Research on the Main Body of Rural Economic Innovation Based on the Perspective of Public Policy

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Abstract. Migrant workers, college students, urban workers, entrepreneurs and technical personnel who love agriculture and are willing to return to countryside are the main body of rural economic innovation. They are a new driving force for promoting the development of agricultural and rural economy and solving the problems of agriculture, rural areas and peasants. The government has issued several policies to encourage these people to start businesses in countryside. However, whether the policy measures have achieved the expected policy objectives and whether they can effectively promote rural economic innovation are a question worth discussing. Taking the case Han chuan City of Hubei Province as an example, this paper uses field study to show the characteristics of the main body of rural economic innovation and explore the practical effects and existing problems of policies for promoting rural economic innovation. The results show that the multiplier effect of the main body of rural economic innovation has not really been played out. The main reasons include the limitation of policy making, inadequacy implementation of policy and insufficient incentives. Finally, it is concluded that the government should strengthen the training of entrepreneurial farmers, create a favourable industrial and policy environment and encourage high level and highly skilled personnel to come to countryside.

1 Introduction

“Agriculture, rural and peasant issues”, namely “three rural issues”, are fundamental issues concerning national economy and people’s livelihood and impacting the realization of national strategic goals. However, due to the urban-rural dual structure in China, there is an unbalanced development between urban areas and rural areas, leading rural areas falling into a cycle of labor loss, aging and low education levels. Thus, how to mobilize the enthusiasm of peasants and rejuvenate the vitality of rural economic development is of great significance. In recent years, the government has promulgated a series of policies to support people who returned to the countryside to start their own businesses, which is a rural economic innovation and has greatly rejuvenate the vitality of vast rural areas. The main body of this rural economic innovation includes migrant workers, college students, urban workers, entrepreneurs and technical personnel who are come from countryside and love agriculture. They can be called as returnees in this paper. However, whether the policy measures have achieved the expected policy objectives and what are the characteristics of the main body are worth studying. This paper takes Han chuan city as the investigation objective to find out the implementation situation in local rural

government and identify its role in rural economic development and the existing problems by field study.

2 Research design

This study visited four towns in Han chuan, including Xin he town, Fen shui town, Makou town, and Cheng guan town, and selected some people who went back to their hometowns to start business as samples for questionnaires survey and in-depth interviews. A total of 200 questionnaires were issued, and 158 valid questionnaires were recovered, with an effective rate of 79%. The questionnaire has been modified and improved for many times and has high reliability and content validity. The questionnaire is divided into two parts. The first part is the basic information of survey subjects, including gender, age, educational background, entrepreneurial experience, initial investment, annual turnover, etc. The second part is the main content of the questionnaire, involving the policy awareness level, utilization degree of policy, degree of satisfaction of policy implementation. At the same time, the interview was assisted to understand the effect of policy implementation comprehensively.

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3 Survey results

In the process of investigation, it is found that although Han chuan city has issued a series of preferential policies, such as employment service for returnees during the Annual Spring Festival, and launched the “spring breeze action” for migrant workers to start their own business, which has achieved some progress, the multiplier effect of returning to the countryside has not really been played out, mainly in the following aspects.

3.1 The Scale of Enterprises Built by Returnees are Generally Small

According to the statistics results of questionnaires, from the perspective of the investment scale of entrepreneurial innovation activities, there are 73 projects worth 100,000 to 150,000 Yuan, accounting for 46.2 percent, 56 projects worth 160,000 to 1 million Yuan, accounting for 18.3 percent. In terms of the form of entrepreneurship, there are 76 individual businesses, accounting for 48.1percent, 48 large farming households, accounting for 30.4 percent, 26 specialized cooperatives, accounting for 16.5 percent, and 8 companies, accounting for 5 percent (Tables 1and Table 2).

Table 1. The investment amount of entrepreneurial innovation activities (In ¥ Thousand)

Investment amount	Number of projects	Percentage
100-150	73	46.2%
150-100	56	35.4%
1000 above	29	18.3%

Table 2. The forms of entrepreneurship

Form of entrepreneurship	Number	Percentage
Individual business	76	48.1%
Large family farm	48	30.4%
Specialized farmers cooperatives	26	16.5%
Company	8	5%

3.2 The Industry Distribution of Enterprises Built by Returnees is Uneven

From the perspective of industry distribution, the enterprises built by returnees are mainly concentrated in the primary and tertiary industries, with a small number of investment projects in the secondary industry, among which 51 projects are in the tertiary industry, accounting for 32.9 percent; 38 projects are in the secondary industry, accounting for 24 percent, and 69 projects in the tertiary industry, accounting for 43.3 percent. The industries involved are mainly concentrated in the processing industry of agricultural products, breeding industry, farmhouse, catering and entertainment, transportation and other industries. The obvious individualization and decentralization are not conducive to the multiplier effect of returning to the countryside (Figure 1).

