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## Investigation of Current Returned Students' Entrepreneurial Environment in China

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### Abstract

One of the critical points of Chinese returned students' entrepreneurship task is how to match distinguished external environment with their entrepreneurial development ability. In order to get the development status of Chinese returned students' entrepreneurship, this paper investigates and analyzes the entrepreneurial environment and policies of various regions in China from the perspective of policy and environment. Through data compilation and coding analyses of the questionnaire survey of 357 different levels and departments' returned students' entrepreneurial policies, 1188 entrepreneurs, and 436 administrative staffs, we obtain returned students' entrepreneurial team composition, status of their entrepreneurship development, cognition of entrepreneurship environment, and effectiveness of entrepreneurship policies, etc.. Based on existing problems, this paper gives some suggestions for further improving and optimizing Chinese returned students' entrepreneurial environment.

**Key words:** Returned students; Returned students' entrepreneurship; Entrepreneurial environment

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Ever since the implementation of the reform and opening-up policy, especially the "Recruitment Program of Global Talents", more and more overseas students decide to return to China to serve the country. Meanwhile, a series of supporting policies have been carried out which strongly stirred up returned students' entrepreneurship enthusiasm. Returned students' entrepreneurial activities are increasing dynamically. At present, there are around 160 different kinds and levels pioneer parks in China with more than 10, 000 enterprises in them and about 20, 000 returned students working there. A group of companies, for example, Vimicro, UTStarcom, and Suntech, are growing rapidly.

However, returned students not only have to face numerous complicated challenges during their entrepreneurial process, for instance, ubiquitous risks, changes, and inconsistency that normal businesses have, but also the "Darwin Sea" that technological enterprises are difficult to go across -- the wide gap between technique supply and commercial demands. In the early days of entrepreneurship, they still have to face many salient issues such as be acquainted with domestic market environment as fast as possible, learn and understand state laws and regulations, and acclimatize themselves to domestic entrepreneurship innovation culture, etc.. How to further perfect returned students' entrepreneurial environment and policy system and how to improve the livability and success rate of returned students' entrepreneurship when increase efforts to introduce talents is one of the urgent tasks of talent introduction work at present and in near future.

### 1. MAIN FINDINGS

Entrepreneurship is an open system and a complex process that enterprise highly implants itself to external environment. Hereinto, entrepreneurial team, entrepreneurial environment, and entrepreneurial policies

are three main elements influencing the success and failure of entrepreneurship. In this connection, the research group of Chinese academy of personnel science carried out a two-year research and investigation upon the above mentioned aspects by using Global Entrepreneurship Monitor (GEM) model as main analysis tool. The survey has received 1,188 returned student entrepreneurs'<sup>1</sup> entrepreneurial environment questionnaires and 436 related governmental administrative staffs'<sup>2</sup> entrepreneurial environment questionnaires. There are 556 returned student entrepreneurs filling in the subjective feeling questionnaire. 76 returned student entrepreneurs have been interviewed individually. In addition, the research group has compiled and analyzed 357 different levels and types returned students' entrepreneurial policies. The main findings are as below:

### **1.1 Entrepreneurial Team Is the Principal Form of Returned Students' Entrepreneurship; Returned Students' Subjective Perception and Enterprises' Development Performance Are in Favorable Status.**

As the survey showed, returned student entrepreneurs' companies are mostly in the starting stage and their team members own 50.4% company shares in average. In the initial stage of entrepreneurship, the average number of entrepreneurial team members is 6.92 (people). The cohesion of entrepreneurial team has been evaluated highly with the average points 4.14 (the full score is 5) which reflects that returned student entrepreneurial team members have the same targets, team spirit, and relative good leadership and organizational culture.

Returned student entrepreneurs have high job satisfaction (4.11 points), career satisfaction (4.12 points), and happiness (3.74 points)<sup>3</sup>. There are 54.4% returned students indicate that they are satisfied with their job achievement and social status and 55.2% think they are very satisfied.

Through subjective assessment of entrepreneurial companies' profitability, development prospect, marketable value, and competitive position, the result shows that returned student enterprises' development performance rated comprehensively 3.67 points (the full score is 5) meaning that they have gained comparatively a good company development performance in total.

