The Intention of Chinese New Generation Migrant Workers to Start a Business in Hometown - An Empirical Analysis of Hubei Province

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Abstract: With the advancement of urbanization, the number of new generation of migrant workers is increasing year by year. In order to research their willingness to return hometown and start their own businesses, this paper takes the new generation of migrant workers born after 1980 in Hubei Province as the research object, and analyses the survey data of 400 new generation migrant workers and 165 of them who have the willingness to return voluntarily. This paper aims to analyze the willingness and influencing factors of theyoungmigrant workers to return the hometown to entrepreneurship actively.

Keywords: New generation; Migrant workers; Start a business

1. Introduction

The new generation of migrant workers refers to the young migrant workers represented by the 1980s and 1990s. It accounts for sixty percent of the 150 million inter-provincial migrant workers, total number is about 90 million (Liu Meiyu, 2013). With the progress of urbanization, the total number of this social group is growing at a speed of 9 million to 10 million each year. It is estimated that after 10 years, the total amount of this group would exceed 200 million (Luo Shenyuan, 2011). The new generation of migrant workers lack industrial and agricultural experience, professional skills and education. They are eager to integrate into the city but are not accepted. In order to change the status quo and develop towards self-realization, returning home to start a business has gradually become a new development trend. It is of great significance for the development of new-type urbanization and urban-rural development to study the returning of the new generation of migrant workers (Li Jianhua, 2011).

As the matter of fact, scholars have carried out rich research on the status quo of migrant workers going back to their hometown, the importance of start a business, and the characteristics of this social group. Guo Xinghua (2013) believes that returning hometown to business cannot only be of great significance to the development of new rural areas and urbanization; DuanJinyun (2012) points out that the younger migrant workers changes the career path of the older migrant workers who have to work in order to survive, and they have a rational choice for career development and employment. This paper aims to research the willingness and influence factors of the new generation of migrant workers to actively go back to their hometown from cities to start up business.

2. The status quo and problems of starting a business

2.1 The status quo of starting a business

Through the research and review of relevant literature, we can understand and grasp the current situation of the new generation of farmers returning hometown to start their own businesses. Guo Xinghua (2015) mentioned that according to the statistical data of the State Council, more than two million migrant workers decide to go back to their hometowns in 2013, accounting for 0.7% of the total number of this social group. With the promulgation of preferential policies of the government, the pace of the new generation of migrant workers returning home is accelerating year by year.

In 2011, Li Meiqing wrote a report about the return of rural migrant workers in China. According to the survey sample, the number of returning entrepreneurs accounted for 4.43% of the total number of samples, and the new generation of migrant workers accounted for 46%. It can be concluded that migrant workers returning hometown to start businesses has become a common phenomenon in rural areas. It is becoming increasing normal for migrant workers to return home from employment to entrepreneurship. The new trend and characteristics of migrant workers’ employment also show that migrant workers returning home and starting businesses will become increasing prominent in the future. Local statistics and national large-scale samples are basically the same, and returning hometown to business shows an upward trend.

2.2 The problems of starting a business

A large number of research shows that the new generation of migrant workers will face more problems when they return hometown to start their own businesses. The typical universal problems include entrepreneurial funding problems and management capabilities. More specifically, the most
important problem faced by the new generation of migrant workers when they go back to their hometown is the funding problem. In the early stage of entrepreneurship, financial support is essential for both large enterprises and small stores. Yet in reality, the accumulation of funds is limited, and financial institutions have higher thresholds for loans. Therefore, the issue of funding is an issue that needs to be resolved after returning home. In addition, it is the problem of management capabilities. The main factor for successful entrepreneurship is to have sufficient management experience and management capabilities. However, management skills are generally weak, which may lead to lower entrepreneurial success.

3. The intention and influence factors to start a business

3.1 Data Collection

In the survey of the entrepreneurial willingness of the new generation of migrant workers to return hometown, according to the principle of random sampling, a questionnaire survey was conducted in Hubei Province, to collect first-hand data. The subjects of this survey were those who were born after 1980, had household registration in rural areas and were currently working in the cities. A total of 400 valid questionnaires were collected during the whole investigation process. The survey time was the Spring Festival, most of the migrant workers returned home during this period, which was the best time to collect relevant data of the new generation of migrant workers. Through comprehensive analysis, 429 questionnaires were distributed in the whole sampling process, and 400 valid questionnaires were recovered, with an effective recovery rate of 93.24%.

3.2 The intention to start a business

In this survey, the total sample size was 400. Among them, the sample size of no return entrepreneurial intention was 188, and the sample size of return entrepreneurial intention was 212. Therefore, 53% of the samples had the intention of returning hometown to start a business.

3.3 The influence factors to start a business

In the survey, the factors affecting entrepreneurial intention were also analyzed. The most influential factor was capital, accounting for 36%. For the new generation of migrant workers, they had some work experience, but capital was the necessary basis for entrepreneurship. It is further found that only 45% of the group accumulated enough funds to meet the needs of entrepreneurship, and the remaining 55% of the group said that their own funds were insufficient to take immediate entrepreneurial action. Thus, although there are many new generation migrant workers who want to return hometown to start their own businesses, if their own funds cannot meet the entrepreneurial needs, then most of their entrepreneurial dreams cannot be put into practice, seriously affecting the pace of entrepreneurship.

