

Returned Migrants, Family Capital and Entrepreneurship in Rural China

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Abstract: This paper introduces an interaction item consisting of migration experience and family capital into a rural labor employment selection model. It analyzes how migration experience helps eliminate resource constraints in rural areas and facilitates the participation of rural workers in entrepreneurship. We find that the length of time migrants work in migrant inflow areas exerts a significantly positive influence on the non-agricultural employment of returned migrants. We also find that those returned migrants who have worked in the service industry prefer to work for local enterprises. Furthermore, returned migrant workers with business experience tend to start their own businesses upon returning home. Compared with non-migrants, returned migrants are more capable of utilizing their rural family capital in the entrepreneurial process. These findings suggest that both migration experience and family capital promote local employment and entrepreneurship in rural areas, despite the fact that they are subject to the imperfect rural market mechanism and lack adequate social support.

Key words: Migration experience · Family capital · Return migrants · Self-employment

1 Introduction

The appearance of free flow spaces and production elements exerts ever more profound but complicated effects on rural areas and farmers' capabilities. Free migration between rural and urban areas changes the original development space of small-scale peasant economies in developing countries. Farmers are becoming increasingly connected with the world outside. Employment, exchanges and life styles gradually move towards diversity and socialization. During this process, for villages that shift from being closed to open, rural labor force migration and then backflow to the place of origin are of critical significance.

Existing studies focus mostly on the effects of remittances rural migrants send to their hometowns (Liang, Li & Ma 2013), but ignore the value of

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the migration experiences that returnees bring home. Although rural labors remit a large amounts the majority of these remittances are for left-behind families to cover daily expenditures (e.g., food & clothes) and major expenses (e.g., house construction) (Huang & Zhan 2005). Remittances are not used for productive activities that can create income, such as business activities, agricultural production, education, health and so on. Studies suggest that migrant remittances to their hometowns have no apparent positive effects on economic growth in these rural locales (Hu 2012; Adams & Cuecuecha 2010; Haas 2007). Hence, it might be the case that the development of the rural economy not only needs capital, but also requires people in rural areas capable of making good use of the capital they have. In recent years, a large number of rural migrant workers have left cities and returned to their hometowns. Returnees become part of the rural labor force and affect the production and life styles of non-migrants who have not gone elsewhere to work. In China, the total number of rural migrants working in cities was estimated to be about 273.95 million at the end of 2014, and every fourth person in the rural labor force is a rural migrant or returnee to the hometown (National Bureau of Statistics of China 2015). The labor away from home of rural migrants not only results in the accumulation of economic and human capital (Murphy 2002; Miao, Liang & Wu 2013), but also expands social capital (Ma 2002). After returning to their hometowns, returned migrants also increase the investment in agricultural production (Zhao 2002). There are two questions of concern: First, compared with rural labor that has no migration experience, can rural migrants who return to their hometowns make better use of the resources available in rural areas; and second, do these returned migrants possess the “entrepreneurial spirit” necessary for the development of the rural economy.

The literature on return migration has focused primarily on the relationship between migration and entrepreneurship, analyses of the occupational choices of returnees and providing evidence of their high propensity to engage in entrepreneurial activities (RIF & IRF 1997; Ilahi 1999; Dustmann & Kirchkamp 2002; Mesnard 2004; Wahba & Zenou 2009; De Vreyer et al. 2010; Gubert, Nordman 2011). The consensus is that, had they never migrated, those who are now returned migrants would have been more likely to be self-employed workers and less likely to be entrepreneurs who contribute to employment creation. There has been relatively little research on how migration experiences affect the decisions of returned migrants to choose self-employment versus other types of work. Ma (2002) finds that skilled returned migrants are more prone to and more successful than unskilled returnees at mobilizing local social capital upon their return, and this supports their entrepreneurial activities. However, Piracha and Vadean (2010) criticized earlier studies of classifying self-employed people (i.e., those who work for themselves and have no paid employees) as individual workers (i.e., without having any paid employees) or entrepreneurs (i.e., owners of firms with paid employees). They find that without the migration

experience, returnees would have been more likely to be individual workers and less likely to be entrepreneurs. Démurger and Xu (2011) used an original survey of rural households in China to find that returned migrants who had savings available upon their return and who had frequently changed jobs as migrants were more likely to become self-employed.

China is a good model for studying the effects on development of return migration due to the large scale of labor migration. This paper examines the impact of migration experience on the decisions individuals make to become self-employed in Enshi, a prefecture-level city in Hubei province. It contributes to an emerging body of literature focused on returned migrants and the impact they are having on rural development. This study brings together three strands of the empirical literature on the impact of migration on entrepreneurial activity. The paper not only examines the probability of being self-employed by comparing the employment situation of non-migrants and returned migrants, but also analyzes how different migration experiences affect the decisions of returned migrants to choose self-employment upon return. Considering that rural workers chose to migrate of their own volition, we conducted a longitudinal analysis of the changes of employment selection before migrants left their hometowns and after they returned.

Another contribution of this paper is its exploration of how family capital and migration experience interact in their effect on the self-employment decisions of returned migrants in their hometowns. The capital of rural families was found to play a prominent role in the choices of returnees. Our research led us to conclude that, compared with the effects of family capital on non-migrants, family capital has special and more important effects on the employment choices and economic returns of returned migrants. They are able to put family capital to better use so as to take advantage of it.