As to the specific performance, valid sample enterprises' sales have increased steadily from 2006's ¥2,306,307 (Chinese Yuan) to 2008's ¥2,542,907 (Chinese Yuan) in average; the average staff number has also increased from 205 (people) in 2006 to 303 (people) in 2008 which shows that the scale of employees is continuously expanding.

### **1.2 Entrepreneurial Environment Has Been Improved Increasingly; Returned Students and Administrative Staffs Have the Same High Consistency in Concerns and Expectation.**

The research group's investigation and analysis based on the GEM model<sup>4</sup> shows in the significance evaluation of Finance, Government policies, Government programs, Entrepreneurial education and training, R&D transfer, Commercial and professional infrastructure, Entry regulation, Physical infrastructure and services, and Cultural and social norms, returned students and administrative staffs both think government policies, finance, R&D transfer, and Government programs are the most important factors influencing entrepreneurial activities. The satisfaction upon Physical infrastructure and services, Cultural and social norms, and government programs is relatively higher than others. ANOVA shows that there is no significant variation between returned students and administrative staffs. However, returned students' evaluation upon every dimensionality's significance and satisfaction is higher than administrative staffs' in average (Table 1).

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<sup>1</sup> Returned student entrepreneur is: returned student who holds overseas diploma and also the main founder of an enterprise (Start-ups) or company manager (grafted companies).

<sup>2</sup> Administrative staffs are staffs working in government departments or employees who work at high-tech business incubators in charging of returned students' entrepreneurial management and services.

<sup>3</sup> The scoring range of job satisfaction, career satisfaction, and happiness is 1 to 6 points.

<sup>4</sup> GEM is short for the Global Entrepreneurship Monitor (GEM). It was jointly initiated by the London Business School and Babson College. It aims at studying global entrepreneurial policies and evaluating national entrepreneurial policy research programs. Until 2010, there are 59 countries participating in this project. It mainly measures Finance, Government policies, Government programs, Entrepreneurial education and training, R&D transfer, Commercial and professional infrastructure, Entry regulation, Physical infrastructure and services, and Cultural and social norms. For more, see <http://www.gemconsortium.org>

**Table 1**  
**Returned Students' and Administrative Staffs' Evaluations Upon Entrepreneurial Environment Significance and Satisfaction (5-Point Scale)**

Returned students' evaluation	significance	satisfaction	Administrative staffs' evaluation	significance	satisfaction
Finance	<b>4.04</b>	3.26	Finance	<b>3.93</b>	3.17
Government policies	<b>4.07</b>	3.32	Government policies	<b>3.95</b>	3.27
Government programs	<b>4.03</b>	<b>3.40</b>	Government programs	<b>3.92</b>	<b>3.35</b>
Entrepreneurial education and training	3.78	3.15	Entrepreneurial education and training	3.78	3.06
R&D transfer	<b>4.03</b>	3.36	R&D transfer	<b>3.90</b>	3.15
Commercial and professional infrastructure	3.95	3.26	Commercial and professional infrastructure	3.86	3.21
Entry regulation	3.91	3.29	Entry regulation	3.79	3.20
Physical infrastructure and services	3.95	<b>3.45</b>	Physical infrastructure and services	3.85	<b>3.43</b>
Cultural and social norms	3.98	3.42	Cultural and social norms	3.84	3.34

Further analysis has shown that companies in different development stages have different requirement focuses on entrepreneurial environment. Compared with enterprises in initial stage and growth stage, companies in mature stage pay more attention on R&D transfer; compared with initial stage enterprises, enterprises in growth and mature stages emphasize Cultural and social norms more which reflects that returned student entrepreneurs need more supports and standards from society when their companies are still in initial stage. Enterprises in growth stage have much higher satisfaction in almost all dimensionalities than those in initial stage except the satisfaction which shows no significant difference with initial stage enterprises' on "education and training".

Comparing with each sample city's satisfaction of "government policies" and "government programs", Shanghai and Dalian's are observably higher than Beijing and other cities'. Shanghai's satisfaction on "finance" is much higher than Beijing and other cities'.

### 1.3 Entrepreneurial Activities Are Becoming More and More Complex; the Requirement on Diversified and Professional Entrepreneurial Services Is Much Higher.

