Entrepreneurs and the Entrepreneurial Environment: Perspectives on Individual and Social Development (Postprint)

Authors: Wang Junxiu

Date: 2017-03-08T00:00:00+00:00

Abstract

The article reviews the role of individuals in social development within classical sociological theory, as well as the influence of classical sociological theory on subsequent research, particularly the impact of social mentality on social development. Utilizing data from entrepreneurial social mentality surveys, it analyzes the characteristics of current entrepreneurs and the features of the entrepreneurial environment. Analysis of entrepreneurs' age, education level, entrepreneurial motivation, household registration (hukou), and other dimensions reveals that a new type of entrepreneur has not yet emerged, and there remains a certain gap between potential entrepreneurs and the mass entrepreneurship advocated by the government. The proportion of entrepreneurs who consider the current environment highly suitable for entrepreneurship is relatively low. People perceive substantial entrepreneurial risks, and their enthusiasm for entrepreneurship is not high. Innovation constitutes an important factor influencing entrepreneurship; however, the proportion of entrepreneurs selecting innovative entrepreneurship is not high. Promoting mass entrepreneurship at the policy level must be grounded in broader innovation.

Full Text

Preamble

Special Issue: Psychology and Social Governance
Psychology and Social Governance
ChinaXiv Partner Journal

Entrepreneurs and Entrepreneurial Environment: Individual and Social Development Perspectives

Institute of Sociology, Chinese Academy of Social Sciences, Beijing 100732

Abstract

This article reviews the role of individuals in social development within classical sociological theory and the influence of classical sociological theory on subsequent research, particularly the impact of social mentality on social development. Using data from the Entrepreneurial Social Mentality Survey, this study analyzes the characteristics of current entrepreneurs and the entrepreneurial environment. Analysis of entrepreneurs' age, education level, entrepreneurial motivation, and household registration reveals that a new type of entrepreneur has not yet emerged, and there remains a gap between potential entrepreneurs and the government-promoted mass entrepreneurship initiative. The proportion of entrepreneurs who believe the current environment is highly suitable for entrepreneurship is low. People perceive significant entrepreneurial risks, and entrepreneurial enthusiasm is not high. Innovation is an important factor affecting entrepreneurship, yet the proportion of entrepreneurs choosing innovative ventures is not high. Policy efforts to promote mass entrepreneurship should be based on broader innovation.

Keywords: innovation, social development, innovation ability, entrepreneurial intention, entrepreneurial mentality

1. Research Questions

The *Proposal of the CPC Central Committee on Formulating the 13th Five-Year Plan for National Economic and Social Development* (referred to as the *13th Five-Year Plan Proposal*) identifies innovation and entrepreneurship as means to cultivate new drivers of development. Entrepreneurship and innovation are important driving forces for China' s future economic and social development. The *13th Five-Year Plan Proposal* calls for "stimulating innovation and entrepreneurship vitality, promoting mass entrepreneurship and innovation, releasing new demand, creating new supply, promoting the vigorous development of new technologies, new industries, and new business forms, and accelerating the transformation of development drivers." Innovation is not only fundamental to scientific development and technological progress but also a driving force for social development. Under national macro-policy adjustments, economic and policy researchers are exploring how to achieve economic transformation and growth under the "new normal," while sociology has always focused on issues of social change, transformation, development, and progress, continuously enriching development sociology and development studies. Concepts of social development have been continuously revised and enriched, and the role of individuals as agents in social development and change has become increasingly prominent in theoretical evolution. This is also an important issue facing social psychology, though social psychology has rarely addressed questions of social development.

Logically, the key to innovation lies in the innovation of people's ideas and behaviors. Understanding current public psychology and mentality regarding innova-

tion and entrepreneurship is important for understanding and formulating social policies on innovation and entrepreneurship, and for enriching social psychology and social mentality research. From the perspective of innovation and social development, this study uses national entrepreneurial mentality survey data to analyze current entrepreneurs' characteristics and future trends, explore the foundations and environment of entrepreneurship and innovation, and propose policy recommendations for guiding future innovation and entrepreneurship.

1.1. Individual and Social Development

The three founders of classical sociology—Marx, Max Weber, and Durkheim—each discussed the role of individuals in social change and development, exploring from multiple angles how individual innovation drives history.

