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Rural Migrants: On the Fringe of the City, a Bridge to the Countryside

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# Return Migration, Occupational Change, and Self-Employment

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**ABSTRACT:** After two decades of rural-to-urban labour exodus, an increasing trend of urban-to-rural labour counter-flow has also occurred in China\*. This paper discusses the economic performance of return migrants with data from a survey conducted in Wuwei County in 2008. We identify the characteristics of return migrants, record their occupational change patterns, and examine their current self-employment activities. A comparative approach with non-migrants is used throughout the paper.

## Introduction

Resulting from a series of institutional changes and structural changes accompanying rapid industrialisation, a large internal migration has occurred in China since the middle of the 1980s. According to some rough estimates, the number of rural-urban migrant workers was less than 2 million in the late 1970s.<sup>(1)</sup> In 2009, the total number of rural migrants working outside their hometowns was 145 million.<sup>(2)</sup> Accompanying the rapid growth in migration, a reverse flow of labour has occurred more recently with migrants returning back to their villages.<sup>(3)</sup> A 1999 study conducted by Bai and He in 62 counties of Sichuan and Anhui provinces showed that the proportion of return migrants was 28.5 percent among all migrant populations, including those who had migrated and those who were ongoing migrants.<sup>(4)</sup> Murphy also estimated that since 1995, almost one third of the “floating migrant population” from China’s interior provinces have returned and resettled in their hometowns.<sup>(5)</sup> Therefore, a large portion of rural migrants in China are temporary migrants.<sup>(6)</sup> While many factors may contribute to this temporary feature of Chinese internal rural urban migration, it is commonly recognised that two institutional constraints, the household registration system (*hukou*) and the rural land allocation system, play a specific role within China. The *hukou* system, established in 1958, requires that every Chinese citizen register his/her

place of residence (rural versus urban) and occupation (agricultural versus non-agricultural). As a consequence, this system confers different legal rights to residents, and thus regulates China’s internal migration. Despite noticeable reforms and changes in recent years, the *hukou* system remains a constraint that is closely related to the lack of welfare and social assistance with respect to housing security programs and

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1. Shi Li, “Rural Migrant Workers in China: Scenario, Challenges and Public Policy,” International Labour Office, Working Paper No. 89, 2008.
2. Data can be found on the website of the National Bureau of Statistics: [http://www.stats.gov.cn/tjfx/fxbg/t20100319\\_402628281.htm](http://www.stats.gov.cn/tjfx/fxbg/t20100319_402628281.htm) (in Chinese). Rural migrants are defined as those rural labourers currently working outside of their own township for more than six months in the survey year 2009.
3. Alan de Brauw and Scott Rozelle, “Migration and household investment in rural China,” *China Economic Review*, no. 19, 2008, pp. 320-335.
4. Nansheng Bai and Yupeng He, “Huiliu haishi waichu-Anhui Sichuan ersheng nongcun waichu laodongli huiliu yanjiu” (Return or emigrate? A study on rural return migration in Anhui and Sichuan provinces), *Shehuixue yanjiu*, vol. 3, 2002, pp. 64-78.
5. Rachel Murphy, *How Migrant Labor is Changing Rural China*, Cambridge University Press, 2002.
6. Sylvie Démurger and Hui Xu, “Return migrants: The rise of new entrepreneurs in rural China,” GATE Working Paper No. 1008, 2010.

public school services for migrants in urban destination areas.<sup>(7)</sup> The land allocation system is another important factor that shapes the temporary feature of Chinese internal migration. As discussed by de La Rupelle *et al.*,<sup>(8)</sup> one channel is that the collective ownership of agricultural land imposes insecurity on the land use rights of Chinese farmers. Accordingly, this insecurity constrains rural people's movement, as they fear migration might jeopardise their land use rights. All in all, "the *hukou* institution acts as a back-pushing force on rural-urban migrants, while collective ownership of land and the correlative insecurity of individual land use rights act as a back-pulling force on these migrants."<sup>(9)</sup>

Previous studies on China's internal migration have mostly focused on examining the mechanism of out-migration in terms of its link with the development of receiving regions and the impact of remittances on poverty alleviation, etc. Until now, although return migration in present-day China is an increasing phenomenon, very few specific studies have been conducted on this issue. The existing empirical papers have studied the consequences of return migration on individual datasets, primarily collected at the end of the 1990s. Murphy<sup>(10)</sup> highlighted the contribution of migration working experience to returnees' business establishment in three counties in Jiangxi Province, with evidence from her 17 months of fieldwork conducted from the end of 1996. She found that longer urban sojourns enabled migrants not only to accumulate funds and gain management experience, but also to forge business contacts in the cities. Zhao<sup>(11)</sup> also found that return migrants invested twice as much in productive farm assets compared to non-migrants. However, she found no evidence that returnees were more likely to participate in non-farm work than non-migrants. Based on the data from a return migrants' survey conducted in 13 rural counties in nine provinces in 1997, Ma<sup>(12)</sup> suggested that returnees played a leading role in the transformation of their rural communities. Ma developed a three-stage framework based on conclusions from the empirical studies: a brain drain at the time of migration, to a brain gain during working experience, and then to a brain-drain reversal after return.

One interesting finding from Ma is that many female returnees become entrepreneurs, and thus set examples for other women and signal a fundamental change in the role and image of the female in rural society. As such, Ma suggested that the labour-migration experience also enhanced the domestic role of female returnees, giving them more decision-making power. Furthermore, Luo<sup>(13)</sup> suggested that the migration experience had a positive impact on migrants' occupational changes following their return, based on evi-

dence from the China Health and Nutrition Survey (CHNS) 1989-2000. He found that the possibility of return migrants being employed in agriculture was greatly reduced after return, but found a 30 percent increase in participation in non-agricultural sectors. In relation to entrepreneurship, no relationship between being a migrant and entrepreneurial activities was established in his research. However, he did find that among all return migrants, duration of migration had a positive impact on the possibility of participating in entrepreneurial endeavours. Contrary to the findings of these studies, Wang and Fan<sup>(14)</sup> highlighted the prevalence of failures among returnees, using data from a survey conducted in Sichuan and Anhui in 1999. Through a comparative examination of continuing migrants and non-migrants, and a further investigation of the reasons for returning, they suggested that return migrants were negatively selected among migrants and were more similar to non-migrants than to continuing migrants, and they found the extreme importance of satisfying family needs as a reason for return. As such, they questioned the extent to which return migrants could contribute to the economic development of their places of origin.