Entrepreneurship is not a simple action. It is a combined concept including a series of actions and measures. In specified entrepreneurial activities, entrepreneurs' cognition upon opportunities, and attitude on various kinds of resources, especially strategies they used in interaction with environmental factors, have provided another angle of view for understanding and holding entrepreneurs' actual demands. In order to better understand the development status of returned student entrepreneurs, the research group set up an entrepreneurial activity centered microcosmic entrepreneurial environment model which contains operation management, decision making and consulting, locations, cultural elements, policy elements, infrastructures and inconveniences of entrepreneurial activities. The results of the survey shows:

(1) Marketing/sales, personnel recruitment, and

technology research and development are the most serious issues in current returned student enterprises' management and operation.

(2) Clients are the most important providers of business decisions on returned students' newly set up enterprises. Then on the second place are the management team, accountants, high-tech zones/pioneer parks, suppliers, and banks, etc..

(3) The ability of recruiting qualified employees, plant cost, transportation/communications, Pioneer Park's image to the public, and location advantages and so on are the location elements that returned students care about most when select entrepreneurial places.

(4) Government support, cooperation between colleges and companies, intensity of qualified engineers' living locations, the knowledge acceptance level of local residents upon innovations, the attention paid by the residents on education, the possibility for employing qualified engineers, residents' consumption ideas, etc. are important culture elements recognized by returned student entrepreneurs.

(5) Intellectual property protection, financial support degree for scientific research projects, preferential tax level, financial support of start-up capital for entrepreneurs, financing channel unobstructed degree, laws and regulations enforcement conditions, science and technologies popularization degree and so on are significant policy elements for returned student entrepreneurs.

(6) High technology enterprise incubation facilities, communication network quality, density of regional railways and roads, internet popularization level, social counseling organizations for entrepreneurship, numbers of universities, etc. are important infrastructure factors.

(7) Returned students thought that the most inconvenient factors are: firstly, the faultiness public infrastructure; and secondly, entrepreneurs lack of communication with each other, most of them have higher living cost, and they do not have the sense of belonging.

### 1.4 The Policy System Gradually Takes Shape But Lacks of Top-Level Design, There Are Also “Similarity” and “Fragmentation” Phenomenon.

Generally speaking, Chinese returned students’ entrepreneurial policy system is gradually set up. Until August 2010, the research group had collected 357 entrepreneurial policies for returned students from different levels and types. These policies cover preferential tax, intellectual property protection, risk-free financial support, risk capital support, individual development, family member settlement, enterprise registration, entrepreneurship guidance, and border entry and exit control and so on. Based on the GEM model,

the research group refined the entrepreneurial policy analysis indicators according to “general conditions” and “supporting measures” in order to do content analysis and encoding on the collected 357 policies. Thereinto, “general conditions” include: education degrees, government supported or self-financed study (abroad), title (before going abroad), patent, age, study duration, Permanent residence qualification, industry/profession, and other indicators; “supporting measures” contain financial support, non-financial support, government actions, entrepreneurial and commercial skills, research and development support and other related indicators (Table 2).

**Table 2**  
**Entrepreneurial Policy Analysis Indicators**

Content	Details	
General Conditions	education degrees, government supported or self-financed study (abroad), title (before going abroad), patent, age, study duration, Permanent residence qualification, industry/profession, etc.	
Supporting measures	Financial support	Preferential tax, various allowances, non-risk financial support, risk capital support
	Non-financial support	Individual development, family member settlement, enterprise registration, enterprise operation process, incubation, border entry and exit, personal income
	Government actions	Protection of intellectual property, buy new products, support achievement transform, material and spiritual awards
	Entrepreneurial and commercial skills	Entrepreneurial training, enterprise development
	Research and development support	Information network platform, cooperation with colleges and universities
Remarks	Policy objects and application scope	

Analysis on “general conditions” has shown that: most related policies encourage introduction of talents with bachelor degree or above (61%) but do not give explicit restriction on title (63%), further study (64%), age (88%), patent (81%), permanent resident (79%), and industry requirement (69%). In the 31% related policies which have requirement on industry, finance, management, high-tech, emerging industry, electronic information, environmental protection, and energy are encouraged.

