

# Rural Returnees and Their Role in Alleviating Rural Poverty in China

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## Abstract

This research focuses on the return flow of rural migrants from urban areas and their role in poverty alleviation in China. Rural returnees have accelerated rural urbanisation during the National New-type Urbanisation Plan (NUP) period since 2014 and have contributed to China's Rural Revitalisation and Rural Poverty Alleviation strategy. This study employs data from the 2016 Migrant Dynamics Monitoring Survey on rural migration in China to analyse the main traits of the return migrants to rural areas, including a comparative analysis with urban origins and permanent urban settlements. The focus is centred on the post-1980s young migrant workers who are able to gain access to more entrepreneurial opportunities such as online sales. A fieldtrip was conducted in rural Pinggu of metropolitan Beijing to examine the positive role of the rural return migration in alleviating rural poverty in the typical “Pinggu big peach” production base. This study will discuss the performance of young returnees and the implications of their role on poverty alleviation in rural areas.

**Keywords:** Rural poverty alleviation, rural returnees, entrepreneurship, post-1980s, Pinggu, Beijing

## Introduction

Existing migration studies have focused on China's large-scale circulatory rural-to-urban migration, and its *hukou*-based (registered residence) controls as well as an “unsettled” urban life of migrants in the host cities (Fan, 2002). In the urban-centred agglomeration economies, the neo-

classical Lewis-Fei-Ranis Model and Harris-Todaro Models assume that internal migration can support urban economic growth by redirecting the surplus rural labour to fuel the growth of modern industries in the cities (Lewis, 1954; Ranis & Fei, 1961; Harris & Todaro, 1970). After two decades of rural-to-urban labour exodus, studies have now been carried out on the trend of urban-to-rural counter flow of return migration and its developmental impact on the economy of selected villages (Xu, 2010; Ren & Shi, 2017).

The return of migrants to rural areas is favourable to China's rural revitalisation strategy. These returning migrants are in effect contributing to another stage of China's "urbanisation cycle" that is taking place in the villages and rural towns. Unlike the first early cohorts of migrant workers which are entering middle and old age and working largely as unskilled or semi-skilled workers, the young migrant workers have been more likely to be exposed to modern practices and entrepreneurial opportunities. Return migration is a pragmatic strategy by which rural migrants respond to the economic changes resulting from the restructuring of state-owned enterprises during the late 1990s, the financial crisis in 2008, and the industrial upgrading and manufacturing shift from the eastern seaboard to inland districts or overseas in the 2010s. In 2015, the number of migrant workers in Beijing and Shanghai began to decline for the first time. At the same time, "nearby urbanisation" or "*in situ* urbanisation" grew faster in central and western China. This was in keeping with the trend of promoting "rural urbanisation" during the National New-type Urbanisation Plan (NUP) period that was launched by the Central Committee of the Communist Party of China and the State Council of China in March 2014 (Chu, 2020; Zhu, 2000).

This study examines the rationale of rural poverty alleviation in China associated with return migration and to gauge the extent to which return migration has altered the mode of urbanisation from the large-scale cross-regional flow of population to that of nearby or *in situ* urbanisation in response to new opportunities for non-agricultural employment for the returnees and thereby also to enable them to play their meaningful role as citizens of their home villages and nearby towns (Zhou et al., 2018; Zhu, 2000). Data from the Migrant Dynamics Monitoring Survey on rural migration in China conducted in 2016 are used to examine the main traits of the return migrants to rural areas. The influence of the policy of rural revitalisation, the availability of employment opportunities and other contributing factors are examined to explain the role of the return migration in the alleviation of rural poverty in China. Some positive effects of return migration in the rural revitalisation and rural poverty alleviation strategy include: a) a brain gain in rural China as a result of the migrants' capital accumulation and social capital building from their urban employment (Ren & Shi, 2017); b) engagement of rural returnees in non-agricultural activities and entrepreneurial activities in their hometowns that help to mobilise labour resources in rural areas; and c) family reunification that boosts consumption in services and housing in their hometowns. However, various other aspects

relating to the “return migration effects” on rural poverty alleviation await further study. Field studies on rural returnees’ entrepreneurship are dealt with here to assess the influence of return migrants in battling rural poverty at the local level.

### **Return Migration and Rural Revitalisation in Poverty Alleviation**

Return migration is situated at the end of the circular migratory movement linking the rural and urban markets. It serves as a new closed-loop urbanisation process in a rural-urban and urban-rural recycling channel. Discrepancies between rural and urban labour productivity and expected incomes as well as individual and familial utility maximisation are cited as the main driving force of human migration (Lewis, 1954; Todaro, 1976; Zheng et al., 2009). Migrant workers in China adopt the strategy of “split households” and chain or step migration, to diversify household income and to lower risks. The utility maximisation strategy of split households is complex. On the one hand, breadwinners enter cities for higher income and capital accumulation to increase household benefits; on the other hand, migrants are unwilling to give up the landed benefits in the village derived from the rights to farmland, homestead and collective income distribution, and compensations for land requisition.

