

Research on the Risks and Countermeasures of Migrant Workers' Returning to Their Hometowns to Start Businesses under the Background of the Rural Revitalization Strategy

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Abstract: Under the background of rural revitalization strategy, migrant workers returning home to start businesses has become an important way to promote rural economic development. However, in the process of returning home, migrant workers are faced with complex and changeable risks, including market risks, technical risks, capital risks, policy and legal risks, and management risks. Market risk mainly stems from market information asymmetry and agricultural price fluctuation; technology risk is reflected in backward production technology and insufficient innovation ability; capital risk stems from capital shortage and poor financing channels in the early stage of entrepreneurship; policy and legal risk involves poor policy implementation and weak legal environment; and management risk stems from the lack of management ability and experience. To effectively address these risks, a series of countermeasures were proposed in this study. First, strengthen market

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1. Research background

In 2017, against the backdrop of the imbalance between urban and rural development and the increasingly prominent problems concerning agriculture, rural areas and farmers, China put forward the "rural revitalization" strategy, pointing out that the issues of agriculture, rural areas and farmers are fundamental to the national economy and people's livelihood, and must be placed in a prominent position in the work of the whole Party. In the context of rural revitalization strategy, rural areas in China is experiencing unprecedented change and development, the gap between urban and rural areas gradually narrowing and rural development potential release, more and more migrant workers began to consider returning entrepreneurship, this is not only for personal career development planning, but also the positive response to the rural economic revitalization. General Secretary Xi Jinping has pointed out that talent is the key to rural revitalization, and emphasizes the implementation of rural revitalization strategy, we must bottleneck of talent. On the one hand, migrant workers can use their capital, technology and management experience accumulated in the city to bring new development impetus to the countryside; on the other hand, they can effectively alleviate the problems of brain drain and industrial hollowing out in rural areas and promote the comprehensive development of rural economy and society. However, it is not smooth sailing for migrant workers to return home to start businesses, and they are faced with many risks and challenges,

such as market risks, technical risks, capital risks, policy and legal risks. These risks not only affect the success rate and income level of entrepreneurs, but also restrict the process and effect of rural economic revitalization.

Due to the lack of migrant workers own human capital and natural conservative “farmer attribute”, in the face of the high risk, high quality requirements of business activities lack of scientific market insight, innovative thinking and change spirit and crisis risk consciousness, and always blindly learn and imitate others entrepreneurial experience, lead to entrepreneurial projects, overcrowding, internal enterprise development, external poor management and weak ability to resist risks and a series of problems, not only lead to enterprise to stable, long-term operation, also make farmers after failure stay entrepreneurial enthusiasm reduced, directly cause rural talent “secondary loss”. Such a current situation and dilemma are thought-provoking: under the condition of the basic social environment, how does the risk of migrant workers returning home to start a business affect the behavior choice of returning home to start a business? Therefore, it is of great significance to deeply study the risks of migrant workers returning to their hometown under the background of rural revitalization strategy and put forward corresponding policy suggestions to promote the success rate of migrant workers returning to their hometowns to start their own businesses, improve the level of rural economic development and promote the integrated development of urban and rural areas. The purpose of this study is to systematically analyze the main risks and causes of migrant workers in the process of returning home to start their own businesses, put forward targeted countermeasures, and provide reference for government decision-making and the practice of entrepreneurs.

2.The main risks faced by migrant workers when returning to their hometown to start their own businesses

Under the deepening promotion of the rural revitalization strategy, migrant workers returning to their hometowns to start businesses has become a boom. Migrant workers return to their hometowns with the capital, technology and experience accumulated in the cities, injecting new vitality into the development of the rural economy. However, the road to return home to start a business is not smooth, and migrant workers entrepreneurs face many risks in this process. These risks not only pose challenges to the individual career development of the entrepreneurs, but also have an important impact on the overall stability and sustainable development of the rural economy^[1]. In-depth analysis of these risks can help to better understand the plight of migrant workers returning home to start their own businesses, and provide a basis for formulating corresponding policies and measures.