Analysis on “supporting measures” has shown: entrepreneurial policies are mostly connected with financial and non-financial support. “Non-financial support” includes family member settlement, enterprise registration preferences, preferences for enterprise operation process, and border entry and exit preferences. “Financial support” contains various allowances, preferential tax, risk-free financial support, and risk capital support. However, supports or preferential policies concerning about “government actions”, “entrepreneurial and commercial skills”, and “research and development support” are a few.

## 2. PROBLEMS AND CHALLENGES

### 2.1 There Are Still Some Distances Between the Current Entrepreneurial Condition and Expectations; “Education and Training”, “Finance” and “Commercial and Professional Infrastructure” Are in Urgent Need to Be Strengthened.

From comparative analysis on returned student entrepreneurs’ evaluations on entrepreneurial environment significance and satisfaction, the satisfaction scores are lower than the significance scores. The satisfaction scores are 3.06 – 3.43 among all dimensionalities which shows that there are still certain distances between current entrepreneurial environment and returned students’ expectations. Relatively speaking, the evaluations on “Physical infrastructure and services”, “Cultural and social norms”, and “government programs” are high while those on “education and training”, “finance”, and “commercial and professional infrastructure” are low.

As statistics show, the average number of entrepreneurial director board members is 4.95 (people).

The director board members are mainly external risk investors (287 people's choices), private investors (619 people's choices), banks (233 people's choices), and development funds (137 people's choices). This has reflected that current returned student entrepreneurs' financing are is mainly from external investors apart from self financial accumulation. Investments from other large invest organizations are relative less. The difficulty in financing is still a serious problem that returned student entrepreneurs have to face during the initiating stage.

"Commercial and professional infrastructure" cannot meet the requirement of returned student entrepreneurs. It is mainly reflected at lack of entrepreneurial development strategies, management consultancy, public relations, legal affairs, tax-related services, human resource, labor relations and other professional services.

In addition, we need to pay attention to returned student entrepreneurs' entrepreneurial ability training. No matter the significance or the satisfaction, "education and training" has the lowest score in GEM nine dimensionalities. There are only 29 out of 375 policies mention education and training. However, it is very necessary to train returned students to help them cross the "Darwin Sea" as soon as possible and complete the transformation from "scientists" to "entrepreneurs". This issue's every aspect should be paid great attention to.

## **2.2 Entrepreneurial Policies Lack of Systematicness and Pertinence; Their Current Effectiveness Have Not Been Given Full Play.**

From the data sorting result of entrepreneurial policies and evaluations on returned students' entrepreneurial environment, it can be seen that current supporting policies relating entrepreneurship mainly focus on improving general external environment or resolving common issues during entrepreneurial activities but not pay too much attention on incubation measures of entrepreneurial activities, career management of entrepreneurs, or development of entrepreneurial ability, etc.. Meanwhile, the systematicness, pertinence, and implementation of these policies are not strong enough. There are several situations existing currently:

**(1) The significance score is higher/normal, satisfaction score is lower, and related policies are plenty.** The "finance", "government policies", "Commercial and professional infrastructure" of the GEM model are important elements recognized by returned

students. However, they only have lower scores than other elements and the D-value between the significance and satisfaction is large. Although many policies mention various risk and non-risk capital support for returned students, preferential tax, preemption of products, simple and convenient registration formality for new companies, reduction of fees and so on, entrepreneurs do not have high satisfaction upon these aspects. It is thus clear that related policies have not been carried out effectively, or the supports offered are far less than the practical needs of entrepreneurs.

**(2) The significance score is high, satisfaction score is normal, and related policies are few.** Returned students normally think "government programs" and "R&D Transfer" are very important. However, as research found, there are only few policies regarding the two aspects. Support from Pioneer Park and incubator, whether the company can get projects or project support offered by policies, scientific research platform, opportunity of technology transfer and financial support are all very essential for newly set up enterprises. However, through analysis on 357 entrepreneurial policies, we only found 15 policies mention the incubation qualification of Pioneer parks, 18 policies mention the information network platform, 26 policies refer to giving priority to returned student entrepreneurs' products transformation and related contents do not appear in most policies.

