.1.2 Specific policies from local governments**

China has a vast land area and the development situation varies from place to place. Therefore, local governments in each region will formulate local appropriate innovation and entrepreneurship support measures in accordance with the actual situation and put macro policies into practice, so as to enhance the applicability and scientificity of the policies<sup>[2]</sup>. The support for university graduates' entrepreneurship in the central and eastern regions focuses on financial subsidies and preferences as well as the construction of innovation and entrepreneurship service platforms, while the western region focuses on basic skills training and basic facilities construction for university students' innovation and entrepreneurship.

Although the policy support of each local government for college students' innovation and entrepreneurship has its own characteristics, its content and focus are mainly focused on the three major aspects of lowering the threshold of entrepreneurship, improving the innovation and entrepreneurship education methods, and providing comprehensive entrepreneurship services.

### **2.1.3 Targeted support programs developed by universities**

Colleges and universities have access to the real stakeholder groups in entrepreneurship incentives, who are college graduates. Therefore, Chinese universities have responded positively, each enacting appropriate innovation and entrepreneurship programs for their graduates to encourage innovation and entrepreneurship. Zhejiang University's innovation and entrepreneurship support program involves the establishment of practice bases, institutional guarantees, and international cooperation, which provides a direction and template for other universities. Meanwhile, Jilin University and Tsinghua University take the lead in the construction of entrepreneurship service platform. In addition, led by Shanghai Jiao Tong University and Hunan University, universities have gradually started to build entrepreneurship colleges. In general, universities all over China have started to conduct innovative entrepreneurship training for college students and further provide precise services and strong references for protection, while providing ideas for continuous improvement and refinement of entrepreneurship incentive policies.

## **2.2 Entrepreneurial Incentive Policies for College Students in Japan**

Japan is known as the "kingdom of small and medium-sized enterprises", and Japan attaches great importance to domestic entrepreneurial activities. In recent years, the Japanese government has been supporting the innovation and entrepreneurship activities of university students in various fields such as entrepreneurship education, technology system, and entrepreneurship funds.

### **2.2.1 Legislation to promote learning and entrepreneurial activities**

In order to establish a university entrepreneurship system, a number of laws were enacted in Japan.

In 1998, the "University Technology Transfer Promotion Act" came into effect, which encouraged the establishment technology license organization (TLO) at academic research institutions to promote technology transfer from academia to industry.

In 2000, the "Education and Public Service Exception Act" conditionally liberalized restrictions on part-time employment of researchers at national universities and research institutes.

In 2001, Japan completely abolished the status of national civil servants for faculty members at national universities, creating the necessary conditions for researchers at national and public academic institutions to participate in scientific and technological innovation and entrepreneurship. At the same time, Japan's Ministry of Economy, Trade and Industry (METI) has formulated specific policies on financial subsidies and loan guarantees for university students to start their own businesses.<sup>[3]</sup>

### **2.2.2 TLO coordinate entrepreneurial activities**

In order to adapt to the changes in the external environment caused by the reform, universities and other academic institutions in Japan have had to take the initiative to seek cooperation with enterprises, and have set up TLO for technology transfer with the purpose of commercializing scientific and technological achievements.

TLO in Japan, as technology intermediary, is an important window of communication between universities and enterprises and are able to grasp and meet the needs of both sides while implementing technology transfer, which has a positive effect on university

entrepreneurial activities and the growth of university ventures. It has a positive effect on the growth of university entrepreneurial activities and university ventures.

### **2.2.3 Financial Support System for Small and Medium-Sized Businesses**

The Japanese government supports the growth of SMEs through financing, credit guarantee and capital formation.

In Japan, the financing support for SME start-ups is mainly provided by government financial institutions; moreover, its credit supplement mainly comes from the credit guarantee of the Credit Guarantee Association, together with the financing credit insurance of the SME General Business Group; in terms of capital, it is mainly the SME Investment Incubation Corporation that invests in SMEs as a way to encourage SME investment and innovative enterprises.

The start-up teams of college graduates usually start from SMEs, and the Japanese financial support system for SME start-ups provides support for college students to start their own businesses and alleviates the financial pressure they would face in the process of starting their own businesses.

