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# Mechanism of Impact of Entrepreneurial Spirit on the Development of Small and Medium-sized Private Enterprises in China

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**Abstract** As a necessary factor for a successful business, entrepreneurial spirit is an important means for enterprises to survive in the unstable environment of fierce competition. Under the circumstance of mass entrepreneurship and innovation, a large number of small and medium-sized private enterprises have emerged in all walks of life in China. This paper examines the differences in the definition of entrepreneurial spirit by different scholars, the influence of Chinese entrepreneurship on the development of small and medium-sized private enterprises, the origin of the spirit of private entrepreneurs with Chinese characteristics, and the disadvantages of the spirit of small and medium-sized private entrepreneurs in China. It is necessary to further improve entrepreneurial spirit to contribute to the development of small and medium-sized private enterprises and help China to build the national economic system.

**Key words** Small and medium-sized private enterprises, Entrepreneurial spirit, Impact mechanism

## 1 Introduction

China practises socialist market economic system, and although state-owned enterprises hold economic lifeline, small and medium-sized private enterprises are still an important part of the market economy and have made a lot of contribution to GDP growth and revenue, and it is helpful to establish, promote and improve the market economy. In recent years, a large number of small and medium-sized private enterprises have created a large number of employment opportunities, to alleviate the gradual increase in employment pressure, stabilize the social order, and promote scientific and technological innovation and progress. However, the survival of small and medium-sized private enterprises is facing enormous pressure in the recent economic recession. They are usually in a weak position in the market competition, and the market exit rate is also high. A large number of small and medium-sized private enterprises have trouble in the capital, technology and market. To some extent, this situation, to some extent, affecting the normal operation of the national economic system, is not conducive to the steady implementation of China's market economy reform progress and maintaining social stability. For developing countries, the lack of resources is a reality that cannot be ignored, what is more serious is the lack of entrepreneurial spirit. Due to various historical reasons, the development of entrepreneurial spirit in China is not perfect, even if it has its advantages, especially in the small and medium-sized private entrepreneurs, it shows a lot of deficiencies. China's vast geographical environment and special economic development trajectory have had an important impact on the birth and development of Chinese entrepreneurial spirit.

Correctly grasping the positive and negative impact of historical factors is what China's small and medium-sized private entrepreneurs should do. At the same time, how the social and educational systems cultivate and improve the entrepreneurial spirit from external environment is also one of the issues discussed in this article.

## 2 Literature review and concept definition

**2.1 Small and medium-sized private enterprises** The definition of small and medium-sized enterprises should accord with the provisions of relevant departments. For example, according to the relevant provisions, in most industries, there are 200 to 350 employees in a small or medium-sized enterprise, some particular industries divided by the turnover or more practitioners. There is not any concept of "private enterprise" in Chinese law, which is the result of China's economic system reform. And for the definition of private enterprises, there are different views in the economic community. One view is that private enterprises are corporate economic entity of private capital while another view is from the other side of state-owned enterprises to divide private enterprises into state-owned economy and private ownership. In order to enable this research results to have the universal applicability, this study uses the concept of "the opposite of state-owned enterprises being private enterprises".

**2.2 Enterprises and entrepreneurial spirit** The American political economist Joseph Alois Schumpeter regarded entrepreneurs as the main undertakers and organizers and also the main body of enterprises' innovative behavior in his *Theory of Economic Development*. Meanwhile, their innovative behavior is a vital factor in promoting economic development. Drucker, an American economist, argues that entrepreneurs are innovators who boldly assess risks, seek innovative source, do great job in grasping market changes and transform "change" into the opportunities of development. In a broad sense, scholars in different fields have different definitions of entrepreneurs, and we define entrepreneurs from the