More recently, a specific survey on return migrants' occupational participation and entrepreneurial activities conducted by the Development Research Centre of the State Council, covering 101 counties in 28 provinces in China in 2007, reported a high tendency for return migrants to participate in entrepreneurial activities. According to the survey, 16 percent of return migrants become entrepreneurs after their return. A particular focus on 3,026 return entrepreneurs shows that 65.4 percent initiated their business after 2000.<sup>(15)</sup> This indicates that a large number of return migrants are actually pursuing entrepre-

7. Ran Tao, "Hukou reform and social security for migrant workers," in Rachel Murphy, *Labour Migration and Social Development in Contemporary China*, Routledge, 2009, pp. 73-95.
8. Maëlys de La Rupelle, Quheng Deng, Shi Li, and Thomas Vendryes, "Land Rights and Rural-Urban Migration in China," *China Perspectives*, no. 2, 2008, pp. 25-35.
9. *Ibid.*, p. 35.
10. Rachel Murphy, *How Migrant Labor is Changing Rural China*, *op. cit.*
11. Yaohui Zhao, "Causes and consequences of return migration: Recent evidence from China," *Journal of Comparative Economics*, vol. 30, no. 2, pp. 376-394.
12. Zhongdong Ma, "Urban labor-force experience as a determinant of rural occupation change: Evidence from recent urban-rural return migration in China," *Environment and Planning A*, vol. 33, 2001, pp. 237-255.
13. Kai Luo, "Dagong jingli yu zhiye zhuanhuan he chuanyue canyu" (Migration experience, occupational change, and participation in entrepreneurial activities), *Shijie jingji*, vol. 6, 2009, pp. 77-87.
14. Wenfei Winnie Wang and Cindy Fan, "Success or failure: Selectivity and reasons of return migration in Sichuan and Anhui, China," *Environment and Planning A*, vol. 38, 2006, pp. 939-958.
15. Jun Han (ed.), *Zhongguo nongmingong zhanlue wenti yanjiu* (Strategic research on China's migrant workers), Shanghai, Shanghai yuandong chubanshe, 2009.

neurship, and entrepreneurial activities by return migrants have greatly increased since the twentieth century.

Based on these existing findings, this paper aims to add new evidence on return migrants' post-return conditions with very recent and updated first-hand data from a case study of Wuwei County, which possesses a long history of labour export. More precisely, this paper tries to provide a systematic evaluation of the mechanisms of return migrants' occupational participation. We focus on analysing four aspects in the following order:

First, we provide a general overview of labour inflow and outflow in Wuwei County. Specifically, we analyse county-level labour force mobility from a historical perspective. We also examine the dynamics of labour mobility in Wuwei County under the influence of the 2008 economic crisis. As our data was collected in Wuwei County during two different periods, at the end of 2008 and the end of 2009, it allowed us to record changes in population movement throughout the 2008 economic crisis.

Second, we discuss in detail the characteristics of return migrants and their local labour market participation upon return. We use a historical approach across two periods — pre-migration and post-return — and a horizontal approach by comparing them with non-migrants, in order to analyse the return migrants' occupational choices and occupational direction changes. The combination of these two approaches allows a complete and dynamic understanding of the occupational participation of return migrants upon return. We also distinguish gender differences among return migrants regarding labour market participation. Gender inequality in China is generally more prevalent in rural than in urban areas. It is therefore worth determining the potential impact that migration experience could have upon return in terms of gender inequality. However, existing research on this issue is lacking. Ma's existing research, as mentioned before, is primarily based on female return migrants' self-evaluation, as compared to their rural non-migrant counterparts. In this paper, complementary to Ma's work, we rely upon more objective evidence by comparing the occupational distribution of female return migrants with that of female non-migrants. We hope to provide a more comprehensive and objective evaluation of whether migration experience matters for gender differences in occupational participation.

Third, we investigate self-employment participation of return migrants by providing a comprehensive analysis of business domains, employment size, location, investment scale, etc. As mentioned above, some studies find that return migrants have a high tendency to change occupations into off-

farm activities after return, and some find a high proportion of return migrants becoming entrepreneurs in rural China. The paper provides a detailed look at both off-farm activities and the distribution of entrepreneurial activities of return migrants across different periods. Moreover, we further investigate the types of entrepreneurial endeavours pursued, including business scale, business sector, business location, etc. In particular, we analyse similarities and differences between the entrepreneurial activities of return migrants and their non-migrant rural counterparts. Lack of this knowledge may lead to a biased understanding of the impact return migrant self-employment activities can have on rural source regions.

## Migration and return migration in Wuwei County

### A historical overview

Wuwei County lies in the middle of Anhui Province and north of the Yangtze River; it neighbours the province's second largest city, Wuhu, and lies 116 kilometres from the capital city of Hefei. Administratively, it is a precinct of Chaohu City, which has a long history of labour export as well as entrepreneurial activities by return migrants. The migration pattern in Wuwei County closely follows the main trends of internal migration in the country as a whole. According to Dou,<sup>(16)</sup> the migration pattern in Wuwei can be separated into three periods. Female migrants working as domestic servants at the beginning of the 1980s were the pioneers who paved the way for the large-scale migration that followed. There are particular historical reasons for this. Wuwei County was an old revolutionary county during the war with Japan in the 1940s, and the New Fourth Army No. 71 was once based there. Since large rural-urban internal migration was allowed from the 1980s, this particular historical event had an important impact on Wuwei's subsequent labour migration patterns. The fact is that women were sent to Beijing to work as domestics for elderly veterans of the war with Japan. It therefore became a common saying that "domestic service workers in Beijing come from Anhui, and domestic service workers from Anhui are from Wuwei." During this period, the dominant employment sector for Wuwei rural migrants was domestic service and the main destination area was Beijing. At that time, the scale of labour outflow was

16. Xianjun Dou, "Dui Wuwei jingji laowu shuchu de diaocha he sikao" (Survey and thinking on Wuwei economic labour export), *Xiangzhen jingji*, vol. 4, 2001, pp. 25-26.

small. From 1985 onward, out-migration accelerated rapidly and involved a larger portion of the county's population. People's choice of occupation also expanded into a broader domain. Migrants were concentrated not only in domestic services, but also in construction and the production of pressed salted duck (*Wuwei banya*).<sup>(17)</sup>

The third period started from 1991 and featured an even larger labour exodus covering a broad range of sectors, primarily textile, driving, repairing, food processing, construction and installation, marketing, land contracting, and other service industries. Migrants are now dispersed across a broad range of destinations, with a concentration in major cities such as Shanghai and Beijing, and coastal provinces such as Jiangsu and Zhejiang. The preference of Wuwei migrants for Jiangsu and Zhejiang provinces has both geographical and economic reasons. Both provinces neighbour Anhui Province, where Wuwei County is located. Economically, both provinces are among the four most developed provinces in China, with GDP per capita reaching 44,231 *yuan* for Jiangsu Province, and 44,335 *yuan* for Zhejiang Province in 2009.<sup>(18)</sup> For example, Gaogou Town<sup>(19)</sup> had a total of 5,832 on-going migrants for the years 2007 and 2008. Among them, 4,952 (85 percent) migrated outside Anhui Province. Among those who migrated outside Anhui, Shanghai was the first destination with 1,503 migrants, Jiangsu was the second destination area with 1,460 migrants, and the third destination area was Beijing with 716 migrants. Zhejiang Province also receives a large number of migrants (492). The rest were dispersed in other regions.