### **2.2.4 Development of Japanese Venture Capital Industry**

The Japanese government has also enacted a series of targeted laws and regulations to improve the external environment of the venture capital industry.

The Japanese government has also enacted a series of targeted laws and regulations to improve the external environment of the venture capital industry.

Firstly, the Japanese government has been actively expanding the scale of investment in the venture capital industry by broadening the capital channels. Secondly, the Japanese government enacted the Investment Business Limited Partnership Law in 1998 to ensure the limited liability of limited partners and to motivate general partners to improve investment efficiency. Finally, the Japanese government has expanded the demand for venture capital by promoting high-tech entrepreneurship and management buyouts. Provide more possibilities for college students to finance their business ventures.

## **2.3 Entrepreneurial Incentive Policies for College Students in Korea**

Entrepreneurship is a necessary tool to drive national economic growth and create new industries, but it has been perceived by the Korean public as a field with high transaction costs, information asymmetry, and a high failure rate. Entrepreneurship is a necessary tool to drive national economic growth and create new industries, but it has been perceived by the Korean public as a field with high transaction costs, information asymmetry, and a high failure rate. In order to stimulate entrepreneurship, the Korean government has directly intervened in the entrepreneurial process and has invested a large government budget to implement the Entrepreneurship Pioneer University Incubation Program (EPUI).

EPUI is a project to build a university-centered entrepreneurship cluster in Korea by selecting the best universities in the region and providing unified support for the entire process of entrepreneurship for their students<sup>[4]</sup>. The Korean government is aiming to create a Korean Silicon Valley and is concentrating on creating entrepreneurship pioneer universities. They promote college students' entrepreneurship mainly through the following measures.

### **2.3.1 Driving entrepreneurial ideas into practice**

The Korean government has introduced a series of policies to promote entrepreneurs to turn their ideas into real business projects. Entrepreneurs can apply to the Korean government, and the government will support them with up to 100 million won in business funding after going through the process of written evaluation, guidance and consultation, and publication evaluation. After receiving the initial funding, the government will provide a second support of 30 million won if the business is judged to be excellent.

### **2.3.2 Conducting entrepreneurship education**

Entrepreneurship education is designed to provide college students with the knowledge and information they need to start their own businesses and improve their entrepreneurial abilities. Depending on the target audience, the entrepreneurship courses are divided into university-wide general entrepreneurship lectures and practical entrepreneurship lectures for preparatory and formal entrepreneurs.

### **2.3.3 Entrepreneurship guidance**

Korea has specialized entrepreneurship guidance organizations that have formed specialized support teams within the pioneer universities for entrepreneurship, and most of the team members are specialized human resources for entrepreneurship support and experts in entrepreneurship guidance.

Their goal is to ensure the successful operation of college students' entrepreneurial projects to increase the success rate of their businesses. They offer specialized incubation programs for college students who start their own businesses, providing them with targeted support services such as facilities, space, guidance, counseling, and network support. And they have set up many systems which can stimulate college students' enthusiasm for entrepreneurship, such as entrepreneurship scholarship, entrepreneurship break, and entrepreneurship credit.

## **2.4 Improvement Directions of Entrepreneurial Incentive Policies for College Students in CJK**

Researchers have used the degree of increase in college students' entrepreneurial intentions to determine the merits of entrepreneurship policies. Some scholars have shown that entrepreneurship policies in China, Japan, and Korea do not have a significant impact on college students' willingness to start a business, although the market conditions in the three countries are different. There is still much room for improving the policy effect in terms of entrepreneurship policy response.

In the previous section we analyzed the entrepreneurship policy settings of the three countries. The entrepreneurship policies of college students in China, Japan, and Korea involve many aspects such as innovation and entrepreneurship education, financial support for entrepreneurship, technical support, and construction of entrepreneurship parks<sup>[5]</sup>. In terms of content, the entrepreneurship support in each country is very adequate. But why do the college students in China, Japan and Korea not appreciate it? Perhaps the problem lies in the low policy perception of college students. Analysis of the data shows that college students in East Asia are generally passive recipients of knowledge. Deepening the understanding of the entrepreneurial ecosystem of policy perception is an important reason for the poor incentive effect and the weak response of public entrepreneurship.

