

Study on the Land-lost Peasants' Entrepreneurship

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Abstract—With the constant promotion of the urbanization, the land-lost peasants increase rapidly in China. Land-lost peasants, not only lost their social security brought by their own land, and can't get social security rights as ordinary citizens. If combined with unemployment, land-lost peasants became a new urban social vulnerable groups. How to settle the land-lost peasants reasonably has become a prominent social problem which is related to the development of economy, society steady and building a harmonious society. Research about land-lost peasant has aroused the widespread attention of scholars. Land-lost peasants' type, number, spatial distribution and urbanization process has caused China's scholars' attention and theory's innovation. In recent years, land-lost peasants' research has formed different research centers and built new frontiers. Except obtaining employment, promoting entrepreneurship is the problem to keep sustainable livelihoods of the land-lost peasants. This paper gives policy proposal based on land-lost peasants' entrepreneurship status.

Keywords- *Land-Lost Peasants; Urbanization; Vulnerable Groups; Entrepreneurship; Policy Proposal (Key Words)*

I. INTRODUCTION

With the development of country's modernization in China, urbanization process is irreversible. During the urbanization process, the land-lost peasants are one of the most aggrieved groups. Chinese scholars have done more researches. Their research perspectives have been diversification increasingly. Research methods also included more measuring model of sampling investigation, empirical methods, etc.

II. LITERATURE REVIEW

If devised with the historical sequence, Chinese land-lost peasants can be divided into three phase, the theme of each stage has a relatively concentrated. Overall research topics and representative articles are shown in table 1. (1) the early stage of research: how and why of the interests of farmers are damaged. Combining the reasons of peasants' land lost and interest lost, scholars explained that the cause of farmers' interests damaged due to land lost, then pointing the view of "land lost cause the damage of the farmers' interests". Li Peilin put forward that the key of solution lies in the clear property ownership [1]; (2) The middle stage of the study: the assumption and practice of the construction of the land-lost peasants' resettlement mode and the safeguard mechanism. The reason for the "settlement" and "security" becoming the most important issue in the study of land-lost farmers is to solve the problem of the survival in the process of urbanization. The

practice mode of the land-lost peasants' settlement has become the focus of the scholars, and on this basis, more papers put forward the ideas of social security system of land-lost peasants.(3)The later stage of the study: the obstacle of land-lost peasants' citizenship. If the land-lost peasants cannot enjoy the same living conditions and the development as the city residents during urbanization, the experience is fail. The research on the problem of land-lost peasants' citizenship in China is generally around the theme of "The concept of land-lost peasants", "the analysis of the factors that restrict the farmers citizenship" and other subjects. There are also scholars (Xie Jungui [2]) on the study of the "land-lost peasants of urban adaptation and social identity".(4)Research on the new stage: from survival to development. Only compensation and protection is not enough, the long-term survival strategy is the fundamental solution to the problem of the land-lost peasants. Wang Yiming, Zheng Fengtian put forward to build a support system encouraging land-lost farmers to start their own business. In summary, ①From "losing" to the "getting" is the future research trend of land-lost peasants. Emphasizing the loss of the land-lost farmers is only a beginning, more research are put on helping land-lost peasants in the process of urbanization;②How to help the landless peasants in the process of "get", to prevent "losing before getting", current research is focused on employment, entrepreneurship research, the risk of land lost farmers compensation invested has not yet attracted enough attention;③At present, the research results have the integrity, the strategy tendency, the specific internal differentiation is getting less attention, the analysis without distinction of is not helpful to getting the expansion of policy support.

Review of Foreign Studies: In 1944, John Von Neumann and Oskar Morgenstern published the book "game theory and economic behavior", the utility value operation theorem is put forward, which is thought the beginning of the modern decision-making theory. In 1960, H. A. Simon broke the traditional concept of administration in his book "management decision-making science", taking full account of the limited rationality of decision makers, considering that any decision maker cannot achieve the high degree of rationality. The objective of the decision-making has become a turning point in the development of decision theory. To the risk of the decision-making theory, it mainly went through three stages of development: (1) The first stage of development is

"Rational decision maker" period. This stage is concerned with the relationship between the decision maker's evaluation of the probability and the outcome, expecting utility theory and subjective expected utility theory are typical representatives of this period. (2) The second stage of "prospect theory". Kahneman and Tversky (1979) put forward the prospect theory, from the perspective of psychology, correcting the subjective expected utility model, emphatically reflecting and describing the actual decision-making process of decision makers, and the decision process is divided into two period of editing and evaluation. The prospect theory includes two parts: value function and weight function, which is the descriptive theory of risk decision. (3) The third stages of development, "ecological theory" period. Gigerenzer et al. (1999) proposed the ecological idea, the emotion is the

focus of attention. It is the process of making full use of the information in the environment.

There are also a lot of researches on the farmers' investment risk in the world, which mainly focuses on the agricultural investment risk, such as Bar-Shira, Tailor, Hazell, et al. The research on the investment risk of the land lost farmers is less, and the study on the land property rights changed, especially the developed countries. But it can be used for reference in the study of the weak group support. At present, the international investment in entrepreneurship policy is gradually turning to support the disadvantaged groups, encourage self-employment. Governments also have given a lot of attention to the special target groups, which is dominated by the youth group, followed by the female group, then by the minority, immigration, indigenous people, unemployed people, etc.