C. C. Fan (2021) conducted a series of survey on the “split households” arrangement in receiving and original places of rural-to-urban migration (such as Beijing and Anhui) and proved the prevalence of circular migration between home and the work destination of migrants, in a manner that is similar to rural-urban migration in Africa, Asia, and Latin America. This arrangement can result in permanent urban settlement or a temporary sojourn ending with a return flow to the places of origin. Fan’s survey provides some proofs on familial utility maximisation strategies of rural migrants in China: a) the husband-wife migration may simply be a strategy to maximise the household labour power devoted to their urban earnings rather than a transition towards permanent settlement in the city; b) the migrants are not willing to spend their hard-earned income in the cities not because of unaffordability, but because they are saving their earnings to remit to their rural homes; c) young migrant workers continue to build large houses in their home villages to attract potential brides and to facilitate patrilocal residence; and d) many migrants are unwilling to give up the rural hukou due to access and benefits that include farming and housing land and compensation for land requisition that are considered increasingly more valuable than urban hukou (Chen & Fan, 2016; Zheng et al., 2009; Chen, 2019; Fan, 2021).

Return migration, as part of a rural household strategy to maximise utility as elaborated in the new economics of labour migration theory, is never a reverse path of urbanisation for “losers.” The circular and return migration is prevalent in the Global South with the underdeveloped capital

market, precarious job opportunities and insufficient social security system in the cities (Stark, 1991; Stark & Bloom, 1985; Olesen, 2002). Splitting of the family, hesitancy towards permanent rural-urban migration, and returning to the hometowns are the rule and long-term practices rather than the exception.

Rural returnees are agents of modernity in an increasingly connected rural-urban world. In the 1980s and 1990s, the new economics of labour migration emerged as a critical response to neo-classical migration theory (Massey et al., 1993). Migrants are heterogeneous with respect to their migratory motivations, and Constant and Massey (2002) compared the two theoretical schemes (i.e., neoclassical versus new economic theories) to explain the return migration motivations. Among the young and the middle-aged migrant workers, who would seek to settle permanently in the cities, and who would see themselves as being present temporarily in the urban labour market and expect to return home eventually?

Rural returnees are important stakeholders in the rural revitalisation and poverty alleviation strategy of China. Their motive of returning to their hometowns is interpreted as the rural households' response to certain ongoing structural forces in rural and urban areas. Neoclassical economics holds that the return is the result of their projected future income in their hometowns being higher than in urban employment when a new equilibrium is reached between the rural revitalisation and urban restructuring processes. In contrast, the new economics of labour migration theory explains that the return migration is part of a circular movement to manage economic risk and to overcome inefficient markets. As a result, rural returnees may participate in collective actions in the village economies to achieve household utility maximisation.

Rural returnees contribute to improving the quality of life of the rural population by acting as agents of change such as by starting enterprises and absorbing surplus labour in their hometowns and through their entrepreneurship such as e-commerce to integrate the rural economy into the national or even international market. Rachel Murphy, in a study published in 2002, drew attention to the experiences of returned migrants in Jiangxi Province. Inequalities were seen between households with members who had migrated to the cities and those without such migrants. In other households, members were seen to be fighting over the use and distribution of remittances. The study also found a strong correlation between the length of stay and employment of returnees in the urban market and the size and success of their subsequent business enterprises back in their hometowns. Apart from the rise of e-commerce, other changes include the values, resources, and networks generated from outside and inside of the village.

The boom of e-commerce has induced many migrants to return to the village and start online businesses. Several empirical studies on Chinese Taobao (a Chinese online website) villages have been carried out on rural returnees' entrepreneurship in online businesses (Lin, 2016; Liu, 2020).

In a significant way, return migration has reinforced rural-urban connections through the digital platform. The entrepreneurship of returnees has made possible the transfer of ideas and skills of selling agricultural, industrial, handicrafts, art pieces and creative goods online. More attention is needed to shed new light on the relationship between this new form of returnee entrepreneurship and rural poverty alleviation, and to find out whether this new form of returnee entrepreneurship is able to narrow the remittance and gender inequalities experienced by older migrants.

The discussion that follows is supplemented by reference to academic sources, newspaper and media reports, as well as a field study on Beijing's fruit and vegetable production and rural tourism business that have attracted young rural returnees who had worked in the Beijing job market as factory hands, in industries and the service sector.

### **Returnees and Rural Modernisation and Urbanisation**

The key theme of this research is that return migration helps to connect rural and urban markets and to contribute to the alleviation of poverty. An attempt is made to present an overall profile of rural returnees based on data from the 2016 Migrant Dynamics Monitoring Survey conducted by the National Health and Family Planning Commission of China. The migrants in this national survey were those who have moved across a county or city boundary from their registered households and had stayed in their urban destinations for more than one month. The data collection on the residential committee unit was based on the probability proportional to size (PPS) sampling schemes from each sub-district or town in the city unit.

#### **Motivations, Educational Levels and Ages of Returnees**

Among the sample of 169,000 migrant households, 82.7% were of rural origin. Young migrants of the post-1980 generation came from 95,529 of these households of which 83.2% were from rural areas. Hence the 2016 survey was effectively focused on the rural migrant workers especially on young migrant workers aged 35 years and below.

The literacy rate of migrants was low; 17.1% of the rural migrants were illiterate or attained only elementary education, compared with 4.9% from urban areas. Among the more educated, 52.3% of rural migrants had attended junior high school, 21.0% had high school education, and only 9.6% possessed college or university qualifications. Among migrants from urban areas, 46.8% had received tertiary education. The relatively poor educational background of young rural migrants rendered them highly uncompetitive in the urban labour market and many ended up with low paying city jobs.

