

# Study On the Status and Influencing Factors of New Generation Migrant Workers' Entrepreneurship Competencies

—Taking Hefei City as an Example

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**Abstract**—In China, with the improvement of entrepreneurial environment and increasing urban adaptation problems, entrepreneurship is a rational choice for growth. The major entrepreneurial competencies of migrant workers are professional ability, social ability and management ability, which are commonly influenced by the environment and they also influence each other. First, the paper quantitatively analyzes current situation and influencing factors of new generation migrant workers' entrepreneurship competencies by factor analysis method. The results show that their social ability is strong, professional ability less strong but management ability is weak. Secondly, based on the analysis of the influencing factors, it is expressed that the strong social ability benefits from the migrant workers' entrepreneurship support policy in Anhui Province of China; while the insufficient professional ability and management ability is caused by inequalities of education opportunity and defects in entrepreneurial education. The last part puts forward countermeasures and proposals to improve their entrepreneurship competencies.

**Keywords**—New Generation Migrant Workers; Hefei City; Entrepreneurship Competencies; Influence Factors; Factor Analysis Method

## I. INTRODUCTION

In China, along with the advancement of reforms and opening up of the economy, the new generation migrant workers returning home for entrepreneurial ventures has become a trend, and migrant workers' entrepreneurship gradually arouses high attention of academic field. Cao Wei-qiu [1] (2000), Lou Ying-ying [2] (2007), and other scholars studied the factors that influenced peasants entrepreneurship ability and problems peasants faced when they started businesses; Yi Xiu-ping [3] (2000), Zheng Feng-tian[4] (2006) studied the relationship between peasants entrepreneurship and peasants' income and concluded that entrepreneurship could substantially improve peasants' income. From the angle of regional difference of peasants' entrepreneurship, Guo Jun-ying[5] (2006) concluded that the regional differences of peasants entrepreneurship mainly came from institutional factors and external environmental factors. Zhao Xi-hua, etc. [6] (2005) studied from the point of training needs for peasant entrepreneurs, and from the aspects of organization

management, cultivating mode, production effect, economic benefit and social benefit constructed new peasants entrepreneurship cultivation evaluation index system. Huang De-lin [7] (2007) explored the question of the source of the peasants' entrepreneurial ability, and concluded that overall in China, the peasants' entrepreneurship competency level was not high, and entrepreneur peasants' business level was still in the primary stage. From the point of the source of peasant's entrepreneurship competencies, the majority of peasant's innovation ability is in good and medium level, cooperation ability and social abilities are also at a fair level. In recent years, along with the increasing urbanization and deepening of rural economic system reforms, the problems of rural migrant workers have become more and more prominent. Wang-Tianquan[8] (2006), Wang Cui-rong[9] (2006) began to pay close attention to rural migrant workers especially who return their home to start business. Their researches mainly focus on economic effect of migrant workers return to start business and the role of the migrant workers return in new rural construction etc.

Unfortunately, in the current literature there is a lack of quantitative research on "the status of new generation peasant workers' entrepreneurship competencies" and "how influencing factors impact the entrepreneurship competencies". Moreover, existing literature is mostly qualitative while the empirical analysis is weak, so the evaluation system needs improvement. This paper tries to take Hefei in Anhui Province as an example, and conducts quantitative analysis for new generation peasant workers' entrepreneurship competencies status and the degree to which the influencing factors affect entrepreneurial competencies on the basis of survey data; meanwhile, puts forward countermeasures and suggestions to improve new generation peasant workers' entrepreneurship competencies.

## II. STATUS OF NEW GENERATION PEASANT WORKERS' ENTREPRENEURSHIP COMPETENCIES

The enthusiasm of the migrant workers returning home for entrepreneurial ventures has been further improved with the improvement of investment environment and conditions for development in the Midwest region. This section analyzes new generation peasant workers

entrepreneurship environment and status of entrepreneurship competencies in Hefei city through the analysis of statistical data collected through survey questionnaire.

