



Rural Returnee Entrepreneurs and Hybrid Rurality in China

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Department of International Development

School of Agriculture, Policy & Development

University of Reading

Clark Ke Liu

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Declaration of original authorship

I confirm that this is my own work and the use of all materials from other sources has been properly and fully acknowledged.

Clark Ke Liu

Acknowledgement

I would like to dedicate this thesis to my family. To my parents, who have devoted their whole lives to create a better future for me. To my wife, who has always been there to support me with endless love. Without them, this research will not be possible. Moreover, I would like to sincerely thank the tireless guidance of my supervisor, Prof. Henny Osbahr, School of Agriculture, Policy and Development, for her wisdom and inspiration enlightening me at every critical moment during this research.

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Abstract

From the 1980s, rural to urban migration has been increasing in China, with the number of rural to urban migrants reaching 295 million in 2022. From 2010, there has been an emerging trend of urban to rural returnee migration. Over half of rural returnees in China start micro and small enterprises after returning to origin communities. Returnee entrepreneurs brought back capital, skills and urbanized values accumulated during the migration process. As a part of rural communities, they influence and interact with rural transformation in economic, social and regulatory contexts.

Nonetheless, there is limited research about urban to rural returnee entrepreneurs in China. Apart from existing focus on rural economic transformation, more knowledge is needed to understand rural transformation in social and regulatory contexts. This research aims to address the knowledge gaps by investigating interactions of rural returnee entrepreneurs with the process of hybrid rurality, as a way to analyse the Chinese rural transformation from the grass-root perspective. To achieve these aims, the research 1) examines factors promoting agency to return and agency for entrepreneurship among rural returnees in China; 2) explores the embedding process of rural returnee entrepreneurs, and 3) interrogates interactions between rural returnee entrepreneurs and the process of hybrid rurality in China. A case study approach using the Xiji town in Beijing municipality is adopted to conduct an in-depth analysis from diverse perspectives.

Qualitative analysis of 54 semi-structured interviews and 5 key informant discussions were conducted with heterogeneous groups. Combined with reviews of the secondary materials, this research reveals that heterogeneity of returnee entrepreneurs by age, gender and social networks, influences agency for entrepreneurship. There is higher agency for entrepreneurship among young returnees in 30s and 40s than older returnees in 50s. Likewise, gender variance is found on the agency for entrepreneurship among female and male returnees. While male returnees are found to return and run enterprises, female returnees are found more to return and fulfill family obligations. Agency for entrepreneurship among female returnees are more the means to increase income for better fulfilling family obligations.

Moreover, the research finds that social networks of returnee entrepreneurs play significant roles in explaining business performance and maintaining agency for entrepreneurship, in terms of utilizing resources from rural contexts. The Chinese returnee entrepreneurs can keep their economic assets when being away from rural origins. The maintained economic space in origin communities facilitates agency for entrepreneurship among returnees and keep migrants embedded in rural contexts. Nonetheless,

returnee entrepreneurs can be dis-embedded from rural economic and social contexts after returns, if their enterprise operations would not be successful.

Both agency for entrepreneurship and embedding of returnee entrepreneurs are interlinked with the process of hybrid rurality, including the evolvement of hybrid contexts, relations and identities that reinforce each other. On the one hand, a hybrid economic context that entails emergence of non-agriculture sectors strengthen growth of returnee entrepreneurs and their agency for entrepreneurship. On the other hand, a hybrid social context featuring dominance of rural informal relations has limited returnee entrepreneurs' access to resources, which can hinder their agency for entrepreneurship and dis-embed them from rural contexts. At the same time of emergence of rural to urban returnee entrepreneurs, the time of confronting contextual changes, returnee entrepreneurs can feedback and influence the process of hybrid rurality by facilitating diversification of economic contexts and growth of hybrid relations in rural social contexts.

This research provides new empirical insights about rural transformation in China by investigating the process of hybrid rurality in economic, social and regulatory contexts from a grassroots perspective. It shows how rural community members, such as returnee entrepreneurs, can construct rural contexts even when experiencing challenges from contextual changes. The evidence of continued rurality in China, albeit in hybrid terms, highlights how rurality is being re-constructed rather than ending, and calls for targeted policy support towards demands of heterogeneous rural community groups, instead of focusing only on supply-driven incentives that may benefit only a few.

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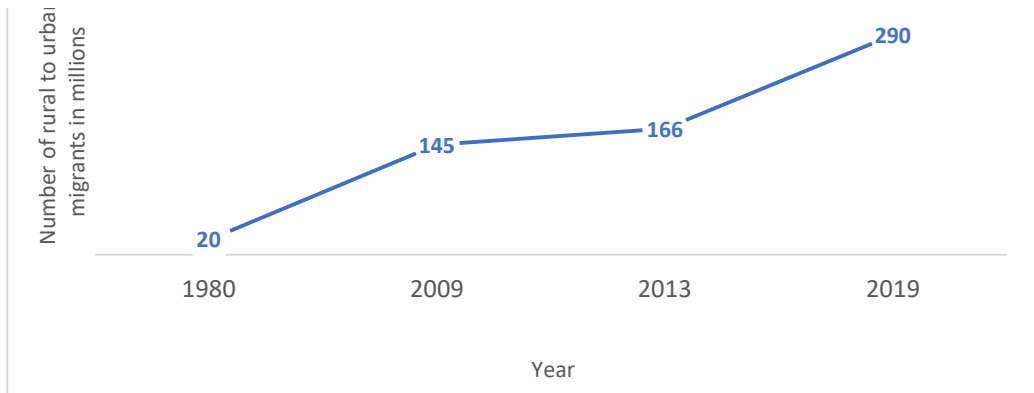
Chapter 1 Introduction

1.1. Background

Rural to urban migration has been discussed by researchers as not only a pattern of population movement, but also as a process that accumulates financial capital, knowledge and skills among rural to urban migrants (Cattaneo and Robinson, 2020). Both duration and trajectory of rural to urban migration are diverse. It includes not only the settlement of rural migrants in urban communities. Additionally, it also entails mobilities of rural migrants between urban destinations and rural origin communities, as well as the return of migrants to rural origins (Lucas, 1998). The influence of urban to rural returnee migrants on rural development has been examined in developed countries (Argent, 2018). Existing literature has revealed the contribution of rural returnee migrants to rural development with their financial capital, skills as well as entrepreneurship accumulated during the migration experience (Holmes, 2016). Likewise, Gruenhagen et al. (2020) revealed contributions of international returnee entrepreneurs to innovations in developing countries in general.

Nonetheless, there is limited research focusing on rural returnee migrants and their contributions to rural development in developing countries, such as China. Since the opening up and policy reforms in China from the 1980s, rural to urban migration has grown rapidly. Starting from 20 million in the 1980s, the number of rural migrants quickly increased to 145 million in 2009 (Meng, 2012). It kept growing to 166 million in 2013 and reached 295 million in 2022 (Chinese National Bureau of Statistics, 2022) (Figure 1). It was estimated that rural migrants have taken about thirty percent of total urban employment in China (Cai and Chan, 2009). Rural to urban migration in China has accelerated urban population growth, and the Chinese urban population exceeded the rural population for the first time in history in 2011 (World Bank, 2012).

Figure 1 Increase of rural to urban migrants in China (author construct)



Rural to urban migration takes place concurrently with a reduced number of villages, from 3.7 million in 1990 to 2.6 million in 2023, which entails the disappearance of 1.1 million villages in 30 years (Zhang, 2023). This has prompted discussions about the “hollow[ing]-out and end of the village” in China, which entails the expansion of non-agricultural activities in rural areas, migration of smallholder farmers and the loss of rural social values (Tian and Han, 2011; Li, 2012; Wang, 2016).

It worth noting that rural to urban migration in China is not a one-way journey. Family members of most rural migrants, especially older and younger members, remain in rural origin communities (Zhao, 2002). The residence of family members in rural origin communities has contributed to frequent mobility of the Chinese rural migrants between urban destinations and rural origins, especially during holiday and harvest seasons. Besides the residence of family members, such high mobility is also attributed to existing regulatory institutions, in particular, the household registry system (*hukou*, in Chinese), which has made it difficult for rural migrants to permanently settle in cities (Wang and Fan, 2006; Chan and Buckingham, 2008).

From 2010, a wave of urban to rural return migration started to emerge. It coincided with the relocation of labour-intensive industries from coastal to hinterland areas of China, where origin communities of rural migrants are located. (Sheng et al., 2009). The number of rural returnee migrants was estimated to be about 20 million in 2009 (Chen, 2009). The trend of returning has been strengthened by the retirement of older rural migrants reaching their 50’s (Zhao, 2018), as well as the outbreak of the Covid-19 pandemic that negative affected micro and small enterprises in urban and coastal areas, who hire a large number of

rural migrants. Although the official retirement age in China is 60 for men and 55 for women¹, it is difficult for rural migrants to find jobs in cities after 50. In 2020, the Chinese Ministry of Agriculture and Rural Affairs reported that, due to the Covid-19 pandemic, over 19 million rural migrants had returned to their rural origins. Among them, about 55 per cent have started micro enterprises in the agricultural and service sectors (Chinese Ministry of Agriculture and Rural Affairs, 2020).

Despite the rising trend of urban to rural returnee migration in China, research predominantly focuses on the economic and social conditions of rural migrants in urban contexts (Zeng, 2019), and there is a lack of understanding about the interactions between rural returnee migrants with transformations taking place across rural economic, social and regulatory contexts in China. After going back to rural origin communities, will returnees resume similar lifestyles as those who remain in rural areas? Will they proactively contribute to rural transformations with their entrepreneurship, financial and human capital accumulated from the migration experience? How will rural returnees interact with these changing rural contexts, and how will such interactions influence rural transformations in China? Overall, the aim of this research is to address these knowledge gaps by investigating interactions between rural returnee entrepreneurs and the process of hybrid rurality in China.

As a critical part of rural transformation, hybrid rurality refers to the construction of rurality that involves intricate interactions among heterogeneous groups both within and out of rural communities (Murdoch, 2003). It provides a framework to understand the diverse extents to which rural transformation experienced across different rural localities (Halfacree, 2009). In the context of globalization, hybrid rurality illustrates the hybrid impact of globalization across different rural places (Perez et al., 2003), including both the dissolution of rural communities (Echanove, 2005) and the revival of rural norms (McMicheal, 1996). Hybrid rurality also suggests the construction of rurality not only by the agriculture sector and smallholder farmers alone, but also by heterogeneous groups and their social relations across multiple sectors and locations (Huhe et al., 2015). Existing research on rural transformation in China tends to focus more on hybrid impacts of globalization in rural economic contexts, including average rural income growth (Woods, 2012), disparities of income across rural places, (Liu et al., 2015) and the varied transformation of rural economic contexts (Li et al., 2015). In comparison, beyond the existing research on hybrid changes in economic terms in China, there are less research investigating how the process of hybrid rurality evolves in rural social and regulatory contexts. Moreover, besides analysing rural

¹ Reuters., (2023) Cultivating Green Economy in Xiji. <https://www.reuters.com/world/china/china-raise-retirement-age-deal-with-aging-population-media-2023-03-14/> [Accessed on 22 May 2024].

transformation from a contextual perspective, more knowledge is needed to understand responses of diverse groups within rural communities, and how these groups, such as rural returnee entrepreneurs, interact with contextual changes. To fully understand rural transformation in China, it is important to explore interactions between rural returnee entrepreneurs and the process of hybrid rurality across economic, social and regulatory contexts in the Chinese rural landscape.

A case study of Xiji town in the Tongzhou District of Beijing, China is applied to provide an in-depth investigation. This location is illustrative of a rural area where there has been an apparent hybrid economic transformation, featuring the co-existence of agriculture and non-agriculture sectors. From the 1980's, many adult and young members of farming families in Xiji have moved to urban areas for work, although since 2010, rural migrants began to return and establish enterprises in both agriculture and non-agriculture sectors. Accustomed to urban values forged during their migration, returnee entrepreneurs have new capital, skills and the ability to create employment opportunities that can contribute to rural economic growth. However, while there has been rural economic growth, the impact on rural social values is less clear. Xiji can provide a narrative illustrative of wider rural transformation in China, where economic growth takes place alongside social change, in order to examine the role of social relations and agency in this process.

1.2. Research motivation

There has been research investigating factors prompting agency to return and agency for entrepreneurship among international returnee migrants. Challenging positions in economic and social contexts of destinations (Dustmann, 2001), collective decisions of migrants' families (Tiemoko, 2004), combined with individual life events, such as marriage and retirement (Rogers, 1990; Borjas and Bratsberg, 1994) are frequently suggested as factors prompting agency to return among international migrants. Likewise, research has suggested elevated financial and human capital, in addition to expanded social networks among international returnee migrants, have motivated agency for entrepreneurship (Woodruff and Zenteno, 2007; Wright et al., 2008; Vershinina et al., 2011). When investigating the Chinese rural returnee migrants, researchers have put forward similar suggestions, where elevated financial and human capital of rural returnees, along with their family social networks in origin communities, are seen as factors motivating agency for entrepreneurship (Demurger and Xu, 2011; Zhang and Zhao, 2015).

However, a deeper understanding is required to fully comprehend agency for entrepreneurship among the Chinese rural returnees. Existing research tends to focus on factors motivating agency for entrepreneurship during short-term phasing of enterprise establishment. Additional knowledge is needed to understand what factors will maintain agency for entrepreneurship during the longer-term phase of enterprise operation. This is especially relevant, considering the widespread business failures among international returnee entrepreneurs in China (Wassink and Hagan, 2018). It is not understood whether similar business failures take place among rural returnee entrepreneurs in China.

Growing research has focused on rural transformation in China over the past forty years, since the opening up and reform policy started in 1980s. This has revealed the transformation manifesting as not only modernized rural infrastructure and updated rural spatial arrangement (Fang and Liu 2014), but one that exhibits the diversification of rural economic sectors and the changing of rural demographic composition and lifestyles (Long and Liu, 2015; Lin et al., 2016; Zhao, 2019). There has also been concern about enhanced exposure of rural economic and social contexts to the processes of globalization (Woods, 2012). Rural transformation in China has manifested as a complex construction of rurality by heterogeneous groups (Murdoch, 2003). Despite new rural economic contexts, there is limited research on how the contextual changes interact with agency for entrepreneurship among rural returnee entrepreneurs. Rural returnees are not passive subjects affected only by contextual factors, as often perceived by the government in China, but entrepreneurs with agency to feedback into and influence their rural economic, social and regulatory contexts.

It is valuable to understand the different and distinct narratives of change, how rural returnees of different ages, genders and family backgrounds engage with changing rurality, and how rural returnees establish enterprises and sustain them. There is a particular niche to examine the process of embedding, where returnee entrepreneurs interact and carve out spaces for entrepreneurship within their local rural contexts. Besides the need for empirical evidence, better conceptualization of this process of hybrid rurality, which structures the interactions between rural returnee entrepreneurs across economic, social and regulatory contexts is needed. Overall, this research endeavors to critically explore this topic using a holistic analysis of rural transformation in China.

1.3. Research aim, objectives and questions

The overarching research aim for this study is to explore interactions between rural returnee entrepreneurs and the process of hybrid rurality in China. It will examine how and if the process of hybrid rurality facilitates or hinders agency for entrepreneurship and the embedding process among rural returnee entrepreneurs. In addition, this thesis will investigate if and how, agency for entrepreneurship among rural returnee migrants influences rural economic, social and regulatory contexts, as well as the process of hybrid rurality. By investigating the agency and embedding process of rural returnee entrepreneurs, who are integral parts of rural communities, the research will contribute to knowledge about how the internal dynamics of rurality have evolved and responded in a proactive way to manage the processes of globalization in rural economic and social contexts in China.

Objective 1. To examine agency for entrepreneurship among rural returnee entrepreneurs in China.

To address this objective, this thesis asks: What factors foster agency for entrepreneurship among rural returnee migrants? If and how, such agency effects social relations and identities amongst heterogenous groups within rural communities? How such effects shape rural economic, social and regulatory contexts to facilitate or hinder agency for entrepreneurship?

Objective 2. To investigate the embedding process of rural returnee entrepreneurs in China.

To address this objective, this research asks: If and how, rural returnee entrepreneurs identify their niche livelihood spaces within rural economic, social and regulatory contexts during the embedding process? How the embedding process facilitates or hinders agency for entrepreneurship among rural returnee entrepreneurs? What outcomes takes place for returnee entrepreneurs if the embedding process is unsuccessful?

Objective 3. To explore interactions between rural returnee entrepreneurs and the process of hybrid rurality in China.

To address this objective, this thesis asks: If and how, rural returnee entrepreneurs contribute to the maintenance of rural social values and identities or are there changes to the underpinning social relations of rural communities? How transformed relations and identities influence hybrid rurality, and if these facilitate or hinder agency of rural returnee entrepreneurs?

1.4. Personal motivation

Both the personal experience and academic interests of the researcher have together driven the focus of this research. As a descendent of rural migrants in China, I myself have partaken in the process of rural to urban migration, as have many around me over the course of the last forty years. Together with my parents, I have experienced first-hand, the difficult economic and social conditions for rural migrants living within urban structures, conducted frequent commutes between urban destinations and rural origins, as well as having witnessed both the dissolution of rural extended families, but also the co-existence of urban and rural values, social relations and identities in the Chinese rural landscape. Daily interactions with different groups in rural communities have been a part of my life experience, and I have directly observed rising urban to rural returnee migration and diversification of rural economic sectors, but also the continued existence of rurality despite rapid industrialization and urbanization in China. Such experiences have made me aware of the continuity of ideas of rurality, which are in direct contrast with the political narratives about 'hollow villages' or academic debates about de-peasantization (Tian and Han, 2011; Li, 2012; Wang, 2016). I have also witnessed transforming rural contexts, relations and identities, in which rural returnee entrepreneurs have proactively used their agency to take on critical roles. Now working for the United Nations in New York on sustainable development including micro- small and medium enterprises in different settings, these personal experiences have motivated me to conduct this important research.

1.5. Dissertation structure

This thesis is divided into seven chapters. This chapter provides an overview of research background, aims, objectives and questions, as well as an introduction to research motivation from both an academic and personal perspective. Chapter two will elaborate on academic debates that frame this topic and offer a critical synthesis of the literature structured by the research objectives, namely, current understanding of the factors prompting agency to return and agency for entrepreneurship among rural returnees, the embedding process of returnee entrepreneurs in rural contexts and the concept of hybrid rurality. The Chapter develops a conceptual framework which can organize the analysis and develop a better theoretical understanding of the gaps in knowledge. This framework will be refined with empirical evidence from the study. Chapter three introduces the research design, including the case study approach, sampling framework, the research methods used for data collection and the analytical approach. A detailed background of Xiji town in Beijing Municipality as the case study for this research will be provided.

As most data collection and analyses was conducted during height of the Covid-19 pandemic, where strict quarantine and travel restrictions were applied in China, this chapter also reports on the methodological challenges, ethical considerations and the importance of researcher positionality.

Chapter four, five and six are three analytical chapters, addressing each of the three research objectives. Using empirical evidence collected from interviews with heterogeneous groups in Xiji, Chapter four presents findings on factors prompting agency for entrepreneurship in the short-term phase of enterprise establishment, as well as in the long-term phase of enterprise operations. Building on these findings, Chapter five develops an analysis of the embedding process of returnee entrepreneurs, in which returnee entrepreneurs identify their niche space in rural contexts. This chapter will explore the different embedding outcomes, as shaped by age, gender or family backgrounds, as well as how different embedding outcomes influence agency for entrepreneurship. Chapter six then returns to the broader overall theme of this thesis to examine how interactions between returnee entrepreneurs and the process of hybrid rurality may have given rise to the co-existence of rural economic sectors, social relations and identities among heterogeneous rural groups. This chapter revisits the conceptual framework using the empirical evidence to refine understanding of the process of hybrid rurality, and considers how different dimensions reinforce each other to facilitate new interactions between returnee entrepreneurs and hybrid rurality in China. Chapter seven concludes with a summary of the three thematic analytical chapters and the implications of knowledge about rural transformation in China, implications for policy and further research.

Chapter 2 Conceptualising rural returnee entrepreneurs and the process of hybrid rurality

2.1. Introduction

This research aims to investigate interactions between rural returnee entrepreneurs and the process of hybrid rurality in Xiji town, China. From the opening up and reform policies in China since the 1980's, the number of rural to urban migrants has continued to increase. The cumulative number of rural to urban migrants reached an estimated 295 million in 2022 (Chinese National Bureau of Statistics, 2022).. However, when migrating to cities, rural migrants often take up marginalized positions in urban economic and social contexts. They are poorly remunerated, with few opportunities to access urban social services (Duan et al., 2020), and they are often unable to fully integrate in the economic and social contexts of urban

communities (Wang and Schwartz, 2018). These difficulties to integrate, combined with vulnerable socioeconomic conditions of rural migrants in urban areas, have pushed some rural migrants to return to their rural hometowns (Wang and Fan 2012). Meanwhile, rural social norms, family obligations and improved rural economic conditions are also pulling migrants back home (Wu and Kang, 2020). The shift of labour-intensive industries from coastal urban areas to rural hinterland areas, combined with the 2008 financial crisis, that incurred significant job losses among rural migrants, intensified the trend of rural migrants to return at the same time (Zhao, 2018).

The trend of returning among rural migrants takes place amid rapid rural transformation in China. Rural transformations are reshaping both economic and social contexts in rural areas. These include retreat of the agriculture sector, which is accompanied by the emergence of non-agriculture sectors in rural areas (Woods, 2009). To fully understand rural transformation, researchers adopt a post-rural perspective (Woods, 2011). In accordance with this approach, rural transformation must be understood not only from the aspect of agricultural sector, but also roles of other sectors through the diversification of rural economic activities. These new sectors are emerging and co-existing with the agriculture sector, to jointly construct the rural economic context (Michailidis et al., 2011; Heley and Jones, 2012).

Examining Chinese rural areas using a post-rural perspective, researchers have explored rural transformation in China through a focus on the restructuring of rural economic contexts, urban-rural income inequalities and the re-arrangement of rural space (Long, 2014; Long and Liu 2015). Furthermore, rural transformation in China is also argued as attributed to the enhanced exposure of the Chinese rural communities to the influences of globalization (Woods, 2012). Diversified economic activities in the Chinese rural communities have occurred because of the arrival of new groups, growth of new types of social relations and the emergence of new networks and identities, which did not previously exist in rural communities (Murdoch, 2003).

This research is situated in this context and academic discourse. By investigating interactions between rural returnee entrepreneurs and the process of hybrid rurality in Xiji town, China, it will explore roles of rural returnee entrepreneurs, which comprise a critical part of rural transformation in China. The research seeks to understand whether, and how, hybrid rurality facilitates or hinders opportunities for rural returnee entrepreneurs. Given the debate in the literature, it must examine factors inherent in the changing economic and social contexts in rural China, which prompts agency to return and agency for entrepreneurship among rural returnee migrants, in addition to the interlinked embedding process of

rural entrepreneurs. Moreover, it must explore if, and how, rural returnee entrepreneurs influence changes rural economic, social and regulatory contexts within the process of a new hybrid rurality.

This chapter will critically examine existing literature about agency to return and agency for entrepreneurship among rural returnee entrepreneurs, along with the embedding of rural returnee entrepreneurs in rural community contexts. Through this review, the chapter will develop a conceptual framework for this research, to understand the process of hybrid rurality and roles of rural returnee entrepreneurs. This chapter includes the following sections. Following this introductory section, the second section discusses the agency of rural migrants to return to rural areas and their agency for entrepreneurship. The third section investigates the embedding process of returnee entrepreneurs in rural origin communities. The fourth section follows to discuss the conceptualization of hybrid rurality. Theoretical discussions regarding interactions between rural returnee entrepreneurs and the process of hybrid rurality are discussed, followed by the conceptual framework of this research.

2.2. Agency to return among rural to urban migrants in China

Agency is defined as the abilities of individuals to act and determine independently the direction of their own life courses (Donald et al, 2020; Karasev, 2022). It is intentional (Billett, 2006; Cederberg and Villares-Varela, 2018) and entails efforts to build legitimacy within challenging economic and social structures and limitations (Tadros, 2021). In the area of migration studies, researchers have revealed that agency is multi-dimensional (Erdal and Oeppen, 2013). It is situated within interactions between migrants and contexts in which they are embedded (Bakewell, 2008). The agency of migrants also involves the pursuance of vulnerable individuals and groups to gain control of their own actions, relations in challenging contexts, at the same of influencing others (Squire, 2017).

There has been extensive research investigation into factors that foster agency of both international and internal migrants to return to origin communities. The agency to return is explained as a result of being rejected by their destination locations due to low human capital, in terms of language and technical skills (Lindstrom and Massey, 1994). From an individual life-cycle perspective, agency to return is argued to be driven by significant life events, such as marriage (Borjas and Bratsberg, 1994) and retirement (Rogers, 1990), which prompts the agency of migrants to return. From a household strategy perspective, agency to return results from collective family decision-making process, where migrants return to fulfil family obligations after accumulating enough financial savings to satisfy economic demands (Tiemoko, 2004). Literature revealed that gender plays considerable roles in prompting the agency to return among

international migrants (Grima, 2017). Marriage and family reunion has prompted female migrants to return to origin communities (Ghosh, 2009; Tufuor et al., 2016).

From a macro-economic perspective, research has also revealed factors that foster agency to return among international and internal migrants. For example, Dustmann (2001) argued that availability of employment opportunities, different wage levels and economic conditions in both destination and origin places influence the agency of international migrants to return. Using evidence from African migrants in Europe, Tiemoko (2004) showed that family reasons and family social networks at home play considerable roles in prompting international migrants to return. Investigating European internal migrants, Niedomysl and Amcoff (2011) found similar drivers from their study of Swedish internal migrants, who were particularly motivated to return due to family reasons, and to return to places close to their family social networks.

Similarly, there has been research on the factors prompting agency to return among the Chinese rural migrants. Most have focused on how individual characteristics, including age, gender and marriage status of rural migrants, influence their agency to return. Zhao (2002) argued that age and marriage have prompted agency of the Chinese migrants to return. Older or married rural migrants are more likely to return than young and/or single migrants. Compared to their older counterparts, younger migrants tend to stay in cities because they have a better education, possess higher technical skills and/or less farming experience. For young migrants who do return to their rural origin communities, their agency to return is derived from their willingness to take up independent non-farming jobs in rural origin communities, such as setting up their own businesses (Yue et al., 2010). In addition, Wang and Fan (2012) suggest that family obligations, especially those relating to take care of the elderly or junior family members, constitutes a critical factor prompting the agency to return among women migrants (Wang and Fan, 2006).

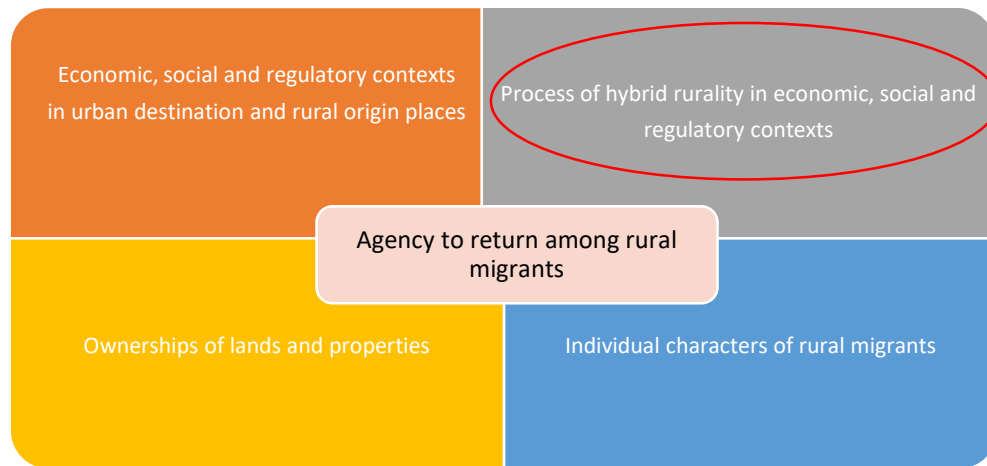
Gender considerably influences agency to return among the Chinese rural migrants. Female migrants may possess higher agency to return than men due to their caretaker roles, prescribed by traditional rural social values (Fan, 2000). In the meantime, it worth noting that existing literature further reveals that, although marriage and child caring responsibilities can prompt the Chinese women migrants to return, it will not stop them from migrating again after returning (Meng, 2010). In addition to the gender influence on the agency to return, it was also found that rural migrants, who have purchased property, typically apartments in cities, exhibit less agency to return (Wu, 2002). Considering the high prices of apartments in urban areas in China, which are often beyond the affordability of most rural migrants, ownership of

apartments in urban areas reflects the higher capital acquisition of certain rural migrants, which facilitates their integrations in urban contexts and demotivates their agency to return to their rural origins.

It is important to consider the contexts within which rural migrants operate, and how these contexts influence the agency to return. Regulatory contexts, as well as urban and rural economic and social contexts, significantly impact rural migrants' agency to return in China. For example, as a pillar of the Chinese regulatory context, the household registry system (*'hukou' in Chinese*) means that rural migrants are unable to access urban social service systems (Chan and Bukingham, 2008; Nielsen and Smyth, 2011; Xu et al., 2011). They experience poor living conditions and there are even reports of discrimination against rural migrants, from urban communities (Huang, 2003). Rural migrants therefore are forced to engage in insecure informal jobs in urban contexts. Meanwhile, rural economic growth and improvement of income levels among smallholder farmers in China have increased since the 1990's (Long et al., 2011). Combined with policies encouraging the return of rural migrants (Murphy, 1999), rural economic development and income growth have comprised a pulling force, fostering the agency of rural migrants to return. In terms of the route of returning, it is worth noting that rural migrants may not necessarily return to their rural origin communities. Instead, some returnees choose to return and reside in small towns close to their rural origin communities. This choice could help them continue the frequent commutes between urban destinations and rural origins, keeping networks they have built in both locations (Zhu and Chen, 2010).

Existing research tends to focus the agency to return among rural migrants from perspectives of their individual characters, as well as economic, social and regulatory contexts in destination and origin places. Considering the rapid rural transformation of China over the past 40 years, where the contexts are changing, a greater understanding of this agency to return among rural migrants is still needed, particularly that which starts to explore the process of hybrid rurality in China, which is changing rural economic structures, social values, relations and identities that then influence characters of rural migrants in the long term (Figure 2 below). Such influence could, in turn, create new momentum, that either motivates or hinders the agency of further rural migrants to return, i.e. this is not a linear process. This research offers a novel focus to address this gap in knowledge and explore the influence of hybrid rurality on the agency of rural migrants to return, using a case study of Xiji town, China.

Figure 2 Factors fostering agency to return among the Chinese rural migrants (author construct)



2.3. Agency for entrepreneurship among rural returnee migrants in China

In entrepreneurship studies, Venkataraman (1997) suggests that entrepreneurship relates to both the availability of opportunities in contexts and individuals' willingness to identify and utilize the opportunities. Hence, agency for entrepreneurship refers to individual and group efforts that identify and utilize opportunities from existing contexts to launch and operate enterprises (Shane and Venkataraman, 2000). In addition to utilizing opportunities from contexts, agency for entrepreneurship can also feedback and influence changes of contexts from which opportunities emerge (Korsgaard et al., 2021). Wry and York (2017) further suggest the accumulation of knowledge, competency and social relations motivate individuals to become entrepreneurs by identifying and utilizing opportunities from existing contexts.

To date, existing research has suggested international migration can foster the agency for entrepreneurship among international returnee migrants (Vershina et al., 2011). Lindstrom (1996) and Dustman and Weiss (2007) have argued that the international migration experience helps migrants accumulate financial and human capital that then strengthens their agency in establishing entrepreneurship in both destination and origin countries. In her research on international returnee migrants in Tunisia, Mesnard (2004) notes that financial capital earned from international migration has helped returnees overcome credit constraints and establish enterprises in their home country. Likewise, through their research on international returnee of Egypt, McCormick and Wahba (2001) found that financial capital earned from migration experience matters the most for agency for entrepreneurship among returnee migrants. By studying Chinese international returnees operating small enterprises in the

high-tech sector, Wright et al., (2008) suggest that human capital, including advanced technical knowledge and skills garnered from the international migration experience, helps returnees create innovative products that support returnee-run enterprises to stay competitive in China.

The international migration experience additionally helps returnees build wider and stronger social networks in both destination and origin countries. In their research on international returnee migrants in Mexico, Woodruff and Zenteno (2007) revealed international returnees are able to forge new social networks to help them harness opportunities from both Mexico and the United States to facilitate business success. These social networks in turn support future agency for entrepreneurship among returnees. Some researchers also suggest that with their strong financial and human capital and new social networks, international returnee entrepreneurs could be key to new employment creation and economic growth in their origin countries (Hausmann and Nedelkoska, 2018).

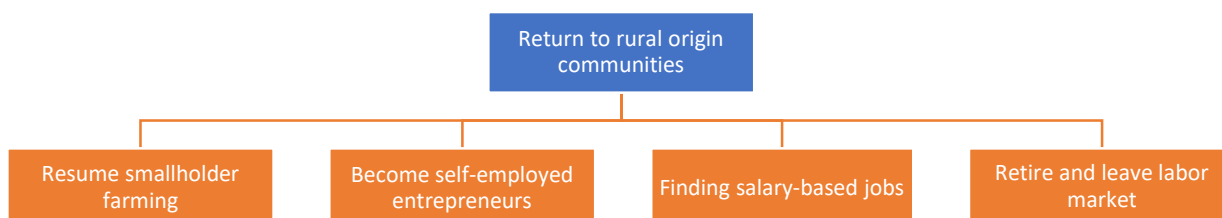
However, it is important to not make assumptions and over-generalize about this process. For example, despite their elevated financial and human capital, returnee migrants do not necessarily become returnee entrepreneurs after returning to their place of origin. Based on their research on international returnees in Senegal, Mezger et al (2012) found that many returnees did not chose to become entrepreneurs. Instead, some took salary-based jobs, while others choose to retire or stay out of the labour market after returning. The different choices made by international returnees are argued as attributed to the diverse socioeconomic contexts of destination and origin countries (De Vreyer et al., 2010), in addition to the different durations of international migration (Black and Castaldo, 2009). Hagan and Wassink (2020) further suggests that agency for entrepreneurship among returnees can be linked with the unemployment experience after return. Unemployment after return can prompt returnees to set-up their own enterprises, as an alternative source of income. Existing research on different choices made by international returnees has helped show importance of the heterogeneity of returnees as an influence on agency for entrepreneurship.

From existing research on rural returnee migrants in China, there is a general consensus that higher financial and human capital makes a positive contribution to the agency for entrepreneurship among rural returnees (Murphy, 1999, 2002; Ma, 2001, 2002; Demurger and Xu, 2011; Miao et al., 2013). Based on two surveys among rural returnees in nine provinces in China, Ma (2001, 2002) found that, with the support of financial savings and technical skills earned during migration, rural returnee migrants tend to become entrepreneurs after returning to rural origin communities. In Anhui province, Demurger and Xu (2011) revealed a higher agency for entrepreneurship among rural returnees than resident smallholder

farmers, and attributed this to their higher possession of financial and human capital. Likewise, Miao et al (2013) found similar results in Si'Chuan province. Both Anhui and Si'Chuan provinces are major origins of rural to urban migration in China, so these insights are important. Besides financial and human capital, higher agency for entrepreneurship among the Chinese rural returnees is also argued as attributed to their higher willingness to take more risks than non-migrants (Fairlie, 2002). This fits the narrative that, as with international returnee entrepreneurs, rural returnee entrepreneurs could be crucial agents for rural economic diversification, employment creation and rural modernization in China (Murphy, 2002; Wang, 2003).

It is important to consider the balance of evidence for this narrative. Frijter et al (2011) found about forty percent of rural migrants interviewed from fifteen Chinese cities were interested in becoming entrepreneurs after returning to their rural origins. However, as noted earlier for international returnees, such interest may not necessarily be translated into agency for entrepreneurship after return or may not lead to business success in the long term. Existing research on international returnee entrepreneurs in both China and Mexico suggests that less than half of returnee entrepreneurs are successful after launching their businesses, with the majority of returnee entrepreneurs suffering from business challenges and/or failures (Gruenhagen and Davidsson, 2018; Wassink and Hagan, 2018). Such high rates of business failure can constrain the agency for entrepreneurship among returnee entrepreneurs and their role as agents of economic and social change. Returnees may resume a smallholder farming livelihood, find a salary-based job, or even retire and leave the labour market. This range of options is summarised in Figure 3.

Figure 3 Options of rural returnee migrants to rebuild livelihoods in rural origin communities
(author construct)



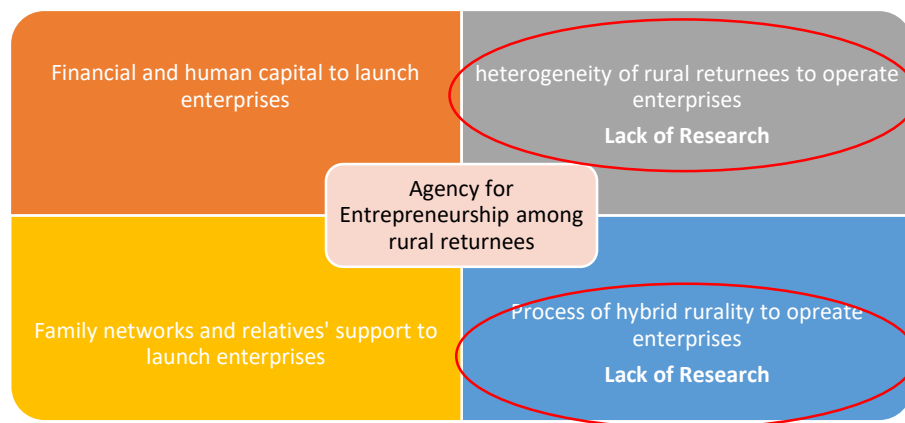
Chinese returnee migrants face choices and contrary to the argument that there will be higher agency for entrepreneurship among rural returnees (Demurger and Xu, Miao et al., 2013), Zhao (2002) finds that Chinese rural returnees are not more likely to become entrepreneurs than resident smallholder farmers. Hu (2014) goes further to suggest that, due to potential business challenges and failures, choosing to become an entrepreneur after return may not be a preferred option by all returnee migrants. This decision is influenced by unemployment experience and difficulties to embed in the economic and social contexts of urban destinations and rural origin communities (Cui et al., 2013). Therefore, agency for entrepreneurship among the Chinese rural returnees is suggested by this research as the decisions of returnees to launch and operate enterprises as the means to survive and thrive within origin communities. The agency for entrepreneurship is selected by returnees from multiple options in line with their own individual characters, financial and human capital, in addition to values forged during the migration experience.

These different narratives and evidence about the agency for entrepreneurship among Chinese rural returnees reflect how agency is influenced by multiple factors, including the heterogeneity of rural returnee migrants. Such heterogeneity includes different individual characteristics, family backgrounds as well as diverse socioeconomic contexts in which returnees are embedded. Such differences could give rise to agency for entrepreneurship, to different extents, across different groups of returnees. Considering the difference, the topic merits more detailed case study research to understand how the heterogeneity of rural returnees influences agency for entrepreneurship.

There is emerging research on how individual characteristics of returnees, including marriage, and social networks, influence agency for entrepreneurship among the Chinese rural returnees. Wei and Zhu (2020) found that married returnees from families with higher incomes tend to possess higher agency for entrepreneurship. Zhang and Zhao (2015) also revealed that returnees with extensive social networks in rural origin communities possess higher agency for entrepreneurship than those with limited connections. Likewise, Djankov et al. (2006) argued that the Chinese rural returnees, whose relatives or friends have entrepreneurship experience, tend to possess higher agency for entrepreneurship. Nonetheless, existing research tends to focus on how the heterogeneous characters of rural returnees influences the agency for entrepreneurship during the phase of enterprise establishment. By comparison, there is less research on how such heterogeneity will influence agency for entrepreneurship during the phase of enterprise operation in the long-term.

Moreover, there is limited research that has sought to analyse the agency for entrepreneurship among rural returnees in China from a contextual perspective. Additional research is needed to understand how rural context changes are influencing agency for entrepreneurship among the Chinese rural returnees (Figure 4). In particular, how will the process of new dynamics in hybrid rurality, with implications for rural economic and social structure changes, influence agency for entrepreneurship among rural returnees? In addition, how will agency for entrepreneurship among returnees feedback into and interact with the processes of hybrid rurality? Building on existing literature, this research will explore these gaps, by investigating the interactions between rural returnee entrepreneurs and the process of hybrid rurality in Xiji town.

Figure 4 Research gaps on agency for entrepreneurship among the Chinese rural returnees
(author construct)



2.4. The embedding process of rural returnee entrepreneurs

The previous section summarised literature on the different factors prompting agency to return and agency for entrepreneurship among rural returnee migrants. The review revealed how the heterogeneity of returnee migrants influences their agency to become entrepreneurs after returning to rural origins. However, there is a lack of research on how rural economic and social contexts influence agency for entrepreneurship across heterogenous groups among rural returnees in China. This section develops an argument on this by exploring what is understood about the embedding of rural returnee entrepreneurs in multiple contexts of their rural origins to draw out the implications for this research.

Context is important to understanding the evolution of entrepreneurship (Jack and Anderson, 2002; Zahra, 2007). This process of embedding entails the breadth, depth and nature of entrepreneurs' connections

with social relations and within institutional settings (Bau et al., 2019). For rural returnee entrepreneurs, in particular, embedding relates to the process, where returnee entrepreneurs exert efforts to earn trust, accumulate social capital and expand their connections within networks of rural origin communities (Granovetter, 1985). Constructed by different types of relations, such networks are important for rural returnee entrepreneurs to obtain information, resources and opportunities critical for business growth in rural origins, where resources tend to be less than urban areas (Uzzi, 1999; Leyden et al., 2014). Existing literature has also depicted embedding as endeavours, where returnee entrepreneurs carve out their niche space in the economic and social contexts of origin communities after being separated for many years (Ruben et al., 2009).

