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Abstract

Purposes – The main purpose of this paper is to explore the leakage-hunting behavior of private entrepreneurs in the era of China’s transformation and its impact, and analyze the difficulties faced by private enterprises and solutions.

Design/methodology/approach – In view of the leakage-hunting behavior of private entrepreneurs, this paper uses the theory of entrepreneurial behavior and entrepreneurial innovation to analyze the problem of behavior distortion of private entrepreneurs, and reveals the root cause and internal essence of the leakage-hunting behavior of private entrepreneurs. Based on the theory of entrepreneurship and enterprise strategy, this paper puts forward some strategies to solve the problem, so as to enhance the comprehensive quality of entrepreneurs and improve their business behavior.

Findings – The root cause of leakage-hunting behavior lies in the thinking mode and management ability of entrepreneurs, lack of insight into the development trend of the industry, and lack of comprehensive ability to lead the successful transformation of enterprises, which makes the overall innovation ability of enterprises lose and show strong speculation. The core of breaking the leakage-hunting behavior is to improve the comprehensive quality of entrepreneurs, cultivate the comprehensive ability of entrepreneurs, make enterprises get rid of the trap of leakage-hunting economy, break through the bottleneck of transformation and development, and realize healthy and sustainable development.

Research significance – This paper reveals the root causes and negative effects of private entrepreneurs’ leakage-hunting behavior, which helps private entrepreneurs to deeply understand the environment and situation, understand the harm caused by leakage-hunting behavior, so as to improve their comprehensive quality in future business activities, so as to better avoid leakage-hunting behavior.

Originality/value – This paper analyzes the reasons for the plight of private entrepreneurs from the new perspective of leakage-hunting behavior, and deeply analyzes the reasons, essence and influence effect of leakage-hunting behavior, which is helpful to further study the theory of entrepreneurship based on the new perspective of leakage-hunting behavior.

Keywords Leakage-hunting economy, Private enterprises, Development Dilemma, Solution strategy

Paper type Research paper

1. Introduction

At present, the development of Chinese enterprises has entered a critical transition period, and this transition is in many cases a “forced” transition, especially for private enterprises in traditional industries, the pressure of transition is particularly strong (Anatolivna, 2015). Whether the transformation can be successfully realized and whether the future development path can be found, directly determines the survival of the enterprise.

Over the past 40 years of reform and opening up, the environment for the development of Chinese enterprises has undergone profound changes. At the beginning of the reform, China’s economy was in the era of shortage, and enterprises could make money by producing anything, thus giving birth to a large number of labor-intensive enterprises, which could make a good profit in the market as long as they could produce the products. In the first 30 years of reform and opening up, China has been an opportunistic market, and this huge economy has been in the fast lane of rapid growth, generating a large number of business opportunities, which can be found everywhere by people with a little attention, so there are many people who have become rich by hard work (Wendy, 2021). Even at the beginning of the development of the information economy in the new century, a large number of business opportunities were flying around, giving rise to a large number of new enterprises. The easiest way for people who are...
good at finding opportunities is to refer to the experience of economic development in developed countries. If a market that is mature or emerging in developed countries is not yet visible in China, it will definitely become a huge wealth business opportunity in China. Such as Tencent, Alibaba, Baidu, etc., can find its figure in foreign countries.

The rapid development of China’s economy has led to the rapid expansion of production capacity, creating the status of “world factory” and making China the second largest economy in the world. Companies have taken advantage of the cost differences between China and developed countries in Europe and the United States, actively exploiting their location and cost advantages, as well as China’s massive domestic market for a large number of application-based innovations, so that today China’s products are sold around the world, and many companies have grown and developed in the process. However, China’s economic development model has also quietly reached its peak, and the traditional development model that relies on high input, high consumption and high pollution is coming to an end, facing a passive transformation. Moreover, the explosive development of the traditional model has brought about excess production capacity, increasingly fierce vicious competition, deteriorating business environment, and the end of the era when there were business opportunities everywhere and everything was profitable.

After the change of business ecological environment, enterprises, especially private enterprises, feel the huge pressure of survival, and transformation becomes the first task of enterprises. Innovative and outstanding entrepreneurs have been the first to grab the “first bucket of gold” in the new economy and have caused the imitation effect of other enterprises. However, business opportunities in the era of surplus economy are very scarce and require the extraordinary ability of entrepreneurs to work with them in order to turn them into real profits. And in the era of platform economy supported by mobile internet and big data, “winner takes all” has become a common business law, often making other followers to be crushed mercilessly and become the victims of the industry. For many entrepreneurs, the traditional development model restricts the thinking of entrepreneurs and makes them show more anxiety and confusion in the process of transformation.

In this era of excessive competition, entrepreneurs are dreaming of seeking breakthrough space, finding the sharpshooter for business development, promoting business transformation and upgrading, and achieving everlasting business. Countless entrepreneurs, especially those in traditional industries, are under pressure to transform and eagerly look for development opportunities outside the company, acquiring so-called mature projects, hoping to find a way to survive. They are often weaving in and out of seemingly glamorous investment opportunities, hoping to find a lifeline to save their businesses, while ignoring the risks and pitfalls behind them. The search behavior of many entrepreneurs is tantamount to “hunting leakage”.

China’s economy has entered the era of hunting leakage, and many enterprises are always searching for the remaining opportunities after they are exhausted by others, hoping to find the way to develop their businesses. Most people are opportunists, often hoping to get business opportunities through good luck. However, shopping malls are like battlefields, with business insight, resource control and relationship coordination, the real business opportunities are taken by those who have foresight, leaving mostly “chicken ribs”. Moreover, most people are taking the “follow the herd” strategy, lacking a deep understanding and grasp of the industry and the project, blindly following the market hotspots, forming a pile-up effect or herd effect. These followers are the ones who pick up the fish in the net, not knowing that the “fish in the net” that they pick up will not bring lucrative benefits but may be full of risks. We call this economic development model and phenomenon “leakage-hunting economy”.

The phenomenon of leakage-hunting economy is widespread in the social economy and has become increasingly widespread. In the field of enterprise investment, many enterprises, especially those on the verge of elimination in traditional industries, are seeking new investment opportunities, and in the case of business opportunities have long been lost or seized by others, still in the risky shopping malls desperately searching, not giving up any hope of saving the enterprise. In the mall, good investment projects have long been others first, the remaining investment opportunities are mostly full of hidden risks, but investment institutions are still flying around, many investment institutions over and over again in the country to search for projects, the industry said “no shortage of money, the lack of good projects”,
resulting in many investment institutions because of stepping on mines. The result is that many investment institutions have stepped on the landmine and suffered heavy losses. At the same time, many enterprises facing transformation are in most cases not what they want, resulting in enterprises investing in new projects after falling into the “mine” and struggling (Fan, 2018). The scarcity of good business opportunities, coupled with the lack of ability to create and control business opportunities for many entrepreneurs themselves, has led to the widespread existence of the leakage-hunting economy.

And today, under relatively perfect market economy conditions, it is becoming more and more difficult to hunt leakage. The new economy continues to emerge, profoundly changing the economic business model and mode, subverting the traditional economic system and operating rules. In the era of mobile Internet, Internet of Things and big data, the generation, storage, transmission and computing capacity of information have expanded dramatically, breaking the barriers to information circulation in time, space and on earth. Users, traffic and data have replaced products and marketing as the core competitive elements of the industry, traditional industries are constantly bent, broken and reconstructed, and cross-border industrial disruptions are accelerated. In the shopping mall, enterprises are facing a life and death struggle, and if they cannot adapt to market demand, they will be eliminated by the market. Although the leakage-hunting economy can generate huge economic wealth in the short term through accurate market insight, a society where everyone wants to hunt leakage, everyone wants to speculate will have no one to work pragmatically, which will lead to a serious mismatch of resources.

Leakage-hunting economy brings great harm to economic development, not only reduces the health of the economy, but also inhibits innovation. At the micro level, the blindness of the subjects of the leakage-hunting economy, always blindly following the trend and following the investment hotspots, inhibits their own model innovation, not only can not get the desired benefits, but also may bring huge risks. At the micro level, it causes the whole economic activities to show a serious distortion effect, leading to inefficiency, resource mismatch and disorder, and reducing the quality of economic development. Therefore, whether from the micro or macro point of view, the leakage-hunting economy will produce great harm, and is the great enemy of enterprise transformation and economic restructuring.

The report of the 19th National Congress pointed out that “China’s economy has shifted from the stage of high-speed growth to the stage of high-quality development”, “we must adhere to the quality first, efficiency first, to the supply-side structural reform as the main line, to promote economic development quality change, efficiency change, power change, and improve total factor productivity “. Under the guidance of the spirit of the 19th National Congress, it is necessary to change the development mode of the leakage-hunting economy, open up a healthy development path for China’s economic development, and continuously enhance the innovation and competitiveness of China’s economy in order to support the great rejuvenation of the Chinese nation.

