Risk Attitude and Household Entrepreneurial Behavior: Evidence from China

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Abstract: Residents' entrepreneurial behavior can provide more jobs for the country and inject impetus into economic development and an important way to improve residents' living standards. Based on the 2017 China Household Finance Survey data, this paper establishes a logit model to explore the impact of risk attitudes on household entrepreneurial behavior. The study found that risk attitudes significantly impact family entrepreneurial behavior, which is quite different among urban and rural families, regions, and families with different education levels. On this basis, relevant policy suggestions are put forward to promote the further development of the social economy.

Keywords: risk attitude; household entrepreneurship; entrepreneurial behavior

1. Introduction

As of the end of 2019, China's total population exceeded 1.4 billion, of which 811.04 million were working-age people between the ages of 16 and 59, while only 770 million were employed nationwide. With the advancement of science and technology in the future and the improvement of the level of mechanization in various industries, it can be expected that the employment space in China will be gradually compressed in the future, and employment difficulties will become an urgent social problem to be solved. Although the country has provided many employment opportunities and jobs for the public, it has never been able to meet the public's diverse employment needs and social contradictions. Therefore, only by looking for ways from the root cause, encouraging people to innovate and start businesses independently, and increasing employment positions can we truly achieve "open source" and solve the problem of employment difficulties. In order to ease employment pressure, provide employment opportunities, and achieve national rejuvenation and economic development, Premier Li in China took the lead in publicly proposing the concept of "mass entrepreneurship and innovation". Subsequently, China launched a series of preferential policies, including the Opinions on Several Policies and Measures for Vigorously Promoting Mass Entrepreneurship and Mass Innovation, to encourage and support various groups in society to establish innovative enterprises independently. This move has stimulated the vitality and motivation of the general public for entrepreneurship and innovation and promoted the further development of China's economy and society at the macro level. Steady has been an important development trend of the market economy since China's reform and opening up. As an important participant in the market economy, the development and growth of private enterprises have provided an important boost for China's economic development and social progress. According to data provided by the National Bureau of Statistics, from 1996 to the end of 2019, the total number of private enterprises in China maintained a relatively rapid growth rate, and the number of private enterprises also increased from 443,000 to 18.9219 million. With the prosperity of China's economic market, private enterprises have begun to develop, and the proportion of Chinese enterprises has also increased.

Given the relevant factors affecting family entrepreneurship and the existing literature research, domestic and foreign scholars have researched and analyzed it from different angles. These factors include micro factors such as personal characteristics, social capital, financial knowledge, and family wealth [1-3] and macro factors such as financial constraints, housing prices, and social insurance [4-6]. Entrepreneurship is a high-risk activity with uncertainty, and risk attitudes have also become a key factor affecting household entrepreneurship [7, 8]. The risk preference of resident families will prompt them to make scientific and rational decisions on entrepreneurial behavior, and most of the resident families with risk preference have relatively rich social capital [9]. Existing theories show that the risk attitude of households can have a certain direct impact on household entrepreneurial decision-making through internal and external mechanisms [10].

Innovation and entrepreneurship can provide more jobs and inject impetus into national economic development and an important way to improve the living standards of residents. This paper researches the "Influence of Risk Attitude on Residents' Family Entrepreneurial Behaviour", uses the data of the 2017 Household Finance Survey conducted by the China Household Finance Survey and Research Center of Southwestern University of Finance and Economics, and establishes a logit model on the "Influence of Risk Attitude on Residents' Family Entrepreneurial Behaviour". "Empirical research on this issue. By analyzing the impact of domestic and foreign literature and risk attitudes on household entrepreneurship, construct relevant variable indicators, use theoretical and empirical research to analyze problems, analyze empirical

results to conclude, and put forward practical policies and suggestions based on the conclusions.