There have been a number of studies on the embedding process of international returnee entrepreneurs back in their home countries. International migrants are able to build networks connecting both destination and home countries over time (Agrawal et al., 2006). Often based on informal relations embedded in social norms, such networks tend to endure during the migration experience. The networks facilitate the exchange of capital, knowledge and skills between destination and home countries. Moreover, the networks provide international returnee entrepreneurs with a competitive edge to leverage information, opportunities and resources from both destination and home countries (Kloosterman, 2010). The abilities of international returnee entrepreneurs to harness resources from multiple countries has been argued to be the factor that upholds their better economic performance after returning to rural areas in home countries (Kalantaridis and Bika 2006).

Considering the heterogeneity of returnee migrants' experiences, the endurance of their networks with home countries varies. Frequency of contact with home countries as well as the types of relations upholding networks influence the network's endurance (Baruffaldi and Landoni, 2012). Networks that are based on family and friendship relations tend to be more enduring than those built on other types of relations. Moreover, frequent contacts of international migrants with their home countries help migrants retain similar values as their families and friends at home, which in turn maintains relations and elevates the endurance of networks with home countries (Granovetter, 1973; Mathias et al., 2015). When facing weakened networks with home countries, international returnee entrepreneurs often forge partnerships with relation brokers at home, who can help them re-connect with home country networks and leverage trust from origin communities (Pearson, 2008; Gao et al., 2014).

By investigating micro- and small enterprises ran by international returnee entrepreneurs in China, research has found that long-term separation of international migrants from the home country can undermine their connections with social networks of origin communities (Ahlstrom et al., 2008). The undermined connections, in turn, can affect business performance of returnee-run enterprises by limiting access to resources, opportunities and weakening the trust of origin communities (Wright et al., 2008; Liu et al., 2015). This is especially the case in China, where business success is dependent not only on entrepreneurship, but also on personal connections (*guanxi*, in Chinese) of entrepreneurs (Cao, 2008). Compared to investigations on the embedding of the Chinese international returnee entrepreneurs (Lin et al., 2019), there is significantly less research examining the embedding of Chinese internal returnee entrepreneurs in their rural origins.

However, there is some research investigating rural migrant enclaves in Chinese cities, which has shown how social networks among rural migrant have expanded to multiple urban and rural places, in addition to motivating the agency for entrepreneurship among rural migrants. Rooted in informal kinship and friendship relations that are part of rural values, such networks facilitate the mobility of rural migrants across multiple places, and allow the pooling together of financial capital, skills and market information, which is crucial for the growth of migrant-owned enterprise (Liu et al., 2015). These networks have prompted rural migrants to act collectively in order to improve wellbeing and achieve social mobility within urban spaces with challenging socioeconomic and regulatory structures (Ma and Xiang, 1998; Zhou, 2004).

Nonetheless, existing research on rural migrant enclaves in Chinese cities focuses on how the enclaves facilitate the embedding of rural migrants in urban contexts, rather than the embedding of returnee migrants in rural communities. Most Chinese rural migrants commute frequently between urban destinations and their rural hometowns within national borders. They remit back most of their incomes to support household members who remain living at their rural origins (Fan and Wang, 2008). Examined from the lens of trans-localism, which examines the exchange of resources and skills prompted by internal migrants (Greiner, 2010), such features have created different embedding processes among Chinese rural returnee migrants, especially when they come back and set-up enterprises in their rural origins.

In addition to the lack of research on the embedding process of rural returnee entrepreneurs in China, more research is needed to understand how the agency for entrepreneurship among rural returnees, which has the potential to both conform and disrupt existing contexts (Muller and Korsgaard 2018), could interact with the rural economic and social contexts during the embedding process. Subsequently, how

might such interactions inherent in the embedding process motivate or hinder agency for entrepreneurship among rural returnee migrants? This research attempts to address these questions by exploring the embedding of rural returnee entrepreneurs in economic, social and regulatory contexts of Xiji town.

2.5. Conceptualizing hybrid rurality

Globally, rural areas are experiencing rapid transformations. This features multi-dimensional restructuring with intensified diversification in both rural economic and social contexts. Besides agriculture that traditionally dominates rural economic context, manufacturing and service sectors are becoming increasingly important for rural economic growth (Woods 2009). Incomes earned from non-agriculture activities, including salaries, land rental and enterprise operation, have helped diversify income sources of smallholder farmers, in addition to traditional sources derived from agricultural activities.

This thesis adopts a post-rural perspective to analyse the process of hybrid rurality (Murdoch, 1993; Halfacree, 2009). According to research that has used a post-rural perspective, rurality is constructed by interactions and relations across smallholder farmers and heterogenous groups emerging from both within rural areas and beyond (Woods 2009). These interactions have engendered new relations and identities that did not exist previously in the rural landscape, which are changing rural spatial arrangements, power structures and everyday lifestyles among rural communities (Murdoch, 2003; Wylie, 2005). Rural transformation is therefore facilitated by the new social relations and identities among heterogenous groups within rural communities. For example, smallholder farmers have developed new identities as entrepreneurs by running their own enterprises or becoming wage workers when employed by enterprises (Woods, 2012). To understand rural transformation that evolves amid the emergence of new social relations and identities, researchers have suggested that it is vital to analyse rural transformation in both economic and social contexts. This means considering rurality as constructed not only by economic activities, but also by social relations and identities among heterogenous rural groups, which in turn underpin rural social contexts that influence rural economic transformations (Halfacree, 2009).

In this way, while hybrid rurality is an integral part of rural transformation, the process leads to greater exposure of rural economic and social contexts to the influence of globalization. It manifests as the different extents to which perceptions of rurality change in economic and social contexts at different rural localities (Woods, 2007). In some rural places, globalization has incurred the subordination of traditional

smallholder-based agriculture practices to globalized agricultural production (Araghi, 1995). Subsequently, this subordination has resulted in the marginalization of rural norms and values (Gray and Lawrence, 2001) that prompt a call for ‘depeasantization’ and the dissolution of rural communities (Murray, 2001; Echanove, 2005). In other rural places, globalization has facilitated inward economic investment in rural areas that leads to the influx of new groups in rural areas and the emergence of new rural relations and identities (Mathias et al., 2015). In their research on rural communities in western Canada, Epp and Whitson (2001) depicted a picture of hybrid rural transformation under the influence of globalization, where some rural communities achieved economic prosperity with inward investment, while others having decayed into ‘playgrounds and dumping grounds’ of urban dwellers.

2.5.1 The emerging process of hybrid rurality in China

Rural transformation has been accelerating in China since the policies of opening up and reform in 1980’s. There are increased rural household incomes, modernized rural infrastructure, re-arranged rural spaces and changing rural lifestyles (Fang and Liu , 2014; Lin et al., 2016; Zhao, 2019). Moreover, it encompasses a massive emigration of smallholder farmers from rural to urban areas, which has left long-term influences on the community organization, demographic structures and employment opportunities in rural areas (Long and Liu, 2015). Migration from rural China has created “brain drain”, where educated adults and young people have left for cities, leaving behind older and junior family members (Lin et al., 2016). In addition, recent rural transformation in China has enhanced the exposure of Chinese rural economic and social contexts to globalized industrial chains, which has expedited the migration of adult and youth smallholder farmers (Woods, 2012). From the 1980s, the number of rural to urban migrants in China has kept increasing. This trend is accompanied by a reduction of over one million villages in China from 1990 to 2023 (Zhang, 2023). Witnessing the emigration of smallholder farmers and reduction of villages, researchers argue for the “end of the village” in China, which entails the expansion of non-farming activities in rural areas, massive emigration of smallholder farmers and the disappearance of rural norms and traditions (Tian and Han, 2011; Li, 2012).

The rural to urban migration takes place under rural regulatory context, consisting of the household registration (*Hukou*) system and the family farmland contracting system (“*Jia Ting Lian Chan Chengbao*” in Chinese) and new policy incentives for return of rural migrants. Established in 1958, the *Hukou* system has regulatorily defined the Chinese population into urban and rural residents with entitlements to different benefits and social services. Due to the *Hukou* system, urban residents can obtain formal

employment opportunities in cities and access to education, health and pension in urban areas with better quality and higher amounts (Afridi et al., 2015). The Hukou system does not offer similar benefits and services to rural residents regulatorily defined as smallholder farmers, except providing smallholder farmers with entitlement to thirty-year leaseholds of family farm and construction lands (Wu and Zhang, 2018). The Hukou system has constrained rural to urban migrations and made it difficult for smallholder farmers to access to urban social services, even after they have lived and worked in cities for the most parts of their lives (Duan et al., 2020). The system has been criticized by researchers as the barrier limiting population movements and giving rise to discriminatory regulations towards smallholder farmers and rural to urban migrants (Chan, 2009, 2010).

To alleviate the constraints of the Hukou system on rural to urban migration, reform of the Hukou system was launched by the State Council in 2014. A key objective of the reform was to support the relocation of 100 million smallholder farmers from rural to small and medium-sized cities by 2020. In terms of regime theory (Mok and Hudson, 2014), the reform comprises a part of the normative underpinning of the government in delivering productivist welfare capitalism that seeks to deliver social policy to make urban areas increasingly productive but at the same time reduce poverty across China. To achieve its objective, the Hukou reform grouped the Chinese cities into five categories by urban population. Accordingly, it has issued different regulatory requirements for smallholder farmers to obtain urban Hukou in line with the different categories of cities (State Council, 2014). Please see table 1 below which illustrates the different city categories and related requirements.

Table 1 City categorization and requirements to obtain Hukou in different categories of cities (author construct)²

City categories	Urban population	Requirements to obtain Hukou in cities
Towns	Below 0.5 million	Residence
Small Cities	Between 0.5 and 1 million	Residence, legal and stable jobs with contribution to local social security for certain years
Medium cities	Between 1 and 3 million	Residence, legal and stable jobs with contributions to local social security for certain years

² Local governments are authorized to design and enforce the accumulated point mechanism in line with their respective economic and social conditions. It comprises accustomed indicators and rating methods. Frequently, the indicators include academic degree, ranking of degree awarding institutions, foreign language proficiency, computer competency, awards and honors received, scale of business owned and years of contribution to local social security programmes. Different indicators and rating methods are included in the point system issued by different local governments (Zhang, 2012).

Big cities	Between 3 and 5 million	Residence, legal and stable jobs with continuous contributions to local social security for five years maximum; accumulated points mechanism may apply ³
Metropolis	More than 5 million	Continuous residence, legal and stable jobs with continuous contributions to local social security; accumulated points mechanism must apply

With different requirements to obtain urban Hukou among different cities, the Hukou reform aims to encourage rural migrants settling in towns, small and medium-sized cities where social services do not face the stretched pressures as being faced by metropolises such as Beijing, Shanghai and Guangzhou (Wang et al, 2015). Nonetheless, outcomes of the Hukou reform are argued as mixed. Despite the reform aiming to motivate rural migrants to settle in small and medium-sized cities, most rural migrants still opt to move and settle in metropolises, where most employment opportunities and better social services are available. (Tao et al., 2015; Li et al., 2023). Nonetheless, few rural migrants can fulfil requirements for settling in metropolis, especially requirements of the point accumulation system (please see footnote). Additionally, the Hukou reform does not necessarily motivate rural migrants to settle in small and medium-sized cities, because it requires the migrants to forfeit their rural land leasehold entitlements when changing regulatory identities into urban residents. This has led to a gap in policy in how to address rural change.

The Hukou system provides smallholder farmers with leasehold entitlements to family farming and construction lands. The entitlement is managed by the family farmland contracting system (*“Jia Ting Lian Chan Chengbao” in Chinese*). Formulated in 1978, the system was implemented throughout the country from 1984 (Cheng et al., 2019). Together with the Hukou system, the family farmland contracting system upholds rural regulatory contexts in China. In accordance with this regulatory system, all rural lands are owned by rural collectives, not by smallholder farmers. There are three types of rural lands, namely, family farming lands, family construction lands, and collective land. Based on their regulatory identities as rural residents, smallholder farmers and their families manage farming and construction lands, whereas rural collectives manage the collective lands (Yan et al., 2021). Smallholder farmers are entitled to thirty-year

leaseholds of both the farming and construction lands. They are not allowed to sell the leaseholds, but they are fully entitled to economic benefits derived from these two types of lands (Liu, 2017).

In accordance with the Hukou reform, when smallholder farmers formally change their regulatory identities into urban residents, they need to rescind their farmer regulatory identities and forfeit the attached land leaseholds by selling the leasehold to rural collectives. However, due to the limited average farm size in China, which is approximately half a hectare (Wu et al., 2018), payments from rural collectives to purchase the leasehold are barely enough to support farmers settling in cities. Even if rural migrants would be supported with sufficient economic means, the contempt of urban communities towards rural migrants can still de-motivate their settlement in urban contexts (Zhu et al., 2019). Until now, the Hukou reform has not issued measures handling the urban community contempt. In addition, the national government has delegated the enforcement of the reform to local governments (Hu, 2023). This has resulted in the limited implementation of the reform in the country. It worth noting that, apart from the Hukou and family farmland contracting systems, there are new measures emerging in the Chinese rural regulatory context from 2010, which aimed to encourage the return of migrants to rural origins. Existing research has revealed that these measures have supported returnee rural migrants establishing enterprises in origin communities (Demurger and Xu, 2011). Additionally, the new measures also include updates of the family farmland land contracting system, where rental of land leaseholds is permitted among smallholder farmers and with other groups such as large agribusiness entities arriving in the rural area (Huang and Ding, 2016). However, these new measures can still not support smallholder farmers accessing to benefits and social services in the same quality as urban residents, nor can they change the discriminatory perceptions towards rural migrants. Smallholder farmers are still found conducting high-frequency commutes between urban destinations where their places of work are located and rural origin communities, where are their families reside (Meng and Zhao, 2018). Rural regulatory context remains largely intact in China, despite changes in rural economic and social contexts (Kan, 2021).

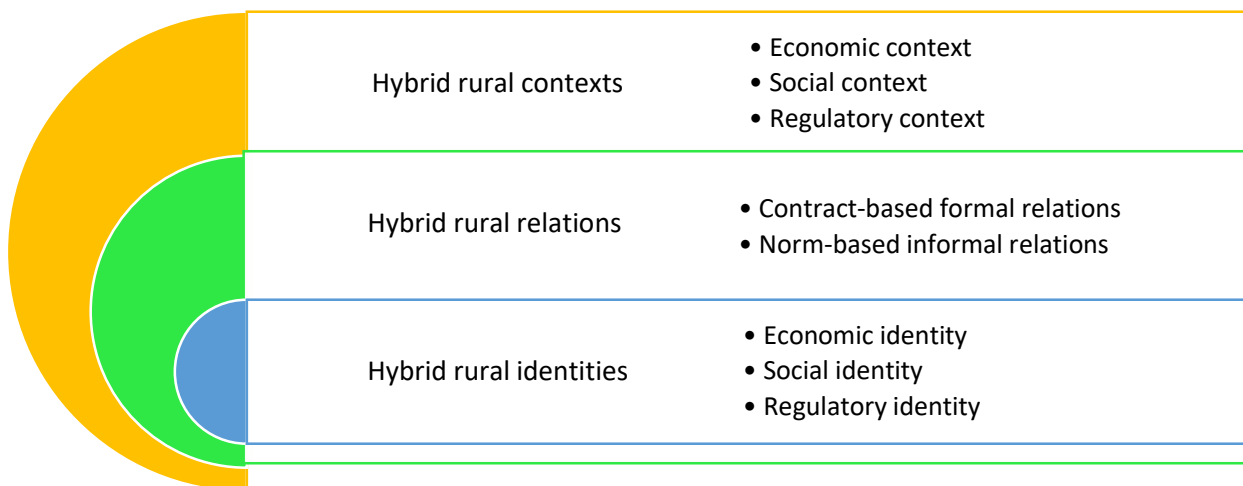
This research therefore suggests investing more attention on the process of hybrid rurality in China, where the rapid changes in rural economic and social contexts occur concurrently with a largely unchanged rural regulatory context. Existing research tends to investigate the influence of rural to urban migration on rural income structures (Rozelle et al., 1999), land use patterns (Xu et al., 2018) and agriculture production models (Feng et al., 2010). In comparison, less research has been found to examine the process of hybrid rurality in China that is taking place amid the rising trend of urban to rural returnee migration. Little is known about how the process of hybrid rurality across multiple rural contexts will interact with economic

context, social relations and identities among heterogenous rural groups. Moreover, despite the growth of returnee entrepreneurs as a critical group for rural transformations in China (Zhao, 2018), little research has been conducted to explore interactions between rural returnee entrepreneurs, agency for entrepreneurship and the process of hybrid rurality in economic, social and regulatory contexts. Considering this gap, this research proposes a three-layered conceptual framework to investigate the hybrid rurality in China. The proposed framework will be discussed in detail in section 2.5.2 below. The aim is to use desktop studies and empirical evidence from Xiji town to refine the approach.

2.5.2. A three-layered conceptual framework to conceptualize hybrid rurality in China

The previous section discussed ideas of rural transformation and the process of hybrid rurality in China from economic, social and regulatory perspectives. It presented a concept of hybrid rurality that relates to the transformation of rural economic, social and regulatory contexts at different places and to different extents. Based on the review of existing literature, it also elaborated on the process of hybrid rurality, where changes are taking place, at different paces, across economic, social and regulatory contexts in different rural localities. The changes at different pace across contexts and locations have facilitated the mobility of Chinese rural migrants between urban and rural areas, in addition to the fragmentation of Chinese smallholder farmer households. In order to conceptualise this idea of hybrid rurality in China, the study has developed a three-layered model (Figure 5) as below.

Figure 5 A three-layered model to explore hybrid rurality in China (author construct)



In this model, the first layer of hybrid rurality comprises hybrid changes in rural economic, social and regulatory contexts. As is discussed in the previous section, rural transformation in China entails rapid changes in the rural economic context. It features increased rural household incomes, the emergence of new economic sectors, in addition to the arrival of new groups (Woods, 2012; Lin et al., 2016). The rapid change in economic context is accompanied with much slower changes in the rural regulatory context, where the Hukou and family farmland contracting systems still dominate rural regulatory context and continue to limit the movement of rural migrants between rural and urban areas (Chan, 2009). In comparison to existing investigations on rural economic changes, little research has been conducted to discern how changes across rural economic and regulatory contexts in China have influenced rural social context, including rural social relations and identities among rural groups. Furthermore, it is necessary to examine how social relations and identities shape rural social contexts, and influences of social relations and identities on rural economic and regulatory changes. Lack of research in these regards could mean a limited understanding about the process of hybrid rurality, despite it constituting a critical part of rural transformation in China.

The second layer of the conceptual framework requires investigation into hybrid rural social relations. Hybrid social relations entail different types of relations co-existing among heterogenous rural groups. As is discussed in conceptualizing hybrid rurality (see section 2.5), interactions between smallholder farmers and new groups emerging in rural areas are creating new social relations and identities among heterogenous groups within rural communities (Murdoch, 2003; Wylie, 2005). Interactions between smallholder farmers and new groups, which include large agribusiness entrepreneurs, tourists and urban retirees to rural areas, can influence existing rural social relations, at the same time of creating new social relations that did not exist previously in rural communities (Hederberg and Carmo 2010). In particular, the arrival of large agribusiness entities, can give rise to new contract-based formal relations among rural groups, which co-exist with rural norm-based informal relations. It is interesting to note that hybrid rural social relations continue to exist despite rural contextual changes. In their research on villages merged into peri-urban areas in China, Zhu and Guo (2014) suggested that rural norm-based informal relations continue to exist and maintain the strong ties binding smallholder farmers, even after their regulatory identities are changed into urban residents and their lands are converted for industrial purpose. There is little research examining interactions between contract-based formal relations and the norm-based informal relations in the Chinese rural communities, or how such interactions influence processes of hybrid rurality. Likewise, little is known about roles of rural returnee entrepreneurs in these interactions

or how the interactions of formal and informal social relations could facilitate or hinder agency for entrepreneurship and the embedding of returnee entrepreneurs in their rural origin communities.

The third-layer of the conceptual model focuses on hybrid identities among groups in rural communities, including rural to urban migrants, rural returnee entrepreneurs and smallholder farmers. In view of existing literature analysing identities based on locations where individuals or groups live (Jacob and Munis, 2019), this research suggests to examine identities in the lenses of changing economic, social and regulatory contexts in the rural landscape. In regard to rural to urban migrants, their hybrid identities can be seen from their Chinese colloquial names as “farmer-worker” (*“nong min gong” in Chinese*). This name has come to indicate the hybrid identities of rural migrants as both smallholder farmers defined by the Hukou system in rural regulatory context, and as wage-workers defined by their professions in economic context. Similar hybrid identities across contexts can be found among other rural groups, in particular, rural returnee entrepreneurs who possess both the regulatory identities of smallholder farmers and the economic identities of entrepreneurs, when returning to their rural origin communities. Likewise, researchers have proposed the concept of middle-class farmers (*zhong jian nong min, in Chinese*) to depict smallholder farmers who have grown into entrepreneurs as their economic identities, by renting land leaseholds from smallholders leaving the origin communities (He, 2015). With their expanded farm size ranged from 2 to 4 hectares, which is four to eight times larger than the average Chinese farm size of 0.5 hectare (Wu et al., 2018), resident entrepreneurs are able to earn similar amounts of income in rural communities as rural migrants working in cities. Having resided in their rural origin communities for most of their lives and keeping their regulatory identities as smallholder farmers, resident entrepreneurs are well-embedded in rural social networks. Their family members and they, themselves are trusted by rural communities and comprise a key pool of candidates for rural policymakers (Yang, 2023).

Hybrid identities among groups in the Chinese rural communities have facilitated the evolution of hybrid social relations, which has further influenced the process of hybrid rurality in different rural contexts. With the capital, skills and urbanized values they bring back to rural origins, returnee entrepreneurs can expand contract-based formal relations in rural communities with their economic identities as entrepreneurs. In the meantime, they are obliged to reconcile their urbanized values with norm-based informal rural relations to earn trust and gain resources from their rural origins to support their business growth. Nonetheless, the urbanized values of rural returnee entrepreneurs, which are not always compatible with rural values upheld by rural norms, can undermine their trust by origin communities and constrain their access to resources. Differing from returnee entrepreneurs, the continuous residence of smallholder

farmers and resident entrepreneurs in rural communities has meant their values have been forged in conformity with those upheld by rural norms. This has helped them earn trust and acquire connections critical to leveraging resources from rural communities. Additionally, the growth of smallholder farmers into resident entrepreneurs can contribute to expanding contract-based formal relations in rural origin communities.

2.6 Interactions between rural returnee entrepreneurs and hybrid rurality

Having presented a conceptual framework for this research to explore the process of hybrid rurality in China, this section considers existing literature relating to interactions between rural returnee entrepreneurs and the process of hybrid rurality. It will explore, in particular, how rural returnee entrepreneurs will interact within this framework. This will be important as notably, urban to rural returnee migration has become a pattern of population movement in China although less is known about the process (Zhao, 2018). Moreover, researchers have suggested returnee migration is due to the shift of labour-intensive industries from the country's coastal areas to its hinterland regions (Niu, 2015), in addition to the impact of the 2008 financial crisis that incurred job losses among 20 million rural migrant workers (Chen, 2009).

A review of the literature on returnee migration in China suggests that returnee migrants possess agency for entrepreneurship that could contribute to rural economic growth, because they return with capital and knowledge, and can create employment opportunities in rural areas in China (Tang and Zhu 2020; Xiong et al., 2020). Harnessing their networks with urban destination communities, returnee entrepreneurs could be key agents that prompt inward investment that supports the growth of the non-agriculture sector in the Chinese rural areas (Zhu et al., 2012). Based on a survey covering 13 counties in nine provinces in China, Ma (2001, 2002) suggested that returnee migrants possess higher agency for entrepreneurship to start enterprises in the non-agriculture sector due to capital and skills, they have accumulated during the migration experience. Meanwhile, Zhao (2002) suggested that returnee entrepreneurs are more likely to invest in productive assets, which is facilitated by their agency for entrepreneurship, when compared to non-migrant smallholder farmers. Additionally, as was discussed in section 2.2 and 2.3, it worth noting that existing literature has further revealed that individual characters of returnee migrants, such as age, gender and family backgrounds, considerably influence their agency for entrepreneurship (Djankov et al., 2006; Zhang and Zhao, 2015; Wei and Zhu, 2020). Literature investigating returnee entrepreneurs in other countries, such as Albania, Bolivia and Vietnam, has put

forward similar suggestions on how returnee entrepreneurs could contribute to rural economic growth and facilitate a transformation in rural economic context (Piracha and Vadean, 2010; Jones, 2011; Brunjes and Diez, 2012; Naude et al., 2017).

In comparison to the focus on rural returnee entrepreneurs and their contributions to changes in rural economic context, much less research has been conducted on how returnee entrepreneurs interact with rural social and regulatory contexts in China. Apart from financial and human capital, returnee entrepreneurs have brought back urbanized values to rural origins, which are often different from values upheld by rural norms and relations. Investigating the interactions between the values of rural returnee entrepreneurs and rural social values may explain how returnee entrepreneurs navigate opportunities from rural economic transformation. Research has identified that connections and networks of rural returnee entrepreneurs in rural social context of their origin communities can influence their business performance in economic terms. This is especially the case in rural areas, where informal relations play considerable roles in the access to, and allocation of scarce resources (Meccheri and Pelloni, 2006; Moyes et al., 2015). Considering the influence of rural social contexts on enterprises performance in economic terms (Besser and Miller, 2013) at an international scale, it merits additional research to understand how returnee entrepreneurs interact with the social contexts of their rural origin communities, such as in rural economic, social and regulatory contexts in China. In addition, how these interactions will influence rural social relations and identities among heterogenous groups within rural communities, which then subsequently influence change in rural social context.

Moreover, existing literature has tended to focus more on how returnee entrepreneurs influence rural economic context, than to investigate how rural economic, social and regulatory contexts influence returnee entrepreneurs, in terms of motivating or diminishing their agency for entrepreneurship. In a survey that covers returnee migrants in nine provinces in China, Wei and Zhu (2020) argued that returnee migrants are more likely to become entrepreneurs in their origin communities where enterprises already exist, in the communities' economic contexts. Otherwise, if enterprises are absent from the pre-existing economic context, returnee migrants may resort to other options for surviving after their returns. In addition to influence of the economic context of rural communities on the agency for entrepreneurship, little is known about how rural social and regulatory contexts in China influence the agency for entrepreneurship among rural returnees. Considering this gap, this research will explore interactions between rural returnee entrepreneurs and rural economic, social and regulatory contexts, as well as how returnee entrepreneurs influence rural social relations and identities among heterogenous rural groups.

In this way, the research can contribute to a more detailed understanding of the process of hybrid rurality in China and the critical roles of rural returnee entrepreneurs.

Chapter 3 Research Methodology

3.1. Introduction

This chapter presents the research approach and methodologies used in this thesis. It starts by explaining the rationale for a case study approach (section 3.2). The overall research design and specific methods used to collect quantitative and qualitative data are presented in section 3.3. The research sampling framework and data analysis process are introduced in section 3.4 and 3.5. In addition, there is a short discussion of methodological challenges faced during the research (section 3.6), ethical considerations (section 3.7) and researcher positionality (section 3.8), which is followed by a summary of key background information about the case study area, Xiji town (section 3.9). The chapter closes with reflections on the fieldwork process and its limitations in section 3.10.

3.2. Case study approach

A case study approach was selected for this research. There are a number of reasons why this is appropriate and useful in addressing the objectives. First, the objectives are linked; understanding the factors prompting migrants' agency to return to rural areas, their agency for entrepreneurship, and the process of embedding for returnee entrepreneurs, require an in-depth and place-based exploration. This approach can offer novel insights into interactions between returnee entrepreneurs and the idea of hybrid rurality. Moreover, it is critical to understand diverse perspectives from different groups in both urban and rural socioeconomic structures and building insight and trust take time and requires a focused study. A case study approach allows these different perspectives to be explored, compared and triangulated through detailed quantitative and qualitative information, offering rich, original empirical data.

A case study approach has been widely applied in social science research (Baskarada, 2014), where intensive studies examine one or more units over a specific time period and geographic location (Gerring, 2004). Such an approach helps develop an in-depth understanding of complex patterns and processes, as well as the contexts in which the patterns take place (Yin, 2009). Complexity characterizes this study which focuses context and makes this approach highly appropriate. In more generic terms, a case study approach suggests careful investigations that analyse the views and perspectives of different individuals,

groups and institutions from multiple angles (Simons, 2009). Case studies do not represent a methodological approach only; they offer a research framework that is capable of encompassing data from multiple sources and facilitating both quantitative and qualitative analyses (Flyvbjerg, 2011).

Thus, a case study approach allows this study to offer an in-depth examination of the interactions between rural returnee entrepreneurs and their experience of hybrid rurality, a process that is taking place in the economic, social and regulatory contexts, like Xiji town, China. By analysing both quantitative and qualitative data, it allows for the examination of potentially conflicting perspectives from different groups, experiences of agency for entrepreneurship among returnee migrants and how these have influenced their embedding process.

Xiji town in the Tongzhou District of Beijing, China, was selected as the case study location based on the following considerations, which are important for the research focus. There has been apparent rural transformation in Xiji, where non-agriculture sectors are emerging and co-existing with the agriculture sector in the town's economic context. As is informed by the retired town Chief (interviewee 5), from 1990s, over 30 per cent of adult male and female members (between 20 to 50 years old) from Xiji left the town to look for jobs in cities. Started from 2010, they began to return. Returnees brought back capital, skills and urbanized values. Young returnees, especially those below 40 years old, tend to start their own enterprises after coming back. Returnee entrepreneurs have contributed to rural economic transformation in Xiji with their financial and human capital. Additionally, returnee entrepreneurs also brought back urban values that are emerging in the town's rural social context. In the meantime, changes in rural economic and social contexts co-exist with a rural regulatory context with limited changes. Thus, the location provides an illustrative narrative of wider rural change in China, where economic growth takes place alongside social changes with little regulatory transformation. Yet the co-existence of changes across contexts, and their implications for different groups in Xiji, of different values and relations is not well-understood. While rural economic transformations are taking place, how does this affect traditional values? It is important to understand the experiences and roles of returnees in this period of change. Investigating interactions between rural returnee entrepreneurs and emerging hybrid rurality in Xiji reveals an illustration of similar change taking place in rural areas across China, and especially those that share similar socioeconomic characteristics. Detailed introductions on the Xiji town are presented in section 3.9.

3.3. Research design and method

This research aims to explore interactions between rural returnee entrepreneurs and the evolution of hybrid rurality in Xiji. Considering its exploratory nature, the research design, which constitutes the overarching framework guiding data collection and analysis (Bryman, 2012), will follow a stepwise approach. At the first step, a conceptual framework is formulated based on a review of theories relating to agency for entrepreneurship, embedding, migration and rural transformation, as outlined in Chapter 2. The second step, focuses on selecting appropriate research methodologies, including data sampling, collection and analysis, and these are outlined in the following sections. Both qualitative and quantitative data relevant to explore interactions between rural returnee entrepreneurs and hybrid rurality can be used. This pragmatic mixed method approach allows primary and secondary data to be collected through semi-structured interviews and a desktop review. Primary and secondary data are compared to triangulate and ensure the relevance and validity of data collected and observations made in this process. Data analysis and thesis writing comprise the final step. A summary of the tools used for the collection of data according to the specific research objectives is provided in Table 2.

Table 2 Summary of tools used for data collection under research objectives (author construct)

Research Objective	Tools used
1. To examine agency for entrepreneurship among rural returnee entrepreneurs in China	<ul style="list-style-type: none">• Semi-structured interviews• Key informant interviews• Participant observation• Desktop review of secondary documents
2. To investigate the embedding process of rural returnee entrepreneurs in China	<ul style="list-style-type: none">• Semi-structured interviews• Key informant interviews• Participant observation• Desktop review of secondary documents
3. To explore interactions between rural returnee entrepreneurs and the process of hybrid rurality in China	<ul style="list-style-type: none">• Semi-structured interviews• Key informant interviews• Participant observation• Desktop review of secondary documents

Quantitative data collected relates to factual information, such as household incomes, profits of enterprises ran by returnee entrepreneurs and large agribusiness entities, as well as the age of returnee migrants and the amount of remittances, smallholder family households receive. Qualitative data focuses on revealing the constructed nature of the diverse perspectives of groups towards interactions between returnee entrepreneurs and hybrid rurality in Xiji. Understanding these lived experiences is best revealed through qualitative semi-structured interviews, in-depth key informant interviews, and a desktop review of policies, papers and news relating to rural economic growth. Data collection methods are selected in accordance with the exploratory nature of this research, and taking into consideration the time and financial constraints of this research. This section details the selection of methods and the sampling framework that guides the data collection and analysis.

3.3.1. Semi-structured interviews

Individual interviews are a useful way to understand the subjective perspectives and opinions of different individuals and groups towards behaviours, patterns and processes (Hak, 2007). Depending on their different natures and objectives, different types of interview methods have been applied in this qualitative research, including structured questionnaires, open-ended conversations and semi-structured interviews (Russel and Gregory, 2003). Compared to other methods, semi-structured interviews allow for focused discussions with research participants, while at the same time offering researchers the space to facilitate probing in-depth discussions during the interview. In this way, semi-structured interviews are useful to build in-depth knowledge on topics that emerge during the interview process (Miller et al., 2019). This method is adopted for a range of groups including rural returnee entrepreneurs, resident entrepreneurs, rural migrants from Xiji, smallholder farmers in Xiji, policymakers and researchers on the rural transformation in China.

Considering critical roles that returnee entrepreneurs may take in the process of hybrid rurality in Xiji, the researcher applied first, a stratified approach to help identify sectors where most returnee entrepreneurs focus on their enterprises. These include the service, online business and agriculture sectors. From these identified sectors, interviewees were randomly identified from the heterogeneous groups to conduct the first-round of semi-structured interviews. The snowballing approach was applied subsequently, where additional interviewees are invited to participate in the subsequent rounds of interview, through contacts that were suggested by interviewees participating in the first round. Introductions of this nature are important culturally and to gain trust and willing participation of a sufficient number of participants.

A list of questions was formulated before the semi-structured interviews started and are provided in Appendix 2. To ensure a standardized basis for analysis, similar interview questions were referred to during each interview, with prompts during the interviews to probe different angles that reflect differing profiles of groups. It is worth noting that not all groups invited agreed to participate and the most rejections received were from policymakers and smallholder farmers.

Considering the time and financial constraints of the research, the approach of knowledge saturation (Bertaux, 1981) was applied to determine the total number of interviews. Guided by this approach, the researcher continued conducting semi-structured interviews until a point where no new knowledge was obtained from the exchanges. To ensure the confidentiality of the interviews and privacy of interviewees, the semi-structured interviews are conducted individually, using the WeChat platform. WeChat is the most utilized social media platform in China. All interviewees were proficient with the platform and it is one which they are comfortable most with.

3.3.2. Key informant interviews

Five interviewees, including four women and one man, were invited to join key informant interviews to share more of their in-depth their perspectives on interactions between rural returnee entrepreneurs and the unfolding of hybrid rurality. The five interviewees include four female and one male, namely, interviewee #11, a 32-year-old female returnee entrepreneur, #19 a 56-year-old female returnee migrant, #20 a 39-year-old male returnee entrepreneur, #49, a 29-year-old female returnee entrepreneur, and #52 a 35-year-old female returnee entrepreneur. The key informants were those who were frequently mentioned by participants in the semi-structured interviews as influential in rural economic growth and transformation in Xiji. In addition, based on the subjective judgement of the researcher, key informants also included those who were actively engaged in the semi-structure interviews. Key informants were purposively targeted through semi-structured interviews to provide more detailed information relating to the research topic.

3.3.3. Desktop review of secondary documents

Secondary data can help to triangulate primary data and include academic papers on related topics, including migration trends, entrepreneurship and rural transformation in the region, policy reports, technical reports, and government statistics published on the websites of the Tongzhou District

government.⁴ Considering the accuracy and potential bias of documents collected for qualitative research (Yin, 2009), the researcher strived to cross-review documents collected from multiple sources to ensure the document analysis process was rigorous (Bryman, 2012). One example was the need to understand the dynamics of rural employment in China. Official reports issued by the national government show policy initiatives that increase rural employment opportunities for returnee migrants (Chinese Ministry of Human Resources and Social Security, 2020). However, other sources argue that rural employment does not currently provide returnee migrants with the same level of income as they can earn in cities. These differences in narrative are valuable to construct a knowledge context, to understand the background information and structures, and situate the perspectives of local people. In turn, these sources offer materials to use as useful prompts during interviews.

3.3.4. Researcher's virtual observation

To better analyse information shared by research participants, the researcher has participated and observed online marketing activities of returnee entrepreneurs, their virtual meetings with business partners during the Covid-19 pandemic. Additionally, the researcher has also joined and observed online business operations of returnee entrepreneurs during financial planning and inventory management process. Other interviewees, including returnee migrants and smallholder farmers, have invited the researcher to virtually visit their resident premises, vehicles and to meet online with their employees and family members. Researcher's virtual observation helped better understand the everyday lives of the research participants, including opportunities and challenges they were facing during the Covid-19 pandemic and strengthen the interpersonal relationships needed for effective qualitative research. It worth mentioning that researcher's virtual observation is closely linked with the researcher's offline immersive interactions with interviewees and rural community members in Xiji in the past decades. Offline immersive interactions have made the virtual observation possible during the research in the Covid-19 pandemic, where offline interactions in persons are impossible due to strict quarantine policies applied in Xiji. Together with offline interactions the researcher has conducted in the long-term, the virtual observation helped the researcher to review and verify the information collected (Carr, 2014).

⁴ Website of the Tongzhou District Government, Beijing Municipality
<http://www.bjtzgh.gov.cn/bjtz/xxfb/index.shtml>

3.4. Research sampling framework

A sampling framework needs to be fit with its research focus (Punch, 2004). This research was conducted during the intermittent rising waves of the Covid-19 pandemic in Xiji, when strict lockdown and quarantine measures were put in place by the town government. Combined with the time and financial constraints of this research, such challenges made it difficult to conduct probability sampling in Xiji town (randomly select interviewees). Moreover, not all residents in the town possessed relevant experience or knowledge on the interactions between rural returnee entrepreneurs and hybrid rurality. For these reasons, a purposive sampling framework was adopted. This approach allows the researcher some subjective judgement to identify research participants with related experience and knowledge (Kelly, 2010).

Following a purposive sampling approach, the researcher further applied stratified sampling to identify relevant groups. Through desktop study and the researcher's observations, five stakeholder groups are identified and are shown in table 3 below, in which their relevance with this research is also elaborated. The term stakeholder groups are used is based on the fact that all groups of interviewees, including returnee entrepreneurs, returnee migrants, rural migrants, smallholder farmers and policymakers, possess strong stakes towards hybrid rurality in Xiji. Considering hybrid identities of the groups, (please see discussion in section 2.5.2), the groups are not labelled by their identities but by their consistent stakes towards hybrid rurality in Xiji.

Table 3 Stakeholder groups interviewed and their relevance with this research (author construct)

Stakeholder groups interviewed	Relevance with this research
Rural returnee entrepreneurs	As the main research subject, rural returnee entrepreneurs can return with capital, knowledge and urbanized values, and lifestyles, to Xiji town, while at the same time creating local employment opportunities. They are influenced by the evolution of hybrid rurality in economic, social and regulatory contexts of the town. Most returnee entrepreneurs belong to the youth generation in Xiji and are below 45 years old.

Returnee migrants	<p>Critical stakeholder group for the unfolding of hybrid rurality in Xiji.</p> <p>Most returnee migrants are over 50 years old. Their return is due to their age, where it becomes difficult for them to sustain employment in cities. Having spent most of their lives working and living in cities, returnee migrants come back to retire and resume their lives as smallholder farmers. Almost all returnee migrants have supported their family members settling in cities. They undertake frequent commutes between cities and Xiji after their return, and do not rely on agriculture as their sole income source.</p>
Rural migrants from Xiji	<p>Not all rural migrants from Xiji choose to come back to the town. A number of them, especially young migrants, choose to stay in cities. Some have run their businesses successfully in urban contexts. Although having physically resided away from Xiji, rural migrants keep their economic assets in the town, and their family members remain living in the town area. Rural migrants keep returning to Xiji and sending back remittances to support their family members.</p>
Smallholder farmers	<p>Smallholder farmers are the most populous group in Xiji. Their values and views are influential for the unfolding of hybrid rurality in the town. Most smallholder farmers in Xiji are over 50 years old. Although most of this group possess migration experience in their young ages, they are the main supporters for rural norms and informal relations. They comprise the pool of candidates for policymakers in Xiji, and are influential in resource distribution in the town. Benefiting from informal rural relations that offer concessional land rentals, some smallholders have grown into resident entrepreneurs.</p>
Policymakers	<p>Policymakers are a critical stakeholder group for the evolution of hybrid rurality in Xiji. They hold the authority to formulate and implement policies influencing the growth of most returnee entrepreneurs, including land planning, finance and taxation policies. Most policymakers, especially those at the implementation level, are from Xiji. They are therefore well-</p>

	embedded in the economic, social and regulatory contexts of the town.
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Five research participants were first identified, with one each from the five stakeholder groups shown in the table above. The five participants include three women and two men with the age range from 28 to 62. The participants are invited to join the first-round interviews based on the researcher's expectation that the invitees possess rich knowledge and relevant experience on the research topic. Except the identified participant from the policymaker group, who rejected the interview invitation, the four other participants, including one returnee entrepreneur, one returnee migrant, one smallholder farmer and one rural migrant from Xiji accepted the interview invitations. A snowballing approach was subsequently applied after the first-round interviews (Naderifar, 2017). Apart from interview questions relating to the research topic, the participants were also asked to recommend other interviewees, who they believe possess the relevant experience and knowledge on the evolution of hybrid rurality in Xiji. In addition, more interviewees are also identified by the researcher himself from desktop studies and the researcher's own network in Xiji.

