

# Migration, self-employment and the Left-Behind in Rural China

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## *Abstract*

The standard approach to explore the impact of migration on self-employment is to focus either on returnees' outcomes (McCormick and Wahba 2001, Dustmann and Kirchkamp 2002, Mesnard 2004) or to compare outcomes of return migrants with non migrants (Piracha and Vadean 2010, Démurger & Xu 2011). Findings from these studies indicate that, in general, migration is associated with higher self-employment rates. These approaches, however, do not allow taking into account the trade off – generated by migration – between physical capital gains (e.g. savings, remittances) and human capital losses (e.g. temporary absence of entrepreneurial skills). Using a unique dataset which provides information on both current and return migrants in rural China, we are able to disentangle the role of physical and human capital in fostering/hampering self-employment. While the importance of return migration in promoting self-employment is confirmed, preliminary findings indicate that left-behind individuals in rural areas are less likely to start-up a business.

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