2.1 Market risk

The impact of market information occlusion. Compared with rural cities, the circulation of market information is relatively slow. Migrant workers entrepreneurs may have a limited understanding of the market situation in their hometown because they work outside for a long time. In the process of starting a business, they often struggle to accurately grasp the changes in market dynamics and consumer demand. This leads to the products or services they produce or provide that are out of line with the actual market needs and cannot meet the expectations of consumers. Some migrant worker entrepreneurs blindly follow the trend and choose some seemingly popular projects, which eventually lead to unsalable products; agricultural products are affected by natural factors and price fluctuations. As a common entrepreneurial project in rural areas, agricultural products are greatly affected by natural factors such as season and climate. Different seasons and climatic conditions can directly affect the yield and quality of agricultural products. Natural disasters such as droughts, floods, pests and diseases may lead to production reduction or even failure of agricultural products. In addition, the price of agricultural products also fluctuate more frequently. The change of the market supply and demand relationship, the impact of the macroeconomic situation and the fluctuations of the international market and other factors may lead to the large fluctuations of agricultural prices. Migrant workers lack accurate judgment of market price trend; the consequences of lack of market research and forecasting ability. Market research and prediction are one of the key links of entrepreneurial success^[2]. However, migrant workers’ entrepreneurs often lack sufficient market research and forecasting ability. They do not have the time, money or expertise to conduct in-depth market analysis, but make decisions based on personal experience and intuition. This blindness can easily lead to entrepreneurial failure. For example, some entrepreneurs in a full understanding of the market demand, invest a lot of money in production, the results found that the products of the product, the inventory backlog is serious, the

capital can not be returned, and finally have to face the outcome of entrepreneurial failure.

2.2 Technical risk

Effect of backward production technology on product quality and output. Most of the entrepreneurs of migrant workers come from rural areas, with a relatively low education level and limited technical level. In the process of entrepreneurship, using the traditional production mode and technical means, it is difficult to meet the standards and requirements of the modern market. In agricultural production, traditional planting and breeding techniques may lead to low yield and unstable quality of agricultural products. In terms of industrial production, the backward production technology leads to low product quality and lack of market competitiveness. In addition, backward production technology also leads to the problems of wasted resources and environmental pollution, which further increases the cost and risk of entrepreneurship; the dilemma of lack of technological innovation and upgrading capacity. In the rapidly developing market economy, technological innovation and upgrading are the key for enterprises to maintain their competitiveness. However, due to the limited capital and talent resources, migrant workers entrepreneurs are often difficult to carry out technological innovation and upgrading. They do not have enough money to invest in research and development, and difficult to attract high-quality technical personnel. This makes their products difficult to adapt to market changes and easy to be eliminated by competitors. For example, in high-tech fields such as electronics manufacturing, technology upgrading is very fast, if the entrepreneur cannot keep up with the pace of technology development, they will soon lose market share; lack of technical training and support. In order to reduce technological risks, migrant workers and entrepreneurs need to constantly improve their technical level. However, rural areas often lack effective technical training and support systems. Although the government and relevant departments will organize some technical training activities, these activities often have limited coverage and insufficient content. In addition, some entrepreneurs may be unable to participate in these training activities due to time and economic cost constraints. This makes it difficult for them to solve the technical problems in a timely and effective manner when they encounter in the process of entrepreneurship, which further increases the technical risk.

2.3 Capital risk

The contradiction between capital demand and limited accumulation in the early stage of business. Capital is an important support for entrepreneurial activities. The capital accumulated by migrant workers is limited when they work outside the home, but in the early stage of entrepreneurship, they often need a large amount of capital investment to purchase equipment, lease space, recruit employees and so on. This leads to the contradiction between capital demand and limited accumulation. Some entrepreneurs raise money through borrowing, but it also increases their debt burden and risk^[3]. If entrepreneurial projects do not proceed smoothly, they will be unable to repay their debts; the impact of the imperfect financial service system in rural areas. The financial service system in rural areas is relatively imperfect, and the financing channels are narrow. Banks and other financial institutions often require higher collateral and guarantors when providing loans to migrant workers entrepreneurs, and migrant workers entrepreneurs often lack these conditions. In addition, financial institutions have a limited understanding of entrepreneurial projects in rural areas, and they may be reluctant to lend. This makes it difficult for migrant worker entrepreneurs to obtain sufficient financial support through formal channels. They have to turn to the informal financing channels such as private usury, which not only increases the financing costs, but also brings greater risks; the risks of the capital chain rupture and the long investment return cycle^[4]. In the process of entrepreneurship, the rupture of the capital chain is a very serious risk. If entrepreneurs can not reasonably arrange funds, or encounter market changes, poor management and other problems, it is easy to lead to the rupture of the capital chain. In addition, some entrepreneurial projects have a long return on investment cycle, which also brings a lot of pressure to entrepreneurs. While waiting for a return, the entrepreneur needs to keep investing money to keep the project running, and if the funding is insufficient, the project can fail.