This paper's possible contributions and innovations are reflected in the following aspects. First, the research content is relatively innovative. Academia has conducted multi-dimensional research on risk attitudes or the influencing factors of household entrepreneurial behavior. However, the research on risk attitude and household entrepreneurial behavior is still relatively scarce, so this paper also makes up for some deficiencies to a certain extent. Second, use the latest survey data. This article draws on the 2017 Household Finance Survey conducted by the China Household Finance Survey and Research Center of Southwestern University of Finance and Economics, and its survey data is used as the data source. Third, multi-angle for empirical research. This paper analyzes the impact of risk attitudes on different regions, different education levels and household entrepreneurship of urban and rural residents through heterogeneity and conducts empirical research using endogeneity processing and robustness testing.

2. Research Design

2.1. Data

The cross-sectional data are mainly from the 2017 data in the Southwestern University of Finance and Economics China Household Finance Survey Database. The annual data is based on the fourth round of household financial information surveys organized and carried out by provinces across the country, providing relatively scientific and detailed micro-data including individual and household levels for the empirical research of this paper. The effective sample size of the survey has further increased compared with previous years, and the micro-demographic data of 40,011 households, including 29 provinces (cities and districts), 355 counties and 1,428 villages (neighborhood) committees across the country, were collected. It is an important data source for this paper to study the impact of risk attitudes and household entrepreneurial behavior.

2.2. Model

This paper uses the Logit econometric model to study the impact of risk attitudes on household entrepreneurial behavior, and the empirical analysis will also use STATA16.0 econometric analysis software. The baseline model settings are as follows:

$$business_{ij} = \beta_0 + \beta_1 risk_{ij} + \beta_2 X_c + \beta_3 \theta_j + u_{ij} \quad (1)$$

Among them, $business_{ij}$ represents the binary dummy variable of whether the i family in the j region is entrepreneurial in the cross-sectional data in 2017. If the family manages the industrial and commercial projects independently, the variable will be assigned a value of 1; otherwise, it will be 0. $risk_{ij}$ shows the household risk attitude variable in the cross-sectional data. A value of 1 means that the sample family prefers risk, two means that the sample family does not like and is not risk-averse, and a value of 3 means that the sample family is risk-averse. X_c is a control variable for family characteristics and household head characteristics, where family characteristics include family assets, family size, whether there is self-owned housing, etc. Household head characteristics include age, gender, health status, education level, marital status, etc. At the same time, the j Set is the province dummy variable. The u is the random error term, representing the set of unobservable factors.

2.3. Variables

2.3.1. Explained variable

The explained variable business is a binary dummy variable. With the help of selecting relevant questions in the 2017 CHFS questionnaire, this paper regards it as a proxy variable of "whether a family is entrepreneurial". A value of 1 means that the sample family independently operates an industrial and commercial project; a value of 0 means that the sample family has no self-operated industrial and commercial project.

2.3.2. Explanatory variables

Respondents' risk attitude is the core explanatory variable of this empirical study. According to the different options of the respondents' attitude towards investment risk in the 2017 CHFS questionnaire, this article divides the respondents into three categories according to their different options. Respondents with choices 1 and 2 are regarded as risk-averse, those with choice three are regarded as risk-neutral, those with choices 4 and 5 are regarded as risk-averse, and the rest of the options are not included in the sample. The risk preference type is assigned a value of 1, the risk-neutral type is assigned a value of 2, and a risk-averse type is assigned a value of 3.

2.3.3. Control variables

In order to ensure that the regression results of the Logit model are more representative, this paper selects the head of the household as the total sample object of the model construction and conducts this empirical study with the family as the unit. If the respondent is the head of the household, the survey data will be included in the sample of the empirical study, and some invalid samples will be screened out. Referring to the literature of previous years and the omission bias of control variables, we add the relevant control variables of household head characteristics such as age, gender (males are assigned 1, females are assigned 2), education (primary education level is assigned 1, secondary education level is assigned 2, higher education level is assigned 3), marriage (married assigns 1, otherwise assigns 2), political status (party members are assigned 1, otherwise assigns 2) etc., and family characteristics such as family population, family income and family assets. Among other control variables, related variables of family characteristics such as family population size, family income, family assets, and self-owned housing are introduced, and the dummy variables of provinces (based on regions) are controlled. Tables 1 and 2 show the descriptive statistics of the variables in 2017.