Eventually, 54 semi-structured interviews were conducted with different research participants from the five stakeholder groups. Interviewees include 32 men and 22 women in the age range from 27 to 66 years old. Table 4 illustrates the distribution of interviewees by groups, gender and age range.

Table 4 Distribution of interviewees by age, gender and stakeholder groups (n=54; author construct)

Stakeholder groups	Number of interviewees	Gender	Age Range
Returnee entrepreneurs	37	Men: 20 Women: 17	27 – 42
Returnee migrants	7	Men: 5 Women: 2	23 – 56
Rural migrants from Xiji	3	Men: 3 Women: n/a	36 – 41
Smallholder farmers	3	Men: 2 Women: 1	59 – 66
Policymakers	1	Men: 1	66

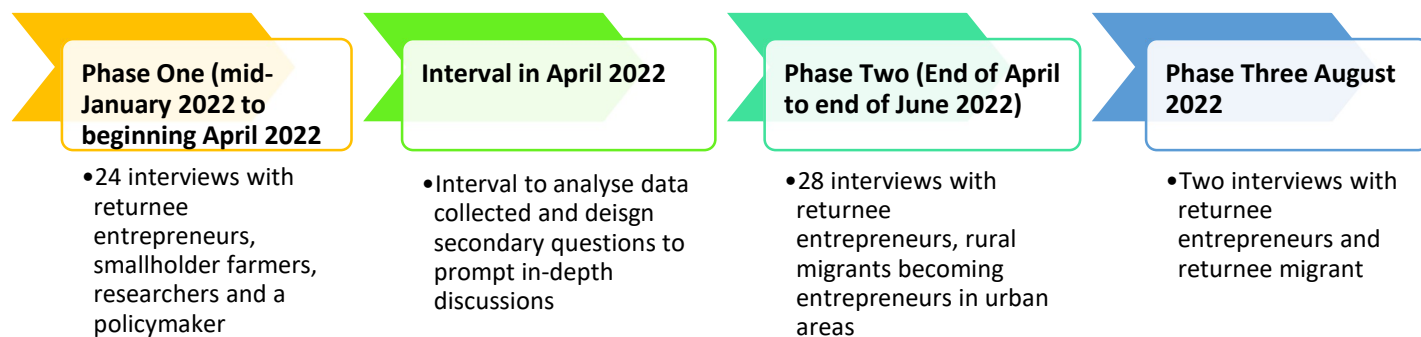
		Women: n/a	
Researchers	3	Men: 2 Women: 1	30– 64
TOTAL	54		

Interviews for this research were conducted during the different waves of the Covid-19 pandemic lockdown in Xiji. To enforce the national policy on a zero-infection rate, the town government issued strict lockdown and quarantine measures from December 2021. Such restrictions considerably limited all physical movement, productive activities to varying extents and thus modified normal lifestyles and livelihoods for all in the town. Returnee entrepreneurs had to temporarily close their businesses with no income, while shouldering operational costs at the same time. Likewise, smallholders were only allowed limited time to visit their lands, which was insufficient to take care of crops. In addition to their modified lifestyles, at the end of 2021, people in Xiji were confronting mounting uncertainty about their livelihood and the risk of losing their lives or those of their loved ones due to the pandemic.

Such a significant challenge delayed the interview process to mid-January 2022 when restrictions were partially lifted, and livelihoods were gradually resumed. It was from this time that people in Xiji exhibited more willingness and were more available to discuss the research topic. As is indicated in Figure 7 below, the interview process consisted of three phases. The first phase lasted from mid-January to the beginning of April (about two and half months). During this phase, 24 semi-structured interviews were conducted. Interviewees in this phase include returnee entrepreneurs, smallholder farmers growing into resident entrepreneurs, researchers exploring rural transformation, and a policymaker. The interviewees include 18 men and 6 women. Interviews during this phase had helped to validate insights from the literature. The first phase ended at the beginning of April, when a new round of restrictions for zero Covid-19 infection were applied in the town. The second phase resumed from the end of April when the restrictions were relaxed. The one-month interval in April 2022 provided the researcher time to review and analyse information collected from the first phase. Moreover, it also provided the researcher with an opportunity to reflect on new ways to engage with research participants and prompt more interactive discussions. For example, the researcher formulated secondary questions to help research participants better understand the interview questions and engage in the discussions.

The second phase interview started from 30 April to the end of June 2022 (two-months). During this phase, 28 semi-structured interviews were carried out. The interviewees include 13 men and 15 women. Covid-related restrictions were further relaxed and people were allowed to move in and out of the town. Outsiders were also permitted to enter the town by presenting their health codes and certificates. Interviewees in this phase were with returnee entrepreneurs, in addition to rural migrants running businesses in Beijing. Relaxed restrictions and a perception with the gradual return to “business-as-usual” alleviated pressures among returnee entrepreneurs and other stakeholder groups in Xiji. Combined with the researcher’s adjusted approach to prompt discussions, research participants shared more of their reflections in the second phase. Rural migrants from Xiji who settled and ran their businesses in Beijing were also interviewed in this phase to enrich perspectives on the research topic from different stakeholder groups. The third phase comprised two last interviews conducted in August 2022. The interviewees, including one men and one women, are one returnee entrepreneur and one returnee migrant whose business in Beijing was forced to close due to the pandemic. Both were recommended by interviewees from phase two.

Figure 6 Three phases and one interval in conducting interviews during the research (author construct)



The researcher was sensitive to challenges the research participants faced. Recognising they were stressed from the ongoing pandemic and its associated uncertainties, more than one round of interviews with some research participants was conducted. These included returnee entrepreneurs confronted with unexpected business challenges, along with returnee migrants and smallholder farmers who were conservative, in sharing their views. Several rounds of discussions were conducted with these participants, which helped to earn their trust that the interviews were only for a research purpose, and that they were free to stop or refuse to respond to any question, at any time they were uncomfortable during the interview. After the semi-structured interviews, and to gain more in-depth knowledge on the research

topic, five participants who participated in the semi-structured interviews are also invited to join key informant interviews. One took place in phase one, another one in the April interval, and three others in phase two and three.

3.5. Data analysis

The integrated analysis of quantitative and qualitative data helps achieve in-depth understanding of complex issues (Creswell et al., 2011). Analysing quantitative and qualitative data in an integrated manner can also help investigate factors prompting the agency to return and the agency to run enterprises among different groups of rural returnee migrants. Likewise, it has supported the researcher in identifying different pathways of returnee entrepreneurs to embed themselves in the economic, social and regulatory contexts of Xiji town. The research collected quantitative data from literature, policy papers and reports relating to rural economic growth, entrepreneurship and rural transformation. Quantitative data can help to understand factual information (Rovai et al., 2014), which in this case relate to hybrid rurality in Xiji. This included data on annual profits of returnee run enterprises, income sources of smallholder farmers and remittance sent by rural migrants.

The qualitative data in the 54 semi-structured interviews were manually transcribed into transcripts and then translated into English. Narrative analysis was then used (Bernard, 2000). It helped to reveal patterns and perspectives inherent within the qualitative data, revealing the constructed and lived experiences of the respondents in Xiji. An example of this coding process is presented in Appendix 1 for transparency. The researcher speaks the local dialect, Mandarin Chinese and considered the impact of translation during the transcription, especially if direct translation is appropriate of terminology or meaning is lost. Having these language skills was an advantage to conduct all of the interviews, access much of the readily available secondary data, and the quality of the translation of all materials, all of which was completed by the researcher alone which ensured consistency.

The researcher conducted virtual participant observation sessions to check the validity of quantitative and qualitative data insights where possible. The researcher lived in Xiji town for twelve years from 1990 to 2002 and has kept connections with some stakeholder groups, in the town even after relocating to work overseas. This personal connection facilitated the researcher to participate in the lives of research participants, especially returnee entrepreneurs, before and during the research, in a way that can be challenging for an outsider to achieve. Issues of researcher positionality are discussed later.

3.6. Methodological challenges

This research is qualitative in nature. It features direct engagement and close collaboration between the researcher and research participants, who interact with and are influenced by experiences of hybrid rurality in Xiji town. This research emphasizes partnerships between researchers and research participants, both of whom work together during the research process to pursue in-depth knowledge on research topics (Jagosh et al., 2012). In this research, research participants were respected as partners, who work together with the researcher to enhance the rigourness of this research with real-time information.

The main challenge, the researcher encountered is the impact of the Covid-19 pandemic and the way this changed how participatory research could be conducted. Strict lockdowns and quarantine measures applied in Xiji town made it impossible for the researcher to conduct in-person interviews with research participants. To tackle the challenge, online interviews were pursued and reflect an environment where people turned to social media and online platforms during the pandemic to communicate. However, the ability to pursue effective online interviews was only possible in China due to the pre-existing relationships that the researcher had already built with stakeholder groups in Xiji town before the onset of the Covid-19 pandemic. The researcher lived in the town for over a decade. Even after leaving the town, the researcher kept close contacts with different stakeholder groups in Xiji who offer unique perspectives on hybrid rurality, in particular, returnee entrepreneurs and rural migrants. The idea for the research was developed, informed by the researcher's own personal experiences and connections. These relationships also helped the researcher identify and mobilize a sufficient number of participants of diverse backgrounds to join discussions, as well as allowing the researcher to be invited to engage in spontaneous interactions with research participants both during and beyond the interviews, which is an effective way to build collaborations with research participants to pursue in-depth research in a virtual context (Abrahamsson and Ollander, 2020).

It should also be noted that online interviews with research participants were feasible due to the proficiency of research participants with the WeChat platform. They use WeChat extensively as a part of their social lives and interactions, including online chats, gaming and participating in online meetings. Plus, most people in Xiji possessed smart phones that facilitated their access to high-speed mobile internet and a strong familiarity with the WeChat platform long before the pandemic. Utilization of WeChat became more intensive during the Covid-19 pandemic due to lockdown constraints. In this way, although the Covid-19 pandemic limited in-person interactions with research participants, it facilitated the willingness of research participants to join online discussions.

One further challenge the researcher faced was the 'disillusionment' of research participants due to the impacts of the pandemic. Some research participants, such as young returnee entrepreneurs, were unexpectedly hard-hit by the pandemic. The traumatic and post traumatic effects, including the unfortunate death of family members and/or loved ones, or the unexpected downturn or collapse of their businesses, prevented them from joining the research, or actively engaging during interviews. Facing the challenge, the researcher applied care and patience (the ethically considerations are explained below). Appreciating the challenges, returnee entrepreneurs were facing during the pandemic, the researcher shared with them good practices that could help keep their businesses resilient during economic shocks and uncertainties. In addition, the researcher also shared with returnee entrepreneurs information and ways to access emergency subsidies and concessional loans to support small business during the pandemic. Moreover, the researcher applied flexibility to conduct interviews in accordance with availabilities of the participants. Considering their difficulties of staying focused and/or discomfort in discussing immediate financial challenges, the researcher has conducted several rounds of discussions with some research participants. This helped the participants complete all interview questions. Although it meant extra time taken to collect data, such patience with research participants strengthened personal bonds with them, in addition to motivating their willingness to meet with the researcher and share more information. It is common for social science researchers to have to find a right balance for each context between engaging and building a relationship with participants and ensuring some impartiality and professionalism.

This research took place during the height of the Covid-19 pandemic in Xiji, when restrictions and quarantine measures were strictly applied by the government to pursue zero infection in the town. Apart from considerably hindering in-person interactions and real and the mounting heavy pressures on research participants, as was discussed in section 3.7, the restrictions also affected research participants and their understanding of their particular associations with the research. When research participants, especially smallholder farmers, were invited to join the interviews, most of them inadvertently raised the question on how the research could benefit them in economic terms, especially considering their income losses due to the pandemic. Once knowing the interviews were for research purpose only, and its findings may not be necessarily translated into any policy support or direct economic benefits, most smallholder farmers rejected the interview invitations. Likewise, most policymakers invited also rejected participation in the research with the excuse of their limited availability due to multiple urgent tasks during the pandemic or did not show up. It may have been easier to engage with policymakers at a time when there was not a global crisis, but equally a perception that any political dimension of the topic, or discussing

national policy with a researcher, was not considered appropriate for Chinese officials working in local government needs to be considered.

In addition, most research participants verbally or visibly expressed their unwillingness to participate in the research if interviews with them would be recorded by audio or video equipment. This was the situation even after the researcher had shared the full information that confidentiality of the entire research and privacy of research participants would be duly protected. Due to such expressed concerns of research participants, interviews were not recorded. Nonetheless, detailed notes were taken during the interviews and were immediately transcribed. Interview transcriptions in Chinese were reviewed and validated by research participants before they were translated into English by the researcher.

3.7. Ethical considerations

Following the protocols of the University of Reading and in consultation with the student's supervisors, this research was conducted in strict compliance with the university's ethical standards. Research participants were respected as collaborators, instead of only being perceived as research subjects or information sources (Bryman, 2012). Confidentiality and privacy of research participants were prioritized. Moreover, the researcher endeavoured to avoid any physical or psychological risks that may be incurred upon research participants due to their participation in the research, especially during the Covid-19 pandemic, when some research participants are under additional pressure. All research participants joined the semi-structured interviews and key informant discussions based on their voluntary agreement. All research participants were informed about their rights to leave the research at any time. In addition, research participants were informed that they had the right to choose to answer, or not answer, any interview questions, as they pleased.

Before research participants were invited to join the research, they are told that any information about their identities and the information provided during the course of the interview would be kept strictly confidential. Their names, age and gender will not be disclosed by any means, and codes will be used in the thesis. Computers and notebooks recording data have been stored securely. A research summary, the list of the original interview questions as well as ethical standards to be applied in the research were submitted to the university. Ethical clearance was approved on 23 November 2021. The reference number of the approval is 001729. A copy is available in Appendix 3 of the thesis.

3.8. Researcher Positionality

The researcher possesses life experience as a rural migrant from Xiji town. Such experience, combined with the researcher's knowledge on the rural norms and values in Xiji, along with his language skills with the local dialect have meant that he is an insider researcher for all-intents-and-purposes of this research. The researcher also worked on different aspects of rural sustainable development more broadly in China, travelling to provinces and engaging with hundreds of subsistence and smallholder farmers, but also entrepreneurs and business owners engaged in agro-food value chains, as well as policymakers for more than a decade. Such positionality may help the researcher access multiple data sources and facilitate in-depth discussions with research participants to collect more information (Cargo and Mercer, 2008). Yet, as someone who now lives abroad, works for the United Nations, and pursues doctorate studies, the researcher was often treated by research participants as an outsider, despite recognizing his family roots in the town.

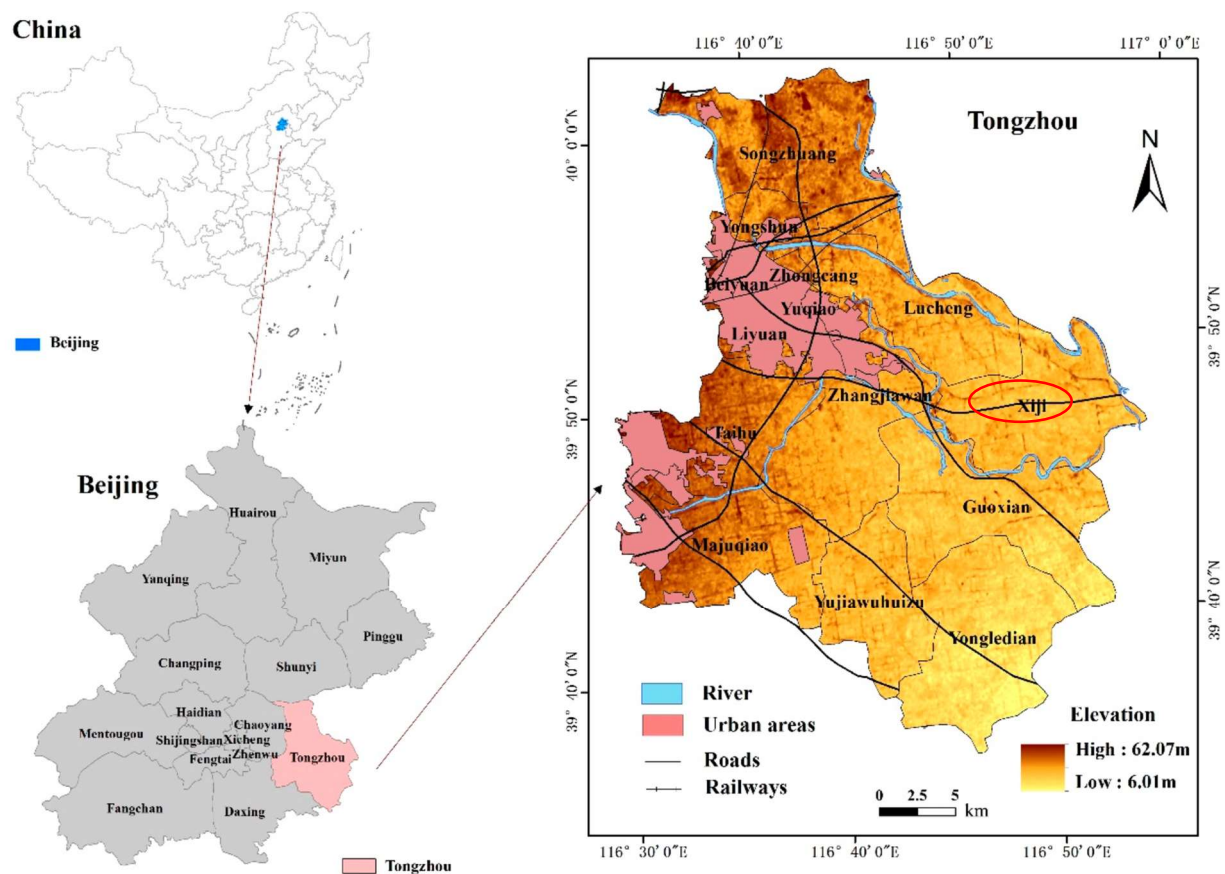
Being aware of his perceived profile as both an insider and outsider at the same time, the researcher applied caution during the research, in order to try to be objective and sensitive to diverse perspectives across and within different stakeholder groups. Both the objectivity and sensitivity the researcher applied in the research helped facilitate continuous reflection, as a process of self-examination to maintain objective analysis (Depoy and Gitlin, 1994), which is triangulated with subjective deliberations of the researcher himself. To maintain objectivity, before and during discussions with research participants, the researcher first noted down his subjective views on the research topic from his experience as a rural migrant. During interviews with research participants, the researcher tried to minimize the influence of subjective views, discussing with research participants, their lived experience of hybrid rurality in Xiji rather from an outsider perspective. After the interviews, the research reviewed the interview notes and triangulated inherent qualitative data with knowledge acquired from the literature review as well as the subjective views of the researcher, as an insider from the same town. In addition, when any unclear points or areas emerged that deemed further examination was necessary, the researcher contacted participants and proposed a second-round of discussions. This reflexivity and approach facilitated in-depth research analysis in good rigour.

During analysis, recorded interviews were transcribed on the same day. The researcher also kept a research diary that included real-time reflections during, and right after discussions with research participants. The researcher revisited these reflections during the data analysis process.

3.9 Introduction on the Xiji town

With an area of 95 km², Xiji is geographically located in the southeast area of Beijing (Figure 6). In 2020, the town had a population of 48,000, of which 37,000 were smallholder farmers. The per capita income of Xiji was \$ 1,100 (CNY 7,970) in 2020. Located in the food basket zone of Beijing, Xiji is popularly known for plantation agriculture, as the main pillar of its economic growth for decades.⁵ Figure 6, as below, shows the geographic location of Xiji.

Figure 7 Geographic location of Xiji town in Tongzhou District, Beijing, China (source: Li, 2019)



⁵ Sohu News, (2020) Cultivating Green Economy in Xiji. https://www.sohu.com/a/400390627_442965 [Accessed on 20 October 2021] (in Chinese).

As was discussed in section 3.2, 30% of adult and young smallholder farmers started to move to surrounding cities to look for high-salary jobs from the 1990s, leaving behind their older and junior family members to stay in the town. From 2008, Xiji has seen increasing waves of returnee migrants. Due to global financial crisis at this time, many rural migrants from Xiji lost their jobs in the construction, manufacturing and service sectors in cities. As a result, migrants from Xiji began to return. Returnee migrants include older returnees in their 50s, and more younger returnees, between 20 and 40 years of age.⁶ Most rural migrants over 50 will return to rural origins and resume their smallholder. For younger returnees below 40 years old, Xiji does not provide employment opportunities with remunerations comparable to earnings in cities. Due to this, most young returnees, seek to establish their own small enterprises. Returnee-run enterprises do not only exist in the agriculture sector, but also in the new service and manufacturing sectors that are emerging in Xiji town and surrounding towns.

In accordance with the interview with the retired town Chief (interviewee 5), from 2000, the Xiji township government has invested in upgrading rural infrastructure, including rural roads and internet connections. As a result, the town is well-connected, with two highways that link to larger surrounding cities, such as Beijing and Tianjin. Please find photo 1 below on the improved rural road in Xiji.

Photo 1 Improved road conditions in Xiji (author took)



⁶ Transcript with interviewee 5

Combined with cheaper local labour and lower land costs, the improved infrastructure has attracted investments from urban-based large agribusiness enterprises. The township government is planning to build three industrial parks to accommodate the arrival of large enterprises. Photo 2 below shows the land use planning for industrial parks in Xiji.

Photo 2 Land use planning for industrial parks in Xiji (source: visiting Beijing)



Nonetheless, it worth noting that the emergence of large agribusiness enterprises does not necessarily translate into employment opportunities for local community members in Xiji. Instead, compared to returnee-run enterprises, large enterprises tend to recruit employees from outside Xiji. Posts in large enterprises often require technical knowledge and market connections that smallholder farmers in Xiji do not possess. Photo 3 below shows an agriculture plantation in Xji with investment from the Beijing Capital Agribusiness and Food Group.

Photo 3 Agriculture plantation in Xiji (author took)



Apart from large agribusiness, the town also receives rural migrants from hinterland provinces, tourists and urban retirees. Arriving rural migrants are hired by both large agribusiness enterprises and enterprises run by community members from Xiji. Similar as rural migrants from Xiji, rural migrants moving to Xiji commute frequently between Xiji and their rural origins, especially during the harvest and festival seasons. Tourists and urban retirees are attracted by cheap local living costs. Arrival of new population groups can create demand, which may explain the growth in the service sector in Xiji, such as restaurants, grocery stores and EMS courier services, and these are frequently run by returnee entrepreneurs. Emergence of new economic sectors in Xiji has contributed to local economic growth and elevated income of smallholder farmers. Nowadays, almost all smallholder farmers in Xiji rely on multiple income sources beyond those from the agriculture sector. Income can come from land rental, remittances and job-based salaries from enterprises. Social and cultural dynamics are also changing. While there is renewed emphasis on traditional festivals and affiliated social norms, which had been halted in previous years due to the emigration of adult community members, these are at odds with other processes of change. For example, economic decisions of smallholder farmers are increasingly settled through formal contacts, which have traditionally been handled by informal kinship and friendship relations. Likewise, rural extended families that uphold informal rural relations and values are dissolving and being replaced by nuclear families, whose lifestyles are more aligned with urban individual values. Despite changes in rural economic and social contexts, rural regulatory context in Xiji remain largely unchanged. For example, Hukou regulations

mean that all people born in Xiji remain registered as smallholder farmers, even if they live in different places, conducting non-agriculture professions and upholding new social values.

3.10. Summary

This research aims to explore the interaction between rural returnee entrepreneurs and the unfolding of hybrid rurality in Xiji town. This chapter presents the research approach, sampling framework as well as data collection and analysis methods. In addition, it has also elaborated on the methodological challenges and the researcher's positionality and ethical considerations. Overall, this chapter introduces tools the researcher has utilized to examine factors prompting the agency to return and agency for entrepreneurship among rural returnees in Xiji. Likewise, the tools have also been applied to unpack the factors and pathways for returnee entrepreneurs to embed in different context of Xiji town. Application of these tools have enabled the researcher to identify and analyse nuanced perspectives and views of different stakeholder groups that influence the agency and embedding of returnee entrepreneurs, both of which interact with and influence the unfolding of hybrid rurality in Xiji town. Built on this methodology chapter, the following three chapters will discuss in detail, the agency to return and agency for entrepreneurship among rural returnees in Xiji (Chapter 4), embedding process of rural returnee entrepreneurs (Chapter 5), in addition to interaction between rural returnee entrepreneurs and the unfolding of the hybrid rurality in Xiji town (Chapter 6).

Chapter 4: Urban to Rural Returnee Migration and Agency for Entrepreneurship among Rural Returnee Migrants in Xiji town, China

4.1. Introduction

This chapter examines the agency to return among rural to urban migrants and the agency for entrepreneurship among urban to rural returnee migrants in China, and in doing so, addresses objective one of this thesis. There have been extensive discussions in the literature about agency for entrepreneurship among international migrants (Constant and Zimmermann, 2006; Hart and Acs, 2011; Cederberg and Villares-Varela, 2018; Vershinina et al., 2011) and theoretical discussions on trans-localism, which illustrates the mobility of migrants across multiple locations within national borders. This debate has shown how the experience of internal migration contributes to agency for entrepreneurship (Ma and Xiang, 1998; Zhang and Xie, 2013; Liu et al., 2015) (see chapter 2, sections 2.2 and 2.3 for a detailed review

on the agency of rural migrants to return and the agency for entrepreneurship among rural to urban migrants). Nonetheless, existing research tends to focus on how internal migration experience has contributed to the agency for entrepreneurship on rural migrants in urban contexts. In comparison, there is less research discussing how the internal migration experience would facilitate or hinder the agency for entrepreneurship among rural migrants who return and run enterprises in their origin communities.

The trend of urban to rural returnee migration in China has been on the rise from 1990s (Meng, 2012), and at the same time, there has been a relocation of labour-intensive industry sectors from coastal to rural hinterland areas, which once typically hired large numbers of rural migrants (LaFraniere, 2009; Sheng et al., 2009). The trend of returning to rural origin areas continued after the financial crisis (Zhao, 2018). It has been intensified by increased job losses among rural migrants, as a result of the Covid-19 pandemic (Song et al., 2021). Nonetheless, compared to the body of research on the contributions of international and internal migration to the agency of entrepreneurship, there has been less research on urban to rural returnee migrants in China and the agency for entrepreneurship among Chinese rural returnee migrants (see Chapter 2, section 2.3). Considering their important roles in rural transformation in China, more needs to be understood about the agency to return and the agency for entrepreneurship among rural returnee migrants. In order to address this first research objective, analysis in this chapter will explore factors fostering agency to return among rural migrants and agency for entrepreneurship among rural returnees.

Considering the heterogenous nature of rural returnees, analysis in this chapter will start with a discussion about the factors, fostering the agency to return among different groups of rural migrants in China. Subsequently, it will explore how the rural to urban migration experience prompts the agency for entrepreneurship across different returnee groups in nuanced ways. The chapter will also examine how these two types of agencies interact and influence decisions of rural migrants to return and run their enterprises in rural origin communities. Analysis of the empirical data in this chapter is linked with theoretical discussions in the literature review chapter (Chapter 2), which relates to agency for entrepreneurship, rural to urban migration and returnee migration. The chapter is based on findings from semi-structured interviews with returnee entrepreneurs, returnee migrants, smallholder farmers, rural migrants, researchers and policymakers from Xiji town (as detailed in Chapter 3). The composition of interviewees was designed to provide an insight into the heterogenous nature of returnee migrants. Data and information were also collected from policy papers and technical reports on returnee migration and returnee entrepreneurship in China.

4.2 Factors fostering the agency to return among rural to urban migrants in Xiji

For international migrants, their willingness to take risks (Constant and Zimmermann, 2006), accumulate financial savings, and acquire technical skills (Hart and Acs, 2011) during migration, have all contributed to entrepreneurship. This is represented by the high incidence of entrepreneurs among international migrants (Fairlie, 2012). From the perspective of trans-localism, which refers to the mobility of people across multiple locations within national borders (Smith, 2011), researchers have also uncovered the contribution of internal migration to agency for entrepreneurship. In their investigation on rural to urban migrants in China, Liu et al. (2015) revealed that internal rural to urban migration in China has strengthened the agency of rural migrants to launch enterprises in cities and forge business networks that span multiple rural and urban locations. In addition, the agency for entrepreneurship among rural migrants in cities has further strengthened their abilities to collectively act and carve out niche livelihood spaces in urban socioeconomic structures, despite their disadvantaged positions in urban areas (Ma and Xiang, 1998; Zhang and Xie, 2013).

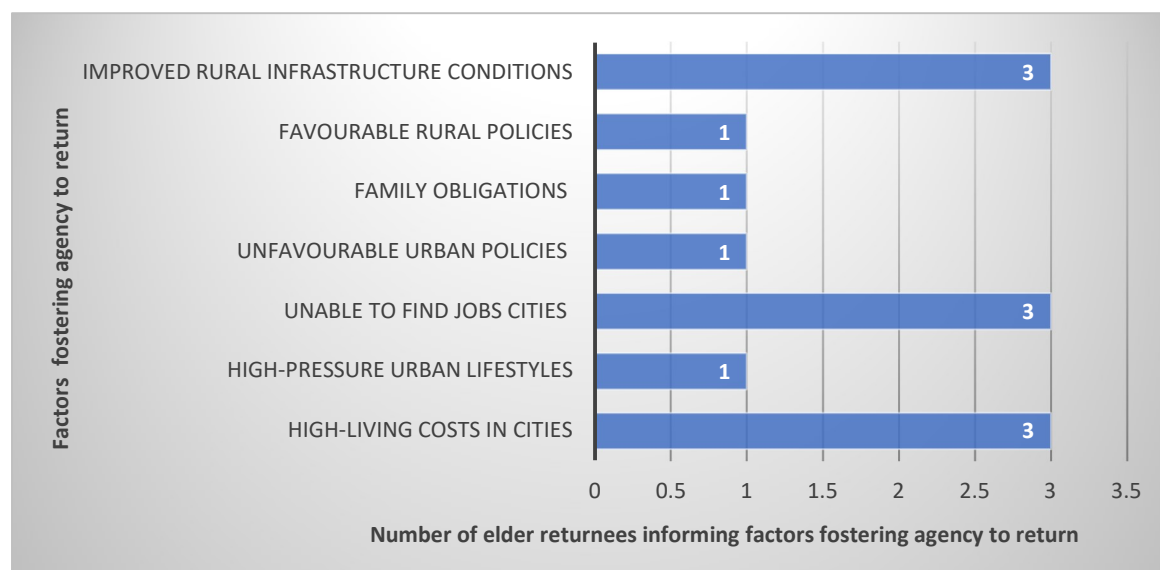
As is discussed in Chapter 2 (section 2.2), there are both push and pull factors that prompt the agency of rural migrants to return in China. In regard to the push factors, these include the relocation of labour-intensive sectors from coastal to hinterland rural areas (Sheng et al., 2009), job losses due to the 2008 financial crisis (Chen, 2009) and more recently during the Covid-19 pandemic (Song et al., 2021), in addition to the vulnerable socioeconomic positions of rural migrants in urban contexts (Huang, 2003) due to difficulties to access to urban social services (Xu et al., 2011) and low salaries (Zhao, 2002). Regarding the pull factors, these include rural economic growth (Long et al., 2011), policies encouraging the return of rural migrants, combined with family obligations to take care of family members (Wang and Fan, 2012). In addition to both the push and pull factors, marriages and retirements are also suggested, as prompting the return of the Chinese rural migrants (Zhao, 2002, 2018).

Theoretical discussions on factors fostering the agency of rural migrants to return were considered when analysing data collected from interviews in Xiji town. High-living costs, high-pressure urban lifestyles, unfavourable urban policies and the inability to find jobs in cities were identified by interviewees as push factors prompting the return of rural migrants. In addition, obligations to take care of family members in rural hometowns and the improved rural infrastructure conditions, including better education, internet and road and transport facilities, were identified by interviewees as pull factors prompting the return of

rural migrants. Most interviewees relate both push and pull factors co-existing which jointly influenced their agency to return. Due to the heterogeneity of rural returnees' experiences, these factors often influence agency to return in different ways and shape different experiences.

The study found that, among rural returnees in different age groups, older returnees in their 50s and 60s identified high-living costs, the inability to find jobs in cities, and the improved rural infrastructure conditions, as the three most influencing factors that foster their agency to return (Figure 8).

Figure 8 Factors fostering agency to return among older returnees in 50s and 60s (n=3; author construct)



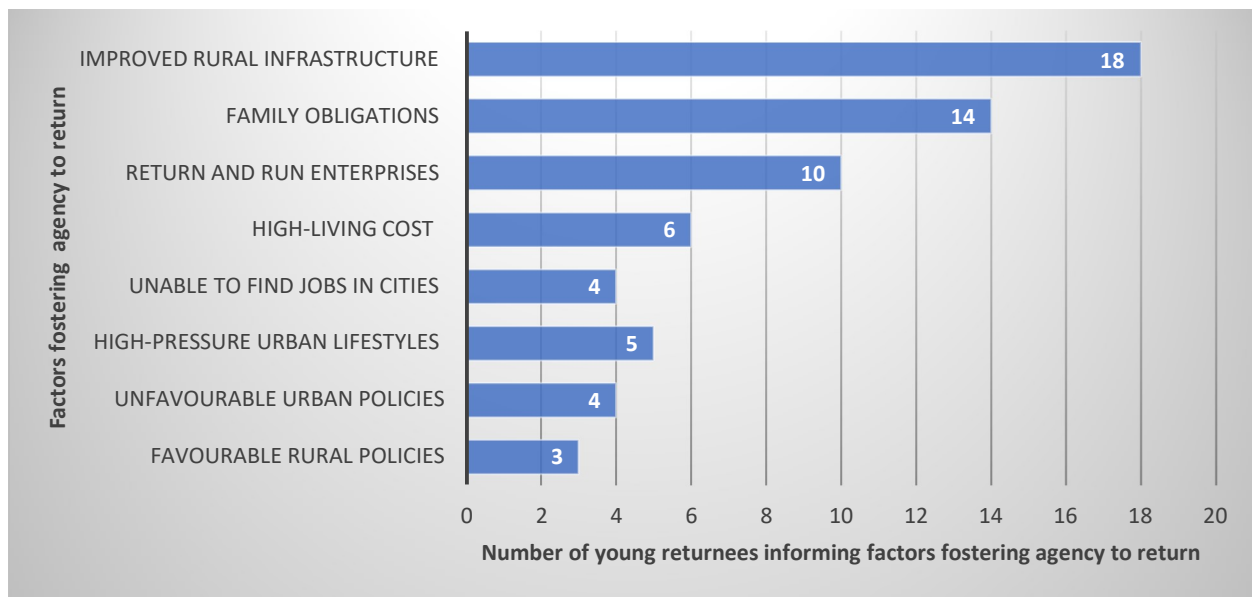
Older returnee migrants represent the minor group among returnee migrants in Xiji. Among the 44 returnees interviewed, only three are older returnees in their 50s. Two of the older returnees are men, 52 and 55 years old, respectively, and one is woman at 56-year-old. The rest are younger returnees, in the age range from 23 to 42. Among young returnee, 22 are men and 19 are women. The small number of older returnees is attributed by interviewees as the choice of most older rural migrants to either settle in cities or towns where their children are working. As is indicated in the table above, all the three older returnees interviewed recognized the high-living costs in cities, inability to find jobs in cities, and improved rural infrastructure conditions, as having prompted their agency to return to rural origin communities. Discussion with interviewee #40 can be illustrative of the agency to return, among older returnees in Xiji. Interviewee #40 is a 52-year-old male returnee. He has been working as a construction worker in different parts of China from 1990s. He said that he returned to Xiji because no companies want to hire him at that

age and without a job, he cannot afford the higher living costs in city areas. With his savings, he bought an apartment for his son in a provincial capital where he worked. After returning, he takes care of his land and works for an agribusiness enterprise as night-shift security guard. He plans to move to the provincial capital where his son works after renting out his land in Xiji town. *“Coming back in your 50s has become an almost inevitable part of life for migrant workers. Luckily, I supported my son settling in Chengdu, and he is doing well there. I will soon join him after renting out my land”* said interviewee #40.

Similar responses regarding factors prompting the agency to return are found from other older returnee migrants interviewed, including interviewee #19, a woman returnee at 56 years old, and interviewee #23, a male returnee at 55 years old. All three returnees have supported their children to settle in cities. They continue to commute frequently between the cities and Xiji town, after their return. In this way, the older returnees possess a strong agency to leave their hometowns again and re-join their family members in urban areas. Additionally, few older returnees rely on farming as their sole income source after returning. Harnessing skills learnt during migration, they take part-time jobs to earn incomes, in addition to taking care of their land for subsistence purposes.

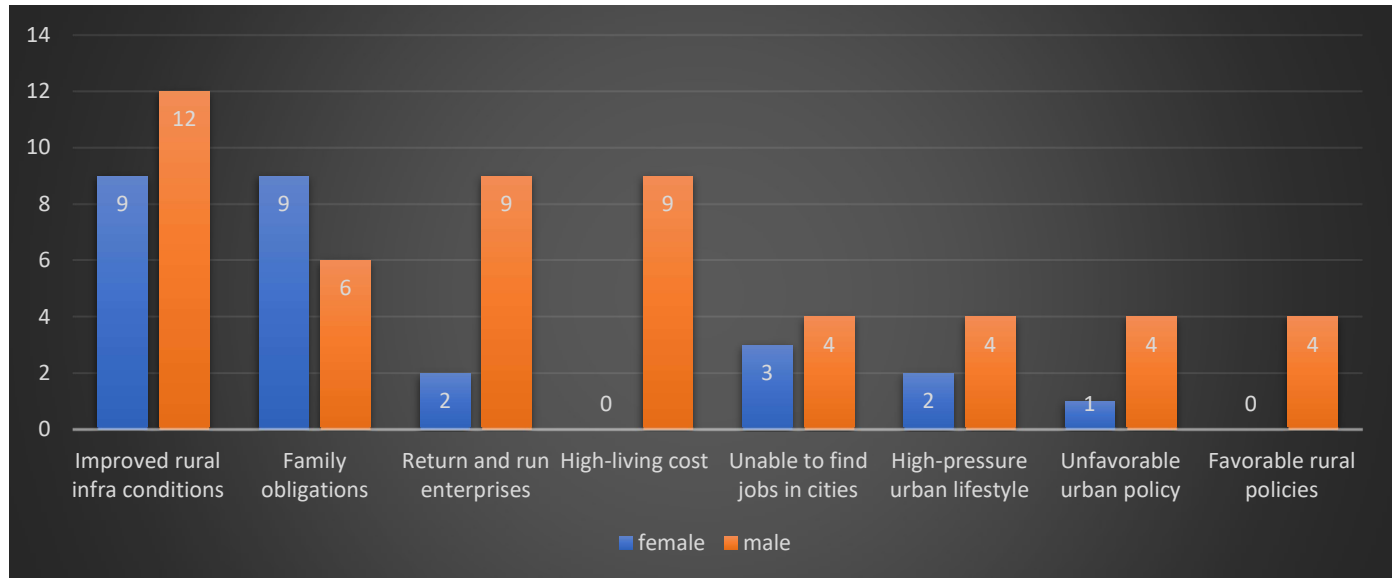
Most returnee migrants in Xiji town are in their 30s and 40s. Compared to their older counterparts, younger returnees expressed different factors prompting their agency to return. Among others, return to run enterprises and return to take care of family members are recognized by young returnees as the two main factors fostering return, in addition to the improved rural infrastructure conditions (Figure 9).

Figure 9 Factors fostering agency to return among returnees in 30s and 40s (n=41; author construct)



A gender variance is observed between women and men returnees, in terms of their recognition of particular fostering factors, namely, returning to fulfil family obligations and/or to run enterprises. Most women returnees across all age groups recognized family obligations to return and take care of family members, as the most critical factor fostering their agency to return. Only two women returnees highlighted that they had returned to run enterprises, as the factor prompting their return. In comparison, there are more men returnees who expressed their return, as being driven by the agency to run their own enterprises. Thus, gender variance across factors promoting the agency to return among women and men returnees to Xiji town is shown in Figure 10 below.