2.4 Policy and legal risks

Problems in the policy implementation process. Although the state has issued a series of policies and measures to support migrant workers returning to their hometowns to start businesses, there are still some problems in the specific implementation process. For example, the policy publicity is not in place, many migrant workers entrepreneurs do not understand the relevant

policies, and cannot enjoy the preferential policies brought by the policies. In addition, the implementation of the policy is not enough, some local governments in the implementation of the policy is perfunctory, discount phenomenon. This makes entrepreneurs unable to get the right support they deserve, increasing the difficulty and risk of starting a business. The impact of the relatively weak legal environment in rural areas. The legal environment in rural areas is relatively weak, and migrant workers and entrepreneurs face legal risks such as contract disputes and intellectual property infringement. In the process of signing contracts, due to the lack of legal knowledge, entrepreneurs may sign some unfair and unreasonable contracts, resulting in the infringement of their legitimate rights and interests. In addition, some entrepreneurs may ignore the intellectual property protection, their products or technologies are infringed by others, but can not get effective legal protection. These legal risks not only affect the economic interests of entrepreneurs, but also may adversely affect the normal operation of entrepreneurial projects; the uncertainty caused by policy and legal changes. Policy and legal changes will also bring uncertainty to migrant workers' entrepreneurs. National policy adjustment and the revision of laws and regulations may have a direct or indirect impact on entrepreneurial projects. For example, enhanced environmental policies may lead to the closure of some heavily polluting entrepreneurial projects; changes in tax policies may increase the cost of entrepreneurial projects. Entrepreneurs who do not timely understand and adapt to these changes can face huge risks.

2.5 Manage risk

Entrepreneurs own management ability and experience performance. Most migrant workers lack the knowledge and experience of modern enterprise management. In terms of personnel management, they may not know how to recruit, train and motivate employees, which leads to low enthusiasm for work and low team cohesion. In terms of financial management, they may lack basic financial knowledge and cannot conduct effective cost control and fund management. In terms of marketing, they may not know how to develop marketing strategies, expand the market, and improve the visibility and reputation of their products. These management deficiencies can easily lead to enterprise operation chaos and low efficiency, and ultimately affect the survival and development of enterprises. The impact of management challenges on business survival and development. If the personnel management, financial management, marketing and other management challenges can not be solved in time, it will seriously affect the survival and development of the enterprise. For example, poor personnel management may lead to a high staff turnover rate and the lack of a stable talent team. Poor financial management may lead to the capital shortage of enterprises, unable to maintain the normal production and operation activities. Poor marketing may lead to poor product sales and unprofitable companies. These problems affect each other, creating a vicious circle that can eventually lead to business closures. Ways and methods to improve management ability. In order to reduce management risks, migrant worker entrepreneurs need to constantly improve their management ability^[5]. They can learn from modern business management knowledge and experience by attending training courses, reading management books, and consulting with successful entrepreneurs. At the same time, they can also hire professional management personnel or consultants to provide professional guidance and suggestions for the development of the enterprise. In addition, entrepreneurs can also strengthen the cooperation and communication with other enterprises, learn from the successful experience of others, and constantly improve their own management system.

3. Research on the risk countermeasures of migrant workers returning home to start businesses

Migrant workers returning to their hometown to start their own businesses is an important part of the rural revitalization strategy, which is of great significance for promoting rural economic development and increasing farmers' income. However, in the process of entrepreneurship, migrant workers' entrepreneurs are faced with many risks, such as market risks, technology risks, capital risks, policy and legal risks and management risks. These risks are intertwined and jointly affect the success or failure of entrepreneurial projects. In order to reduce risks and improve the success rate of entrepreneurship, it is necessary to take effective countermeasures to address these risks.