The 2016 survey data compare the return intention of the different migrant populations,

specifically focusing on the young rural returnees of the post-1980s generation. Four types of settlement intentions were identified: a) urban settlement in the next five years; b) return to their hometowns; c) move to the next city; and d) undecided. Table 1 lists the ratio of “return intention” of migrants of urban and rural origins, general and post-1980s generation and compared across the different educational levels. It was noted that only 6.9% of the rural migrants below 35 years old were likely to return to their hometowns in the near future, compared with a slightly higher proportion of 7.8% for the entire rural migrant population. The return intention was lower among urban migrants especially among the better educated. There were 11,000 rural returnees in all among whom 5,468 were in the under 35 age group. The younger rural migrants were slightly more hesitant than their senior counterparts about returning home, while migrants of urban origin and better educated were more inclined to settle down permanently in the host cities. In all, the proportion of migrants intending to return to their villages or hometowns was generally low and occurred partly because the difficulty of adapting to urban life and employment.

Table 2 shows the return intention of migrants in the typical urban sectors where they were established. In the rural-urban migrant sample of 119,118, the manufacturing sector provided employment to 37,667 migrants, followed by 24,477 in wholesale and retail trades, 15,748 in services to households and other services, and 14,000 in hotels and catering services. Among rural-urban migrant population in the 35 and below age group of 67,425, the top employment sectors were manufacturing with 23,067 persons, wholesale and retail trades with 12,809, services to households and other services with 8,160, and the hotels and catering services with 7,840. Smaller numbers were engaged in construction (3,465 persons), information transmission, computer services and software (2,661), and traffic, transport, storage, and postal services (2,499).

For the entire rural-urban migrant population, 31.6% were engaged in manufacturing, while 45.5% were found in the labour-intensive services such as wholesale and retail trades, services to households and other services, and the hotels and catering services and other low-end jobs. Among the younger migrants, 34.2% were found in the manufacturing sector while labour-intensive service sectors accounted for 42.7%. There was a small proportion of 3.95% in knowledge-intensive jobs such as information transmission, computer services and software.

While the manufacturing and hotel and catering services sectors provided the most job opportunities for rural migrants, it was these sectors that reported a high returning intention of 17.6%. However, few in the higher-end jobs in research, education, public services and management, advanced producer services, and technology that pay relatively high earnings had any intention to leave.

**Table 1**

*The Intention to Return or to Settle down among Migrants of Rural and Urban Origins, and between Entire Sample and the Post-1980s Generation, 2016*

		<i>Total</i>			<i>Post-80s</i>		
		Urban origin %	Rural origin %	Total %	Urban origin %	Rural origin %	Total %
<b>Aggregated/average</b>							
	Urban permanent settlement	73.2	55.3	58.4	73.4	54.5	57.7
	Return hometown	4.7	<b>7.8</b>	7.3	3.6	<b>6.9</b>	6.3
	Move to next city	2.0	3.3	3.0	2.2	3.7	3.4
	Not decided	20.2	33.6	31.3	20.8	34.9	32.6
<b>Education level</b>							
<i><b>Illiterate</b></i>	Urban permanent settlement	63.2	46.2	47.2	60.0	51.9	52.6
	Return hometown	11.0	<b>12.0</b>	11.9	0.0	<b>8.3</b>	7.6
	Move to next city	3.3	2.8	2.8	0.0	3.6	3.3
	Not decided	22.5	39.0	38.0	40.0	36.2	36.5
<i><b>Primary school</b></i>	Urban permanent settlement	61.2	49.0	49.7	64.7	48.6	49.6
	Return hometown	9.5	<b>10.7</b>	10.6	4.2	<b>7.7</b>	7.5
	Move to next city	1.4	2.9	2.8	2.1	3.9	3.8
	Not decided	27.9	37.4	36.9	29.0	39.8	39.1
<i><b>Junior high school</b></i>	Urban permanent settlement	66.0	52.7	53.7	64.2	54.2	54.9
	Return hometown	5.8	<b>8.0</b>	7.8	5.5	<b>7.0</b>	6.9
	Move to next city	2.4	3.5	3.4	2.4	3.2	3.2
	Not decided	25.8	35.9	35.1	27.9	35.6	35.0
<i><b>High school</b></i>	Urban permanent settlement	69.1	52.7	61.8	74.2	63.8	65.4
	Return hometown	5.7	<b>8.0</b>	6.5	3.9	<b>5.7</b>	5.4
	Move to next city	2.1	3.5	3.1	2.0	2.7	2.5
	Not decided	23.2	35.9	28.6	19.9	27.8	26.6
<i><b>College</b></i>	Urban permanent settlement	76.9	69.1	72.2	82.2	75.8	78.0
	Return hometown	3.6	<b>4.8</b>	4.3	2.5	<b>3.7</b>	3.3
	Move to next city	2.0	2.8	2.5	1.4	1.8	1.7
	Not decided	17.6	23.3	21.0	14.0	18.7	17.1
<i><b>University</b></i>	Urban permanent settlement	82.4	76.2	80.2	87.4	83.4	85.7
	Return hometown	2.6	<b>3.2</b>	2.8	1.9	<b>2.4</b>	2.1
	Move to next city	1.7	2.0	1.9	1.1	1.5	1.3
	Not decided	13.3	18.5	15.2	9.6	12.7	10.9
<i><b>Graduate</b></i>	Urban permanent settlement	85.5	80.4	84.7	91.2	78.9	88.5
	Return hometown	2.9	<b>0.0</b>	2.4	1.7	<b>1.8</b>	1.7
	Move to next city	0.4	6.1	1.2	1.2	1.2	1.2
	Not decided	11.3	13.5	11.6	5.9	18.1	8.6