*A. Current status of migrant workers returning home for entrepreneurship in Hefei city*

Hefei, as the capital of Anhui Province, has a permanent population of 7.69 million, of which 2.45 million is urban population and 5.24 million is rural. Its urbanization rate reaches 69.1%, which is highest in Anhui [10]. For supporting the rural migrant workers' independent entrepreneurship, labor and social security department in Hefei separately established two migrant workers' entrepreneurship parks in Feixi, Feidong and Changfeng from July 2008 to June 2009. At the same time, in order to satisfy the entrepreneurship demand of urban migrant workers, the government established migrant workers pioneer parks in Luyang, Yaohai, Shushan, Baohe. By November 2009, the city had built 10 migrant workers pioneer parks, covering an area of more than 50000 square meters, containing 37 migrant workers business entities that provide employment to 1641 people. At the same time, Hefei government approved to establish three new migrant workers pioneer parks in Feidong, Feixi and Changfeng respectively, and in the second half of 2010, these parks were operational. At present business entities are still entering into these parks. The migrant workers pioneer park management institutions provide services to these business entities including policy advice, entrepreneurial training, employment recommendation, small assurance loan services, gives rent, water expenses and property management and so on according to the cost reduction policy. The purpose is to provide a strong business hardware platform and information consulting services for the migrant workers, gather the technology, the enterprise, capital of migrant workers, which increase social employment and peasants' income, and ultimately speed up the development of the local economy.

*B. Sample and scope*

Data is collected through survey questionnaire in Hefei. Random sampling and case survey interview method are used. Scope of the study includes two parts: the new generation peasant workers' entrepreneurship ability status and its influencing factors. New generation peasant workers are divided into three categories namely: 1) who have started their own business, 2) who have not done any pioneering work yet but plan to do so, and 3) who have not started their own business and do not intend to start any business. 216 questionnaires were sent and 189 valid questionnaires were received with a recovery rate of 87.5%.

Descriptive statistics are shown in Table I. It can be seen that 66.7% of the respondents are males, 73.5% respondents' age is between 21 and 25, the education background of 25.9% is technical secondary school or high school, 39.2% have college education and 23.8% have university degree. 74.6% of the respondents are unmarried. These results are consistent with the results of a survey on the problems of rural migrant workers research group in national federation of trade unions in 2010. From the table we can see that new generation peasant workers in Hefei city who choose to work in

Jiangsu province which is close to Anhui has the highest percentage. These places have strong commercial and entrepreneurial atmosphere which inspire new generation peasant workers' entrepreneurial ability and lead this group's entrepreneurship intention rates to as high as 80.4%, including first and second categories i.e. who have started their own business, and have not done entrepreneurial work yet, but plan to do so.

TABLE I. BASIC SITUATION OF SAMPLES

Items	Options	Counts	Frequency
Age	16~20	11	5.8%
	21~25	139	73.5%
	26~31	39	20.6%
Gender	Male	126	66.7%
	Female	63	33.3%
Education Background	Primary school	3	1.6%
	Junior high school	18	9.5%
	Technical secondary school or high school	49	25.9%
	College	74	39.2%
	University or above	45	23.8%
Marital Status	Unmarried	141	74.6%
	Married	46	24.3%
	Divorced	2	1.1%
Work Place	Anhui Province	60	31.8%
	South east coastal area	29	15.3%
	Yangtze River delta	63	33.3%
	Others	37	19.6%
Work Years	Under 1 year	31	16.4%
	1~3 years	69	36.5%
	3~5 years	68	36%
	5~7years	9	4.8%
	Above 7 years	13	6.3%
Entrepreneurship Status	have started their own business	12	6.3%
	have not done entrepreneurial work yet but plan to do	140	74.1%
	have not started their own business and do not intend to do	37	19.6%