Polish sociologist Piotr Sztompka argues that Marx's historical materialism contains three levels: world history, social structure, and individual action. Marx viewed social change as a process unfolding gradually across these three levels, beginning at the lowest level of individual action. He regarded the attributes of human action as the key to understanding human nature, identifying six characteristics: (1) action is conscious and purposeful; (2) actors possess limited self-awareness and critical self-consciousness; (3) action is guided by plans and expectations; (4) action has a certain degree of continuity and persistence; (5) action is innovative; and (6) action is collective. His emphasis on innovative action refers to actors actively confronting their environment, oriented toward nature or others, seeking to transform and change it. However, Marx' s concept of individual action actually refers more to individuals participating in collective action.

For Max Weber, sociology studies social action—meaningful action oriented toward others that reflects their actual or expected responses. In his work *The Protestant Ethic and the Spirit of Capitalism*, Weber explored the origins of capitalism, arguing that emerging entrepreneurs and a new type of worker were basic prerequisites for the emergence of capitalism, and that these groups possessed a special mentality he called the "spirit of capitalism" —a mixture of profit motive and vocational calling. He believed this "spirit of capitalism" was embodied in Protestants.

Durkheim emphasized the impact of social morality on social order, arguing that moral norms have coercive power and that individuals who violate them face punishment. At the same time, moral norms are produced by society as a whole, and individuals' moral behavior based on self-consciousness maintains the operation of the entire society. For Durkheim, society is a "moral community," and social change is based on new social integration, with social morality forming the foundation of social integration. He argued that the internal mechanism of the transition from traditional to industrial society lies in the division of labor, which reduces individual differences, weakens collective consciousness, makes social interaction more loose, and creates a new individualistic system that

integrates society into an "organic solidarity."

1.2. Social Mentality and Social Development

Weber's discussion of the relationship between Protestant ethics and the origins of capitalism has greatly influenced subsequent research. Weber analyzed the role of ideas and consciousness in social and historical evolution, giving rise to two research paths: cultural and psychological. The psychological path produced theories such as Alex Inkeles's "modern man" theory, David McClelland's "achievement motivation" theory, and Everett Hagen's "innovative personality" theory.

Influenced by modernization theory, Inkeles was most interested in the differences between "modern man" in developed countries and "traditional man" in developing countries. He wrote, "For us, from a social psychological perspective, the most practical and challenging task seems to be explaining the process by which people transform from having a traditional personality to having a modern personality." Based on observations of development experiences worldwide in the 1960s, he argued that unless people's attitudes and abilities keep pace with other forms of development, nation-building and institution-building would be futile. His research identified basic qualities of modern individuals, including willingness to accept new experiences and readiness for social change.

In his 1967 book *The Achieving Society*, McClelland proposed a psychological theory focused on capitalist development. His achievement motivation theory argues that human needs are not physiological but social. When basic survival needs are met, people's most fundamental needs are for achievement, affiliation, and power, with the level of achievement need playing a particularly important role in personal growth and development. For society, economic development always originates from the prior diffusion of achievement motivation, which finds its best realization in entrepreneurial activities. "A society with a generally high level of achievement need will produce more energetic entrepreneurs, who in turn will bring faster economic development." Therefore, McClelland advocated achieving economic growth by spreading achievement motivation. Achievement motivation manifests as a comprehensive personality trait, promoting upward mobility, hard work, wealth accumulation, and high expectations for children. High achievement motivation also shows characteristics such as innovation drive, high sense of responsibility, future action planning, preference for rational calculation, and moderate risk readiness.

Hagen sought important macro factors that determine historical processes from individual motivation, attitudes, and values, proposing the concept of innovative personality as a prerequisite for economic growth, diffusion of entrepreneurship, and capital formation. He argued that traditional and modern societies have different comprehensive personality traits. The product of traditional society and a prerequisite for its continued operation is authoritarian personality, while innovative personality is a product and functional prerequisite of moder-

nity. Shaped by modern conditions, innovative personality helps generate self-sustaining change and innovation that revolutionize lifestyles, living standards, values, and technology.

