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Determinants of Non-Agricultural Activities for Return Migrants in Rural China

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Abstract

China's agriculture is characterised by small-scale, low-income farming. At the same time, the opportunities for earning off-farm incomes are quite limited in rural China. Therefore, in order to overcome poverty, large numbers of workers have left the rural areas over the last few decades to look for jobs in the booming urban centres. However, since the onset of the global economic crisis in the late 2000s, a significant share of these migrant workers returned to their home towns and villages in rural China, and many of them were not successful in finding a productive and sufficiently profitable work at their home region. Those who remain unemployed become an economic burden to the rural regions and to those who sustain them as they increase the dependency ratio. At the same time they constitute a waste of human capital resources because their skills and competencies remain idle. Under these conditions, it is essential that regional and local governments in China apply appropriate policies for promotion of rural non-agricultural activities and optimal labour allocations, and there is also an increasing awareness about the necessity for policy action among these institutions. As a solid basis for appropriate policy design, information about the composition, personal plans, resources, and competencies of the returnees is indispensable. This, however, is still scarce, as hardly any research has been done on return migrants, their economic activities after return, and the determinants of non-agricultural activities. Our research contributes to fill this gap. It is based on a field survey implemented in Hunan Province to obtain information about the employment status and economic activities of the returnees; the major determinants of their non-agricultural accomplishments, with a special focus on the roles of their human, financial and social capital. From Probit regression, our results demonstrate that younger returnees, people with membership in cooperatives, and those without house ownership are more likely to do non-agricultural activity, while having a child reduces it. Based on the data analysis, policy recommendations are put forward which may contribute to improve the employment situation in rural China.

Keywords: Employment, non-agricultural activity, return migrants