It was also during this period that many migrants began to return home and set up their own businesses after accumulating a certain financial capital. According to local official statistics, at the end of 2006, there were 330,000 Wuwei migrants working outside the county, accounting for 43 percent of the entire rural labour force.<sup>(20)</sup> It is estimated that the proportion of migration income in total rural income increased from 0.7 percent in 1980 to 41 percent in 2000.<sup>(21)</sup> Foreseeing the great advantage that return migration could bring to local economic development through the investment of repatriated financial capital in local businesses, the local Wuwei government launched a "*feng huan chao*" (phoenixes return to their nest) policy in 1996. The purpose of this policy was to encourage local out-migrants to return and contribute (by investing) to their hometown by giving them a package of financial incentives. This policy is reported to have had a positive influence on attracting return migrants.<sup>(22)</sup> Up to the year 2001, 5,200 return migrants

had established businesses in Wuwei County.<sup>(23)</sup> By the end of 2008, 16,200 return migrants had set up 1,113 enterprises and 6,199 individual enterprises, which respectively accounted for 38.1 percent of total enterprises and 33.8 percent of total individual enterprises in the area.<sup>(24)</sup>

## The impact of the 2008 economic crisis

The global economic crisis caused a lot of debate about its influence on migration and return migration in China at the end of 2008 and the beginning of 2009. Although there are no precise statistics yet on how great the impact of the economic crisis has been on internal migration in China, it was reported that a large number of migrants who working in the export manufacturing sectors were forced to return home at the end of 2008 rather than during the spring festival in early 2009. National statistics show that by the spring festival of 2009, 70 million rural migrant workers had returned home, accounting for 50 percent of all migrants. After the 2009 spring festival, 80 percent of those returning migrants migrated again, while 20 percent stayed in their hometown for work opportunities.<sup>(25)</sup> Thus, the 2008 economic crisis does not seem to have had a severe impact on China's migration in general.

In Wuwei, during our first period survey between September 2008 and November 2008, economic activity was starting to decline. Cotton prices were decreasing, private enterprise employees had more holidays, village restaurants had

17. *Wuwei banya* is a traditional way of preparing duck in Wuwei County with a long history. According to Wuwei County annals, *Wuwei banya* was already quite famous during the Qing dynasty. Many migrants are involved in making and selling *Wuwei banya* in destination areas.

18. The other two most developed provinces are Guangdong and Shandong. Data can be found on the official website of the Jiangsu Province government: [http://www.jiangsu.gov.cn/shouye/tpbt/201004/t20100401\\_438438.html](http://www.jiangsu.gov.cn/shouye/tpbt/201004/t20100401_438438.html).

19. At the township government level, the family planning office is the main agency that records detailed information on migration in the town proper. It requires all local people working outside the town to provide information regarding their migration destination, marital status, number of children at home, etc. This information is therefore an important source of precise information on the main destination of migration. We collected statistics for the year 2008, which recorded migration data for the last two years in four towns: Gaogou, Liudu, Tanggou, and Dougou.

20. Wuwei County Government report, 2007.

21. Xianjun Dou, "Dui Wuwei jingji laowu shuchu de diaocha he sikao" (Survey and thinking on Wuwei economic labour export), *art. cit.*

22. F. Gao, "Wuweixian nüxing laodongli huiliu de diaocha baogao" (Report on an investigation on female return migrants in Wuwei County), internal report, Anhui Women's Union, 2001.

23. Xianjun Dou, "Dui Wuwei jingji laowu shuchu de diaocha he sikao" (Survey and thinking on Wuwei's economic labour export), *art. cit.*

24. Wuwei County Government report, 2009.

25. Data can be found on the website of the National Bureau of Statistics: [http://www.stats.gov.cn/tjfx/fxbg/t20090325\\_402547406.htm](http://www.stats.gov.cn/tjfx/fxbg/t20090325_402547406.htm) (in Chinese).



**Table 1.** Inflow and outflow of migrants in Wuwei County from January 2009 up to May 2009

Month	Total out-migrants at the beginning of the month	New return migrants	New out-migrants	Total out-migrants at the end of the month
January	304,214	199,074	27,583	132,723
February	132,723	246	221,491	353,968
March	353,968	151	631	354,448
April	354,448	58	1,058	355,448
May	355,448	41	727	356,131

Source: Wuwei employment and social security office, 2009.

fewer customers than usual, etc. Certain worries arose during that period among the population that was the first touched by the spreading economic crisis. One year after the first survey, at the end of 2009, we conducted a short investigation in Wuwei to analyse the impact of the economic crisis on local economic activity and labour mobility. Casual discussions with people in villages tended to show that the economic crisis was somehow forgotten, as villagers expressed no particular feelings about it. Regarding migration, “Those who were working outside were still outside,” replied one local villager. Because of the economic crisis, the local employment and social security office received the new task of recording the labour flow situation each month. They collected detailed labour flow information from each town and reported it to the district-level government from November 2008 to May 2009, when according to local officials, the labour flow had stabilised and there was no need to follow it anymore.

Table 1 displays the in-flow and out-flow of migrants in Wuwei County between January 2009 and May 2009.<sup>(26)</sup> It should be mentioned that the usual return period for rural migrants in China is the Chinese New Year break. It is a tradition that migrants usually return to their hometown to celebrate this festival with family members. In 2009, New Year’s Eve fell on 25 January. As a result, January and February showed considerable labour mobility (See Table 1). At the beginning of January, 304,214 migrants were still working outside the county. By the end of January, 199,074 migrants returned, accounting for 65.4 percent of the original number of out-migrants. This indicates that the majority of out-migrants returned home during the spring festival. At the end of February, total labour out-flow reached 221,491, and the total number of migrants reached 353,968, a level even higher than at the beginning of January. The net out-flow between January and February was 49,754. This positive number means not only a re-emigration of temporary re-