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perspective of management science and economics. In this study, an entrepreneur is an individual or group that regards operating enterprises as occupation, who has particular human capital. While operating the enterprises, entrepreneurs use their skills to make professional decisions, ensuring running enterprises smooth and the purpose of achieving sustainable development and maximizing the interests. In terms of the definition of entrepreneurial spirit, there is still no generally recognized conclusion. Burgelman<sup>[2]</sup>, Ginsberg<sup>[3]</sup> and Zahra<sup>[4]</sup> defined the entrepreneurial spirit from the perspective of resource integration, organizational strategy and profit growth respectively while the OECD defined entrepreneurial spirit as "having the courage to take risks involving screening market opportunities and innovation which means creating new products and services"<sup>[5]</sup>. It's clear from the research that no matter what the cultural background is, the definition of entrepreneurial spirit is inseparable from the awareness of innovating, opportunity capturing, challenges and adventuring. As for the measurement of entrepreneurial spirit, there are several centralized measurement methods, such as the ratio of entrepreneurs undertaking the management functions, the ratio of ownership and the ratio of enterprises entering and exiting the market<sup>[6]</sup>. However, these measurement dimensions are imperfect and more or less problematic. Take the measurement method of the ratio of entrepreneurs undertaking management functions as an example, the ratio of entrepreneurs undertaking management functions can only reflect the entrepreneurial function to a certain degree, and it cannot reflect the innovative behavior of existing enterprises due to the large industry gap of existing data record. Regarding the measurement of ownership ratio, it measures high-tech and low-tech entrepreneurs with the same indicator without weighted average, and covers the stock owners of the firms rather than the founders, which means expanding the entrepreneur's actual range. Although the study shows that the entry and exit of enterprises lead to the fluctuations of industry, the enterprises' entry and exit cannot reflect the entrepreneurial rent-seeking behavior impediment to economic growth. Besides, the technological innovation and application is not necessarily reflected in entering into a new market, but reflected in its own growth of market share. Nevertheless, the current industrial economics still regards enterprise entry and exit ratio as the main criteria for measuring the entrepreneurial spirit when studying entrepreneurial spirit, because the high business turnover rate indicates the active entrepreneurial spirit. However, this measure method is not entirely applicable to China's economic background. Due to the special historical factors, China is currently in the transitional system stage, the enterprise entry rate and exit ratio is almost completely irrelevant.

### 3 Relationship between entrepreneurial spirit and enterprise performance

**3.1 Relationship among environmental uncertainty, organizational learning, entrepreneurial spirit and enterprise performance** Professor Chen Weidong established a structural equation model for the relationship between entrepreneurial spirit and

enterprises performance<sup>[7]</sup>. In his research, Chen Weidong argued that the external environment had an impact on the relationship between entrepreneurial spirit and enterprise performance, and introduced the uncertainty between organizational learning and the environment into the relationship. With 112 enterprises as study samples, Professor Chen Weidong analyzed the sample data, verified every hypothesis, and modified the structural equation model, and finally obtained the overall revised theoretical model, as shown in Fig. 1. In this study, Professor Chen Weidong established a theoretical model about the relationship between entrepreneurial spirit and enterprise performance by analyzing 112 enterprise samples, showing that the entrepreneurial spirit influenced enterprise performance through the organizational learning indirectly while environmental uncertainty affected the entrepreneurial spirit and organizational learning respectively. Their paths are "environmental uncertainty-entrepreneurial spirit-organizational learning-enterprise performance" and "environmental uncertainty-organizational learning-enterprise performance". It is noteworthy that the environmental uncertainty is an important factor influencing entrepreneurial spirit formation, which has a positive impact on organizational learning by stimulating entrepreneurial spirit and has an indirect effect on enterprise performance.