In order to enhance the entrepreneurship motivation of college students, the governments of China, Japan and Korea need to design measures to strengthen the dissemination of entrepreneurship policy information in order to maximize the effect of entrepreneurship incentive policies.

## **2.5 Build an Entrepreneurial Ecosystem**

First, both entrepreneurship incentive policy makers and the implementers need to understand the importance of information dissemination, and governments in CJK need to fully consider the components of the entrepreneurial ecosystem during the implementation of entrepreneurship incentive policies, especially during the dissemination of policy information.

In order to build a complete ecosystem, all information related to entrepreneurship policies need to reach all subjects. Thus, the targets of policy information dissemination should not only include entrepreneurial subjects, such as startups, investment institutions, universities, etc., but also other stakeholders, such as owners of talent, capital and other factors. Only in this way can the level of public policy perception be maximized. Moreover, countries need to strengthen the dynamics of entrepreneurship policy information dissemination. The content, approach and target audience of entrepreneurship policy information dissemination should change with the changing entrepreneurial ecosystem, so that public perception can keep up with policy changes.

## **2.6 Improve the accuracy of entrepreneurship policy information dissemination**

There is a need for relevant units to systematically and timely explain current entrepreneurship incentive policies to college students. For example, governments at all levels should organize to print compilations of entrepreneurship policies applicable to different entrepreneurship groups, and all relevant departments should assist universities in jointly compiling and interpreting entrepreneurship policies for college students to reduce the cost of searching and understanding policies for college student groups.

Secondly, the government also needs to design a rough publicity mode and expand the scope of publicity. Since the target of publicity is college students, the government also needs to make more new media publicity and reasonably choose to use modern

policy publicity tools, such as cellphone APP or Blog, to improve the public's understanding and grasp of entrepreneurship policies.

## 2.7 Organize various entrepreneurial activities

All relevant departments and regions in the three countries can combine their own advantages and resources to carry out diversified entrepreneurial activities, and use a combination of entrepreneurial activities and entrepreneurial policy advocacy to enhance the level of policy awareness.

For example, strengthening entrepreneurship policy training and dissemination is necessary. In the course of relevant activities, policy implementation personnel go to the locations of key populations to deliver and train on entrepreneurship policy values, content, implementation methods and administrative service processes to enhance policy implementation and implementation effectiveness.

In addition to that More interactive sessions can also be set up in various entrepreneurship activities, such as: entrepreneurship policy knowledge contest, etc. These activities can also enhance the level of public policy perception, cultivate public interest in entrepreneurship policies, and improve the level of entrepreneurial response.

## 3. Conclusion

Generally speaking, the social development trend of China, Japan and South Korea seems to be similar, with the phenomenon of talent saturation, and each country is facing the challenge from the difficulty of college students' employment. And it is an inevitable choice for governments to encourage college students' innovation and entrepreneurship under the current market development.

In recent years, China, Japan and South Korea have started to build their entrepreneurship incentive policy system according to the employment environment of college students. From the current perspective, the entrepreneurship incentive policies of the three countries have their own focus and characteristics, but they all take into account various aspects such as entrepreneurship education, investment and financing, subsidies and welfare policies. However, the feedback of current college students' entrepreneurship rate is not satisfactory, and the rate of college students' entrepreneurship has not been improved satisfactorily in these years of policy implementation, and the social problem of difficult employment still exists.

Since the policy system itself is not too flawed, it should be the policy dissemination process that is flawed. College students are not informed of the relevant policies and optimized conditions in a timely manner, resulting in the effectiveness of the policy not meeting expectations. In order to optimize the process of policy information dissemination, the relevant units need to strengthen the construction of the entrepreneurial ecology and establish communication channels between various entrepreneurial subjects and regulatory departments. Next, the relevant departments also need to vigorously develop new publicity channels and make more use of new media for publicity. Finally, the organization of entrepreneurship-related activities can gather the group of college students who have the will to start their own business, so the organization of various entrepreneurship activities should also be valued as a way to motivate the entrepreneurial behavior of college students.

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