*C. Entrepreneurship competencies factors*

Returning home for entrepreneurial ventures is the rational choice of new generation peasant workers under the common influence of their own mind set, families, society and so many other factors, but entrepreneurial success is closely linked to their entrepreneurship competencies. Liu Chuan-shi analyzed the peasants' entrepreneurship ability's structure and concluded that cognitive ability was the basis and core of entrepreneurship ability, leadership is dominant innovation ability, professional ability is on essential support role, and social communication ability and management ability are in the foundation position within various abilities[11]. Peasant entrepreneurship ability is restricted by its own quality, and also influenced by its external environmental conditions. Several aspects impose restrictions on peasants' entrepreneurship ability, not only the external environmental restrictions like capital, information, channels, policy and so on, but also their knowledge, technology, experience and other internal

limited conditions[12]. From the definition of entrepreneurship ability by Chinese scholars, it is deduced that the new generation of peasant workers' entrepreneurship ability includes three parts: professional ability, social ability and management ability. Among them, the professional ability refers to the industry experience, core technical ability and the comprehensive ability of the related knowledge, skills and experience, which are the necessary reserves before entrepreneurial activity actually starts. Social ability refers to interpersonal skills, ability to obtain resources, ability to adapt to change and ability to work under pressure, which determines the capital accumulation stage; Management ability refers to the ability to capitalize on market opportunities and find business opportunities, and includes organization and coordination ability, analysis and decision-making ability, leadership and control ability. Hence, management ability is an important guarantee for the enterprise to conduct entrepreneurial ventures successfully.

Firstly, factor analysis is conducted on the basis of entrepreneurship ability questionnaire data using the principal component method through the SPSS17.0. According to the principle of "Eigenvalue greater than 1" three components are chosen, the values of the eigenvalue and the cumulative percent is shown in Table II. To analyze the rotated component matrix (as shown in Table III), and according to the standard that factor loading is higher than 0.5, we can see that: A1 - A3 can explain component 2, A4 - A6 can explain component 3, A7 - A11 can explain component 1. According to the theory of entrepreneurship ability, component 2, 3, and 1 are termed as "professional ability", "management ability" and "social ability" respectively. During designing the index system, the organization and coordination capacity are taken as part of management ability in the original definition, while according to the data analysis results, it should be part of social ability.

TABLE II. TOTAL VARIANCE EXPLAINED

Component	Eigenvalue	% of Variance	Cumulative %
1	4.095	37.223	37.223
2	1.587	14.424	51.647
3	1.048	9.530	61.177

TABLE III. ROTATED COMPONENT MATRIX

Name the Components	Factors	Component		
		1	2	3
f1 Professional ability	A1 Industry experience	0.079	0.821	0.093
	A2 Technical ability	0.257	0.807	0.098
	A3 Comprehensive ability	0.104	0.703	0.451
f2 Management ability	A4 Seize market opportunities	0.080	0.420	0.680
	A5 Leadership and control ability	0.217	0.105	0.837
	A6 Analysis and decision-making	0.233	0.081	0.727
f3 Social ability	A7 Organization and coordination	0.689	0.190	0.133
	A8 Interpersonal skills	0.635	0.131	0.185
	A9 Obtain resources	0.728	0.176	0.171
	A10 Adapt to change	0.750	0.052	0.053
	A11 Work under pressure	0.673	0.011	0.139

#### D. Entrepreneurship competencies status

According to the factor score coefficient matrix (shown as Table IV.), Thompson regression method is used to calculate the components score:

$$f1=0.284ZA1-0.196ZA2-0.298ZA3-0.25ZA4-0.1ZA5-0.062ZA6+0.229ZA7+0.215ZA8+0.245ZA9+0.324ZA10+0.286ZA11=0.235 \quad (1)$$

$$f2=0.42ZA1+0.435ZA2+0.091ZA3-0.247ZA4-0.527ZA5-0.457ZA6+0.115ZA7+0.034ZA8+0.08ZA9+0.013ZA10+0.004ZA11=-1.072 \quad (2)$$

$$f3=0.132ZA1+0.159ZA2+0.168ZA3+0.158ZA4+0.16ZA5+0.144ZA6+0.151ZA7+0.142ZA8+0.16ZA9+0.132ZA10+0.126ZA11=12.227 \quad (3)$$