Figure 10 Gender variance on factors fostering agencies to return among female and male returnees (n=44; author construct)



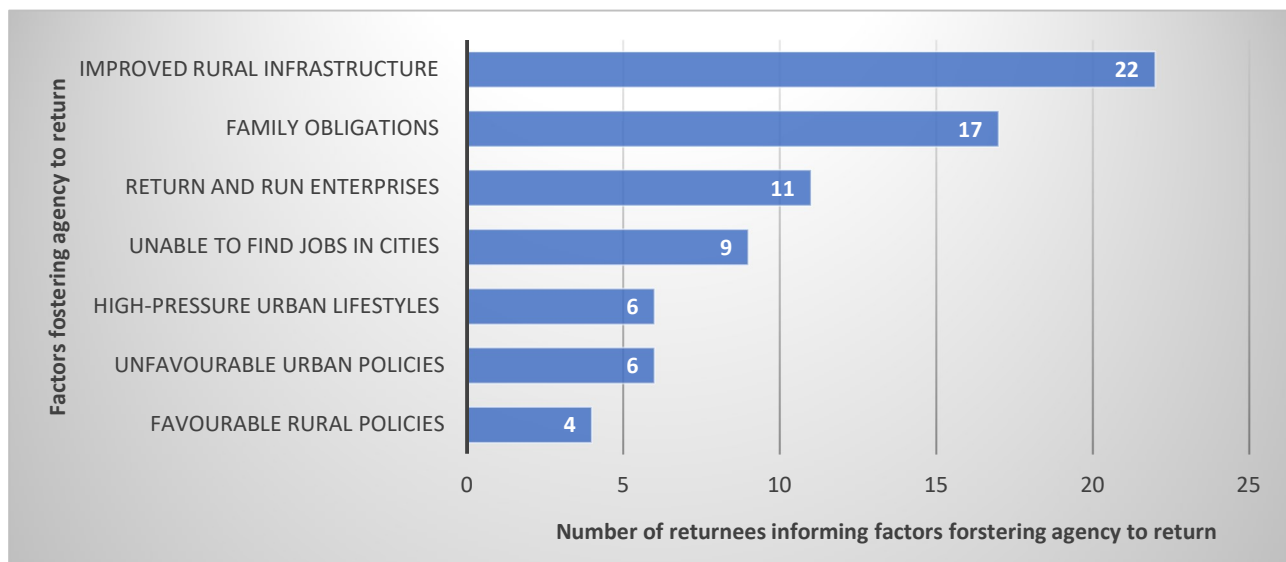
As can be seen from Figure 10, in addition to the factors of returning to fulfil family obligations and returning to run enterprises, gender variance among returnees can also be found to influence other factors fostering the return of rural migrants. High-living cost in cities is mentioned by male returnees as a factor prompting their returns. Nonetheless, no women returnees have recognized it as a key factor. Likewise, favourable rural policies supporting returnees in Xiji were mentioned by a few men returnees, though these were not recognized at all by any women returnees. The gender variance reflects the different roles of women and men returnees, prescribed by the traditional rural social norms of Xiji town. In accordance with the norms, the predominant role for women is to take care of the family, whilst those for men are to earn economic returns for families, including running enterprises. Both women and men returnees recognize the improved rural infrastructure conditions and inability to find jobs in cities as factors fostering their agencies to return. Little gender variance is found in regard to either factors.

Gender variance can be illustrated in the interview with respondent #21, a woman returnee at 32 years old and interviewee #14, a male returnee at 29 years old. Interviewee #21 was an office clerk in Beijing with a monthly salary of \$1200. Nonetheless, she found the working hours long, the job demanding, thus depriving her time of taking care of her son and adversely affecting her health. For these reasons, she returned to Xiji and opened a small online sales company. Although she earns much less than what she

did in Beijing, she mentions *“The worry for my son’s health convinced me to return. Yes, I earn much less in hometown, but my son has become the bright boy I knew after I came back. As parents, we earn money for our children. If our children are unhappy what is the use of money?”* Compared to the experience of interviewee #21, interviewee #14 spoke of different factors prompting his return. He left Xiji at a young age and worked in transport/delivery in a vegetable wholesale market in Beijing. Over time, he became an agent selling vegetables and got to know wholesale buyers from the market. With the remittances he sent home, his father rented land from family relatives and neighbours who left the town. At this point, he returned and started his own family plantation. *“When I have the money, land and market channels, I think this is the best time to start my own business at home, instead of working for others in cities”* said interviewee #14.

Despite gender variance, improved rural infrastructure conditions, return to fulfil family obligations and returning to run enterprises are recognized by returnees as the three main factors fostering their agencies to return. Figure 11 below details factors fostering the agency to return among returnees to Xiji town.

Figure 11 Factors fostering agency to return among rural returnees (n=44; author construct)



Apart from the above factors, high mobility between Xiji and urban destinations during migration is mentioned by almost all rural returnees interviewed. Returnees expressed that they return to Xiji, at least twice a year, during the crop harvest and holiday seasons. The high mobility is attributed by interviewees to the continued residence of their family members in Xiji. To take care of family members, rural migrants have to come back regularly, at the same time of remitting funds back to economically support their family

members. The high mobility of rural migrants between Xiji and their migration destinations could have elevated their agency to return, by keeping close economic and social connections with their origin communities. Moreover, as is mentioned in the previous parts of this section, due to the settlement of their family members in cities, older returnees continue to demonstrate high frequency of mobility between Xiji and different cities, after their return. Compared to the urban to rural commutes conducted by rural migrants, the mobility of older returnees is in a reverse direction from Xiji to urban areas where their children reside.

4.3. Factors fostering agency for entrepreneurship among rural returnee migrants in Xiji

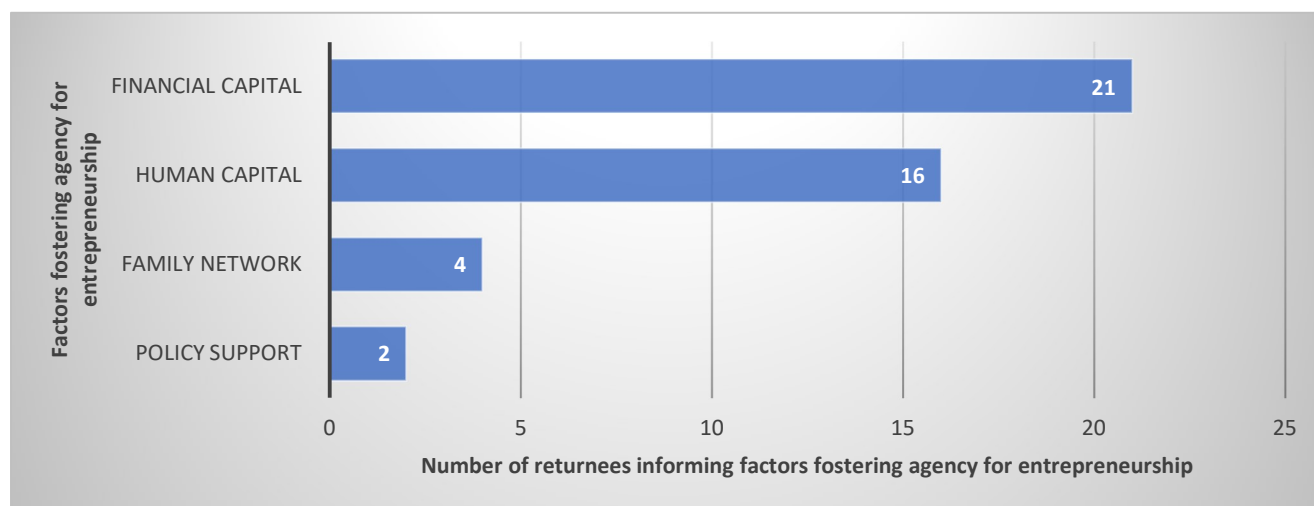
The previous section discussed the factors identified from the interviews as fostering agency to return among rural to urban migrants. This section now investigates the factors that enhance agency for entrepreneurship among rural returnee migrants. To date, research has shown that international migration contributes to the agency for entrepreneurship (See Chapter 2). For example, Vershinina et al. (2011) argued that international migration tends to foster the agency for entrepreneurship among international migrants in socioeconomic structures of destination countries, where barriers existed in structures of origin countries, tend to be absent. Research on international returnee migrants in China, Egypt, Mexico and Tunisia has revealed that the international migration experience helps migrants accumulate financial and human capital that then allows them to overcome constraints and become entrepreneurs when returning to their home countries (McComrick and Wahba, 2001; Mesnard, 2004; Woodruff and Zenteno, 2007; Wright et al., 2008). The positive contributions of financial and human capital to the agency for entrepreneurship among the Chinese rural returnee migrants are also widely reported (Murphy, 1999, 2002; Ma, 2001, 2002; Demurger and Xu, 2011; Miao et al., 2013).

The literature has also shown that there is varied agency for entrepreneurship among different groups of returnee migrants (Mezger et al., 2012). For example, to become an entrepreneur after return is not necessarily a returnee's preferred option (Hagan and Wassink, 2020) and in the Chinese context, there is evidence of the role of individual characteristics of returnees, including age, gender, marriage status and networks with origin communities (Zhao, 2002; Hu 2014). Nonetheless, this research primarily focuses only on how varied agency influences the different choices of returnees to establish enterprises in the short term, with less evidence and understanding about how varied agency influences the operation of enterprises in the long term. Furthermore, how such varied agency interacts with the process of hybrid

rurality in China, which is re-shaping rural socioeconomic structures, demographic composition and rural values, norms and relations, is not included in the current literature.

Based on interviews conducted in this study, Figure 12 below shows the main factors recognized by rural returnee entrepreneurs as influencing their agency for entrepreneurship. Financial and human capital, in terms of financial savings, knowledge and skills accumulated during the migration experience are recognized by returnee entrepreneurs as the two most important factors influencing their agency to start enterprises. Of course, this might be expected and reinforces arguments of how rural returnee entrepreneurs contribute to rural transformation in China using capital, knowledge and skills they brought back (Yu et al, 2017).

Figure 12 Factors fostering agency for entrepreneurship among returnee migrants at enterprise launching phase (n=37; author construct)



Besides financial and human capital, family networks and policy support are also recognized by returnee entrepreneurs as critical for the successful operations of their enterprises. Discussions with interviewee #28, a women returnee entrepreneur at 37 years old, and interviewee #44, a male returnee entrepreneur at 30 years old, can be illustrative. Both interviewee #28 and interviewee #44 came back and started their businesses in the emerging service sector in Xiji. Interviewee #28 operates a pancake shop and interviewee #44 manages a milk tea shop. Both admit their family networks have considerably supported their business operations in order to allow them to sustain their businesses in the long term. In this regard, Interviewee #28 mentioned “My father is the owner of the first private gas station in the town. After university, I came back to help him manage the business at the same time as opening my own pancake shop. I am not so much worried about the shop because with the money my father’s business brought, I

do not need to be worried about money in my whole life.” Interviewee #44 offered similar perspectives, *“My parents own a hotel and a retail shop in town. My family is recognized here for being smart with successful business models which have been profitable. This reputation has helped attract customers to my milk tea shop, as a new business idea in Xiji”*. It is noted that returnee entrepreneurs, who benefit from the contributions of established family networks and policy support have greater agency not only for entrepreneurship, but are often those achieving successful business operations in the long term.

Nonetheless, it is worth highlighting that returnee entrepreneurs, who are able to receive the support of such family networks are in the minority in Xiji town. Most returnee entrepreneurs are from smallholder families with weaker and limited family support and networks. It is difficult for returnee entrepreneurs from smallholder families to access policy support, and connect with types of support, including accessing credit, connecting with market opportunities and tapping into business development services. Among the 37 returnee entrepreneurs interviewed, only 5 reported having received the support of family networks, while 14 reported achieving business success relying on their own efforts, and an additional 18 reported suffering business challenges and even encountering failures with limited family support.

Business challenges and failures among returnee entrepreneurs are attributed by interviewees to credit constraints, inaccessibility to market opportunities, limited networks, and limited opportunities to receive business development services. Among the challenges, credit constraints are perceived by most returnee entrepreneurs as the predominant challenge for their enterprises, especially in the start-up phase. To tackle credit constraints, utilizing one’s personal savings and informal loans from families and friends were the two most common solutions for returnee entrepreneurs. However, if their business failed, this then cost the returnee entrepreneurs not only their own savings but the trust of families and friends who lent them money. It weakens their agency for future entrepreneurship.

To illustrate an experience of business failure, the story of interviewee #29 is shown in the box below.

Box 1 Discussion with interviewee #29, a 31-year-old women returnee migrant

The interviewee married her husband who is not from Xiji. Their marriage broke the town's social norm that implicitly requires youth to marry someone from the same place. As a result, her marriage is not supported by her family. Nonetheless, her parents, relatives and friends still lent her money to establish a barber shop with her husband in Beijing. Unfortunately, the business failed. Over the past few years, she and her husband have worked hard to pay the debt back to the family. She worked as a driver for Didi (a taxi ride hailing service similar to Uber) and her husband worked as an EMS courier. To save money, they lived in the cheapest apartment in Beijing with no heating and air conditioning. After several years' efforts, they paid back all the debt and returned to Xiji. "I broke the community norm to marry an outsider. Combined with our business failure, this cost us a lot, not only in monetary terms, but also the trust of our families and relatives. I felt so embarrassed and disrespected by my community members. This disrespect applied not only to myself, but to my husband, and even my little daughter. We only dared to return after we paid back all the debt, but we are still unsure how life would unfold for us here and whether we still have the courage to run another enterprise, after all the twists and turns."

In addition to identifying financial constraints as the main challenge for their business success, interviewed returnee entrepreneurs suggested family networks and policy support were critical to success, especially in long-term business operations. They argued that family network and policy support are frequently interlinked with each other. Extensive family networks in the social context of Xiji can help returnee entrepreneurs leverage access to resources, policy support and opportunities, all of which are critical for their business success. Discussions with interviewee #12 a male returnee entrepreneur at 40 years old and interviewee #20 a male returnee entrepreneur at 39 years old are illustrative of this point. Interviewee #12 runs a shoemaking workshop, said *"To return and stay with my family is the main reason for me to come back. Moreover, I was motivated by the favourable policy support, the town government provided, including subsidies for land rental, loans and trainings for employees."* Similar points were mentioned by interviewee #20, who said *"I came back because of the quite favourable policies encouraging agribusiness. Thanks to the policies, I setup the first cherry plantation in Xiji."*

Nonetheless, not all returnees are blessed with family networks that can help them access to resources and opportunities from contexts of rural origins. Out of the 37 returnee entrepreneurs interviewed, 32 are from smallholder farmer families with limited networks that can help entrepreneurs leverage support. In this way, returnee entrepreneurs from smallholder families have to rely on their own efforts to gain trust and integrate within networks for earning support from rural origin communities. For this purpose, according to returnee entrepreneurs interviewed, it first requires reconciling the difference of their individual values with traditional rural norms that value collectivism. In accordance with interviewed returnee entrepreneurs, the reconciliation process is often difficult. It means returnee entrepreneurs are

forced to change and even forsake individual values forged during years of migration experience, in order to meet the expectations related to the collective values of rural origin communities to be able to access resources for business growth. The difficulties may drive returnee entrepreneurs to leave and migrate again from origin communities. Moreover, such difficulties will also then limit their agency to return once more and run an enterprise in their rural origin community. Discussion with interviewee #30, included in the box below, illustrates traditional social pressures.

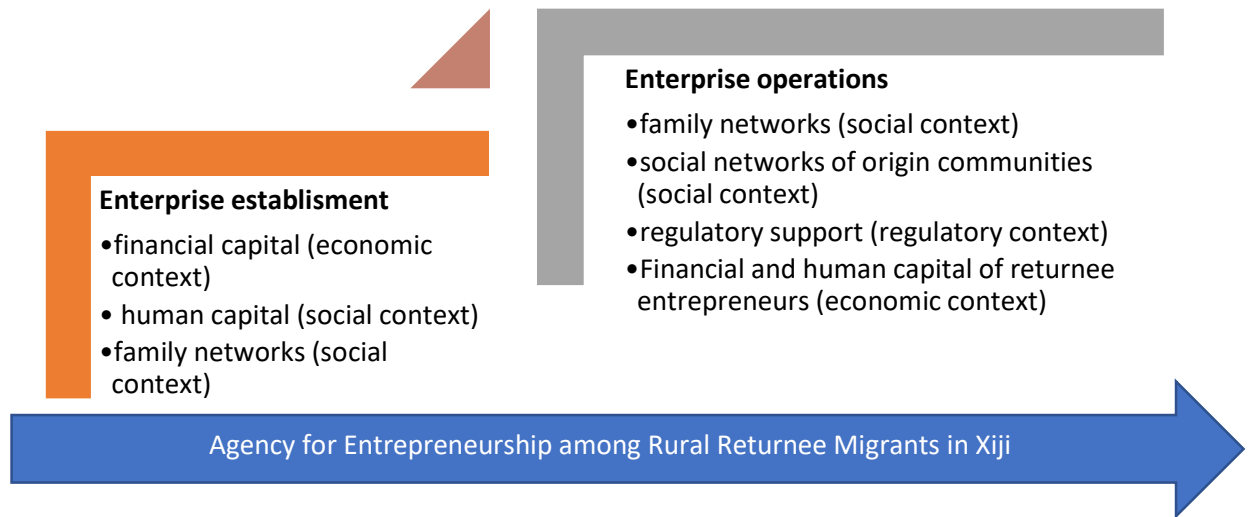
Using this analysis, it can be argued that there are positive contributions from the financial and human

Box 2 Discussion with interviewee #30, a 36-year-old male entrepreneur in Beijing from Xiji

The interviewee went to Beijing as a migrant worker in his early 20s. Since 2008, he opened several restaurants and a café in both Beijing and Xiji. Unfortunately, none were successful. Despite this failure, he did not stop his efforts to become a successful entrepreneur. Nonetheless, the interviewee decided not to return and open his next enterprise in the town again. According to him, this is because he finds it difficult to reconcile his values, especially his single status, with rural social norms in Xiji. He feels that rural values have given rise to disdain towards him from community members. *“I hate so much the feeling when over fifty people get together to gossip on why I am not married and how it is linked with my business troubles. This is such a shame unbearable to my free spirit. My individual growth has taught me to never abandon the life course I decide to live despite the challenges. Plus, for us children of smallholder farmers, we do not have connections as many others do, therefore, failure is almost inevitable, but it is valuable and provides very useful lessons. I therefore also despise those who show contempt toward my business troubles and question my life choices. They did not even dare to try such things themselves. It is a pity that there are a lot of such people in this town. For this reason, I do not want to come back because I want to live my own life, not in the eyes of others”.*

capital held by rural returnees, which fosters agency for entrepreneurship and this may matter the most in the early phase of enterprise establishment. However, financial and human capital may not be sufficient to transition and sustain the agency from the initial entrepreneurship phase into long-term business venture. Support from family networks and integration within social networks in rural origin communities are vital to access resources and opportunities, and this may matter more than individual financial and human capital of returnees when sustaining agency for entrepreneurship in the long term. This is especially the case when considering the challenge of financial constraints, as expressed by the most rural returnee entrepreneurs in Xiji, and which requires returnee entrepreneurs to access and mobilize financial resources from all possible sources, including family and policy support, as well as social networks of origin communities. Figure 13 below shows the different factors supporting the agency for entrepreneurship among returnee entrepreneurs during both the enterprise establishment and operation phases.

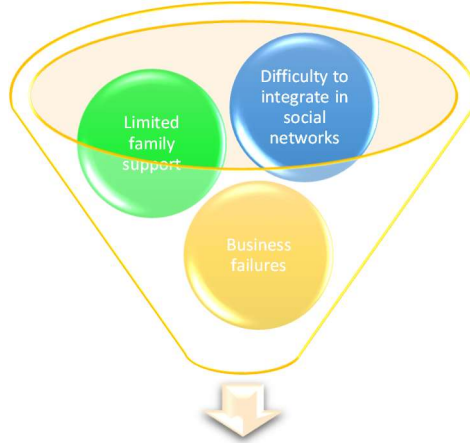
Figure 13 Factors fostering agency for entrepreneurship at different phases of enterprise growth (author construct)



Unfortunately, not all returnees are able to reintegrate within the social networks of rural origin communities and the analysis of the interview data identified a number of reasons why. Firstly, regarding the family networks of returnee entrepreneurs, the majority come from smallholder farming families who may not be able to provide them with sufficient connections and resources, nor can their families help them access to regulatory support. Secondly, individualized values of returnees, which are cultivated during their migration experience, may prevent returnee entrepreneurs from reconciling with collective values of rural communities and successfully integrating into social networks to access support. The case of interviewee #30, as was discussed above, are illustrative in these regards.

Failure to integrate into rural social networks then constrains the access of returnee entrepreneurs to opportunities and support from contexts of rural origins, which results in the high-failure rate of returnee-owned enterprises in the case study. Subsequently, the failure of returnee-owned enterprises has other repercussions and can cost returnees, the trust of the origin communities, which hinders their reintegration within social networks of origin communities and further limits their access to resources and support. In this way, limited family networks, difficulties of reintegrating into social networks and business failures comprise barriers that undermine the agency for entrepreneurship among rural returnees and drive them to migrate away again from their origin communities after return (Figure 14).

Figure 14 Barriers undermining agency for entrepreneurship (author construct)



Undermined agency for entrepreneurship among rural returnee entrepreneurs

4.4. Differences in agency for entrepreneurship across different groups of rural returnees

The previous section explained factors influencing the agency for entrepreneurship among the rural returnees in Xiji and how the factors jointly influence agency for entrepreneurship at both enterprise establishment and operation phases in both short and long terms. This section will now navigate in more depth how the strength of agency for entrepreneurship varied across different groups of rural returnees in Xiji, as the case study area of this research.

Analysis found that, when returnees come back to rural origin communities, they face options to rebuild their livelihoods in the communities, including resuming lifestyles as smallholder farmers, finding salary-based jobs, becoming entrepreneurs or choosing to retire. Of course, facing these options, different groups of rural returnees make different choices. Factors influencing both the agency to return and the agency for entrepreneurship among rural returnees, as was discussed in the previous sections, play considerable roles on these choices by heterogeneous returnees.

First, the different age of rural returnees influences actual options available and prompts their different choices. Among returnees in their 50s, few in this age group chose to become entrepreneurs after return. Instead, the majority chose to resume their former livelihood, as smallholder farmers, find salary-based jobs close to home or otherwise chose to retire and leave the labour market altogether. Their choices are explained by the returnees as the ways to fulfil their family obligations after being absent for many years. From the perspective of financial and human capital that influences the agency of entrepreneurship,

returnees in this age group tend to possess limited job skills and little in the way of financial savings. Most of them had worked in labour-intensive sectors in cities with low salaries. Their limited skills reflect the poor economic conditions of their families in the origin communities, that were unable to provide them with good education but then relied heavily on them for remittances. Returnees in this age group come back mainly due to their inability to find jobs in cities related to their high ages. There is little agency for entrepreneurship found among returnee migrants in this age group. Their decision to return is more an obliged choice to retire than a personally-driven choice for entrepreneurship.

The discussion with interviewee #23, a male rural returnee at 55 years old, can be illustrative in this case. Before returning to Xiji, the interviewee was a construction worker, working for various companies in different cities in China for thirty years. The interviewee returned to Xiji when he was 52. After returning, he resumed his former livelihood as a smallholder farmer, growing his own food. Meanwhile, relying on his construction skills, he has also worked as an on-call home labourer for ad-hoc additional income. When being asked on his agency to return and his life after coming back, the interviewee informed, *“I came back because it is hard to find jobs in cities at my age. People look down on construction workers, because it means a lower salary, few skills and long-term separation from one’s family. So I am happy to be back. I grow my own food that saves me money and work as a home renovator for some additional cash. Life is good here. What worried me is the low quality of rural medical services. Plus, I do not have pension.”* It is interesting to note, when discussing their agency to return, all the three older returnees interviewed expressed similar views that the inability to find jobs in cities due to their advancing years as the main factor fostering their agency to return. However, none of them indicated that it was their choice to return and start new enterprises.

In contrast, younger returnees in their 30s and 40s exhibit higher agency for entrepreneurship that relates to their decisions to return. The majority in this age group were born in 1980s and 1990s. As a result of rural economic growth in China in those two decades, their families possess better economic conditions than those of returnees in 50s. Better family economic conditions provided this group of returnees with opportunities for a better education and vocational training, before emigration. When arriving in cities, the higher human capital of the young migrants helped them find better-paid urban jobs, which further increased their financial savings. Both their enhanced financial and human capital strengthened their agency to return to origin communities and start enterprises by themselves. Unlike their older counterparts, most young returnee entrepreneurs indicated that their decision to return and their agency for entrepreneurship were on a voluntary basis. A number of them, such as interviewees #4, #11, #13,

#25, #38, #47, including two male and three female in the age range from 30 to 42, resigned their jobs in cities to return and run their enterprises. In addition, other interviewees, such as interviewees #20, #27, #44, #52, including two male and two female in the age range from 32 to 39, relocated their enterprises from cities to Xiji due to the lower operational costs and favourable policies.

Discussion with interviewee #25, a male returnee entrepreneur at 36 years old, can be illustrative to this point. The interviewee was a software engineer in one of the leading IT companies in China. He earned a good salary from his job. But he resigned and returned to Xiji where he opened his own garage. When being asked about his agency for entrepreneurship, the interviewee informed, *"I had a good job in Beijing, but I did not like it. Plus, I could never feel like I belonged in the city, so I decided to come back and start my own business. With all my savings, I opened this garage. What I earn now is non-comparable to what I earned then. I know people here ridicule me as a fool, and my parents are not supportive of my return at all. But I am happy that I am finally doing something I really like. Even if the business failed, I will still have the time and skills to re-start again."*

Moreover, origin families of these young returnees do not rely on remittances as much as those families of returnees in their 50s. This has further expanded the options of these returnees and allows them with more space to pursue their individual values and aspirations, instead of working only as wage-workers sending remittance to support family members back at home who rely financially on them. Combined with their higher financial and human capital possession, the expanded space to pursue individual values also helped foster their agency for entrepreneurship. Nonetheless, it is worth mentioning that such individual values of young returnees are frequently at odds with collective values upheld by rural communities and social norms. Such differences can prevent younger returnees from reintegrating back into the social networks of rural origin communities, as well as constraining their access to opportunities from contexts of their origin communities. In the long term, this may diminish their agency for entrepreneurship during enterprise operations. For example, interviewee #38, a woman returnee entrepreneur at 34 years old, resigned a university job in Beijing and returned to Xiji to open a restaurant. Her decision as such was rejected by her parents and distained by the community. Nonetheless, she informed *"I believe people come to this world and have one chance. Therefore, we are each responsible for our own lives. I opened this restaurant because cooking is what I really like. It is difficult to make the elders and my parents understand why I abandoned a stable job to become an entrepreneur with no job and no husband. I know I have become a strange animal in town. But I am an independent person. If I*

decide anything, I do whatever reach it takes to succeed. And I feel so grateful for my friends in Beijing. Their support has helped me withstand the pressure from both my business and my community ”.

Secondly, the analysis reveals a gender difference relating to the varied agency for entrepreneurship among rural returnees. Among the 37 returnee entrepreneurs interviewed, 17 are women and 20 are men. Among the 17 women returnee entrepreneurs, only four related that they came back because they wanted to become entrepreneurs, including interviewees #4, #28, #38 and #52 in the age range from 30 to 37. For the rest of the 13 women returnee entrepreneurs, they each expressed that the first factor influencing their agency to return was to fulfil family obligations. Establishing their own enterprises was often a decision made after their return, which was primarily as a means to generate an income that helped them better take care of family members. In comparison, among the 20 male returnee entrepreneurs interviewed, only three expressed that they came back due to family obligations, including interviewees #2, #3 and #39 in the age range from 32 to 41. The rest of the 17 male returnee entrepreneurs expressed that they returned to firstly run their own enterprises, while fulfilling family obligations was a secondary consideration in their decision to return. This gender difference could be attributed to the enduring influence of rural social norms on rural migrants. In accordance with rural norms, the first social role of women is to fulfil family obligations and take care of family members, while the first role for male is to earn economic means that support families in monetary terms. Even after rural migrants have lived and worked in urban contexts for years, where urban norms apply, the influence of rural social norms still take effects significantly upon the prioritization of women and men returnees in terms of returning to take care of families or to run enterprises. A summary of the discussion with interviewee #11 is given in the box below and can be illustrative of this point.

Box 3 Discussion with interviewee #11, a 32-year-old woman returnee entrepreneur

The interviewee returned to Xiji to take care of her grandmother who raised her as a child. To earn an income, she started selling food to visitors in the town. The small food stalls she operated gradually grew into a small restaurant with a good income, which helped her better take care of her grandmother. When asked on her agency to return and to run the restaurant, she informed *"I came back because I cannot leave my grandmother alone in the town after my grandfather passed away. They brought me up and it is my responsibility to take care of her. At the beginning I brought my grandmother to Beijing where I worked as a waitress, but she was not used to the urban lifestyle, and she felt everything there was expensive. It was hard for her to accept buying vegetables because she was so accustomed to growing and harvesting crops from her own field. Plus, she missed very much our old house and her old friends in Xiji. She had no one to speak to in Beijing after I left for work. I do not think it will be good for her if she continues to live in Beijing. To better take care of her, I resigned my job and came back together with her. I served in several restaurants in Beijing, with the cooking and service skills I learnt, I sold food to visitors to Xiji and drivers who passed by. The income was good enough to take care of my grandmother and myself. With the money earned, I started this small restaurant. Our business is good, and we also buy vegetables from other senior citizens living in Xiji which supports their livelihoods."*

Besides the influence of individual characteristics on agency for entrepreneurship among rural returnee entrepreneurs, including age and gender, it worth noting that all the 37 returnee entrepreneurs interviewed expressed that the improved rural infrastructure was a factor fostering their agency to return and run their businesses in Xiji. As was mentioned by returnee entrepreneurs interviewed, these include the improved road conditions, good internet connections and the establishment of new schools and hospitals. The improved rural infrastructure has facilitated the mobility of capital and labour between the town and its surrounding urban and rural places, all of which are useful for the growth of returnee entrepreneurs from the economic structural perspective. Apart from that, the improved infrastructure also facilitated the connection of the town with multiple places in the country, which has given rise to the arrival of new stakeholder groups, including rural migrants from hinterland provinces, tourists, urban retirees, as well as the establishment of industrialized agricultural plantations with urban capital and technological investments.

It is interesting to note that returnee entrepreneurs tend to perceive both migration to cities and returning to run enterprises as interchangeable parts of their lives. On one hand, they find the migration experience has helped them accumulate financial and human capital as well as networks useful for launching enterprises. On the other hand, when facing business struggles and failures in origin communities, returnee entrepreneurs expressed they will choose re-migrate as a way to re-accumulate capital, skills and networks to re-launch their businesses. This narrative is illustrated from the discussion with

interviewee #3, a 32-year-old male returnee entrepreneur whose business venture failed at which point he left Xiji again. The interviewee was a civil servant in the neighbouring Tianjin municipality. However, to take care of his wife and new-born child, he resigned the job and came back to Xiji where he opened an online education company. Unfortunately, the company was bankrupted, which cost him both his own savings and those of his parents. To earn the money back, he left the town again for Tianjin, where he found a salaried job. He mentioned *“I resigned the civil servant job because my salary was not enough to raise my wife and my child. With my savings and those of my parents, I opened an online education company at home with the hope to stay together with my family and earn more money at the same time. But I failed. I am now in Tianjin, working as an employee for an online sales company. I hope I will earn back the money I lost soon and re-start my business again ”*.

4.5. Conclusions

Based on the analysis of factors fostering the agency of rural migrants to return to origin communities, as well as factors fostering the agency for entrepreneurship, the results show the factors that give rise to different types of agency. For the agency to return, there are both urban-based “push” factors as well as rural-based “pull” factors, but returnees of different age groups recognize the push factors very differently. For those in their 50s, the most recognized push factors are inability to find jobs and the high-living costs in cities, whereas for those in their 30s and 40s, the factors of fulfilling family obligations and returning to run enterprises are salient. By comparison, less variance is found among returnees with regard to the rural-based pull factors, with improved rural infrastructure is mentioned by all returnees as the force that pulls them back. The trend of high-frequency mobility of rural migrants between urban destinations and rural origin communities is noted from the research. Such mobility may further contribute to the agency to return among rural returnees by keeping close connections with their origin communities.

Regarding agency for entrepreneurship among rural returnee migrants, the analysis found positive contributions from financial and human capitals on agency. Such positive contributions have been discussed and agreed among existing research (Murphy, 1999, 2002; Ma, 2001, 2002; Demurger and Xu, 2011; Miao et al., 2013). On top of findings from the existing research, this research has further found that financial and human capital of returnees may matter the most to foster the agency for entrepreneurship during the short-term phase of enterprise establishment. To keep such agency in the long-term phase during enterprise operation, it may require other factors, in particular, reintegration within social networks of rural origin communities that leverages access to opportunities, resources and

policy support. There is a high failure rate observed among returnee entrepreneurs. It is attributed to a number of challenges, among others, the constraints in access of returnee entrepreneurs to financial resources. Successful reintegration within rural social networks will help returnee entrepreneurs tackle the constraint by accessing to resources from rural origin communities.

Only five of the 37 returnee entrepreneurs interviewed were found able to reintegrate within social networks and access to resources from rural origin communities. In contrast, 32 returnee entrepreneurs were unable to access resources due to limited family networks and individual values different from norms of rural origin communities. Such inaccessibility could have contributed to the high-failure rate of returnee entrepreneurs that further undermined trust of origin communities on returnee entrepreneurs. There is a feedback effect of further diminished access to finance, when returnees' business ventures fail and the trust of origin communities is lost. Therefore, this research proposes that the influence of financial and human capital of returnee entrepreneurs as well as their reintegration within the social networks of rural origin communities is salient, in both phases, on the agency for entrepreneurship in both enterprise establishment and operations. Even if financial and human capital can give rise to strong agency for entrepreneurship during the enterprise establishment phase in the short run, it may be undermined in the long-term phase of enterprise operations without receiving support from origin communities by integrating within rural social networks.

Based on the above, this research found the agency for entrepreneurship among returnees varies across different phases of enterprise establishment and enterprise operation. Moreover, agency is also found to vary across returnees of different age groups and gender. Due to different family economic conditions and the differing levels of financial and human capitals, returnees in their 30s and 40s possess higher agency for entrepreneurship than those in their 50s. Likewise, due to the various traditional family responsibilities imprinted in rural social norms, there are more women returnee chose to return to fulfil family obligations than male returnees who choose to return and run enterprises.

Moreover, this research suggests that the agency of rural migrants to return is not positively correlated to the agency for entrepreneurship. Not all returnees choose to become entrepreneurs after coming back. Frequently, choosing to become an entrepreneur is a decision made by returnees after they come back, as a way to better take care of families. This is especially the case among women returnee entrepreneurs. Likewise, the agency for entrepreneurship does not necessarily lead to the agency to return. There are a number of rural migrants interviewed who expressed the unwillingness to return and run enterprises in origin communities. The unwillingness is considerably attributed to the difficulty of reconciling individual

values of rural migrants with collective values of rural origin communities. To reconcile the conflict between values and norms, some returnees have chosen to return to small towns close to both urban destinations and origin communities and commute frequently with both locations. Moreover, migration and entrepreneurship are often perceived by rural returnees as interchangeable parts of their life experience. For them, migration has allowed them to accumulate financial and human capital conducive for entrepreneurship after returning. When their enterprises fail, they also choose to re-migrate to re-accumulate capital and skills to re-start their businesses.

The analysis of this chapter suggests that both the agency to return and the agency for entrepreneurship among rural returnees are highly diverse phenomenon. They are influenced not only by individual characters of returnees such as their age, gender and family backgrounds. Moreover, they are considerably shaped by contextual issues, especially social networks of rural origin communities that are rooted in rural socioeconomic structures. In the meantime, by bringing back urban capital, knowledge and values, rural returnee entrepreneurs could also change rural socioeconomic structures that would feedback to facilitate or hinder the agency for entrepreneurship, especially during the process of hybrid rurality in China. The next chapter will therefore further examine the embedding of rural returnee entrepreneurs in rural economic, social and regulatory contexts of origin communities. It will investigate how the agency for entrepreneurship among returnees will interact with rural economic conditions, social values and regulatory policies, and how such interactions would further influence the agency for entrepreneurship among rural returnees.

Chapter 5: The Embedding of Rural Returnee Entrepreneurs in Xiji town

5.1. Introduction

Chapter 4 presented a critical analysis of agency to return and agency for entrepreneurship among rural returnee migrants. It has suggested different factors fostering both types of agencies, including individual characters of rural migrants, such as age, gender, marriage, financial and human capital as well as family networks of rural migrants. Moreover, the chapter argued that both types of agencies are considerably shaped by contextual issues, especially social networks of rural origin communities. The embedding of returnees in rural social networks is critical to maintain the agency for entrepreneurship in the long term. Following the discussion in chapter 4, this chapter continues to discuss embedding of rural returnee

entrepreneurs in Xiji, as the process in which returnee entrepreneurs rebuild and extend their connections within their rural origin communities (Dacin, 1999).

While existing research has revealed importance of rural returnee entrepreneurs' embedding in origin communities, in terms of obtaining resources critical for business growth (Floysand and Sjøholt, 2007; Ruben et al., 2009), this is not well investigated in the context of China. Furthermore, to examine the embedding process of returnee entrepreneurs through a more holistic approach, research has argued it is specific contexts in which entrepreneurs embed and evolve that is vital to better understand (Zahra et al., 2014; Welter et al., 2019). This requires an analysis of the embedding process of entrepreneurship not only in economic contexts, but also in social and regulatory contexts. It calls for an investigation of the interactions between rural returnee entrepreneurs and the contexts of their rural origin communities in two ways. First, to investigate how the economic, social and regulatory contexts of rural origin communities would lead to different embedding outcomes for different returnee migrant groups (Korsgaard et al., 2015; Ram et al., 2017). Secondly, to reveal how returnee entrepreneurs are positioned within this process and their influence on the economic, social and regulatory contexts of origin communities, by bringing capital, skills, and urbanized values and lifestyles (Murphy, 1999; Chauvet and Mercier, 2014; Von Reichert et al., 2014).

There is research investigating the embedding process of international returnees in origin countries but a similar process cannot be assumed for among in-country returnees (Ahlstrom et al., 2008; Kloosterman, 2010; Qin and Estrin, 2015). In their research on internal migrants with movements within countries, O'benbrugge (2004) and Greiner (2010) suggested internal migration is often multi-directional with overlapping mobilities covering multiple places within national borders. Liu et al., (2015) put forward similar suggestions for the Chinese rural migrants, which includes high mobilities of rural migrants between multiple urban destinations and rural places, including rural origin communities. Drawing on these theories about the embedding process and by the analysis of 54 semi-structured interviews with different stakeholder groups in Xiji (as detailed in Chapter 3), this chapter will contribute to this question of the embedding of rural returnee entrepreneurs in the economic, social and regulatory contexts, using the case study of Xiji town in China. It will explore factors giving rise to different embedding outcomes for different groups of returnee entrepreneurs. The chapter therefore addresses research objective two that aims to investigate how, and if, rural returnee entrepreneurs would embed in the economic, social and regulatory contexts of Xiji town. The chapter starts with an analysis of the semi-embedding process of rural returnee entrepreneurs during migration in section 5.2. Subsequent analysis in section 5.3 will

investigate factors and pathways that facilitate or hinder the embedding of different rural returnee entrepreneurs in the economic, social and regulatory contexts after their return. Considering the high rate of business challenges and failures informed by returnee entrepreneurs, as is presented in chapter 4, this chapter will reflect on what roles embedding process have for different outcomes for returnee entrepreneurs and how the different embedding outcomes would influence agency for entrepreneurship.

5.2. Before returning: semi-embedding of rural returnee entrepreneurs during migration

Entrepreneurship is contextual (Welter and Gartner, 2016). It is embedded in economic, social and regulatory contexts of different places that either facilitate or hinder entrepreneurship (Granovetter, 1985; Zahara, 2007). The embedding of entrepreneurship is especially relevant in rural contexts where informal relations and networks tend to prevail in the distribution of scarce resources and opportunities (Meccheri and Pelloni, 2006). There have been a number of studies examining the embedding of international returnee entrepreneurs. Kloosterman (2010) and Qin and Estrin (2015) argued international migrants are able to maintain enduring networks with origin countries during migration, which provides them a competitive edge to leverage resources from both destination and origin countries. Nonetheless, Ahlstrom et al., (2008) and Harima (2022) maintain different views, suggesting weakened connections of international migrants with origin countries after being geographically away for many years. Subsequently, the weakened connections may dis-embed migrants from contexts of their origin communities even before their return.

In view of the two different views, this research first investigates the connection of rural migrants from Xiji with economic, social and regulatory contexts of the town during their migration. It will also explore if rural migrants from Xiji are dis-embedded from contexts of the town during migration.

As is mentioned in previous chapters, during their migration, rural migrants from Xiji commute frequently between their urban destinations and rural origins. All 37 interviewed returnee entrepreneurs expressed their frequent trips back to their town at least twice a year during the crop harvest and festival seasons, respectively. In addition, all interviewed returnee entrepreneurs gave the continued residence of their family members in the town, while they are working outside, as the reason why. They also expressed they remitted back funds to support family members.

Based on the above, this research suggests that rural migrants from Xiji are able to keep their economic assets, including lands, houses and financial savings in the town when they work in urban destinations.

The retaining of such economic assets has underpinned close economic ties of rural migrants with their origin communities when they are away. In turn, the existence of such economic ties has kept rural migrants embedded in the economic context of their rural origins during migration. The continuous embedding of rural migrants in the economic context of origin communities can be different from international migrants, who may become economically dis-embedded with their economic ties cut from origin countries by temporarily or permanently losing their economic assets due to migration (Harima, 2022).