2 Return migrant entrepreneurship under resource constraints: theoretical analysis and research hypotheses

Existing theoretical and empirical literature on participation in self-employment has identified a series of factors, of which entrepreneurial spirit, capability and capital are the most basic resources (Schultz 1980; Dunn & Holtz-Eakin 2000; Fairlie & Krashinsky 2012). These resources are believed to be in especially short supply throughout developing countries (Gindling & Newhouse 2014), especially in less developed rural areas (Bryant 1989; Han & Hare 2013).

2.1 Family capital in rural China

The family is the basic economic unit in rural China, bringing together the human, economic and material resources of all family members (Huang 1990). The ability of parents to maintain power and authority depends largely on their control of family property, the fact that family is a single unit for production and consumption, and the strength of Confucian morality (Fei 1985). It is quite common in rural areas for parents to build a house or buy an apartment and pay

a large amount of money to a son who is getting married in order to help the new couple get started. Therefore, the decisions of family members with respect to employment or migration are part of the family's strategy, and this decision-making is affected mainly by the availability of family capital (Shi & Yang 2012).

Family capital refers to the resources and capabilities that family members as individuals and the whole family possesses (Shi 2013). Because the nature of that capital and economic attributes possessed by families differ, family capital is divided into four categories: family human capital, family social capital, family economic capital and family natural capital. A family's physical property, and cash income and deposits can be used to measure the family's economic level and capability. These items are categorized as family economic capital. Generally speaking, if family economic capital is sufficient, the family has enough material wealth and operating capital, and the local development platform is also large. Our definition of family natural capital excludes land, because land is generally allocated administratively in rural China, and since the market is poorly developed, valuation is impossible (Jalan & Ravallion 2001). A family with abundant natural capital has a lot of land where it cultivates outstanding, high quality agricultural products. Traditional Chinese patterns of interpersonal relationships, a self-sufficient agro-farming economy, and "the acquaintance society" have laid a foundation for the existence and development of family human capital and family social capital (Fei 1985). If family human capital is abundant, family members are well educated and possess outstanding capabilities to migrate and find employment. If family social capital is rich, the family has a strong network of social relationships, can access information and has ample choices when seeking migrant employment.

Owing to the lack of social resources and the capability of integrating social resources, the status of family capital has significant effects on employment selection and the economic status of rural labor. China's rural economy is based on small-scale operations and only by integrating economic resources, social resources, human resources and natural resources can employment and survival be realized and long-term sustainable development of the agricultural economy be maintained (Scoones 1998). Urban residents do not need to possess these four kinds of resources at the same time. They can find a stable job and make a living for family members by relying on one or several major resources. In general, the possession of only natural capital, social capital or human capital cannot maintain a rural family's long-term development. The reason that some rural families fall into poverty is invariably that there is an insufficient amount of one of the types of capital or existing family capital is lost. Families that develop quickly and have a life of abundance can gradually gather certain resources. By using, transforming and re-producing resources, rural families are able to increase family capital, and such capital accumulation provides returned rural migrant workers with resources for employment or independent entrepreneurship.

The capabilities of rural workers to utilize and transform family resources can also affect the extent to which family capital can exert itself. If an individual or

family can obtain access to many resources and make full use of and transform those resources at the beginning, their income and wealth can reach high levels. If they are unable to transform and re-produce the resources, the original resources will be consumed and slowly disappear. As a result, not only will it be impossible to increase wealth, existing wealth will also be lost. In such cases, sustainable development cannot be realized. In this respect it is important to note that returned migrants can make use of the human, economic, and social capital they accumulated during the time they worked as migrants away from home. The knowledge and vision migrants accumulate can be transformed into individual income and family wealth. Migrant work also helps migrants develop “entrepreneurial spirit” to support the startup of new ventures in rural areas that are innovative, adventurous, and market aware.

2.2 Family capital and entrepreneurship

After returning to their hometowns, returned migrants can make use of the technology, knowledge and capital they obtained while working away from their hometowns to energize existing capital stocks and put family capital to more advantageous use. Compared with non-migrants, returned migrants can put family capital to better use in rural areas, obtaining higher economic efficiency and better return on investment. This is the basic hypothesis of this study.

- *Family human capital of returned migrants*

Family human capital is the total sum of human capital of all family members. Rich human capital can increase the agricultural production of a farm household. However, due to the limited availability of land, if all family members are employed in agriculture, per capita agricultural production can be very low and, as a result, some family members choose non-agricultural employment. Rich human capital can also provide human resources support for those who are self-employed, and reduces labor costs (Mesnard 2004). Additionally, migration experiences strengthen the awareness returnees have of commerce and the market, as well as motivating them to become independent entrepreneurs.

Hypothesis 1: Family human capital plays a positive role facilitating returned migrants to become independent entrepreneurs.

- *Family economic capital of returned migrants*

The family economic capital of farm households is a comprehensive reflection of a family’s long-term economic level and earning power, and is a factor affecting how family members select employment. Generally speaking, the better a family’s economic status is, the less likely it is that the children will take part in agricultural work. Children from families with higher economic status are more likely to remain in school longer and work in non-agricultural jobs after leaving school. Independent entrepreneurship generally requires some accumulated capital for project startup. Families with abundant economic capital can provide capital support for the entrepreneurial ventures of family members. Moreover, after rural migrant workers return to their hometowns, any money they have saved working in outflow locations can help to provide the economic capital required to start up businesses in their hometowns. In urban areas of

China, a migrant worker from rural areas can earn about CNY 4000-5000 every month, and any of these earnings that are saved can be used for business development upon the worker's return home (Wang et al. 2003).

Hypothesis 2: Family economic capital can facilitate the efforts of returned migrants to work in non-agricultural employment and increase the probability of returned migrants becoming independent entrepreneurs after returning home.