The key to solve the dilemma of “leakage-hunting economy” lies in entrepreneurs, who need to improve their overall pattern and vision, cultivate comprehensive quality, change the solidified thinking pattern, and stimulate the vitality and inner power of innovation. By improving the overall quality, entrepreneurs can better control the direction of enterprise development, coordinate political, social and market resources, and achieve smooth transformation and healthy development of enterprises.

2. The Leakage-Hunting Economy: The Alienation of Corporate Behavior during Economic Transition

2.1 Economic Transformation and Upgrading Tide

2.1.1 Passive Transformation

The traditional economic development model has encountered tremendous obstacles and is heading towards the end of the road. Although the past economic development model has created economic growth miracles, it has also brought huge problems and costs, making economic development unsustainable. China’s traditional manufacturing industry is facing severe challenges due to the impact of the world economic downturn, weak domestic and international markets, and the global shift of
Although the scale of the manufacturing industry is large, the pain of ecology but most of the modern service industries have not become the main growth pole to boost the economy. E-commerce and other high-end service industries is science and technology services, finance, the proportion of new service industries is low especially the development of modern, and many of them are supporting, not unique and unique, which restricts the transformation and upgrading of enterprises. Many enterprises in the manufacturing industry are in the middle of the industrial chain in the product assembly link, neither core technology, nor the lack of independent brand awareness and innovation ability, the value of the return is very low, relying only on low cost to obtain survival space. More than 80% of the world’s notebook computers are manufactured by the Yangtze River Delta, but the Yangtze River Delta is mainly responsible for the assembly of notebook computers, earning a meager profit. All these fully illustrate that, in the global value chain, Chinese enterprises are at the low end of the global value chain, which restricts the transformation and upgrading of enterprises.

Overall, China’s economic transformation faces three major pain points: First, the pain of industry. Most of the private enterprises are mainly traditional industries, with the middle and low end dominating and many intermediate products, and many of them are supporting, not unique and unique. The development of new service industries lags behind, the internal structure of the service industry is unreasonable, the proportion of new service industries is low, especially the development of modern logistics, finance, science and technology services, e-commerce and other high-end service industries is not sufficient, modern service industries have not become the main growth pole to boost the economy. Second, the pain of ecology. Although the scale of the manufacturing industry is large, but most of the
development method is still relatively sloppy, high environmental pollution, high resource consumption of industry growth is too fast, posing a serious threat to the regional environment, population, resources and environmental conflicts are acute, serious external dependence on energy resources, air pollution and water pollution is worrying. Third, the problem of entrepreneurs. Many entrepreneurs are still the first generation, and some are the second generation after 70 and 80 began to take over. The first generation of entrepreneurs from nothing, bigger and stronger, very difficult, many have a strong personal charm. Most of the second generation have studied abroad and have a very broad vision. However, in general, the company is still a family economy even if it is listed.

It is due to the above reasons that the transformation of enterprises is not very smooth. Enterprises lack supporting factors for transformation, such as business opportunity insight, backward internal management, fierce market competition, and low investment in R&D, thus making the transformation of enterprises move forward in a difficult groping process. Many enterprises know clearly that no transformation is a dead end, and the transformation cannot find a good direction, which makes many enterprises fall into a difficult struggle.

2.1.2 Leakage-Hunting Mode in Transition
In the business community, a certain consensus has basically been formed on the direction of transformation, and the general goal of transformation to high-end industries has been clearly defined. Led by intelligence, green, service and high-end, we focus on developing strategic emerging industries, such as new energy, electronic information, high-end manufacturing and modern service industries, to enhance our position and competitiveness in the value chain. Along the industrial chain to upgrade to the high-end part of the smile curve, seek industrial layout in a larger region, promote the formation of high-end industrial chain, through technological innovation, brand building, industrial chain agglomeration, etc. continue to improve the status in the division of labor in the global value chain, and enhance the overall enterprise competitiveness. Some of the best enterprises have already shortcut the transition and achieved the initial effect.

However, for many enterprises, they are still struggling on the road of transformation and never find a breakthrough. The internal management system and mindset of these enterprises are relatively rigid, and there is a strange lack of innovative elements, so it is difficult to rely on internal innovation to expand the space for future development. In a very poor survival environment, the original traditional business is basically in the phase of elimination, making the enterprise to the edge of death. Therefore, many enterprises must seek development opportunities and space externally, hoping for new investment opportunities or the ability to incorporate ready-made businesses directly through mergers and acquisitions, thus achieving rapid transformation. Many companies are following this transformation mindset and searching the mall, hoping to come across good luck and find a good investment direction or M&A project to help bring the company back from the dead.

The process of searching for transformation opportunities is like hunting leakage, showing great blindness and randomness. Enterprises themselves lack dominance and are unable to grasp their own destiny, making it difficult for them to achieve rebirth through their own innovation and breakthrough. Many enterprises are going with the tide of business, maintaining meager profits in hardship, and even suffering inevitable losses, and will one day face bankruptcy. Caustic production of enterprises, most of them will seek external ways of survival and transformation, hoping to use external opportunities to energize the enterprise and expand new development space, mostly with external support, either investing in new areas or merging and acquiring new projects, thus injecting fresh blood into the enterprise. In the context of traditional industries facing elimination and upgrading and transformation, companies with slightly more development aspirations are looking for all opportunities to promote transformation. In the mall, good investment opportunities and quality projects are very limited, even long ago by the foresighted to obtain, the remaining projects are mostly poor-quality projects after being repeatedly selected, full of greater risk. Nowadays, most of the companies, searching over and over again in the remaining projects, can only pick the general from the crippled, hoping to pick up the missed fish by luck.
In this kind of leakage-hunting behavior, companies are exposed to huge risks. In the background of hunting leakage, the transformation of enterprises appears to be lost, unable to find an effective direction of development, also hunting leakage in the seemingly shiny industrial concept, more to try some new concepts, which may eventually bring huge risks. Many intermediaries see the confusion of the transformation of private enterprises, have intervened in the transformation and development of enterprises, providing them with project information. However, intermediaries also exist for quick success and profit, often packaging flashy projects and misleading the transformation of private enterprises by misrepresenting the actual value of the projects. Hunting leakage itself represents the choice of the future development direction of the enterprise, once the direction of the wrong choice, will bring about the destruction of the enterprise.

Even after hunting leakage, enterprises still face huge risks. As the enterprise transforms to new fields and directions, the original resources can hardly support the development of new business in new directions, which often shows that there is not enough heart but not enough power, so that the new business cannot be strongly supported, and the development power is insufficient. At the same time, there is a conflict of integration between new business and old business, and how to effectively integrate in management mode, business system and team building will be the key factor to restrict the success of transformation.

Cases of transformation failure abound, and alarm bells will be ringing for enterprises that promote transformation and upgrading by hunting leakage. Suzhou Zhangjiagang Yangtze River R&F is a listed company that is exploring transformation, fully illustrating the economic model of hunting leakage. The transformation of Changjiang R&F is more random, and the whole process of transformation and M&A is similar to hunting leakage, using the asset-heavy thinking to operate the asset-light model, trying to turn the past chance of hitting the big luck and hunting leakage into the future development model. The valuation models of asset-heavy enterprises and asset-light enterprises are vastly different. The importance of human resources in the big health industry is much more important than that of the elevator industry, and the importance of intangible assets and off-balance sheet hidden resources is greatly increased. The company’s original main business is elevator guide rail, which belongs to traditional manufacturing industry. In the case of shrinking traditional business and shrinking profit, it started to break out everywhere. By chance, the president of the company targeted the health industry, which was not related to the original main business, and acquired Hailing Pharmaceuticals (a self-developed pharmaceutical company) by way of M&A. There are a lot of targets like Hailing Pharmaceuticals in the market, and it is an investment opportunity after being screened by a dragnet. For CK R&F, the initial choice to acquire Hailing Pharmaceuticals was tantamount to hunting leakage, not wanting to develop and innovate on its own, but hoping to pick up the fruits of success through M&A. There was no plan in the acquirer’s mind for future development prospects, and blind M&A would only fall into a trap. Although after the M&A, Hailing Pharmaceuticals has brought rich profits to the company and become the main growth point of revenue and profit, replacing the elevator rail business which has been facing losses, the company is still facing a series of problems such as new model exploration, management integration and development strategy. But the company is currently focused on mergers and acquisitions and immediate profits, and does not have a good idea of the future organizational structure, human resource strategy, etc. The current products mainly rely on more established antibiotics, etc., some of which have been approved for decades, with few new drugs, and rely on a few distributors as agents. However, the company is keen on mergers and acquisitions, while it is reluctant to invest in R&D of pharmaceutical companies, has no in-depth development of sales channels, and lacks understanding of cutting-edge medical research progress. The company’s leaders currently do not have a clear strategic direction and are taking risk, running light assets with an asset-heavy mindset.