Although remaining embedded in the economic context of rural origin communities, the analysis of the interviews finds that rural migrants in Xiji town, especially those younger than 50 years of age, have forged individualised values during migration. Prompted by financial independence and skills earned by young migrants, individualised values are frequently incompatible with rural social norms of Xiji, where collective values of rural communities override values of individuals. Incompatibility can lead to young migrants being dis-embedded from the social context of Xiji during migration, even if they return or keep engaged in the economic context at the same time. A discussion with interviewee 37, a male returnee entrepreneur at 31 years old, operating an online sales company illustrates this point. The interviewee was a software engineer in Beijing. With money he earned and skills he learnt from online sales, he returned to Xiji and opened his own company. His online business was a new concept within the town. His lifestyle, which was to work in the evening and sleep during the day, was in complete juxtaposition with the lifestyle prescribed by rural social values. He explained *“When seeing me sitting in front of a computer all night without going out to work or going to the field, my mother believed I must be an internet addict and tried to destroy my computer several times. I was also gossiped about by neighbours as the loser son of my family. Things only changed when I bought a luxury car for my parents with the money earnt from on online work. Now I feel that I am much more respected here.”*

Among the 44 young returnees interviewed, 32 individuals, or 73 per cent, of young returnees below 42 years old revealed similar difficulties in reconciling their self-cultivated values in cities with rural norms and collective values of Xiji (table 5). By comparison, none of the three older returnees in their 50s expressed this difficulty. From a gender perspective, it is interesting to note that there are more women returnees expressed similar values with rural values than their male returnee counterparts. Among the 47 returnees interviewed, including both older and young returnees, there are 21 women and 26 men. Among the 21 women returnees interviewed, 15 expressed similar values with rural norms. In comparison,

among the 26 male returnees interviewed, 10 expressed similar values with rural norms, which are less than women returnees (table 6).

Table 5 Number of returnees with different values from rural norms of Xiji by age groups (n=47; author construct)

Returnees younger than 50 years interviewed	44
Expressing different values from rural values	32
Expressing similar values with rural values	12
Returnees of 50 years or above interviewed	3
Expressing different values from rural values	0
Expressing similar values with rural values	3

Table 6 Number of returnees with different values from rural norms of Xiji by gender groups (n=47; author construct)

Women returnees interviewed	21
Expressing different values from rural values	6
Expressing similar values with rural values	15
Male returnees interviewed	26
Expressing different values from rural values	16
Expressing similar values with rural values	10

The different values among young returnees from rural collective values of origin community can also be attributed to the different professions they undertook after their return. Chapter 4 revealed higher agency for entrepreneurship among young returnees compared to their older counterparts. Of the young returnees interviewed, 37 out of the 44 young returnees have chosen to become entrepreneurs after returning to Xiji. It was revealed during the interviews that to become an entrepreneur after return by a young returnee was a way to exercise their own individual values, and in spite of the difference from the rural norm. Discussion with interviewee #49, a 29-year-old woman returnee entrepreneur, illustrates this point. She said *“I learnt online business skills from my experience in Shanghai. Using my family’s house in Xiji and with my parents’ support, I established my online shop after return and earned about \$35,000 last year. But I did not earn the respect of my community. I live a different life from most people here. They*

cannot understand how I earn money without leaving home and why I always work in the evening. No one likes to speak with me. But money talks. I am happy with the way I live and who I am."

Similar to interviewee #49, nine additional young returnees, including interviewees #15, #16, #25, #37, #38, #42, #47, #48 and #53 expressed similar experiences about how the migration experience has prompted their agency for entrepreneurship to be a way to pursue their individual values, which are different from those upheld by rural norms of Xiji. These interviewees include 6 male and 3 female in the age range from 28 to 38. Moreover, they also highlighted difficulties they encountered, as young returnee entrepreneurs, to reconcile their values with rural collective values and norms, which frequently took place on an involuntary basis. Moreover, this research found that the reconciliation of values between returnee entrepreneurs and rural origin communities does not always succeed. Interviewees #30, #32 and #36 reported a failure in the reconciliation process, which promoted them to instead stay and run enterprises in cities, despite challenging urban economic and social contexts. These interviewees are all males with the age range from 30 to 36. In this way, the research finds that the failure of young returnee entrepreneurs to reconcile their values with those of rural communities can lead them to be socially dis-embedded, even if they can keep economically embedded at the same time by keeping economic assets in their origin communities.

Although different values from rural origin communities are widely found among young returnees, it is interesting to note a group of young returnee entrepreneurs, who chose to return and embrace rural collective values due to failed marriages in cities. Interviewee #51, a 32-year-old male returnee entrepreneur, explained his return was due to a failed marriage in Beijing, which prompted him to leave Beijing and *"stay away from a heart-breaking place"*. A similar view was revealed by interviewee #50, a woman returnee entrepreneur, who said *"I returned to embrace the warmth of my family after my divorce. With my family's support, I started a small EMS courier business that runs well."* Nonetheless, interviewee #27, a 32-year-old woman returnee entrepreneur, felt that difficulties with socially embedding in Xiji after returning due to her failed marriage. She felt *"It was hard to re-integrate in the community at the beginning of my return. Divorce is a social taboo here, especially for women. Things only started to change after I married my current husband who is from this town and my business grew into a success."* Varied experiences with social embedding in this group of returnee entrepreneurs reflects the higher tolerance level of rural values towards young returnees who choose to comply with the norms. Moreover, it also indicates the importance of economic success to facilitate the social embedding of returnee entrepreneurs.

Compared to younger returnees, all older returnees of 50 years or above who were interviewed chose to return and resume their former livelihood as a smallholder farmer. For these older returnees, coming back to Xiji reflected their retirement from urban labour market and to resume smallholder farmer lifestyles, which is in line with expected rural values and helped to facilitate their process of social embedding. Nonetheless, the research found that, even being able to socially embed in the town, older rural migrants may not necessarily return. Instead, they choose to retire in cities and towns where their families continue to remain. To retire in other places than their rural origin communities has led to the situation where fewer older rural migrants returned to Xiji than their younger counterparts. A discussion with interviewee #40, a 52-year-old male returnee migrant, illustrates this narrative. He explained *“I was a construction worker for 30 years and came back when I was 52. I managed to support my son settling in Chengdu city, and bought him an apartment there. After leaving the town for many years, I returned to take care of my family’s land and house. I don’t feel embedding is an issue at all. My lifestyle is common among rural migrants of my age. But I may leave and join my son in Chengdu, one day.”*

Apart from the economic and social contexts, returnee entrepreneurs remain embedded in the regulatory context of Xiji town during their migration. This is due to the *Hukou* regulatory system that keeps rural migrants registered as smallholder farmers, regardless of their actual location and economic profession. In addition, regulatory policies promulgated by the Xiji town government from 2021, including regarding concessional loans and subsidies, which are designed to support returnee entrepreneurs, have facilitated some rural migrants to return and run enterprises in Xiji. As is illustrated through discussions with interviewees #5 and #42, who both work for the town government, this local policy support aims to help rural migrants trapped within *Hukou* registration system in Xiji. The two interviewees are male at 66 and 35 years old, respectively. Nonetheless, as is discussed in chapter 4, only a small number of returnees seem to be able to access such policy support.

As is discussed above, from an economic perspective, despite staying away from Xiji for years, returnee entrepreneurs remain embedded in the economic context of the town by mechanisms such as retaining economic assets during migration. The residence of their family members in origin communities also facilitated the economic embedding. Likewise, they are effectively regulatorily embedded by keeping registered as smallholder farmers in accordance with the *Hukou* regulation. Nonetheless, the individualised values of young returnee entrepreneurs forged during their urban migration are often different from the collective values of their rural origins. The difference tends to socially dis-embed young

returnee entrepreneurs from the origin communities, even if many are economically and regulatorily embedded at the same time.

In turn, the social dis-embedding process can weaken the connections that young returnee entrepreneurs have with origin communities. It creates mistrust by origin community members, especially by the elder generation, who are influential in resource distribution in Xiji. Interviewee #5, a 66-year-old retired policymaker in Xiji, explained that *“Life habits of some young people coming back from cities are at often at odds with rural traditions,”* and that *“they are sometimes disruptive to community culture and traditions.”* Experiencing this mistrust by the elder generation was identified by 32 out of the 37 young returnee entrepreneurs interviewed. Such mistrust of young returnee entrepreneurs can limit their access to resources and opportunities from the town, which further curtails the prospects of their business succeeding. In this way, the mistrust by origin communities towards returnee entrepreneurs creates a situation where dis-embedding from social contexts of origin communities then constrains economic viability for returnee entrepreneurs. Discussions with interviewee 53, as recorded in the box below, provides a case study of this experience:

Box 4 Discussion with interviewee #53, a 38-year-old male returnee entrepreneur

The interviewee returned to Xiji and opened an event management company. But his decision disappointed his family that refused to provide any support to him. Relying on his own networks in Xiji and in Beijing, his business began to take off from 2019 before being hit hard by the Covid-19 pandemic from 2020. He said *“At the beginning, I felt I could receive more support when coming back home to my family and my community. But my parents are disappointed with my return. For them, it means they have educated a loser son who still cannot make ends meet. This is a huge embarrassment for them, and their losing face in front of the whole community. They compared me with those they considered successful children in their eyes, who have found jobs, settled in cities and taken their parents with them. My mother even told me as the son of a farmer, I have to rely on myself to be successful, and get prepared to be relied on, by my parents at the same time. This surprised me a lot. In fact, I received little support from my family. My business started to take off from 2019, thanks to my friends in Beijing and those working in the town government.”*

As is illustrated by this quote above, the semi-embedding of returnee entrepreneurs during migration is argued as continuous embedding in the economic and regulatory contexts of Xiji, in addition to their concurrent dis-embedding from the social context due to different values of young returnees from collective values of their rural origins. Such semi-embedding is more obvious among younger returnee entrepreneurs in their 30s and 40s than older rural returnees in their 50s. Values of young returnee

entrepreneurs are frequently different from values of origin communities. Such difference can dis-embed young returnees from the social context of origin communities and limit their access to resources critical for business growth. In addition, keeping embedded in the regulatory context of rural origin communities as smallholder farmers can trigger their total dis-embedding from the economic, social and regulatory contexts of their urban destinations, due to urban norms that perceive smallholder farmers as poorly educated and cheap labour, regardless of their actual education, profession and income status. In this way, although young returnee entrepreneurs can keep embedded in economic and regulatory contexts in Xiji town during migration, they may run the risk of being dis-embedded from the social contexts of both their urban destinations and rural hometowns after return.

As was presented from analysis in chapter 4, the unfavourable positions in urban economic and social contexts can prompt young rural migrants to return and run their own enterprises in origin communities. In the meantime, the risk of being socially dis-embedded from their own origin communities can also de-motivate the agency for entrepreneurship among young returnees. In addition to the 37 young returnee entrepreneurs interviewed, this research also found young returnees who come back to Xiji without starting enterprises. For example, interviewee #33, a 23-year-old male young returnee is illustrative. Before returning Xiji, he worked several jobs in Beijing and earned enough money to buy himself a car. At the time of the interview, he had been staying with his parents for six months without any job. He said “*I know there are a lot of young people coming back and running enterprises, but I am a bit different, because I did not open an enterprise nor did I bring back a lot of money. But I had earned enough to buy a car as my childhood dream, although at great cost. So once this amount was reached. I told myself it is time to return, at least for some time to rest, restore and simply treat myself well. I do not like to take risks.*” Other young returnee entrepreneurs, including interviewee #21 a 32-year-old female returnee and interviewee #24 a 34-year-old male returnee, advised of a similar unwillingness on their parts to take onboard too much risk, which has prevented them from starting enterprises. Such young returnees who come back, without starting enterprises can imply that the risk of business failure and being dis-embedded from origin communities has de-motivated the agency for entrepreneurship among some young returnee migrants.

Analysis in this section has highlighted a ‘semi-embedding’ of returnee entrepreneurs in origin communities during their migration. On the one hand, returnee entrepreneurs can keep embedded in the economic and regulatory contexts of their origin communities during migration. They are able to keep their economic assets in the communities. Their continuous registration as smallholder farmers through the Hukou regulation has kept them embedded in the regulatory context of the communities. In this way,

the semi-embedding of rural returnee entrepreneurs during migration can facilitate their embedding after their return to Xiji town, because their space in economic and regulatory contexts of the town is not entirely lost. On the other hand, returnee entrepreneurs also run the risk of being dis-embedded from the social context of origin communities, due to their values different from those of their rural origin communities. Being socially dis-embedded can limit access by returnee entrepreneurs to resources and reduce business success by returnee-run enterprises in origin communities. Moreover, being socially dis-embedded from rural origin communities can take place at the same time, when rural returnees are dis-embedded from urban economic, social and regulatory contexts. The risk of being dis-embedding from origin communities has dampened the agency for entrepreneurship among young rural returnees.

Following analysis on the semi-embedding process of rural migrants during migration, the next section will start to examine the embedding of returnee entrepreneurs in the economic, social and regulatory contexts of Xiji after their return and analyse factors influencing the embedding of heterogeneous rural returnee entrepreneur in the multiple contexts of Xiji town.

5.3. After return: embedding of rural returnee entrepreneurs in economic, social and regulatory contexts of Xiji town

This section presents analysis into the embedding of returnee entrepreneurs in economic, social and regulatory contexts of Xiji after their returns to rural origin communities. It explores factors influencing different outcomes from returnee entrepreneurs' embedding process. Additionally, the section will explore what happens if the embedding of returnee entrepreneurs is unsuccessful.

5.3.1. Rural returnee entrepreneurs' embedding in the economic context of Xiji

Analysis in the previous section shows that rural returnee entrepreneurs are able to remain embedded in the economic context of Xiji during their migration. This is realized by their abilities to keep economic assets at home due to the residence of their family members and their frequent commutes to origin communities, both of which have strengthened economic ties of returnee entrepreneurs with origin communities. Based on interviews during the fieldwork, the research finds that after return to Xiji town, the economic embedding of returnee entrepreneurs is dependent more on the business performance of returnee-run enterprises than the residence of their families. The more successful their business, the more likely that they become successfully embedded in the economic context. Otherwise, if their business becomes unsuccessful, they will be dis-embedded from the economic context. In this case, economic

assets that returnees have acquired during migration can be lost, even after their return. This section illustrates through evidence from the interviews.

As was found in Chapter 4, there are widespread business challenges and failures among returnee entrepreneurs. Due to the link between business performance of returnee-run enterprises and the success of economic embedding among returnee entrepreneurs, 32 out of 37 returnee entrepreneurs interviewed expressed difficulties in embedding in the economic context of Xiji town. The returnee entrepreneurs attribute difficulties to business challenges and failures they have encountered after return. Only five interviewed returnee entrepreneurs did not mention economic embedding as an issue. All the five returnee entrepreneurs attribute the success of their economic embedding to family support, including both financial resources and social networks. Discussion with interviewee # 4, a 30-year-old woman returnee entrepreneur as below, illustrates this case.

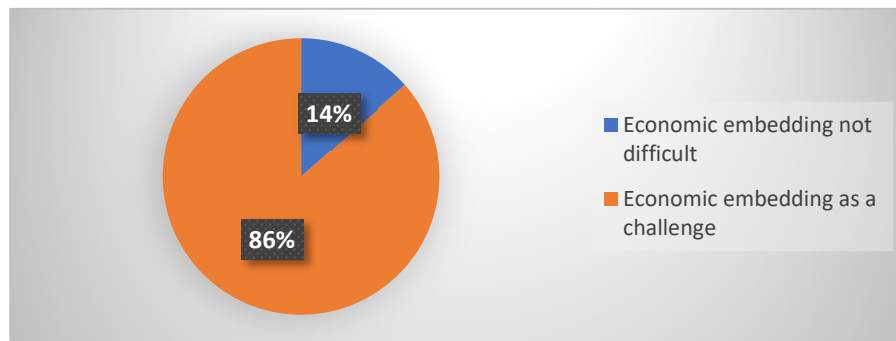
"I come back to run my own online company to sell agricultural products. My parents and my in-laws have lived in this town for their entire lives. Our families have very good connections here. For us, coming back is to return home. I do not see any issues of economic embedding. Perhaps, some may be curious about why we come back. For these questions, first, I do not care. Secondly, I bet there will be no one asking these questions to me in public."

Apart from interviewee #4, similar expressions about family support for successful economic embedding of returnee entrepreneurs are identified by other interviewees, including interviewees #12, #20, #28 and #44. Among the five returnee entrepreneurs with strong family support, two (#4 and #28) are women returnees and three are (#20, #28 and #44) are men returnee entrepreneurs. The five returnee entrepreneurs are in the age range from 30 to 40 years old. It is worth noting that all these returnee entrepreneurs are from families with strong social networks in Xiji, who can support them leveraging resources and opportunities available in the town. Combined with the capital and skills of returnee entrepreneurs themselves, family support has enabled this group of returnee entrepreneurs to achieve business success, which has subsequently facilitated the successful embedding of returnee entrepreneurs in the economic context of Xiji town.

Nonetheless, these five returnee entrepreneurs with strong family support comprise the minority of returnee entrepreneurs in Xiji. Among the 37 returnee entrepreneurs interviewed, the other 32 returnee entrepreneurs expressed difficulties to embed in the economic context of Xiji town. Unlike the returnee entrepreneurs from families with strong social networks, these 32 returnee entrepreneurs are from

smallholder farmer families, who can provide little support to their business. Figure 15 below illustrates the different opinions about economic embedding among returnee entrepreneurs in Xiji town.

Figure 15 Different opinions on economic embedding among returnee entrepreneurs in Xiji town (n=37; author construct)



Among the 32 returnee entrepreneurs expressing challenges in economically embedding in Xiji, 14 felt that they managed to reach business success and economically embed only through their own efforts. The other 14 returnee entrepreneurs felt they are undergoing business challenges, so the outcome of economic embedding remains unknown. An additional four returnee entrepreneurs said business failures lead to them being economically dis-embedded from Xiji. An interesting gender pattern is found among the economic embedding of returnee entrepreneurs. There are equal number of women and men returnee entrepreneurs found in the group of successfully economic embedding with self-efforts and economic embedding with unknown outcomes. There are more male (3) returnee entrepreneurs than female (2) returnee entrepreneurs in the group achieving successful economic embedding with family support. Additionally, all four returnee entrepreneurs expressing business failures and economic dis-embedding are men. On age disaggregation, it is worth noting that all returnee entrepreneurs are under 42 years old. For older returnees who come back in their 50s, none have setup their enterprises after coming back.

Table 7 below illustrates these different outcomes of economic embedding among returnee entrepreneurs with age and gender disaggregation:

Table 7 Different outcomes of economic embedding among returnee entrepreneurs in Xiji (n=37; author construct)

Different groups of returnee entrepreneurs	Number	Gender	Age range
Returnee entrepreneurs successfully embedding in economic context with family support	5	3 men 2 women	30 to 40
Returnee entrepreneurs successfully embedding in economic context through own efforts	14	7 men 7 women	29 to 42
Returnee entrepreneurs encountering challenges with unknown embedding outcomes	14	7 men 7 women	28 to 41
Returnee entrepreneurs with business failures and dis-embedded from economic context	4	4 men	32 to 38
TOTAL	37		

Except for the five returnee entrepreneurs successfully embedding with family support, 32 returnee entrepreneurs further attribute challenges they have encountered towards the mistrust and contempt they suffered from origin community members due to struggling performance of their enterprises. Moreover, analysis of the interviews finds that business failures after return can cost returnee entrepreneurs their economic assets, including those of their families, in the case of having to pay them back for business losses. This has led to not only economic dis-embedding of returnee entrepreneurs. Moreover, the loss of asset changes the economic semi-embedding capacity that helps maintain the economic space for returnee entrepreneurs during migration. All the four returnee entrepreneurs suffering business failures after return chose to leave Xiji again and find jobs in cities. It worth noting that, in addition to dis-embedding returnee entrepreneurs from the economic context, business failures after return can also weaken returnee entrepreneurs' social connections with origin communities. For example, discussion with interviewee #36, a 33-year-old male migrant from Xiji, helps explain.

"In 2017, I opened a hair salon in Xiji with my own savings. It went bankrupt, costed all my money and incurred huge debts. To help me pay the debts, my parents sold our family house and moved with me to Beijing in 2019. To earn our money and honour back, we did all the jobs we could in Beijing. The hard work of my family earned enough money for me to re-start a cold chain business in Xiji from 2020, with good

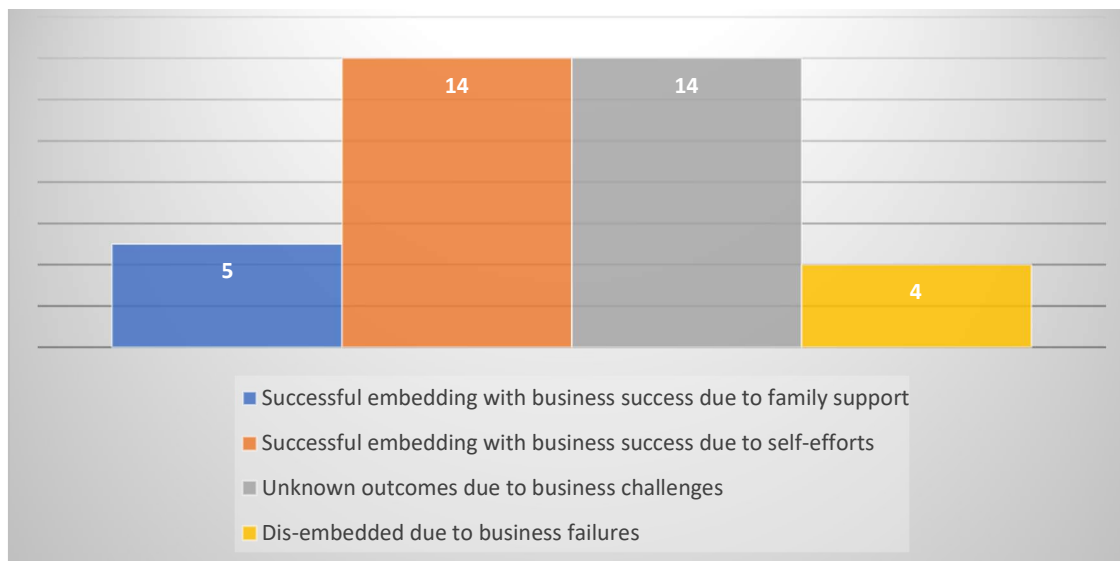
profits this time. But I have cut my relations with most people here, because they offered nothing when I met with difficulties. I am here simply because of the low rental costs."

Similar experiences are expressed by interviewees #9 and #39, the two interviewees are male returnee entrepreneurs at 34-year-old and 41-year-old, respectively. Both of them saw their businesses fail in Xiji for the first time, and chose to keep very limited social connections with the community in Xiji after their new business ventures succeeded. Similar as interviewee #36, both interviewees expressed the mistrust and contempt they suffered from community members resulted in them deciding to keep few connections within their origin communities. It worth noting that the suffering of mistrust and contempt from origin communities is widely mentioned among the 14 returnee entrepreneurs reaching business success with self-efforts, in addition to the 14 returnee entrepreneurs who are undergoing business challenges with unknown outcomes of embedding. For example, discussion with interviewee #48 can be illustrative. The interviewee is a 29-year-old male returnee entrepreneur. Before returning to Xiji, he was a sailor, who travelled around the world, but the job was demanding in terms of long periods of separation from his family. He decided to return and opened a restaurant, which has helped him earn a living and take care of his parents at the same time. But his decision was not supported by his family. He informed *"I am confused why people who I love so much when I was away suddenly become people whom I can never agree with after I came back. For my parents, being an entrepreneur is not a livelihood that good people pursue. In their minds, I should apply for civil servant job to be a good son. They did not agree with me either, when I married my girlfriend from Da'lian. My mother even said I betrayed my family. I hope things will change when my business gets better."*

Considering the different outcomes of economic embedding, this research suggests a spectrum of economic embedding across different groups of returnee entrepreneur in Xiji. The spectrum shows the varied possibilities of returnee entrepreneurs to successfully embed in the economic context of Xiji, which are dependent on the likelihood of returnee entrepreneurs to achieve business success after return. The five returnee entrepreneurs with family support are the group with the most potential to economically embed in the town. Subsequently, the 14 returnee entrepreneurs, who achieved business success through their own efforts, also successfully embedded in the economic context of the town. Nonetheless, without family support, the possibility for them to achieve business success can be less certain than those with family support. These two groups are followed by the 14 returnee entrepreneurs, who are undergoing business challenges amid the mistrust and contempt from origin communities, with unknown outcomes of economic embedding. Eventually, the four returnee entrepreneurs who suffered business failures

possess the least possibility and have been dis-embedded from the economic context of Xiji town. Figure 16 below illustrates to the spectrum of economic embedding among returnee entrepreneurs in Xiji.

Figure 16 Spectrum of economic embedding among returnee entrepreneurs in Xiji (author construct)



The spectrum above also indicates the importance of contributions through family support, in terms of financial resources and social networks, to the economic embedding of returnee entrepreneurs. Both family financial resources and social networks can leverage the access of returnee entrepreneurs to resources and opportunities from Xiji, which is critical for their business success that subsequently upholds the success of their economic embedding. By comparison, family residence in the town, which keeps the economic space of returnee entrepreneurs during migration, matters less than the business success of returnee entrepreneurs. If residing family members cannot provide financial resources and social networks to returnee entrepreneurs, their residence alone will not be sufficient to determine business success, nor economic embedding. In this way, the analysis reveals that family networks of returnee entrepreneurs, as a part of the social context of Xiji town, can influence business success of returnee entrepreneurs, and eventually their economic embedding after return.

Moreover, there is another important insight from the data, which shows gendered differentiation in this embedding process. The analysis of the sample found more women returnee entrepreneurs believe that economic embedding was not such an issue compared to their male counterparts. Although there was a similar number of female and male returnee entrepreneurs who expressed challenges in economic

embedding, all four returnee entrepreneurs, who are economically dis-embedded from the town, were male returnees. The previous chapter found that women returnee entrepreneurs come back first to fulfil family obligations than to run enterprises. This adds to the argument that women return to fulfil their social roles as family caretakers, which is aligned with the rural values of Xiji town, and may help women returnee entrepreneurs economically embed in the town by earning the trust of origin community members. Such trust can in turn facilitate their access to resources from the town and support their business success. Discussions with interviewee #47, a 28-year-old woman returnee entrepreneur, is illustrative in this case. The interviewee was working as a loan agent in Beijing. Her parents divorced when she was very young and she never ever met her father again. When she was a child, she only saw her mother twice a year, when she returned during the festival and crop harvest seasons. She did not have a strong bond with her mother. But seeing her mother grow old, she decided to return to Xiji and take care of her. She said *“With the money I earned in Beijing, I helped my mother renovate her meat shop and build a cold storage unit. Now we run the shop together. I do not feel embedding is an issue. Perhaps, this is because I am a nobody and people do not care where I am. I know I am praised by some elders as a good young person who came back to take care of my family, which not all youth can do nowadays. I think this helped me a lot to embed in the community.”*

The gender differences in rural returnee entrepreneurs’ economic embedding are influenced by rural collective values, positioned within the social context of Xiji town, and lead to improved economic embedding after they come back to rural origin communities. In order to further explore the influence of rural values on the economic embedding of returnee entrepreneurs, the next section will discuss the embedding of rural returnee entrepreneurs in the social context of Xiji town.

5.3.2. Rural returnee entrepreneurs’ embedding in the social context of Xiji town

The previous section analysed the economic embedding of rural returnee entrepreneurs in Xiji town. It shows different outcomes of embedding by heterogeneous returnee entrepreneurs in the economic context of the town. Moreover, it reveals that the values of rural origin communities can influence the outcomes of economic embedding of returnee entrepreneurs with different genders, social identities and networks. This section will further analyse the other characteristics and factors that influence the embedding of rural returnee entrepreneurs in the social context of Xiji town and how these interact with the economic embedding of returnee entrepreneurs.

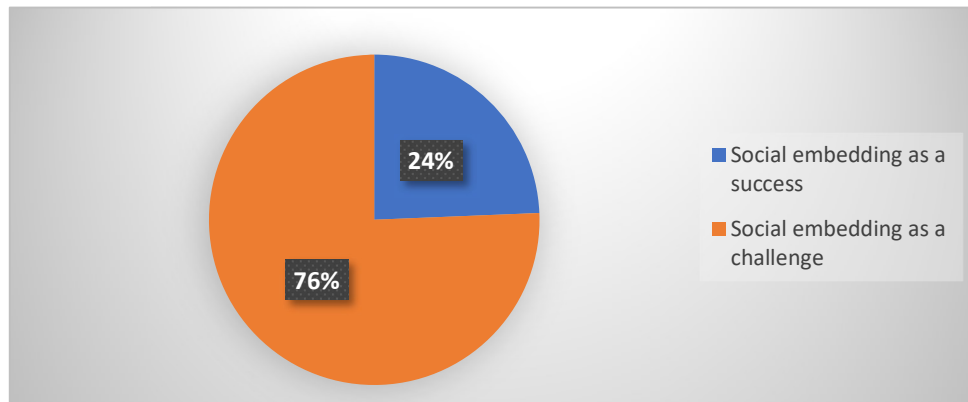
In the first place, varied outcomes of social embedding are found among returnees of different age groups. Compared to young returnees in their 30s and 40s, returnees in 50s demonstrate the highest success of social embedding in Xiji town. All the three interviewed returnees in their 50s, including interviewee #19, a 56-year-old female returnee migrant, interviewee #23 a 55-year-old male returnee migrant, and interviewee #40, a 52-year-old male returnee migrant, felt that they found it easy to come to terms with rural values and norms of Xiji after return. Compared to young returnees, older returnees possess less agency for entrepreneurship, fewer financial savings and less technical skills. When they return, most older returnees resume smallholder farmer lifestyles that are closely aligned with rural values of the town. In addition, their lifestyles, which includes leaving to earn higher salaries in cities at the young age and returning home to retire when getting old, have been accepted by rural values in Xiji. Moreover, rural values of Xiji also tolerate their retirement in places outside the town to unit with their families and access better medical services. For this reason, even after they retire to other places, they are still considered a part of the town, especially by the town's elderly generation. Discussion with interviewee #19, a 56-year-old woman returnee, as is shown below, provides an illustrative case example.

"Both my husband and I were urban construction workers in the past decades. I returned when I was 52. My husband still works in Beijing as a security guard. He comes back frequently. I do not feel embedding in Xiji is an issue. This is our home. Even when we were away, we came back many times and we sent back our salaries to support our parents and children. Plus, we helped many from the town find jobs in cities where we worked. My oldest daughter works in Beijing. I plan to rent out the land and house and join her there. Combined with our savings, the rental income can support my daughter buying an apartment in Beijing."

By comparison, returnees younger than 50 years of age show more diverse outcomes when they embed in the social context of the town. There were 44 young returnees interviewed and of these, 37 individuals, or 84 per cent, choose to become entrepreneurs after return. As was discussed in chapter 4, the high agency for entrepreneurship among young returnees is based on their better education as well as their possession of greater financial savings and vocational skills.

Among the 37 returnee entrepreneurs interviewed, nine expressed that they achieved success in socially embedding in Xiji, while the other 28 felt they had experienced challenges when embedding in the social context of the town. Figure 18 below illustrates these different opinions of returnee entrepreneurs on the social embedding in Xiji town.

Figure 17 Opinions on social embedding by returnee entrepreneurs in Xiji (n=37; author construct)



Among the nine returnee entrepreneurs who successfully embedded in the social context of the town, five of them, including interviewees #4, #12, #20, #28 and #44 felt that they had achieved success because of the support of their family social networks. As highlighted earlier, these five entrepreneurs are from households with strong social networks in the town. Their family networks helped them build and expand social connections, especially with rural elders and policymakers, which then leveraged access to resources critical for their business growth. It is interesting to note that these five returnee entrepreneurs are the same returnee entrepreneurs, who described their successful economic embedding in Xiji. Discussion with interviewee #12, a 40-year-old male returnee entrepreneur in shoemaking, can be illustrative of how family networks have facilitated both economic and social embedding of returnee entrepreneurs in Xiji.

"I came back because I was motivated by the favourable policy support, the town government provided to returnee entrepreneurs. I left the town almost ten years ago and learnt how to make high-quality shoes in Guangzhou and Shanghai. I also have access to markets in big cities. I was invited back by the town government. My family has been here the whole time I was away. They helped me a lot to facilitate connections. My business grows well here, and I get along well with my family, many of whom have become my employees. I do not think embedding is an issue for me."

Apart from these five returnee entrepreneurs, the other four of the nine returnee entrepreneurs, including interviewees #11, #14, #17 and #47 attributed their successful social embedding to their returns to fulfil family obligations that is required by rural values. Two of the four entrepreneurs (interviewee #11 and #47) are women and the other two are men (#14 and #17). Age of the four interviewees ranges from 28 to 35. As already discussed, most of women returnee entrepreneurs came back first to fulfil family

obligations rather than to become an entrepreneur. To become an entrepreneur is only then explored by women returnees, as a way to earn a viable income and take better care of their families.

Out of the 37 returnee entrepreneurs interviewed, only nine expressed successful social embedding in Xiji. The other 28 returnee entrepreneurs from smallholder families had experienced challenges in embedding in the social context of Xiji town. Individual values of young returnee entrepreneurs themselves are often different from the collective rural values of Xiji, which hinders their successful social embedding. Among the 28 returnee entrepreneurs, 14 of them felt that they managed to socially embed in the town and achieved business success which was through their own efforts, despite the challenges. For this group of returnee entrepreneurs, there is the example of interviewee#52, a 35-year-old woman returnee entrepreneur running a studio in Xiji,.

“My father is an orphan, he moved to the home of my mother’s family after marriage. In this town, this is a huge shame for himself and his family. Because of that, I was often bullied when I was a child. To restore my family’s honour, I left and became a stunt actor in Beijing when I was only 18. Life was so hard until I achieved business success and became a film producer. With the money I earned, my family built new houses. I also moved my workshop back due to the favourable policies. Suddenly, we have a lot of friends. One day, my father told me he finally felt a part of this town because of my success after living here his entire life.”

The quote above indicates returnee entrepreneurs with weak family networks are still able to socially embed in Xiji town but only through their own business success. Nonetheless, this can hardly dilute the mistrust and contempt returnee entrepreneurs suffer from their origin communities. In accordance with rural values, young returnees coming back without money or business success are perceived as ‘losers’, who cannot make their ends meet and have been forced back to rely on their parents as a last resort. Although business success helps to alleviate contempt and facilitate social embedding, returnee entrepreneurs may still choose to voluntarily dis-embed from social context of Xiji by limiting their social connections and interactions due to any contempt experienced. For example interviewee #52 explained:

“With my business success, embedding may not be an issue for me. But honestly, I feel confused because I feel more at home in Beijing than here. When I was young, my ultimate dream was to leave this place and never come back. Now I have grown up and got rich, I struggle to see myself a part of the town. Perhaps, the residence of my parents is my only connection with the town.”

Similar voluntary social dis-embedding is found among other returnee entrepreneurs who achieved business success through their own efforts, including interviewed male returnee entrepreneurs (#9 and #45). It is interesting to note that the voluntary social dis-embedding, as is observed among this group of returnee entrepreneurs, can co-exist with successful economic embedding. All three interviewees, including interviewees #9, #45 and #52, expressed successful economic embedding due to business success attributed to their own-efforts. In the meantime, they felt that their voluntary dis-embedding from the social context of Xiji was the result of intentionally limiting social connections. They also expressed a desire to leave the town again and run businesses in other places. The three interviewees include two man (#9 and #45) and one woman (#52) in the age range from 27 to 35.

Based on interviews with returnee entrepreneurs, the research found such voluntary social dis-embedding can be augmented into the willingness of young migrants from Xiji to settle in cities and not return, therefore dis-embedding from both the economic and social contexts of the town. Interviewee #32, a 30-year-old male rural migrant from Xiji running enterprise in Beijing, highlights this case.

“My family was poor. My brother and I were bullied a lot because of that. I went to Beijing when I was 16. I worked so hard to make a living and nearly lost my eyes in a work accident. Now I setup my own design studio in Beijing and earned some money. With that, I built new houses for my parents and helped my brother get married. I know many in the town now want my help, but the childhood memories can never be forgotten. I will not return and run my business there.”

By comparison, voluntary social dis-embedding is not found among the five returnee entrepreneurs, who managed to economically and socially embed with the support of family networks. The experience of interviewee #28, a 37-year-old woman returnee entrepreneur explained:

“I do not find embedding is an issue for me. My family is well respected in this town, and we have many friends here and in other places. I earned my Master’s degree in business management, so my decision to return was not only to come home and run my own enterprise, but also to help my family’s business. I think this is widely accepted by all in my community.”

For returnee entrepreneurs without family support, not all of them can achieve business success with their own efforts. As is indicated in the previous section, 14 returnee entrepreneurs said they are undergoing business challenges, which makes their social embedding outcome unknown. Among them, four returnee entrepreneurs, all of whom are male, said they had already experienced business failure, sold their economic assets and left the town. For this group of returnee entrepreneurs, they attribute the

challenges they encountered to the mistrust and contempt they suffered from origin communities, which is driven by values of returnee entrepreneurs being different from rural values still important in Xiji. Such mistrust and contempt limit the access of returnee entrepreneurs to opportunities and therefore hinders their business growth. Additionally, mistrust and contempt will likely become more pronounced if the economic performance of returnee-run enterprises is poor. Discussion with interviewee #6, a 28-year-old woman returnee entrepreneur, is illustrative of this point:

"I came back because I want to run an online business in my hometown. But after my return, I do not know what is the right business to start. People in the town doubt a lot that I can make money by selling products online. They laughed at me when my business did not go well. It hurts a lot. As a young woman unmarried at 28, I appear very odd in the eyes of many in this town. Perhaps, this is the dominant challenge driving me away. I plan to come back to Beijing and find a job. Certainly, this is not a part of my dream, but it will provide money and skills useful to re-launch my business in Xiji, where I believe my roots are."

Unlike those who opt to voluntarily dis-embed from the social context of Xiji town after business success, returnee entrepreneurs who are facing business challenges exhibit the willingness to keep social connections with the town. In addition to interviewee #6, similar feelings of bond with origin communities are found among other returnee entrepreneurs undergoing challenges, including interviewees #22, #34, #39, #48 and #51. This group of returnee entrepreneurs include 4 men (#34, #39, #48 and #51) and one women (#22) in the age range from 29 to 41. Regardless of their business situations, this group of returnee entrepreneurs choose to keep close connections with their families and rural origins. Few of them sell their economic assets in town and become totally economically dis-embedded from the town. Nonetheless, with their values different from rural values of Xiji, they cannot embed in the social context of the town without business success. The case of interviewee #34, a 33-year-old male returnee entrepreneur running a restaurant in Xiji, is illustrative:

"I was raised up by my grandparents. At a young age, I hated my parents - who run a restaurant in Beijing - for not taking care of me. After graduating from high school, I went to Beijing and helped them run the restaurant. But I was imprisoned there for 22 months due to my own problems. After being released, I moved back to Xiji with my parents to continue running the restaurant here. Everybody knows my story. I have been working very hard for the success of our business. It is not easy, but is the only way to restore the honour of my family and to be re-accepted by my community."

Based on the analysis above, the idea of a spectrum of social embedding is reinforced among heterogeneous returnee entrepreneurs in Xiji town. The spectrum is dependent on the width and depth of returnee entrepreneurs' social networks within Xiji town. The wider the networks can cover and the higher the networks can reach, the more likely returnee entrepreneurs will successfully embed in the social context. The 5 returnee entrepreneurs with the support of family networks were able to reach both the most breadth and heights of such connections within the town, thanks to connections they have inherited from their family networks. Nonetheless, they are the minority among returnee entrepreneurs in Xiji. It is noted that four other returnee entrepreneurs could socially embed due to their fulfilment of family obligations that aligned with the requirement of rural values in Xiji.

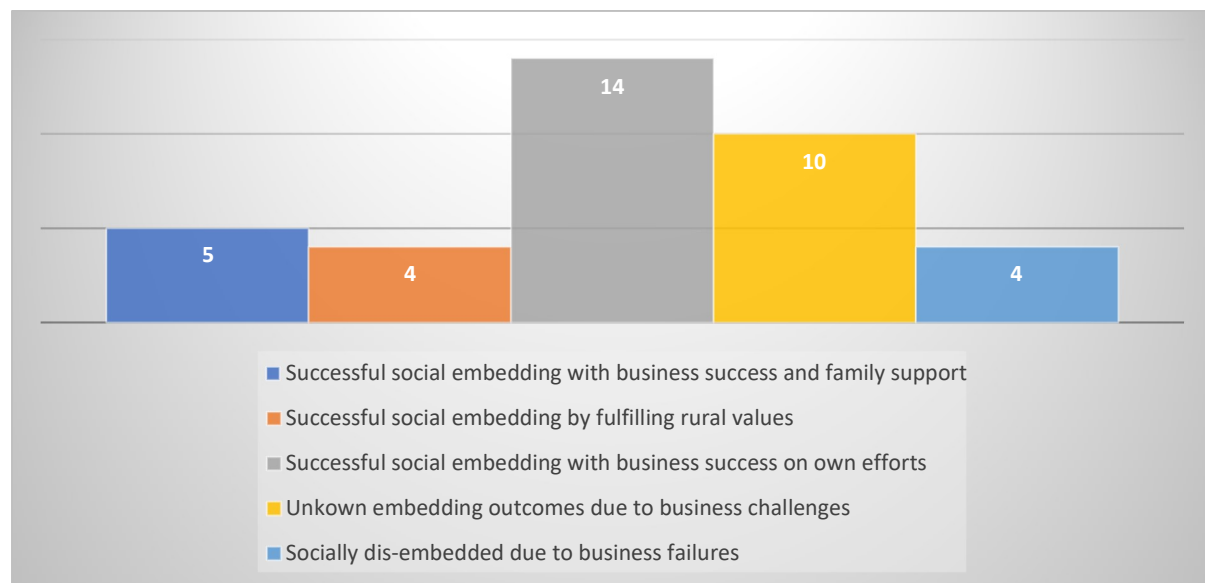
By comparison, the other 28 returnee entrepreneurs from smallholder families have experienced challenges in socially embedding in Xiji, because their families cannot provide them with any networks or connections to facilitate the social embedding. Among these 28 returnee entrepreneurs, 14 managed to achieve business success relying on their own efforts. Their individual business success helped them embed in the social context of the town. Nonetheless, their connections could not reach a similar breadth and depth as entrepreneurs with family networks. Even if they achieved business success, these returnee entrepreneurs tend to receive contempt from their origin communities that can prompt them to voluntarily dis-embed from the social context of the town by limiting social connections after their business success.