1.3. Entrepreneurs and Entrepreneurial Environment

Returning to the *13th Five-Year Plan Proposal*' s call to "stimulate innovation and entrepreneurship vitality, promote mass entrepreneurship and innovation, release new demand, create new supply, promote the vigorous development of new technologies, new industries, and new business forms, and accelerate the transformation of development drivers," this economic transformation goal is undoubtedly enormous and its impact will be far-reaching, relating to China' s future national strength and sustainable development prospects. The key question is how to promote the realization of this transformation goal. What can stimulate the vitality of mass entrepreneurship? How can we promote innovation by all? At minimum, from a social psychological perspective, we must understand what factors currently influence mass entrepreneurship and innovation. From the perspective of the relationship between individual and social development and between social mentality and social development, what driving forces and foundations for future transformation already exist in current social mentality and environment? What issues urgently need to be addressed? These are the purposes of this study.

This research first focuses on the motivations of current entrepreneurs and potential entrepreneurs in China—what stimulates their entrepreneurial behavior? What is the current state of mass entrepreneurship and innovation? Specifically, what proportion of the population is currently engaged in or preparing for entrepreneurship? What is the state of the innovation foundation supporting entrepreneurship? More concretely, what are entrepreneurs' entrepreneurial abilities and innovation capabilities? How do social mentality and the entrepreneurial environment affect entrepreneurs? From the perspective of individual and social development, can entrepreneurs and innovators form a force to promote social development, and to what extent does innovative personality exist among the general public? Can institutional factors for innovation and entrepreneurship satisfy entrepreneurs' behaviors—that is, what is the social environment for entrepreneurship?

2. Research Process

2.1. Survey Method

This study employed a mobile client-based online questionnaire survey method. The questionnaire was distributed on the "Wenjuanbao" APP of the 凯迪网络调研平台. The questionnaire consisted of a main section and additional questions. The additional questions were pushed to the first 3,000 valid respondents who successfully completed the main questionnaire, and distribution stopped once this quota was reached. The questionnaire officially launched at 0:00 on

November 24, 2015, and data collection ended at 14:00 on December 2, 2015. A total of 12,427 main questionnaire samples were collected. After verification, 233 invalid questionnaires were eliminated, yielding 12,194 valid samples (98.1% validity rate). The additional questions yielded 3,008 samples. Survey respondents came from all provinces, municipalities, and autonomous regions nationwide. The sample distribution was relatively dense in eastern regions, with 24 provinces/municipalities/autonomous regions having more than 100 respondents. Although the sample distribution deviated somewhat from national population density, it basically reflected China' s population distribution characteristics.

2.2. Main Variables

The survey covered three main categories of variables: general social variables, subjective factors affecting entrepreneurship, and entrepreneurial environment variables. General social variables included: demographic variables such as gender, age, education level, and urban/rural category; social class status variables such as economic income and subjective social class; and social cognition variables such as life satisfaction and social trust. Subjective entrepreneurship variables included: entrepreneurial intention (entrepreneurial willingness, likelihood of near-term entrepreneurship, entrepreneurial preparation, entrepreneurial motivation, etc.); entrepreneurial ability (including entrepreneurial capability and innovation capability); entrepreneurial risk perception; and evaluation of entrepreneurial success. Entrepreneurial environment variables included: entrepreneurial opportunities, entrepreneurial conditions, social environment, and future prospects.

2.3. Research Structure

This study primarily examines the influence of entrepreneurs' entrepreneurial intention, ability, cognition, and entrepreneurial environment on entrepreneurial behavior [Figure 1: see original paper]. For non-entrepreneurs, it examines how entrepreneurial ability, evaluation of entrepreneurial success and risk, and their influence on entrepreneurial intention.

3. Findings

3.1. Entrepreneurs

Among the 11,767 respondents, 1,550 were entrepreneurs (defined as "currently starting a business for the first time," "preparing to/currently restarting a business after failure," or "starting a business while working/studying"), accounting for 13.17%. Non-entrepreneurs (defined as "full-time students," "unemployed and looking for work," "unemployed and not looking for work," "temporary workers," or "permanent workers") numbered 10,217, accounting for 86.83%.

Among respondents, 13.5% of men and 12.4% of women were entrepreneurs,

with men slightly higher than women, though the difference was not statistically significant .

