Research on the Framework of Entrepreneurial Management of Nonprofit Enterprises Based on Risk Control

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Abstract

Based on risk control, this paper conducts an in-depth study on the entrepreneurial management model of nonprofit enterprises. First of all, it explains the research background and purpose. Secondly, it analyzes the influencing factors and risks of this kind of enterprises from subjective and objective aspects. On this basis, the author puts forward effective ways of entrepreneurial management for them by means of increasing government support, guiding the flow of entrepreneurial capital, and improving the capacity of enterprise so as to promote their development of nonprofit enterprises, provide them with broader ideas and effective management skills, fundamentally improve management efficiency, and improve the overall socioeconomic benefits.

Keywords: Risk Control, Nonprofit Enterprise, Entrepreneurial Management, Influencing Factor.

1. RESEARCH BACKGROUND

1.1 Literature review

Nonprofit enterprises, also known as public-benefit enterprises or social institutions, have the following main functions: First, they have added to the vitality of the whole society and effectively made up for the insufficiencies of market and government (Ying, 2017). Their emergence is not accidental but because of a series of social problems such as the swelling of government bodies, the decline of work efficiency, and the disparity between the rich and the poor caused by the simultaneous failure of the government and market. Second, they can effectively integrate various social forces to jointly solve existing problems in society. All forces of society should be mobilized to work together to solve these problems one by one. Due to their characteristics, nonprofit enterprises can be organically integrated with other forces including the government and other enterprises. Third, the entrepreneurial awareness and ability in nonprofit enterprises provide a strong spiritual support for the further social development. This spirit can also help to adjust people’s psychological state and change their thinking pattern. At the same time, they affect people’s actual actions (Xu, 2017). The model effect of successful nonprofit enterprises enables the general public to realize that the order of social development can also start from the individuals and details.

1.2 Research purpose

At present, many nonprofit enterprises are small in scale and in a real sense, their number is limited. Most of the so-called nonprofit enterprises gradually develop from small-scale non-governmental organizations into large-scale enterprises with qualifications and management skills or practical nonprofit enterprises without comprehensive development (Xu and Qiu, 2014). More efforts should be paid to change the current downturn of Chinese nonprofit enterprises. Therefore, on the basis of our reality, from the perspective of risk control, the in-depth exploration and publicity of entrepreneurial management as well as the promotion of management philosophy have realistic significance for the development of nonprofit enterprises and serve as a solid foundation for them.

2. RISKS FACED BY NONPROFIT ENTREPRENEURSHIP

2.1 Entrepreneurial risks

There are mainly three selective risks of starting a business. First, the quality of life. In the overall process, there
will be many difficulties. Sometimes there will be even business failure. So starting nonprofit business means that the entrepreneur will have to bear the pressure and burden including the unstable pace of life. Compared with a normal job, there are greater risks (Deng, 2014). In particular, entrepreneurs with a loan will lower their quality of life so that they have to abandon something reasonably. They should combine entrepreneurship with service and constitute a new ideal and ambition. Second, social relations. Enterprises should always exchange resources with social ones in order to ensure its long-term development. Investors are effective intermediaries between enterprises and the society for resources exchange. In order to get the needed resources, it is most crucial that entrepreneurs should have a broad network of contacts, especially relation within family members. The overall size and ability of social relations are the dominant factors in the entrepreneurial market, project selection, market news etc., affecting the development of nonprofit enterprises. Finally, the value of life (Zhang and Pan, 2015). There is an essential difference between starting nonprofit enterprises and other types. The former pays more attention to social values and pursues unlimited values for society on the basis of long-term development. Start a project for public welfare means to sacrifice many spiritual enjoyments. Through constant efforts, the social status and values will be changed in the process of starting a business. Meanwhile, there will be changes in existing network, transforming its original knowledge system and social relations to the new things and meeting more difficult tasks.

2.2 Entrepreneurial ability

Entrepreneurial ability is the key to the success of undertaking and extremely important for the newly formed nonprofit enterprise, its development and success (Song and Zhu, 2015). The analysis of entrepreneurial ability was first proposed by western scholars while this kind of study was scarce in China. Entrepreneurial ability includes personality traits, professional skills, knowledge, etc. Nonprofit enterprises have their own life cycles so that in accordance with the law of human growth, the cycle can be divided into infancy, adolescence, middle-aged and old age. Different projects have various entrepreneurial purposes so the abilities required are not the same. See for details.

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2.3 Uncertainties of entrepreneurship

First of all, due to the limited understanding of people, it is difficult to obtain comprehensive and accurate information about some objectively ambiguous things. For the establishment of nonprofit enterprises, uncertainties are caused by changes in the market economy, relevant policies formulated by the government, future development, and some accidental factors (Ma, 2016). Many objective uncertainties can be calculated by scientific software. The entrepreneurs of nonprofit enterprises can supervise, adjust and decide according to the market, government guidance and social needs. In addition, there are also some uncertainties about the conditions of nonprofit enterprises - entrepreneurs cannot control the influential factors of entrepreneurship but they also have to make choices during specific periods. Under economic globalization, these uncertainties become more and more serious. Therefore, entrepreneurs are required to have an excellent adaptability to change to ensure a better response to various uncertain factors in the rapidly changing market environment (Lin and Tang, 2016).