Apart from the 14 returnee entrepreneurs achieving business success with their own-efforts, 10 additional returnee entrepreneurs convey that they were undergoing ongoing business challenges, with an additional 4 reporting business failures due to the mistrust and contempt they received from origin communities. Facing business challenges and failures, returnee entrepreneurs choose to re-migrate to cities and further accumulate capital and skills in order to re-launch their businesses in Xiji. When facing business challenges, most returnee entrepreneurs chose to keep their economic assets and maintain close connections with the town. Only the four entrepreneurs, who have failed businesses, are forced to sell their economic assets and pay back debts. Selling economic assets in origin communities will change the economic space kept for those returnee entrepreneurs during migration. It affects the semi-embedding of returnee entrepreneurs as well. Analysing from a gender perspective, there are more men than women who embed in the social context successfully with family support, whereas there are equal numbers of men (7) and women (7) who successfully embed in the social context by aligning their values and with business success. Likewise, there are equal men (5) and women (5) expressing challenges in embedding

in the social context. Additionally, all four returnee entrepreneurs, who failed their businesses and dis-embedded from the social context of Xiji, are men. All three older returnee migrants in their 50s expressed no issues of embedding in the social context of the town.

Figure 18 below illustrates the spectrum of social embedding among different groups of returnee entrepreneurs in Xiji.

Figure 18 Spectrum of social embedding among returnee entrepreneurs in Xiji (n=37; author construct)



The spectrum of narratives indicates that both business success and family support (in terms of financial resources and networks) are two factors facilitating successful social embedding among returnee entrepreneurs. The two factors are also interlinked. Family support, including financial resources and social networks, can contribute to business success of returnee entrepreneurs, which in turn will facilitate embedding of returnee entrepreneurs in both economic and social contexts. Likewise, business success of returnee entrepreneurs will help increase financial resources and elevate family social networks within rural origin communities. Nonetheless, only five out of the 37 returnee entrepreneurs interviewed received family support and achieved business success.

The other 32 returnee entrepreneurs had only limited family support in terms of resources and networks. Apart from four returnee entrepreneurs, who successfully embedded in the social context by complying with rural values, the remaining 28 suffered from mistrust and contempt from origin communities due to their different values from rural collective values. The mistrust and contempt from origin communities

not only constrained the business success of returnee entrepreneurs, but also led to voluntary dis-embedding from the social context by returnee entrepreneurs who reach business success on their own efforts, in addition to dis-embedding returnee entrepreneurs failing their business from both economic and social contexts.

The analysis so far indicates that individual financial savings and technical skills, which are frequently earned by the young returnee entrepreneurs during their migration, are not always sufficient for them to achieve business success. Rural values, which uphold the rural social context, still provide the implicit rules that dictate access to resources and opportunities within the origin communities. The favour of rural values towards returnee entrepreneurs with family networks and those complying with rural values has considerably influenced the outcomes of social embedding among returnee entrepreneurs in Xiji. It is worth noting that the rural values and social contexts show little changes over time, despite the experience of transformation of rural economic context in Xiji, as is common for other rural areas in China. Interactions between returnee entrepreneurs and the rural values in Xiji, which contributes to the process of hybrid rurality, will be elaborated in Chapter 6.

5.3.3. Rural returnee entrepreneurs' embedding in the regulatory context of Xiji town

The previous two sections analysed embedding of rural returnee entrepreneurs in economic and social contexts of Xiji town, and how the embedding is linked with returnee entrepreneurs' business performance, family networks as well as their individual values. This section now explores embedding of returnee entrepreneurs in the regulatory context of Xiji.

The regulatory context in Xiji is dominated by the Hukou household registration system. In accordance with the Hukou system, the regulatory identities of returnee entrepreneurs remain as smallholder farmers, even if they have left the town for years and do not rely on farming as their source of main income. The regulatory identities of returnee entrepreneurs as smallholder farmers in both urban destinations and rural origin communities have facilitated their embedding in the regulatory context of Xiji after return. Out of the 54 interviews with rural stakeholders in Xiji, no interviewee felt that returnee entrepreneurs are unable to embed into the regulatory context of the town. Embedding of returnee entrepreneurs can be found from their continuous access to rural social services of Xiji during their migration. The continued access is linked with their remained regulatory identities as smallholder farmers, even when they are working in cities. It worth noting that the continued access to rural social services due to the Hukou system has prevented returnee entrepreneurs from accessing to urban social services in better quality, despite

their contributions to urban economic growth. From 2014, the national government has launched reforms of the Hukou system to encourage smallholder farmers settling in micro and small cities. Nonetheless, the reform has reached limited impact. All returnee entrepreneurs and smallholder farmers interviewed in Xiji opt to stay in Xiji and keep their regulatory identities as smallholder farmers. (see Chapter 2, section 2.5.1)

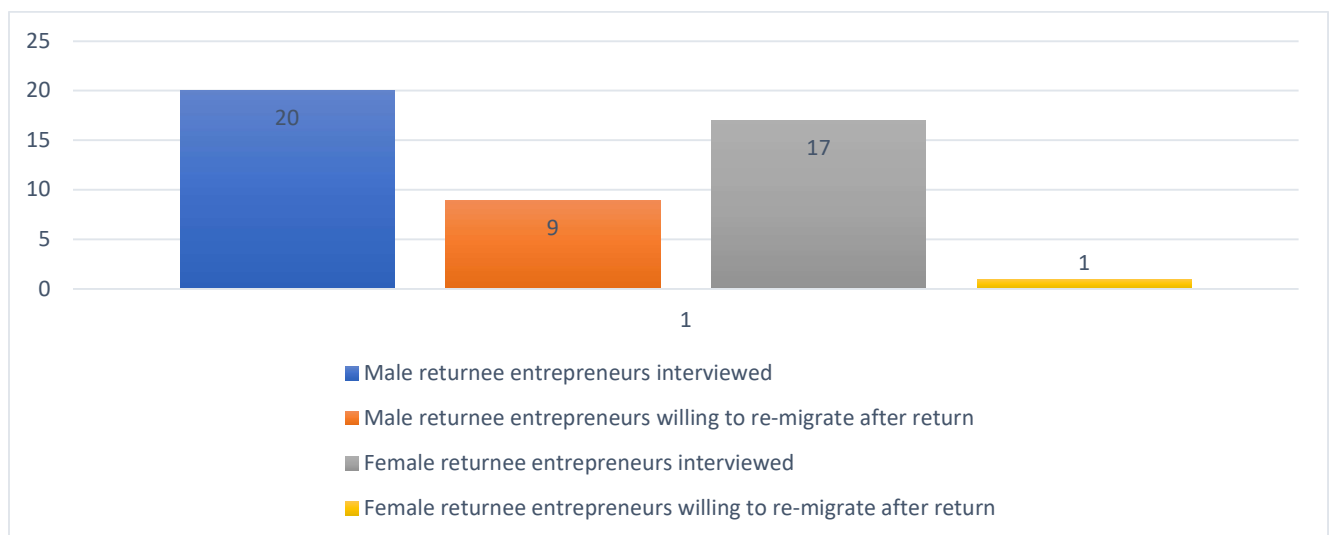
Aside from the Hukou system, the regulatory context in Xiji also comprises policies supporting rural migrants in returning and running businesses in origin communities. Interviewee #42, a 35-year-old policymaker in the township government, highlighted such supporting policies were launched from 2021. The policies include concessional loans, as well as different subsidies for rentals, operating costs and training for employees. Although all returnee entrepreneurs felt they were embedded in the regulatory context, being able to receive such policy support is mentioned only by three returnee entrepreneurs, including interviewees #12, #20 and #43, out of the 37 returnee entrepreneurs interviewed. Among these three entrepreneurs, their means to access the policy support was different. Both interviewees #12 and #20 are male returnee entrepreneurs in their 40s from families with extensive social connections in Xiji. Both interviewees recognized their family social connections had helped them access policy support, which contributed to their business success. By comparison, interviewee #43, who is a 42-year-old woman returnee entrepreneur, achieved business success in Beijing with her own efforts. She explained that her business success helped attract policy support from the town government, but this support only came after she achieved business success herself and out of town.

The other 34 returnee entrepreneurs interviewed did not believe they had received policy support of any kind. Among them, interviewees #3 and #46 noted awareness of the supporting policies but neither had received any support. Additionally, interviewee #2, a 40-year-old male returnee entrepreneur running a business rearing livestock, commented that the policy support was *“not enough to help a business succeed because the support could not be translated into sustained market demands”*. In view of a situation where most returnee entrepreneurs cannot actually access policy support, as a part of the regulatory context of Xiji, this research argues that embedding of returnee entrepreneurs into the regulatory context in its current format is irrelevant to the business success of most returnee entrepreneurs. Considering the linkages of business success with economic and social embedding of returnee entrepreneurs, this research further suggests that, for most returnee entrepreneurs, embedding in the regulatory context operates separately from embedding in the economic and social contexts. In contrast, family social networks, as a part of the social context of Xiji, are most significant enabling factor for returnee entrepreneurs to access

policy support. But it only applies to three returnee entrepreneurs, including interviewee #12, #20 and #43. Among them, #12 and #20 are male returnee entrepreneurs from socially well-connected families. #43 is a female returnee entrepreneur from smallholder family. #12 and #20 recognized policy support has facilitated their business success after coming back to Xiji. Nonetheless, #43 informed she achieved business success first in Beijing without any policy support from Xiji. Policy support to her was only available after her business success out of the town.

Moreover, during interviews with returnee entrepreneurs, it was found that coming back and embedding in the regulatory context as smallholder farmers is not favoured by all returnee entrepreneurs, especially by male returnee entrepreneurs. Such sentiment manifests as attempts of male returnees to leave the town again and to dis-embed from the regulatory context of the town after return. Among the 20 male returnee entrepreneurs interviewed, nine of them, including interviewees #3, #9, #13, #25, #26, #39, #44, #45, #48 in the age range from 27 to 42, discussed a desire to leave the town and return to cities. These male returnee entrepreneurs included those who had achieved business success and those who were facing business challenges. In comparison, of the 17 women returnee entrepreneurs interviewed, only one (interviewee #6) expressed a plan to leave the town due to business challenges. She said “*I plan to go back to Beijing and find a job. It is certainly not a part of my dream, but it will provide money and skills useful to re-launch my business in Xiji, where I believe my roots are.*” Figure 19 below shows this gender difference among returnee entrepreneurs on re-migrating after their return.

Figure 19 Gender variance among returnee entrepreneurs on dis-embedding from regulatory context of Xiji (n=37; author construct)



The gender difference between female and male returnee entrepreneurs on dis-embedding from regulatory context of Xiji relates to rural social values. Interviewee #42, a 35-year-old male policymaker in the town government, who was a returnee entrepreneur, said *“If you were born here as a boy. You are obliged to change your identity from a farmer to an urban resident. This is the way to earn honour for both yourself and for your family. To do so, you have two ways, either to join the army or to earn a degree. Otherwise, if you live a life as a farmer, just as your parents, you will not be respected even if you earn a lot of money.”* Similar views are expressed by interviewee #7, a 62-year-old female resident entrepreneur and a smallholder farmer in Xiji. She felt that *“Most boys in the town have left for cities to study and work. But only the most brilliant among them can achieve the success of finding good jobs and settling permanently in cities.”* While encouraging young male returnees to leave the town and change regulatory identities, the same rural values prioritize social roles of young women returnees as family caretakers. Rural values in Xiji do not necessarily effectively measure the success of women returnee entrepreneurs by their business performance or whether they have changed regulatory identities. Instead, their success is measured by how well they can take care of their families. In return, there are more women returnee entrepreneurs recognizing rural values as *“family roots”* (interviewee 6) and *“warmth of the community”* (interviewees #6, #27, #38 and #50) than male returnee entrepreneurs. Additionally, dis-embedding from the regulatory contexts has not been found among returnee migrants older than 50 years old. Returnee migrants older than 50 years old can keep embedded in the regulatory context of Xiji with their smallholder farmer regulatory identities. No older returnee migrants interviewed expressed the willingness to change their regulatory identities.

The analysis in this section finds that returnee entrepreneurs can embed in the regulatory context of Xiji, due to their smallholder farmer regulatory identities registered by the Hukou system. However, the regulatory embedding in Xiji is largely irrelevant to the economic and social embedding for most returnee entrepreneurs. Embedding in the regulatory context does not lead to policy support for most returnee entrepreneurs, except a few with family social or political connections. Moreover, due to the influence of rural values in Xiji, regulatory embedding as smallholder farmers is not favoured by all returnee entrepreneurs. Almost half of male returnee entrepreneurs interviewed expressed willingness to dis-embed from the regulatory context and a desire to change their regulatory identities into urban residents. This scenario suggests that, although regulatory embedding is irrelevant toward economic and social embedding for most returnee entrepreneurs, rural values, as a critical part of social context in Xiji, can prompt regulatory dis-embedding among returnee entrepreneurs.

By encouraging women returnees to stay and fulfil their social roles as family care takers, rural values in Xiji have not prompted the regulatory dis-embedding among women returnee entrepreneurs, to the same extent as they did for male returnees. Nonetheless, rural values have had the effect in encouraging women returnees to become family caretakers only and thus ignoring the evolving identities of these women as returnee entrepreneurs. Such local ignorance has created difficulties for women returnee entrepreneurs to embed in Xiji, even when they have achieved business success. Interviewee #43, a successful woman returnee entrepreneur, is a good illustration of this peculiarity.

“It was hard to return and embed as a woman. People cannot accept a woman running a successful enterprise. There were tons of gossip, with many doubting how I earned my money and why my husband married a “bossy wife”. The situation was even worse when I encountered some challenges, which intensified the gossiping that I did not earn my fortune through my own means. Things got better when my business survived. Now, I am here for only two reasons. Firstly, I pay much less in rent and employee salaries here. Secondly, my parents are here and I have to take care of them as the eldest daughter.”

As is indicated from the quote above, similarly to male returnee entrepreneurs, the embedding of women returnee entrepreneurs is linked with their business performance. However, due to rural values in Xiji, women returnee entrepreneurs need to shoulder dual identities at the same time, as both as entrepreneurs and as family caretakers. Due to the construction of the latter identity within rural values, fewer women returnees expressed a desire to dis-embed from the regulatory context.

5.4. Discussion: embedding of rural returnee entrepreneurs in multiple contexts of Xiji town

To investigate the embedding of returnee entrepreneurs in holistic ways (Zahra et al., 2014; Welter et al., 2019), this research has applied a broader perspective in the examination of the embedding process of returnee entrepreneurs in economic, social and regulatory contexts. It reveals that individual financial and human capital, which prompts agency for entrepreneurship among returnee migrants, does not necessarily contribute to their successful embedding in the economic, social and regulatory contexts. Instead, embedding matters more with the business success of returnee entrepreneurs, which is linked with their family networks as well as their individual characters, including age, gender and values.

It is interesting to note that returnee entrepreneurs can keep embedded in the economic context of Xiji during their migration. Residence of their family members, combined with their frequent commutes between destination and origin places, has kept an economic space for returnee entrepreneurs in town,

while they are working in destination locations. Nonetheless, the research has found that this economic space can be lost after the returnee comes back, if returnee-run enterprise is not successful. Business failures can force returnee entrepreneurs to sell their family assets and move with their family members away from origin communities. In this way, business failures of returnees can cause their dis-embedding from both economic and social contexts after return, even if their economic space were kept during migration.

Rural values, as a part of social context in Xiji, considerably influence the business success of returnee entrepreneurs, and therefore their embedding in both economic and social contexts. The research has found that family social networks can help a small group of returnee entrepreneurs to access opportunities and support from the town, contributing to their business success and successful embedding in both economic and social contexts. However, most returnee entrepreneurs are from smallholder farmer households with limited social networks and family support. Combined with the individualized values of returnee entrepreneurs that are different to rural collective values, this leads to mistrust and contempt from origin communities towards returnee entrepreneurs, which eventually caused 32 out of 37 returnee entrepreneurs interviewed to experience business challenges or even failure.

Although some returnee entrepreneurs felt they had achieved business success through their own efforts, they have paid substantial costs to manage the contempt from origin communities, which appears non-existent for those with the support of extensive family social networks. In this way, returnee entrepreneurs achieving business success through their own efforts choose to limit their social connections within Xiji, and voluntarily dis-embed from the social context of the town, even after they have reached business success and managed to embed in the economic context. The research also finds that rural values exert influences upon the embedding of returnee entrepreneurs in the regulatory context as well. This manifests as rural values which encourage male returnees to change their regulatory identities and dis-embed from the regulatory context of Xiji, and support for women returnees to fulfil family caretaker roles in order to keep embedded in the social and regulatory contexts of the town. Moreover, influences of rural values have led to gender difference between women and men returnee entrepreneurs in terms of abilities to embed in the economic and social contexts of the town.

Considering the significant influence of rural values on the embedding experience of returnee entrepreneurs in economic, social and regulatory contexts of Xiji, it is important to explore how returnee entrepreneurs manage this process and if they are able to influence rural values, at the same time of being influenced by the values and their implicit relations. The next chapter will focus on this question, and

explore how interactions between returnee entrepreneurs and economic, social and regulatory contexts contribute to the process of hybrid rurality in Xiji town, which in turn can alter rural values and contexts, at the same time of facilitating or hindering the embedding of returnee entrepreneurs. This remains an important question for towns like Xiji in China.

Chapter 6: Process of Hybrid Rurality and Interactions with Rural Returnee Entrepreneurs in Xiji town

6.1. Introduction

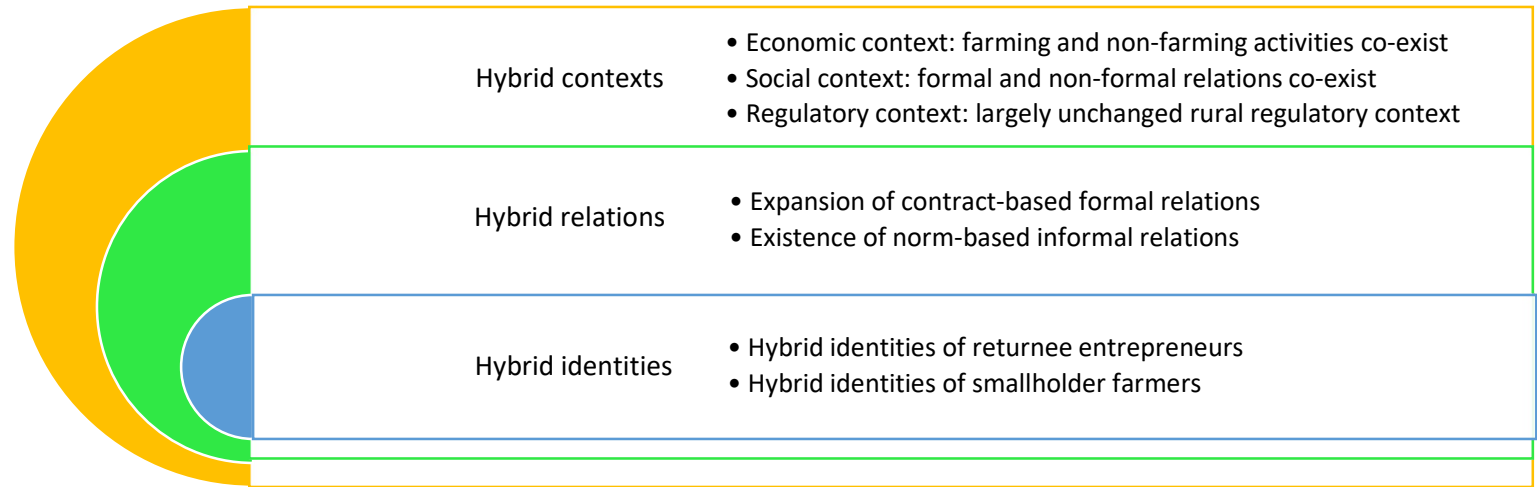
Hybrid rurality refers to the construction of rurality by interactions of heterogeneous groups within and beyond rural communities (Cloe, 2006). In the context of globalization, it refers to the different extents of transformation experienced by different rural localities (Halfacree, 2009). On the one hand, globalization can bring the subordination of smallholder-based agricultural practices to export-oriented agricultural production models (Mena-Vasconez et al., 2016), that can result in the marginalization of rural traditions and values (Gray and Lawrence, 2001). On the other hand, globalization can also contribute to the emergence of rural entrepreneurship that creates employment opportunities, increases income and facilitates the revival of rural norms and values (McMicheal, 1996). In their research on Maori communities in Australia, Logue et al., (2018) identified the emergence of entrepreneurship among rural communities that has contributed to the revival of rural values and knowledge. In view of the existing literature, it can be assumed that hybrid rurality can present both challenges and opportunities concurrently at different rural localities. This process of hybrid rurality unfolds to different extents across different rural localities and the form it takes in different contexts requires further empirical examination.

More specifically, current literature shows that the impact of globalization on rural transformation in China is experienced in hybrid terms. Long et al (2011) suggested that rural transformation in China may have taken place in three ways, including economic reshaping, spatial reshaping and administrative re-organization. The policy preference encouraging non-farm activities in the Chinese rural area is argued as facilitating the evolution of the three aspects (Long, 2014; Li et al., 2015). Literature further elaborated on the hybrid influence of globalization on rural transformation in China with details. First, it is represented as the rapid transformation in rural economic contexts, which has facilitated the integration of Chinese rural communities in global value chains. Such integration has created employment opportunities and increased the average income across rural areas of China (Woods, 2012). Nonetheless,

the income improvement varies across different rural localities, with those close to metropolises and the coastal regions receiving the largest income increase (Liu, 2015). Such variance has prompted both rural to urban and rural to rural migration of smallholder farmers. During the fieldwork in Xiji, it was found that rural migrants from hinterland rural areas of China had arrived. Their arrival takes place at the same time of the emigration of educated adults and youth from Xiji to its surrounding cities. The newly arrived rural migrants are hired by returnee entrepreneurs, smallholder farmers and large agribusiness entities as wage-workers. Their arrivals have helped narrow the labour gap emerged due to the emigration of adults and youth from Xiji.

In comparison to its focus on the economic context, existing research on hybrid rurality in China tends to focus less on rural social and regulatory contexts. To better understand the process of hybrid rurality, as a part of rural transformation in China, more knowledge is needed to understand on how it evolves in all the three contexts. Moreover, a broader vision is needed to analyse hybrid rurality not only as a part of changes in economic contexts, but also to look into how different groups in rural communities, such as returnee entrepreneurs, can harness their agency for entrepreneurship to influence and interact with changes across economic, social and regulatory contexts. In their research on rural transformation in the Jiangxi province, Qian et al. (2016) argued that returnee entrepreneurs can influence the change of rural economic contexts by bringing back capital and creating employment opportunities in rural origin communities. Nonetheless, limited research is found on interactions between rural returnee entrepreneurs with social and regulatory changes in rural China. This chapter attempts to address this knowledge gap by discussing how returnee entrepreneurs will interact with economic, social and regulatory contexts of Xiji, how such interactions will influence the process of hybrid rurality, and moreover, how the process of hybrid rurality will feedback and influence on the agency for entrepreneurship and the embedding of returnee entrepreneurs. The three-layered model (Figure 20), which is proposed in Chapter 2 to illustrate the process hybrid rurality, will frame discussions in this chapter. Literature relating to the hybrid contexts, hybrid relations and hybrid identities, as three parts constituting the three-layered model, have been discussed in section 2.5.2 in the literature review chapter (please see page 34 to page 37). Discussion of this chapter echoes to objective three of the thesis.

Figure 20 Three-layered hybrid rurality in Xiji (author construct)



6.2. Interactions of Rural Returnee Entrepreneurs with the process of Hybrid Rurality in Xiji

Analysis in this section is structured by the three-layered model proposed by this research to illustrate the process of hybrid rurality. Both literature reviewed from desktop research and evidence collected from semi-structured interviews with stakeholders will be used to inform the analysis in this section.

6.2.1. Hybrid Contexts in Xiji

The research has found emerging process of hybrid rurality in Xiji. It manifests as hybrid changes taking place in the economic and social contexts of the town, which is accompanied by policy reforms launched to change the regulatory context. Analysis in this section will elaborate on how the changes evolve in hybrid terms in different contexts of Xiji and how such changes interact with returnee entrepreneurs.

Hybrid Changes in Rural Economic Context and Interactions with Returnee Entrepreneurs

Regarding hybrid changes in the economic context, all 54 interviewees recognized the improvement of rural infrastructure conditions in Xiji, among others, internet and road connections, which have contributed to changes in the rural economic context. The improved road conditions have facilitated high-frequency commutes of returnee entrepreneurs between urban destinations and rural origin communities. Likewise, improved road conditions have also enabled returnee entrepreneurs to come back and run enterprises in Xiji, while maintaining close business contacts with clients and market opportunities in

surrounding cities at the same time. Discussion with interviewee #43, a 42-year-old woman returnee entrepreneur can be illustrative to this point.

The improved road and internet conditions in the town as well as local policies supporting returnee entrepreneurs convinced me to come back, although values of many people here are still too old to accept women entrepreneurs like me. The road between Xiji and Beijing is very good. I can go to Beijing daily by car to meet customers and establish my workshop and inventory storage here with much lower costs.

In addition to improved road conditions, prevalent high-speed internet in Xiji has facilitated returnee entrepreneurs to come back and run online business companies. Among the 37 returnee entrepreneurs interviewed, seven conduct online business, with another two provide logistics services for online business companies. Discussion with interviewee #22, a 37-year-old woman returnee entrepreneur running an online company, can be illustrative to this point:

I came back to take care of my parents. It was difficult in the first days after return, there was no job. With the money I saved from migrating, I purchased agricultural products from family farms in the town and sell them online. Gradually, my business grew and covered both Xiji and neighbouring areas. People say villages are turning into cities nowadays. I think it is true. There can be as many rural farmers as urban residents to do online business. Internet connects us all.

In addition to facilitating growth of returnee entrepreneurs, improved rural infrastructure in Xiji has attracted arrival of new rural stakeholder groups. These include large agribusiness entities with intensive urban capital injection, urban retirees, tourists and rural migrants from other rural hinterland areas. Arrival of new stakeholder groups is changing economic context of Xiji in multiple ways. Demands of new stakeholders for services, in terms of food and housing, have facilitated the growth of the service sector, which has provided new employment opportunities in Xiji. Nonetheless, changes are taking place in hybrid terms. The new stakeholder groups do not necessarily provide employment opportunities to local community members. Instead, some new stakeholder groups, such as large agribusiness entities, tend to hire employees from outside of the town, who possess expertise required for their business operations. Additionally, the large agribusiness entities have posed direct competition with enterprises owned by locals, such as micro and small agribusinesses ran by returnee entrepreneurs in the agriculture sector. Among the 37 returnee entrepreneurs interviewed, only nine ran agribusinesses. Among them, eight have expressed the competition they are facing with large agribusinesses, which has affected their business

performance. The experience of interviewee #13, a 42-year-old male returnee entrepreneur who runs a duck farm, can be illustrative to this point.

"I cannot settle in Beijing due to Hukou requirements. I came back and opened a duck farm. But my first farm failed. My operation costs, especially duckling and vaccination costs, were much higher than large farms close by. They are also blessed with stable market channels, with which I cannot compete. My business was only successful with the second farm I launched, which has become a certified supplier for the Beijing Agribusiness and Food Group."

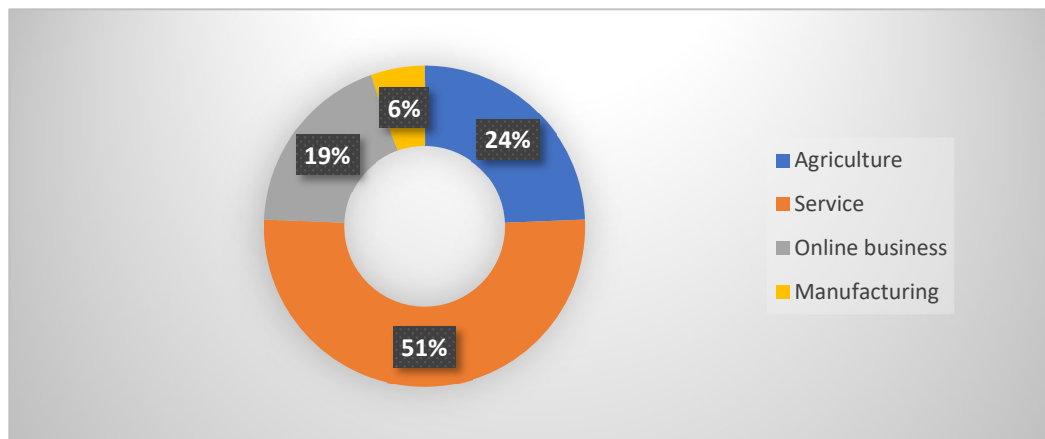
Among the nine interviewed returnee entrepreneurs running agribusiness entities, only interviewee #20 informed business success with little challenge from the large agribusinesses. The interviewee is a male returnee entrepreneur running the first cherry plantation in Xiji. The interviewee is from a family with extensive social connections in Xiji. He did mention the competition with *"urban entrepreneurs bringing money to rural areas"*. But he is confident, with the support of his family's networks, he can run his business successfully, because *"It is not easy to win competition in the agribusiness sector, if you are new to a place and do not know anyone there"*.

The influence of large agribusinesses on returnee entrepreneurs varies across different economic sectors. At the same time of facing fierce competition in the agriculture sector, large agribusinesses, as a new stakeholder group in Xiji, have created new demand, including for food, courier, housing and storage services. Such demands have facilitated the growth of micro- and small enterprises in the service sector, most of which are owned by returnee entrepreneurs in Xiji. It worth noting that, among the 37 returnee entrepreneurs interviewed, 19, or more than half of returnee entrepreneurs chose to run enterprises in the service sector. It is important to note that, different from large agribusiness entities, returnee entrepreneurs exhibit a higher willingness to provide employment and income generation opportunities to those in their local communities. The discussion with interviewee #11, a 32-year-old woman returnee entrepreneur running a restaurant, can be illustrative of this point.

"I came back to take care of my grandmother. With my savings and cooking skills, I sold food to tourists, to earn some money. Gradually, my business grew into a small restaurant. Most of my customers are employees of the large farms in town, in addition to tourists. With my business profits, I managed to support my grandma, without having to leave her alone. Also, I am proud that I hired my community folks and bought most of the ingredients of my restaurant locally."

Among 37 returnee entrepreneurs interviewed, only nine of them choose to run businesses in the agriculture sector. Among the remaining 28 returnee entrepreneurs, 19 run their enterprises in the service sector, followed by seven in the online business and two in manufacturing sectors. Figure 21 below shows distribution of returnee entrepreneurs in different economic sectors.

Figure 21 Distribution of returnee entrepreneurs by economic sectors in Xiji (author construct)



Sectoral distribution of returnee entrepreneurs, as is indicated from the figure above, can reflect the hybrid changes of rural economic context in Xiji. On the one hand, facing competition from large agribusiness entities, combined with the emigration of educated adult and youth, smallholder farmers are retreating from the agriculture sector. Although 32 out of 37 returnee entrepreneurs interviewed are from smallholder families, 76% (28 out 37) of them choose to run business in non-agriculture sector, with only 24% (9 out of 37) running business in the agriculture sector. On the other hand, accompanied by the retreat of smallholders from the agriculture sector, micro- and small businesses ran by returnee entrepreneurs in non-agriculture sector are providing employment and diversified income generation opportunities for smallholder farmers.

Based on the above, this research suggests the process of hybrid economic change in Xiji in two folds. First, it includes the emergence of non-agriculture sector and new stakeholder groups in rural areas, which co-exists with the agriculture sector and smallholder farmers. Secondly, although gradually retreating from the agriculture sector, smallholder farmers continuously stay in rural areas with the support of diversified employment and income generation opportunities, such as those from non-agriculture sectors. Such co-existence provides evidence different from perspectives for de-peasantization and the end of village in the Chinese rural areas, typically featuring with the exodus of smallholder farmers and the subjugation of agriculture sector to rural industrialization process (Tian and Han, 2011; Li, 2012). It is worth noting that returnee entrepreneurs have contributed to the process of hybrid economic change in Xiji by establishing

enterprises in non-agriculture sectors and providing diversified employment and income generation opportunities to smallholder farmers from non-agriculture sectors.

At the same time of contributing to hybrid economic change in Xiji, returnee entrepreneurs are also influenced by the change itself. Although coming from smallholder farmer families with experience and networks in the agriculture sector, most returnee entrepreneurs choose to run their businesses in non-agriculture sectors. On one hand, such shift is influenced by the headwinds of competition from the arrival of large agribusiness. Moreover, it may also be facilitated by the experience, skills and networks that returnee entrepreneurs have earned in non-agriculture sectors from their migration experience. Influence of hybrid economic change on returnee entrepreneurs can also be found from their different success rates across agriculture and non-agriculture sectors, such as the service sector. Only two out of nine (22%) returnee entrepreneurs interviewed in the agriculture sector felt they achieved success in their business endeavours. In comparison, 16 of 19 (84%) returnee entrepreneurs felt they were successful in the service sector.

Hybrid Changes in Rural Social Context and Interactions with Returnee Entrepreneurs

Similar to economic context, hybrid changes are also found in rural social context of Xiji. This research suggests hybrid social changes, from three perspectives (Figure 22), including co-existence of modern infrastructure with people of traditional rural values, co-existence of urban individual values and rural collective values, and the co-existence of dual identities among returnee entrepreneurs.

Figure 22 Hybrid social changes in Xiji from three perspectives (author construct)

Co-existence of modern infrastructure with people of traditional rural values

Co-existence of urban individual values and rural collective values

Co-existence of dual identities among returnee entrepreneurs

First, hybrid social changes are represented as the co-existence of modern infrastructure that is managed by communities with traditional rural values. Almost all interviewees recognized improvement of infrastructure conditions in Xiji, especially internet and road conditions, which have prompted agency for entrepreneurship among rural returnees. Moreover, improved rural infrastructure in Xiji has facilitated the arrival of new groups, including large agribusiness entities, urban retirees, rural migrants from

hinterland areas and tourists. Arrival of these new groups have created new values, identities and relations as critical parts of rural social context in Xiji. In the meantime, interviewees also expressed the mis-match between modern infrastructure and traditional rural values among people managing the infrastructure. Interviewee 30, a male rural migrant settling in Beijing, alludes the mis-match as “old guys driving Tesla cars”. The discussion with interviewee #48, a 29-year-old male returnee entrepreneur running a restaurant in Xiji, can further illustrate this mis-match.

“Xiji is lucky to have world-class infrastructure, but is unfortunate to be managed by world class stubborn people, who still live in the way that their ancestors did hundreds years ago. Can you believe it? In this modern world, the fate of young people is still decided not by efforts and capacities of their own but by who their parents are. I know many have come back, started enterprises, with some achieving success. But look at family backgrounds of the successful ones. With such backgrounds, they can be successful anywhere, not necessarily back in the town.”

Secondly, hybrid social changes are suggested as emergence of urban individualized values that co-exist with rural collective values. Urban values are upheld by rural youth, especially among rural returnee entrepreneurs, while rural collective values are upheld by rural elders, who can exert influences on decisions for resource distribution in Xiji. Rural returnee entrepreneurs interviewed suggested co-existence of two values evolves in the withering of rural collective values. Discussion with interviewee #50 a 30-year-old woman returnee entrepreneur conducting EMS courier service, can be illustrative to the co-existence of two values.

“I think there both traditional values and modern values co-exist in the town, maybe this is what hybrid rurality entails. One thing is clear. People do not care much about lives of others apart from their own small families. The influence of rural extended families is dwindling. What matters now is your own family. Others are not that important. If you come back empty-handed, you will not be respected, but not rejected, because many in the town do not care for others that much at all, only for themselves. You can come or you can go, it does matter to them at all.”

Nonetheless, this research has uncovered that the withering of rural collective values does not mean its entire disappearance. Through rural elders are strong stalwarts who uphold rural collective values, rural collective values still dominate resource distribution and lifestyles in Xiji. The discussion with interviewee #42, a 35-year-old male returnee entrepreneur, who was forced by his family to close his business and became a government clerk, can be illustrative to the dominance of rural collective values.

"I feel rurality only disappears in Xiji in form only. It still exists in mindsets of people. After earning my Master's degree in Beijing, I was immediately called back by my family and got married at 27. It is unacceptable by rural values to be single at this high age, although it is quite common in Beijing. Facing family pressures, I closed my online business and became a clerk in the town government. We handle almost the same issues in the same ways as the older generations did. The only difference, perhaps, is a change in instruments from abacuses into computers."

Apart from the co-existence of urban and rural values in the social context of Xiji, the research also found divergent attitudes towards rural collective values among returnee entrepreneurs, despite their general support for urban individual values. On the one hand, rural collective values, as parts of the rural tradition, are upheld by returnee entrepreneurs, such as interviewees #2, #34, #37 and #38, as *"the roots of everyday life," "the source of community warmth," "a hardworking spirit and showing kindness to others"* and *"the bottom lines of our identities."* These interviewees include three men (#2, #34, #37) and one woman (#38) in the age range from 31 to 40. On the other hand, 28 of the 37 returnee entrepreneurs interviewed perceived rural collective values as barriers constraining their fair access to resources in Xiji. For most returnee entrepreneurs, rural collective values are interpreted as ways to *"create profit-takers not by what they do but by where they were born, (interviewee #29, a 31-year-old female returnee)"*. The discussion with interviewee #39, a 41-year-old male returnee entrepreneur, can be illustrative to negative perceptions held by most returnee entrepreneurs towards rural collective values. The interviewee, a male returnee entrepreneur, saw his business fail in Xiji after his return. He had to leave the town to earn money and pay back debts due to its failure. With his family support, he achieved business success outside of the town. He described his negative perception of rural collective values, as follows:

"The rural values of Xiji are stubborn and upheld by the elders. Youth can hardly benefit from it. If you want to benefit, you have to come to the elders and beg them for support. This is painful, because our views and values are so different, which creates mistrust among one another. I am grateful for my parents and in-laws, who have always supported me. They are the only reasons I returned Xiji. If one day they want to leave, I will go with them. I do not have much of a sense of belonging to this place, due to what I have suffered here."

Thirdly, in addition to the co-existence of urban and rural values in the social context of Xiji, hybrid social changes are also suggested as the co-existence of dual identities among individuals, such as returnee entrepreneurs. Discussion with interviewee 49, a 29-year-old woman returnee entrepreneur running online business, can be illustrative to the dual identities.

“I think hybrid rurality means a double life for people like me. From the way I dress, talk and walk, you can hardly tell that I am a rural girl. But in my heart, I am traditional. I cook for my parents and wash clothes for my family when I am offline. This may look bizarre for online entrepreneurs like me who are confident with modern technologies, and who are often looked after by a group of nannies. I do this as there is part of me that belongs here in these rural tradition.”

The dual identities are more found among women returnee entrepreneurs than their male counterparts. Among the 17 women returnee entrepreneurs interviewed, 13 expressed such dual identities. Before recognizing their identities as entrepreneurs, women returnee entrepreneurs first recognize their identities as family caretakers. Their identities as family caretakers prompts their agency to return and fulfil family obligations first, while their identities as entrepreneurs emerge secondly, as the means to better support families in economic terms. The return of women entrepreneurs to fulfil family obligations is aligned with rural values, in which women are first perceived as the main family caretakers. The alignment has further facilitated embedding of women returnee entrepreneurs in social context of Xiji, which supported their access to resources in the town, and subsequently their business success that feedback and facilitates their embedding in economic context (See Chapter 5, Section 5.3).

In comparison, such dual identities are less frequently found among male returnee entrepreneurs. Among the 20 male returnee entrepreneurs interviewed, only one entrepreneur (interviewee #17) expressed his intention to return and run a livestock trading company *“to help older smallholder famers who uphold rural identities.”* The gender variance of dual identities exhibited among women and men returnee entrepreneurs relates to different gender roles prescribed by rural collective values. According to rural values, men are assigned first with roles of bread winner for the family, while women are assigned first with roles to take care of family members.

There are highly divergent perceptions towards hybrid social changes among stakeholder groups in Xiji. Instead of embracing the co-existence of values and dual identities, smallholder farmers and resident entrepreneurs perceive hybrid social changes as dissolving rural extended families, which takes place concurrently with the “monetization” of informal relations, once cherished as the fabric of rural values. Discussion with interviewee #7, a 62-year-old woman smallholder farmer, who has become a resident entrepreneur can be illustrative of the negative perceptions towards urban values and dual identities among rural stakeholders.

“Xiji has changed not only in terms of just roads and the internet, but also in the hearts of people. Previously, people helped each other a lot, even if we were all equally poor. Nowadays, when everyone is better off, everything now is measured by money. My neighbour asked her sister to come over and help harvest last year, but she did not come until she offered her money. Nowadays, there are so many disputes among families between fathers and sons, siblings and neighbours over land and resources. It is sad to see these struggles in which money overrides family. Now, even if you pick up an egg from your father’s yard, you have to pay.

The same argument for urban values as monetizing rural values is echoed by smallholder farmers, such as interviewee #18, a 59-year-old male smallholder farmer, who mentioned that *“in Xiji, it is now quite rare to get things done purely by kinship or friendship. Everything has a price tag attached to it.”*

Apart from smallholder farmers, resident and returnee entrepreneurs, and also policymakers in Xiji perceive hybrid social change from a different perspective. Interviewee #5, the 66-year-old male retired policymaker from the town government, argued hybrid social change as comprising of perceptions towards rurality from both policy and cultural perspectives. He argued as the following:

“From the policy perspective, rurality is frequently perceived as backward. Such perception is justified by policy support to rural areas in monetary terms. Nonetheless, from the cultural perspective, we rural community members are deeply proud of rurality as our tradition. We do not perceive it backwards at all. Even if it is being diluted in many ways, we treasure it as part of our identities that will be transferred across generations.”