Source: National Health and Family Planning Commission of China, 2016 MDMS

**Table 2***The Intention to Return or to Settle down among Rural-Urban Migrants in the Primary Urban Sectors, 2016*

		<i>Total</i>			<i>Post-80s</i>		
		Urban origin %	Rural origin %	Total %	Urban origin %	Rural origin %	Total %
<i>Primary Industry</i>	Urban permanent settlement	81.3	63.6	65.8	79.1	59.8	62.9
	Return hometown	1.9	<b>8.2</b>	7.4	1.1	<b>11.2</b>	9.5
	Move to next city	0.9	3.0	2.7	1.1	4.4	3.9
	Not decided	15.9	25.2	24.0	18.7	24.6	23.7
<i>Secondary Industry: Mining</i>	Urban permanent settlement	72.1	58.2	62.9	79.8	61.7	67.8
	Return hometown	6.5	<b>15.6</b>	12.5	2.8	<b>13.1</b>	9.6
	Move to next city	0.5	2.1	1.6	0.0	1.9	1.2
	Not decided	20.9	24.1	23.0	17.4	23.4	21.4
<i>Manufacturing</i>	Urban permanent settlement	66.3	44.0	46.2	65.7	42.6	44.8
	Return hometown	6.9	<b>10.9</b>	10.5	6.3	<b>10.2</b>	9.8
	Move to next city	2.4	3.6	3.5	2.6	4.0	3.9
	Not decided	24.4	41.5	39.8	25.4	43.2	41.5
<i>Production and Distribution of Electricity, Gas and Water</i>	Urban permanent settlement	71.6	63.4	66.1	68.9	62.8	64.9
	Return hometown	3.6	<b>2.9</b>	3.1	1.5	<b>1.9</b>	1.8
	Move to next city	4.9	2.0	3.0	6.8	2.7	4.1
	Not decided	20.0	31.7	27.8	22.7	32.6	29.2
<i>Construction</i>	Urban permanent settlement	69.4	52.1	54.5	71.3	54.2	57.2
	Return hometown	6.2	<b>9.5</b>	9.0	5.0	<b>6.6</b>	6.3
	Move to next city	6.3	6.6	6.5	6.1	7.2	7.0
	Not decided	18.2	31.8	29.9	17.7	32.0	29.5
<i>Tertiary Industry: Wholesale and Retail Trades</i>	Urban permanent settlement	73.7	63.2	64.7	73.6	63.3	64.7
	Return hometown	3.8	<b>5.2</b>	5.0	2.4	<b>4.6</b>	4.3
	Move to next city	1.7	2.2	2.1	2.4	2.4	2.4
	Not decided	20.8	29.4	28.1	21.6	29.7	28.5
<i>Traffic, Transport, Storage and Post</i>	Urban permanent settlement	20.8	29.4	28.1	21.6	29.7	28.5
	Return hometown	75.6	<b>61.7</b>	64.2	77.1	<b>61.0</b>	63.9
	Move to next city	4.0	6.5	6.0	4.1	4.5	4.4
	Not decided	1.9	2.4	2.3	1.1	3.1	2.7
<i>Hotels and Catering Services</i>	Urban permanent settlement	18.5	29.3	27.4	17.7	31.4	29.0
	Return hometown	2.9	<b>0.0</b>	2.4	1.7	<b>1.8</b>	1.7
	Move to next city	0.4	6.1	1.2	1.2	1.2	1.2
	Not decided	11.3	13.5	11.6	5.9	18.1	8.6
<i>Information Transmission, Computer Services and Software</i>	Urban permanent settlement	80.3	68.0	73.2	80.0	66.9	72.0
	Return hometown	2.5	<b>4.3</b>	3.6	1.9	<b>4.5</b>	3.5
	Move to next city	1.4	2.3	1.9	1.4	2.4	2.0
	Not decided	15.8	25.4	21.4	16.7	26.2	22.5
<i>Financial Intermediation</i>	Urban permanent settlement	80.2	68.9	74.1	77.4	67.6	71.9
	Return hometown	2.7	<b>4.3</b>	3.6	3.2	<b>4.3</b>	3.8