In the leakage-hunting economy model, there was even a failure to transform the entire city’s industry. After 2011, the Wuxi government began to experiment with transformation and began to drive out the previously traditional manufacturing industry in pursuit of so-called high technology. This transformation brought disastrous consequences to Wuxi. The Wuxi government’s approach to industrial upgrading, similar to that of Dongguan, is known as the economic transformation of the cage for birds. But in the industrial upgrading, the scope of the industry in Dongguan is still in the electronics foundry industry,
only from computer foundry into cell phone foundry, the overall Dongguan economy did not hurt the bones. But in Wuxi, the development of new industries in Wuxi, such as the Internet of Things, solar photovoltaic, microelectronics, is basically a hype concept, occupying thousands of acres of land, but also generated tens of billions of loans. The Wuxi government, in order to vigorously support these concept industries, shut down the traditional chemical enterprises, electrical enterprises and other small private enterprises in the name of pollution directly, to recover the plant land, and then free to supply these concept enterprises. In terms of funding, almost use financial guarantees to help these enterprises loans. However, all this is not much use, the concept is always to land, and eventually will certainly be cold reality smashed to pieces.

2.2 Confused Entrepreneurs in Transition

In the tide of industrial transformation and upgrading, enterprises are facing huge uncertainties, and entrepreneurs have become one of the most anxious and confused groups. Entrepreneurs are the elite of the business world, yet in the face of the tide of economic change, they do not show calmness and composure, but more anxiety and confusion, leading to the prevalence of economic behavior of hunting leakage.

The advent of the new economic era has led to huge changes in the entire market ecology, bringing disruptive effects on the survival environment of enterprises. Over the past 40 years, China, as the engine of the world’s emerging markets, has experienced miraculous and rapid development and achieved brilliant successes, making it the second largest economy in the world (Colombo et al., 2021). However, the revolution of the new economy has had a profound impact on China’s traditional economic model, making it urgent for companies to transform and upgrade; failure to do so is tantamount to sitting on the sidelines. In the Chinese business world, the explosive growth of individual enterprises is accompanied by the precipitous decline of some other enterprises, and the linear fluctuations of traditional enterprises are combined with the exponential fluctuations of a few emerging enterprises. Facing the tide of the times, the pressure of the market, and the competition of the industry, enterprises that do not transform are waiting to die.

In recent years, entrepreneurs have frequently fallen into the “disaster area” of anxiety. The business world is like a battlefield, and the game of wisdom in business war is no less exciting than the battlefield. In the new economic era, entrepreneurs find that they and their teams are unable to keep up, their successful experience no longer works, their traditional products are less and less competitive, their previous marketing models are less and less effective, and even their previous management models are no longer applicable. Therefore, enterprise transformation, upgrading and innovation have become not only the inevitable strategic choice for enterprise survival, but also the inevitable choice for entrepreneurs to continue and recreate their career. In the process of transformation, it involves industries, products, business models, and talents, etc., thus putting forward higher requirements for enterprises and entrepreneurs. For real enterprises with longer transformation cycle and higher dependence on the government, in addition to the lack of innovation motivation caused by their own eagerness for quick profits, they are increasingly feeling the squeeze from high labor costs, high tax burden, high land prices, and high financing costs, which easily give rise to the outbreak of anxiety among private entrepreneurs. Under the huge impact and transformation pressure, entrepreneurs show confusion about the future development direction, always fear that they cannot keep up with the times and control the future, so that entrepreneurs show deep anxiety.

The group anxiety of entrepreneurs has its profound socio-economic background. After the global financial crisis in 2008, in the context of the world economy and China’s economic transformation, the original crude development paths and models of enterprises are unsustainable, and under the pressure of policies and costs, enterprises are facing the fate of elimination, making it difficult for them to operate. With the rise of external costs such as labor costs and financing costs, enterprises are facing the pressure of survival, which is the reality and challenges that the majority of private entrepreneurs cannot escape. Second, unable to find a new direction of development. Entrepreneurs lack deep insight into the future direction of development, new development opportunities and profit models are not ready-made
references to copy and learn from, do not know where to turn in the future. Third, the entrepreneur’s own capacity constraints. Many private entrepreneurs have limitations in their knowledge system, ability structure and cognitive concepts, which can even be said to have been solidified. They lack the spirit of innovation and pioneering spirit and are under tremendous mental pressure after the changes in the external environment, with vague strategic directions and no idea where to go. In the transition period, entrepreneurs as a whole show a state of anxiety, are more eager for quick success and more inclined to short-term behavior.

General anxiety is destroying the ability of the entrepreneurial community. Entrepreneurs are a large group, the most valuable human resource for China’s economic development, and are of great importance to economic transformation. However, many entrepreneurs are strong on the outside and tough on the surface, acting competent, positive and optimistic, rather than coming from an inner confidence and calmness. The anxiety latent within entrepreneurs is destroying their health and even their lives little by little, weakening the entrepreneurial ability and distorting the entrepreneurial mindset. Anxiety comes from fear, and anxiety is very likely to turn into depression, into schizophrenia. Pressure, competition, fatigue and anxiety make entrepreneurs feel physically and mentally exhausted and overwhelmed. Faced with the critical eyes of customers, the competition in the market, and the expectation of the role of “social elite”, many entrepreneurs are often psychologically overwhelmed. In a sense, entrepreneurs under the strong appearance are a vulnerable group. After solving the problems of money, status and reputation, they begin to feel the panic of confusion and loss of faith.

In the lost way, entrepreneurs often seek a breakthrough for survival through various means such as mergers and acquisitions, investment and independent investment in R&D to achieve the extension from the low end of the industrial chain to the high end of the industrial chain. It is hoped that through the union of different enterprises and the operation on the capital market, the optimization of enterprise resources elements can be realized. For domestic manufacturing enterprises, especially the majority of small and medium-sized manufacturing enterprises, to realize the transformation from “manufacturing” to “intelligent manufacturing”, from production-oriented manufacturing to service-oriented manufacturing, from high-energy consumption and high-pollution production methods to green and low-carbon production direction, it is not There are still many hurdles to overcome.

Under the domination of anxiety and confusion, entrepreneurs are unable to think calmly about the future development direction, and the randomness of decision-making behavior is relatively strong, and it is easy to form a follow-the-wind effect. On the road of transformation, entrepreneurs often fail to find the direction, lack strategic and forward-looking vision, and fail to grasp the characteristics of the times and the development of the industry to prescribe the right medicine. Many entrepreneurs seek breakthrough directions externally through various ways and channels, and in the absence of their own grasp, it is like taking risks and putting their fate in the hands of others. Due to the desire for quick success, some entrepreneurs blindly seek hotspots, go with the flow, with no qualitative and no long-term combat perseverance. The results are not as good as they should be. The market is full of mixed investment opportunities, and these investment projects are often repeatedly searched and screened, the real quality of investment projects have long been others first, so entrepreneurs in the selection of investment projects is tantamount to hunting leakage, more by virtue of luck to invest. In this case, many entrepreneurs enter the field they are not familiar with and not good at, hoping to find the straw that saves their lives, not knowing that behind it may be hidden huge risks, and even the original enterprise can be dragged down.

3. The cause of leak picking: from the perspective of entrepreneurs

3.1 Lack of innovation consciousness

Many Chinese entrepreneurs are lack of innovation consciousness, especially original innovation. For the existing innovation behavior, most of them focus on applied innovation, that is, to apply the existing innovation achievements in the Chinese market, such as e-commerce, social networks, intelligent devices, etc., while the truly original disruptive innovation is less. China lacks an environment to encourage innovation.
Entrepreneurs cannot keep pace with the times. In the face of great changes with each passing day, they are unable to meet their expectations. Entrepreneurs rely too much on experience to manage (Wang et al., 2012). In the past few decades, although there were some stumbling blocks, they were very successful in general. This kind of success also let the enterprise boss accumulate very deep industry experience and set up self-confidence. As a result, this kind of successful experience has become the biggest obstacle to the transformation of enterprises and limited the innovation behavior of enterprises.

The past glory and experience imprison the entrepreneur’s innovation consciousness, which makes the entrepreneur worry more when facing the new field and lack the courage to explore the new market, new model and new product. Because they have advantages, they do not seek change; because they have advantages, they lack a sense of crisis; because they have advantages, they have inertia in their minds. In the field of private enterprises, there are some people who do not have long-term consideration. They think that it is OK now. In the past, they earn 10 million yuan a year, but now they are 3 million yuan a year. Although they are a little less, their quality of life has not been greatly affected. They have been struggling for so many years and are tired, so it is good to maintain them. For entrepreneurs, the theory that people born in hardship and die in happiness is also applied. If people are not far sighted, they must have immediate worries. Short sighted behavior makes it difficult for enterprises. Entrepreneurs’ lack of sense of crisis and enterprising spirit restricts the transformation of enterprises.