Across age groups, the 15-and-under and 56-and-over groups had low numbers and poor representativeness. Among the remaining four groups, the proportion of entrepreneurs increased with age : the 46-55 age group had the highest proportion at 22.1%, followed by 36-45 at 15.4%, 26-35 at 14.0%, and 16-25 at 10.1%. However, the 26-35 age group constituted the largest share of entrepreneurs at approximately 40% (39.5%), followed by the 16-25 group at over one-third (33.8%), the 36-45 group at 14.2%, and the 46-55 group at 5.8%.

Across education levels, the proportion of entrepreneurs was similar across groups except for doctoral degree holders . Among doctoral degree holders, the entrepreneurship rate was as high as 42.4%, while those with junior high school education or below had the lowest rate at 11.5%. The proportions for medium education levels and master' s degree holders were slightly above the average of 13.2%, while junior college and bachelor's degree holders were slightly below average, though the middle four groups were very close.

Across household registration types, non-local registered entrepreneurs outnumbered local ones . Among local registrants, urban and rural household registration holders had identical entrepreneurship rates of 11.6%, both lower than non-local registrants. Among non-local registrants, rural household registration holders had higher rates than urban ones at 17.4% and 15.8%, respectively. However, among all entrepreneurs, rural household registration holders accounted for a higher proportion than urban ones, with local rural registrants being the highest at 31.7% and non-local urban registrants the lowest at 17.1%.

3.2. Potential Entrepreneurs

The survey examined non-entrepreneurs' "interest in entrepreneurship," "likelihood of starting a business within three years,"and "preparation for entrepreneurship." Over half of respondents expressed interest in entrepreneurship: 12.4% were "very interested" and 42.1% were "somewhat interested," totaling 54.5%. Those with "average" interest accounted for 32.1%, while those "not very interested" or "not interested at all" accounted for 10.2% and 3.2%, respectively, totaling 13.5%—less than 15%.

Among respondents, 7.4% indicated they would "definitely" start a business within three years, and 28.1% said it was "very likely," totaling 35.5%. Those who were "uncertain" accounted for 42.1%, while those who thought it was "basically impossible" or "completely impossible" accounted for 17.5% and 4.8%, respectively, totaling 22.3%—slightly over 20%.

Regarding preparation, 6.2% of non-entrepreneurs were making "full preparation" for entrepreneurship, and 29.3% were making "some preparation," totaling 35.5%. Those with "average" preparation accounted for 33.1%, while those with "basically no preparation" or "no preparation at all" accounted for 24.1% and

7.3%, respectively, totaling 31.4%.

3.3. Entrepreneurial Motivation

The survey examined both entrepreneurs' motivations and non-entrepreneurs' potential reasons for starting a business. As shown in , entrepreneurs' and non-entrepreneurs' motivations were similar. Among entrepreneurs, 13.9% started businesses because "jobs are hard to find, so I decided to work for myself" and 23.5% because "my current job is unsatisfactory, so I want to try starting a business," totaling 37.9% who started businesses due to employment difficulties. Those who chose "I don' t want to look for a job; I' ll try entrepreneurship first to see if I can make it" accounted for 24.0%. Those who chose "my work and development are good, but I want greater development through entrepreneurship" accounted for 23.0% among entrepreneurs and 27.4% among non-entrepreneurs (higher for non-entrepreneurs). Both groups equally chose "the state strongly encourages entrepreneurship, and I see it as an opportunity" at 12.5%. Entrepreneurs who chose "friends and relatives encouraged me to join their venture" accounted for 3.2%, while non-entrepreneurs choosing this option accounted for 4.9%. Combining the six motivation types into three categories, 37.9% started businesses due to employment difficulties, 44.8% abandoned employment for entrepreneurship, and 17.4% were motivated by policy or others.

3.4. Entrepreneurial Success and Failure

Among surveyed entrepreneurs, 12.7% considered their ventures very successful and 17.5% somewhat successful, totaling approximately 30% (30.2%). Those who rated their success as "average" accounted for 41.6%, while those who considered their ventures not very successful or not successful at all accounted for 22.3% and 5.9%, respectively, totaling less than 30% (28.2%).

