



Research on the relationship between the Start-up Companies and the Quality of Entrepreneurs

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ABSTRACT

The development of small enterprises has always been the focus of economic departments in various countries. One of the important factors affecting the smooth transition of start-up companies in various stages of development is the quality of entrepreneurs. This paper will explore the various stages of the development of startups, and study the role of entrepreneurial quality in the development process of companies. Finally, it will put forward relevant suggestions on how to promote the stable development of startups and improve entrepreneurial quality.

1. Introduction

Entrepreneur refers to a kind of person who has a series of unique qualities and abilities and is specialized in the complex work of enterprise judgment, decision-making and management, and receives remuneration accordingly. They are in the position of decision-makers in the enterprise and formulate various strategies to guide the progress and development of the enterprise. High quality entrepreneurs can win the market for enterprises with correct decisions and achieve brilliant business performance. On the contrary, if the quality of enterprise leaders is low and they lack professional knowledge and sense of responsibility, they will lead to decision-making mistakes and bring the enterprise into difficulties. It can be seen that the operation and development of enterprises are closely related to the quality of entrepreneurs themselves.

2. Literature review

2.1 About the development stage of small enterprises

In the modern market economy environment, small enterprises generally experience the development process from the beginning to bankruptcy. Many scholars have conducted more specific research on this process according to different classification standards and research methods. Among them, Leahy and Churchill (1983) took the lead in studying this problem, and they divided this process into five stages: "from scratch, survival, success, takeoff and maturity" by using the decision tree model

In 1994, Eggers, Leahy and Churchill further subdivided the "success" stage into "stability" and "growth", expanded the development process of start-ups into six stages, and proved a hypothesis that "enterprises may not go through these stages continuously, they may achieve leapfrog development or retrogression". Further research by Solymossy and Penna (2001) found that such leapfrog development or regression is easy to occur when enterprises are facing adjustment or crisis.

2.2 About the quality of entrepreneurs

Davidson et al. (2006) emphasized the correlation between entrepreneurship and economic development, and advocated promoting entrepreneurship in society to provide spiritual help for economic development,

Kutzhanova et al. (2009) believed that entrepreneurs should master entrepreneurial skills and constantly learn and improve entrepreneurial skills in the process of enterprise development.

Barringer et al. (2005) found that the quality, corporate attributes, business practices and human resource management practices of the company's founders are important to help the company achieve rapid growth.

3. Research background and significances

Since the development of commodity economy, the number and quality of SMEs in the global market have been developing. Small and medium-sized enterprises (SMEs) are the capillaries of a country's economy and play an important role in improving labor productivity, promoting market competition, narrowing the income gap and expanding employment. However, in recent years, the development and operation of SMEs are not optimistic. In terms of the external environment, the COVID-19 epidemic has been repeated and the global economy has declined; The developing countries have come to the Lewis turning point, the demographic dividend has gradually declined, and the developed countries have a serious aging population and lack innovation momentum; Financial deleveraging, trade frictions and other events have made the external environment for the development of SMEs worse. From the perspective of SMEs themselves: SMEs have been in a weak position in the industrial chain for a long time, and their bargaining power is insufficient; The modern governance of the company is insufficient and the human and financial resources are limited; The lack of top level design and leading executive agency for small and medium-sized enterprises with strong landing ability has shortened the survival cycle of small and medium-sized enterprises, lowered their credit level and encountered bottlenecks in production and operation.

With the continuous development and improvement of the market economy system, modern society has put forward higher requirements for the quality of entrepreneurs. The reason why SMEs encounter all kinds of difficulties is that they have not broken through the bottleneck for a long time, that is, the pilot of SMEs is not competent enough to seize opportunities. The core of the quality of small and medium-sized enterprises is the quality of entrepreneurs. Entrepreneur is the soul of small and medium-sized enterprises and the concentrated embodiment of their personality charm. A small and medium-sized enterprise without entrepreneurs of high quality is like a team without a good coach. Entrepreneurs create small and medium-sized enterprises, and then become growth oriented enterprises. They decide the development direction and future of enterprises. Successful SMEs always have high quality, visionary and successful entrepreneurs, and the failure of SMEs is naturally caused by the lack of quality of entrepreneurs. It can be concluded that the development potential of small and medium-sized enterprises is positively related to the quality of the person in charge of the enterprise. Some of the qualities of small and medium-sized entrepreneurs are innate, some are formed through training, and some are enhanced through practice and training based on talent. Therefore, in order to help SMEs overcome difficulties and achieve a smooth transition at all stages of development, it is required that potential entrepreneurs in SMEs of the government be trained into real entrepreneurs with entrepreneurial quality, so as to help the prosperity of the real economy.

4. Review analysis

In the Case Study of Entrepreneurship Skills for Growth Oriented Businesses, Professor Thomas Cooney studied "how small enterprises become growth oriented enterprises". He first stated that the obstacles to the development of small enterprises mainly come from internal and external aspects, and further discussed how to overcome these obstacles, namely, what entrepreneurial skills entrepreneurs need (technology, management, entrepreneurship and personal maturity). Then, he put forward his own views and suggestions on the issue of "how national or international institutions train entrepreneurs and cultivate entrepreneurial skills", and gave effective examples to prove his views. Finally, Professor Thomas Cooney also raised his own concerns and future prospects for this topic.