- ***Family social capital of returned migrants***

Unlike economic, human and natural capital, social capital grows out of the resources embedded in an individual's or family's social network consisting mainly of friends, colleagues and acquaintances. By means of interaction with this social network, more economic and human capital can be obtained (Ronald & Holes 1992). Many studies have examined the effects of social capital on employment choices and career development. These studies suggest that social capital can shorten the time rural workers need to spend hunting for jobs when they reach migration outflow areas. (Zhang 2007). Social capital can also ensure the authenticity and validity of career information (Zhai 1997).

Hypothesis 3: The more social capital a family has, the more likely it is that a returned migrant family member will start up a new business after returning to the hometown.

- ***Family natural capital of returned migrants***

In traditional agricultural societies, agricultural production is the primary type of production. Agricultural households develop on the basis of family natural capital. The more land a family has, the better its economic status. The growth of urbanized areas and town-level enterprises has created more non-agricultural employment opportunities in rural areas. Non-agricultural employment generally pays higher financial returns than agricultural production. In recent years, agricultural marketization has become a more and more significant factor. National level policy support has strengthened agricultural development. As per *mu* yields have increased and the income potential of agricultural production has grown, working on the land has become a more appealing choice. The opportunity cost of rural workers choosing non-agricultural employment also increases correspondingly. Thus, if family natural capital is relatively abundant, family members are more likely to engage in agricultural production.

However, when rural workers migrate and work elsewhere, they not only learn technology and accumulate savings, they also broaden their horizons, gain new insights, and enhance their awareness of the market and commerce. Abundant family natural capital can provide a long-term guarantee for returned migrants who choose non-agricultural employment. It can also provide a certain level of material and capital support for returned migrants who choose to be independent entrepreneurs.

Hypothesis 4: Family natural capital has negative effects on non-migrant rural workers choosing to be entrepreneurs, but positive effects on returned migrants choosing to be entrepreneurs.

3 Data and descriptive statistics on self-employment

3.1 Household survey in Enshi

The data used in this paper come from a series of interviews of rural households, conducted in Enshi, a prefecture-level city in Hubei province from August to September in 2010. Hubei is an important province for agricultural production and has always been a major source of migrant labor. In recent years, because of the adjustments to national policies and priorities, especially the policies to benefit farmers and the strategy to raise the level of China's central region, the number of Hubei migrants returning to their hometowns has been increasing annually. This phenomenon provides us with rich resources to study the topic of returned migrant workers.

Enshi is a prefecture-level city located in the west of Hubei province. The geography of Enshi is complex, including mountain, valley, basin, and plain areas. Many ethnic minorities live in Enshi. The city is located in a mountainous belt that separates Enshi from other areas. Due to this geographical barrier, the residents in Enshi depend mainly on agriculture which is in the early stage of transition from traditional to modern agriculture. The Huyu expressway completed in 2009 and Yiwan railway completed in 2010 run through Enshi, bringing new development opportunities to the local economy. A great many of Enshi's rural workers are migrant workers. According to China's Sixth National Population Census in 2010, Enshi has a population of 3975661 of whom 3290294 are residents; the remainder, accounting for 17.2 percent of the total population, have migrated. The survey data shows that Enshi had 773400 rural migrant workers as of August 31, 2008, and of this number, 601200 had left Enshi to work in other cities or provinces in China (the remainder had left their villages but still worked somewhere within the boundaries of Enshi municipality). From September 1, 2008, to the end of March 2009, around 261500 migrant workers returned to Enshi. Enshi's geography and socioeconomic status made it an ideal place to study the influence of migrant work on agriculture and the quality of the rural labor force.

In August 2010, a stratified sample survey was conducted among rural households in Enshi prefecture. Two towns in each of the prefecture's counties were investigated. Approximately two administrative villages in each town and 50 households in each village were randomly selected. In order to examine the effects of the migration experience on the production and life of rural workers, we divided the subjects of the investigation into two groups: First, farmers who had worked or conducted business outside of their county of residence for more than six months were called "returned migrants" (rural workers with migrant working experience); and second, those who had never left their county of residence to work or do business were called "nonmigrant workers". Although some individuals surveyed had family members who had migrated for work or were working outside at the time of the survey, the surveyed individual had no experience working outside. Given their characteristics and kinds of experiences

they had had, the two groups differed significantly in many respects.

3.2 Data description

Of the sample, 40% of the rural residents interviewed had no migration experience and were selected for comparative analysis. The sample for investigation included 6372 individuals from 8 counties, 25 towns, 62 villages, and 1598 households with an average of four people per household in Enshi prefecture. Among the sample population, 3307 individuals, members of 52.2% of the total sample population of households, had no migrant work experience, 1667 individuals, members of 26.4% of the sample population of households, had migrated, but were working outside at the time of the survey and not included in the model for returned migrants (and the location at the time of survey of 40 respondents was unknown). Additionally, 1358 individuals had worked outside, but had returned their hometowns prior to the time of the survey. These individuals accounted for 21.4% of the total sample population and 44.9% of the sample population with migrant work experience.

This study adopted the following standards to select data: data from residents living permanently in rural areas were retained, while data from those living short term in rural areas were ruled out. People who worked for local government agencies were ruled out¹. People not between the ages of 15-64 and people with disabilities and unable to work were ruled out. In this way, those sampled were part of the labor force. People who were students at the time of the study were also ruled out so that our sample was consistent in composition to those in studies similar to ours. Data losses for items of personal information, such as age, marriage state, gender and education degree were not retained. The statistics used as the main variables for regression are summarized in Table 1. Of the samples, 2908 conformed to the requirements.