	Move to next city	1.3	1.8	1.6	1.7	2.2	2.0
	Not decided	15.8	25.0	20.7	17.7	25.9	22.3
<i>Real Estate</i>	Urban permanent settlement	76.9	62.4	66.1	78.3	62.2	66.8
	Return hometown	3.3	<b>6.1</b>	5.4	3.2	<b>4.0</b>	3.8
	Move to next city	1.7	3.9	3.3	1.7	3.4	2.9
	Not decided	18.2	27.5	25.1	16.8	30.4	26.4
<i>Leasing and Business Services</i>	Urban permanent settlement	75.2	63.9	67.4	77.8	62.5	67.3
	Return hometown	3.0	<b>5.2</b>	4.5	3.4	<b>3.0</b>	3.1
	Move to next city	0.7	2.5	2.0	1.1	1.9	1.7
	Not decided	21.0	28.3	26.1	17.6	32.6	27.9
<i>Scientific Research and Technical Service</i>	Urban permanent settlement	86.3	66.1	75.0	87.4	66.7	75.8
	Return hometown	1.3	<b>2.7</b>	2.1	1.1	<b>2.2</b>	1.7
	Move to next city	1.6	2.5	2.1	0.9	2.7	1.9
	Not decided	10.9	28.7	20.8	10.7	28.4	20.6
<i>Management of Water Conservancy, Environment</i>	Urban permanent settlement	85.5	73.7	77.5	89.2	76.0	81.0
	Return hometown	3.2	<b>6.1</b>	5.2	2.0	<b>2.9</b>	2.6
	Move to next city	0.0	2.6	1.7	0.0	4.1	2.6
	Not decided	11.3	17.6	15.6	8.8	17.0	13.9
<i>Services to Households and Other Services</i>	Urban permanent settlement	69.8	60.0	61.4	69.2	58.7	60.1
	Return hometown	4.5	<b>6.5</b>	6.3	3.7	<b>5.4</b>	5.2
	Move to next city	1.6	2.9	2.7	1.7	3.6	3.4
	Not decided	24.0	30.6	29.6	25.3	32.3	31.3
<i>Education</i>	Urban permanent settlement	76.8	61.1	68.0	76.5	60.9	67.5
	Return hometown	4.4	<b>6.4</b>	5.5	4.4	<b>5.3</b>	4.9
	Move to next city	2.5	3.8	3.2	1.7	4.1	3.1
	Not decided	16.3	28.7	23.2	17.4	29.7	24.5
<i>Health and Social Work</i>	Urban permanent settlement	78.4	65.2	70.0	81.8	65.9	72.0
	Return hometown	3.5	<b>6.4</b>	5.3	2.4	<b>5.0</b>	4.0
	Move to next city	1.2	2.7	2.2	1.7	3.6	2.8
	Not decided	16.9	25.7	22.5	14.2	25.6	21.2
<i>Culture, Sports and Entertainment</i>	Urban permanent settlement	77.2	61.3	65.7	77.5	59.7	64.3
	Return hometown	1.8	<b>3.9</b>	3.3	1.8	<b>2.8</b>	2.6
	Move to next city	7.3	4.0	4.9	5.9	4.7	5.0
	Not decided	13.8	30.8	26.1	14.8	32.8	28.1
<i>Public Management, Social Security and Social Organization</i>	Urban permanent settlement	79.1	67.2	72.1	78.5	71.0	74.0
	Return hometown	4.1	<b>5.1</b>	4.7	1.5	<b>6.3</b>	4.4
	Move to next city	1.6	1.4	1.5	1.5	1.3	1.4
	Not decided	15.2	26.2	21.7	18.5	21.4	20.2
<i>International organization</i>	Urban permanent settlement	100.0	-	-	100.0	100.0	100.0
	Return hometown	0.0	-	-	0.0	<b>0.0</b>	0.0
	Move to next city	0.0	0.0	0.0	0.0	0.0	0.0
	Not decided	0.0	0.0	0.0	0.0	0.0	0.0

Source: National Health and Family Planning Commission of China, 2016 MDMS

Note: The sampling size of migrants working in the international organization is too few, and causing data bias in the results.

The relatively poor educational background among the rural migrants explains their low job prospects and earnings. In addition, the industrial upgrading in China in recent years is encourage a shift away from the labour-intensive “Made in China” module towards the knowledge- and technology-intensive “Innovated in China” initiative. This new approach involves industrial automation and “replacing humans with machines” initiatives in the Pearl River Delta; “easing of non-capital function” in Beijing; and an overall integrative high-quality development framework (Sharif & Huang, 2019). These upgrading schemes can boost efficiency and productivity, but they also raise problems concerning the adaptation of rural migrant workers.

### **Profile of Young Rural Returnees**

The 2016 survey investigated 5,468 rural returnees in the 35 and below age group. Among them there were 131 males to every 100 females. This gender imbalance was to be expected as the overall rural-to-urban migration was male-dominated (Fan, 2011). On average, the education attainment of the young rural returnees was low. Those with junior high school standard made up 60% of the young returnees, while 22.5% finished high school, and only 7.4% were graduates of colleges or universities. It was not surprising that the majority could only gain access to low-paying jobs in the urban labour market.

Practically all these young rural returnees (98.4%) were married but 51.8% among them moved to the cities without their spouses, and 32.5% brought along their children as well. The migration was largely inter-provincial which accounted for 82.6% of all movements by young rural returnees. Evidently, the majority had little access to social capital, faced various institutional barriers, and faced the high cost of assimilation into city life (Tobler, 1970 & 2004). Two-thirds had to rent private housing and 29.4% lived in free dormitories or quarters provided by employers.