First, it is crucial to strengthen market research and prediction and improve the market sensitivity and decision-making ability of entrepreneurs. Rural market information is relatively closed, and migrant workers and entrepreneurs are often difficult to accurately grasp the market dynamics and consumer demand. Therefore, entrepreneurs should actively carry out

market research to deeply understand the characteristics of the local market, demand trends and competitors. We can collect primary market information by visiting farmers, communicating with dealers, and participating in agricultural product trade fairs. At the same time, the use of Internet big data analysis and other modern technical means, in-depth mining and analysis of market data, to predict the market trend. By strengthening market research and prediction, entrepreneurs can capture market opportunities more keenly, make more scientific and reasonable decisions, and avoid the risk of blind production and disconnection of products from the market.

Secondly, strengthen technical training and innovation guidance, enhance product competitiveness and technological innovation ability. Most of the migrant workers have limited technical level, and it is difficult to meet the requirements of modern market by using traditional production mode. The government and relevant departments should increase technical training and organize various training activities on agricultural technology and industrial production technology for migrant workers returning to their hometown. Experts and scholars, technical experts can be invited to give on-site guidance and teaching, to impart advanced production technology and management experience. At the same time, entrepreneurs are encouraged to strengthen technological innovation, set up technological innovation incentive funds, and reward entrepreneurs who have made outstanding achievements in technological innovation. Entrepreneurs themselves should also actively learn new technologies and new processes, constantly improve the quality and added value of products, and enhance the competitiveness of products in the market.

Third, we should improve the financial service system, broaden the financing channels, and reduce the cost of capital. Capital is an important support for entrepreneurship, and entrepreneurs of migrant workers returning to their hometowns generally face the problem of capital shortage. The government should further improve the rural financial service system and guide financial institutions to increase their support for returning entrepreneurial projects. We will encourage banks to develop financial products suitable for migrant workers to return to their hometowns to start businesses, lower the loan threshold, and simplify loan procedures. At the same time, we will expand financing channels, actively develop new financial institutions such as rural small loan companies, rural banks, and provide more financing options for entrepreneurs. In addition, it can also raise funds for entrepreneurs by setting up returning entrepreneurial funds and carrying out crowdfunding. Through these measures, reduce the cost of capital of entrepreneurs, ease the capital pressure.

Fourth, strengthen policy publicity and implementation efforts to provide a more fair and transparent policy environment for entrepreneurs. Although the state has issued a series of policies and measures to support migrant workers returning to their hometowns to start businesses, there are problems in the actual implementation process, such as inadequate policy publicity and insufficient implementation. The government should intensify policy publicity and publicize relevant policies to migrant worker entrepreneurs through various channels, so that they can understand the policy content, application conditions and processing procedures. At the same time, we will strengthen the supervision and inspection of the implementation of the policies to ensure that the policies truly benefit entrepreneurs. We will establish a feedback mechanism for policy implementation, timely understand entrepreneurs' opinions and suggestions on policies, and constantly improve policy measures, so as to provide a more fair and more transparent policy environment for entrepreneurs.

Finally, strengthen the training of entrepreneurs' management knowledge and skills to improve their overall management ability. Most of migrant workers lack the knowledge and experience of modern enterprise management, and face many challenges in personnel management, financial management, marketing and other aspects. The government and relevant departments should organize management knowledge and skills training, and invite professional management trainers to give lessons to entrepreneurs. The training content can include enterprise strategic management, human resource management, financial management, marketing and other aspects. Entrepreneurs themselves should also realize the importance of management, actively learn management knowledge, and constantly improve their management level. By reading management books, attending management training courses, and consulting with successful entrepreneurs, we can continuously accumulate management experience and improve the operation efficiency and management level of enterprises.

In short, migrant workers face many risks to their return to start their own businesses, which requires the joint efforts of the government, society and entrepreneurs to take effective countermeasures to deal with them. By strengthening market

research and prediction, technical training and innovation guidance, improving the financial service system, strengthening policy publicity and implementation, and strengthening management knowledge and skills training, it can effectively reduce entrepreneurship risks, improve the success rate of entrepreneurship, and inject new vitality into rural revitalization.

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