3. Descriptive Statistics

It can be seen from Table 1 and Table 2 that the mean value of risk attitude of sample families is between 2.4. It shows that the risk attitudes of most households in China tend to be neutral and conservative as a whole. Only 17.5% of the households are inclined to start a business, while the entrepreneurial rate of urban households in the sample is significantly different from that of rural households, 12.3% and 21.7%. It shows that there is still some room for improvement in the entrepreneurial rate of Chinese households. Regarding household entrepreneurial intensity, the sample household business assets are around 50,000 yuan, and the net profit is above 10,000 yuan. This shows that the entrepreneurial intensity of Chinese households is relatively small, and the entrepreneurial income has a certain degree of appreciably. In the sample, the household heads are mostly male, the marital status is mostly married, the average age is between 47 years old, and the education level is above secondary education, but most household heads are not party members.

Table 1. Variable Descriptive Statistics - Full samples

Variables	Mean	SD	Min	Max
Business	0.175	0.380	0	1
Operating Assets	4.917	24.33	0	200
Net Profit	1.054	4.279	0	30
Risk Attitude	2.410	0.729	1	3
Age	47.81	16.26	19	84
Gender	1.266	0.442	1	2
Education	2.079	0.669	1	3
Marriage	1.280	0.449	1	2
Political Status	1.861	0.346	1	2
Own Housing	1.579	0.494	1	2
Family Population	1.537	1.273	0	9
Family Income	8.59	10.93	0	75.29
Family Assets	52.91	110.8	0.04	696.8
Observations	2084	2084	2084	2084

Notes: The variables of operating assets and net profit are both abbreviated by 0.01 on both sides, and their unit is ten thousand yuan. The total household assets and household income are both abbreviated by 0.01 and logarithmic. Investigated area variables: Northeast = 0, East = 1, Central = 2, West = 3.

Table 2. Variable Descriptive Statistics - Samples of urban and rural households

Variables	Non-Farmers	Farmers
	Mean	Mean
Business	0.123	0.217
Operating Assets	4.901	4.931
Net Profit	0.856	1.214
Risk Attitude	2.448	2.379
Age	51.807	44.564
Gender	1.349	1.199
Education	2.276	1.918
Marriage	1.303	1.261
Political Status	1.796	1.914
Self-owned Housing	1.674	0.217
Family Population	1.318	1.716
Family Income	9.993	7.455
Family Assets	69.465	39.435
Observations	935	1149

Notes: Same as Table 1.

4. Results

4.1. The Effect of Risk Attitude on Family Entrepreneurial Behavior

Table 3 reports the estimated impact of risk attitudes on household entrepreneurial behavior by designing four groups of different variables in the Logit model empirical study. In this paper, the empirical model that takes risk preference as the reference group and only adds the relevant variables of risk attitude is set as model 1. In the following three empirical models, this paper added the related variables of household head characteristics, family characteristics, and regional dummy variables and set them as model 2 to model 4. From Model 1 in Table 3, it can be seen that the probability of choosing entrepreneurial behavior in risk-neutral families is not significantly different from that in the reference group of risk-averse families, while the probability of choosing entrepreneurial behavior in risk-averse families is reduced by 0.554%, and this result is extremely significant at the 1% significance level. The results of Model 1 show that risk aversion hurts the occurrence of family entrepreneurial behavior. With the introduction of household head characteristic variables, family characteristic variables, and regional dummy variables, risk-averse households' probability of entrepreneurial behavior also changed, from 0.554% in model 1 to 0.414% in model 4. It shows that risk attitudes will impact household entrepreneurial behavior, and risk-loving households are more likely to have entrepreneurial behavior.