The major motivation to migrant to the cities was to seek employment rather for other reasons such as education, job transfer or marriage. Job hunting in the destination city was a major problem faced by rural migrants. Just more than half (52.4%) of the migrants had to seek the help of family, relatives, compatriots, and friends in their search for a job. In some cases, these social networks played an important role in later attempts to start new businesses back in villages or hometowns. A relatively small proportion of 17.1% responded to company recruitment channels while another 16.1% became self-employed. The manufacturing sector offered the most numerous job opportunities for young rural migrants in the city (49.4% in industries and 39.4% in other occupations). Only 5.3% gained access to knowledge-intensive positions as professional skill workers; and 4.6% were involved in more advanced producer services such as information transmission, computer services and software, finance, real estate, leasing and business services, scientific research and technical services (Table 3). Overall, the decision to return to the villages or hometowns was clearly due to a number of factors. That almost all were married, and more than half had left their spouses and children behind would imply that family re-unification constituted a

major factor in the urge to return to their families. Home ownership of the migrants was common in the villages or hometowns. Almost a third among the young rural returnees lived in their own houses in the villages, and another 38.6% were planning to buy their houses. The high ratio of rural home ownership also expedited the decision by migrants to move back to their rural base. Furthermore, working in the traditional manufacturing and services industries offered little prospects for self-advancement, and the limited access to high-paying occupations, coupled with the problem of adapting to city life and its high cost of living also dampened the resolve to stay on.

**Table 3**

*Previous Employment of Young Rural Returnees in Urban Areas by Industry and Occupation, 2016*

<i>Industries %</i>		<i>Occupation %</i>	
Primary Industry	1.1	Persons in charge of state agencies, party organizations, enterprises and institutions	0.5
Secondary Industry: Mining	0.6	Professional skill worker	5.3
Manufacturing	49.4	Bureau, clerks and related personnel	0.7
Production and Distribution of Electricity, Gas and Water	0.1	Businessmen	8.1
Construction	4.8	Vendors	2.6
Tertiary Industry: Wholesale and Retail Trades	12.4	Restaurant	10.0
Traffic, Transport, Storage and Post	2.4	Housekeeping	0.0
Hotels and Catering Services	12.2	Cleaning	0.3
Information Transmission, Computer Services and Software	2.5	Security guard	1.1
Finance	0.8	Furnishing and decoration	2.2
Real Estate	0.7	Express delivery	1.0
Leasing and Business Services	0.4	Other business and services	13.7
Scientific Research and Technical Service	0.3	Agriculture	1.0
Management of Water Conservancy, Environment	0.1	Manufacturing	39.4
Services to Households and Other Services	9.3	Transportation	1.3
Education	1.0	Construction	2.8
Health and Social Work	0.9	Other production and transportation equipment operators and related personnel	7.0
Culture, Sports and Entertainment	0.5	Unstable occupation	0.3
Public Management, Social Security and Social Organization	0.5	Others	2.8
Total	100.0	Total	100.0

Source: National Health and Family Planning Commission of China, 2016 MDMS

Table 3 shows that domestic private enterprises and individual businesses were the largest employers of young rural returnees, accounting for 47.5% and 24.8% respectively of the total. Merely 3% managed to work in the party organisations and government departments, non-profit units, and State-Owned Enterprises (SOEs). Another 12.6% worked in foreign and joint-venture firms. Four out of five of the young rural returnees were employed in the private urban sector and 3.9% were employers, 13.9% were self-employed. A substantial proportion of 27.2% were irregular or casual workers or self-employed vendors and shopkeepers in the informal sector and working without insurance cover or labour protection. However, the exposure to the urban economy and the experience and skills that they acquired provided migrants a level of confidence to venture into business in their villages or hometowns.

**Table 4**

*Intention to Return to the Hometowns among Young Rural-Urban Migrants according to Time and Location, 2016*

<i>When are you back to hometown</i>	<i>%</i>	<i>Which administrative hierarchy are you back to in your hometown?</i>	<i>%</i>
In one year	20.2	Original home seat	69.4
1-2 years	23.5	Seat of county-level government	7.5
3-5 years	20.0	Seat of district-level government	13.1
5 years beyond	4.2	Not decided	10.1
Not decided	32.1	Total	100.0
Total	100.0		

Source: National Health and Family Planning Commission of China, 2016 MDMS

The 2016 survey found that 43.7% of young rural returnees planned to return home in the following two years, 20.0% between 3 and 5 years, and only 4.2% would hold back for 5 more years or longer. However, close to a third had no definite idea of returning home yet. The return trip would see 69.4% heading back to the original seat of their homes, 7.5% to the seat of county-level government, 13.1% to the seat of district-level government, while 10.1% were undecided (Table 4).

### **Rural Returnees and Poverty Alleviation**

Research has proved that the different skills acquired in an urban setting have a positive influence on the decision to embark on entrepreneurial ventures among the rural returnees (Demurger & Xu, 2011; Wang & Fan, 2006). Successful entrepreneurship calls for a multi-skilled background including the skill to raise money for the initial capital, manage the business and workers, negotiate with suppliers and buyers, coordinate relationship with local government officials, and to undertake proper operation to avoid failure (Yueh, 2009). In the context of a high degree of market imperfection

and various institutional barriers in running a business in rural China, the returnee entrepreneur must learn to deal with local affairs and the environment. Hence the experience and skills acquired in the city would enable would-be entrepreneurs to negotiate the difficult course of business operation in the rural setting.

In 2007, the Development Research Center of the State Council conducted a comprehensive survey to study the entrepreneurial activities of rural returnees in rural China. The exercise gathered information on returnees' previous job history, the skills acquired during the process, and their changed occupation status back in the village. Based on the compiled data, Chen and Hu (2012) found that migrants working in small business establishments were likely to acquire diverse skills that would help rural returnees in starting new business ventures in the village. They attributed this to the fact that small firms rather than large enterprises tended to provide better opportunities for workers to observe how a business was managed and hence to expose them to multifunctional roles (see also Mahe, 2017).