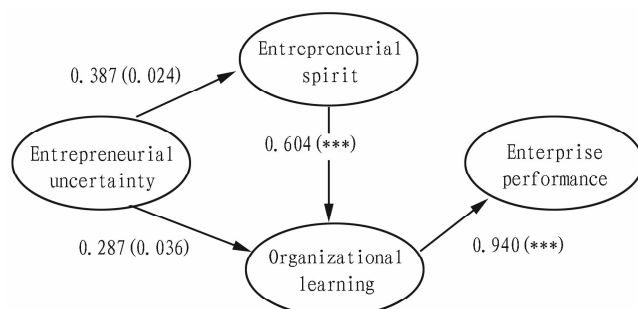
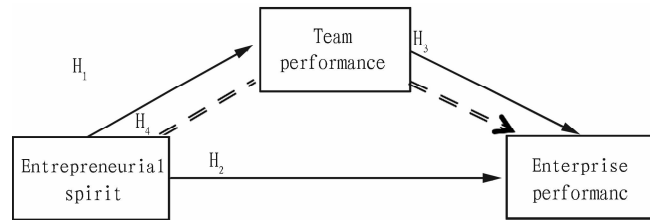


Fig. 1 Structural equation model for the relationship between entrepreneurial spirit and enterprise performance

**3.2 Relationship between entrepreneurial spirit and enterprise performance of entrepreneurial team** Based on a study of 179 effective questionnaires for entrepreneurial team members recommended by business executives and entrepreneurial team members in MBA classes or executive training sessions, Professor Chen Zhongwei found that there is a significant positive correlation among entrepreneurial spirit, team performance and enterprise performance in the entrepreneurial team<sup>[8]</sup>. Professor Chen Zhongwei constructed a research framework based on the hypothesis, as illustrated in Fig. 2. Through the correlation analysis and regression analysis of the sample data, Professor Chen Zhongwei concluded that entrepreneurial spirit had a significant effect on both team performance and enterprise performance, and affected enterprise performance indirectly by influencing team performance. It can be seen from the conclusions that entrepreneurial spirit has positive impact on enterprise performance from a number of aspects, and entrepreneurial spirit is an indispensable part of the development of enterprises.



Note: The dotted line in the figure represents hypothesis 4, which means that team performance has an intermediary effect.

Fig. 2 Research framework of team performance

## 4 Origin and development of entrepreneurship with Chinese characteristics

### 4.1 Influence of traditional culture on entrepreneurial spirit

The private entrepreneurs' spirit is not only the core competitiveness of private enterprises but also the essence of enterprise culture. Different culture has a far-reaching and lasting impact on the birth and development of entrepreneurial spirit. For example, there is a huge gap between the entrepreneurial spirit of American enterprises and Chinese enterprises. The United States is a colonial country which was born in the great maritime era, and is a new capitalist country with only hundreds of years of history. The full market competition and liberal policies in the United States provide a superior and loose environment for the development of enterprises. In the Clinton era, the United States advocated "entrepreneurial government", that is, the government changed into a service provider from an administrator, which could greatly stimulate the vitality of the enterprises and inspired the entrepreneurial spirit. The United States has rich marine culture, with considerable inclusiveness. Although in the strict sense, America is not a country of marine civilization, it is influenced by the marine civilization to a large extent. The entrepreneurial spirit contains the spirit of mutual cooperation and adventure exploration, also the spirit of "the more frustration, the more innovation". Compared to the entrepreneurial spirit stemming from American marine culture, the entrepreneurial spirit stemming from China's River Civilization is more conservative. Entrepreneurial spirit develops with national culture, and is deeply rooted in Chinese unique traditional cultural background. During the Ming Dynasty, Chinese capitalism sprouted and even there were top ten business gang in the Ming and Qing Dynasties. Although China's past dynasties carried out the policy of focusing on agriculture and restraining the development of commerce, the embryonic form of Chinese entrepreneurial spirit have been shaped under the influence of Chinese traditional culture. The influence of traditional culture on the spirit of private entrepreneurs can be traced back to the legalism in China. In the ancient Chinese agrarian society, Confucianism was the socially recognized mainstream ideology for a long time. Confucius advocates "Benevolence, Integrity, Manners, Wisdom, Credit", and he calls on people to adapt to the changes in the laws of the universe and society rather than play the subjective role to change the environment. The doctrine of the mean emphasizes the opposition and unity of progress and conservative, utilitarianism and anti-utilitarianism, competition and anti-competition. It improves the credit quality of entrepreneurial spirit, but suppresses the adven-