Table 3. The effect of risk attitude on family entrepreneurial behavior

Explained Variable	(1)	(2)	(3)	(4)
Risk Neutral	0.132 (0.179)	0.038 (0.189)	0.087 (0.194)	0.089 (0.194)
Risk Averse	-0.554*** (0.175)	-0.549*** (0.196)	-0.408** (0.199)	-0.414** (0.199)
Age		-0.034*** (0.005)	-0.032*** (0.005)	-0.033*** (0.005)
Gender		-0.244 (0.161)	-0.218 (0.165)	-0.227 (0.166)
Education		-0.443*** (0.112)	-0.540*** (0.116)	-0.542*** (0.117)
Marriage		-0.982*** (0.178)	-0.565*** (0.206)	-0.597*** (0.206)
Political Status		0.744*** (0.244)	0.732*** (0.248)	0.754*** (0.247)
Residence		-0.148 (0.149)	-0.260 (0.161)	-0.267* (0.161)
Family Population			0.163*** (0.059)	0.156*** (0.059)
Family Assets			0.004*** (0.001)	0.004*** (0.001)
Family Income			0.001 (0.007)	0.003 (0.007)
East				-0.203 (0.212)
Central				0.0179 (0.248)
West				0.338 (0.236)
Observations	2084	2084	2084	2084

Notes: ***, **, and * indicate significance at 1%, 5%, and 10% confidence levels, respectively, with robust standard errors in brackets and coefficients outside brackets.

In terms of control variables, the model results in Table 3 show that the increase in the age of the household head will affect the incidence rate of his family's entrepreneurial behavior, showing a certain downward

trend. Compared with male heads of households, there is no significant difference between female heads of households regarding entrepreneurial behavior. The higher the education level of the head of household, the lower the probability of his family's entrepreneurial behavior. The married head of the household has a significant negative impact on the choice of family entrepreneurial behavior. Compared with non-party members, the party members are more inclined to choose to start a business. Compared with non-agricultural households, the entrepreneurial behavior of households with agricultural household registration increased by 0.267%. Variables such as family population, income, and assets will positively impact the choice of family entrepreneurial behavior to a certain extent. Compared with the northeast region, the probability of starting a family business in the eastern region decreased by 0.203%, and the difference in the family in the central region was not significant, while that in the western region increased by 0.338%, indicating that the region has a relative impact on the family entrepreneurial behavior. The following heterogeneity analysis will discuss the results of entrepreneurial behavior selection in urban and rural areas, different regions, and families with different educational levels.

4.2. Endogenous Processing

On the one hand, this paper considers that the theoretical relationship between risk attitude and family entrepreneurship may be causal; that is, risk attitude is the reason rather than the result of households choosing to start a business. On the other hand, it is also considered that the absence of important variables in the benchmark model will lead to the emergence of endogenous problems, such as important variables such as institutional changes and marketization levels. Therefore, to overcome the potential endogeneity problem, this paper will use the instrumental variable method to deal with the endogeneity problem, that is, using the regional mean of household risk attitudes in the 2017 CHFS data as the instrumental variable of the Logit model. As an instrumental variable that satisfies the correlation and exogenous assumptions, the average risk attitude of households in a region can be correlated with the risk attitudes of households in the region but does not affect a household's entrepreneurial behavior.

In order to ensure the credibility of the results and the comparability of the conclusions, this paper takes Model 1 as the reference group and adds different control variables such as household head characteristics, family characteristics, and regions to Model 2 for comparison. It must be noted that the endogeneity treatment in this paper treats risk attitude as a continuous variable and reports the correlation coefficient of risk attitude. The regression results show that the risk attitude has a certain negative impact on the occurrence ratio of family entrepreneurial behavior. For every one-unit increase in risk attitude, the probability of the occurrence ratio of family entrepreneurship may decrease by 0.22 or 1.044 units.

Table 4. Instrumental Variable Analysis Results

Explanatory Variables	(1)	(2)
Risk Attitude	-0.220***	-1.044*
	(0.045)	(0.594)
Age		-0.005 (0.014)
Gender		-0.092 (0.098)
Education		-0.324*** (0.072)
Marriage		-0.475*** (0.104)
Political Status		0.353*** (0.136)
Residence		-0.103 (0.102)
Family Population		0.066 (0.044)
Family Assets		0.001 (0.001)
Family Income		-0.004 (0.005)
East		-0.225*** (0.082)
Central		0.012 (0.096)
Observations	2084	2084

Notes: Same as Table 3.