Table 1 Employment situation of rural laborers(%)

Career	Non-migrants	Returned migrants	
		Before migration	After migration
Agricultural production only	45.4	68.1	38.4
Agricultural production, including agricultural work during slack seasons	6.1	2.9	6.0
Agricultural production, with non-agricultural work during slack seasons	3.9	2.4	4.3
Full-time work in local firms	7.1	1.3	11.8
Engaged in animal husbandry	2.9	0.6	3.4
Small-scale individually operated businesses	24.6	3.9	22.6
Start up new businesses	1.4	0.0	1.7
Not employed or housework only	1.4	2.0	5.0
Others	7.1	18.9	6.7

1 Rural people who have the opportunity to work for local government agencies generally do not migrate, and there is little connection between the group who migrates and the group that works for local governments. There is also a very low probability of returned migrants finding employment with local governments. (No such cases were found among our sample population.)

The career choices of returned migrants may be affected not only by the migrant work experience, but also by changes to the industrial structure of the backflow locale resulting from economic development. Such changes to rural industrial structure should be taken into consideration. We compare the status of non-agricultural employment of local non-migrant laborers in rural areas and the status of returned migrants in 2010. Data indicate that the percentage of returned migrants in non-agricultural employment is significantly higher than that of non-migrant workers in non-agricultural employment. Table 1 compares the non-agricultural employment status of returned migrants in Enshi and the non-agricultural employment status of rural workers who have not migrated, but are affected by changes in the structure of local industry. The percentage of returned migrants engaged in agricultural production work only is 7% less than that of non-migrant workers and the percentage of returned migrants who choose a combination of agricultural and non-agricultural employment or who work full time for local firms is 5.1% greater than that of non-migrants. In addition, the percentage of returned migrants who choose not to work or only do housework is greater than that of non-migrant farmers. In all, the percentage of returned migrants in non-agricultural employment is 3.9% greater than that of those who never migrated. Before they migrated, most returned migrants were engaged in agricultural production. Some 2/3 of returned migrants were engaged in agricultural production only before migrating. Returned migrants who choose a combination of agricultural and non-agricultural employment or who work in local enterprises full time account for 16.1% of the sample population of returned migrants. The proportion of returned migrants still engaged in agricultural production drops to about 1/3 after they return to the hometown. The percentage of returned migrants who choose a combination of agricultural and non-agricultural employment and who work in local enterprises full time increases to 16.1% and that is 12.4% higher than the percentage of people with these employment statuses before migration. Returned migrants who choose to become independent entrepreneurs make up 27.7% of the sample population of returned migrants, and this is 23.2% higher than the percentage of people who were independent entrepreneurs before migration.

3.3 Quantitative analysis, variable choice and index measurement

Rural workers are the subject of this research. Two groups of rural workers are considered: First are rural workers who have no experience as migrant workers. They make up the reference group in the study. Second are returned migrants. These workers migrated to other locales where they worked and have now returned to their rural hometowns. They have no intention of migrating again in the near future. Rural workers who were working outside at the time our survey was conducted were not part of the study. Considering the fact rural workers choose to migrate of their own volition, we conducted a longitudinal analysis of the changes in employment selection of workers before migration and after returning to the hometown.

This study has set up two multi-logistic regression models. The first model analyzes the effects of migration experiences on the non-agricultural

employment choices of returned migrants. The second model examines the effects of migration experiences and rural family capital on the non-agricultural employment choices of returned migrants.

The first model chooses employment selection as the dependent variable. The measurement model's equation is:

$$jobchoice_i^t = \beta M_i + \lambda P_i + \varepsilon_i \quad (1)$$

where $jobchoice_i^t$ refers to whether the interviewee i chooses non-agricultural employment with agricultural employment as the reference. t means working in local enterprises or independent employment. M_i is a core variable-migration experience variable. The independent variables pertinent to migration experience that the paper uses are included: accumulated migrant work time, times a migrant changes jobs, industrial types of migrant work, types of company ownership, career type and so on. P_i is a group of control variables with information about the individual characteristics of interviewees. Age and squared age serve as constant variables in the model. Gender, age, years of education and family wealth are considered to affect non-agricultural skills. Moreover, they are used in independent variable analysis. ε_i is a stochastic disturbance item.

In order to understand the direction of changes to the labor market that is characterized by the free flow of labor in rural areas, the internal mechanism that causes these changes must be identified. Thus, the second model examines the interaction of migration experience and family capital. The employment selection of returned migrants in the hometown is chosen as the dependent variable. The measurement model's equation is:

$$jobchange_i^t = \alpha E_i + \beta M_i + \varphi E_i \times M_i + \lambda P_i + \varepsilon_i \quad (2)$$

where $jobchange_i^t$ refers to whether the interviewee i changes from agricultural to non-agricultural employment after working as a migrant and returning to the hometown without regarding career change as the reference. t means transformation from agricultural employment to working in local firms or independent entrepreneurship and so on. M_i is the migration experience variable group. $E_i \times M_i$ refers to the interaction of migration experience and family capital. P_i is a group of control variables with information about the individual characteristics of interviewees. ε_i is a stochastic disturbance item. The independent variables are described in detail below.

Establishment of family capital

Family human capital. Employment in rural areas, especially agricultural production work and unskilled labor for local firms, generally does not require workers to have a high level of education. Moreover, the average value of health and education can easily generate collinearity with personal characteristics. In this study, we use the number of non-student workers aged 15-64 as the agent variables in family human capital.