ture and competitive consciousness of private entrepreneurs. Taoism is the foundation of Laozi's philosophy. "Inaction" is the core of his political ideology. "Tao gave birth to one; the one gave birth successively to two things, three things, up to ten thousand" is the theoretical basis. Laozi calls on people to abolish the social system and give absolute spiritual freedom. However, this inactive idea limits the development of entrepreneurial spirit. Legalists advocate the rule of law and to divide clear boundaries between the reward and punishment. This criminal law is conducive to the establishment of perfect rules and regulations and a clear responsibility. It is clear that marine cultural entrepreneurial spirit and river cultural entrepreneurial spirit have different characteristics. However, in the process of world integration, the degree of integration has been continuously deepened and these two types of civilization are communicating continuously. Similarly, two kinds of entrepreneurial spirit are also taking advantage of each other, and constantly learn the advantages of each other to make up for their own shortcomings.

### 4.2 The influence of modern Chinese industry and commerce on the entrepreneurship

In 1840, the British took advantage of opium and artillery to knock on the door of China, which was the end of China's centuries of seclusion history. China has become a part of the world, and commercial development is no longer limited to the coastal areas. With the deepening of the process of Chinese semi-colonial and semi-feudal society and the integration of civilization, the entrepreneurial spirit of China has begun to develop continuously. Before the Opium War, China was a place with typical natural economy feudal civilization. After 1840, the traditional Chinese civilization was strongly affected by Western civilization. From then on, the Chinese society started its rational process. This process encompasses the evolution and progress of the culture, economy, politics and social structure, etc.<sup>[9]</sup>. From Opium War to the founding of People's Republic of China, China was in the situation of being carved up and aggression, the survival of the nation became the main contradiction of Chinese society, nationalist values became the mainstream values of industrialists at that time. Not only the Westernization Movement by Qing Dynasty saving itself, but also a group of national capitalists led by Zhang Jian with the thought of abandoning the official from the business, took it as the main task, to get out of humiliation status as soon as possible and hold the national dignity. So "Industry saving the country" was taken as their responsibility for a long period. These people have long been engaged in foreign trade business, foreign and cooperative relations or directly work for foreign capital, even direct investment in foreign investors. They have deeper and more complete contact with the foreign economy and culture than the imperial bureaucrats, and have a deep understanding of capitalist civilization. They introduced foreign advanced science, technology and management experience to China as a pioneer of national entrepreneurs. They have shown the spirit of innovation and progress and strong sense of national responsibility in the process of establishing modern enterprises, which shows that their entrepreneurial spirit has already owned the characteristics of capitalist society<sup>[10]</sup>. After the end of the Qing dynasty, with the launch of the Revolution of 1911 and aggressors

stuck in World War I having no time to consider China, China's national capitalism led to a brief spring, entrepreneurial spirit showed a positive and progressive feature. However, good news always not lasted long, the national government began reactionary rule. In 1937, Japan launched a war of aggression against China, national capitalism has been suppressed and gradually shrinking. In 1949, the new China was established. And after the early stage of depression, it carried out Three Great Remolding in 1953, socialist transformation of capitalist industry and commerce, and established a relatively complete modern industrial and commercial system. However, due to the fact that there is a certain deviation to enterprises and entrepreneurs before China's reform and opening up, the planned economy was the mainstream economic system, whose management model led to low efficiency in economic construction, entrepreneurial spirit was in stagnation state<sup>[11]</sup>. The planned economic system gradually changed into a socialist market economy system in three decades, scholars take it as China's transition period. In the early stage of transition, the development of private enterprises in China was greatly influenced by the policies. For example, in 1992, Deng Xiaoping's southern tour speech dispelled the concerns of the development of private enterprises. Since then, the number of private enterprises has drastically increased and the market entry rate has reached a peak. With the deepening of the globalization process, the spirit of Chinese private entrepreneurs developed further after four entrepreneurial tides. However, the development of Chinese enterprises has been always impeded by resource bottlenecks, and at the same time, China's accession to the WTO means that Chinese entrepreneurs need to face challenges from the world. At this point, entrepreneurial spirit of medium-sized private entrepreneurs is deeply influenced by the traditional Chinese culture in the sense of adventure and challenge.