4.3 Heterogeneity Analysis

Compared with urban households, rural households are at a disadvantage in educational attainment and geographical differences. Considering that the impact of risk attitude on household entrepreneurial behavior may be heterogeneous, this paper will analyze the heterogeneity Logit model based on different factors.

4.3.1. Heterogeneous influence of risk attitude on entrepreneurial behavior of urban and rural households

It can be seen from Table 5 that, whether for rural or urban families, risk attitudes will have a certain degree of impact on family entrepreneurial behavior. Risk neutrality positively impacts household entrepreneurial behavior, while risk aversion hurts entrepreneurial behavior, especially for urban households. It shows no significant difference in the impact of risk attitude on the entrepreneurial behavior of urban and rural households. Risk attitude is still an important factor influencing entrepreneurial behavior for urban and rural households.

Table 5. The effect of risk attitude on the entrepreneurial behavior of urban and rural households

Explanatory Variables	(1)	(2)
	Rural	Urban
Risk Neutral	0.088 (0.224)	0.177 (0.301)
Risk Averse	-0.417* (0.218)	-0.706** (0.295)
Control Variables	Control	Control
Observations	1149	935

Notes: Same as Table 3.

4.3.2. Heterogeneous influence of risk attitude on household entrepreneurship in different regions

It can be seen from Table 6 that when choosing entrepreneurial behaviors, families in different regions are affected by risk attitudes differently. Comparatively speaking, households in the eastern region are the least affected by risk aversion, while those in the central region are the most affected by risk aversion. Interestingly, risk-

neutral households in the central region have a partially negative impact on their choice of entrepreneurial behavior. It shows certain differences in the impact of risk attitudes on household entrepreneurship behaviors in different regions. The family risk attitude will affect the entrepreneurship rate of a region, resulting in the imbalance of regional economic development.

Table 6. The effect of risk attitude on household entrepreneurial behavior of residents in different regions

Explanatory Variables	(1)	(2)	(3)
	East	Central	West
Risk Neutral	0.221 (0.254)	-0.288 (0.449)	0.126 (0.384)
Risk Averse	-0.100 (0.246)	-1.346*** (0.454)	-0.751* (0.386)
Control Variables	Control	Control	Control
Observations	1,366	361	357

Notes: Same as Table 3.

4.3.3. Heterogeneous influence of risk attitude on household entrepreneurship of residents with different education levels

From Table 7, we can see that the impact of risk attitudes on family entrepreneurship with different education levels is quite different. Unlike primary education households, regardless of risk attitude, secondary education households are more resistant to entrepreneurial behavior. However, there is no significant difference in the attitudes of higher education families facing risks, showing a positive impact. It shows that the impact of risk attitudes in the face of families with different education levels will vary from person to person. Families with different education levels have different understandings of risks in entrepreneurial behavior, and corresponding choices and responses will also be different.

Table 7. The effect of risk attitude on the entrepreneurial behavior of households with different education levels

Explanatory Variables	(1)	(2)	(3)
	Primary Education	Secondary Education	Higher Education
Risk Neutral	0.566 (0.515)	-0.060 (0.231)	0.174 (0.371)
Risk Averse	-0.824* (0.468)	-0.897*** (0.226)	0.025 (0.389)
Control Variables	Control	Control	Control
Observations	478	1,089	517

Notes: Same as Table 3.

4.4. Robustness

Considering that the empirical research in this paper may have endogenous problems, it will have a certain biased effect on the above research findings. In order to ensure the robustness and credibility of the research findings, this paper sets the analysis object as the working-age labor force group with more family entrepreneurship behaviors, that is, the young and middle-aged population between 25 and 55 years old. We reconstruct the Logit model of the impact of risk attitudes on family entrepreneurial behavior to test the robustness.