Due to the lack of innovation consciousness, under the pressure of transformation, enterprises can only follow the trend of the market and pick up the loopholes in various investment opportunities, but it is difficult to get ahead in emerging areas.

3.2 Fixed thinking

With the passage of time, entrepreneurs’ thinking ideas solidify, adhere to the original mode of thinking, and are unwilling to change with the development of the external environment. This also proves that the land is easy to change but the nature is difficult to change, because the concept of thinking has a close relationship with a person’s personality, which is the concentrated embodiment of a person’s comprehensive experience, which is difficult to shake in a short time. Moreover, this kind of thinking concept solidification also has a self-strengthening mechanism. With the growth of age, entrepreneurs’ thinking concept becomes more and more conservative and firm, and their acceptance of new ideas from the outside world is decreasing. Although some entrepreneurs are open and willing to accept new things on the surface, they are still very conservative.

The most direct manifestation of the solidification of thinking concept is that the governance mechanism is rigid. Entrepreneurs are unwilling to delegate power. It is difficult to use professional managers and inject new vitality into enterprises. Some bosses think that if I don’t care, the enterprise will collapse. It’s groundless worry. If Mao Zedong led the army to fight every day, how could he establish a huge thinking system. How Mao Zedong managed it was controlled by the three major disciplines and eight points of attention. It’s so simple. It’s not complicated because he’s a spiritual leader and he’s set up a mechanism. China’s private enterprises, which grow up with the characteristics of grass-roots economy, not only grasp the absolute rights of enterprise life and death, but also bear all the pressures and risks of enterprise development. In this case, entrepreneurs will firmly grasp the right to control the enterprise and firmly control the development direction of the enterprise.

Generally speaking, enterprise thinking mode includes three levels: factory thinking, enterprise thinking and industrial thinking. Factory thinking is a simple and basic thinking that stays at the level of process management; enterprise thinking is a compound thinking of operation; industrial thinking is a global, long-term and sustainable strategic thinking. The common characteristics of Chinese managers are as follows. They are good at seizing opportunities and doing human relations, enterprises have no scientific division of labor and detailed organizational structure, and generally have the mentality of doing trade. As a result, they are eager for quick success and instant benefit, and they lack market competition consciousness and innovation ability. Therefore, they stay in the factory thinking as a whole. Factory thinking is a production-oriented thinking, the core of which is to improve productivity. Its limitations are reflected in the one-sided emphasis on improving productivity. A typical consequence is overcapacity.
The reason why many enterprises can’t develop sustainably seems to be the problems of production, technology, marketing or capital... However, the fundamental problem is thinking. Therefore, for enterprises, the most urgent need is not method, but methodology. We must keep pace with the times and update the mode of thinking.

3.3 No strategic pattern

Entrepreneurs are often reluctant to delegate power to the management team, which affects the strategic pattern of entrepreneurs. Different from the separation of foreign business owners and business operation, in most cases in China, business owners are also business operators. Most traditional businesses are still the boss has the final say. In most enterprises, the general manager is just an empty post. Everything still needs to be discussed with the chairman. The turnover rate of the so-called general manager is even higher than that of ordinary workers. Entrepreneurs always like to do things by themselves, solve problems where they have problems, make themselves very busy and become fire brigade. It hinders entrepreneurs from thinking about their daily management.

Due to the lack of strategic vision, entrepreneurs are trapped in too many specific affairs, which affects their in-depth thinking on the future development direction of the enterprise, and lack of forward-looking vision, so it is difficult to lead the future development trend of the industry. Therefore, in the process of enterprise transformation, they are unable to actively create opportunities and cultivate new markets. They always hope to find ‘pie in the sky’ from the outside by chance, so as to make enterprises fall into the behavior of collecting leaks.

The lack of strategic vision will also affect the body and emotion of entrepreneurs, make them suffer from health problems, and affect their decision-making and layout. The sudden death caused by overwork is constantly ringing the alarm for China’s private entrepreneurs. In the process of family business management, many entrepreneurs play the role of ‘leader’, taking everything and undertaking everything. They are like a never-ending chariot. According to the survey, up to 90.6% of entrepreneurs are in the state of ‘overwork’ to varying degrees, which has become a big problem for the most prosperous entrepreneurial elites in contemporary China. The phenomenon of overwork is directly reflected as follows: in the past, only the elderly would suffer from some diseases, such as hypertension, diabetes, hyperlipidemia, arteriosclerosis, stroke and so on. The onset age is greatly advanced, and the physical function of young and middle-aged people is seriously aging and degenerating. Entrepreneurs are the main group threatened by ‘karoshi’. At present, the phenomenon of sudden death of young and middle-aged people is increasing day by day, and most of them are enterprise leaders. The main reason is that this kind of people have too much work pressure, irregular work and rest, lack of exercise and deep regular physical examination, too much entertainment such as tobacco and alcohol, which seriously overdraw their health. In the case of health threats, entrepreneurs’ decision-making behavior will be affected, which restricts entrepreneurs’ accurate judgment of investment opportunities and projects, and increases the risks faced by enterprises in the process of leak picking.

In the absence of a strategic pattern, it is difficult for entrepreneurs to accurately judge the development trend of the future market and cannot find a high-quality transformation direction. They can only follow the so-called hot spots in the market and pick up leaks in the market with various investment project information, so as to hand over their own destiny to others.

3.4 The phenomena that rule of man is serious

The Chinese nation is influenced by Confucianism: the Chinese people have a strong desire for power and control, and the idea of official standard is very strong, which is deeply imprinted on the thoughts and management ideas of entrepreneurs and managers. Many enterprises have not established a set of efficient operation mechanism and management system, which cannot be managed through the system. In the field of private enterprises in China, most of them are people-oriented management mode, and they are more obedient to the orders and opinions of entrepreneurs. Their power is relatively centralized, and the influence of authoritative figures is relatively large.

In the early stage of enterprise entrepreneurship, the scale of the enterprise is small, the cultural level
of the employees is low, the labor intensity is high, and the technical level is low. Private enterprise owners are in vogue of personal, experiential, and family management, which is dominated by ‘rule of man’. Even if there is a system, it is extensive. If Chinese enterprises dream of becoming big companies in the initial stage, they will adopt the procedures and rules of large enterprises quickly, which will only lead to their death in the start-up stage. A stage should focus on the specific characteristics of a stage, rather than taking all the panacea together regardless of the situation. The magic weapon of success in one stage is often the obstacle of development in the next stage. With the development of enterprises, this kind of family management has become the resistance of restricting the development of enterprises.

The scale of enterprise development is growing, but the related management system and operation mechanism cannot match synchronously. Most Chinese enterprises take ‘authoritative strategy’ as their strategic starting point, while world-class companies take system and culture as their strategic starting point. Some Chinese entrepreneurs will even become market politicians with ‘authoritative strategy’ as the center. Although the rule of man can play a positive role in the early stage of the establishment of enterprises, with the increase of the scale of enterprises and the improvement of management complexity, the disadvantages and obstacles of the rule of man will gradually be highlighted. Private entrepreneurs generally have the characteristics of ‘four following’, namely ‘at will, random, casual and at any time’. There is no rules and nature in the operation of enterprises, but the boss’ temperament. All of these will lead to the mechanism is not smooth, the system is empty, the rights and responsibilities are not clear, professional managers can not normally exercise power and work effectively.

Due to the excessive reliance on the charm and authority of entrepreneurs, it is difficult to form an institutionalized management system. After the enterprise scale exceeds the coverage of entrepreneur’s personal ability, the fatigue of enterprise operation will appear. Due to the serious talent culture of boss, extensive management and low professional level of senior managers, the cooperation cost between superiors and subordinates and colleagues is getting higher and higher. In this case, it is necessary to build a system to ensure the efficient operation of enterprises.

However, Chinese people tend to go to the other extreme, believing that management by system is strictly in accordance with the system, resulting in excessive rigidity and rigidity. However, relying on the system management should be flexible and flexible, and be able to adjust according to the changes of the actual situation, so as to make the operation of the enterprise closely coordinate with the external environment.

In the context of the rule of man, the transformation of enterprises lacks institutional guarantee and relies more on the resources of entrepreneurs, which makes enterprises unable to concentrate all their wisdom to seek the direction of future transformation. No matter how strong an individual’s ability is, it is limited. If we can’t rely on the wisdom of the people, the enterprise can only explore blindly in the dark in the process of transformation, or even touch the reef, causing the ship of the enterprise to run aground.