Figure 1. Industry distribution of enterprises built by returnee

3.3 The overall quality of the returnees is low

According to the survey, 929 of the returnees are migrant workers, and 69 percent have high school degree or technical secondary school education degree or above. Although these migrant workers have accumulated a lot of experience in big cities, most of them do not have the vision planning ability, organization and management ability, market opportunity identification and prediction ability, resource allocation ability, etc., which entrepreneurs should have. Their business management ability is limited by their own cultural quality and limited vision. Because of this, at present, most of the enterprises stay in labor-intensive industries with large capacity and low threshold, and their profitability is limited. On the other hand, the proportion of professional and technical talents returning to the countryside is too low. Due to the lack of professional guidance, technology innovation and scientific management, many manufacturing and breeding industries have high operating costs, product quality cannot be guaranteed, and core competitiveness of enterprises is difficult to form.

4 Cause analysis

The reasons for this phenomenon are analyzed from the perspective of policy. On one hand, there are certain defects in the policy design. On the other hand, the policy has not been effectively implemented, which leads to many difficulties and bottlenecks in entrepreneurship and innovation of returnees to the countryside.

4.1 There are certain limitations of policy making

Since the State Council issued document No.84 “*Opinions on Supporting the Entrepreneurship and Innovation of Returnees to the Countryside and Promoting the Integrated Development of Primary, Secondary and Tertiary Industries in Rural Areas*” in 2016, local governments have been actively implementing it. Hubei Provincial government has also introduced a series of measures to promote the entrepreneurship and innovation of returnees to the countryside. In 2016, Hubei Provincial government

issued “*Opinions of the General Office of Hubei Provincial People’s Government on the Implementation of Supporting Migrant Workers and Other Personnel to Return Home and Start Business*”, followed is the implementation of “*Opinions of the General Office of Hubei Provincial People’s Government on Vigorously Supporting the Entrepreneurship and Innovation of Returning people to the Countryside and Promoting the Integrated Development of Primary, Secondary and Tertiary Industries in Rural Areas*” in 2017. In 2018, a three-year action plan for migrant workers and other personnel to return home for entrepreneurship was proposed. Despite so many policies were introduced, the policy itself has certain limitations.

First of all, there is no clear responsibility subject and relevant assessment measures for policy implementation, which easily leads to the policy becoming a mere formality in the implementation process. In the survey, it is found that many returning entrepreneurs do not know which department is responsible for the consultation and application of relevant policies, and there is buck-passing among relevant departments. Secondly, the support policy for targets is one-size-fits-all without distinction, resulting in that many micro and small enterprises cannot enjoy the policy. According to the survey, 78 percent of the enterprises in the survey are labor-intensive small and medium sized enterprises, and 60 percent of migrant workers who return to their hometowns to start business are self-employed. These individual businesses are small in scale, generate little income and cannot absorb more employment, so the support policy is very limited for them [1]. However, large enterprises can enjoy more land use and tax policies due to their large investment, large scale and large employment capacity. This unbalanced policy cannot provide a good development environment and policy guarantee for returning start-ups.

4.2 The Policies are not Fully Implemented

A series of polices and measures introduced by the government have indeed stimulated the enthusiasm of those returnees to the countryside to start their own business, but there are still some problems in the implementation of the polices. The main problems are adequacy of policy, that is, there is no enough people, money, or goods allocated to support the implementation of the policy.

According to the field survey and questionnaire, the staff of related departments are not sufficient. Many polices cannot be fully implemented due to the limited human resource. The direct result is that the overall awareness of supporting policies and utilization of the policies are not high. Only 26 percent know most of the relevant entrepreneurial policies or are familiar with these policies. Most of returnees have not heard about them or familiar with them. The subjects that had used the entrepreneurial polices are limited. According to the field survey, there are only 50 people who had took part in the entrepreneurship training provided by government and related departments, 48 individual business or organizations have enjoyed the tax breaks when opening

the business , and 44 individual business or organizations have get loans from local banks. The number of people who had get information consultation is the highest among all the categories with 64 people, occupying 32%, while project support has the lowest utilization with only 7%. Land preferential, only enjoyed by large organizations, also has a low utilization with 10%. As high as 56 individual business or organizations have never used the preferential policies.

From the statistic results, it can be concluded that the policies on entrepreneurship and innovation are not fully implemented.