The comprehensive score of entrepreneurship competencies:

$$F=(f1*37.223+f2*14.424+f3*9.530)/61.177=1.509 \quad (4)$$

TABLE IV. FACTOR SCORE COEFFICIENT MATRIX

	component1	component2	component3
A1	0.132	-0.284	0.42
A2	0.159	-0.196	0.435
A3	0.168	-0.298	0.091
A4	0.158	-0.25	-0.247
A5	0.16	-0.1	-0.527
A6	0.144	-0.062	-0.457
A7	0.151	0.229	0.115
A8	0.142	0.215	0.034

Analysis above shows that the new generation rural migrant workers in Hefei city have strong social ability. The new generation peasant workers learn to adapt to the changing environment and work under all kinds of pressure in their migrant working life, and at the same time, accumulate a certain amount of interpersonal capital, which lays a good foundation for Hefei new generation peasant workers' accumulating social entrepreneurial capital. Most of the new generation peasant workers received some school education, meanwhile Hefei labor safeguard branch also provides good skills training conditions for those who stop schooling or graduates, hence, the studying of cultural knowledge, professional skill training and the migrant work experience have their own certain professional abilities, but the computation result shows that its overall level is still low. At the same time, the results show that lack of management ability is the weakness of Hefei new generation peasant workers' entrepreneurship competencies. The learning content of new generation peasant workers in training institutions do not contain special trainings of control ability, analysis and decision-making ability. Similarly, the narrow vision and limited experience also could not make young new generation peasant workers to have strong management ability. Therefore, Hefei new generation peasant workers' abilities need improvement from all aspects.

#### III. THE INFLUENCING FACTORS OF NEW GENERATION PEASANT WORKERS' ENTREPRENEURSHIP COMPETENCIES

GEM (Global Entrepreneurship Monitor) propose that entrepreneurship environment conditions contain nine aspects: financial support, the government's policy, the government projects, education and training, research and development transfer, business environment and professional infrastructure, the degree of domestic market

opening, physical infrastructure availability, culture and social norms [13]. When studying migrant workers' entrepreneurship ability, factors from GEM model are combined with migrant workers' own characteristics to build a model of migrant workers' entrepreneurship influencing factors. Further, migrant workers' entrepreneurship influencing factors are divided into two categories i.e. external environment factors and their own qualities [14]. Social, cultural and political atmosphere are termed as external environmental factors and individual quality influencing aspects of migrant workers pioneering consciousness, are categorized as internal factors. External environmental factors decide the entrepreneurial opportunity, while the farmers' own qualities determine the peasant workers' entrepreneurship competencies. The above two aspects produce entrepreneurial activity. The environmental factors include three aspects of social cultural environment, financial support and policy support; while quality factors can be divided into three aspects: ability quality, physical and psychological quality [15]. (As shown in Fig. 1.)