Family economic capital. A family's economic status and the employment choices of family members have a strong correlation. Additionally, the employment status of family members is a factor that directly affects a family's

economic level. In order to avoid the indigenoussness of family economic capital, we choose the accumulation of family wealth as the agent variable. Family wealth serves as the indicator that measures one family's productive capital and consumable capital, and as an indicator of the family's long-term economic level and income capability. The method for obtaining this indicator is: gather information about the productive assets and consumable assets possessed by the family of the returned migrant. The percentage of certain assets p is standardized as the numerical value Z , the relative value of which can decide the weight W . Finally, a weighted average of the amounts of various assets possessed by the family can be used to ascertain the accumulated wealth of the household.

Family social capital. During the period of socio-economic transformation, the primary role of a family's social network is to provide interpersonal relationships and deliver supplementary information. The social networks of returned migrants are composed mainly of relatives and friends (Bian et al. 2001). In this study, we use the number of family relatives and friends to measure family social capital. (1) Relatives include both core and extended family members with various kinship and marriage relationships. (2) Friends includes intimate classmates, neighbors, previous and present colleagues, comrades-in-arms, fellow townsmen, project partners, etc.

Family natural capital. For small-scale farmer households, natural capital refers mainly to land, trees, etc. Today not every household plants trees and, even if they do, the number is quite small. In this study, we make use of the amount of cultivated land contracted by households as the agent variable of family natural capital. The cultivated land contracted by households includes dry farmland and irrigable land. In 1998, the term of rural land contracts was set at 30 years. By the time of this investigation in 2010, it had been 12 years since China began allocating land according to the number of people in a household. Unlike the employment selection and annual income of laborers in 2010, the amount of household land can be regarded as a predetermined variable.

We want to show that, compared to the impact of family capital on workers without migrant experience, family capital has special and more important effects on the employment choices and economic returns of returned migrants. Put another way, returned migrants can make better use of family capital so as to put their advantages into better play. For the purpose of demonstrating the effects, we combine family capital and whether workers have migrant work experience as an interaction item that is included in the model.

To avoid multi-colinearity problems caused by the introduction of interaction items, we set up models for each of the four types of family capital.

Control variables. In the model, we control the individual characteristics of workers, such as their years of education, health status, gender, marriage status, political status and the nature of their household. In addition to investigating economic returns of the family, we also control the education level and ethnicity of the head of the household as well as whether there was a market for trading land in 2010.

Table 2 Explanation of variables and statistical description

Variables	Explanation of variables	Laborers with migration experience		Laborers with no migration experience	
		Mean	Variance	Mean	Variance
Family human capital	Number of laborers in the family	3.058	1.036	3.510	0.944
Family economic capital	Accumulated family wealth: comprehensive score of family productive and consumable assets.	1292.829	918.530	1346.798	914.523
Family social capital	The number of family relatives and friends is introduced to the model in logarithmic form	7.236	2.761	7.433	3.320
Family natural capital	Amount of family cultivated land (<i>mu</i>), including dry land and irrigable land	3.978	13.720	3.597	2.938
Years of education	A value is assigned to education level. Junior college and higher: 15; technical secondary school and senior high school: 9; junior high school: 9; primary schools 9; no schooling: 0.	8.606	2.637	7.514	3.406
Gender	Male: 0; female: 1	0.449	0.498	0.552	0.498
Political status	Communist Party member Yes: 0; No: 1	0.953	0.211	0.955	0.206
Marital status	Married or widowed: 0; unmarried: 1	0.073	0.261	0.063	0.243
Minority group	Minority: 0; Han: 1	0.331	0.471	0.283	0.451
Nature of households	Non-agricultural households: 0; Agricultural households: 1	0.971	0.167	0.949	0.219
Health status	Health status: Healthy: 1, Normal: 2; Unhealthy: 3	1.420	0.676	1.627	0.782

4 How do migration experience and family capital affect entrepreneurial activities of returned migrants?

4.1 Effects of migration experience

The first regression model chooses as the reference group returned migrants who engage in agricultural work after returning to the hometown. The model uses a horizontal comparison to analyze how migration experience affects returned migrants' accumulation of human capital that affects, in turn, their career choice after returning to the hometown; that is, whether they select low-skill farm work or high-skill non-farm work. Workers only need low-level human capital for farm work, but need a higher level of human capital for more skilled non-farm work. After controlling for individual characteristics, the regression results in Table 3 confirm the hypotheses presented in Section 2 from the perspective of employment selection after migrants return to their hometowns. The amount of time a returned migrant worked in migrant inflow areas before returning to the hometown has significant and positive effects on

the choice of non-agricultural employment after return to the hometown. The longer a returned migrant worked in migrant inflow areas, the more human capital that migrant accumulated. After returning to their hometowns, these migrants are more likely to choose non-agricultural careers like work for local firms or starting their own businesses that require more human capital than agricultural jobs.

The number of times a migrant worker changed jobs in the migrant inflow locale has significant negative effects on the worker's choice of non-agricultural employment after return to the hometown. Frequent job changes indicate that the employment situation of migrant workers in migrant inflow areas is unstable. This makes it difficult to accumulate the human capital needed for modernization. After migrants who changed jobs often return to their hometowns, the probability of their choosing non-agricultural careers that need high levels of human capital is reduced.