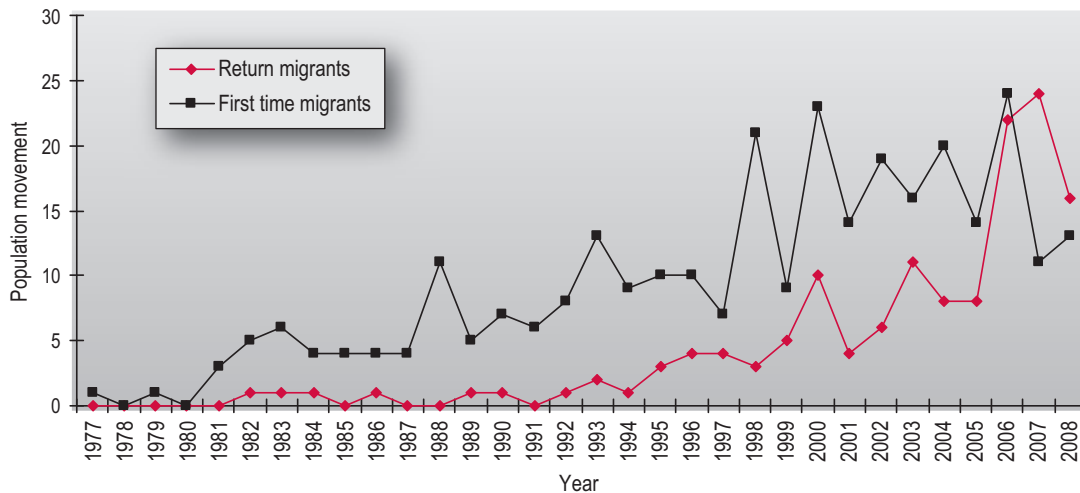
turn migrants, but also an increase in first-time migrants. From March to May, the total number of migrants remained fairly stable, with a slight increase in new migrants. At the end of May, the total number of out-migrants reached 356,131, 17 percent more than at the beginning of January. A Wuwei County government report in 2009 declared that only 2.5 percent of the migrants who returned during the 2009 Spring Festival came back because of the economic crisis, while the other 97.5 percent comprised the normal temporary return flow for the Spring Festival. Overall, these statistics highlight a limited impact of the economic crisis on rural labour migration in Wuwei County.

## Return migrants and occupational distribution

### Household survey in Wuwei

The following discussion is based on a series of rural household interviews conducted from September to November 2008 in Wuwei County. We selected four towns for the survey: Gaogou, Liudu, Dougou, and Tanggou. An average of three administrative villages, with an average of 20 households in each village, were randomly selected in each town. A total of 239 households were interviewed, providing information on 969 individuals including 147 returnees (15.2 percent) and 192 out-migrants (19.8 percent). In this study, non-migrants are defined as those who have no work experience or work experience of less than 6 months outside the county. Out-migrants are individuals who are currently working outside Wuwei County, or temporary returnees who kept their on-going jobs outside, or who took no job at home and intend to emigrate again. Return migrants are individuals

26. Although the record started from November 2008, the local employment and social security office can only provide statistics from January 2009.

**Figure 1.** The dynamics of first-time migration and return migration in Wuwei County: 1977-2008

Source: Wuwei 2008 survey.

currently settled and working in the county; these individuals have at least 6 months of migrant work experience outside the county.

The data was collected following a questionnaire approach consisting of a series of questions about both family and individual members. Individual information includes personal characteristics (e.g., age, sex, education, etc.), specific work position, and income. For those having a migration and/or return migration history, work experience during and after migration was also recorded. At the household level, the main information includes the value of productive assets such as agricultural land, both agricultural and non-agricultural productive assets, durable goods, yearly income, expenditures, and investment in 2007. A separate administrative village survey was also conducted in each village to collect information about the general economic, geographic, and demographic conditions in the locality.

The population of return migrants and first-time migrants<sup>(27)</sup> between 1977 and 2008 in our sample is presented in Figure 1. The rate of first-time migration kept increasing throughout the period. The evolution of return migration shows a different feature, with a sharply increasing rate after 1996. From the graph, we can also notice that after 2006, the number of return migrants exceeds the number of first-time migrants. This means that putting aside stable on-going migrants, the net population movement in Wuwei has been inflow rather than outflow in recent years.

### Who are the return migrants?

Table 2 presents some summary statistics on individual, household, and village characteristics by migration status. Since we focused on occupational choice, the sample for analysis includes only the current working population aged 17-70.

As expected, there is a clear distinction in individual characteristics between return migrants and out-migrants, and between return migrants and non-migrants. On average, return migrants are much younger than non-migrants (by 7 years), but much older than out-migrants (by 10 years). The proportion of men among return migrants is the highest in the three groups. Return migrants are also more likely to be married: 90 percent of returnees are married as compared to 64 percent of out-migrants and 87 percent of non-migrants. Educational differences are also significant among these groups. Return migrants have on average six years of education, 1.5 years more than non-migrants, but 1.34 years less than out-migrants. More specifically, the educational difference is displayed mainly at the illiterate level and the junior middle school level. While 22 percent of return migrants are illiterate, 44 percent of non-migrants and 11 percent of out-migrants are in this type. As for the junior middle school attendance rate, the proportion for return migrants is 43 percent, much lower than for out-migrants (66 percent) and much

27. First-time migrants are emigrants who left the county for work outside for the first time.

**Table 2.** Descriptive statistics for the working population, by migration status

	Mean value or %			Mean test	
	Return migrants	Non-migrants	Out-migrants	RM vs. NM	RM vs. OM
<b>Individual characteristics</b>					
Age	40.1	47.3	29.9	***	***
Male	60%	50%	55%	*	NS
Married	90%	87%	64%	NS	***
Years of schooling	6.0	4.5	7.34	***	***
Illiterate	22%	44%	11%	***	***
Primary school	25%	21%	14%	NS	**
Junior middle school	43%	26%	66%	***	***
Senior high or more	10%	9%	10%	NS	NS
Spouse of the household head	32%	40%	9%	*	***
Child of the household head	11%	12%	53%	NS	***
<b>Household characteristics</b>					
Children under 6	0.20	0.20	0.42	NS	***
Children in school	0.76	0.59	0.64	**	NS
Elderly (over 70)	0.15	0.21	0.21	NS	NS
Household size	4.12	4.23	5.13	NS	***
Land per person ( <i>mu</i> ) (2007)	0.72	1.07	0.81	***	*
<b>Village characteristics</b>					
Per capita income ( <i>yuan</i> ) (2004-08)	3,713	3,766	3,504	NS	***
Per capita income growth (2004-08)	21.08	21.20	20.21	NS	***
Number of private enterprises	11.41	11.97	9.97	NS	**
Gaogou town	0.28	0.31	0.15	NS	***
Liudu town	0.27	0.23	0.31	NS	NS
Dougou town	0.22	0.23	0.29	NS	NS
Tanggou town	0.23	0.22	0.25	NS	NS
<b>Sample size</b>	<b>123</b>	<b>298</b>	<b>176</b>		

Source: Wuwei 2008 survey.