Table 8 below provides a summary of different perceptions towards hybrid social change by different stakeholder groups.

Table 8 Perceptions towards hybrid social changes by different groups in Xiji (author construct)

Groups	Perceptions
Returnee entrepreneurs	<ul style="list-style-type: none"> • Co-existence of urban and rural values among different stakeholder groups • Co-existence of urban and rural identities among individuals • Divergent perceptions to rural collective values as both a source of rural identities and barriers limiting fair access to resources from those of rural origins

Smallholder farmers	<ul style="list-style-type: none"> • Monetizing rural collective values and informal relations as the fabric of rural communities • Source of dissolution of rural extended families
Policymakers	<ul style="list-style-type: none"> • Rurality perceived as backward by policy narratives to justify support in monetary terms • Rurality treasured as a part of identities among rural communities themselves

This research finds that returnee entrepreneurs have contributed to hybrid social changes in Xiji. With financial capital, knowledge and skills they brought back, returnee entrepreneurs uphold the emergence of urban individual values that co-exist with rural collective values in Xiji. However, divergent perceptions towards rural collective values among returnee entrepreneurs themselves can undermine their contributions to hybrid social changes. Out of the 37 returnee entrepreneurs interviewed, 28 perceive rural collective values as barriers limiting access of returnee entrepreneurs to needed resources. Such perceptions can engender frictions between returnee entrepreneurs and other stakeholder groups upholding the rural collective values, especially rural elders, who considerably influence access to resources in Xiji. Frictions between returnee entrepreneurs and rural elders, which relate to their different values, can limit access of returnee entrepreneurs to resources from origin communities. As is discussed in Chapter 4, the limited access to resources comprises barriers that dampen the agency to return and agency for entrepreneurship among rural returnees (see Chapter 4, Section 4.3). Discussion with interviewee #32, a 30-year-old male entrepreneur from Xiji deciding to run business in Beijing, can be illustrative to how conflicting values can influence agency to return.

“If you relate hybrid rurality in Xiji to tranquil landscape resided by honest people, you are wrong. Born in Xiji, I experienced quite the opposite. You are guilty of being poor here. Perhaps, things are getting better now. At least, people are better off and the environment is cleaner. But it is funny to see farmers with old mindsets lead the town with modern facilities. This is confusing, I do not know what it is and where it leads to. So, I will not run my business here, even if I know many are hoping for me to come back.”

At the same time of contributing to hybrid social changes, returnee entrepreneurs are being influenced by social changes as well. Influence of social changes on returnee entrepreneurs have taken effect in economic terms, which manifests as the varied business performance of returnee-ran enterprises. Despite the emergence of urban individual values in Xiji, the social context of the town is still dominated by rural

collective values that are upheld by the rural elders, smallholder farmers as well as part of returnee entrepreneurs themselves (see Chapter 5, Section 5.3.2). Relating to dominance of rural values, 32 out of 37 returnee entrepreneurs from smallholder families are left with limited social connections leveraging their access to resources. This has given rise to business challenges widely encountered by this group of returnee entrepreneurs. Apart from the five returnee entrepreneurs from families with broad social connections, the 32 returnee entrepreneurs from smallholder families informed they have received little resources nor policy support from Xiji. Instead, they repeatedly mention the pressure of the contempt they suffered from those of the same rural origins, especially when their businesses encounter challenges. In contrast, the five returnee entrepreneurs from families with broad social connections have all informed business success and smooth embedding in both economic and social contexts of Xiji. They have all expressed their family networks have helped them connect with both resources and policy support in the town.

Additionally, due to urban individual values most returnee entrepreneurs uphold, they are frequently mistrusted by rural elders and policymakers responsible for determining the allocation of resources in the town. The argument of interviewee #5, the retired policymaker, can be illustrative of the mistrust towards returnee entrepreneurs, in which he perceives returnee entrepreneurs as *“holding urban lifestyles and habits that are often at odds with rural traditions, and disruptive to community culture and traditions.”*

Changes in Regulatory Context of Xiji and Interactions with Returnee Entrepreneurs

Compared to changes in economic and social contexts, there are less changes found in the regulatory context in Xiji. Similar as other rural places in China, the Hukou system and farmland contracting system are two pillars defining the regulatory context of Xiji. Existing literature has examined the Hukou reform of 2014, which has aimed to support the relocation of rural migrants into small and medium-sized cities (see Chapter 2, Section 2.5). Linked with the Hukou reform, the farmland contracting system has allowed smallholder farmers to rent out their land leaseholds to other smallholders themselves, and to other rural stakeholders, such as large agribusiness entities (Li et al., 2021). Nonetheless, even though leasehold contracts for smallholder farmer-held land plots are permissible by law, relying on the income from such small parcels of land, on average just 0.5 hectares each, can hardly provide smallholders with sufficient income.

This smallholder farm model has prompted the emigration of adult and youth from rural communities to cities in pursuit of higher incomes, leaving behind the older and junior family members in Xiji to take care of the small land plots. Despite remaining in the town, due to their limited labour capacity, older and

junior smallholder farmers are still willing to rent out their lands for the extra income, as limited as it might be. It is worth noting that not all adult and youth smallholders have left. Those residing in Xiji have rented lands from emigrating smallholder farmers, expanded their own plots and started their own plantations or enterprises. The discussion with interviewee #18, a 59-year-old male smallholder, who has rented the land of other emigrants and established his own plantation, can be illustrative to the growth of smallholders into resident entrepreneurs.

"I never left Xiji in my whole life. From 1998 to 2005, many left the town, leaving the land barren. As a farmer, this pained me a lot, so I rented these lands for almost nothing. There were no formal rental contracts. Our families have know each other for generations. People started to charge rent from 2005 when agriculture tax was abolished and farming became a little bit more lucrative. I now have a plantation of about five acres. Eighty per cent of the plantation is actually rented from other farmers. I hired two young folks from Gansu to help me. With money sent back by my two sons in Beijing, my family earn about \$8,000 in Xiji each year."

In addition to smallholder farmers, expanded policy space towards renting of farm lands has also facilitated the growth of returnee entrepreneurs. Among the nine returnee entrepreneurs in the agriculture sector, eight expressed that they rent land from other smallholder farmers. In addition to renting their land to others, returnee entrepreneurs also provided employment opportunities to smallholder farmers from whom they rented lands.

Besides the expanded policy space for the leasing of land, the regulatory context in Xiji has provided policy support to returnee entrepreneurs. Among others, this support includes concessional loans, tax cuts and subsidies for operating expenses. Most of the policy measures were launched from 2021, which aims to encourage rural migrants to return and set up enterprises in rural origin communities. Such policy measures target support to returnee entrepreneurs with smallholder farmer regulatory identities registered in Xiji, regardless of the scale of enterprises owned by the entrepreneurs. Five interviewed returnee entrepreneurs, including interviewees #3, #12, #20, #43 and #46 have explicitly mentioned their awareness of the policy support for returnee entrepreneurs. These returnee entrepreneurs include three male returnee entrepreneurs (#3, #12, #20) and two female returnee entrepreneurs (#43 and #46) in the age range from 29 to 42 years old. However, out of the 37 returnee entrepreneurs interviewed, only two expressed that they have received tax cuts and subsidies, including, interviewees #12 and #20. Both entrepreneurs are male in their 40s. They are from families with extensive social connections in the town. In contrast, none of the remaining 35 returnee entrepreneurs advised that they had received policy

support. Even though some returnee entrepreneurs are aware of policy support, they informed that they lacked of access to such support and that neither could their families help them to access it.

In comparison to their contributions to hybrid changes in economic and social contexts in Xiji, returnee entrepreneurs are found with much less contributions to the regulatory context. With their knowledge and skills, some young returnee entrepreneurs have joined the town government as junior clerks. The increased number of government clerks with returnee entrepreneur experience may engender opportunities for returnee entrepreneurs to influence the regulatory context in the distant future. However, such influence can hardly be seen in the short run.

Although contributing less to the regulatory context, returnee entrepreneurs are considerably influenced by their rural origin context. Due to the changing nature of the regulatory context, returnee entrepreneurs are allowed to lease land from smallholder farmers, which has facilitated the growth of returnee-run enterprises in rural origin communities. At the same time, they are also influenced by the unchanged aspects of their regulatory context, in particular, the Hukou system that defined their smallholder farmer regulatory identities. Such identities have given rise to their dis-embedding of returnee entrepreneurs from urban contexts and has motivated their agency to return and run enterprises in rural origin communities.

6.2.2. Emerging hybrid identities among stakeholders in Xiji and interactions with returnee entrepreneurs

The previous sections discussed the process of hybrid rurality in the economic, social and regulatory contexts in Xiji and how the process interacts with returnee entrepreneurs. It has suggested the growth of hybrid identities among women returnee entrepreneurs, as both entrepreneurs and as family caretakers. This section delves further to discuss hybrid identities identified among other stakeholder groups in Xiji. Apart from returnee entrepreneurs, similar hybrid identities are found among returnee migrants and smallholder farmers. Both stakeholder groups are the most populous in Xiji. Hence, their hybrid identities contribute to the process of hybrid changes in the economic and social contexts, which have further interacted and influenced the hybrid identities of returnee entrepreneurs.

Hybrid identities among returnee migrants

Seven returnee migrants were interviewed during the fieldwork, who return to Xiji after years of migration. Among them, three are in their 50s (interviewees #19, #23 and #40), including one female (#19) and two males (#23 and #40). Instead of returning and running enterprises, the older returnee migrants came back

to retire, after years of working in cities and in the non-agriculture sector. The characteristics of hybrid identities are noted among the older returnees, in the following ways. Defined by the Hukou system, their regulatory identities are smallholder farmers. Nonetheless, due to their years of working in the non-agriculture sector during migration, they have acquired technical skills beyond that of their smallholder

Box 5 Discussion with interviewee #19, a 56-year-old women returnee migrant

There are four members in the interviewee's family, including her husband, herself and her two daughters. Her husband works as a carpenter at various construction sites in cities. Over the past two decades, the interviewee worked with her husband on the same sites, as a chef. She returned when she was 52 to take care of her younger daughter. Before she returned, the combined annual income of her family was about \$16,000. With this money, the couple supported their elder daughter finishing university in Beijing, who then found a job there. Her younger daughter has finished university and is now looking for a job in Tianjin city. After returning to Xiji, the interviewee earned a yearly income of about \$5,000, by selling agro-produce from her family and working as an employee for a cherry processing cooperative. Her husband and her elder daughter remit funds back each month, which accounts for the majority of her family's combined income. The interviewee plans to rent out her family's land and join her elder daughter in Beijing.

identities. With such skills, older returnee migrants do not rely on farming as their main income source after returning. Apart from taking care of their small plots of lands, older returnee migrants continue to conduct non-farming jobs on a part-time basis, including working as employees of agribusinesses (interviewee #19) and on household renovation projects (interviewee #23). Their experience of conducting non-farming jobs, combined with their non-reliance on farming as their sole income source, has cultivated economic identities among older returnees that go beyond just that of smallholders. The experience of interviewee 19, as is recorded in the box below, can illustrate the nature of hybrid identities among elder rural returnees.

From the experience of interviewee #19, it can be seen that, although all four members of her family possess regulatory identities as smallholder farmers, three of them live in cities. Among them, two undertake non-farming jobs that comprise the main sources of income of the interviewee's family. The interviewee herself is the only one in her family actually living in their rural hometown and taking care of the family's land. Nonetheless, she plans to rent out the land and join her elder daughter in Beijing. In this way, it can be expected that the farm-based income of the interviewee's family will keep diminishing, even if all family members will continue to be registered as smallholder farmers. The experience of interviewee #19, therefore, can be illustrative of the hybrid identities of older returnee migrants. Although their regulatory identities are smallholder farmers, they do not rely on farming as their sole income source,

nor do they necessarily live and work in rural areas. Their economic identities are actually based more on non-farming than on farming incomes. Similar to interviewee #19, all three older returnee migrants interviewed have supported their children settling down in cities. This has engendered their continuous commutes between cities and Xiji after returning to their rural origins, which strengthens their willingness to leave Xiji again and live with their children in cities, despite their regulatory identities as smallholder farmers.

Similar hybrid identities are found among young returnees, who did not set up their enterprises after their return. Among the young returnees interviewed (interviewees #21, #24, #26 and #33, including three men and one woman in the age range from 23 to 35), none work in the farming sector. Instead, most of them work in the service sector, including online sales (interviewee #21, 32-year-old female returnee) and EMS courier services (interviewee #24, 34-year-old male returnee). There are young returnees, such as interviewee #26, a 35-year-old male returnee and interviewee #33, a 23-year-old male returnee, who just returned to Xiji due to business failures related to the Covid-19 pandemic. For these two young returnees, they have lived and worked in cities for most parts of their lives. Their returns are involuntary due to the pandemic. There is a strong willingness evident among such young returnees to leave the town again and find jobs in cities when the pandemic abates. According to interviewee #26, young returnees possess *“life experiences different from their parents, having been to more places, having met more people and knowing the world in quite different ways from their elders.”* The interviewee is a tour operator from Xiji, who has had to close his tour agency due to the Covid-19 pandemic but possesses a strong desire to leave Xiji and re-start his business in a city.

Based on the above observations, this research suggests that the economic identities of young returnees are more aligned with urban residents. They earn much more income from the non-farming than from the farming sector. In addition, due to their migration experience in cities, young returnees have forged social identities that are different from those of smallholder farmers. The values and lifestyles of young returnees are more aligned with urban social norms than with rural norms. This can be found from their upholding of urban individual values in contrast to rural collective values.

Hybrid identities among smallholder farmers

Apart from returnee migrants, hybrid identities are also found among smallholder farmers in Xiji. Similar to returnee migrants, the regulatory identities of smallholders remain as farmers. In the meantime, income sources of smallholder farmers are becoming diversified and growing beyond the farming sector. Most smallholder farmers younger than 60s in Xiji possess migration experience, where they have left the

town and grasped non-farming skills in cities. Their migration experience and non-farming skills have supported income diversifications beyond the farming sector. Moreover, a large number of smallholder farmers have supported their family members settling in cities. Contacts with family members in cities have enhanced the exposure of the smallholder farmers to urban values and lifestyles, cultivating their social identities to become more aligned with urban residents. Discussion with interviewee #54, a 29-year-old male returnee migrant, who lost his job in Beijing and returned to Xiji, can be illustrative to hybrid identities among smallholder farmers.

“Due to the Covid-19 pandemic, I lost my job as a taekwondo teacher in Beijing. I came back, but there are no jobs here. It is impossible for me to work as a farmer. I want to do something different, but I do not have enough money to start a business. To make ends meet, I work as an EMS courier during the day, and teach taekwondo in the evening. In addition, I also work as a part-time security guard. I am looking for jobs in Beijing and other cities. I will leave again when I find a job in a city.”

Similar as smallholder farmers with migration experience, hybrid identities are also found among those smallholder farmers who remain resident in the town. In comparison to migrating farmers, there are more resident smallholders engaged in farming related jobs. Nonetheless, resident smallholders do not rely on farming as their main income source, either. Rather, they undertake farming activities as *“as a form of leisure and rely on remittances for a living, which are sent by family members working outside the town,”* as is argued by interviewee #20, a 39-year-old returnee entrepreneur with extensive family connections in Xiji. Moreover, it is found that resident smallholders with little migration experience tend to rent land from emigrating smallholders and grow their farm sizes to become resident entrepreneurs. As was discussed in the previous section on hybrid changes in the regulatory context, regulatory reforms that allow the leasing of land among smallholders has facilitated the growth of smallholders into resident entrepreneurs. The Discussion with interviewee #18, a 59-year-old smallholder farmer who has become a resident entrepreneur, can be illustrative to hybrid identities among resident farmers (see analysis in section 6.2.1).

The evolution of resident farmers into resident entrepreneurs has enhanced some of the exposure of the economic activities and social values of smallholder farmers to the influences of external stakeholders, such as urban wholesalers and retailers. Such expanded exposure has engendered gradual changes among smallholder farmers, motivating them to invest in non-farming sectors and in other rural areas. Discussion with interviewee #7, a 62-year-old woman resident entrepreneur in Xiji, can be illustrative to this point.

"I run a cherry plantation in Xiji on the land own by my family and that leased from folks who left the town. My business has gone well. I have become a certified cherry provider to supermarkets in Beijing and Tianjin. With the money earned, I also bought an iron mine in Laishui county of the neighbouring Hebei province. My mining business is supporting local rural economic growth, at the same time of bringing me additional profits."

Based on the analysis above, the research suggests that hybrid identities are growing among smallholder farmers. Non-farming income is becoming increasingly important for smallholder farmers, which is also expanding their economic identities beyond smallholder farmers. While their economic identities are evolving, there are also increased interactions between smallholder farmers and external stakeholders, which are changing their social values. Nonetheless, in comparison to young returnee migrants and returnee entrepreneurs, the change of social values among smallholder farmers has taken place to a lesser extent. This manifests as the strong support of smallholder farmers for rural collective values. The new economic identities and social values emerging among smallholders have not prompted their upholding of urban individual values. In addition, despite their shifting economic identities and changing social values, the regulatory identities of smallholders remain as farmers. As the most populous group in Xiji, hybrid entities among smallholder farmers will likely therefore facilitate the process of hybrid rurality in Xiji in both economic and social contexts.

Hybrid identities of both returnee migrants and smallholder farmers influence hybrid economic and social changes in Xiji. Regarding the economic context, hybrid identities of returnee migrants and smallholder farmers incentivize both groups to start activities in non-agriculture sectors. This has supported growth of non-agriculture sectors in Xiji, which contribute to the hybrid changes in the economic context of Xiji, manifested as the diversification of rural economic sectors and income sources. Growth of non-agriculture sectors has also benefited returnee entrepreneurs active in this sector.

Regarding the social context, growth of hybrid social identities among returnee migrants and smallholder farmers facilitates hybrid social changes in Xiji, in which urban individual values emerge and co-exist with rural collective values. The co-existence of both types of values in Xiji has undermined rural informal relations, which manifest as the dissolution of rural expanded families and the emergence of nuclear families. In addition to facilitating hybrid economic and social changes, hybrid identities among stakeholder groups also give rise to hybrid relations in Xiji, which will be discussed in the following section.

6.2.3. The emergence of hybrid relations and interactions with returnee entrepreneurs in Xiji

The previous section discusses hybrid identities among rural stakeholder groups, as well as how such hybrid identities interact with the process of hybrid rurality in the economic and social contexts in Xiji. This section continues to examine the emergence of hybrid relations, which constitute another layer of hybrid rurality in Xiji. It will also explore how hybrid relations will interact with returnee entrepreneurs.

This research suggests hybrid relations include both contract-based formal relations and rural norm-based informal relations. As is discussed in the section on hybrid context, there has been an emergence of formal enterprises in Xiji. These enterprises are owned by both internal stakeholder groups, such as returnee entrepreneurs and resident entrepreneurs, as well as by external stakeholders, such as large agribusiness entities. The growth of formal enterprises in Xiji has contributed to the emergence of contract-based formal relations. The emergence of formal relations can be found in the discussion with interviewee #22, who is a 37-year-old woman returnee entrepreneur running an online retailing enterprise, she argued that *“There are as many smallholder farmers conducting online businesses in Xiji, as there are among urban dwellers. From this perspective, it is difficult to tell the difference between rural and urban areas.”* Her point regarding the growth of enterprises in Xiji is echoed by other returnee entrepreneurs, including interviewees #4 (30-year-old women returnee entrepreneur), #6 (28-year-old women returnee entrepreneur) and #37 (31-year-old male returnee entrepreneur), as well as interviewee #5, the 66-year-old male retired policymaker.

It worth mentioning that the emergence of contract-based formal relations does not rule out rural norm-based informal relations. The co-existence of formal and informal relations has helped construct the hybrid social context in Xiji. Meanwhile, divergent perceptions towards both formal and informal relations have been found among returnee entrepreneurs, returnee migrants and smallholder farmers. Such divergent perceptions have facilitated co-existence of formal and informal relations, in addition to the process of hybrid rurality in Xiji. The divergent perceptions are analysed in detail as below.

Divergent perceptions towards formal and informal relations among different stakeholder groups in Xiji

The emergence of contract-based formal relations is perceived by smallholder farmers as the means to monetizing community informal relations and undermining rural values as the core of rural identities. Discussion with interviewee #35, a 41-year-old rural migrant from Xiji working in Beijing, can be illustrative of this point.

“When talking with people here, they always tell you how they treasure the community and their relations with each other. But if you look closer at their actual practices, honestly, I don’t feel there is difference in the cities. People do not trust each other anymore even if they are from the same family. You are who you are based on how much money you earn. My parents told me that people pretend to stick to tradition, but actually manipulate it to benefit themselves. They asked me not to trust people in the community as much as we did previously.”

Similar points are found from other interviewees, including interviewee #6, a 28-year-old women returnee entrepreneur and interviewee #33, a 23-year-old male returnee migrant.

In contrast to the perceptions of smallholder famers, most returnee entrepreneurs interviewed perceive contract-based formal relations from a different perspective. Instead of viewing formal relations as undermining rural values and the roots of rural identities, returnee entrepreneurs, most of whom are from the younger generations, argue formal relations have afforded them opportunities that they could not otherwise have access to via norm-based informal relations. The discussion with interviewee #53, a 38-year-old male returnee entrepreneur running a public event company, can be illustrative to this point.

“In my father’s generation, there are two groups in this town: officials and farmers. Officials took all, whilst farmers were born to work and submit to all. The emergence of enterprises in this town help alert people to heed to their own interests more, instead of always sacrificing everything for the collective good, as is advocated by officials. It helped provide more opportunities for us, farmers to grow. After all, enterprises recruit and pay people based on formal contracts. They are not much influenced by local connections, so they have provided us opportunities to compete on a levelled playing field.”

The positive perspective of interviewee #53 towards formal relations is shared by most returnee entrepreneurs from smallholder families with little connections. In addition to formal relations being perceived as a means to leverage opportunities, returnee entrepreneurs from smallholder families also perceive formal relations as being upheld by the younger generations and their individual values, whilst informal relations are upheld by rural elders. Such perceptions, which link different types of values with different stakeholder groups, are not limited to returnee entrepreneurs alone. From the semi-structured interviews, smallholder farmers and returnee migrants have also attributed different perceptions towards formal and informal relations to the different values of heterogenous stakeholder groups. The discussion with interviewee #26, a 35-year-old male returnee migrant who just arrived back in Xiji after business failures in Beijing due to the Covid-19 pandemic, can be illustrative of this point.

"I think there are two types of relationships in the town. One is informal relationships, such as family and friendship. These relations are mostly supported by the elders. Even if they worked and lived outside of the town for many years, they are like old trees rooted in tradition. It is difficult to change them. The other is formal relations, such as contracts, mostly embraced by our younger generation. The youth live quite differently from the elder generation. We do business first to know people through formal relations, while our elders know people first through informal relations and do business only with people they know."

In addition to divergent perceptions of formal relations across different stakeholder groups, a similar divergence is found within the same rural stakeholder groups, such as returnee entrepreneurs. For some returnee entrepreneurs, informal relations and rural collective values, are perceived as *"a safety net for locally-owned businesses"* (interviewee 20, 39-year-old male returnee entrepreneur), *"a source of integrity and hardworking ethic"* (interviewee 27, 32-year-old female returnee entrepreneur), *"the bottom line of rural identities"* (interviewee 37, 31-year-old male returnee entrepreneur) and *"the warmth of a hometown"* (interviewee 38, 34-year-old female returnee entrepreneur). The discussion with interviewee #38, a woman returnee entrepreneur running a rice noodle restaurant, can be illustrative of the positive perceptions of informal relations among returnee entrepreneurs.

"Most of my customers are young people. After all, rice noodles are not a traditional food here. Youth come to try it as a new trend. My customers also include older people, whose children left to work in cities. I see little difference in youth in Xiji from those in cities, in terms of how they dress, talk and behave. But I do enjoy most my older customers. They are so dear to me, taking care of me as their daughter. From them, I feel so much warmth in Xiji that I cannot feel in Beijing. Perhaps, this is what is rooted in our community's tradition, in which people care each other as a big family."

However, within the same group of returnee entrepreneurs, there are quite different perceptions towards informal relations. Instead of treasuring them, other returnee entrepreneurs argue informal relations are the barrier preventing their fair access to resources relating to their rural origins (interviewee #39, 41-year-old male returnee entrepreneur). Plus, returnee entrepreneurs, such as interviewee #29, a 31-year-old female returnee entrepreneur, argue informal relations, rooted in rural social norms, have created a group of *"profit-takers"*, who are supported by family social connections, and compete unfairly with those from smallholder families with limited social connections (interviewee #29). Informal relations are even argued to be a barrier preventing young returnees from embedding in the economic and social contexts of their rural origins, and resulting in the loss of a sense of belonging among rural youth (interviewee #51,

32-year-old male returnee entrepreneur). The discussion with interviewee #29, as below, can be illustrative to the negative perceptions towards informal relations among returnee entrepreneurs.

The interviewee is a woman returnee entrepreneur whose business in Beijing failed and she had just returned after paying off her debts owed to relatives and friends in Xiji.

"Indeed, the town has changed a lot in terms of appearances. But if you look closer, traditional norms and informal networks still dominate. With the injection of urban-capital, village heads and their relatives, those who are already well connected in the town's social networks benefit the most. They are "profit-takers", who got super rich even from an urban standard. But what about us, smallholder farmers? Certainly, now, we do not need to worry about food, but we still have little money or opportunities. Sometimes, I told my husband, our lives are not about how much we earn it, but about whether we were born into it."

Understanding the divergent perceptions towards informal relations among returnee entrepreneurs, this research suggests that the business performance of returnee entrepreneurs has contributed to the divergent perceptions. Returnee entrepreneurs, who have achieved business success in Xiji, tend to perceive informal relations from positive perspectives. As was discussed in chapter five on the embedding of returnee entrepreneurs, the business successes of returnee entrepreneurs are closely linked with their family social networks that help garner and leverage resources and opportunities critical for business growth (See Chapter 5, Section 5.3.2).

To the contrary, 28 out of 37 returnee entrepreneurs interviewed have expressed their sufferings from business challenges and failures in Xiji. They tend to perceive informal relations in negative terms. Unlike returnee entrepreneurs with business success thanks to family support, these returnee entrepreneurs come from smallholder families with limited social networks. 32 returnee entrepreneurs interviewed are from smallholder families, all of them faced business challenges and even failures. In contrast, none of the 5 returnee entrepreneurs from families with strong social connections faced business challenges. Moreover, the 5 returnee entrepreneurs attribute their business success to their families' support. There are more returnee entrepreneurs suffering business challenges than those achieving business success. Likewise, there are more returnee entrepreneurs expressing negative perceptions towards informal relations than those holding positive views.

Apart from negative perceptions towards informal relations, returnee entrepreneurs have attributed business challenges they encountered towards difficulties in reconciling their individualised values with

rural collective values. According to returnee entrepreneurs, such difficulties have prevented them from accessing to resources from Xij and have affected their business performance. In the case of interviewee #29, she married her husband who is not from Xiji. Their marriage does not conform with the town's values that encourage youth to marry from the same community. Such misalignment, combined with her business failure that costed her, her own savings and those of her family, has undermined the trust of her origin community in her. Subsequently, this undermined trust can further prevent her from being socially embedded in Xiji. In turn, being socially dis-embedded would limit her access to resources from origin communities, giving rise to her business failures that will further deteriorate her mistrust by origin community members and keep narrowing her access to resources, which comprises barriers dampening agency for entrepreneurship among returnee entrepreneurs (See Chapter 4, Section 4.3).

Differing from returnee entrepreneurs, most smallholder farmers hold positive views towards informal relations, due to the benefits they have received from these relations. A case in point is interviewee #18, the 59-year-old male smallholder farmer, who has grown from a smallholder farmer into a resident entrepreneur by renting lands from peer smallholders with favourable terms leveraged by rural informal relations. Thanks to his family's connections, the interviewee informed *"there are no formal contracts with those from whom I rent land. We know each other well, and our families have known each other for generations"*. He further informed that he started renting lands from 1998, but only started to pay rent from 2005. Moreover, he also mentioned, *"Even though I pay to lease the land, the amounts are often nominal due to the friendships my family has built with theirs over many years. Sometimes, I have paid in forms of agricultural products, or by taking care of their family elders and helping them renovate houses."*

It is worth noting that rural economic growth in Xiji from 2010 has elevated the sense of pride towards informal relations among smallholder farmers and policymakers, who perceive informal relations as essential attributes, upholding the town's cultural identity and its growth. Interviewee #5, the 66-year-old retired policymaker, argued that *"From the cultural perspective, we are proud of our tradition. Even if it is being diluted in many ways, we endeavour to keep it as an essential part of our identities. I know tradition changes, but I am eager to protect it especially amid the emergence of the virtual world. Any types of virtual realities need to be rooted in the soil here"*.

Hybrid relations and their interactions with returnee entrepreneurs in Xiji

Emergence of hybrid relations in Xiji manifests as the co-existence of formal and informal relations. It is facilitated by hybrid economic changes in the town. Featuring the growth of enterprises and non-agriculture sector, hybrid economic changes in the town have led to the emergence of both large and

small enterprises. The growth of these enterprises has given rise to contract-based formal relations, which exist both among enterprises and between enterprises and other rural stakeholder groups. As is suggested in this section, formal relations are supported by young returnee entrepreneurs, who perceive the relations as a means to provide them with needed opportunities, which would otherwise be beyond their reach through rural norm-based informal relations.

Due to the support by young returnee entrepreneurs, formal relations grow and contribute to the hybrid social context in Xiji. It is represented by the emergence and growth of contract-based formal relations upheld by young returnee entrepreneurs, which co-exist with norm based informal relations upheld by rural elders and smallholder farmers. Nonetheless, the social space available for formal relations to grow can be limited by informal relations that still dominate the social context in Xiji. The dominance of informal relations is rooted in their support by rural elders and smallholder farmers, who are influential in determining the allocation of resources in the town. Additionally, rural economic growth in Xiji is strengthening confidence and therefore support for rural collective values inherent within informal relations, especially among smallholder farmers as the most populous group in Xiji. In comparison, the strength of formal relations is weakened by business challenges and failures widely encountered by young returnee entrepreneurs, who are main supporters of the formal relations. Only a limited number of returnee entrepreneurs, who are able to engage in both formal and informal relations as well as their underlined values, can achieve business success in Xiji.

Based on the above, this research suggests that relying on formal relations alone will not necessarily help returnee entrepreneurs achieve business success. To get along with both formal and informal relations as well as their inherent values, it is found by the research that some returnee entrepreneurs have formulated hybrid identities to tackle both types of relations. With their entrepreneur identities, returnee entrepreneurs interact with business partners and clients through formal contract relations. In the meantime, they maintain their smallholder identities by means of rural informal relations, which is critical for them to access resources from rural origin communities. The discussion with interviewee #49, a 29-year-old woman returnee entrepreneur running an online retailing business, can be illustrative to this point.

“From the way I dress, work and talk, you can hardly tell I was born into a smallholder family. However, in my heart, I am still a rural girl. I am the eldest daughter with two younger sisters and one brother. With my business income, I support them and my parents financially. Plus, I cook for them and wash their clothes when I am offline. This sounds impossible to my online customers. Somehow, I feel they enjoy watching

me doing the rural household chores, at the same time as dressing in urban attire. This may have prompted them to subscribe and buy more content from my online channel. But I do not help my family only for financial gain. I do this out of the rural tradition as well, which is an essential part of my identity.”

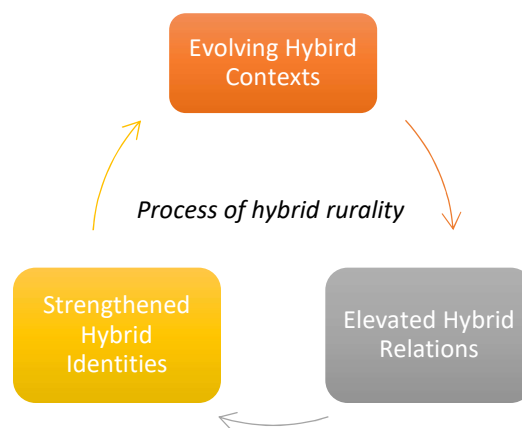
As was discussed in the previous section, hybrid identities among returnee entrepreneurs are more frequently found among women returnee entrepreneurs than male returnee entrepreneurs. Regardless of the gender variance, not all returnee entrepreneurs can forge such hybrid identities. The discussion with interviewee #39, a 41-year-old male rural migrant from Xiji, can be illustrative of the difficulties to forging hybrid identities. The interviewee returned and opened his tour agency after working in Beijing as a tour guide. But his business failed. He then had to leave the town to earn money and pay off debts owed as a result of this. He informed:

“As a young person, you can hardly benefit from the resources of the town, because they are guarded by the elders. You are who they say you are. They only see how much money you earn but care little about how you earn it. They envy you when you have money and despise you when you lose it. If you are rich with good connections, you are fine. Unfortunately, most young people do not have much money, or the connections. To seek support, we have to go to the elders, many times despite ourselves. It is painful. I am so thankful for the support of my family. They are the only reason I came back.”

In addition to facilitate hybrid identities among returnee entrepreneurs, hybrid relations have also facilitated hybrid identities among other stakeholder groups, such as smallholder farmers and returnee migrants. In the case of interviewee #18, as was discussed in the previous section, he rented land from emigrating smallholders with concessional terms by harnessing his smallholder identity attached to rural informal relations. In the meantime, he also entered formal relations and signed contracts with his customers and employees with his identity as an entrepreneur. Likewise, similar hybrid identities are found among older returnee migrants, such as interviewees #19 and #23. Both found employment opportunities in Xiji through informal relations linked with their identities as smallholder farmers. In the meantime, they signed employment contracts and entered into formal relations with their employers. The analysis indicates the growth of hybrid identities is not confined to returnee entrepreneurs alone. Instead, hybrid identities are broadly emerging among different rural stakeholder groups due to the co-existence of formal and informal relations in Xiji.

Based on the above, this research suggests that evolvement of hybrid economic and social contexts in Xiji has facilitated the growth of hybrid relations, which is manifested as the emergence of enterprises and gives rise to formal relations that co-exist with informal relations. Secondly, the hybrid co-existence of formal and informal relations has facilitated the broad growth of hybrid identities among different rural stakeholder groups. In turn, hybrid identities of rural stakeholders will influence stakeholder interactions and feedback to strengthen these hybrid relations. Strengthened hybrid relations will subsequently influence hybrid changes in rural economic and social contexts, in which formal and informal relations will continue to co-exist. The co-existence of formal and informal relations will further facilitate the growth of hybrid identities among rural stakeholder groups. Therefore, this research argues for the re-enforcing interactions between hybrid contexts, hybrid relations and hybrid identities, in which the process of hybrid rurality evolve in Xiji. Please see Figure 23 below on the reinforcing interactions among hybrid contexts, hybrid relations and hybrid identities, as the three layers comprising hybrid rurality.

Figure 23 Reinforcing interactions among hybrid contexts, hybrid relations and hybrid identities (author construct)



6.3. Discussion and conclusion

This chapter adopted a conceptual framework to structure analysis of the process of hybrid rurality in Xiji. The framework included three components, namely, hybrid contexts, hybrid relations and hybrid identities. The chapter argues that the three components interact and re-enforce each other to facilitate the process of hybrid rurality. Among the three components, hybrid changes in rural economic context are argued as the component experiencing the most rapid change. Policy incentives for industrializing agricultural practices, as well as public investment in rural infrastructure, has expedited the rapid

emergence of non-agriculture sector that co-exists with the agriculture sector in rural economic context. Almost all interviewees in the research agreed that the rural economic change is likely to continue in the long term. It entails the continued arrival of capital-intensive agribusinesses from urban areas, together with the rising of micro and small enterprises, many of which are owned by returnee entrepreneurs. Such a trend will continue to shape the rural economic context in Xiji, prompting new waves of hybrid economic changes, in which the non-agriculture sector will continue to grow, while creating diversified employment and income creation opportunities for smallholder farmers.

Nonetheless, this finding can be used to argue that such rapid economic change in Xiji does not necessarily translate into conducive social and regulatory changes taking place at the same pace. For example, when considering social change, emergence of non-agriculture sector has provided more economic opportunities in town, especially for youth from smallholder families. Moreover, it has facilitated the growth of urbanized individual values upheld by the rural youth, whose embeddedness is strengthened with the economic means garnered through the non-agriculture sector. Urban values emerge and co-exist with the town's rural collective values. Such co-existence in turn constitutes hybrid social change in Xiji. However, the co-existence of values does not exist in a balanced way. Upheld by rural elders and most smallholder farmers, rural collective values and informal relations still play dominant roles in hybrid social change. The elder generation, who often have the power to influence decision making in Xiji, still direct resource distribution through informal channels and seek to reinforce these expectations. Moreover, the recent economic growth of the town, which attracts arrival of agribusiness enterprises, urban retirees and rural migrants, has elevated the confidence put into these rural collective values and their inherent norms. This elevated confidence is found mainly amongst smallholder farmers, and amongst some young returnee entrepreneurs. When decision making in Xiji is controlled by rural collective values only, it allows only limited access by young returnee entrepreneurs to resources in the town, undermining their business success and weakening urban individualized values that are mostly upheld by young returnee entrepreneurs. In this way, the research argues that there has been limited hybrid social change in Xiji, which is manifested by the strong rural collective values and relations dominating the new urban individualized values that are emerging.

There has also been little change observed in the regulatory context in Xiji. The Hukou system and farmland contracting system, which are the two main pillars upholding the regulatory context of the town, experienced little change despite rapid economic change in town. Although there has been rural economic growth, both rurality and smallholder farmers are still perceived as economically backward in regulatory

terms and policy narratives. This perception may explain why there has been capital-intensive investment in rural infrastructure to modernise the area and its accessibility, and which has given rise to the non-agriculture sector in Xiji. Through the fieldwork, the researcher found an increased policy tolerance towards rental of land leaseholds between smallholder farmers leaving the town and those who decide to stay.

This unbalanced change across economic, social and regulatory contexts of Xiji town have resulted in increased efforts by people living in Xiji to facilitate hybrid relations across a range of stakeholders in order to navigate change. Hybrid relations consist of both contract-based formal relations and norm-based informal relations upheld by rural collective values. The growth of formal relations in Xiji is due to the rapid emergence of new enterprises, including both large agribusinesses, and micro and small enterprises run by returnee entrepreneurs. Divergent perceptions of these relations are found among different rural stakeholder groups. For returnee entrepreneurs from smallholder families, formal relations are perceived as the means for them to obtain fair access to resources, which they do not always have in the context of norm-based informal relations. In contrast, the same formal relations are perceived by smallholder farmers as a negative catalyst dissolving community solidarity and monetizing informal relations which in the past have been essential for community identity. Similar divergence is found among perceptions towards norm-based informal relations between returnee entrepreneurs, smallholder farmers and policymakers. For the former, informal relations, along with their underlining rural values, have prevented returnee entrepreneurs from accessing support from the community. In this way, informal relations have triggered the widespread challenges returnee entrepreneurs have encountered, when operating their enterprises. In contrast, the same informal relations are perceived as the root of rurality and the essence of the Xiji identity by smallholder farmers and policymakers. It is interesting to note there are divergent perceptions towards informal relations among returnee entrepreneurs themselves. Those who have achieved business success tend to perceive informal relations positively, while those who suffered business challenges tend to perceive these relations in negative ways.

Both the hybrid contexts and hybrid relations have engendered hybrid identities among stakeholder groups. Such hybrid identities are found among rural stakeholder groups, including returnee entrepreneurs and smallholder farmers. Returnee entrepreneurs, especially those having achieved business success in Xiji, have forged hybrid identities that are acceptable for both formal and informal relations as well as the underlining hybrid values that co-exist in Xiji. Hybrid identities among returnee entrepreneurs are mostly found among women returnee entrepreneurs and those with strong family

social networks. For women returnee entrepreneurs, the factor that most commonly prompts their return is the need to take care of family members. In comparison to their male counterparts, running enterprises back at home are frequently chosen by women returnee entrepreneurs after their return, as a way to increase their economic income and take better care of families. The choice by women returnee entrepreneurs to return and take care of families first is aligned with the prescribed roles of women according to rural collective values. It has therefore facilitated the successful embedding of women returnee entrepreneurs in the social context of Xiji, which has also supported their access to resources in the town and subsequently contributed to their business success. At the same time as assuming their family caretakers identities, in line with rural collective values, it is worth noting that women returnee entrepreneurs also successfully take on entrepreneur identities. During the fieldwork, there are more women returnee entrepreneurs interviewed felt they had achieved business success than their men counterparts.

Aside from women returnee entrepreneurs, hybrid identities were also found among returnee entrepreneurs with strong family social networks and smallholder farmers. For the former group, their family social networks and connections have facilitated successful embedding in the town, allowing them to access resources and opportunities significant to their business success. For entrepreneurs with strong social networks, they inevitably inherit their family identities as rural influential people in Xji, while at the same time of assuming the identity of entrepreneurs, thanks to their family support. Likewise, hybrid identities have emerged among smallholder farmers, especially those choosing to stay without leaving the town. Harnessing the norm-based informal relations, they have rented land from smallholders leaving the town with concessional prices. Utilizing contract-based formal relations, they have signed formal contracts to hire employees from rural migrants coming from other parts of the country, in addition to engage customers who frequently come from cities surrounding Xiji. Although their regulatory identities remain as smallholder farmers, their economic identities have grown into resident entrepreneurs.