The fact that migrants have different jobs in migrant inflow areas has important effects on the choice of employment selection after migrants return to their hometowns. Because returned migrants had various kinds of jobs and have accumulated different levels of human capital, these effects vary. In addition, the amount of human capital a returned migrant has accumulated and the human capital required for rural non-agricultural employment may or may not matchup. This affects the career choices of returned migrants. This finding is consistent with hypothesis 3. In terms of the type of industry a migrant worked in, migrants who worked in wholesaling or retailing in migrant inflow areas were 1.387 times less likely to work for local firms after returning to the hometown than migrant laborers who worked in other industries during the migrant work period. The probability that migrants who worked in construction in migrant inflow areas choose to start their own businesses after returning to their hometowns drops about 1.625 times compared to those who worked in manufacturing, wholesale and retailing, or catering services. In terms of the type of employer, the probability that migrants who worked for private firms in migrant inflow areas choose to work for local firms after returning to their hometowns is 0.149 greater than the probability of migrants who worked for collective enterprises choosing to work for local firms. Because private enterprises in urban areas and town-level companies require similar skills of employees, migrants who work for private firms in migrant inflow areas accumulate human capital that is suitable for employment in rural firms. In terms of career type, the probability that migrants who were service providers during the migrant work period choose to work in local firms after returning to their hometowns is 0.957 times greater than the probability of returned migrants who were manual laborers making this choice. The probability that individual household or enterprise leaders choose independent entrepreneurship after returning to their hometowns increases 8.381 times than manual laborers. This is because urban entrepreneurship shares much in common with rural entrepreneurship.

**Table 3 Probabilities of rural career choices: Multi-logistic model
(Comparison group: returned migrants who choose agricultural work)**

Independent variables		Work in local firms		Independent entrepreneurship	
		β	Exp(β)	β	Exp(β)
Migration characteristics	Accumulated work time as a migrant	0.011 ***	1.011	0.007 ***	1.007
	Times employment changed	-0.066 ***	0.936	-0.058 **	0.943
Type of industry	Manufacturing	-0.158	0.854	0.050	1.051
	Building	0.270	1.310	-0.965 **	0.381
	Wholesale & retailing	-0.869 **	0.419	0.517	1.678
	Catering service	-0.307	0.736	0.263	1.300
	Other types [#]				
Nature of migrant work	Type of company				
	Stated-owned enterprise	0.172	1.187	0.382	1.466
	Private firms	0.139 *	1.149	0.186	1.204
Types of career	Collective enterprise [#]				
	Technicians	0.085	1.089	0.104	1.110
	Service providers	0.671 **	1.957	0.037	1.038
	Management personnel	0.293	1.340	0.266	1.305
	Individual household or firm leaders	0.509	1.663	2.239 ***	9.381
	Manual laborers [#]				
Individual characteristics	Age	-0.137 **	0.872	0.066	1.068
	Squared age	0.001 *	1.001	-0.001	0.999
	Years of education	0.128 ***	1.136	0.215 ***	1.240
	Gender				
	Male	0.697 ***	2.007	0.286	1.331
	Female [#]				
	Marriage				
	Unmarried	1.054 ***	2.869	-0.446	0.640
Married [#]					
Minority group					
Han	0.492 ***	1.636	0.650 ***	1.916	
Minorities [#]					
Constant		0.858		-4.424 **	
Chi-square value				365.555 ***	
Valid samples				1046	
Nagelkerke R^2				0.339	

Note: *, ** and *** refer to significance at the levels of 0.1, 0.05 and 0.01, respectively; [#]represents the reference group.

4.2 Effects of family capital

Decisive factors for entering local firms

The regression results in Table 2 of decisive factors for the entry of returned migrants into local firms show that family capital has significantly different effects on returned migrants versus non-migrants when it comes to working in local enterprises, with family capital exerting more positive effects on the entry of returned migrants into local firms.

The coefficient of the effects of family human capital on the entry of agricultural laborers entry into local firms is negative, but not significant.

Nevertheless, family human capital has positive effects on the entry of returned migrants into local enterprises and this confirms our hypothesis 1. Moreover, these effects are significant at the statistical level of 1%. Each additional working family member of a returned migrant increases the probability of the returned migrant working in a local firm by 37.6%. Compared to those engaged in agricultural production, returned migrants tend to work in local enterprises. Liang (2010) examines 1074 farmer households in Zhouzhi county, Shaanxi province, and points out that the number of family members participating in the labor force exerts significant positive effects on the family members taking non-agricultural jobs. However, these effects are not robust. In Liang's study, work in local enterprises and independent entrepreneurship are not differentiated. Moreover, the effects of the migration experience are not taken into consideration.

Family economic capital is an important factor that affects the employment choices of workers. The regression shows that family economic capital has significant positive effects on both non-migrants and returned migrants, and that rural workers whose financial situation is sound tend to work in local enterprises instead of engaging in agricultural production because people whose financial situation is sound are freed of many of life's worries. Instead of working in agricultural production, they are able to choose better, less tiresome work in enterprises.

The coefficient for the effects of family social capital on entry of rural workers into local enterprises is positive. However, it is only significant at the statistical level of 10%. Moreover, the family social capital has significant positive effects on the entry of returned migrants into local firms. In the case of returned migrants, the regression coefficient increases significantly. Exp(B) shows that every 1% increase in the number of family members and friends of a returned migrant increases the probability that the returned migrant enters a local firm by 25.3%.

Family natural capital is the basis of both the survival and the development of rural labor. Abundant family natural capital also appears to be a factor that hinders workers from taking non-agricultural employment. The regression results show that the amount of cultivated land exerts significant negative effects on rural workers working for local firms. Each additional *mu* of cultivated land a family has reduces the probability of a family member working for a local firm by 17.5%. Our finding is similar to the findings of Du (1999) and Zhu (2004) et al. Their empirical analyses also found that an increase in the amount of cultivated land a family has affects the participation of family members in non-farm work. However, their studies did not distinguish between work in firms and independent entrepreneurship, nor did they analyze the impact per unit increases in the amount of a family's cultivated land had on non-agricultural employment of family members. Moreover, the effects of family natural capital on returned migrants are significantly different. The regression results show that the more cultivated land the family of a returned migrant possesses, the more likely that returned migrant is to leave agricultural production work and take employment with a local firm. For each additional *mu*

of cultivated land a family has, the probability of a returned migrant entering a local company increases by 18.7%.