In a Case Based Analysis of *The Stages of Entrepreneurial Growth: a Preliminary Study* by William Naumes, Margaret J. Naumes&Michael Merenda

Based on the entrepreneurial growth model proposed by Eggers and Churchill and through literature survey, the three scholars established the growth stages of start-ups and enriched the connotation of each stage, matched the actual situation of five entrepreneurial entities with the growth stages in theory, and tested and improved the entrepreneurial growth model by tracking their development path.

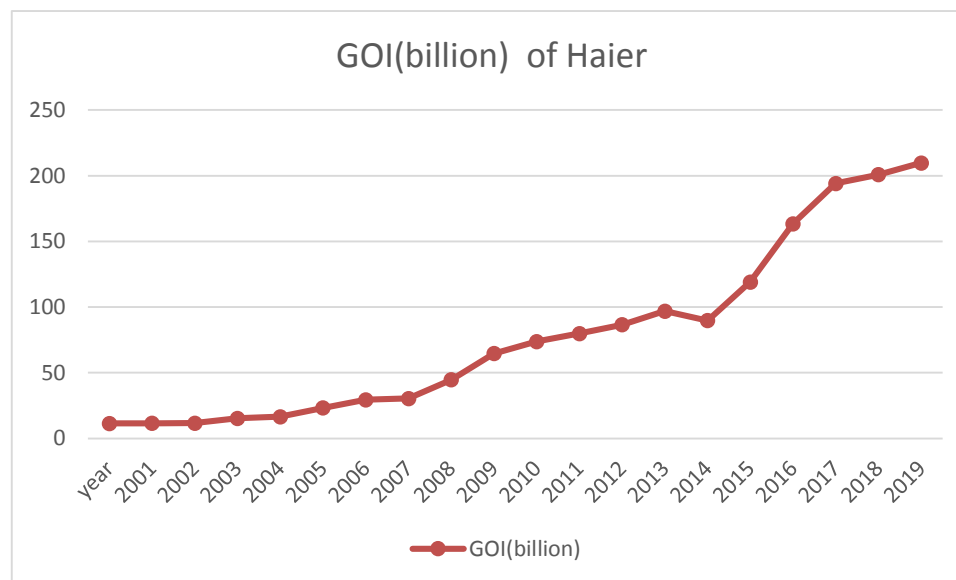
Both case studies emphasize the important role of small enterprises in the economy, but they are discussed from different perspectives. The former starts from entrepreneurs, while the latter starts from the stage of enterprise development. The ultimate purpose of both is to help small enterprises develop through research and analysis.

5. Discussions and conclusion

Combined with the two case studies, we can find that there seems to be a certain correlation between entrepreneurial literacy and the smooth transition of start-up companies in the growth stage. Next, we will empirically analyze the relationship between them.

We take Haier Group as an example: Haier Group was founded in 1984. In the 35 years since 1984, Haier Group has developed from a small collective factory that is insolvent and is on the verge of bankruptcy into an ecosystem leading the era of the Internet of Things, becoming the first Internet of Things ecological brand among BrandZ's top 100 global brands to enter the top 100. On January 10, 2019, Euromonitor International, the world's authoritative market research organization, showed that Haier had been ranked "No. 1 in retail sales of large household appliance brands in the world" for 10 consecutive years (2009~2018).

Haier started as a star entrepreneur Zhang Ruimin smashed the refrigerator. On a certain day in December 1985, Zhang Ruimin, then the director of Qingdao Haier Refrigerator General Factory, received a letter from a consumer, reflecting that Haier's refrigerator had quality problems. After Zhang Ruimin led people to inspect the warehouse, 76 refrigerators were found to have quality defects from more than 400 refrigerators. Zhang Ruimin immediately summoned all the staff to smash the "problem" refrigerator with a sledgehammer in public. After that, under the leadership of entrepreneur Zhang Ruimin, Haier achieved leapfrog growth in operating income through reform and transformation, and became the most representative household appliance enterprise in China.



Based on the case of Haier Group and entrepreneur Zhang Ruimin, we can draw the following conclusions: Haier Group is facing the same challenges as other small enterprises (lack of funds, backward management, etc.) at the place where it was founded. Haier Group is in the second stage of the entrepreneurial growth model -- the "survival stage". But with Zhang Ruimin's excellent entrepreneurial qualities (entrepreneurship, technology, management, etc.), It has achieved a leap in the stages of "stability" - "success" - "maturity", so there is a strong positive correlation between the development of start-up companies and the quality of entrepreneurs.

Therefore, we can give the following suggestions: the government should focus on improving the living environment of small and medium-sized enterprises, and increase the support of land, finance, technology, market and other aspects; Improve the market service system, timely deal with the policy problems encountered in the development of enterprises, and promote the flow of talents, technology, information and other production factors; Strengthen the

ability training of enterprise managers, cultivate high-quality entrepreneurs, change the enterprise management system, and strengthen the investment in talent training and scientific and technological innovation. At the same time, entrepreneurs should also strengthen self-cultivation and strive to improve their own quality. They should keep learning in the practice of production and operation, master modern enterprise management theory, be good at analyzing market dynamics, improve management level, and strive to become entrepreneurs with excellent entrepreneurship, innovation and management quality.

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