**(3) The significance score is normal, satisfaction score is relative high, related policies are plenty.** The D-value between the significance and satisfaction of "Physical infrastructure and services" is relative small and by comparison, the evaluation of satisfaction is the highest. This denotes that with the support of national and local governments, different regions' infrastructures have developed greatly, entrepreneurial hardware and environment has attracted returned student entrepreneurs in certain extent.

**(4) Significance score and satisfaction score and both very low and there are few related policies.** No matter the significance or the satisfaction, "Education and training" has the lowest score of all. There are only 29 out of 375 policies mention education and training. However, for returned students who have stayed overseas for a long period, give them related training to help them cross the "Darwin Sea" and accomplish the character transformation from "scientists or engineers" to entrepreneurs. Attention should be paid on this issue from various aspects.

**Table 3**  
**Returned Students' Evaluations and Policy Analysis Correlation (GEM Model)**

Entrepreneurial policy framework	Policy types	Significance (1-5)	Satisfaction (1-5)	D-value	Related policies	Policy amount
GEM Model	Finance	4.04	3.26	0.78	Subsidies and allowances	266
					Risk-free financial support	257
					Risk capital support	155
					Tax preference	165
					Returned students' intellectual property protection	14
	Government policies	4.07	3.32	0.75	Preferentially buy returned student entrepreneur companies' new products	6
					Offer certain material and spiritual awards	122
					Government programs	15
	Education and training	3.78	3.15	0.63	Entrepreneurial training	29
					Information network platform and other facilities	18
	R&D Transfer	4.03	3.36	0.67	Priority support on returned student entrepreneurs' products' transfer	26
	Commercial and professional infrastructure	3.95	3.26	0.69	Registration of new enterprise	180
	Entry regulation	3.91	3.29	0.62	—	—
	Physical infrastructure and services	3.95	3.45	0.5	Enterprise management	142
	Cultural and social norms	3.98	3.42	0.56	—	—

**2.3 Hot and Difficult Issues Are Still Obvious and Some of Them Have Become the Development Bottleneck Restricting Returned Students' Entrepreneurship.**

“Children’s Schooling” is the most referred preferential measurement in various policies. However, the score returned students give on housing and children’s schooling is only 2.70. At present, there are only a few international schools and bilingual schools in mainland China and most of them locate in Beijing, Shanghai and other big cities. Returned students have expressed in the survey that in most circumstances children’s schooling can be the prerequisite for them to go back home and start business or find a job in hometown. Therefore, it should be paid more attention to.

There are different kinds of preferences offered in the aspect of “non-risk financial support”, for example, one time award for entrepreneurship and certain amount of entrepreneurial supporting funds. However, the application procedure of the above mentioned financial support is very complex and the amount of money entrepreneurs can get from them is not so attractive.

Although there are 155 policies suggest that start-up enterprises can get discount loans, financing guarantee and other preferences, due to the lack of fixed assets mortgage and credit guarantee and the insufficient development of Chinese venture capital firms, etc., returned students and their enterprises can hardly get any effective financial

support in fact. However, even there are many policies provide preferential tax for returned students’ enterprises, most of them still think that this kind of preferences needs to be given more.

During the interviews and discussions, returned students have thought that multiple management and working separately are important reasons cause the low effectiveness and disunity of returned students’ entrepreneurship.

**4. Insufficient Entrepreneurial Services and Incubation Support and the Inclination of Focusing on Talents Introduction But Lacking of Support Should Be Further Cleared.**

Returned students think that entrepreneurial service and incubation support can be provided from various aspects. Thereinto, whether the enterprise can get governmental project support, scientific research platform, and opportunity for technology transformation are more important for start-up enterprises. However, from the 357 entrepreneurial policies we can see there are only 15 of them mention the incubation qualification of Pioneer Parks, 18 policies mention the information network platform, 26 policies refer to giving priority to returned student entrepreneurs’ products transformation and related contents do not appear in most policies.

Technology Park/Pioneer Park and other incubators’ function cannot be played well. Some experts have

pointed out that the biggest problem in introducing returned students to start entrepreneurship in China is the insufficient "temperature" of the incubators. Some incubators are more look like property management companies.