## 5 Insufficiency in the entrepreneurial spirit of small and medium-sized private entrepreneurs

**5.1 Chinese private entrepreneurs with entrepreneurial spirit** In 2009, the Chinese Entrepreneurs Survey System conducted a survey called "Business Managers' Understanding and Comment on Entrepreneurship", which defined entrepreneurial spirit from the sense of innovation, adventure, opportunities and challenges and self-innovation. (i) Innovation is the soul of the enterprise. Great entrepreneurs must have innovative awareness to advance business. Innovation is a major feature different from the average operator. Enterprisers with innovation awareness can find the opportunities that the other people can not find and think out methods that others can not think out, to ultimately achieve management model gains, improve innovation and production methods, and create new products and new business models. Innovation can be reflected in the product, technology, new organizational forms, market, human resources and leadership. (ii) Adventure awareness. Without the awareness, it will happen that companies can not break through their limits, lose the ability to explore new markets and suffer a lot to succeed. The entrepreneurial adventure awareness is mainly embodied in the formulation, selec-

tion, determination and implementation of strategies, the development and application of the field of production and scale expansion or contraction, research and development and application of new technologies, new market selection, protection and consolidation of the original market, and product pricing strategies. (iii) The sensitivity to the opportunity. In a messy environment, the ability to identify and capture opportunities is crucial component of the entrepreneurial spirit. The sensitivity shows that the enterprise is more cautious. When the market situation is uncertain, it will take proactive measures in the competition, quickly seize the fast changing market opportunities, and find the market opportunities that other people can not find. (iv) Challenge consciousness. Challenge consciousness refers to the degree of face-to-face conflict with competitors, it determines the extent of their attack on competitors. It is mainly shown in the proactive, courageous breakthrough, overcoming the persistent practice, having the courage to accept new things and its determination to get ahead. In this study, the Chinese entrepreneur survey system analyzes the entrepreneurial spirit of China by studying the data of 5920 valid questionnaires and using the Likert scale. Entrepreneurial spirit of small and medium-sized private entrepreneurs will be extracted to study in detail in this article.

**5.2 Low self-evaluation of adventure awareness** In the survey conducted above, there are two questions about the self-evaluation of the adventure awareness of the entrepreneurs, namely, "the decision-makers tending to high-risk high-return project" and "the decision-maker full of courage". The proportion can be seen in Table 1. From Table 1, 62.7% of the entrepreneurs expressed "very agree" and "agree" on the argument that "the decision-maker full of courage" with general value of 3.8. Only 22.3% of the entrepreneurs chose "very agree" and "agree" with general value of 2.73 on the argument that "the decision-makers tending to high-risk high-return project". In other word, although most Chinese entrepreneurs have courage to invest, but their willing to invest in high-risk high-return projects is not strong, meaning that Chinese entrepreneurs have low risk awareness. At the same time, the Chinese entrepreneur survey system also conducted different grouping of the entrepreneurs surveyed. The results are shown in Table 2. From Table 2, we can see that in comparison to large enterprises, medium-sized enterprise entrepreneurs agree more on "the decision-maker full of courage" and "the decision-makers tending to high-risk high-return project", and small business recognition is the lowest of the three. For state-owned and state-controlled enterprises, private enterprises agree more on "the decision-maker full of courage." In other words, although private entrepreneurs have courage to invest, it shows no difference to state-owned and state-controlled enterprises in the high-risk high-return projects. This conclusion also shows that China's small and medium-sized private entrepreneurs are low in the risk awareness of self-evaluation.