Notes: The mean test column indicates the significance level of mean differences between return migrants and non-migrants, and between return migrants and out-migrants. NS non significant; \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%. NM: non-migrants; RM: return migrants; OM: out-migrants.

higher than for non-migrants (26 percent). In terms of human capital measured by age and education, these descriptive results indicate that return migrants are positioned between non-migrants and out-migrants.

With regard to household characteristics, an interesting feature is that the average land endowment per person is significantly lower for return migrants, who have only 0.72 *mu*<sup>(28)</sup> per person, as compared to 0.81 for out-migrants and 1.07 for non-migrants. In terms of household size, the average number of members in the returnees' household is four persons, which is significantly smaller than for out-migrants (five persons on average in the household), but follows a similar

pattern to non-migrants. As far as the number of children at school in the household is concerned, we also find that returnees are more likely to have children at school. The difference is especially significant when comparing returnees with non-migrants. On the other hand, returnees are less likely to have children below the age of 6 than out-migrants. Village characteristics highlight an interesting feature across the three groups. Both returnees and non-migrants tend to come from villages with better economic conditions than out-migrants in terms of village per capita income, village per

28. One *mu* is equal to 0.067 hectare.



**Table 3. Occupational distribution of return migrants/non-migrants**

Occupation	Return migrants			Non-migrants		
	Pre-migration	Post return (current occupation)	Growth rate	Previous occupation	Current occupation	Growth rate
Farm labourer	50%	24%	-52%	52%	50%	-3.8%
Manual worker	7%	12%	71%	11%	15%	36%
Skilled worker	9%	21%	133%	16%	13%	-18.8%
Self-employed	7%	42%	500%	16%	22%	37.5%
Student	22%	/	/	1%	/	/
Homemaker	5%	/	/	4%	/	/
<b>Total</b>	<b>116</b>	<b>123</b>	<b>/</b>	<b>141</b>	<b>298</b>	<b>/</b>

Source: Wuwei 2008 survey.

capita income growth, and the number of privately-owned enterprises. This suggests that out-migration is probably correlated with fewer local economic opportunities, while more developed rural areas attract people who either stay or return from migration.

### What do migrants do after returning?

We divide rural occupations into six groups: four income-earning groups (farm labourer, manual worker, skilled worker, and self-employed), and two non-income groups (students and homemakers). Both individual workers and entrepreneurs are classified as “self-employed.” Skilled workers and professional workers as well as government employees are categorised as “skilled workers.” Low-skilled workers, apprentices, service workers, and family cottage workers are designated as “manual workers.” Individuals who undertake traditional agricultural work are grouped as “farm labourers.” Since some individuals working in rural areas participate in more than one occupation at the same time, we record the occupation of higher “status”<sup>(29)</sup> as the main occupation.

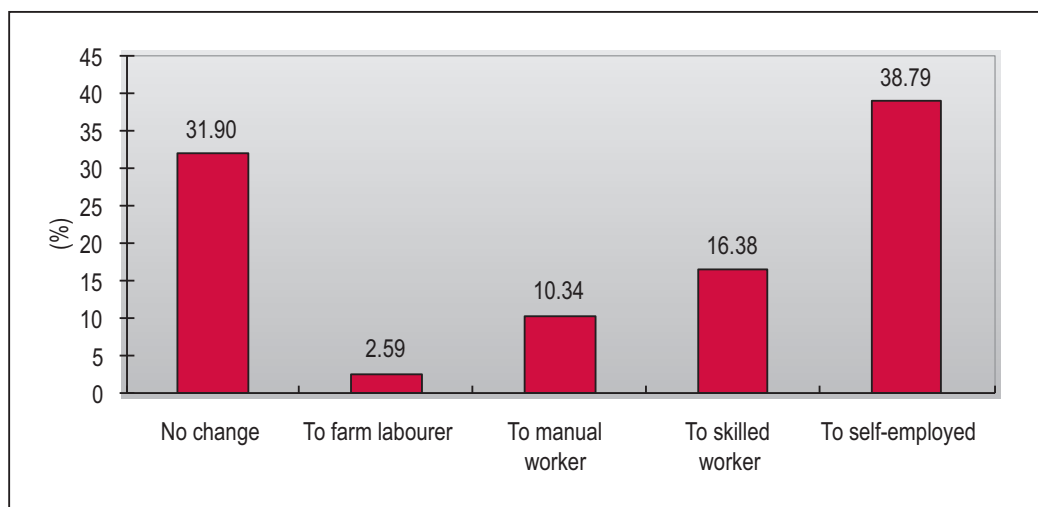
Table 3 reports the pre-migration and current post-return occupation for return migrants, and previous occupation and current occupation for non-migrants. We first focus on interpreting the current occupation distribution of these two groups. Return migrants have the highest tendency to be self-employed after their return: 42 percent of them participate in self-employed activities, by far the top occupation chosen by return migrants. The proportions of returnees engaged in farm labour and in skilled work are 24 percent and 21 percent respectively, while manual work accounts for only

13 percent. For non-migrants, participation in farm labour (50 percent) is significantly higher than in any other occupation. Only 22 percent of non-migrants are currently self-employed, 15 percent are manual workers, and 13 percent are skilled workers. Therefore, compared to non-migrants, a distinctive feature of occupational choice for return migrants is their higher participation in self-employment activities, and their lower participation in traditional farm work.

### Occupational mobility before migration and after return

Table 3 also exhibits the occupational mobility of return migrants before migration and after return. In the pre-migration period, 50 percent of return migrants were farm labourers, while 7 percent, 9 percent and 7 percent were manual workers, skilled workers and self-employed, respectively. Moreover, 22 percent of return migrants were students before migration and 5 percent were homemakers. As compared to the current occupational distribution of return migrants, there is a significant decrease in the proportion of farm labourers from 50 percent to 24 percent, and an increase in the proportion of all other types of occupations. In particular, return migrants reached 500 percent and 133 percent increases in self-employment and skilled work, respectively. These proportional changes suggest that return migrants experienced occupational upward mobility in the post-return period.

29. We consider self-employed and skilled workers to have a higher occupational status than manual workers and farm labourers. Manual workers are higher than farm labourers, and we do not differentiate between self-employed and skilled workers in terms of occupational status.

**Figure 2.** Return migrant's occupation change

Source: Wuwei 2008 survey.

