The self-employment of the industry choices of dispossessed farmers in China

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ARTICLE INFO

Article history:
Received 15 December 2016
Received in revised form
25 July 2017
Accepted 9 August 2017
Available online 18 August 2017

Keywords:
Self-employment
Industry choices
Dispossessed farmers
Grounded theory
Multinomial logit model

ABSTRACT

Rapid urbanization has generated an increasing number of dispossessed farmers in China, with the issues and problems involved gaining extensive attention by the government and academia. Some of them are turning to entrepreneurial activities as an alternative means to earn a living that can solve their long-term livelihood. This study has identified the factors influencing their choices of self-employed industry based on the Grounded theory. Then four hypotheses are developed and quantitatively tested by the Multinomial Logit regression analysis method with 219 observations collected in Zhejiang Province. The empirical results indicate that the four hypotheses receive different levels of support. The decision-making of specific industry is the result of synergistic effects exerted by both internal and external factors. Dispossessed farmers with similar characteristics tend to choose similar industries. The entrepreneurial, adjustment and protective, policies are put forward to facilitate the likelihood of dispossessed farmers’ successful startups.

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1. Introduction

China has been experiencing rapid urban development by land requisition to meet the increasing land demand driven by rapid economic and urban growth (Hui and Bao, 2013; Xu et al., 2011). Due to the dual land system resulted from land reform in 1982, Chinese land institution is different from other countries (Xu et al., 2011). Since then, there has been the dichotomy of state ownership of urban land and collective ownership of rural land (Zhang and Donaldson, 2013). It is required by the government that only state-owned land could be used for commercial and public use, and therefore, rural land used for such purposes must be firstly transformed into urban land (Xie et al., 2002). During the land assembly and land requisition process, the power of eminent domain seems to be a universal agreement (Knetsch, 1983). The Chinese government has the power of eminent domain to acquire collectively owned rural land with compensation policies made by itself (Yu et al., 2014). Such experience is not exclusively Chinese, it is not unusual in the United States (Collins and Shester, 2013), Hong Kong (Hui et al., 2008), Addis Ababa (Gebre, 2008), Ghana (Karib, 2004) and so forth, subject to the payment of just compensation. This controversial strategy, on the one hand, has played a major role in China’s modernization (Huang, 2015) and economic growth (Lichtenberg and Ding, 2009). The negative impacts on the environment and culture heritage are generated, such as the deteriorating land ecosystems, a loss of agriculture land (Qian et al., 2013) and the increasing entropy (Seto and Kaufmann, 2003; Xu et al., 2013), on the other hand. It also brings about great challenges to human society (Wang et al., 2010), such as an increasing number of dispossessed farmers whose farmland have been expropriated (Bao, 2009; Cao et al., 2008) and heightened tensions in state-dispossessed farmers relationship (Parker, 2009; Tang et al., 2008). “Dispossessed farmers”, also known as “land-loss farmers” (e.g., Long et al., 2010) or “landless farmers” (e.g., Po, 2008), are incapable of integrating themselves into urban life (Bao and Wu, 2002) and are confronted with a wide range of potential risks (Yu et al., 2014). Some (He et al., 2009) claim that this vulnerable group is entitled to scarce public goods, such as education, housing, healthcare and employment due to the hukou system, an institutional discrimination to the rural (Zhao, 2017). Some dispossessed farmers, thus, may become more impoverished after land deprivation as land used to serve as their resources, assets, and insurance (He et al., 2009; Hui et al., 2013). Although the...
study in Zhejiang province drew contrary conclusions that the total welfare of dispossessed farmers increased by 11.8%, their social security and psychological conditions deteriorated (Li et al., 2015).

Processes of social and economic restructuring have been observed in rural areas across the world (Woods, 2013), but China has faced particular challenges from its rapid urbanization and related migration, political and economic reform, and environmental pressures (Long and Liu, 2016). Against this backdrop and to address the increasing social concerns, the central government in China promotes the policy of “New-type urbanization” and “Building new countryside” to relocate rural resources to realize rural restructuring and promote rural development (Long et al., 2016; Long and Woods, 2011) with a greater emphasis on “people-oriented” development (Wang and Wang, 2015). The issues of the dispossessed farmers, such as unemployment therefore, are gaining extensive attention from political and academic spheres (Liu et al., 2014). Nevertheless, the majority of studies overwhelmingly focus on marketization of rural collective land (e.g., Liu et al., 2014). Building new countryside and transforming urban system more inclusive and help sustain a long-term livelihood for dispossessed farmers (Bao and Peng, 2016; Seunke et al., 2013). This paper is organized into six sections. Following the introduction, the grounded theory, definition of entrepreneurship is thus used to establish a theoretical model. Hypotheses development is then presented in the third section, followed by a methodology and data analysis. This section involves the development of a Multinomial Logit model from questionnaire survey data mainly collected in Zhejiang Province. The fifth section contains a detailed discussion of the statistical results. The final section summarizes the results of analysis and put forward the implications and suggestions for future studies and practice.

2. Grounded theory

The existing literature does not put forward a theoretical model on the influencing factors of self-employment of dispossessed farmers’ industry choices. Despite being able to analyze and summarize some factors, little research has been done up to date. It is thus necessary to obtain more detailed information from fieldwork. The basic information pertaining to interviewees, who are entrepreneurially dispossessed farmers in Yiwu are shown in Table 1.

2.1. Open coding

Unstructured and casual conversations were conducted with the interviewees. This can help them to talk with us in a relaxed and non-threatening situation. By repetitive listening to the recordings, the key influencing factors were then refined. The original words of the interviewees were used as much as possible in the coding to capture the original meaning and abate researcher bias. The open coding results are shown in Table 2.

2.2. Axial coding

Axial coding is used to establish the intensive relationship network surrounding the category. It links the main category with its corresponding category. Five main categories were identified based on the interactive relationships and logical order at the conceptual level. The results of axial coding are shown in Table 3.

2.3. Selective coding

Selective coding makes the relationship among the main categories more specific. This analysis method conceptualizes the codes and links the codes, which can make the analytical story more theoretical. The analysis results of selective coding are shown in Table 4.

Consequently, the research established the theoretical model on the influencing factors of dispossessed farmers’ industry choices as shown in the following Fig. 1.

3. Research hypotheses

3.1. Individual element

Personality-based theories of entrepreneurship posit that it is the personal traits making people prone to behaving and succeeding as entrepreneurs (Glaeser et al., 2015). The established entrepreneurs often have higher risk-tolerance (Glaster and Strauss, 1967), the spirit of innovation and confidence (Brockhaus and Horwitz, 1986) than non-founders. The relationship between such personality traits and entrepreneurial behavior is discussed frequently in entrepreneurship research (Begley and Boyd, 1987). Some (Zhang, 2011) claim that personality traits have a positive relationship between business creation and business success, while others (Rauch and Frese, 2007) argue that there is no such relationship.
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