**5.3 Low self-evaluation of challenge consciousness** With regard to the survey of challenge consciousness, the Chinese Entrepreneurs Survey System also raised two questions, namely "Usually avoiding face-to-face conflict with competitors" and "Usually not taking the initiative to challenge competitors." It should be

noted that original author hopes that the higher the average is , the stronger the entrepreneur's consciousness will be. And in this question raised using a more negative question, the original author of the paper adopted the opposite score in The Likert scale, that is, from "very agree" to "very disagree" for 1 to 5. The specific value is shown in Table 3. From Table 3 we can see that 71% of the entrepreneurs surveyed expressed "very agree" or "agree" attitude with a mean of 2.04 in the "Usually avoiding face-to-face conflict with competitors". 49.1% of the entrepreneurs interviewed expressed "very agree" or "more agree" attitude, with a mean of 2.53 for the "Usually not taking the initiative to challenge competitors". It is not difficult to find that the mean of both questions is lower than 3, the median, which shows that Chinese entrepreneurs are usually reluctant to meet the challenge, that is to say ,Chinese entrepreneurs' awareness to meet the challenge is low. Similarly, on the investigation of the awareness of the challenges, the original paper also carried out group comparison, and the results shown in Table 4. From Table 4, we can see that compared to large enterprises, small and medium-sized enterprises show a lower level in both two questions. Compared to state-

owned and state-controlled enterprises , private enterprises show a lower level in both two questions. In the special Likert five-level scale concerning the challenge consciousness, the lower it scores, the more it agrees to "Usually avoiding face-to-face conflict with competitors" and "Usually not taking the initiative to challenge competitors". From the comparison, we can conclude that small and medium-sized private enterprises are not willing to take the initiative to challenge or accept the challenge, that is, self-evaluation of entrepreneur's challenge consciousness in China's small and medium-sized private enterprises is also at a low level. From the impact of traditional culture on the entrepreneurial spirit in our country, we can easily find that the thought of Confucianism and Taoism is still deeply rooted in the process of the growth of entrepreneurs in China. The traditional idea has a big advantage in the natural economic era, it has an irreplaceable position in maintaining the business. However, in the era of fast-growing market economy, the entrepreneurial spirit needs to be improved and perfected so as to ensure that small and medium-sized private enterprises are competitive and can survive and develop in the brutal competition.

**Table 1 Self-evaluation of adventure awareness by business operators (%)**

	Very agree	Agree	General	More disagree	Strongly disagree	General value
The decision-makers tending to high-risk high-return project	6.5	15.8	37.1	25.3	15.3	2.73
The decision-maker full of courage	28.2	34.5	28.1	7.2	2.0	3.80

**Table 2 Recognition of enterprise' adventure awareness and group comparison**

	The decision-makers tending to high-risk high-return project	The decision-maker full of courage
General value	2.73	3.80
Large enterprises	2.72	3.83
Medium-sized enterprises	2.76	3.85
Small sized enterprises	2.70	3.74
State-owned and state-controlled enterprises	2.73	3.62
Private enterprises	2.73	3.84

**Table 3 Self-evaluation of entrepreneur's challenge consciousness (%)**

	Very agree	Agree	General	More disagree	Strongly disagree	General value
Usually avoiding face-to-face conflict with competitors	38.0	33.0	19.3	6.5	3.2	2.04
Usually not taking the initiative to challenge competitors	18.6	30.5	34.8	11.6	4.5	2.53

**Table 4 Degree of recognition on challenge consciousness and group comparison**

	Usually avoiding face-to-face conflict with competitors	Usually not taking the initiative to challenge competitors
General value	2.04	2.53
Large enterprises	2.18	2.69
Medium-sized enterprises	2.04	2.56
Small sized enterprises	2.01	2.46
State-owned and state-controlled enterprises	2.14	2.69
Private enterprises	2.01	2.48