The second influential factor was the government support policy, accounting for 22%. In order to stimulate the initiative of entrepreneurship, the General Office of the State Council issued “Opinions on Supporting Migrant Workers to Return to Entrepreneurship” to promote the return of migrant workers and other personnel to entrepreneurship on June 10, 2015. Supporting migrant workers, college students and retired soldiers to return home and start businesses can promote employment, increase income, create a new situation of coordinated development between industrialization and agricultural modernization, urbanization and new rural construction. Therefore, the government needs to further increase publicity and promotion, encourage and support groups with the willingness to return home and start businesses to implement entrepreneurial activities.

The third important factor was the support of family members, accounting for 19%. Because entrepreneurship is an activity that requires investment and has certain risks, the full support of the family is particularly important, but considering that some of the migrant workers’ cultural level is not high, there is no scientific and objective view on entrepreneurship, especially risk avoidance. The group believes that entrepreneurship is risky, so it does not support family members to engage in any entrepreneurial activities, even if the entrepreneurial project has more optimistic development prospects.

The fourth important factor was technology, accounting for 11%. Further study on the degree of association between the new generation of migrant workers who intend to return to their hometowns to start their own businesses and the employment profession, 60% of the returning entrepreneurs would choose projects that were related to or fully compatible with careers are entrepreneurial, so the accumulation of technology and experience is particularly important. Therefore, the level of skill is also a major factor affecting the initiative to return home.

The fifth important factor was the satisfaction of the current situation, accounting for 9%. Compared with the above four questions, the impact of the current satisfaction is not prominent, and it also reflects the increasing number of new generation migrant workers. Returning home business is not only influenced by subjective factors such as dissatisfaction with the current status of work, but also by objective factors.

4. Conclusions and Recommendations

First, since most of the young migrant workers do not have enough knowledge of entrepreneurship, they can promote the establishment of a correct entrepreneurial concept. They must communicate with their peers, learn and accumulate experience, and improve themselves through cooperation and mutual assistance, thus contributing to future entrepreneurial projects. In addition, in order to correctly establish the sense of adventure, risk avoiders can be increasingly transformed into risk neutrals and even risk appetites by strengthening their awareness of entrepreneurial ideas, which could be more conducive to seizing
entrepreneurs in need, thereby reducing the financial pressure; (2) Reducing fund raising policies of migrant workers to their hometowns, it is suggested that the government should give certain financial support, such as: (1) Strengthening the support of the fund-raising policies of migrant workers to take the initiative to return to their hometowns, expand the fund-raising channels, simplify the loan process, lower the loan threshold, and improve rural financial mortgage market; (2) Reducing taxes and fees, for entrepreneurial enterprises, in the initial stage of business, reduce taxes or reduce tax rates, thereby reducing financial pressure; (3) Flexible use of land measures, for rural idle land and abandoned factories and other areas, the government can reduce rents to entrepreneurs in need, thereby reducing the financial pressure on land use.

Third, in order to make up for the constraints brought about by the low cultural level of the new generation of migrant workers, who are willing to start their own businesses in management system and related technology. The training of the management system and entrepreneurial related technologies would enable more new generations of migrant workers to be more skilled and improve their management capabilities. Therefore, the government can set up special lectures, hire some professional and technical personnel, provide technical guidance to the new generation of migrant workers, answer questions and doubts, and encourage both parties to contact frequently, so that entrepreneurs can ask questions in the future. Through training, improve the success rate of entrepreneurs’ entrepreneurship; (2) Improving the entrepreneur's ability to think independently, judge and deal with problems, and then independently handle the obstacles and problems encountered in the entrepreneurial process, and learn more High technology and more advanced experience, actively participate in all kinds of related training, expand their horizons, and also enhance the learning level of entrepreneurs by recommending books, such as management books, technical books, training books and so on.

Last, the research shows that the capital problem has a significant impact on the willingness of the new generation of migrant workers to return hometown. In the early stage of the venture, funds are needed to carry out related business, and in the subsequent development, a large amount of funds is still needed as a support, in order to further reduce the funding problem for the new students. On the part of the restriction of migrant workers taking the initiative to return to their hometowns, it is suggested that the government should give certain financial support, such as: (1) Strengthening the support of the fund-raising policies of migrant workers to take the initiative to return to their hometowns, expand the fund-raising channels, simplify the loan process, lower the loan threshold, and improve rural financial mortgage market; (2) Reducing taxes and fees, for entrepreneurial enterprises, in the initial stage of business, reduce taxes or reduce tax rates, thereby reducing financial pressure; (3) Flexible use of land measures, for rural idle land and abandoned factories and other areas, the government can reduce rents to entrepreneurs in need, thereby reducing the financial pressure on land use.

Second, it is recommended that the local government can timely disseminate various information and interpret various policies to entrepreneurs by issuing publicity pages, setting up information columns, and setting up relevant lectures. At the same time, more lectures and trainings were set up to establish a correct concept of entrepreneurship and to increase the recognition and support of entrepreneurs’ families. In turn, it would help them to open up markets and prepare for entrepreneurship.

References


Author Profile

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