Among non-entrepreneurs, 2.6% believed their probability of success if they started a business would be 0%, 19.2% estimated 10%-20%, and 29.5% estimated 30%-40%—meaning over half (51.3%) believed the probability of failure would exceed that of success. Those who believed the probability of success was 50% accounted for 29.3%. Those who believed success probability was 60%-70% accounted for 13.5%, 80%-90% for 4.0%, and 100% for 1.9%, meaning those who believed their probability of success exceeded failure totaled 19.4% [Figure 2: see original paper].

Entrepreneurs and non-entrepreneurs held similar views on factors affecting entrepreneurial success, with personal ability and network experience being the most selected options: 32.5% of entrepreneurs and 33.6% of non-entrepreneurs chose personal ability, while 27.8% of entrepreneurs and 30.1% of non-entrepreneurs chose network experience. Innovative thinking came next, chosen by 14.8% of entrepreneurs and 13.1% of non-entrepreneurs, followed by professional technology at 12.8% and 9.2%, respectively .

3.5. Innovation and Entrepreneurial Ability

Entrepreneurs and non-entrepreneurs scored 3.55 and 3.29, respectively, on a 5-point innovation capability scale, with entrepreneurs scoring significantly higher than non-entrepreneurs (F=173.98, p=0.000). Analysis revealed that innovation capability was significantly positively correlated with entrepreneurs' self-assessed success (r=0.310), with stronger innovation capability associated with greater entrepreneurial success. Innovation capability was also significantly positively correlated with non-entrepreneurs' entrepreneurial intention (r=0.379), with stronger innovation capability associated with higher entrepreneurial intention.

A survey of entrepreneurs' business types found that most chose traditional business forms. Only 20% chose entirely new business forms. Among traditional businesses, approximately 20% had technological innovation, 15.5% had operational innovation, 25% had new resource advantages, and about 10% were traditional businesses without innovation. Among non-entrepreneurs, if they were to start businesses, the highest preference was for traditional business forms with resource advantages, followed by entirely new business forms, then traditional business forms with technological or operational innovation, with traditional business forms without innovation being the least preferred.

3.6. Entrepreneurial Environment

Only 6.8% of respondents believed the current environment is very suitable for entrepreneurship, while 28.4% considered it somewhat suitable. Conversely, 3.7% considered it very unsuitable and 19.2% not very suitable, with the remaining 41.9% rating it as average. Analyzing entrepreneurial and non-entrepreneurial groups separately, entrepreneurs were less likely than non-entrepreneurs to rate the environment as very suitable (6.1% vs. 11.2%) or somewhat suitable (27.7% vs. 33.4%).

An 8-item scale was used to assess entrepreneurial risk perception among a subset of respondents (3,008 individuals). Results showed that on a 5-point scale, non-entrepreneurs had a mean score of 3.00, while entrepreneurs had a mean score of 2.92, with a significant difference between groups (F=4.90, p=0.03), indicating that non-entrepreneurs perceived higher entrepreneurial risk than entrepreneurs. Both groups' risk ratings approached the medium-risk level.

4. Conclusion and Discussion

The data analysis above attempts to answer several questions.

4.1. Social Transformation Requires "New-Type Entrepreneurs"

The first question is whether current "new-type entrepreneurs" and "new-type workers" exist who are analogous to those who drove modern social transformation and embodied the "spirit of capitalism." Do contemporary entrepreneurs

have the innovative drive or innovative personality to push them toward entrepreneurship? As a national innovation, economic and social transformation cannot be the act of a minority, nor can it be driven and undertaken by a minority alone. It must be a collective action of the entire society and will be manifested as the social mentality of the era. From the current composition of entrepreneurs, although youth constitute the main body of entrepreneurs, the proportion of young entrepreneurs is not high and is even lower than that of middle-aged individuals. Across education levels, the proportion of entrepreneurs is very similar, and except for the small doctoral sample, higher-educated individuals are not more likely to become entrepreneurs than those with medium or primary education, indicating that education' s impact on entrepreneurship is not obvious. Regarding entrepreneurial motivations, nearly 40% of individuals view entrepreneurship as a passive choice due to unsatisfactory employment or employment difficulties, over 40% make active choices, and about 20% are motivated by policy or others. Among all entrepreneurs, rural household registration holders account for a higher proportion than urban ones, and non-local registrants outnumber local ones. These data do not strongly support the realization of the current era' s innovation and entrepreneurship-driven economic and social transformation. Therefore, future macro-policies need to further stimulate youth entrepreneurship and innovation vitality and promote entrepreneurship and innovation among highly educated groups, enhancing innovation awareness so that innovative concepts become deeply rooted and can stimulate innovation and entrepreneurship energy throughout society.