While the majority of the rural returnees possessed low educational qualifications, their urban exposure had nevertheless enabled them to bring back knowledge to become potential entrepreneurs under the rural revitalisation and rural poverty alleviation initiatives. The macro-level circumstances created by the rural revitalisation policy were the primary drivers of the return flow of migration. The economic slowdown in the cities was also a contributing factor, reinforced by the interplay of their social networks, family ties and rural land-use rights in the place of origin. Tang and Hao (2018) found that the intention to return or to settle down was also influenced the strategy to maximise household benefits from different opportunities.

The mechanism linking migration and rural entrepreneurship in the context of China's rural revitalisation and rural poverty alleviation initiatives is yet to be fully understood. The rural-urban migration is a process by which savings and useful work experience may be accumulated to sharpen the returnees' entrepreneurial abilities and boost their confidence. The savings and skills may determine the type of economic activities they would engage in when they return home. In this manner, the rural returnees would serve as agents of rural change in keeping with the rural poverty alleviation initiatives (Demurger & Xu, 2011).

### **Rural Returnees of Pinggu District**

Among many rural youths, the temporary period of living and working in urban areas is a process of learning, acquiring experience in new areas of social and economic life, and widening outlook. When they return to their original villages or hometowns, they constitute a source of new

ideas and innovation that becomes a positive force to help alleviate rural poverty.

In order to examine the relations between rural entrepreneurship and migration, a study of the Shandongzhuang Town of Pinggu District in the northeast of Beijing was carried out in the summer of 2021. The post-1980s rural returnees have become the “New Farmers” of Pinggu which is now the major production base for crops, vegetables and fruits to supply the metropolitan Beijing market (*Beijing Daily*, 2020). The scope of rural entrepreneurship in Shandongzhuang Town covers economic activities ranging from agricultural production to online sales, rural tourism and homestay facilities providing bed and breakfast conveniences, and integrative logistic and modern supply chain of fresh vegetables to meet Beijing’s supermarkets and online sales.

Pinggu District is famous for its “Fresh Peach” brand in China. In July 2021, the district launched its “Pinggu Fresh Peach Season” in the world’s largest peach orchard of 14,667 ha featuring four categories of white peaches, nectarines, yellow peaches, and flat peaches in more than 200 varieties (*Breakinglatest.news*, 2021; *China Daily*, 2021). The “Pinggu big peaches” are now supplied in large quantities to the capital and the national markets, and have become the most famous agricultural brand of Beijing.

Back in 2017, the Central Government had encouraged college graduates to partake in various entrepreneurial activities, but the lack of experience and the substantial startup support resulted in a low survival rate (You et al., 2017). The Pinggu District government practices a proactive approach to promote the “Pinggu Big Peaches” brand by making awards and certificates to representatives of the “Big Ten Peach Sales Entity”, providing green passes for the transportation of peach vehicles to sales outlets, launching the “Internet + Big Peach” project in 2017 including the e-commerce live broadcast of “Pinggu Big Peaches” and extending assistance to develop logistics services. The Pinggu Big Peach District is currently being promoted as a “high-quality development” project with the status of an “Agricultural Core” in China’s 14th Five-Year Plan period (Figure 1).

The Pinggu Big Peach project has attracted rural returnees to initiate businesses in rural Pinggu. In 2020, the district commended on a 35-year-old rural returnee’s success as one of the “New Farmers” of the local Big Peach industry to the Ministry of Agriculture and Rural Affairs as a nationwide role model. This returnee had come back to his village in Shandongzhuang Town in 2016 after several years of working in the Beijing area. He began online shops with his wife who had designed their brand logo and packaging design (*Beijing Daily*, 2020). This was possible to push the sale of peaches through the Taobao online marketing channel which has by now helped more than 200 peach growers to increase their income from similar efforts. The success of the peach industry has also stimulated the emergence of several other business models.

## Agricultural Enterprises

A major aim of Pinggu District in its poverty alleviation policy is to foster modern agricultural development among the people. In Yuzishan Village in Shandongzhuang Town, a pioneer farmer entrepreneur had developed a 33.3 ha (500-mu) Lvshuixiagu Agri-Park by using scientific technology in 110 greenhouses and supported by an online business model. In 2014, the Agri-Park was awarded the “Premium Agricultural Standardisation Base” for Beijing’s “Vegetable Basket Project” market system by the Beijing Municipal Bureau of Agriculture. The entrepreneurial innovation of the Agri-Park model has attracted other rural returnees to join as partners and to benefit from the production model. One such partner was a female returnee who had gained experience working in a major supermarket in Beijing and had returned to the village. She was motivated to join the agri-park venture by its use of natural and organic production method to the exclusion of chemical fertilizers and pesticides. Her products are now marketed directly to the major supermarkets of Beijing through popular online platforms such as the Alibaba Group’s *Hema Xiansheng* supply channel. In the supermarkets, consumers are able to purchase fresh vegetables, peaches and strawberries harvested in greenhouses each morning. This production model has opened up a viable career path to her and other returnees as food items that are free from pollution are branded as “security food.” Hence the farm products not only command good market value but are also in high demand especially during festive seasons.