It can be seen from Table 8 that the robustness test results are consistent with the model results in Table 3, which indicates that risk attitudes have a significant impact on family entrepreneurial behavior. Among young and middle-aged household heads, risk-averse households always hurt household entrepreneurial behavior, which is more significant than the previous regression results. Interestingly, in the robustness test results, the impact of risk-neutral households on household entrepreneurial behavior is negative, but in the regression estimation results in Table 3, it is positive. This shift may be caused by the narrowing of the sample object range. It is possible that the risk-neutral sample size of young and middle-aged household heads is small, which affects the results. It is also possible that the risk-neutral young and middle-aged household heads will be more conservative in choosing entrepreneurial behaviors, and the incidence of entrepreneurial behaviors will also decrease. This phenomenon also verifies that the previous conclusions are robust.

Table 8. Robustness Test Results

Explanatory variables	(1)	(2)	(3)	(1)
Risk Neutral	-0.448 (0.510)	-0.568 (0.517)	-0.567 (0.533)	-0.558 (0.544)
Risk Averse	-1.014** (0.433)	-0.950* (0.530)	-0.912* (0.530)	-0.928* (0.536)
Age		-0.038** (0.017)	-0.037** (0.017)	-0.039** (0.018)
Gender		-0.354 (0.456)	-0.345 (0.451)	-0.301 (0.461)
Education		-0.217 (0.338)	-0.253 (0.355)	-0.221 (0.362)
Marriage		-1.698** (0.667)	-1.533** (0.752)	-1.598** (0.765)
Political Status		1.046* (0.620)	1.028* (0.623)	1.020 (0.623)
Residence		-0.202 (0.409)	-0.195 (0.433)	-0.251 (0.454)
Family Population			0.0785 (0.140)	0.074 (0.142)
Family Assets			0.001 (0.001)	0.001 (0.001)
Family Income			-0.006 (0.018)	-0.007 (0.019)
East				-0.335 (0.499)
Central				-0.609 (0.630)
West				-0.420 (0.622)
Observations	2084	2084	2084	2084

Notes: Same as Table 3.

In conclusion, through robustness analysis with the method of the control sample, we find that the significant influence of risk attitude on household entrepreneurial decision-making behavior is robustly established. Although the correlation result coefficients in Table 8 have changed, this test result does not change the previous benchmark regression results, which indicates that our findings are robust and credible.

5. Conclusions and Suggestions

5.1. Conclusions

We construct a logit model based on the 2017 China Household Finance Survey (CHFS) data and conduct an empirical test on "the impact of risk attitudes on households' entrepreneurial behavior". We found that the

risk attitude of household heads has a significant impact on household entrepreneurial behavior, in which risk preference positively affects household entrepreneurial behavior, while risk aversion has a negative impact. This effect remains significant after endogeneity treatment and robustness testing. The heterogeneity analysis found that the impact of risk attitudes on urban and rural households, different regions and households with different education levels is also quite different. The results show that when faced with the choice of entrepreneurial behavior, urban households are much more affected by risk attitudes than rural households. Households in the eastern region are less affected by risk aversion than households in other regions. However, households with a higher education level are less affected by risk attitudes. Combined with literature research and empirical test, it can be shown that risk attitude is an important factor affecting household entrepreneurial behavior.

5.2. Suggestions

Concerning the above empirical evidence, it is found that risk attitude is an important factor affecting household entrepreneurial behavior. In order to promote the better development of "mass entrepreneurship and innovation" work, achieve high-quality and rapid economic development, and ease the pressure on national employment, we put forward the following policy suggestions.