Decisive factors for independent entrepreneurship

The estimated results of the multinomial logit model show that the four types of family capital all have significant effects on the decision of rural workers to become independent entrepreneurs. Moreover, the coefficient for the effect of family capital (Exp (B)) is larger than that of the coefficient for entering local firms. Of the eight variables describing individual characteristics, only five have significant effects on the decision of workers to become independent entrepreneurs. In terms of working for local firms, almost all of the variables for individual characteristics have significant effects. It seems that the entry of workers into local enterprises depends mainly on personal human capital and other factors. If they choose to become independent entrepreneurs, support from all four types of the family capital is required.

Family human capital has negative effects on rural workers choosing to become independent entrepreneurs, and the effects are significant at the level of 1%. However, human family capital has significant positive effects on returned migrants choosing to become independent entrepreneurs. Each additional family member participating in the labor force reduced by 55.3% the probability of a non-migrant starting up a business, while the same circumstances increased by 47.2% the probability of a returned migrant starting up a business. This finding is similar to that of a study conducted by Mesnard (2004) on returned migration in Tunisia. He found that the larger the family was and the more family members there were in the labor force, the more likely returned migrants would be to choose independent entrepreneurship. He explained that starting an independent business could provide employment for household members. Additionally, Mesnard (2004) argues that one must employ a certain number of workers to be considered an entrepreneur. The regression results in the Table 4 prove our hypothesis 1.

Generally speaking, starting up a business independently requires a certain amount of economic capital. The regression results show that family economic capital has significant and positive effects on the independent entrepreneurship of both returned migrants and non-migrants. Rural workers from households with sound economic status prefer independent entrepreneurship to agricultural production. Foreign scholars have developed similar analyses by making use of family economic indicators. Piracha and Vadean (2009) claimed that household economic status has significant positive effects on the independent entrepreneurship of returned migrants. Their findings are similar to those of the regression results in this study.

Family social capital can significantly facilitate the participation of returned migrants in entrepreneurship. The coefficient for effects on the decision of normal rural workers to engage in independent entrepreneurship is negative, but the effects are not statistically significant. From Exp(B), we calculate that for every 1% increase in the number of family members and friends, the probability of returned migrants becoming independent entrepreneurs increases by 55.2%. This shows that the capability of rural workers to use family social

capital differs greatly from worker to worker. Migration experience helps returned migrants make better use of and transform family social capital.

Family natural capital has significant negative effects on the decision of rural workers to choose independent entrepreneurship. In this respect, the results of this study are similar to those of previous studies. However, if we consider the interaction of returned migrants and family natural capital, we find that family natural capital has significant positive effects on the decision of returned migrants to become independent entrepreneurs. In other words, the more land the household has, the more likely a returned migrant is to choose independent entrepreneurship. Each additional *mu* of cultivated land a family has increases the probability of a returned migrant starting up a business by 9.1%. Family natural capital tends to keep non-migrants working on the land, where as returned migrants are able to take advantage of this capital when starting up new businesses.

Table 4 Family capital effects on returned migrant workers: Employment selection

Variables	M1		M2		M3		M4	
	Enter local firms	Start up business						
Returned migrants	1.072 ** (0.428)	1.075 ** (0.443)	0.274 (0.234)	0.209 (0.247)	0.577 * (0.310)	0.929 *** (0.332)	0.608 *** (0.186)	0.054 (0.213)
Family human capital	-0.101 (0.096)	-0.441 *** (0.108)						
Interaction between family human capital and returned migrants	0.319 *** (0.124)	0.387 *** (0.135)						
Family economic capital			0.000 *** (0.000)	0.000 *** (0.000)				
Interaction between family economic capital and returned migrants			0.000 * (0.000)	0.000 *** (0.000)				
Family social capital					0.000 * (0.000)	0.000 *** (0.000)		
Interaction between family social capital and returned migrants					0.225 ** (0.114)	0.440 *** (0.120)		
Family natural capital							-0.161 *** (0.040)	-0.198 *** (0.046)
Interaction between family natural capital and returned migrants							0.172 *** (0.043)	0.087 (0.058)
Control variables								
Age	-0.073 *** (0.007)	0.189 *** (0.027)	-0.072 *** (0.007)	-0.048 *** (0.008)	-0.070 *** (0.008)	-0.048 *** (0.008)	-0.072 *** (0.007)	-0.044 *** (0.008)
Educationlevel	0.132 *** (0.025)	-0.041 *** (0.008)	0.118 *** (0.026)	0.171 *** (0.027)	0.144 *** (0.026)	0.192 *** (0.027)	0.139 *** (0.026)	0.196 *** (0.027)