For a further investigation into occupational mobility, we divide all return migrants into five categories according to the types of occupational mobility: no change, change into farm labourer, change into manual worker, change into skilled worker, and change into self-employed. Figure 2 shows that 39 percent of return migrants changed into self-employed, which ranks highest among all the other types of occupational mobility. It also indicates that 16 percent of return migrants changed their occupation to skilled workers. If we consider self-employed and skilled workers as higher-skilled occupations, we can infer that more than half of return migrants experienced an upward occupational mobility. For the other half of return migrants, the majority (32 percent) kept the same occupation as in the pre-migration period. Only 3 percent of return migrants changed their occupation to farm labour, and 10 percent became manual workers after their return. Hence, combining the results of Table 3 and Figure 2, we can observe that return migrants experienced occupational upward mobility after returning from migration.

However, is such an occupational change pattern unique to return migrants, or is it common to other rural populations with no migration experience? In order to gain a more complete understanding of this point, we conducted a comparative analysis with non-migrants. Table 3 shows that 52 percent of non-migrants were farm labourers in their previous occupations, while 50 percent are farm labourers in their current occupations. Non-migrants also experienced an increase in self-employment participation, with the proportion growing from 16 percent to 22 percent, but the rate of in-

crease is much smaller than for return migrants (37.5 percent vs. 500 percent). As with return migrants, the proportion of non-migrants in manual work also increased by 36 percent. As opposed to return migrants, the proportion of skilled workers among non-migrants decreased from 16 percent to 13 percent. In summary, these figures indicate that non-migrants do not show any clear occupational upward mobility.

### Return migrants' occupational participation by gender

Table 4 investigates current occupational participation across gender. Except for manual work, a strong difference exists in traditional farming, skilled work, and self-employment participation between male and female return migrants. On the one hand, 49 percent of female return migrants are farm labourers, compared with only 8 percent of male return migrants. On the other hand, 31 percent of male return migrants are engaged in skilled work, while the rate for female return migrants is only 6 percent. Self-employment also exhibits strong inequality between male and female return migrants: while 50 percent of male return migrants are self-employed, the rate for female return migrants is only 30 percent. Overall, male return migrants show a strong advantage in participating in better occupations compared with female return migrants, who are more likely to be employed in traditional farming work. Table 4 also shows the same pattern of occupational distribution inequality among non-migrants:

**Table 4.** Occupation distribution of return migrants and non-migrants by gender

Occupation	Return migrants			Non-migrants			Male	Female
	Male	Female	Mean test	Male	Female	Mean test	Mean test RM vs. NM	
Farm labourer	8%	49%	***	37%	62%	***	***	*
Manual worker	11%	14%	NS	15%	16%	NS	NS	NS
Skilled worker	31%	6%	***	22%	5%	***	NS	NS
Self-employed	50%	31%	**	26%	18%	*	***	*
Sample size	74	49		150	148		224	197

Source: Wuwei 2008 survey.

Notes: The mean test column indicates the significance level of mean differences between return migrants and non-migrants. NS non significant; \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

male non-migrants are significantly more likely to participate in skilled work and self-employment, but less likely to be in traditional farming work. One reason why females are much more likely than males to work as farm labourers in rural Wuwei is their particular role in housework. As in many other societies, females in rural Wuwei usually take primary responsibility for housework, including child rearing. This particular social role imposes restriction on women's choice of work hours and location, while traditional farm work allows more flexibility in this regard. It is thus very common for females to take primary responsibility for housework at home and traditional farming work at the same time.

Another key aspect is that within the same gender, migration status still affects participation in traditional farming and self-employment. Both male and female return migrants have a significantly lower participation rate in farming work, but a significantly higher participation rate in self-employment compared to both male and female non-migrants. This result indicates that migration experience tends to reduce gender inequality in occupational participation on the one hand, while increasing the possibility of participation in better occupations for the rural population generally on the other hand.

## Return migrants' self-employment activities

The above descriptive statistics show that among all occupations, return migrants have the highest rate of participation in self-employment activities. Therefore, in this section we focus on the self-employment activities established by return migrants. We first examine the characteristics of self-employed return migrants by comparing them to non-self-employed return migrants and self-employed non-migrants. We

then examine the self-employment activities of return migrant. For this purpose, a comparative approach with non-migrants' self-employment activities is also used.

## Who are the self-employed return migrants?

Table 5 lists a comparison between the various characteristics of self-employed return migrants and non-self-employed return migrants. Regarding individual characteristics, significant differences are found in marital status, gender, and higher-level school attendance. Additionally, self-employed return migrants are more likely to be men and married. On the other hand, non-self-employed return migrants have a relatively equitable gender distribution and are more likely to be unmarried. Although there is no difference in terms of average years of schooling, self-employed return migrants are more likely than non-self-employed return migrants to have reached the senior high level of education or higher. Many motivating factors can contribute to self-employment. Self-reported motivations show that making money was the main motivation for self-employment among half our sample. This indicates a strong financial motivation on the one hand, and a common perception among return migrants of the possibility of getting rich via self-employment on the other hand. It is nevertheless interesting to note that a large portion of return migrants, approximately one third, declared flexibility and freedom as the primary motivation for choosing self-employment; that is, being able to decide the type of work and when and where to work.

Regarding village characteristics, self-employed return migrants are more likely to live in towns with fewer private enterprises. Moreover, as compared to other towns, return migrants from Liudu are significantly more likely to be self-em-

**Table 5.** Comparison between self-employed and non self-employed return migrants

	All	Self-employed return migrants	Non self-employed return migrants	Mean test
<b>Individual characteristics</b>				
Age	40	40	40	NS
Married	0.90	0.96	0.86	*
Years of schooling	6.01	6.53	5.61	NS
Illiterate	0.22	0.19	0.24	NS
Primary school	0.25	0.19	0.29	NS
Junior middle school	0.43	0.46	0.41	NS
Senior high or more	0.10	0.15	0.06	*
Gender	0.60	0.71	0.52	**
<b>Household characteristics</b>				
Children under 6	0.19	0.17	0.21	NS
Children in school	0.75	0.90	0.65	**
Elderly (over 70)	0.15	0.15	0.14	NS
Household size	4.12	4.11	4.13	NS
Land per person (mu)	0.72	0.62	0.79	*
<b>Migration experience</b>				
Job changes	1.48	1.71	1.30	***
City changes	1.88	2.15	1.69	NS
Years of migration	6.76	8.30	5.60	**
Age at first migration	25.97	24.62	27	NS
Migration in or after 1996	0.50	0.38	0.59	**
Repatriated savings (yuan)	20,612	33,209	10,763	**
Worked in a big city during migration	0.52	0.54	0.51	NS
<b>Post-return experience</b>				
Years since return	5.73	6.17	5.39	NS
Job changes upon return	1.33	1.47	1.24	**
Age at return	34.22	33.84	34.51	NS
<b>Village characteristics</b>				
Gaogou town	0.28	0.25	0.31	NS
Liudu town	0.27	0.42	0.15	***
Dougou town	0.22	0.13	0.28	*
Tanggou town	0.23	0.19	0.25	NS
Rural per capita net income (2004-2008) (yuan)	3713	3624	3779	NS
Number of private enterprises	11.4	9.81	12.6	**
<b>Sample size</b>	<b>123</b>	<b>52</b>	<b>71</b>	

Source: Wuwei 2008 survey.