4.2. Society Needs to Vigorously Cultivate an Entrepreneurship and Innovation Environment

The second question we sought to answer is whether current society possesses the foundation for entrepreneurship and innovation and whether an entrepreneurship and innovation environment and atmosphere have formed. The survey shows that 12.4% of non-entrepreneurs are "very interested" in entrepreneurship, 7.4% will "definitely" start a business within three years, and 6.2% of non-entrepreneurs are making "full preparation" for entrepreneurship. These data indicate a gap between potential entrepreneurs and the government-promoted mass entrepreneurship initiative. Moreover, entrepreneurs are less likely than non-entrepreneurs to rate the environment as very suitable for entrepreneurship (6.1% vs. 11.2%) or somewhat suitable (27.7% vs. 33.4%). One reason for entrepreneurs' low rating of environmental suitability is the low success rate of entrepreneurship. Entrepreneurs who consider their ventures very successful or somewhat successful total only 30.2%. Non-entrepreneurs who believe they would have an 80% or higher probability of success account for only 5.9%. The results show that on a 5-point scale, non-entrepreneurs had a mean score of 3.00 and entrepreneurs 2.92, with a significant difference ($F=4.90$, $p=0.03$), indicating that non-entrepreneurs perceive higher entrepreneurial risk than entrepreneurs. These findings demonstrate that a favorable entrepreneurial environment has not yet formed, at least not as a primary career choice in public

perception. Society needs to work hard to create an innovation and entrepreneurship environment. The key is to reduce entrepreneurial risk, provide basic conditions for entrepreneurs, improve entrepreneurs' risk management capabilities, emphasize entrepreneurial ability training, and provide entrepreneurship incubation and support bases suitable for different entrepreneurs to generate greater interest in entrepreneurship.

4.3. Stimulating Mass Entrepreneurship Must Be Based on Mass Innovation

The third question is how to guide entrepreneurs and entrepreneurial behavior. The survey found that innovation is an important factor affecting entrepreneurship. Both entrepreneurs and non-entrepreneurs scored slightly above the medium level on the innovation capability scale, with entrepreneurs scoring significantly higher than non-entrepreneurs. The stronger entrepreneurs' innovation capability, the higher their self-rated entrepreneurial success. The stronger the innovation capability, the stronger the entrepreneurial intention. However, the proportion of entrepreneurs choosing innovative ventures is not high; for example, only 20% chose entirely new business forms. Among non-entrepreneurs, if they were to start businesses, the highest preference was for traditional business forms with resource advantages. Both entrepreneurs and non-entrepreneurs most frequently selected personal ability and network experience as factors affecting entrepreneurial success, with lower proportions selecting innovative thinking and professional technology. Therefore, policy efforts to promote mass entrepreneurship must be based on broader innovation, starting with cultivating individual innovation capabilities to gradually foster an innovative society and innovative personality, promoting institutional innovation, and organically integrating technological innovation and information technology development with people' s innovative behavior to form the core driving force of mass entrepreneurship.

References

1. Piotr Sztompka. *The Sociology of Social Change*. Translated by Lin Juren et al. Beijing: Peking University Press, 2011.
2. Peter Wallace Preston. *Development Theory: An Introduction*. Translated by Li Xiaoyun, Qi Gubo, and Xu Xiuli. Beijing: Social Sciences Academic Press, 2011.
3. Alex Inkeles and David H. Smith. *Becoming Modern: Individual Change in Six Developing Countries*. Translated by Gu Xin. Beijing: China Renmin University Press, 1992.
4. McClelland D. *The Achieving Society*. New York: Free Press, 1961.

Author Biography

Wang Junxiu is Director of the Department of Social Psychology at the Institute of Sociology, Chinese Academy of Social Sciences, and a research fellow and doctoral supervisor. He serves as Editor-in-Chief of *Blue Book of Social Mentality* and *Blue Book of Auto Society*. His main research areas include social mentality, social space, surveillant society, risk society and risk perception, and auto society studies. E-mail: casswjx@163.com

Note: Figure translations are in progress. See original paper for figures.