Employment of Return Migrants and Rural Industrialization in China
-A Case Study in Hunan Province

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Abstract

Since the opening up and reforms of the Chinese economy in the 1970s, migrant labor from China’s countryside has found employment in cities. The process has a strong impact on China’s economy and urbanization. According to official statistics, the number of migrant workers in China is 150 million, which is 11.5\% of the total population. However, with the implementation of a series of national policies and the impact of the global financial crisis from 2008, many migrant workers lost their jobs in the cities and returned to their home villages. This poses great challenges as well as opportunities for the development of rural China. The research presented in this paper explores the employment status of the return migrants and the major determinants for their occupational choice. It is based on a field survey in Hunan Province, done in 2011. Comparing of the returnees’ employment status between two rural regions, we found that the rural industrialization, featuring in collective land use and industrial incentives, plays a significant role in creating employment for return migrants. Hence, rural industrialization is an important strategic choice of urbanization in China, by adjusting the rural economy and transfer of surplus workforce.
Extended abstract

1. Introduction

After the financial crisis from 2008, the global economy has been hit hard and millions of workers have reportedly been laid off. Many of them have to return to their origin rural communities. The rising unemployment problem is of great concern to both academic world and governmental departments all over the world. Under the changing situation of the global economy, how to rethink and apply return migration as a development tool and realize the new pattern for rural development has been a hotly debated topic. China is an example which has encountered the above situation and it is trying to find an alternative approach for its economic transition.

Since the opening up and reform of the Chinese economy from 1978, a lot of migrant labor from China’s rural areas had moved to urban centers for work. According to the national statistics, there were around 150 million migrant workers in China in 2006. However, the expansion of the global financial crisis in 2008 greatly increased the unemployment rate in urban China, especially in coastal regions depending on international trade. Millions of workers lost their jobs and returned to their home villages. At the same time, the Chinese government issued a series of policies to fight against the crisis by exploring a new development pattern in rural China. This new trend brings great challenges and opportunities to the development of rural China.

In this context, the questions arise a) What is the employment status of these returnees? b) Which factors influence their occupational choices? Some scholars argued that the return migrant workers will impact China's urbanization process by increasing surplus labor in rural regions. In particular, they might intensify the conflict between limited natural resources and increasing surplus labor in rural regions. However, there is also potential positive impact of returnees on rural development, such as the improvement of economic structures, increase of farmers’ income, and advancement of technology of agricultural production (Ting Pao 2011; Huoxing Chen 2009). The presented research explores the employment status of return migrants and the major determinants of their occupation choice in Hunan Province by case study and comparative analysis.

As there are only few comparative empirical studies on the employment determinants of return migrants after 2008, this research will contribute to close the gap and add knowledge in this field.

2. Social Context

As one of the resource-richest regions for rural labor in China, Hunan province has exported a large number of rural labor since 1980s. According to the statistics of Hunan Statistics Bureau, the total number of migrant workers from Hunan rural areas has reached 12,030,000 in 2008. Their remittances accounted for about one third of the per capita income of farm households.

After the global financial crisis since the late 2007, more and more migrant workers went back to rural communities. The data from Hunan Labor and Social Security Office shows, in
the first half year of 2008, the return rate of rural migrant workers outside Hunan province has increased by 11.45% compared to the previous year, which accounted for 8% of the total amount of rural migrant workers. That means nearly 1 million migrant workers have returned to the countryside, and 54.91% of them have returned to their home towns or villages, other 45.9% have gone to other parts of province. In this research, two rural regions in northeast Human Province (Region A and Region B) are selected to conduct the comparable case study. These two rural regions have similarities in natural environment and demographic structure. However, great difference exist in regional rural industrialization in terms of infrastructure condition, economic structure and local policies in land use and vocational education system.

3. Theoretical Framework

This research starts from the Five Capital Theory in the process of return migration. It provides an overall insight to link the natural capital, infrastructural capital, financial capital, social capital, and human capital to explore how individual returnees impact on rural development through different forms of capital in the process of employment. In this process, these forms of capital are interdependent and flow within individual mobility, as illustrated in Fig. 1.