## 6 The perfection of entrepreneurial spirit

**6.1 Crisis of entrepreneurial spirit** In the above, we have studied the two major disadvantages of the entrepreneurial spirit of small and medium-sized private entrepreneurs in China, and these two disadvantages will lead the development of private entrepreneurs to the crisis, which may result in the gradual loss of competitive advantage. (i) The lack of sustainable development pros-

pects, especially in the implementation of family management of private enterprises, the lack of nurturing entrepreneurial spirit for all the entrepreneurs. (ii) The lack of a sense of environmental crisis. China's small and medium-sized private entrepreneurs will be satisfied after the success in starting a business which may lead to stagnation in the entrepreneurial spirit. (iii) The lack of determination to nurture entrepreneurial spirit on the basis of the system

reform and culture and education. Therefore, in order to solve the problem of entrepreneurial crisis, inherit and develop entrepreneurial spirit, we must establish a continuous dynamic learning mechanism<sup>[13]</sup>. The establishment of this learning mechanism can be divided into two dimensions: external environment construction and organizational internal construction.

**6.2 Construction of external environment** The major implications of the external environment are social system construction and cultural precipitation. From the above we can find that both the socio-economic system transformation and the spread of traditional culture, have caused far-reaching and lasting impact on the entrepreneurial spirit. Therefore, we make a few suggestions. (i) The government should put more efforts to support the development of small and medium-sized private enterprises, and promulgate policies to ensure that small and medium-sized private enterprises successfully overcome the difficulties in the economic downturn and reduce the pressure of small and medium-sized private entrepreneurs which is beneficial for entrepreneurs to cultivate challenge consciousness and adventure awareness. (ii) The government can organize small and medium-sized private entrepreneurs to communicate with excellent peers on a regular basis, and can actively invite foreign enterprises to cooperate with local enterprises, to learn their strengths and avoid shortcoming and perfect ourselves. (iii) The government should urge the colleges and universities as soon as possible to carry out business-related courses, to cultivate entrepreneurial spirit at the source and eliminate fear of entrepreneurship on new generation. It is also in line with the avocation, "mass entrepreneurship and innovation".

**6.3 Organizational internal construction** Organizational entrepreneurship within the organization can be reflected through the corporate culture. At the early stage of business, private entrepreneurs need to make a series of complex decisions and will be implemented, even if it lacks the clear and systematic thinking. At this point, the entrepreneurial spirit is personal behavior. But with the development and expansion of enterprises, the organization will be divided into a number of specialized departments, if the entrepreneurial spirit cannot manage the process, transforming from the entrepreneurial spirit of individual entrepreneurs to entrepreneurial spirit of the group, the ability to grasp the opportunity and sense of crisis will disappear within organization. Therefore, we need to organize the internal learning mechanism, changing it from entrepreneurial spirit of individual entrepreneurs to the entrepreneurial spirit of the group, helping the members in the organization to process the entrepreneurial spirit. In this case, enterprises can create unique and lasting core competitiveness, and achieve long-term stable development.

## 7 Conclusions

In this study, we firstly define the small and medium-sized private

enterprises, entrepreneurs and entrepreneurship, and discuss the relationship between entrepreneurial spirit and corporate performance. Then we study the difference between the entrepreneurial spirit of Chinese traditional culture and that of foreign country, and study the relationship between the history of modern Chinese industry and commerce and the entrepreneurial spirit. Then we analyze the two major disadvantages of the spirit of small and medium-sized private entrepreneurs in China, and make suggestions for the perfection and development of entrepreneurship. Entrepreneurial spirit plays an increasingly important role in the development of small and medium-sized private enterprises. This study is still a qualitative analysis of certain limitations, hoping to provide relevant help for the healthy development of small and medium-sized private enterprises and add some new content for the future study.

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