Table. I The node information of land-lost peasants co-citation network

Cluster	Author	Time	Paper title
1 Social Security	Ji Xiaolan	2007	Reconstruction of the social security system in the process of farmers' urbanization ^[3]
	Xia Fengzhen	2004	Land-lost peasants' reasonable interests research in the process of urbanization ^[4]
	Zhang shouzheng	2003	The thinking of farmers losing ground in the process of urbanization ^[5]
	Zhu Ying	2005	Research of Land-lost Peasants' Social Security's System Path ^[6]
	Chen Jianhua	2007	Psychological Factors Affecting Land-Lost Peasants' Land Expropriation Conflict ^[7]
2 Citizenship			Land-lost peasant's rights protection during the process of urbanization ^[8]
	Luo Huping	2010	"G - d - f compound resettlement"'s mode, buildment, and empirical results ^[9]
	Wei Miaomiao	2013	From keeping to support: land-lost peasants policy's shift ^[10]
3 Land Requisition Compensation	Wang Xiaoning	2010	The interests game between peasants and government in the process of urbanization ^[11]
	He Aiping	2007	The new interpretation of land-lost peasants' rights and interests: based on the perspective of Amartya Sen's rights exchange theory ^[12]
	Chen Yadong	2007	The analysis of China's land requisition and land-lost peasants ^[13]
	Gong Weicai	2005	The market opening of land-lost peasants' commercial insurance ^[14]

III. THE NECESSITY OF LAND LOST FARMERS' ENTREPRENEURSHIP

The land-lost peasants in our country began to appear in the ninety's of last century, and the large scale of the land expropriation caused millions of farmers lost their land. Data show that, from 1987 to 2001, the national non-agricultural construction occupation of arable land is 33946000 acres, 70% of the occupied arable land is through administrative means, these are only the number of approved by law, the illegal occupation not included. Illegal occupation of land accounted is about the average of 20% to 30%, and some even up to 80% [15]. If according to this calculation, the actual number of land acquisition for 15 years is about four thousand million acres. If the per capita possession of land 0.8, it means that the land-lost peasants are about fifty million. And with the acceleration of the process of urbanization, but also add about three million people each year. Ten years later, the number of land-lost peasants will be as high as one hundred million. According to the current per capita living consumption expenditure of rural residents, the land-lost peasants' compensation can only be maintained for 7 years or so. If according to the current per capita consumption of urban residents, compensation can only maintain more than 2 years of life. The National Bureau of Statistics' survey shows that, employed land-lost peasants is accounted for only 2.7% of the total number, 20% land-lost peasants unemployed is in the home. Farmers lost their land, both lost social security brought by the land. They can't get the right of social security as ordinary citizens. If land-lost peasants being unemployment, farmers would become the new urban vulnerable groups, "without land,

unemployment, non social security, neither peasants nor citizens, no survival skills ". Jiusan Society have conducted a survey, the data suggested that "At present, 60% of the land-lost peasants are living in a very difficult situation, not having a stable income, only 30% are not influenced by land lost"[16], this has caused a series of social problems. Urban crime rate is rising, the new "Slums" appeared, the left children have shaken the long-term stability of the society. These have become the outstanding problem of China's sustainable development. Some scholars pointed out that the original so-called three rural issues (rural, agriculture, farmers) are gradually being replaced by the three new rural issues (migrant workers, land-lost peasants, village end). In order to avoid conflicts, all the provinces are finding the protection modes to help the interests of land-lost peasants, putting forward a variety of ways, such as the diversification of land lost compensation, the increase of the amount of compensation, and the cultivation of farmers' employment. Except the international experience, encouraging and supporting the entrepreneurship of weak group is one of the solutions. In Australia, Finland, the United Kingdom and other regions, unemployed people are encouraged to start their own business, to get rid of the weak status, including the reduction of women entrepreneurs may encounter obstacles, giving a number of national entrepreneurship policy concessions. The land-lost peasants in our country have become a weak group. The western countries' experience of encouraging entrepreneurship can also solve effectively the problem of the sustainable development of land-lost peasants in our country.

But limited by the risk aversion mental and personal ability, land-lost peasants tend to choose the investment

means of risk minimization, such as savings and buying property, getting lower rates of return, and often causing the compensation in idle. Local government proposed to encourage land-lost peasants to invest, but in the absence of risk aversion, if the investment fails, the land-lost peasants without protection will become social problems. Therefore, the balance should be found between the waste of resources and land-lost peasants' compensation may be lost under market risk. This gives the government a problem, how to give the land-lost peasants support in the process of investment.