Notes: The mean test column indicates the significance level of mean differences between self-employed return migrants and non self-employed return migrants. NS non significant; \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

ployed. Due to specific geographical conditions that include a large water area, many rural households in Liudu are engaged in large-scale crab-raising businesses. In summary, besides the motivating reasons mentioned in the above discussion, these descriptive statistics suggest that fewer wage-working opportunities and certain geographical conditions are additional objective factors in determining self-employ-

ment among return migrants.

Additional differences between self-employed returnees and non self-employed returnees lie in the duration of migration, the frequency of job changes, the quantity of repatriated accumulated savings, and the year of return. First, returnees who became self-employed after return have much longer average migration durations than those who took other (mostly

**Table 6.** Comparison between self-employed return migrants and self-employed non-migrants

	All	Self-employed return migrants	Non self-employed return migrants	Mean test
<b>Individual characteristics</b>				
Age	43	40	46	***
Married	0.97	0.96	0.97	NS
Education	5.60	6.54	4.85	***
Illiterate	0.29	0.19	0.37	**
Primary school	0.19	0.19	0.18	NS
Junior middle school	0.43	0.46	0.40	NS
Senior high or more	0.09	0.15	0.04	**
Gender	0.65	0.71	0.60	NS
<b>Household characteristics</b>				
Children under 6	0.15	0.17	0.14	NS
Children in school	0.75	0.90	0.63	*
Elderly (over 70)	0.11	0.15	0.08	NS
Household size	4.01	4.11	3.92	NS
Land per person ( <i>mu</i> )	0.68	0.62	0.72	NS
<b>Village characteristics</b>				
Gaogou town	0.28	0.25	0.31	NS
Liudu town	0.39	0.42	0.37	NS
Dougou town	0.16	0.13	0.18	NS
Tanggou town	0.16	0.19	0.14	NS
Rural per capita net income ( <i>yuan</i> )(2004-2008)	3,686	3,624	3,734	NS
Number of private enterprises	10.39	9.81	10.86	NS
<b>Sample size</b>	<b>117</b>	<b>52</b>	<b>65</b>	

Source: Wuwei 2008 survey.

Notes: The mean test column indicates the significance level of mean differences between return migrants and non-migrants. NS non significant; \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

wage-earning) jobs (8.30 years versus 5.60 years).<sup>(30)</sup> Self-employed returnees also experienced much more frequent job changes than non-self-employed returnees during migration, and they repatriated three times higher savings on average (33,209 *yuan* versus 10,763 *yuan*).<sup>(31)</sup> The findings that self-employed return migrants exhibit a longer migration history, a greater frequency of job changes, and higher savings all suggest a positive connection between an individual's migration experience and self-employment participation after return. Moreover, self-employed return migrants are more likely to have migrated before 1996, the year when the *feng huan chao* policy was launched. This information suggests that self-employed return migrants have an earlier history of migration allowing a longer accumulation of migration experience. After return, self-employed returnees have also experienced significantly more frequent job changes than their non-self-employed counterparts.

A comparison between self-employed return migrants and self-employed non-migrants is presented in Table 6. Self-employed return migrants and self-employed non-migrants show no significant difference in terms of household and village characteristics. The major differences between these two groups lie in human capital: age and education. Self-employed return migrants are much younger than self-employed non-migrants (40 vs. 46 years), and the average number of years of schooling for self-employed return migrants reaches 6.54 years, versus only 4.85 years for self-employed non-migrants. More precisely, self-employed return migrants have a significantly lower rate of illiteracy, but a significantly higher

30. Migration duration is the total accumulated years of migration.

31. Considering that in the sample some couples have inseparable repatriated savings and that self-employed businesses are mostly family businesses with an overall family financial contribution, return savings here are calculated as the total savings of all family members upon return.

**Table 7.** Self-employment sectors of return migrants and non-migrants

Sectors	All	Return migrants	Non-migrants
Agriculture	36%	39%	34%
Retail	18%	18%	17%
Transportation	14%	13%	15%
Manufacturing	12%	8%	15%
Other business	11%	13%	9%
Construction	2%	3%	2%
Medical	2%	0%	4%
Other service	2%	3%	2%
Mining	1%	3%	0
Restaurant	1%	0%	2%
Sample size	85	38	47

Source: Wuwei 2008 survey.

rate of education to the senior high level or above. Therefore, one conclusion we can draw is that self-employed return migrants are the most educated sector of the population among all rural residents currently working in rural Wuwei.

### What kinds of business activities do self-employed return migrants set up?

Regarding the business area, Table 7 shows that 39 percent of the self-employment established by return migrants is in the agricultural sector. The main agricultural activities are large-scale aquatic production, such as crabs, fish, and pearls, and greenhouse vegetable cultivation. The second business area is retail businesses such as small village groceries and all kinds of individual vendors, accounting for 18 percent. Transportation is also an important business area for return migrants. The favoured activity is motorcycle taxi. Due to the lack of public transportation to remote villages, motorcycles are widely utilised for transportation services. Motorcycles are favoured due to their relatively low cost and ability to travel on narrow roads. Another advantage of a motorcycle business is the freedom to engage in other economic activities at the same time. Eight percent of return migrants are engaged in manufacturing activities, such as brick-making, glue-making, and raincoat production. Other business activities include bookshops, cotton trading, and sand trading.

**Table 7** also lists the distribution of business sectors among non-migrants for comparison. Although it shows slight differences in proportions, the distribution pattern among non-migrants is fairly similar to that of return migrants. This might

reflect the limited choice of business sectors in rural areas.

**Table 8** lists the number of non-family employees in self-employment activities. The majority of return migrant self-employment activities involve no non-family employees (76 percent). This proportion is even larger for non-migrants, as 86 percent of non-migrant self-employment activities have no non-family employees. This indicates that while the businesses established in rural areas are generally of a small family scale, return migrant self-employment businesses still appear to have some advantage in business scale compared to those of non-migrants. Furthermore, among businesses with non-family employees, businesses with one non-family employee and more than five non-family employees are the two most popular types for return migrant businesses, accounting for 11 percent and 8 percent respectively. The least commonly occurring business is that with two to four non-family employees (6 percent). A different pattern of business distribution occurs among non-migrant businesses with a much more equal distribution. Therefore, as compared to non-migrant businesses, return migrant businesses are more unequally distributed in terms of employment size. Meanwhile, they are more likely to establish businesses employing more than five non-family employees. For example, the largest business in our sample, a construction company with 19 employees, was created by a return migrant. All in all, analysis of the employment size of the businesses indicates that return migrants have contributed to creating employment opportunities in rural areas.