Returned students have mentioned in the interviews and discussions that the loss of returned students for the second time is mainly because the insufficiency of support in later stage, incubation and services. These aspects have made introduced talents find the real environment and conditions cannot meet their expectations.

### 3. POLICY SUGGESTIONS

In the next five years, the steady and fast development of Chinese economic and strengthened social constructions will help China take a relative advantageous position in international talents competition; perfection of socialist market economy system and great promotion on comprehensive supplementary reforms of employment system will create comparative favorable opportunities for resolving different levels' deep-seated imbalances and problems; transformation of economic development mode and upgrade of industry transition will given more urgent requirement on high level innovative entrepreneurial talents and also provide more favorable conditions for introducing more returned students; fully implementation of China's Medium- and Long-Term Talent Development Plan (2010–2020) and opener talents policies will create much greater environment and better social atmosphere for returned student entrepreneurs. By summarizing the research results and various aspects' advices, the research group gives the following suggestions:

#### 3.1 Emancipate Mind and Improve Environment Conditions.

(1) Study and formulate returned students entrepreneurial development planning. Clarify target tasks, objects, scope, industrial development focus of introducing returned students to start business in hometown, seek unity of thoughts, specify missions, gather power, fasten development, and improve the position and function of returned students' entrepreneurship in implementing talents strategy for powerful nation comprehensively. It is important for us to treat returned student entrepreneurs introduction as one of the great measures for effectively handling international talents competitions, strengthening high-level innovative talent team construction, and promoting economic development mode transformation.

(2) Establish example database for returned student entrepreneurs. Seriously conclude successful cases of returned students' entrepreneurship, recommend their entrepreneurial experiences, show the example and leadership functions of these enterprise and strengthen publicity and rewards for excellent returned students.

(3) Strengthen research on entrepreneurial patterns and

popularity of entrepreneurial knowledge. Entrepreneurial activities are high-risk. The highest survival rate of start-up enterprises around the world is about 20%. Therefore, regarding entrepreneurial policy design and creation of entrepreneurial environment, we need to pay great attention on the risk, complexity, dynamics, and discontinuity of entrepreneurship, etc. so that to further improve and construct favorable social atmosphere for encouraging enterprises and tolerating failures.

#### 3.2 Industry Drive and Regional Characteristics.

(1) Insist on industry drive. Generally speaking, entrepreneurship is an economic activity which relates to regional industrial distribution, human resource match, regional culture and so on. Therefore, Entrepreneurial policies do not exist independently out of regional industrial policies and social cultural policies. Returned students' entrepreneurship must insist on combining national strategies with regional development planning, regional entrepreneurial policies with regional industrial characteristics, human resource advantages, and cultural characteristics, etc. thus to form a "talents+programs", "talents + industries", and group introduction of talents bringing group development of industries development mode.

(2) Draw up the "Returned Students' Entrepreneurship Industrial Development Guidance Catalogue".

#### 3.3 Make Clear of the Focus of Talents Introduction and Develop Talents.

(1) Make clear of the introduction focus. There is no focus, there is no policy. It is required to make overall plan for both domestic and international resources. When playing the function of domestic talents, the government should also put the focus of talents introduction work and policy resources to high-level technological innovative talents and professionals in short supply, and make use of their example function and leadership influence.

(2) Follow entrepreneurial regulations. Improve the candidate evaluation methods. When evaluating their academic technical levels and industrial prospect, we need to use assessment skills and resume skills and other talents evaluation measures to examine their entrepreneurial competency.

(3) Broaden talents choosing view. The government should pay attention to introducing innovative and high technology talents and strategic new industry's talents as well as talents for improving modern service industry; It should also introduce scientific and technological and engineering science and technology talents, and economic, human cultural, management talents; focuses on introducing talents from European and American countries, and other developing countries.

#### 3.4 Systematic Policies and Market Allocation.

(1) Strengthen the systematicness of entrepreneurial policies and top-level design. Set up the entrepreneurial policy

systematical framework with top-layer design for returned students' entrepreneurship as soon as possible in order to avoid and resolve "Fragmentation" and "Similarity" Problems of returned students' entrepreneurial policy system.

