

Analysis of the hometown factor in industrial transfer: Survey of textile enterprises from Shaoxing, Zhejiang

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Abstracts: Compared with industrial transfer under the market law, the return-type industrial transfer driven by entrepreneurs returning to their hometowns is characterised by the specificity of the transferring subject. The returning entrepreneurs are subjects with specific regional identity characteristics, and the return-type industrial transfer is an industrial transfer with the hometown factor as the core driving mechanism. Based on survey data from entrepreneurs in the central and western provinces of Shaoxing, Zhejiang Province who intend to transfer their enterprises, a structural equation model was used to analyse the factors influencing entrepreneurs' return to their hometowns. The results show that location pressure and hometown attractiveness have a significant facilitating effect on entrepreneurs' willingness to return home, while location resistance has a hindering effect on entrepreneurs' willingness to return home.

Keywords: industrial transfer; hometown; regression; structural equation modelling

1. Introduction

At this stage, the main contradictions in China's society have developed and changed, and unbalanced regional development is one of the important factors preventing people from achieving a better life. Promoting high-quality economic development in the central and western regions, promoting balanced regional development and achieving common prosperity requires exploring new ways of economic growth in the central and western regions. Inter-regional industrial transfer is an effective path to shorten the regional economic gap and is conducive to the optimisation and upgrading of industrial structure and coordinated regional development, so it is of great practical significance to actively explore efficient ways of undertaking industrial transfer for balanced regional economic development. The study of inter-regional industrial transfer can be traced back to the flying-geese model proposed by Japanese economist Akamatsu in the 1930s, which argues that late-developing countries advance the industrialisation process by taking over the industrial transfer from high-gradient countries and then transferring out industries to low-gradient countries in a gradient transfer process. The dichotomous structural characteristics of China's regional economy have created a clear gradient gap between the east and the mid-west. The large-scale transfer of marginal industries from the pre-developed regions to the latter regions according to the regional gradient theory has not occurred as expected, and the problem of sticky industrial transfer has emerged. This has attracted the attention of many scholars in China. At this stage, the objective transfer conditions for the external dynamic mechanism of transferring industries to work already exist, and to realize the process of transferring industries on a large scale from the east to the central and western parts of the country, it also needs to be implemented with the help of external policies that incentivize enterprise decision-making. Scholars have paid attention to the return-type industrial transfer one after another. Its intrinsic logic lies in the return of industries to their hometowns along with the return of entrepreneurs to their hometowns, while the deeper mechanism is the hometown feeling, which has the typical characteristics of high speed, low cost, strong motivation, low

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barriers, large scale and low risk, making the return-type industrial transfer an important means for less developed regions to achieve a narrow income gap and balance regional disparity.

As mentioned above, research on the dynamics of industrial transfer has mostly focused on industrial transfer under the market mechanism, but when the problem of stickiness of industrial transfer arises, the focus is on the importance of the external environment and micro factors on industrial transfer. The main body and carrier of industrial transfer is the enterprise, and the decision of the entrepreneur is related to the direction of industrial transfer. This study focuses on the psychology, behaviour and decision-making of entrepreneurs at the micro level, analyses the influencing factors of entrepreneurs returning to their hometowns, and proposes scientific and effective countermeasures to guide industrial transfer.

2. Research design and data sources

2.1 Research design

The theory of industrial relocation forces suggests that the decision to relocate is influenced by the pressure of the location, the attractiveness of the target market location and the resistance of the location. Based on this, this study analyses the micro-dynamic mechanism of industrial relocation from the following aspects and puts forward research hypotheses.

(1) Location pressure. In this study, three observed variables, namely location factor cost pressure, location market competition pressure, and location environmental regulation pressure, were chosen to explain the location pressure. At present, China's developed economic regions along the eastern coast are at a critical stage of economic transformation, with an ever-optimising industrial structure, a narrow space for economic development, a shortage of resources, and rising land prices and labour costs, causing traditional resource-intensive and labour-intensive industries to lose their comparative advantages. Entrepreneurs are urgently looking for the next region with comparative advantages for industrial transfer. The dense concentration of enterprises in the eastern region is under great competitive pressure, and taking up the potential market demand in the central and western regions and taking advantage of the competition is an important driving force for the relocation of enterprises. The pressure on the ecological environment in the eastern region is becoming increasingly severe, and industrial transformation and upgrading are imperative, with many polluting enterprises facing transformation or relocation in the process of "exchanging cages for birds", and the increasingly stringent environmental constraints have a significant impact on the relocation of enterprises. Based on this, this study proposes hypothesis 1 (H1): locational nudge has a positive effect on the return of enterprises to their hometown.