3.5 Weak entrepreneurial ability

The comprehensive quality of China’s private enterprises is insufficient, lacking the insight, coordination and control needed by the development of modern enterprises. Insight is the ability to recognize the times, industries and people. On the macro level, it is necessary to identify national political and economic strategies. In the middle, we should understand the future development direction, key turning points, laws and policies of the industry in which the enterprise is located. Within the enterprise, the most important thing is to know people. Coordination is to determine the positioning of enterprises in the social network, familiar with the three kinds of resource conversion. Political resources, social resources and market resources form a chain in their respective dimensions, and it is necessary to understand the links of enterprises in each chain. Control is the ability to seize opportunities and turn them into achievements, grasp the future direction and control risks. Due to the lack of comprehensive ability, entrepreneurs are not only lack of the ability to create business opportunities and business miracles, but also lack of the ability to control opportunities, which makes entrepreneurs often show confusion and anxiety in the process of transformation.
Chinese entrepreneurs have misinterpreted the comprehensive ability. Many Chinese entrepreneurs have a deep imperial complex and a strong desire to dominate. They like to study "the art of controlling others", "be a teacher" and "leadership" means "controlling" in their heart. As a result, the enterprise has evolved into a conspiracy organization. The world-class companies emphasize the principle centered leadership and the cooperation based on the equivalence of power and obligation. The sustained and high-speed development of China’s economy benefits from the joint efforts of a group of entrepreneurs with the spirit of wealth creation and ideals, and at the same time, it also pushes the entrepreneurs such as Liu Chuanzhi, Zhang Ruimin, Ren Zhengfei, Ma Yun, Ma Huateng and other entrepreneurs to the peak of personal value achievement. However, looking up at Jack Welch, Bill Gates, Matsushita and other business leaders, the road of cultivation and climbing of Chinese entrepreneurs is far from the end, and there is still a long way to go.

It’s easy for entrepreneurs to express their passion through slogans, but it’s hard for them to express their passion through slogans. The internal meeting of an enterprise is often a scene like this: the leaders are excited, the employees are like chicken blood, and the slogans are shocking. The same is true of external training, which constantly leads employees to shout slogans. Passion sports wave after wave, wave after wave. We should know that the time of passion is short, and it is the ability of employees rather than passion that can support the continuous improvement of enterprise competitiveness. Passion will cover up many deficiencies of ability. Employees with strong ability don’t need to shout slogans to show their determination but rely on their real strength to realize their own value. However, only relying on empty talk cannot improve the ability of enterprise employees. Enterprises also need to cultivate their real core competitiveness and fight against the wind and rain in the shopping malls to create first-class enterprises.

In the case of insufficient comprehensive ability of entrepreneurs, the ability of innovation and breakthrough of enterprises is weak, and it is difficult to better allocate resources in the market, so we can only rely on luck to find out the leakage.

4. The essence of leak-picking economy

At present, there is a lack of opportunities to find gold in the sand because opportunities have been picked up by a few people, and most of the rest is sand. The essence of leak-picking economic behavior lies in the lack of innovation and dominance, strong speculation, rather than through the insight and control of economic opportunities to obtain benefits.

4.1 Lack of innovation

The helplessness of finding leaks is due to the lack of innovation, and there is no innovation power and vitality from the inside of economic entities. There is no environment and no innovation atmosphere in China. China lacks the soil to encourage innovation, especially the lack of respect for intellectual property rights, which makes innovators unable to make profits through innovation, or even make up for the cost of innovation. In the absence of innovation motivation, entrepreneurs hope to get good opportunities in the market. In a word, it is like looking for a needle in a haystack to get good business opportunities or projects by taking chances.

In the past decade, China’s economy has created an unprecedented growth rate, and the total economic volume has attracted worldwide attention, but the effect of innovation has always been negligible. “Innovation”, as an important and long-term topic faced by Chinese enterprises, has been “yelled” for many years. However, when entrepreneurs gather, the helplessness of “lack of innovation” is common. ZTE, the leader of China’s communication industry, is constrained by the United States in terms of chips and is “dead end” by the United States, which fully shows the extreme lack of Chinese enterprises in the field of core innovation.

China’s general lack of innovation today is due to the fact that Chinese entrepreneurs have not made good use of the new market and are still continuing the traditional thinking inertia and repeating the past production mode. First, get the “drooping fruit.” Chinese entrepreneurs have been used to “low fruit”, that is, producing products that other countries already have, and will not create new things over time.
Entrepreneurs show more confusion and impatience while Chinese enterprises are basically followers, and control obtain most of the profits, control the development direction of the global value chain. Developed countries are in the high end of the global value chain led by the United States, with low added value and weak position, high consumption and low efficiency.

In terms of industrial layout, China’s industries are mainly concentrated in manufacturing industries with high input, high consumption and low efficiency, with low added value and weak position in the value chain. Developed countries, led by the United States, are in the high end of the global value chain, control the development direction of the global value chain, obtain most of the profits, and control the industry standards, while Chinese enterprises are basically followers.

In the process of promoting industrial upgrading of Chinese enterprises, the original mode of valuing assets turns to the mode of neglecting assets. Entrepreneurs show more confusion and impatience. They seek breakthrough points in shopping malls with the mentality and behavior of picking up leaks and are

4.2 Lack of dominance

Go with the flow, lack of guidance. A large number of enterprises and entrepreneurs lack the leading role in the market and the spirit of independence but are led by the market. Although many entrepreneurs have strong personality, they can not change the subordinate position of enterprises in the market competition. Many enterprises in the market competition drift with the tide, rely on luck to seek business opportunities, strong randomness, lack of strategic thinking guidance. Many people believe that ‘details determine success or failure’, which was popular in China a few years ago, but they don’t know the key role of strategic positioning.

In the global value chain, Chinese enterprises are embedded in the global value chain system and occupy a subordinate position. Their discourse power and profitability are relatively low. Low level competition is manufacturing competition, while high level competition is technology and standard competition. In terms of industrial layout, China’s industries are mainly concentrated in manufacturing industries with high input, high consumption and low efficiency, with low added value and weak position in the value chain. Developed countries, led by the United States, are in the high end of the global value chain, control the development direction of the global value chain, obtain most of the profits, and control the industry standards, while Chinese enterprises are basically followers.

In the process of promoting industrial upgrading of Chinese enterprises, the original mode of valuing assets turns to the mode of neglecting assets. Entrepreneurs show more confusion and impatience. They seek breakthrough points in shopping malls with the mentality and behavior of picking up leaks and are
often surrounded by numerous packaged and bright projects. When entrepreneurs are faced with a variety of dazzling projects, they lack the ability to identify and screen the project quality and cannot lead the future development direction of enterprises. Most of these so-called high-quality projects are packaged and not as attractive as they sound. At the same time, after repeated promotion by investment agencies (numerous investment institutions flying all over the world), the real high-quality projects have been searched out, and most of the remaining projects are only nominal. Entrepreneurs, large and small, are just like trees in various forms, creating various forms of Commerce. However, some of them have become the masters of the business world.

In the process of transformation, many enterprises are lack of dominance, even divorced from the real economy, and are led by capital operation. Entrepreneurs themselves are not familiar with the dazzling capital operation routines. They think that when it comes to capital operation, they are very tall. In fact, the good and bad institutions engaged in capital operation in the capital market are intermingled, and there are many deceptive matchups, which hide huge potential risks. In the process of capital operation, many enterprises are lost in the process of capital operation.

The management of enterprises lacks strategic vision. Many companies are just a form, its essence is a bit like a loose structure project team, which really has ‘shape’ but no ‘spirit’. Investors make decisions based on the existing projects and their own interests, rather than combining the short-term and long-term development of the enterprise to make plans and decisions, which is a bit like making the team a one-time money making tool. The whole company is doing today’s work, no one does tomorrow’s work, and no one thinks about the day after tomorrow.

China’s economy is undergoing tremendous changes, and it is also an era of bringing up outstanding Chinese entrepreneurs. China’s ongoing economic transformation is a ‘value-added revolution’, which promotes the upgrading of industrial structure and enhances the status of Chinese enterprises in the global value chain. At the same time, Chinese enterprises will take the global market as the market, constantly carry out industrial and capital export, and promote more enterprise corps to go out. In this grand industrial revolution, it is impossible to become an enterprise leader only by ‘picking up leaks’ thinking. It is also difficult to keep up with the rapid development of China’s economic train, and it is bound to face the risk of being eliminated.

4.3 Highly speculative

The most direct manifestation of the leak is speculative psychology. I don’t like to work hard, but I always hope to get rich quickly by luck. In recent years, China’s speculative mentality is very strong, and there have been waves of speculation. We are not willing to do industry conscientiously and steadfastly, because the cost of doing industry is relatively high, the cycle is relatively long, the risk is relatively large, and it may not guarantee the profit. Through speculation, the opposite effect can be achieved, and a large number of funds enter the field of speculation.