IV. PRESENT SITUATION OF LAND-LOST PEASANTS' ENTREPRENEURSHIP

A. *Lower Entrepreneurial Ability.*

Entrepreneurial ability includes the ability to identify the entrepreneurial opportunities, the integration of entrepreneurial resources and the ability to avoid the risk of entrepreneurship, etc. Among them, the ability to identify the entrepreneurial opportunities is the initial and basic requirements of the business. However, due to the lack of education, insufficient information, narrow vision, the phenomenon of "follow the trend" is often seen in the venture. Peasants saw other people getting profit in the first year, then imitated the investment in the second year, so that the market quickly reached saturation, thereby affecting the overall profit level. The ability to integrate the entrepreneurial resources, that is, after choosing entrepreneurial projects, peasants need to integrate the people, financial, and material, to carry out the business. But the social network of land-lost peasants is still dominated by village acquaintances and relatives, and little human resources can be obtained. In order to carry out the investment, land-lost peasants need financing. Because the personal savings and the amount of compensation for the land-lost peasants are limited, the loan financing need to mortgage, this also hindered the land lost farmers' access to the required material. The ability to avoid the risk requires that the land-lost peasants have a sense of risk in the process of venture firstly. In China, peasants' thoughts have long been conservative, idle, and unable to objectively evaluate the degree of risk encountered during entrepreneurship. And before the start of the business, they have not been aware of the temporary defeat, not knowing how to continue the process of entrepreneurship. After failure, peasants cannot do their best. This lead to business interrupted.

B. *Poor Entrepreneurial Environment.*

Land-lost peasants' entrepreneurial environment, including the economic situation of the region, the institutional environment, which will also affect the enthusiasm of farmers' entrepreneurship and the success or fail of the venture.

1) *Financing Difficulties of Land-lost Peasants.* Land-lost peasants' entrepreneurship is mainly dependent on personal savings, land compensation and relative loan. Because of the low price of agricultural products, the personal savings of land-lost peasants are few. According to the article 47 of "the People's Republic of Land Management Law": "farmers land acquisition compensation fee include land compensation fees,

resettlement subsidies and attachments and young crops compensation. Compensation for expropriation of arable land is 6 to 10 times of the average output value for the three years". The amount of compensation is very low. While in the concrete operation process, because of various factors, the land-lost peasants can get less compensation. Land-lost peasants living in the presence of difficulties, cannot carry out entrepreneurship again. The relatives' help is an utterly inadequate measure. Financial system loans often need to have collateral. The land-lost peasants live in housing lack of property rights. They cannot get loans from bank. Lagging financial reform is difficult to obtain loans in the course of the venture, increasing the difficulty of land lost farmers' entrepreneurship.

2) *Lack of Reliable Social Security Mechanisms.* There is a risk about entrepreneurship. Even if the farmers have the good ability to start the business and integrate business resources, they cannot completely avoid the risk. If there is a good social security mechanism, at least there is a safe haven of social security for failure peasants. Because of the financial difficulties and a large number of land-lost peasants, the social security for farmers is very difficult for the current process of urbanization. Once the land acquisition compensation is invested, then being failure, land-lost peasants will be living difficult. This will lead to the difficulty for land-lost peasants to make objectively selecting.

3) *The Degree of Marketization Is Not Perfect.* The success or failure of the land-lost peasants is often influenced by the local economic level, especially the degree of marketization. If the marketization is high, land-lost peasants will have more opportunities to get more resources. The degree of marketization in the eastern region is higher, the land-lost peasants in the area have more entrepreneurial opportunities than land-lost peasants in the western region. Farmers' entrepreneurial desire is more intense; the channel is more open. The project is diversified, which not only promotes the development of the market, but also promotes the process of land-lost peasants' entrepreneurship.

V. CONCLUSION

A. *Providing Land-lost Peasants' Entrepreneurship Training.*

At present, the training of land-lost farmers is often lack of target. The content of the training is determined by the government, the real needs of the land lost farmers could not be considered. Secondly, the cultivation of the level is not enough. The farmers' gender, age and education level are different, this results in that the need of content is not same. The high level of land-lost peasants can get a high level of training. But in practice, the cultivation of all the people maintains the same content. The training failed to fully consider the difference between the audiences. Finally, after the completion of the training, the training effect is not concerned. The training content should be adjusted according to the difference of the effect and to improve the training effect.

B. *Establishing and Improving the Venture Capital System.*

Land-lost peasants' investment and financing difficulties has become an important obstacle to their business. The existing financial reform is lag, resulting in the difficulty of farmers to obtain investment loans. This also caused high interest rate of loans generally in many areas. Therefore, government should establish and improve the venture capital system for land-lost peasants, ensure that the land-lost peasants' venture capital needs. The land-lost peasants can obtain loans through effective ways.

C. *Building Special Policies to Support Land-Lost Peasants' Investment.*

The government has the desire to support the land-lost peasants' entrepreneurship through providing effective information on the business and preference policy for land-lost peasants. Government should provide a favorable business environment, helping peasants to choose the project, integrating resources and avoiding risk.

D. *Establishing and Improving the Social Security System of Land-lost peasants.*

Due to the adverse consequences of the venture, land-lost peasants do not want to invest. If the social security system is established, farmers can find a new life or employment opportunities after the failure. Therefore, the social security system of land-lost peasants should be established and improved in order to relieve the worries of farmers' entrepreneurship.

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