## Peach Cultivation

Farmers who remain in the village continue to take care of the farmlands but have developed peach orchards to take advantage of the growing demand for peaches. One approach to success is that farmers whose children have migrated to work in Beijing are making it possible for their parents to market the fruits online such as WeChat. The children conduct online sales via WeChat and forward information on the addresses of customers to their parents who would then dispatch the Pinggu Big Peach package to customers via express service. Orders are collected from friends and acquaintances in Beijing and excessive orders are re-directed to other peach growers in the village.

This city-village nexus has a positive effect on stimulating the growth of a viable farm enterprise in the cultivation of an ordinary fruit. Prior to this innovative development, peaches had minimal market value as they could not reach the right markets on time nor had farmers the means to access to the markets outside the vicinity of their villages.

## Local Tourism and Homestay Facilities

A profitable spinoff from the success of peach growing is the emergence of local tourism. The proximity of Pinggu District to Beijing has promoted visits by urban residents and the demand for

accommodation as well as refreshments, food and beverages. These new demands have persuaded enterprising rural returnees to venture into the provision of homestay facilities to answer the need for accommodation and bed and breakfast services. One such example is a homestay facility started by a young returnee from Beijing. Following the economic transformation of his village, he was prompted to move back to his village to start a new business venture in homestay operation and management. Relying on his previous work experience and contacts, he was able to build up a regular customer base to support his business by drawing upon relatives and friends on repeated visits and who in turn helped to advertise his services. Prior to the outbreak of Covid-19, his homestay business could earn up to 400,000 yuan a year, but earnings have dropped by more than half since then. This is likely to be a temporary setback pending the resumption of normal life and the official policy of encouraging domestic consumption.

The above examples illustrate the appearance of new economic activities that have contributed to the improvement of income among the villagers. The experience gained in urban employment in Beijing has produced a group of rural migrants who have schooled themselves in new working experiences, skills and the accumulation of savings to serve as start-up capital back in the village. More importantly, new business models, channels and social networks are now better adapted to integrate village and urban economies that were minimally inter-connected in the past. The rural-urban nexus has made possible new conduits of marketing through Taobao operations and WeChat sales platform and heightened consciousness of food safety concerns. In effect, migration of the rural workers and their subsequent return to the villages have served as a cycle of learning and experimentation, and in the process to introduce more economic opportunities back to the rural areas to contribute to the rural poverty alleviation initiatives (Figure 2).

## **Conclusion**

Poverty alleviation calls for the participation of the local people in the development efforts. Official drives to combat rural poverty are unlikely to succeed in a top-down approach in which local inhabitants are treated more as onlookers rather than partners in development. The massive out-migration of rural inhabitants to the cities since the open-up policy of 1980 has resulted in large groups of rural migrants to work in urban areas and who have been able to acquire different experiences and skills in a diversity of urban employment and environment.

The 2016 national survey on migrant workers incorporated a sample of 169,000 households from among which migrants of the post-1980 generation had come from 95,529 or 56.5% of these households. In turn, 82.7% of the total sample households and 83.2% of the youthful migrant households were of rural origin. These rural migrants constitute a permanent pool of



potential innovators who have returned to their home villages or hometowns with fresh ideas on entrepreneurial development and wealth creation. They bring back knowledge and social assets ready to embark on commercial activities and acting as change agents to lead the drive to revitalise the village economy and to combat rural poverty.

An integral component element in the poverty alleviation initiative is to induce young rural migrants to return to the villages to take part in the local development effort. Field investigations in the town of Shandongzhuang in Pinggu reveal the close relation between rural entrepreneurship and migration in China. Young returnees are participating in a variety of related activities with encouraging results. Their success is attributed to the application of their urban experience in their efforts to exploit and develop local resources such as their land and the surplus agricultural labour that are available at a low cost. In turn, the returnees act as a bridge to connect the rural suppliers and urban demands.

Additionally, relevant technical support and institutional guidance from local governments are equally crucial to foster rural development. Proactive official policies include extending help to broaden sales outlets to other parts of the national market and to render necessary support or subsidies. These include advice on disease prevention and testing services, making available “green passes” to facilitate the transportation of local products, subsidise or reward logistics companies involved in the distribution of fruits and other products, initiate e-commerce training to introduce farmers to online marketing and branding, among others. Official support brings direct benefit to businesses by reducing the operating costs, removing institutional barriers, and creating a generally business-friendly environment. Given the incentives for business development and investment, more and more rural migrants returning to different parts of the country will be encouraged to invest in productive farm assets, to venture into rural tourism and other related businesses that will collectively produce a positive impact on the drive to alleviate rural poverty.

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### Figure 1

*The Development and Branding of the Big Peach Industry in Pinggu, Beijing*



A. Pinggu big peaches



B. "Pinggu Fresh Peach Season" in 2021



C. E-commerce live broadcast



D. Jingdong logistics

Note: *Breakinglatest.news*, 2021; *China Daily*, 2021.

**Figure 2**

*New Economic Activities of Rural Returnees in Pinggu, Beijing*



A. Bed & Breakfast Inns—Erhua Rural Inn



B. “Pinggu Big Peach” production



C. Lvshuixiagu Agri-Park: Greenhouse



D. Lvshuixiagu Agri-Park: online business

Note: From a field visit to Shandongzhuang Town of Pinggu District, July 2021