Variables	Continued							
	M1		M2		M3		M4	
	Enter local firms	Start up business	Enter local firms	Start up business	Enter local firms	Start up business	Enter local firms	Start up business
Gender (females =0)								
Male	1.022 ^{****} (0.130)	0.218 [*] (0.131)	1.046 ^{****} (0.131)	0.243 [*] (0.133)	0.937 ^{****} (0.133)	0.243 [*] (0.134)	1.035 ^{****} (0.131)	0.222 [*] (0.133)
Political status (non-parties =0)								
Party member	0.234 (0.288)	0.593 ^{**} (0.275)	0.064 (0.297)	0.312 (0.288)	0.218 (0.299)	0.529 [*] (0.282)	0.301 (0.289)	0.662 ^{**} (0.277)
Marriage (unmarried =0)								
Married	-0.528 ^{**} (0.240)	0.269 (0.311)	-0.668 ^{****} (0.240)	0.325 (0.314)	-0.487 ^{**} (0.241)	0.633 ^{**} (0.320)	-0.530 ^{**} (0.237)	0.477 (0.313)
Minority group								
Han	-0.301 ^{**} (0.132)	-0.662 ^{****} (0.132)	-0.317 ^{**} (0.133)	-0.703 ^{****} (0.135)	-0.235 [*] (0.137)	-0.643 ^{****} (0.136)	-0.235 [*] (0.134)	-0.509 ^{****} (0.135)
House holdstatus (agricultural household =0)								
Non-agricultural	0.528 ^{**} (0.222)	1.572 (0.356)	1.951 ^{****} (0.340)	1.555 ^{****} (0.359)	2.144 ^{****} (0.351)	1.707 ^{****} (0.370)	1.937 ^{****} (0.340)	1.512 ^{****} (0.360)
Health (unhealthy =0)								
Healthy	0.528 ^{**} (0.222)	0.360 [*] (0.211)	0.382 [*] (0.226)	0.100 (0.214)	0.571 ^{****} (0.224)	0.463 ^{**} (0.217)	0.545 ^{**} (0.224)	0.353 [*] (0.213)
Normal	0.436 [*] (0.244)	0.078 (0.239)	0.320 (0.248)	-0.169 (0.242)	0.469 [*] (0.246)	0.183 (0.242)	0.467 [*] (0.246)	0.031 (0.242)
Constant	-0.462 (0.513)	-1.242 ^{**} (0.556)	-0.220 (0.478)	-1.886 ^{****} (0.529)	-0.628 (0.547)	-2.715 ^{****} (0.600)	0.001 (0.466)	-1.327 ^{**} (0.520)
Valid samples	2216		2215		2094		2195	
chi-square value	639.792 ^{****}		719.759 ^{****}		592.349 ^{****}		659.021 ^{****}	
Nagelkerke R ²	0.300		0.332		0.295		0.311	

Note: 1. **** refers to significance at the level of 0.01. ** refers to significance at the level of 0.05. * refers to significance at the level of 0.1.

2. What in the bracelet is the standard error.

5 Conclusions and discussions

The structural theory of labor migration suggests that, as the flow of labor to urban areas intensifies, the exchange of resources between urban centers and surrounding rural areas becomes imbalanced. Migrant workers create wealth for urban areas, where as rural areas bear the burden of exporting their labor force (Connell et al. 1976; Hugo1978; Breman1987, 2007). In this study, we find that after returning to their hometowns, rural workers with migration experience make good use of family

capital to develop their capabilities as one important approach instead of being simply regarded as productivity. From resources to capital, there is an effective utilization process underway. The empirical results in this paper suggest that the migration experience improves the capacity of returned migrants to utilize family capital, and this affects their employment selection, career development and whether they choose to become entrepreneurs after returning to their hometowns. The migration experience changes the space within which rural workers develop and the patterns of the employment market. Working as a migrant not only helps migrant obtain capital and technology, it also widens their horizons, enriches their knowledge and improves their ability to obtain and utilize resources. Family economic capital provides the initial capital that returned migrants need to undertake entrepreneurial ventures in their hometowns. Compared with rural workers who have no migration experience, returned migrants can make better use of family human capital and social capital after return to their rural homes. Family natural capital is necessary for agricultural production, and family members in those households with more land are more likely to engage in agricultural production. The probability of their seeking non-agricultural employment is lower. However, returned migrant workers can transform family land resources into money (capital) and use the money to start a business. The more land resources a family has, the greater the probability that a returned migrant will choose to become an independent entrepreneur.

We also find that entry of rural workers into local firms depends mainly on individual human capital. Rural workers who choose independent entrepreneurship need the support of all types of family capital. Their productivity not only includes the production awareness and skills possessed by workers, but also includes their capability to master productive resources, such as economic capital and social capital. The positive effects of family capital on return migrants' choice of entrepreneurship allow us to see the impact of traditional family culture in China on individual workers. These effects can also be described as one function of rural families. More importantly, The positive effects of family capital on return migrants' choice of entrepreneurship are evidence of the resource restrictions and inadequate social support that rural workers encounter when they try to become entrepreneurs. Rural workers can hardly use the market mechanism to obtain the economic and human capital required to undertake entrepreneurial ventures. In fact the cost of obtaining the economic and family capital needed to start a business is very high. The policies of local governments are intended to limit unemployment and poverty, and to prevent instability that could result from the backflow of rural workers (Xu & Zhang 2009). In particular, the absence of social support has become the main constraint on returned migrants who choose to undertake entrepreneurial ventures after returning to their hometowns. In this sense, capital support and preferential policies for returned migrants who start up their own businesses play an essential role. Effective policy loans are key for entrepreneurial startups. In addition, governmental departments should adapt to the explosive changes affecting the people-and-land relationship in rural areas, accelerate innovations of rural property rights, the household registration system, the social security system and basic-level governance mechanisms. Government should give

farmers autonomous rights to circulate land and receive market earnings from land. Additionally, local government should support and help to train returned migrants for re-employment, set up a social support system that provides services beyond what families can provide, and establish an information platform to facilitate communication between firms and workers, and especially to guarantee the openness and standardization of the rural labor market.

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