(2) Location resistance. In this study, three variables were selected to examine location resistance: the cost of transferring enterprises, the share of export profits of enterprises, and the degree of industrial agglomeration in the location. The high cost of industrial transfer has hindered inter-regional industrial transfer in China, and many scholars believe that the reason why industries in the eastern region have not transferred to the central and western regions on a large scale as expected is because of the high transfer costs. For companies with a high proportion of export profits, the degree of openness of a region to the outside world is crucial to the location of the company. Companies in regions with high accessibility to foreign markets can transport their industries to overseas markets quickly and steadily, and the level of openness to the outside world in the central and western regions has seriously lagged behind since the reform and opening up, hindering the transfer of export-oriented companies. Close cooperation between enterprises in the eastern region has formed a specialised cooperation network, showing the trend of cluster development, while the low benefits of industrial agglomeration in the central and western regions hinder the transfer of single enterprises, while lacking the ability to undertake the overall transfer of clusters. Based on this, this study proposes hypothesis 2 (H2): locational resistance has a negative impact on the return of enterprises to their hometowns.

(3) Hometown attractiveness. In this study, six variables were chosen to explain hometown attractiveness: preferential policies of hometown government, efficiency of hometown government, expansion of hometown market share, obligatory need to take care of family members, building a career in pursuit of social status, and missing hometown. For the central and western regions, due to the overall low level of economic development, local governments face greater pressure for economic growth and employment, and local governments formulate more favourable land and financial policies to attract enterprises to return to their hometowns. The efficiency of the government is the core competitiveness of undertaking industrial transfer, which is related to whether the transfer of enterprises can be carried out smoothly. Market demand is the fundamental motivation for enterprises to sustain their business, and the pursuit of market profits is the key inducement for enterprises to relocate. The expansion and consolidation of the home market and the pursuit of profit maximisation within a wider market area are very attractive to entrepreneurs. The mechanism inherent in the return of enterprises to their hometowns is that family ties, hometown love and informal institutions have become important factors in pulling industries to move. Entrepreneurs are more inclined to return to their hometowns to reunite with their families and enjoy family ties in the face of increasing business pressure in the east. Returning to one's hometown can fulfil family obligations of supporting the elderly and caring for children, while relieving the nostalgia of being in a foreign country. Based on this, this study proposes hypothesis 3 (H3): hometown attractiveness has a positive impact on enterprises returning to their hometown.

(4) Willingness to return home. Based on the Theory of Planned Behaviour, three observed variables were used to measure the willingness of migrant workers to return to their hometowns, namely, once-willingness, long-term willingness, and importance to the family. In view of this, this study chose three variables to measure entrepreneurs' willingness to return to their hometowns: once willingness (whether they had the idea of moving their business back to their hometowns in the past), current willingness (how strongly they currently move their business back to their hometowns) and the importance of returning to their hometowns to their families. To test the above research

hypotheses, this study constructs a structural equation model of the factors influencing entrepreneurs to return to their hometown.

2.2 Data sources

This study designed a questionnaire based on a 5-level Likert scale method, which included four potential variables and 15 observed variables: willingness to return home, location locational push, location locational resistance, and home locational pull. An interview-based questionnaire survey was conducted for entrepreneurs from the central and western provinces of Zhejiang Keqiao who intended to transfer their enterprises. A total of 131 questionnaires were distributed, with 120 valid questionnaires and a valid return rate of 92%.

2.3 Basic characteristics of the sample

The basic characteristics of the sample are shown in Table 1. Among the respondents, men predominated, accounting for 87.5%; the returning entrepreneurs were mainly middle-aged, with their age group concentrated in the range of 31 to 50 years old, accounting for 78.3%; in terms of education level, junior high school and high school (junior college) predominated, accounting for 44.2% and 40.8% respectively; the number of years the returning entrepreneurs had been away from home was 10 years or less, accounting for 75%.

3. Econometric results and analysis

The AMOS software was used to analyse the structural equation modeling of the factors influencing entrepreneurs to return home, and the great likelihood method was applied to estimate the parameters. According to the estimation results of the structural equation model.