Speculative psychology has penetrated into the economic development, many enterprises are more or less involved in it. Many people always hope to get the maximum profit with the minimum cost. Once they are separated from the real economy and ingenuity, they will cause distortion of resource allocation, confusion of market and anxiety of mentality. From the real estate speculation, resource speculation, coal speculation, garlic speculation, mung bean speculation, to the government’s preferential policies and financial subsidies, all are caused by speculative psychology. The funny thing is that many listed companies make small profits or losses in business operation. Once they sell several real estate units, they can quickly reverse the company’s losses and turn losses into profits overnight. This fully proves that it is better to make money by speculating in real estate than by doing business. Most Chinese entrepreneurs have no dream, and there is a serious speculative psychology in their bones. The speculative mentality has penetrated into the entire economic system. Many enterprises are looking for the next outlet for getting rich again and again, which has a very adverse impact on the quality of economic development.

There is also a serious speculative mentality in the M &amp; a market. At present, many enterprises are faced with transformation demand, but it is difficult to transform from internal impetus, because path dependence and low-end lock-in often make enterprises constrained by development mode and thinking
concept, and it is difficult to actively create a new development path. In this case, many enterprises usually hope to achieve transformation through external M &amp; A, so as to ‘exchange blood’ for enterprises, eliminate low-end business forms and development models, and turn to high-end industries. However, this kind of development idea has a speculative mentality from the very beginning. In many cases, it will bring risks to enterprises, and it is difficult for them to succeed in transformation and even bring down enterprises. Because when choosing the target of M &amp; A, the enterprises have a blind mentality, and most of them promote M &amp; A by chance. In many cases, the effect of M &amp; A is not a simple ‘purchase’ behavior, but more integration after M &amp; A. At the same time, the market is full of good and bad M &amp; A targets, and after repeated screening, the remaining high-quality M &amp; A targets are not many, and there may be various hidden risks. In this case, the enterprises are full of speculation in order to make the transition.

The prevalence of capital operation further aggravates speculation. ‘Capital operation’ is undoubtedly an increasingly prominent concept in China’s economic field in recent years, and it is also an increasingly popular mainstream economic activity. Healthy financial development will undoubtedly contribute to the development of the whole economy and the improvement of the system, but the morbid financial development will drag down the economy and lead the economic development to the wrong direction.

Today’s West also reorganizes enterprises through ‘capital operation’, merging and reorganizing those enterprises with poor management, low efficiency and frequent bankruptcy, so as to operate effectively again. But in China, this is not the case, or even the opposite. The primary goal of ‘capital operation’ is to purchase high-quality enterprises. Some time ago, the news that some huge financial and insurance institutions forcibly acquired shares or high-quality enterprises through various legitimate or improper means has been full of China’s media. It is difficult for China’s real economy to resist the ‘capital operation’ and be swallowed up by capital, and high-quality enterprises have become the targets of speculation.

Blind expansion and diversification lead to a sudden increase in risk, which often makes enterprises in the process of operation full of loopholes and dangers. Even large private companies such as Lenovo also have out of the box speculation, making Lenovo, once so brilliant, in today’s turmoil. In sharp contrast, Huawei insists on its main business operation, shows strong strategic determination, and turns a blind eye to many temptations, which makes Huawei brilliant today. A few years ago, Haier, a famous company, also speculated in the financial industry and real estate, but it was defeated. Many enterprises look at cars to make money, to do cars, the result is no trouble. Therefore, the short-term opportunism may bring temporary benefits to the enterprise, while the long-term will make the enterprise suffer irreparable losses.

5. The effect of leak economic behavior

Picking up leakage in economy has become a very common phenomenon, which will have a profound impact on economic activities. Since the low efficiency of overall resource allocation is reflected in the macro level, and the confusion of enterprise investment behavior at the micro group level, the whole economic system is facing great risks.

5.1 Macro-level impact

On the macro level, If the leak economic behavior is common, the risks and vulnerabilities of the overall macro economy will increase sharply, reduce the quality of economic growth, and cause high fever and puffiness in the economic system.

First, it leads to resource misallocation. Economic and social resources are limited in a certain period of time. Limited resources should be allocated where they are most needed to achieve high efficiency in resource allocation. Once the act of picking up leaks prevails, the flow of resources in the entire economic system will be disordered, and there will be no guarantee that resources will be allocated where they are most needed, leading to misallocation of resources. The mismatch of resources to the entire economy will bring catastrophic consequences, causing many disorderly and ineffective economic activities, resulting in waste of resources and even negative effects.

Second, it leads to the weakening of the industrial system. Leak-picking behavior is not conducive to
the formation of a highly competitive industrial system, and the industry cannot achieve agglomeration in accordance with the law of development, making the industry lack of vitality. It is impossible to form a highly competitive industrial chain and value chain, and it is difficult for companies to improve their position in the entire value chain, with low added value, and will face the risk of being eliminated or locked in. At present, due to the continuous economic behavior of picking up leaks, it has become more and more common, leading to the continued decline of the macro economy, the slow pace of industrial upgrading, and the gap between foreign developed economies and foreign economies.

5.2 Micro-level effects
At the micro level, the economic behavior of picking up omissions has a profound impact on both enterprises and entrepreneurs. It not only affects the operation mode and strategic direction of the enterprise, but also affects the thinking mode and ideas of entrepreneurs and restricts the healthy development of the enterprise.
First, increase corporate risks. In the process of transformation, companies seek out investment opportunities through leaking behaviors, and their understanding of new investment opportunities and projects is not comprehensive enough, and it is difficult to accurately grasp the hidden risk factors, thus increasing the risk of operating the company. Especially for cross-border transformation enterprises, which may not be familiar with the new market, it is easier for them to fall into the trap. Transformation is accompanied by unknown risks. For some companies in traditional industries that are in decline, it may lead to “one carelessness and loss of everything.”
Second, corporate integration is difficult. Enterprise transformation often enters areas that are not closely related to the original business. This area is relatively unfamiliar, and the company’s own conditions are difficult to adapt to the new business, which further increases the uncertainty of the enterprise. In terms of management, it is difficult to achieve business integration, especially to achieve transformation through mergers and acquisitions. Post-merger integration will bring huge challenges to traditional enterprises. In the M&A model, it is “merger” rather than “integration”, and there is a phenomenon of “scraping rice”, which can achieve “bigger” but difficult to achieve “stronger and better”. Post-merger integration includes various in-depth integrations ranging from strategy to capital, from culture to team, from technology to supply chain, from product line to marketing. If deep integration cannot be achieved, then the merger may produce “1+1<2” Effect.
Third, challenge the entrepreneurial ability. For entrepreneurs in traditional industries, there is a big gap between the abilities of entrepreneurs and the requirements of modern enterprises for entrepreneurs. Whether they can meet the requirements of enterprise management after transformation is a problem that entrepreneurs must face. Moreover, the quality and development prospects of the field entered through the act of picking up omissions are not necessarily ideal. They may face various thorny problems. Whether these problems can be solved is also challenging for entrepreneurs jobs.
At the micro level, the impact of leakage behavior on enterprises and entrepreneurs is very huge, because entrepreneurs are betting on the past and future of the entire enterprise. Once they fail, the enterprise will face the disaster of extinction. It is worth reminding that under the background of speculative leaking behavior, enterprises are prone to negative results such as disintegration of the military, renunciation, and dripping, which will weaken market competitiveness.


6.1 Innovation Strategy
The world today has entered an era of rapid development and efficiency. As an enterprise, how to gain a foothold and develop in the turbulent business sea? —Innovation is the key! Innovation is the soul of entrepreneurship; and the biggest hidden danger of an enterprise is the demise of innovative spirit; innovation must become the instinct and eternal pursuit of entrepreneurs.
Innovation is the magic weapon to get rid of leakage-hunting behaviors and the gateway to top
At the moment when the transformation and upgrading of regional industries comes from the result of many entrepreneurs integrating production factors and trying new production activities. Entrepreneurs are the core elements for integrating internal production factors and connecting external strategic opportunities. Only entrepreneurs can effectively connect these two key links to form new industrial support points and profit growth points. The potential of production factors can be effectively realized where entrepreneurs are active, and new products and new forms of business will be more active as well, with the acceleration of industrial transformation and upgrading. At the moment when the transformation and upgrading of
traditional industries has become a national strategy, more forward-looking “institutional entrepreneurs” who dare to innovate and redefine market rules are needed for the strategic transformation of Chinese private enterprises.

6.2 Leading Strategy

Reviewing comprehensively the long history of human being, especially the history of previous scientific and technological revolutions and even industrial revolutions, in order to achieve leading-edge development, scientific and technological innovation is supposed to play a leading role in all-round innovation. More importantly, the role of “people” should be played as the first element of productivity, we should especially pay much attention to the cultivation of innovative and outstanding entrepreneurs, and also attach great importance to creating a healthy growth environment for entrepreneurs and promote excellent entrepreneurship. Besides, we should make outstanding entrepreneurs, especially innovative entrepreneurs play a leading role better.