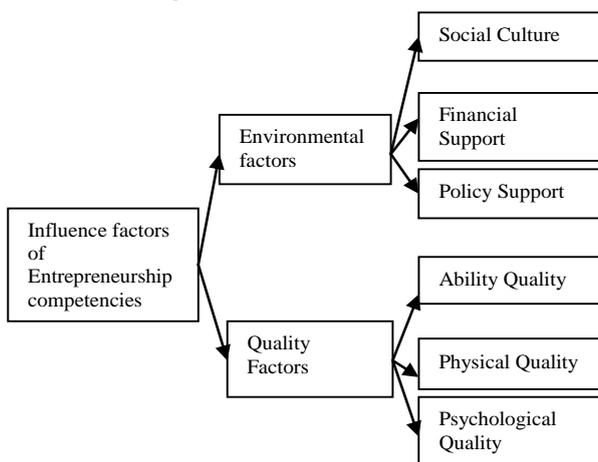


Figure 1. Influencing factors of entrepreneurship competencies

Anhui Province is close to Jiangsu, Zhejiang Province and Shanghai which are very vibrant in terms of business atmosphere. New generation peasant workers that worked in these regions tend to conceive the idea of starting their own business, so the social culture environment here refers to the business atmosphere. Funds' sources of migrant workers returning home for entrepreneurial ventures are mainly: self-finance, borrowing from friends and family, private lending, bank lending and government support. Generally, for small enterprises, the fund in most cases come from self-finance, or borrowing from friends and family. For large scale enterprises, they always raise money from commercial banks and government support funds. If the entrepreneur physical quality is the skeleton of entrepreneurial activity, then ability quality is the necessary flesh for entrepreneurial activity, and entrepreneurial psychological quality is the soul of entrepreneurial activity. Ability quality directly affects the efficiency and success rate of entrepreneurial activity. Physical quality refers to the entrepreneurs' body, whether it's healthy, vigorous, energetic, quick thinking or not, has great influence on migrant workers' entrepreneurship. Government support here points to entrepreneurial

policies setting by Hefei government, including entrepreneurship preferential policies, loan policies, the settlement policy etc. Entrepreneurial psychological quality refers to the personality characteristics that control the entrepreneurial psychology and the behavior in entrepreneurship practice process, and reflects the entrepreneurs' will and emotion, which is the regulator of entrepreneurship quality system [16]. Factor analysis method is used to figure out the score of each influencing factor through the questionnaire data processing, as shown in Table V.

TABLE V. THE SCORE OF EACH INFLUENCE FACTOR

Influence factors	Factor score	Factor ranking
Ability quality	0.275	1
Policy support	0.246	2
Physical quality	0.234	3
Social culture	0.225	4
Psychological quality	0.218	5
Financial support	0.197	6

Based on the score of influencing factors, the new generation peasant workers' ability quality has the greatest influence on entrepreneurship competencies, followed by local government policy support and entrepreneurial physical quality. After that the social and cultural environment of the entrepreneur and entrepreneur's psychological quality are important factors. However, there is relatively little influence of financial support factor. As the new generation peasant workers' businesses that have been started or are ready to start are mostly miniature enterprises, therefore their start-up capital is not much, together with factors of free funds, government support and private lending, new generation migrant workers' opinion that the financial support is not significant factor is understandable.

#### IV. COUNTERMEASURES AND SUGGESTIONS TO PROMOTE NEW GENERATION MIGRANT WORKERS' ENTREPRENEURSHIP COMPETENCIES

Since 2000, Anhui Province formally launched the "phoenix back to nest" project. It vigorously constructed the entrepreneurial infrastructure, and actively implemented the entrepreneurial preferential policy and carried out business startup trainings, attracted a large number of migrant workers to return home for entrepreneurship [17]. Hefei Municipal government did its best to create a good external environment for new generation peasants to start businesses by constructing peasants Entrepreneurship Park, forming good business atmosphere and formulating a series of preferential policies for entrepreneurship and financial support. Meanwhile entrepreneurship training also helps the new generation peasant workers who lack business knowledge and experiences but possess a certain amount of entrepreneurship competencies. However, the research results show that new generation peasant workers' entrepreneurship ability is not high in Hefei city. Following suggestions are given for improvement of entrepreneurial ability of migrant workers.

First of all, broadening of the entrepreneurial training content and improvement of the training course system are recommended. The title of business training system in

Hefei is “Start Your Business” (SYB for short). The instructors teach students the process of starting business, but neglect systematic training for the important entrepreneurship ability especially the management ability. Therefore, entrepreneurship training institutions should strengthen enterprise management skills and practical training on the basis of entrepreneurial process training to enhance entrepreneurs’ management ability.

Secondly, increase in educational level and employment opportunities for the new generation peasant workers are suggested. Despite no significant positive correlation between the degree of education level and the level of the entrepreneurship competencies is supported by the data, it can increase knowledge and expand vision of the entrepreneurs. Through the actual work experience, new generation peasant workers can apply what they have learned into their own entrepreneurial venture.

Finally, continuous improvement in business support environment and creation of a good business atmosphere is also suggested. All kinds of support policies for migrant workers’ entrepreneurship in Hefei City greatly promote the enthusiasm of migrant workers to return home for entrepreneurship, promoting the development of county’s economy. Suitable external environment has also promoted the new generation peasant workers’ social ability of Hefei City. This situation serves as a strong reference for migrant workers’ entrepreneurship in other parts of the province and country.

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