Table 3. The distribution of entrepreneurial policies using by migrant workers entrepreneurs

Policy	Number	Percentage
Entrepreneurship training	50	25
Tax breaks	48	24
Credit support	44	22
Information consultation	64	32
Project support	14	7
Land preferential	20	10
Lower barriers to entrepreneurship	18	9
Never use	56	28

4.3 Polices and Incentives Measures are not Sufficient

The essence of entrepreneurship policy is to stimulate the target group to generate entrepreneurship motivation and provide various help in the whole process of entrepreneurship to increase the entrepreneurship rate. The target group of the entrepreneurship policy is the people returning to the countryside [2]. According to the Public Office of the State Council, returnees include migrant workers, graduates of secondary and tertiary institutions, ex-soldiers and scientific and technological personnel, as well as many business owners, returned students and urban workers who love agriculture, know how to operate and manage it well.

But at present, this team is still dominated by migrant workers, and the proportion of others, such as ex-soldiers, graduates of middle and higher institutions, scientific and technological personnel, business owners and returned students from abroad, is very low. The root cause of migrant workers to return home to start their own businesses lies in their deep feelings for their native land, that is, the tension of homesickness becomes tighter and tighter, then the introduction of the new policy provides a release outlet for homesickness. Under the promotion of the policy, it promotes the behavior of returning home and starting their own businesses [3].

For returned students from abroad, urban workers, entrepreneurs and technical personnel, etc., although they may love agriculture, the backward rural infrastructure and the difference between urban and rural dual system lead to high cost and risk for starting business in rural areas. So, they are not willing to take the risks involved in

the countryside entrepreneurial team [4]. It can be seen that the incentive effect of the policy is limited, and the insufficient safeguard measures cannot fully mobilize the enthusiasm of relevant personnel.

5 Suggestions

Based on the above analysis, it is concluded that the innovation ability of returnees is insufficient due to the limited human capital, technical capital and financial capital. Even if they have innovation ability, under the pressure of capital, personnel and other aspects, it is difficult to make great achievements. Therefore, returnees to the countryside should change their ideas and priorities. Migrant workers returning home to the countryside to start business is a way for rural development. But the focus should be put on the improvement of entrepreneurship and continuous managing ability of returnees to encourage the multiple subject participating in the development of rural market. At the same time, try to create a favorable industrial and policy environment for returnees.

First of all, strengthen the training of entrepreneurial farmers and conduct classified training according to the type and form of entrepreneurship. On the basis of classification of industry, the training system should be established by combining leadership, management, organization abilities, professional and technical abilities required by the operation of enterprises. In terms of leadership, in addition to popularizing various policy measures, such as industrial policies, entrepreneurs also need to improve their conceptual skills through various thinking training.

In terms of management and organization ability training, training contents should be reasonably arranged according to the characteristics of entrepreneurship projects to improve entrepreneurs' operation and management ability. In terms of professional and technical ability training, the training of various special technical skills should be arranged according to regional characteristics and major industrial categories. In addition to strengthening the theoretical study, it is also necessary to give full play to the leading and exemplary role of pioneering leading enterprises to organize onsite training for trainees and enhance their practical ability.

Second, we should create a favorable industrial and policy environment. Rural innovation and entrepreneurship activities cannot be separated from the support of government policies. In view of the poor effect of entrepreneurship policy, it is necessary to establish the target responsibility system for policy implementation, take it as the evaluation index of rural work, include it in the rural work plan, and urge government departments at all levels to implement the policy. At the same time, the effectiveness of policy implementation is monitored, and a reward and punishment mechanism are established. In addition, it is necessary to rely on the existing public welfare entrepreneurship service agencies and entrepreneurship incubation parks to promote the construction of rural entrepreneurship comprehensive

service facilities and information platform to provide efficient and convenient services for entrepreneurs [5].

Third, encourage high level and highly skilled personnel and entrepreneurs possessing with professional and technical abilities, knowledge, love of agriculture, and modern management concept to return to their hometowns to start business. Hubei province is a major source of college graduates. It is also a big province where universities gather. It is necessary to encourage and guide all kinds of people to fully explore their advantages and utilize new concepts, technologies and channels to develop characteristic agriculture [6].

Fourth, encourage industrial and commercial capital and large enterprises to start business in the countryside. Rural areas, as a "blue sea", having great potential consumption and broad market prospects, is in urgent to be developed. For industrial and commercial capital, it is a good opportunity to expand development space by entering the rural fields with great potential. What is more, the rural areas are the cost depression. It will promote the integration of primary, secondary and tertiary industries by fully usage of rural resources, returned capital, modern concepts, technologies and talents.

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