Intelligent enterprises must have forward-looking predictive capabilities, can keep them ahead of their times, and have foresight and seize opportunities before others have taken action. They are looking at opportunities and problems from the standpoint of the future. They do not blindly cater to the market, but take the initiative to guide the market. This fundamentally changes the business model, from small intelligence to great wisdom. Enterprises will not go for petty profits, nor will they be opportunistic. Once they have a clear view of the future, they will have plenty of time to arrange everything, seize the commanding point and win the initiative.

In the era of information explosion, products are surplus and competition becomes fiercer, a few entrepreneurs begin to think about the essence of brand competition, lay out, develop, and focus on the new product market with huge market potential in advance, seize the minds of consumers, step by step to win, and get rid of the Red Sea competition and enter the Blue Ocean category. Social problems imply business opportunities, and there is huge consumption power among people’s complaints. The complaints of Chinese people are concentrated in: environmental pollution, cancer incidence, food safety concerns, and so on. In the future, there will be a trillion-level huge market in the fields of environmental protection, food safety, health industry, and intelligent life, and a large number of hundreds of billion-level companies will emerge. China relies on a huge market to drive the world.

One of the new types of entrepreneurs is the “leading entrepreneur”, which is a group of entrepreneurs who have an international perspective, master core technologies, occupy a considerable share of the world market, and can play a leading role in a certain field with products and ideas. Entrepreneurs should have the awareness of leading global innovation. Entrepreneurs should have a global mindset, consciously lead global innovation, constantly create new products, new technologies, and new models, and serve global users well at the historical juncture of the country’s rejuvenation to become a part of the great Chinese dream of rejuvenation. The important task of Chinese entrepreneurs—from learning and imitating foreign experience and advanced management models in the past, to leading Chinese companies to the center of the world management arena, contributing Chinese-style management theories and management models to the world.

In order to play the leading ability of an entrepreneur to the full, one needs to have insight, coordination and control. Insight is the ability to know the times, industries and people. Coordination is the ability to make sure the company’s position in the social network and to be familiar with the conversion of the three types of resources. Control is the ability to seize opportunities and turn them into results, grasp the future direction and control risks. Through the cultivation of these three kinds of capabilities, we can match enterprise resources, government resources and market resources to develop an industry by a small amount of funds. Be the controller rather than the one manipulated by capital. Firstly, we should have a thorough understanding of the industrial chain. Secondly, there should be good concepts. Once again, intensive cultivation is required. Finally, we are supposed to make good use of capital and political resources. Coordinate the enterprise’s own pulse cycle with that of capital, and coordinate short-term interests and long-term development as well, which is true and virtual.

At the same time, allocating resources on a global scale has become an important means for
multinational companies to acquire and control resources and strengthen their core competitiveness. Excellent enterprises must accelerate their integration into the international division of labor and move toward the international market. Besides, they must allocate resources in a larger, wider area and deeper level, so as to gain development space and take the initiative for the enterprise, in order to become a world-class enterprise with international competitiveness. China needs to form a group of leading companies with the right to speak and influence in global industrial development, actively promote the industry to move toward the high end of the value chain, lead the development of emerging industrial clusters, and promote more Chinese industrial technology standards to become global standards.

6.3 Promoting Entrepreneurship

Entrepreneurs are the core and soul of an enterprise, and are the leaders of an enterprise. They are known as the “most scarce economic resource”. They play a vital role in leading the reform and development of enterprises, and their role is extremely prominent. Taking a look at the well-known large companies and groups at home and abroad, and the world’s top 500 companies, there is a general rule: first-class enterprises must have first-class entrepreneurs.

The elementary entrepreneurial spirit is simply profit-seeking, and then influenced by good systems and cultures, entrepreneurs will assume social responsibilities, and contribute to society in addition to profit-seeking. For some entrepreneurs, the ways of realizing their own value include creation of wealth, aspirations to the top, and development and growth of enterprises. After realizing their self-worth, the most outstanding entrepreneurs will move towards a broader space and devote themselves to solving the problems of the entire society, such as reconstructing the social credit system and solving environmental crises.

The highest state of entrepreneurship is to serve and contribute to society, and to provide support for the development of society and the welfare of the general public. The exaltation of mission and pursuit also leads enterprises to continuously enlarge the scope of their business operations beyond the limits of geographical, industrial, and even cultural differences, creating value for the lives of all mankind. If the development of an enterprise is ultimately to achieve the fame and profit of individual entrepreneurs, the enterprise is destined not to go far. If the ultimate goal of entrepreneurs running a business is to accumulate personal or family wealth, it is also doomed that the business cannot go out of the pattern of “respected by others, industry leaders, and long-term development”. No matter whom the founder of the company is, the ultimate mission and meaning of the company’s existence needs to be defined from the perspective of others and society, and individual values need to be reflected in the environment. Enterprises dedicated to serving the whole society and belonging to the whole society will eventually absorb the resources and strength of the society, obtain the allocation and support of social superior resources, and obtain the continuous release and transcendence of personal value by creating value for others.

The picture of an enterprise is determined by the sense of mission, which is also the biggest challenge faced by many Chinese entrepreneurs. Whether they can exceed their individual demands and devote themselves to the creation of an enterprise’s platform and value is the key to determining whether an enterprise has a future. Companies dedicated to serving individuals or families can only absorb energy within a narrow range of the family, and often encounter development bottlenecks. Companies that can truly develop in the long term and have a long-lasting foundation will eventually create a platform to prove their own value by creating value for consumers and society, and obtain profit returns in the process, sharing with shareholders, employees, etc., and employees realize their own life values in the process.

Entrepreneurship must overcome the trap of “it’s easy to have passion but difficult to acquire ability”. This is often the scene of the internal conference of an enterprise: the leaders are excited and the employees are full of beans, with formidable chants. The same is true for the training of the company’s external employment, which constantly leads employees to shout slogans. Passionate campaigns are waves after waves. Entrepreneurship in the new era should include connotations such as daring to be the first, global vision, national sentiment, craftsmanship, and win-win cooperation. At the same time, it is
a mission of long-term responsibility, a persistent perseverance, a courage to strive for governance, a picture of keeping the world in mind, and a belief that remains true to our original aspiration.

Vision extension and spiritual improvement are important ways to solve this problem. An entrepreneur who lacks vision can never secure a victory in the increasingly fierce competition, an entrepreneur who has no taste in life can never enjoy the elegance of life; an entrepreneur who has no spiritual value can never complete the inheritance of wealth and family from generation to generation; an entrepreneur without responsibility can never get the praise and respect of this society and the world. Aristocratic spirit should have three important pillars: First, cultural education, focusing on resisting the temptation of materialism, not taking pleasure as the purpose of life, and cultivating noble moral sentiment and cultural spirits. The second is the responsibility for the society, attaching great importance to strict self-discipline, cherishing honor, supporting vulnerable groups, and shouldering the responsibility of the community and the country. The third is a free soul, with independent will, and intellectual and moral autonomy, capable of transcending fashion and trends, and not being enslaved by political power and the opinions of the majority. To complete this transformation from wealth to noble, local Chinese entrepreneurs need a comprehensive improvement in image and temperament, lifestyle, spiritual tradition, and vision—not only need to have a prosperous life, but also noble spirits and cultivation, extensive knowledge, conscious awareness of responsibility, good traditions and elegant lifestyle.

Chinese entrepreneurs need to cultivate the spirits of grace and calmness, behind which are the thoughts, characters and behaviors of the period. Compared with the world’s top wealth leaders and famous foreign wealthy families, there is still a big difference between their images, tastes, visions, spirits and lifestyles. The real top wealth leader should have profound ideas and broad insights, not just confined to his own small clique; they should have noble spirits and perfect qualities, rather than just enjoy a luxurious life; they should find a way of wealth multiplying, not just accumulating considerable wealth; they should be able to realize the inheritance of family and wealth, rather than only glorifying for a while; they should be expecting the ultimate filling of their heart and the bloom of life, rather than always working hard to pursue wealth.

Entrepreneurs must have great ambitions, a magnificent picture and a broad mind. In terms of ambitions, entrepreneurs must have the strategic determination to take a hundred years to rear people, the strategic ambition to create peace for all generations, and the depth of thinking that intends to cultivate the company into a century-old enterprise rather than a local family enterprise. In terms of picture, to break through the anchoring effect of thinking, one cannot think that it will continue to be good because the industry is good, and should be prepared for danger in times of peace; nor can it be eager to get out because of the overall economic downturn, which is a perfect time for mergers and acquisitions. We must break through the herd mentality, do not blindly follow the pace of the capital market, do not blindly merge, grasp the relationship between society, capital and government, and make good use of capital and government to build its own industrial platform. In terms of mind, to accommodate people outside the family and to absorb professional managers in an all-inclusive manner is actually to lay the foundation for corporate inheritance.