As indicated in Table 9, 86 percent of return migrant self-employment businesses are located in villages within the



**Table 8. Number of non-family employees in self-employment activities**

Non-family employees	All	Return migrants	Non-migrants
0	81%	76%	86%
1	6%	11%	2%
2	4%	3%	5%
3	2%	3%	2%
4	1%	0%	2%
5 and more	5%	8%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Wuwei 2008 survey.

**Table 9. Business location**

Location	All	Return migrants	Non-migrants
Villages within the county	82.50%	86.11%	79.55%
Town centre	11.25%	8.33%	13.64%
County centre	3.75%	2.78%	4.55%
No fixed area within the county	2.50%	2.78%	2.27%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Wuwei 2008 survey.

home county, with 8 percent in the town centre and 3 percent in county centre. These results indicate that the majority of self-employment businesses of return migrants are village-oriented. This is consistent with the finding that agriculture is the most important business sector, which effectively limits working locations to the village level. A comparison with the business location of non-migrants indicates that return migrants are more likely to be in rural areas than in a more urbanised town or county centre.

Table 10 presents the distribution of initial investment in self-employment businesses. The largest portion, 42 percent of return migrant businesses, use less than 10,000 *yuan* for establishment, 18 percent use 10,000 to 40,000 *yuan*, another 18 percent use 40,000 to 80,000 *yuan*, and a significant percentage (21 percent) invest more than 80,000 *yuan* for the initial business establishment. For non-migrants, the corresponding proportion in each category decreases with the level of investment, from 47.50 percent to only 7.5 percent. These results show that the essential differences in investment scale distribution between return migrant self-employment businesses

and non-migrant self-employment business lie in the proportion of the large-scale business investment category, above 80,000 *yuan*. Return migrants have a much higher proportion of larger-scale business investment than non-migrants.

It is therefore interesting to look further at these categories with respect to business domains, business location, and employment size. We consider businesses with initial investments of no more than 10,000 *yuan* as small-scale businesses, those with initial investment between 10,000 and 80,000 *yuan* as medium-scale, and businesses with initial investments of more than 80,000 *yuan* as large-scale businesses. We find that the share of small and medium-scale businesses in agriculture is higher for return migrants than for non-migrants (43 percent vs. 32 percent and 50 percent vs. 39 percent), but it is the opposite for large-scale business (43 percent vs. 67 percent). The remainder of the return migrant's large-scale businesses are distributed between manufacturing (14 percent), construction (14 percent), transportation (14 percent), and other businesses (14 percent). In terms of business location, it appears that small and medium-scale

**Table 10. Initial investment in self-employment**

Initial investment (yuan)	All	Return migrants	Non-migrants
0–10,000	45.21%	42.42%	47.50%
10,000–40,000	23.28%	18.19%	27.50%
40,000–80,000	17.81%	18.18%	17.50%
More than 80,000	13.90%	21.21%	7.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Wuwei 2008 survey.

return migrant businesses are more likely than large-scale businesses to be village-oriented. While more than 90 percent of small and medium-scale return migrant businesses are located in villages, two-thirds of large-scale return migrant businesses are in villages, with the other third dispersed in the town centre or in no fixed area in the county. The situation is reversed for non-migrants, with large-scale businesses more often located in villages, but small and medium-scale businesses more often located outside the villages. As for employment size, the majority of small-scale businesses among return migrants (86 percent) have no non-family employees, while 43 percent of large-scale businesses have more than five employees. This indicates that large-scale investment businesses are also more likely to have more employees. The same patterns of distribution can also be found among non-migrant businesses.

Repatriated financial accumulation during migration plays an important role in return migrants' initial business setup. In our survey, we recorded information on the source of initial investment. Among all businesses set up by return migrants, 55 percent were established with their own savings. Among those who used only their own accumulated money for investment, 88 percent reported that their funds were accumulated entirely during their migration. If we take into account those who partially used borrowed money for setting up businesses, the proportion of return migrants using savings from migration to establish businesses would be even larger. This assertion can also be confirmed from self-employed return migrants' own evaluation of their migration experience. Among those for whom we have self-evaluation information, 46 percent mentioned the positive impact of financial accumulation during migration, and 46 percent mentioned the positive influence of the migration experience in general, including skill enhancement.

## Conclusion

From the evidence of data collected in Wuwei County, this paper documents the growing trend of urban-rural return migration in recent years. Return migrants exhibit different characteristics compared to rural non-migrants and out-migrants. After return, return migrants have a high propensity to choose self-employment. As compared to their pre-migration occupation, they experience occupational upward mobility. This positive result of return migrant occupational participation is confirmed by comparison with the performance of rural non-migrants. Occupational distribution exhibits a high inequality between male and female rural populations, whatever the migration status. Males have an obvious advantage in participating in skilled work and self-employment, while females are more concentrated in traditional farming work. Both male and female return migrants have a significantly lower participation rate in farming work, but a significantly higher participation rate in self-employment, compared to both male and female non-migrants. Therefore, migration experience tends to have a positive impact on changing the degree of inequality of occupational distribution across gender, and increases the general possibility of participation in higher quality occupations for the rural population as a whole.

Return migrant self-employment activities are primarily located in villages and are highly concentrated in the agricultural sector. They are also characterised by their small scale, usually without non-family employees and with initial investments of less than 10,000 yuan. However, if we compare this to self-employment businesses set up by non-migrants, return migrants still have some advantages in setting up businesses requiring significant financial investment and with a large number of employees. Furthermore, return migrant businesses with higher financial investments are strongly correlated with larger numbers of employees, although there ap-

pears to be no diversification in terms of business sectors in relation to investment scale. As such, the paper supports the observation that return migrants play a beneficial role in rural areas by setting up high-investment businesses and thereby increasing local employment opportunities. This paper also stresses that the role of migration experience, in particular repatriated financial accumulation, cannot be ignored, since it plays an important role in providing set-up funds for return migrant businesses. Hence, it is important for local governments to encourage migrants to return, while also providing a sound environment for them to better trans-

fer their migration-gained skills and financial accumulation to local areas. •

#### Glossary

Hukou	戶口
Wuwei banya	無為板鴨
yuan	元
feng huan chao	鳳還巢
mu	畝