3. CONSTRUCTION OF ENTREPRENEURIAL MANAGEMENT FRAMEWORK OF NONPROFIT ENTERPRISES BASED ON RISK CONTROL


3.1 Increase the help from the government

First of all, the government should make efforts to help entrepreneurs of nonprofit enterprises. Government departments should give full play to their functions of support, interaction and coordination, legal support, supervision and restriction, and promotion and guidance. They should establish a government-oriented social support system so as to promote a healthy and stable development of these enterprises (Wang and Zhang, 2016). The government has to put nonprofit enterprises into special institutions, issue-specific detailed rules, and determine their legal nature so as to lay a solid institutional foundation for their long-term development. Second, the government should standardize and encourage the starting of nonprofit enterprises. The government should set up an effective department for the promotion, designate specific practical procedures for their activities, and select and evaluate relevant systems based on the principles of fairness and openness, give them financial support, reduce their tax ratio, so as to promote their development.

3.2 Guide venture capital flows

Newly established nonprofit enterprises lack funds, which is a key obstacle for their development, therefore, there should be several measures (Li, 2015). First of all, the government should give special financial assistance such as subsidies. After confirming the non-profit nature of nonprofit enterprises, the government should treat them equally as official social groups and official units. These enterprises should be included in the management system of social public expenditure. The financial subsidies will be divided into direct and indirect ones. Secondly, a multi-angle and multi-level guarantee system for nonprofit enterprises should be established while public venture capital investment should be introduced, which is conducive to the financing of the enterprises. In this respect, the government should take the initiative to introduce venture capital institutions and promote financial support for nonprofit enterprises.

3.3 Improve entrepreneurial capacities of nonprofit enterprises

Nonprofit enterprises take the realization of social value as their fundamental goal. They focus not on the pursuit of their own interests, which is their characteristics and the major support (Su and Huang, 2014). However, love only cannot complete this undertaking. For a long-term development and survival, these enterprises should have self-recovery capacity. First of all, they should provide excellent public services guided by the market, which is the most important aspect of the long-term existence of nonprofit enterprises. In addition to meeting the actual needs of the society, the professional level of an enterprise will directly determine the competitiveness of products and services in the market (Wang, 2015). Second, there is a close relationship between nonprofit entrepreneurship and innovation. Successful entrepreneurial projects often break the limits of existing resources and use effective mechanisms and scientific model of innovation to solve relevant problems. This is a key element in the success of a nonprofit enterprise. Finally, the full and effective communication with the outside world and long-term cooperation with it are in the fundamental ideological model of an entrepreneur. It is necessary to establish a joint management relationship with the government, society and other enterprises (Wang, 2015). Figure 1 shows the
capacity composition of nonprofit entrepreneurship.

3.4 Give full play to the guidance function of colleges and universities

According to the empirical data from the world entrepreneurship survey, education plays a crucial and constructive role in the development and construction of nonprofit businesses. Through China’s Research on Young and Middle-Aged Entrepreneurship Market, college students are the most active groups for nonprofit entrepreneurship in China (Gao and Lu, 2015). It shows that colleges and universities in our country play a key role in the exploration of basic theories, concept publicity, and talent cultivation so that they are the guides of nonprofit projects. Therefore, it is necessary to make scientific and reasonable use of university resources to enhance the overall education level and entrepreneurial capability of nonprofit entrepreneurs. Colleges and universities should study and analyze nonprofit entrepreneurship in our country so as to provide an effective and comprehensive basis for scientific decision-making of our government on this aspect (Xiang and Shen, 2013). With the combination of industry and education, effective products can be provided to enhance the competitiveness of nonprofit enterprises. Meanwhile, there will be more professional guidance and supports to students and entrepreneurs of nonprofit projects.

4. CONCLUSIONS

The establishment of nonprofit enterprise is an inevitable choice for market economy under a specific period. Born in the context of a new relationship between the state and the society, the quality of nonprofit enterprise represents the overall social accomplishment and cultural advance in the country and directly reflects the degree of social progress. At present, although nonprofit entrepreneurship has received worldwide attention, it suffers a lot of risks and challenges in the actual management process. It is difficult for its development. In the 18th National Congress of the Communist Party of China, the government put forward a brand-new social governance mechanism for nonprofit entrepreneurship. It is vigorously advocated that social governance should pay attention to two-way interactions and multi-force participation, providing better policy support for the establishment of nonprofit enterprises in our country and expanding their development. On the other hand, nonprofit enterprises should scientifically and reasonably use the relevant policies and systems so as to truly enjoy long-term and effective development and construct a more mature eco-management mode.

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