6.4 Transformation and Development

With the changes in the external environment, reform has become the norm for enterprise development. Entrepreneurs are the main initiators and leaders of changes. High-level activities have an important impact on the production and management activities of enterprises through the transmission of hierarchical structure.

The key to transformation is to control the following aspects: (1) Identify changes in the external environment. Timely identification of internal and external stakeholders such as competitors, employees, customers, etc. about what are different from past is important. (2) Business adjustment ability. According to the changes in the external environment, adjust the business ideas and focuses of the enterprise. (3) Organization transforming ability. Make changes in any necessary areas to optimize the allocation of resources better.

Entrepreneur transformation is to change oneself from entrepreneur to thinker, prophet, and speaker.
The so-called thinker is to think clearly and thoroughly on many issues, to form his own unique insights and theoretical system, to combine the macroeconomic situation and industry development characteristics, to comb out the logic of enterprise development, to justify himself and convince people; the so-called prophet, it is to look forward from the back, make forward-looking predictions, be able to see trends and futures that others cannot see, and be able to lead everyone forward before ordinary people can perceive them, and become a guide for the enterprise; a speaker is to make all levels of management and grass-roots staff in the enterprise understand what the future looks like, know the specific reasons or basis, understand the strategy or way to achieve it, so that everyone will follow him willingly, and work hard to carry out tasks.

In the process of transformation, it is necessary to have a systematic and forward-looking prediction of the company’s future development, and to have a view of the picture. Being a century-old enterprise does not count on luck. We must be good at using capital, but we must not be led by capital, we must be good at turning resources into capital, and then capital into funds.

In the process of enterprise transformation, enterprises must form core competitiveness. Most multinational companies with global competitiveness have a common feature, that is, they focus on their main business and highlight their main business. Enterprises that blindly expand business and do not highlight their main business will lack stamina in the long run, even if they can make achievements in the short term. Therefore, enterprises should be based on the main business, promote the concentration of various elements such as technology, talents, and capital to the main business, continuously enhance the resource allocation efficiency, profitability and market competitiveness of the core business, so as to enhance the resource allocation ability.

6.5 The Realization of Strategic Value

Strategic value has three characteristics: long term, unity and cooperativity. (1) Long term. Enterprise strategy mainly involves the selection of the company’s long-term development direction and scope of operation, and the strategic value created by the implementation of strategic management is manifested in helping the company achieve its long-term goals and ensure the maximization of long-term benefits. (2) Unity. Successful corporate strategic management treats the enterprise as an indivisible whole. Its purpose is to improve the overall optimization degree of the enterprise and create long-term and sustainable overall strategic value for the enterprise, which is realized through the various components of the corporate strategy. Corporate strategy includes three levels: overall strategy, business or competitive strategy, and functional strategy. The implementation of these strategies creates overall strategic value for the enterprise. (3) Cooperativity. Cooperativity is an attribute that organically combines several elements to form complementary functions, thus exerting a comprehensive effect beyond their mechanical addition. The cooperativity of strategic value refers to the comprehensive benefits produced by the interaction between strategies at different levels.

A system is required to realize corporate strategic value. Between corporate strategic positioning and value realization, there are key elements such as business systems, key resource capabilities, profit models, and cash flow structure. Only when these elements play a better role under the guidance of strategic positioning, can the value of the enterprise be finally realized. (1) Business system. The business system refers to the business links required by an enterprise to achieve strategic positioning, the roles played by each partner, and the way in which stakeholders cooperate. The business system built around the strategic positioning of the enterprise will form a value network, clarifying the role of customers, suppliers/other partners in the process of obtaining value through the business model. (2) Key resource capabilities. Key resource capabilities refer to the important resources and capabilities required for the operation of the business system. One of the key tasks of any business model construction is to understand the important resources and capabilities required by the business system, how to distribute them, and how to acquire and establish them. Not all resources and capabilities are equally precious, and not every resource and capability is what an enterprise needs. Only those resources and capabilities that are compatible with strategic positioning, business systems, profit models, and cash flow structure, and can strengthen each other, are what enterprises really need. (3) Profit model. The profit model refers to the way an enterprise obtains income, distributes costs, and makes profits. The profit model is the method of
distribution of benefits between related parties under the premise of a given business system value chain ownership and value chain structure. A good profit model can not only bring benefits to enterprises, but also weave a stable and win-win value network for enterprises. (4) Cash flow structure. Cash flow structure refers to the cash income generated in the course of business operations after deducting cash investment. Different cash flow structures reflect differences in companies’ strategic positioning, business systems, key resource capabilities, and profit models, and determine the level of corporate investment value, the rate of increase in investment value, and the degree to which it is favored by the capital market.

Strategic thinking should go beyond the company, from the perspective of the entire industry and even the entire society, and design and think about the company at a macro level. Entrepreneurs with international vision such as Jack Ma and Ren Zhengfei are already leading the development of the industry and are expected to become world-class entrepreneurs.

The aspirations and picture of entrepreneurs should be loftier. They should break through the entrenched ideas, break through the herd mentality, and avoid following the crowd in the market. He who pursues wealth fails. The company should be cultivated as a century-old company, not a local family company. Entrepreneurs should try their best to become leaders in the industry.

The core of corporate strategic value lies in the company’s thinking, and the core ideology of the company is the soul of the company. The power of ideas is huge, and a company lacking a soul is equivalent to a zombie. The lofty, great and advanced ideological concept determines the lofty, great and advanced of the enterprise. Conversely, if an enterprise’s ideology is declining, the entire enterprise is bound to rigid and backward.

To realize the strategic value of an enterprise, we must grasp the strategic goals, strategic means, growth methods and strategic steps. First, the strategic goal. Strategic goals tell the company what to do and not to do and to form a strategic goal system. Doing the right thing is far more important than doing the thing properly. Things that are in the wrong direction are always mistakes, even if they meet the standard. Second, strategic means. Strategic means is a competitive strategy, which tells companies what means should be used to achieve established goals. Generally speaking, there are many ways of achieving a goal. However, whether the method is selected correctly or not will seriously affect whether the goal is realized in a timely and efficient manner. An improper choice may even cause the company to die before achieving the goal, thus, the so-called long-term goal will become an eternal regret. Third, the way of growth. The growth method is to plan the way of enterprise growth, which is to match the specific environment and mode of competitive strategy. The growth method is also called growth strategy. In addition to choosing a means of competition, a matching strategy for corporate growth should also be chosen for how to implement such means, because the means to achieve the goal must be accurately and effectively implemented in the right environment, the right resources.

Figure 1.
The Elements of Strategic Value Realization
and the right business ideas. Fourth, strategic steps. The strategic step is to plan the process or development of achieving the overall goals. After the goal is decomposed into a goal system, there should be a sequence of realization and priority. It is impossible to achieve all the decomposed sub-goals at the same time. Meanwhile, in order to maximize the use of the company’s existing resources, these sub-goals should also be achieved by using existing resources as much as possible, rather than by pre-allocating those resources that are allocated at a critical time.

Do care about the corporate development strategy. Your company must have a clear strategy if it wants to develop and seek greater benefits. At the same time, the strategy must also include corporate mission, strategic goals, competitive strategies, and growth strategies and strategic steps. Otherwise, it is the same as a car with incomplete configuration, for which it is difficult to drive on complicated roads. Of course, if you just treat the business as a single business, then you do not need a strategy, just do what you think is right.

Corporate strategy is divided into three levels. The first level is the marketing model, aimed at the customers and solving the problem of enterprise survival. The second level is the business model, focusing on resources and solving development problems. The third level is the financial model, paying attention to cash flow and solving the problem of enterprises becoming industry leaders.

7. Conclusion

With the continuous improvement of market economic conditions and the continuous changes of the business ecological environment, contemporary private enterprises are facing increasing pressure for transformation. Under the huge transformation pressure, many entrepreneurs are unable to view the company’s future development direction from an objective and calm perspective, becoming eager for quick success and short-sighted, which has caused the phenomenon of “leakage behavior” to prevail. Leak-picking is actually a kind of speculative behavior. The purpose of it is to find underestimated resources in the market, which manifests itself as blindly following hot investments and will lead to inefficiency in the allocation of social resources. The most essential reason for the emergence of omissions is the lack of original innovation ability, including the lack of innovation ability of the actors, and the lack of innovation in the national system, coupled with the lack of dominance and the psychology of speculation, making private enterprises transform in the new era difficult. Therefore, the primary strategy for cracking down on the leakage behavior is to implement an innovation strategy. At the same time, it is also necessary to implement a leading strategy, enhance entrepreneurship, promote transformational development, and realize strategic value.

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