Existing research on rural transformation in China tends to focus on rural landscape changes and livelihood diversification in economic terms. In comparison, much less focus has been invested in social dynamics underlining the economic changes, or how rural stakeholder groups interact with and influence rural economic and social changes that are taking place in hybrid ways. Through investigating interactions between rural returnee entrepreneurs and the process of hybrid rurality in Xiji town, this chapter provides novel insights. Analysis focusing on Xiji town, finds that rural social change is taking place at a slower pace than that of economic change. Modernized rural infrastructure and the emergence of new enterprises in

Xiji has not created rapid changes in the rural social fabric of society, which is still dominated by traditional rural social values and informal relations. Although urbanized individual values are emerging and gaining support among young returnee entrepreneurs, the dominance of rural collective values is likely to persist. Combined with the limited change in the regulatory context, the dominance of rural social values tends to limit growth of returnee entrepreneurs, by preventing young returnee entrepreneurs from accessing resources and opportunities, which are controlled by gatekeepers with informal relations and the elder people upholding them. Nonetheless, the growth of micro and small enterprises run by returnee entrepreneurs in non-agriculture sectors has revealed that rural transformation in Xiji does not necessarily lead to the de-peasanzation or exodus of smallholders (Hardt and Negri, 2000). Instead, smallholder families continue to survive in the town with alternative income sources from the non-agriculture sector, to which returnee entrepreneurs have considerably contributed. In addition, hybrid identities that are emerging among rural stakeholder groups in Xiji will continuously underpin hybrid relations and changes taking place across economic, social and regulatory contexts. Their hybrid identities will therefore keep fostering the process of hybrid rurality in Xiji, as a part of rural transformation, although not always through a balanced approach.

Chapter 7 Conclusions

7.1 Introduction

This thesis sets out to investigate the process of hybrid rurality, and the experience of rural returnee entrepreneurs in Xiji town, China. Rapid rural transformation in China since the 1980s has been accompanied with large scale emigration of smallholder farmers from rural to urban areas. The 2008 financial crisis triggered the re-location of labour-intensive industries from coastal to rural hinterland areas and from 2010 there has been an increase in the number of rural migrants returning from urban areas to their rural origin communities, a pattern which was intensified by the Covid-19 pandemic.

Whilst prior research has focused on how international migration experience can strengthen agency for entrepreneurship among international returnee migrants, or the role of rural to urban migration to strengthen agency for entrepreneurship among rural migrants in urban economic and social contexts (see Chapter 4, Section 4.2), Chapter 2 identified a gap in knowledge on how the rural to urban migration experience fosters agency for entrepreneurship among rural returnee migrants. Furthermore, only limited knowledge exists on how rural returnee migrants contribute to rural transformation in China, especially

using their entrepreneurship, capital and skills earned during migration experience. Debates about rural transformation introduced the concept of hybrid rurality as an idea to illustrate the different extents to which rural contexts transform, and as a result of exposure to processes of globalization (Woods, 2007). Hybrid rurality encapsulates the complexity of rural change in practice, in that it can be used to describe the exodus of smallholder farmers and the fragmentation of rural communities in some rural locations, even when there is evidence of rural economic growth, entrepreneurship and revival of rural communities at other locations (see Chapter 6, Section 6.1).

This research adopted the concept of rural hybridity to examine the evolution of hybrid rurality in rural economic, social and regulatory contexts in China. In using this approach, the research developed novel empirical and conceptual insights into how rural returnee entrepreneurs interact with the process of hybrid rurality, which include both contributions of the entrepreneurs to changing rural economic, social and regulatory contexts, as well as the influence of the changing contexts on returnee entrepreneurs. Specifically, the research explored roles of rural returnee entrepreneurs to understand how, and if, the process of hybrid rurality facilitates or hinders agency for entrepreneurship and the embedding process of rural returnee entrepreneurs. In doing so, it sought to identify factors prompting the agency to return and the agency for entrepreneurship among rural returnee migrants in Chapter 4. The research further analysed embedding process of rural returnee entrepreneurs from the perspective of rural economic, social and regulatory contexts, and how different outcomes of embedding are linked with business performance, family networks and individual values of returnee entrepreneurs in Chapter 5. Chapter 6 explored interactions between returnee entrepreneurs and the wider process of hybrid rurality, including how rural returnee entrepreneurs have contributed to the evolution of hybrid rurality in China, and how they are influenced by changing rural contexts, relations and identities among rural stakeholders, as parts of the process of hybrid rurality.

Xiji town, Beijing Municipality, was used for this research, which was ideal as an illustrative case study through which to explore in-depth complex contexts (Gerring, 2004; Yin, 2009). The town is located in an area of China that has experienced rapid rural to urban migration since 1990s and then returnee rural migrants from 2010. Many returnees have established their own enterprises, such as cherry plantations, shoe manufacturing factories, restaurants and online shops. Key findings and contributions of this research study are presented in section 7.2 below, implications of the findings for future policy considerations and further research are discussed in section 7.3 and section 7.4, respectively.

7.2 Main research findings

A summary of the research findings presented below are organized in line with the three research objectives, namely, 1) to examine agency for entrepreneurship among rural returnee migrants; 2) to investigate embedding of rural returnee entrepreneurs in economic, social and regulatory contexts; and 3) to explore interactions between rural returnee entrepreneurs and the process of hybrid rurality.

7.2.1 What factors foster agency for entrepreneurship among rural returnees?

Based on analyses of 54 interviews, this research has revealed that heterogeneous characters among rural returnees, in terms of age, gender and family backgrounds, has influenced the growth of agency for entrepreneurship to different extents. For returnees over 50s, their vulnerable socioeconomic conditions in urban contexts, combined with their decisions to return and retire, are two main factors fostering their agency to return. Few returnees in this age group are found to establish enterprises after return. In contrast, factors motivating the return of young rural migrants in their 30s and 40s are to return to run enterprises most evident among male returnees, in addition to return and fulfil family obligations most evident among women returnees. Few young returnees expressed concerns about vulnerable socioeconomic positions in urban contexts, nor have they chosen to return and retire. This is because of a higher education level among young returnees than their elder counterparts, and is supported by the better economic conditions of their origin families.

Regarding factors fostering the agency for entrepreneurship, a gender difference was found among young women and men returnees. For women returnees, coming back to fulfil family obligations was the first factor prompting their return. Returning to run enterprises takes only the secondary place, and was seen as the means to improve economic conditions for taking care of family members better. In contrast, for most male returnees, the willingness to return and run their own enterprises for economic success prompted their return.

The findings of this research on factors fostering agency to return and agency for entrepreneurship among rural returnees are supported by existing research. These include arguments on how low remunerations, vulnerable positions in urban economic and social contexts and difficulties to access urban social services have given rise to agency to return among rural migrants (Huang, 2003; Wong et al., 2007; Xu et al., 2011). In addition, existing research that has highlighted positive contributions of individual human and financial

capital towards agency for entrepreneurship among rural returnees (Ma, 2001, 2002; Demurger and Xu, 2011; Miao et al., 2013).

This research found positive contributions from financial and human capital towards agency for entrepreneurship among rural returnees in Xiji. However, this research also suggests that relying on human and financial capital alone will not be sufficient to maintain agency for entrepreneurship, especially for enterprise operations in the longer term. Among 37 returnee entrepreneurs interviewed, 32 of them (86 per cent) reported business challenges or failures during business operations. Challenges have lessened agency for entrepreneurship among some returnees, even after they launched their businesses. When facing business failures, four returnee entrepreneurs left the town and took wage-based jobs back in a city.

Sustained agency for entrepreneurship was only found among five returnee entrepreneurs with strong family social networks. For this small group, they benefitted substantially from inherited family social networks that they used to leverage access to resources and opportunities. Family social networks, such an important part of the social context of rural towns, influenced the performance of returnee entrepreneurs in economic terms. These five returnee entrepreneurs comprise a minority group among the returnee entrepreneurs interviewed in Xiji. The majority, or 32 out of 37 returnee entrepreneurs interviewed, were from smallholder families with few social networks, and without access to resources to support the growth of returnee-run enterprises in the longer term.

When considering business challenges encountered by most returnee entrepreneurs, this research discusses barriers that undermine the agency for entrepreneurship among rural returnee entrepreneurs from smallholder families. It includes iterative interactions but engaging limited family support, constrained access to resources, elevated business challenges and undermined community trust. In this negative cycle, limited family support has constrained access of returnee entrepreneurs to resources, elevated business challenges that then undermined community trust among returnee entrepreneurs with little family support. The undermined trust is significant because it further limits the access of returnee entrepreneurs to resources and leads to a deterioration in their business. If they were unable to break the cycle, it destroys their agency for entrepreneurship, and may prompt them to drop the option of entrepreneurship (see Chapter 4, Section 4.3).

The research did find returnee entrepreneurs who were able to break the negative cycle and achieve business success through their own efforts. However, such breakthroughs frequently rely on external

support that returnees earned from urban destinations, instead of from internal support within the rural origin community. When achieving business success through their own efforts and relying on external supports, this group of returnee entrepreneurs were found to have selected to limit networks within the social context of their own rural origins, even if it meant that they might be able to maintain the agency for entrepreneurship in the longer term (see Chapter 4, Section 4.4).

This research found that the influence of social networks of returnee entrepreneurs on agency for entrepreneurship is salient, despite being an under-researched area. Additionally, this importance of social networks underlines the argument that financial and human capital alone will not maintain agency for entrepreneurship among returnee entrepreneurs in the longer term. By utilizing their own agency for entrepreneurship, returnee entrepreneurs have contributed to important transformations within the rural economic context of Xiji, by bringing back capital, new skills and creating employment opportunities. Meanwhile, returnee entrepreneurs remain influenced by the town's social context, consisting of rural social networks, values and informal relations, which can affect their agency for entrepreneurship despite their contributions to rural economic change. This finding reinforces findings from existing literature about the importance for entrepreneurs to be able to embed within the socioeconomic contexts of their rural locality in order to be successful (Granovetter, 1985; Gartner, 1998; Zahara, 2007), especially where the distribution of resources is controlled by informal relations and their underpinning values (Meccheri and Pelloni, 2006).

The research develops understanding by providing insights into the heterogeneity of rural returnees and how these differences shape individual agency for entrepreneurship. In Xiji, not all rural returnees set up enterprises. Aside from older returnees who return to retire, there were young returnees who return and stay jobless with parents or undertake temporary salary-based jobs. Additionally, agency for entrepreneurship among rural migrants does not necessarily lead to agency to return to one's rural origins. There are rural migrants from Xiji choosing to stay and establish their enterprises despite the challenging urban socioeconomic contexts. Their choices are shaped by challenges they experienced with rural social values at young ages (see Chapter 4, section 4.4). Overall, this research first suggests analysing agency for entrepreneurship among rural returnees must first consider their heterogeneity, including by age and gender, which gives rise to the explaining difference in agency to different extents. Secondly, it also highlights that to understand agency for entrepreneurship effectively, one cannot only examine rural economic context alone, but also to identify influences of rural social contexts on agency for entrepreneurship through a holistic approach.

7.2.2 What factors influence the embedding of rural returnee entrepreneurs?

There is limited research investigating the embedding of rural returnee entrepreneurs in China despite this being a fundamental dimension of understanding rural transformation and potential poverty reduction. Based on empirical evidence collected from semi-structured interviews, this research offers novel insights about an area that is overlooked because of frequent commutes by Chinese rural migrants between urban destinations and rural origins. Among rural migrants interviewed in Xiji, all reported that they undertook frequent commutes between urban destinations and rural origins, by at least twice a year during the harvest season and the Chinese New Year festival. In addition, all rural migrants interviewed reported continued residence of their family members in rural origin communities while they are away. Combined with their frequent commutes, there are assumptions among the existing research that argue the Chinese rural to urban migration is temporary. Classifying such migration as temporary keeps Chinese rural migrants embedded in contexts of origin communities due to frequent circular movements between urban destinations and rural origins.

Based on semi-structured interviews with rural stakeholder groups from Xiji, this research finds a ‘semi-embedded’ situation, where rural migrants are able to keep their economic assets in rural origin communities, when they migrate and work in cities. Semi-embedding has kept a space for rural migrants within the economic context of the town, and facilitates their returns to run enterprises (see Chapter 5, Section 5.2). Although keeping embedded in the economic context, individual values among returnee entrepreneurs, which are cultivated during their migration, have significantly moved away from rural collective values and social norms. Subsequently, this difference of values makes it difficult for young returnee entrepreneurs to embed in the social context of Xiji. Furthermore, the difficulties in socially embedding after return creates business challenges for returnee entrepreneurs, affecting economic performance of returnee-ran enterprises. This is because returnee entrepreneurs found it difficult to access resources within Xiji without reconciling their individual values with rural values maintained by the rural elders who controlled resource distribution. Relying on their own financial and human capital was not sufficient to keep supporting the long-term operations of returnee-run enterprises (see Chapter 5, Section 5.3.1).

The heterogeneity of rural returnees was found to yield different embedding outcomes. The five returnee entrepreneurs, who were supported by family social networks, reported success when embedding in the economic, social and regulatory contexts. In contrast, embedding outcomes were varied for the other 32 returnee entrepreneurs from smallholder farmer families. Out of the 32 entrepreneurs from smallholder

families, 14 had successfully embedded in the economic context by achieving business success through their own efforts, despite experiencing challenges from origin communities. Another 14 were experiencing business challenges that brought difficulties in embedding in the economic and social contexts. Among returnee entrepreneurs experiencing difficulties, 4 returnee entrepreneurs had mentioned business failures, which forced them to sell family assets in Xiji and leave the rural origin to re-accumulate resources in cities and payback debts. For returnee entrepreneurs failing businesses, the selling of family assets led them to lose the economic space that they had held onto during migration and meant that they became dis-embedded from both economic and social contexts of Xiji even after their returns (see Chapter 5, Section 5.3.2).

Overall, the research first identifies business success as critical to facilitate returnee entrepreneurs' embedding in economic and social contexts of Xiji. Further, different pathways to achieve business success were found among heterogenous returnee entrepreneurs, including both through family support and through their own efforts. Different pathways to business success give rise to embedding of returnee entrepreneurs in the social context to different extents. For those achieving business success with family support, they become fully embedded in the town's economic and social contexts, relying on inherited family social networks and resources. For returnee entrepreneurs reaching business success through their own efforts, they were able to embed in the town's economic context. Difficulties they experienced from their origin community led to them to restricting connections within social networks in Xiji. In this way, they embedded in the social context of Xiji to a lesser extent than those with family support. Social embedding to a lesser extent was more found among returnee entrepreneurs from smallholder families with little connections than those from families with extensive social networks and connections. It worth noting that most returnee entrepreneurs in Xiji were from smallholder families. If they did not successfully embed in the social context, it limited their contributions to hybrid changes in both economic and social contexts of Xiji (see Chapter 5, Section 5.3.2).

Returnee entrepreneurs from smallholder families related difficulties they encountered during the embedding process to the contempt and mistrust they experienced from the origin community. This research finds that contempt and mistrust towards returnee entrepreneurs occurs due to the difference in the individual values among returnee entrepreneurs with the rural collective values, social norms and the norm-based informal relations. It is interesting to note that, despite the contempt and mistrust from origin communities, only four returnee entrepreneurs from smallholder families choose to leave the town when

encountering bankruptcy. The other 28 returnee entrepreneurs in this group still choose to keep close ties with Xiji. Their choices can be attributed to the hybrid identities of returnee entrepreneurs, which include both economic identities as entrepreneurs and social identities recognizing rural collective values. Their social identities prompted returnee entrepreneurs to uphold local rural values and social norms, although they reported experiencing challenges from these norms (see Chapter 5, Section 5.3.2).

Despite the varied outcomes of embedding in economic and social contexts, all returnee entrepreneurs can embed in the regulatory context of Xiji, due to their regulatory identities as smallholder farmers. In accordance with the *Hukou* system, regulatory identities of returnee entrepreneurs as smallholder farmers remain unchanged, regardless of their economic professions and geographic locations. There have been reforms encouraging smallholder farmers to change regulatory identities into urban residents but this requires smallholders to forfeit their land use rights. Although the reform also requires rural collectives, who own rural lands, to pay smallholder farmers to relinquish their leasehold rights, the monetary value of the payment is hardly enough for smallholder farmers to use and settle in cities. For this reason, few returnee entrepreneurs and smallholders in Xiji were found to be willing to change their regulatory identities and forfeit their land use rights, thus giving rise to an important policy challenge (see Chapter 5, Section 5.3.3).

Thus, the regulatory identity of returnee entrepreneurs as smallholder farmers theoretically keeps them embedded in the regulatory context of their rural origins, even after their emigration for many years. Nonetheless, this research highlights that self dis-embedding from Xiji's regulatory context is taking place among male returnees. Instead of being motivated by these policy reforms, they choose to self dis-embed and are prompted to do so because of Xiji's rural values, which measure the success of a male member of by their abilities to change their regulatory identities to those of urban residents. Half of male returnee entrepreneurs interviewed expressed a willingness to leave the town and change their regulatory identities. These male returnees included individually from both families with extensive social networks and smallholder farmer families. Interestingly, male returnee entrepreneurs mentioned a willingness to keep the regulatory identity of their family members as smallholder farmers in order to maintain land use rights in Xiji, as a way to offset risks after changing their own individual regulatory identities into an urban resident (see Chapter 5, Section 5.3.3).

The research argues that rural values, as a part of the social context, have left cross-cutting influences on the process of embedding for returnee entrepreneurs in economic, social and regulatory contexts. The research further argues that rural social values as well as rural relations and identities continue to play an important role in shaping rural social contexts in Xiji. The strength of rural social values are not weakened due to rural economic changes, the emergence of new economic sectors, and emigration of smallholder farmers. It is the interactions of heterogenous returnee entrepreneurs with these rural social values that have led to diverse outcomes of returnee entrepreneurs' embedding in Xiji.

Based on these findings, this research underlines suggestions made in existing research about the importance of understanding contexts when examining the evolvement of rural entrepreneurship (Floysand and Sjøholt, 2007; Ruben et al., 2009). For example, when considering the debate in the literature about the ability of returnee entrepreneurs to maintain connections and embed within origin communities (Klosterman 2010; Qin and Estrin 2015; Ahlstrom et al., 2008; Hariman, 2002), the findings of this research identifies the ability of returnee entrepreneurs to embed in the origin community as first being linked to their business success in economic terms. Secondly, embedding outcomes of returnee entrepreneurs are influenced by the reconciliation of different values between returnee entrepreneurs and the rural values and social norms of their origin community. Due to their frequent commutes between destinations and places of origin, and the continued residence of family members in origin communities, Chinese returnee entrepreneurs can keep embedded in rural economic contexts even when working away from them. Nonetheless, after coming back to origin communities, returnee entrepreneurs can still be dis-embedded from both economic and social context of rural origin communities if their business is not successful.

7.2.3. What interactions are important between rural returnee entrepreneurs and the process of hybrid rurality?

The previous two sections summarise the most important findings from chapters 4 and 5 about agency for entrepreneurship among rural returnees and the embedding process of returnee entrepreneurs in Xiji. The research found rural values, as a part of the social context, to have influenced both the agency for entrepreneurship and embedding of heterogenous returnee entrepreneurs. This section summarises the findings from chapter 6 to present a concluding argument about how interactions between rural returnee entrepreneurs and the process of hybrid rurality are important. The interactions include both the influence of changing economic, social and regulatory contexts on agency for entrepreneurship and the

embedding process among returnees, as well as the feedback and influence of agency for entrepreneurship and the embedding process among returnees on rural economic, social and regulatory contexts.

As noted in chapter 2, while there is research on rural economic transformations, there is a limited understanding of rural social and regulatory changes in China. For example, how do rural social and regulatory changes relate to interactions of heterogeneous returnee entrepreneurs within the process of hybrid rurality? This research developed and adopted a conceptual framework to investigate the process of hybrid rurality and structure the analysis around three interlinked layers, namely, hybrid contexts, hybrid relations and hybrid identities of rural stakeholders.

In terms of hybrid contexts, the research finds overall weak enabling conditions for transformation across rural social and regulatory contexts in Xiji. With the emergence of returnee entrepreneurs and non-agriculture sectors, Xiji is experiencing rapid economic transformation. It manifests as diversified economic sectors and income streams. Returnee entrepreneurs have contributed to this diversification by creating enterprises mostly in the non-agricultural sectors and providing non-agricultural employment opportunities to smallholder farmers. Contributing to rural economic diversification, returnee entrepreneurs are also influenced by the changing rural economic context from two perspectives. First, they benefit from business opportunities from the emergence of non-agriculture sectors. Secondly, they are also challenged by the changing economic context, in which they are facing competition from new stakeholder groups, such as large agribusiness.

The rapid changes in rural economic context in Xiji do not translate into changes at a similar pace in rural social and regulatory contexts. In terms of the social context, returnee entrepreneurs contribute to social transformation by facilitating the emergence of contract-based formal relations. Formal relations co-exist with informal relations, which are upheld by rural social values. Co-existence of both relations constitutes the hybrid relations as the second part of hybrid rurality in Xiji. It is worth noting that such co-existence of formal and informal relations operates in an imbalanced way. Informal relations continue to dominate the rural social context, which are supported by rural social values upheld by rural elders and smallholders as the most populous group. In comparison, newly emerged formal relations are weaker in the social context. The weak strength of formal relations is not only because the relations just began emerging with the growth of enterprises over the past ten years; formal relations are supported by returnee

entrepreneurs, most of whom are undergoing business challenges, which has limited the growth of formal relations.

Continued dominance of rural informal relations in Xiji has sustained the control of rural elders and their families over resource distribution. These steer resource distribution on the basis of informal connections and family networks rather than on competency and entrepreneurship. Most returnee entrepreneurs in Xiji are from smallholder families with limited connections and networks. Thus, the dominance of informal relations has limited access for most returnee entrepreneurs to resources critical for business growth. This has given rise to the widespread business challenge of lack of investment in returnee entrepreneurs. In turn, it has weakened agency for entrepreneurship among returnee entrepreneurs. Without the support of family networks and connections needed to access resources, returnee entrepreneurs from smallholder families have to reconcile their values, which are cultivated during their urban migration experience, with rural values upheld by rural elders. Due to the difference of values between returnee entrepreneurs and rural elders, reconciliation has been identified by returnee entrepreneurs as difficult. It is hard for returnee entrepreneurs to abandon or change values they have developed independently through migration. Likewise, it is similarly difficult for rural elders to modify their values that they uphold as the root of rural identities in their lifetimes. Such difficulties have limited access by returnee entrepreneurs to resources, constrained their business success and undermined agency for entrepreneurship. Additionally, it has incurred diverse embedding outcomes among heterogeneous returnee entrepreneurs, including the dis-embedding of returnee entrepreneurs from economic and social contexts of rural origins after their returns. Surprisingly, the research found that rural values in Xiji have been strengthened as a result of rural economic growth. At the same time of strengthening rural values, rural economic growth has elevated dominance of rural informal relations on resource distribution and it is this interaction that is important. Considering the contributions of returnee entrepreneurs to rural economic growth, Xiji now has a situation where growth of agency for entrepreneurship has not only contributed to economic growth, but also elevated the dominance of rural values and informal relations that do not necessarily merit agency for entrepreneurship, nor supportive for the embedding of returnee entrepreneurs.

There are even fewer changes found in the regulatory context than the social context. The Hukou system that upholds the rural regulatory context remains largely unchanged in China. From 2014, there have been policy pilots launched to reform the Hukou system and alleviate constraints on the movements of rural

migrants between rural and urban areas. However, for the reasons highlighted above, no smallholder farmers nor returnee entrepreneurs interviewed in Xiji expressed their willingness to change their regulatory identity in response to such policy pilots. The government has not made clear whether the pilots will continue and be implemented at scale.

Co-existing with the economic and social contexts, the regulatory context has contributed to hybrid identities among rural stakeholder groups, which constitute the third part of hybrid rurality conceptual framework (in addition to hybrid contexts and hybrid relations). For returnee entrepreneurs, even though they run enterprises and do not rely on farming as their main source of incomes, their regulatory identity remains as smallholder farmers. In this way, returnee entrepreneurs possess the hybrid identity of smallholder farmers as their regulatory identity but entrepreneurs as their economic identity. Moreover, after living and working in cities for years, their social identity is more aligned with urban values than with rural values, despite their regulatory identities remaining as smallholder farmers. Similar hybrid identities are found among other rural stakeholder groups, in particular, smallholder farmers. At the same time as keeping their regulatory identity as farmers, smallholders have evolved economic identities that include entrepreneurs, by operating businesses. Differing from returnee entrepreneurs with years of urban migration experience, smallholder farmers maintain their social identities and values in line with traditional rural values after living in Xiji without migration experience.

These hybrid identities of rural stakeholder groups interact and facilitate the growth of hybrid relations and hybrid contexts. Utilizing their entrepreneur identities to support formal relations, returnee entrepreneurs contribute to the co-existence of formal and informal relations. Meanwhile, returnee entrepreneurs were also found to be utilizing their smallholder regulatory identities to leverage informal relations and pursue access to resources from origin communities. Hybrid identities of returnee entrepreneurs have thus strengthened the co-existence of both formal and informal relations that constitute the hybrid social context in Xiji. Likewise, utilizing their smallholder regulatory identities to support informal relations, smallholder farmers were found to be applying formal contract relations to hire employees and engage customers with their entrepreneur identities. The hybrid identities of smallholder farmers also facilitated the evolvement of hybrid relations and the growth hybrid contexts, together with other stakeholder groups. The growth of hybrid contexts and relations, manifested as the diversification of economic sectors and the co-existence of formal and informal relations, in turn uphold hybrid identities among rural stakeholder groups in Xiji. This research therefore finds that the mutually re-

enforcing relations between hybrid identities, hybrid relations and hybrid contexts, jointly facilitate the process of hybrid rurality (see Chapter 6, Section 6.2).

The process of hybrid rurality interacts with agency for entrepreneurship. On the one hand, through the diversification of economic sectors and emergence of formal relations, the process of hybrid rurality has provided business opportunities for returnee entrepreneurs, which support returnee-run enterprises and the agency for entrepreneurship. Moreover, utilizing their agency for entrepreneurship, returnee entrepreneurs contributed to the process of hybrid rurality by facilitating the diversification of economic sectors and support the growth of formal relations in the social context of Xiji. On the other hand, the process of hybrid rurality entails the continued dominance of traditional rural social values and informal relations on resource distributions that has constrained business success and weakened agency for entrepreneurship amongst most returnee entrepreneurs, who are from smallholder families with limited networks and social connections. Likewise, it has given rise to varied outcomes of embedding among returnee entrepreneurs that further influence the agency for entrepreneurship.

The findings of this research on interactions between agency for entrepreneurship among returnee entrepreneurs and the process of hybrid rurality adds empirical detail to the existing literature, which emphasize hybrid rurality as a process constructed by interactions of heterogeneous stakeholders (Cloke and Goodwin, 1992; Cloke, 2006). In the Chinese context, this research has deliberately examined the process of hybrid rurality in economic, social and regulatory contexts in a holistic way, and in doing so, contributes new knowledge about rural transformation in China, especially on social and regulatory contexts. Prior research has focused mostly on rural economic restructuring and rural space re-shaping (Long, 2014; Li et al., 2021). The findings from this study reveal how rural community members, such as returnee entrepreneurs, can shape rural contexts, even when experiencing complex contextual changes in economic, social and regulatory terms.

7.3. Implications for policy considerations

The new evidence from this research has the following implications for policy considerations. First, it has highlighted the positive contributions by returnee entrepreneurs to rural economic growth. This finding justifies the relevance of existing government policy support that has been launched to encourage returnees establishing enterprises in their rural origin communities. However, the research also identified difficulties for most returnee entrepreneurs, and especially those from smallholder farmer families in

accessing such policy support. Access to the policy support is frequently controlled by rural collectives that are led by rural elders and their family members. This leads to a biased prioritization of a small group of returnee entrepreneurs who are from families with strong social networks and therefore able to benefit from existing policy support. Returnee entrepreneurs from smallholder families still have limited means to access policy support. To address this challenge and expand inclusive access for returnee entrepreneurs to policy support, implications from the evidence in this research are that alternative means to govern and deliver policy support should be considered. On the governance aspect, heterogeneous demands and values of returnee entrepreneurs need to be represented in the policymaking process. Likewise, returnee entrepreneurs and smallholder farmers will need to be empowered to participate in the policy planning and implementation process for building good governance structure in the Chinese rural landscape. On the delivery aspect, instead of relying on rural collectives alone, policymakers should explore alternatives, including the direct participation of returnee entrepreneurs from smallholder families in the review and selection process of beneficiaries. Moreover, alternative means to deliver policy support by the private sector should also be considered. For example, micro-credit groups with the capacity to provide concessional loans and subsidies in a timely manner to returnee entrepreneurs would be highly beneficial, on the basis that service fees are charged at a reasonable level and closely regulated by public institutions.

Considering the largely unchanged rural regulatory context due to the Hukou system, the findings of research also suggest the value of de-coupling the smallholder regulatory identities of returnee entrepreneurs with their land use rights. If returnee entrepreneurs can still keep their land use rights when changing regulatory identities into urban residents, it would help entrepreneurs to increase their revenues from leasing of smallholder land plots and/or reduce operating costs by using rural lands for business operations. Both would help business growth that in turn can facilitate increased inward investment and employment creation in rural communities.

Lastly a comment on the continued dominance of rural values in the social context. The implications of this finding point to the importance of policy to improve the quality of rural social security for rural elders. In 2009, the national government issued the National Rural Pension Scheme (NRPS) that aimed to protect minimal social security of smallholder farmers in China (Zheng et al., 2020). In accordance with the NRPS, anyone over 60-year-old with regulatory identity as smallholder farmers is eligible to a monthly pension with the amount of \$10.5 (approx. CNY 75) with no requirement of prior contributions (Wen and Sun, 2022). Nonetheless, this amount is too low for the rural elderly to live decent lives. This small amount has

forced the rural elderly to retain firm control over access to rural resources because it brings them income. While the government is aware of the challenge of the growing aging population and the need to provide pensions in a uniformed ways across urban and rural populations of pensionable age, this is also costly. There is no doubt however that increasing pensions and thus livelihood security for the rural elderly will engender a stable income source and may likely prompt them to reduce their control of rural resources, which might provide more space for the participation of rural returnee entrepreneurs in rural resource distribution. These insights offer constructive input into debates about the ways that regime theory can be operationalised in China to deliver more equitable outcomes and inclusive opportunities for rural returnee migrants.

7.4. Implications for future research

This study revealed that change in the rural economic context, through emergence of new economic sectors and enterprises, has not weakened traditional rural social values and norms. Instead, emerging new economic sectors, social relations and identities co-exist with traditional rural values and informal relations, the latter of which still take significant roles in defining rural social and regulatory contexts. Returnee entrepreneurs have facilitated such co-existence. This means that growth of new economic sectors and emigration of smallholder farmers will not necessarily lead to the end of rurality in China, especially in the social context. Instead, rurality continues to co-exist and evolve within rapid rural economic changes. Further research on how such co-existence might evolve, including if it would compete, compromise or be subject to the new economic sectors, social relations and identities would be a useful next step. Furthermore, the research highlights a further gap in knowledge beyond the capacity of this study, to understand how this co-existence would interact and unfold among heterogenous rural stakeholder groups. This research has focused on interactions between returnee entrepreneurs and the process of hybrid rurality, but there are other rural stakeholder groups interacting with in the process of hybrid rurality, as well as the rural economic, social and regulatory context which could be explored in more depth. In particular, understanding the role of smallholder farmers, resident entrepreneurs and newly arrived large agribusinesses will provide understanding of dynamic processes of hybrid rurality, which continue to be a critical part of rural transformation in China.

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Appendices

Appendix 1: Coding and list of interviewees

To conduct narrative analysis with anonymity and confidentiality, interviewees are coded in accordance with dates of interview, age and gender of interviewees, in addition to their professions, including returnee entrepreneurs, returnee migrants, researchers, smallholder farmers and policymakers. Business sectors of returnee entrepreneurs are also included in the list of interviewees, as is indicated in the table below. Each interviewee is assigned with a number following the sequence of time when their interviews took place. Interviewees are referred by their assigned numbers and professions in the research. For example, the first returnee entrepreneur interviewed is mentioned as “*interviewee 2, a returnee entrepreneur conducting livestock raising*”. Interviews were conducted in Chinese. Interview transcripts were recorded and manually translated from Chinese to English by the researcher.

No.	Date	Gender	Age	Profession
1	19 January 2022	M	64	Researcher
2	22 January 2022	M	40	Returnee entrepreneur/livestock raising
3	3 February 2022	M	32	Returnee entrepreneur/online business
4	4 February 2022	F	30	Returnee entrepreneur/online business
5	4 February 2022	M	66	Retired policymaker
6	5 February 2022	F	28	Returnee entrepreneur/online business
7	5 February 2022	F	62	Smallholder farmer/resident entrepreneur
8	6 February 2022	M	49	Researcher
9	6 February 2022	M	34	Returnee entrepreneur/livestock raising
10	11 February 2022	F	29	Researcher
11	18 February 2022	F	32	Returnee entrepreneur/restaurant
12	19 February 2022	M	40	Returnee entrepreneur/shoe making
13	19 February 2022	M	42	Returnee entrepreneur/livestock raising
14	20 February 2022	M	29	Returnee entrepreneur/vegetable plantation
15	20 February 2022	M	29	Returnee entrepreneur/livestock raising
16	21 February 2022	F	31	Returnee entrepreneur/vineyard plantation
17	21 February 2022	M	35	Returnee entrepreneur/livestock trading
18	22 February 2022	M	62	Smallholder farmer/resident entrepreneur
19	22 February 2022	F	56	Returnee migrant
20	25 February 2022	M	39	Returnee entrepreneur/cherry plantation
21	18 March 2022	F	32	Returnee migrant
22	19 March 2022	F	37	Returnee entrepreneur/online business
23	31 March 2022	M	55	Returnee migrant
24	6 April 2022	M	34	Returnee migrant
25	30 April 2022	M	36	Returnee entrepreneur/garage
26	1 May 2022	M	35	Returnee migrant

27	3 May 2022	F	32	Returnee entrepreneur/food catering
28	5 May 2022	F	37	Returnee entrepreneur/restaurant
29	5 May 2022	F	31	Returnee entrepreneur/barber shop
30	6 May 2022	M	36	Rural migrant from Xiji in Beijing
31	7 May 2022	F	28	Returnee entrepreneur/retailing
32	8 May 2022	M	30	Rural migrant from Xiji in Beijing
33	10 May 2022	M	23	Returnee migrant
34	12 May 2022	M	33	Returnee entrepreneur/restaurant
35	15 May 2022	M	41	Rural migrant from Xiji in Beijing
36	17 May 2022	M	33	Rural migrant from Xiji in Beijing
37	19 May 2022	M	31	Returnee entrepreneur/online business
38	21 May 2022	F	34	Returnee entrepreneur/restaurant
39	25 May 2022	M	41	Rural migrant from Xiji in Da'Lian
40	27 May 2022	F	52	Returnee migrant
41	31 May 2022	F	39	Returnee entrepreneur/restaurant
42	10 June 2022	M	35	Township government clerk
43	13 June 2022	F	42	Returnee entrepreneur/ IT start-up
44	15 June 2022	M	30	Returnee entrepreneur/vegetable plantation
45	16 June 2022	M	27	Returnee entrepreneur/restaurant
46	16 June 2022	F	29	Returnee entrepreneur/creative design studio
47	17 June 2022	F	28	Returnee entrepreneur/cold storage management
48	17 June 2022	M	29	Returnee entrepreneur/restaurant
49	19 June 2022	F	29	Returnee entrepreneur/online business
50	20 June 2022	F	30	Returnee entrepreneur/EMS courier service
51	25 June 2022	M	32	Returnee entrepreneur/agriculture plantation
52	28 June 2022	F	35	Returnee entrepreneur/film studio management
53	1 August 2022	M	38	Returnee entrepreneur/event management company
54	31 August 2022	M	45	Smallholder farmer

Appendix 2 Questions utilized for data collection

- Would you please let me know what barriers and opportunities exist for entrepreneurship among rural returnee migrants?
 - When do you think the return of rural migrants starts to take place? And why?
 - Can you give profiles for those who returned, what are motives (or barriers) for their returns?
 - Who are the main stakeholders involved in the returning of migrants? Where are they located?
 - Where do returnee migrants come from?
 - After returning, what do returnee migrants do? Example prompts:
 - run their own enterprises
 - find jobs in rural hometowns or close by areas
 - choose to leave again
 - Other activities
 - What are reasons for the different undertakings of returnees?
 - Do age, education/skill level, marriage status and networks affect returnees' ability for entrepreneurship?
 - Do you think current rural returnee entrepreneurs have facilitated or hindered the return of rural migrants and why?
 - Do you have personal experiences?
- How well do you think returnee entrepreneurs are able to settle back into rural home communities after returning?
 - What are the attitudes of rural communities towards returnees? Are they perceived as successful champions returning with skills, resources and networks, or as losers who have to resort to return as their last option?
 - Which option would be easier for returnees to settle or be accepted in rural home communities: being an entrepreneur, finding a job or continuing to be a farmer, and why?
 - What challenges and opportunities do rural returnee entrepreneurs encounter when trying to settle again in rural home communities?
 - Do age, education/skill level, marriage status and networks facilitate or hinder the embedding of rural returnee entrepreneurs? Or are there other factors?
 - What are the similarities and differences between rural returnee entrepreneurs, resident entrepreneurs and entrepreneurs coming from the urban area?
 - Do you think resident entrepreneurs and entrepreneurs coming from the urban area affect the settling of returnee rural entrepreneurs? Who else do you think affects the ease of this process?

- Do you think the return of rural migrants as entrepreneurs so far has been a successful process and, if yes, what are areas for improvement, or if no, what are solutions in your opinion?
 - If the settling process has been unsuccessful, what consequences do returnee entrepreneurs face?
 - Do you have personal experiences?
- In your opinion, what influences have returnee entrepreneurs exerted on traditions or the relations within rural communities, and do these influences help or hinder the ability for rural returnee entrepreneurs to be integrated in the rural communities?
- Do you think returnee entrepreneurs have contributed to job creation or the re-unification of smallholder families in local communities?
 - What differences have returnee entrepreneurs brought back?
 - Have any differences changed the traditions or relations within local communities?
 - Do you think rural traditions and traditional views about relationships are disappearing, reviving, or both are taking place at the same time? Why?
 - If the traditions and relations are reviving, are they coming back the same way as they were? If not, what are the differences?
 - What are roles of rural returnee entrepreneurs in the disappearing, reviving or changing of rural traditions and relations?
 - Do you think the changes that rural returnee entrepreneurs have brought to local communities will help or hinder the ability of returnee migrants to be successful or to be settled again into the community?
 - Do you have personal experiences?

Thank you very much for your time. I would much appreciate your availability to participate in subsequent research activities, including follow-up interviews. If you are a returnee entrepreneur, you will be very welcome to participate in recording your individual stories on establishing enterprises after returning. In case there is additional information and further clarifications needed, I will contact you directly. Please confirm if you are willing?

Appendix 3 Approved Ethical Clearance

School of Agriculture, Policy and Development

**ETHICAL CLEARANCE
GRANTED**



Form 2. MSc PhD Staff Ethical Clearance Submission Form

PLEASE allow a minimum of 3 weeks for this process.

You must not begin your research until you have obtained consent as evidenced by this form returned from the APD student Office signed and dated. Ethical Clearance cannot be granted retrospectively.

This form can only be used if the application :

- Does not involve participants who are patients or clients of the health or social services
- Does not involve participants whose capacity to give free and informed consent may be impaired within the meaning of the Mental Capacity Act 2005
- Does not involve patients who are 'vulnerable'
- Does not involve any element of risk to the researchers or participants
- Does not involve any participants who have a special relationship to the researchers/investigators

If any of the above apply, please refer to the APD Ethics Chair to decide whether an application can be made through the APD review process or whether the application needs to be referred to the full University Committee.

It is the applicant's responsibility to check for any particular requirements of a funder regarding ethical review. Some funders may require that the application is reviewed by full University Committee and not the devolved School committee.

Full details of the University Research Ethics procedures are available at

<http://www.reading.ac.uk/internal/res/ResearchEthics/reas-REethicshomepage.aspx> and you are encouraged to access these pages for a fuller understanding. Some helpful advice is available on this link

<http://www.reading.ac.uk/internal/res/ResearchEthics/reas-REwhatdoinneedtodo.aspx> and the FAQs are particularly relevant.

ALL QUESTIONS MUST BE COMPLETED.

APD Ethical Clearance Application Reference Number : 001729

1. APPLICANT DETAILS:

Main applicant name:

Clark Ke Liu

Name of academic supervisor/project investigator:

Prof. Henny Osbahr, Dr. Alex Arnall

Email Address (decision will be emailed here):

clarkke.liu@pgr.reading.ac.uk

MSc Student

☐

PhD Student

☒

Staff Member

☐

Other (please specify)

[Click here to enter text](#)

2. PROJECT DETAILS:

Title of project: Returnee rural entrepreneurs and hybrid rurality in China

Please provide a lay summary of the project, including what is being investigated and why: The research aims to explore roles of rural returnee entrepreneurs in the unfolding of hybrid rurality in China and examine how and if hybrid rurality would facilitate or hinder rural returnee entrepreneurs. By investigating agency and the process of embeddedness of rural returnee entrepreneurs, who are integral parts of rural communities, the research will contribute to knowledge about how the internal dynamics of rurality have evolved and responded in a proactive way to structural influences of globalization.

Procedure. Please outline the project's research protocol (what procedures, research methods and analysis methods are being used) : The research will follow a phased approach. In the first phase, a conceptual framework was formulated using theories relating to agency, entrepreneurship, embeddedness, returnee migration and