**Figure 1: Flow of Five Capital in the Process of Return Migration**

This figure shows that when migrants worked in the urban areas, they accumulated certain amount of financial capital (in the form of remittances and savings) and human capital (original education and skills learned in work). After return, financial capital can be applied as family consumption or investment in different channels, such as farm machinery or running a businesses. Human capital can be sustained in education base and application of working experiences, ideas and skills accumulated in cities, for example, entrepreneurship embodied in human capital can lead to starting an undertaking for some returnees, contract awareness might improve and standardize the existing rural business model. Other forms of capital in rural areas, including natural capital (particularly land resources), infrastructural capital (public facilities in different communities), and social capital (bonding, linking and bridging ties in social networks of returnees) might influence the process of application of financial capital and human capital. By the joint effect of these five capitals, returnees would show differences in job choice and life behavior. This research applies the structural approach on return migration within the above theoretical framework. Two rural regions with different
local conditions were chosen for a comparative case study on the employment status of return migrants and their influencing factors.

4. Research Methodology and Data Base
Through the field survey in 2011, we collected primary data by questionnaire and semi-structured interview in the selected two rural regions in Human province. 420 samples of return migrants were collected via snowball sampling. Qualitative analysis is conducted to introduce the local conditions and policies in two rural regions. With help of SPSS, descriptive analysis and cross tabulation are made to depict the attributes, human capital, social capital and financial capital of the respondents. A probit model is applied to explore the major determinants of the occupational choice of respondents. By a comparative case study, we find major differences in two regions and the important influencing factors for the employment of surplus rural labor.

5. Research Findings
Our results show, that the employment status of returnees differs in the two studied rural regions and according to gender. More females do part-time work with unstable income. As Table 1 shows, the employment rate is twice as high in region B than in region A. Secondary and tertiary sectors supply more job opportunities in region B and more return migrants have full-time jobs in this region.

Table 1: Employment for return migrants in two rural regions

<table>
<thead>
<tr>
<th>Sector</th>
<th>Primary sector</th>
<th>Secondary sector</th>
<th>Tertiary sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Region A</td>
<td>Region B</td>
<td>Region A</td>
</tr>
<tr>
<td>Self-employed</td>
<td>14 (7%)</td>
<td>4 (1.8%)</td>
<td>2 (1%)</td>
</tr>
<tr>
<td>Full time</td>
<td>29 (14.5%)</td>
<td>31 (14%)</td>
<td>3 (1.5%)</td>
</tr>
<tr>
<td>Part time</td>
<td>14 (7%)</td>
<td>24 (10.9%)</td>
<td>29 (14.5%)</td>
</tr>
<tr>
<td>Total</td>
<td>57 (28.5%)</td>
<td>59 (26.7%)</td>
<td>34 (17%)</td>
</tr>
<tr>
<td>No work</td>
<td>Region A (200 samples)</td>
<td>Region B (220 samples)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>90 (45%)</td>
<td>50 (23%)</td>
<td></td>
</tr>
</tbody>
</table>

Data from author’s own survey 2011

By probit modeling, we find the major determinants of the employment status of return migrants in these two regions. Respondents with younger age, bigger family size, being married, having children, having remittance experience, having training experience, and with membership are more likely to do non-farm work.

By comparison of two regions, it finds that local policies and regional rural industrialization play a significant role in return migrants’ employment access. Free vocational training program, industrial development and centralized land use can be applied to improve the employment access for rural labor. Due to the surrounding industrial zone, the secondary and tertiary industries contribute a lot in region B for employment creation. Along with the
development of rural industrialization in region B, a basic change has been taken place in industrial structure, employment structure and the mode of economic increase in rural areas.

Hence, the expansion of rural industrialization might spur the readjustment of the industrial structure, optimize the collective use of land resources, increase local human capital by vocational education system, and shift surplus workforce in rural China. It is an important strategic choice of urbanization in China.

**References**