(1) The path coefficient of location y on the willingness to return home is 0.627, which passes the significance test at the 1% level, and the path coefficient is positive, which confirms hypothesis 1, indicating that the location push can significantly increase entrepreneurs' willingness to return home, mainly because: first, the higher level of economic development in the eastern region, the cost of land, energy, raw materials, labor and other factors, as well as the increasingly stringent environmental regulations Secondly, the old way of "polluting first and treating later" in the eastern region has led to the deterioration of the ecological environment and the continued impact on the environmental carrying capacity, and the government has tightened environmental constraints for the harmonious development of the economy and the environment, resulting in increasing pressure on the environmental costs of enterprises. Thirdly, the economic development in the eastern region is mature, the enterprises are densely concentrated in poor living conditions, and the competition for homogeneity is intense.

(2) The path coefficient of location resistance on the willingness to return home is -0.739, which passes the significance test at the 1% level, and the path coefficient is negative. Hypothesis 2 is confirmed, indicating that location push can significantly affect entrepreneurs' willingness to return home, mainly because: first, when enterprises exit their existing locations, some assets with geographical and physical specialization are easily transformed into sunk costs, and the high transfer Secondly, a high proportion of export profits means a higher reliance on overseas markets, while the weaker access to overseas markets in the central and western regions reduces the willingness of entrepreneurs to move; thirdly, the agglomeration effect generated by industrial clusters in the eastern regions reduces the operating costs of enterprises, enhances their competitive advantages in the market and accelerates the pace of technological innovation, while the weaker industrial cluster potential in the western regions weakens the willingness of entrepreneurs to move. The weaker cluster dynamics in the western region have weakened entrepreneurs' willingness to transfer.

(3) The path coefficient of hometown attractiveness on the willingness to return home was 0.929, which passed the significance test at the 1% level, and the path coefficient was positive. Hypothesis 3 was confirmed, indicating that hometown attractiveness can significantly enhance entrepreneurs' willingness to return home. The study shows that: firstly, the government as can effectively guide entrepreneurs to return to their hometowns, and the preferential policies and efficient efficiency introduced by the government can reduce entrepreneurs' operating costs, alleviate the sticky effect caused by transfer costs, win entrepreneurs' trust and ensure the successful implementation of the transfer; secondly, the potential market demand of undertaking hometowns is attractive to profit-oriented enterprises; thirdly, in exploring the enterprise-oriented Thirdly, when exploring the micro mechanism of industrial transfer with enterprises as the main body, the research results which assume that entrepreneurs are rational economic people pursuing profit maximisation ignore the influence of entrepreneurs' own behaviour, and the return of entrepreneurs to their hometowns is a mode of industrial transfer under the role of kinship tension.

4. Conclusions and suggestions

This study used survey data from entrepreneurs in the central and western provinces of Shaoxing, Zhejiang Province, who intended to transfer their enterprises, to analyse the factors influencing entrepreneurs' return to their hometowns using structural equation modelling. The results show that location pressure and hometown attractiveness have a significant facilitating effect on entrepreneurs' willingness to return home, while location resistance has a hindering effect on entrepreneurs' willingness to return home. Unlike industrial transfer under the market law, the return-oriented industrial transfer driven by entrepreneurs returning to their hometowns is characterised by the specificity of the transferring subject, as the returning entrepreneurs are subjects with specific regional identity characteristics, and the return-oriented industrial transfer is an industrial transfer with the hometown factor as the core driving mechanism.

Based on the findings of the above empirical analysis, the following policy recommendations are made for government departments at all levels to scientifically and effectively guide entrepreneurs to return to their hometowns: Firstly, enhance the support of policies. The government should create a comprehensive and three-dimensional support policy, reduce the cost of transferring enterprises, relieve the pressure on housing and education, improve transport accessibility, and set up a special agency to focus on improving the efficiency and quality of government services; secondly, establish a complete set of efficient environmental protection facilities. Returning enterprises have

the will to consciously protect the environment and hope that the government will take the lead in establishing a whole set of environmental protection facilities, such as the establishment of a unified waste gas and waste water treatment plant and the use of clean energy, etc. Thirdly, the government should improve its ability to select industries for transfer. The government should focus on the future based on its own development positioning, raise the threshold for taking over, target weak links, screen transferred industries and highlight local industrial characteristics.

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