(2) Make full use of the basic resource allocation function of the market and resolve financing difficulties as early as possible. First, establish government entrepreneurial funds for returned student entrepreneurs and pay more attention on start up enterprises. Second, set up entrepreneurship guarantee mechanism. Government needs to invest directing capital for returned students' enterprises and provide credit guarantee in order to attract venture capital funds and bank loans. Third, learn from the silicon valley experience, set up technological banks in returned students gathering cities; Fourth, perfect technology risk investment mechanism, further loosen technological small and medium-sized enterprises listing standard, and perfect the growth enterprises market. Fifth, accelerate property rights exchange market construction, encourage risk investment involved small and medium-sized high-tech enterprises' mergers and acquisitions.

(3) Learn from other countries' common practices or standards and steadily promote the development and innovation of entry and exit, long-term residence, tax, and social insurance, etc.. Encourage and support qualified regions carry out compensating and transitional measures, for example, on the base of perfecting enterprise income tax, customs duties, business tax, value added tax and other preferential policies, established individual income tax compensation mechanism for returned student entrepreneurs; When supports returned student entrepreneurs participate in Chinese domestic various social insurances according to laws and related regulations, the government should also offer subsidies or by using the salary deducted way to buy them related overseas commercial insurances.

(4) Mobilize and organize various powers and resolve children's schooling issues as fast as we can. Firstly, government should give financial help to a group of schools in returned students' gathering regions start bilingual teaching. Secondly, encourage and support the well-known schools open international divisions. Thirdly, encourage and support private enterprise or foreign enterprises open international schools.

(5) Keep on the combination of government guidance and market operation so that to resolve settlement issues for returned students. Firstly, carry out high-level talents housing subsidy scheme. Provide one-time house purchase subsidies for returned student entrepreneurs through government special subsidies and employer's supporting subsidies. Second, implement high-level talent apartment rent and sale plan. Build talent apartments intensively in Pioneer Park, Industry Gathering Areas, high-tech park, universities, etc. for returned students to rent.

(6) Establish and improve returned students' entrepreneurship status dynamic monitoring mechanism and high-level technology entrepreneurial innovation talent introduction plan tracking evaluation mechanism.

### **3.5 Form a Sound System and Improve Effectiveness.**

(1) Expand management and service scopes. Through different levels and kinds returned student Pioneer Parks and service organizations' functional orientations, expanding business scope, increasing manpower and funds input and so on, we should develop management and service mechanisms, help various levels and kinds returned student Pioneer Parks and service organizations transfer from current situation in which they purely provide shared infrastructures and deal with settlement and other fundamental services to a new status among which they can help enterprises carry out market cultivation, technology research and development, human resource development, risk investment and financing, intangible assets cultivation, and other high intelligence value-added services.

(2) Overall planning of returned students' Pioneer Parks. In combination with regional economic and social development planning and industrial aggregation degree, foster professional Pioneer Parks for returned students so that to meet their diverse and individual needs. Abroad studies have showed that most European science and technology enterprise "incubators" focus on one or limited industries or departments. There are 59% of them provide new economic industry services (such as electronic commerce and B2B service), 52% are R&D related, 44% are finance related, 21% concern sales, marketing, and logistics, and 10% is about agriculture. Our research group thinks, professionalization of service is Chinese Pioneer Parks development direction and tendency.

(3) Improve service system. Firstly, improve basic service efficiency including handling talents settlement issues, assigning work and residence permit, dealing with social insurance, and children's schooling and other related affairs; Secondly, strengthen education and training including building entrepreneurial competency quality assessment and diagnosis platform, entrepreneurial competency promotion project platform, and entrepreneurial case training platform. Thirdly, promote resources, information and common technology support platform construction which includes establishing returned student talents and projects information platform, innovation experimental platform, public technology service platform, technology achievements exhibition platform, and technology property rights exchange platform.

(4) Give full play to "Returned students entrepreneurial guidance expert database" and professional service agencies. Purchase services or offer subsidies to encourage and support law firms, accounting firms, tax accountant



agents, patent agencies, and high-end human resources services to timely and effectively provide management consulting, public relations, legal affairs, tax related services, human resources management, labor relations, and other professional consultations and guidances.

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