5.2.1. Create a safe and stable market and encourage residents to innovate and start businesses

For most resident entrepreneurs, the benefits that can be grasped are real. In the above empirical evidence, we found that risk attitude will affect the occurrence of entrepreneurial behavior. In the face of a sound market system and mechanism, residents will be willing to take appropriate risks and choose to start a business to obtain "visible and tangible" benefits. When faced with a market where the situation cannot be seen, residents often choose stable and fixed returns to reduce risks to a manageable range. To truly encourage residents to invest in innovation and entrepreneurship, the government must create a safe and stable market and a harmonious and win-win atmosphere to accept appropriate risks. The state needs to start from two aspects one is supervision, and the other is propaganda. First, establish a sound market supervision system and risk control system, and strive to build a good business environment. Second, reduce the cumbersome process of merger and start-up, and improve service efficiency and quality. Second, publicize the social atmosphere of honesty and win-win, fundamentally reduce the external risks of starting a business, and realize the rapid growth of emerging enterprises. At the same time, the further development of entrepreneurial behavior can also promote the two-way flow of the "entrepreneurship-employment" labor market.

5.2.2. Correctly guide entrepreneurial cognition and enhance family entrepreneurial willingness

The term "entrepreneurship" is a lofty term for many people as if those who can start a business are successful people, and those who can start a business are wealthy families. This wrong entrepreneurial cognition hinders some households from choosing to start a business. In addition, there is still a stumbling block on the road of entrepreneurship for households; that is, there are no professionals and institutions that can help solve the confusion encountered in the process of starting a business. For some families with low education levels and low family capital, the risk of starting a business is beyond their tolerance. Therefore, we should help them correctly understand and view entrepreneurial behavior, provide comprehensive financial education and training, and help them control risks. First, we can carry out corresponding courses and lectures in colleges and universities, invite financial experts and outstanding entrepreneurs to share their knowledge and experience, and provide platforms and channels for capable and motivated students. Secondly, we can develop an entrepreneurial exchange center with the community as a unit, cover the area with a small point, and provide the residents with entrepreneurial intention and enthusiasm for starting a business with the best help. Finally, in backward rural areas, we can set up entrepreneurship assistance centers to help poor farmers and low-knowledge families realize self-employment.

5.2.3. Introduce preferential policies for starting a business to reduce the cost of starting a business for residents

In order to encourage residents to innovate and start businesses, various regions have successively introduced different preferential policies for business start-ups. However, because of the different situations in each region, the level of support for business start-ups varies from region to region. The occurrence of entrepreneurial behavior is based on entrepreneurial capital, and the entrepreneurial cost is an important factor for residents to consider entrepreneurial behavior. Unlike the high subsidies in economically developed areas, the economic development level of the central and western regions is backward, and the government does not have the financial support to support strong preferential policies. The same is true in rural areas, where the cost of starting a business for urban households is much lower than for rural households. In order to reduce the cost of starting a business for residents and achieve balanced regional development, the government should vigorously develop inclusive finance, increase the financing channels for residents to start their own business, reduce the borrowing risk of household business start-ups, and improve the risk tolerance of residents. At the same time, more preferential policies will be implemented in remote and backward rural areas to reduce the cost of starting a business for "low-income and low-knowledge" families and boost the development of the local economy.

5.2.4 Lower the entry threshold for entrepreneurship and stimulate residents' enthusiasm for entrepreneurship

Although the work of "mass entrepreneurship and innovation" in the new era has been carried out for many years, most residents still lack enthusiasm for entrepreneurship and are "scared" by the barriers to entry for entrepreneurship. In today's rapidly changing market, residents cannot use market information to accurately find entrepreneurial opportunities when they choose to start a business and often invest in industries that do not match market demand, resulting in heavy losses. Coupled with the increasing innovation of technology, many families cannot adapt to the business model and business philosophy of emerging industries, failing entrepreneurship. Whether the door to entrepreneurship cannot be found, or the trial and error cost of entrepreneurship is too high, the government should play its guiding and guaranteeing role.

First, use innovative tools such as big data to build an entrepreneurial platform, provide residents with accurate and timely market information, guide residents to selectively enter appropriate industries, and reduce their unknown risks to entrepreneurship. Then, for families afraid of failure, the government can reduce the impact of residents' entrepreneurial failures by guaranteeing the bottom line, thereby further stimulating residents' entrepreneurial enthusiasm. Finally, by pushing accurate market information and starting a business, we can lower the threshold of starting a business in the true sense and realize the further development of household business.

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