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Social Capital, Resource Acquisition, and Return Migrant Peasants' Entrepreneurial Performance: an Empirical Study Based on the Micro Survey Data from the Yangtze River Delta in China

Shaofeng PENG¹, Junshu DU²

Abstract

Social capital, as a unique form of resource, plays a key role in peasants' entrepreneurial activities and is one of the crucial factors that influence return migrant peasants' entrepreneurial performance. However, existing studies on the relationships between social capital and entrepreneurial performance are not consistent. Using survey data of 177 entrepreneurs who were return migrant peasants from seven cities in the Yangtze River Delta of China from December 2016 to March 2017, this study conducted an empirical investigation into the relationships among social capital, resource acquisition, and entrepreneurial performance. Results show that the size, density, and tie strength of return migrant peasants' social capital exert a significant positive effect on their entrepreneurial performance, with tie strength having the greatest effect. Furthermore, the efficiency and effectiveness of resource acquisition not only directly promote entrepreneurial performance but also mediate between every dimension of social capital and return migrant peasants' entrepreneurial performance. These findings provide a substantial reference for the improvement of entrepreneurial performance with respect to promoting social capital for return migrant peasants, establishing entrepreneurial platforms, and developing supportive policies for entrepreneurship by government departments.

Keywords: social capital, resource acquisition, entrepreneurial performance, return migrant peasants.

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Introduction

With the rapid promotion of China's new urbanization in recent years and under the background of "mass entrepreneurship and innovation," an increasing number of peasants have returned to their hometowns to seek development. Corresponding to the "return migrant tide," most migrant peasants have returned to their hometowns to start their own businesses, and "entrepreneurship tide" has gradually emerged in many areas of China. In June 2015, the State Council of China issued the Opinions on Supporting Entrepreneurship for Migrant Peasants and Other Employees in Their Hometowns and implemented the "Outlines for Encouraging Migrant Peasants and Other Employees to Return Hometown to Entrepreneurship for Three-year Plans of Action," which clearly proposed to encourage and support the return of migrant peasant groups to their homes to conduct entrepreneurial activities (Xu, Liu & Liu, 2017). Under this policy, local governments promulgated policies to motivate migrant peasants to return home and start their own businesses. These policies were expected to attract migrant peasants with entrepreneurial ideas to participate in the entrepreneurial trend. At the end of 2016, the total number of return migrant peasants for entrepreneurship in China reached 5.1 million. Working in an urban environment, migrant peasants learn a few related technologies, accumulate a certain amount of capital and experience, improve their abilities and social awareness, and expand their visions, which are generally the entrepreneurial advantages for migrant peasant groups. In addition, a few migrant peasants obtain rich entrepreneurial resources through their own social capital to help them continuously develop and improve the performance of their undertakings. Many special migrant peasants have emerged in a few areas as "entrepreneurial stars" or "entrepreneurial spokesmen" (Wahba & Zenou, 2012). Meanwhile, a few studies observed that in the last three years, the overall operating performance of migrant peasants' start-ups has been poor, and the success rate of entrepreneurship has demonstrated a declining trend. In particular, entrepreneurship related to agriculture enterprises has the highest failure rate (Chakraborty & Mandal, 2016). Furthermore, some media reported that according to the overall data of entrepreneurship for migrant peasants, less than 10% of enterprises can survive in the first three years; hence, a few migrant peasants continue to look for work and accumulate work experience after the failure of entrepreneurship (Chakraborty & Mandal, 2016). De, Fokkema and Fihri (2015) found that migrant peasants who fail to start their own businesses or achieve low entrepreneurial performance mostly argue about the function of social capital when summarizing the reasons for failure. Moreover, they subconsciously believe that social capital exerts a limited effect on the promotion of their entrepreneurial performance and plays a small role in obtaining various resources necessary for entrepreneurship, such as funds, markets, and materials. Therefore, these migrant peasants pay little attention to and upgrade their own social capital, and they remain unaware of the effects of social capital on entrepreneurial performance.

However, these scholars also found that migrant peasants whose firms are run well and have a high performance are successful entrepreneurs with extensive social connections and rich social capital (De *et al.*, 2015), because they believe that social capital brings benefits or convenience (Bourdieu, 1985).

According to the preceding discussion, the impact of social capital on the entrepreneurial performance of return migrant peasants is different not only because of the limited role of a few migrant peasants but also because of the successful cases of entrepreneurship. A hidden social fact is that the entrepreneurial performance of return migrant peasants' enterprises is largely due to their differences in social capital; thus, the study of such relationship is an important sociological topic (Watson, 2007). We cannot help but think whether the social capital of return migrant peasants has an impact on their entrepreneurial performance in the process of starting a business. If so, then how does social capital influence entrepreneurial performance?

Regarding the aforementioned issues, many scholars have conducted numerous studies on migrant peasants' entrepreneurship. Grande, Madsen and Borch (2011) found that migrant peasants tend to start new businesses on the basis of the following three resources: individual human capital, financial capital, and social capital, all of which are scarce for farmers. However, most of the existing literature, which focuses on material or human capital as the influencing factors in determining the entrepreneurial performance of migrant peasants, often overlooks the role of social capital (Morgan, Marsden, Miele & Morley, 2010). Although a small portion of the literature explores social capital as the driving force of entrepreneurial performance, the studies on the relationship between social capital and the entrepreneurial performance of migrant peasants and the factors that affect their relationship are still limited (Mikko, Peura & McElwee, 2007). Especially in emerging markets, only a few studies on the entrepreneurial activities of return migrant peasants are available. Moreover, the conclusions of existing empirical investigations on the relationship between social capital and entrepreneurial performance demonstrate inconsistencies, and the corresponding and effective interventions and solutions remain unclear. A few scholars have found that social capital exerts a positive impact on entrepreneurial performance (Hansen & Wernerfelt, 1989; Zhao & Aram, 1995; Chen, Tzeng & Ou, 2007) while others have provided empirical evidence of its negative effect (Adler & Kwon, 2002), inverted U-shaped relationship (Baron & Markman, 2003; Watson, 2007; Semrau & Werner, 2012), or its irrelevance (Witt, 2004). Therefore, no consistent conclusion on whether social capital promotes or hinders entrepreneurial performance exists; thus, their relationship remains unclear.

In addition, scholars have recently begun to focus on the impact of resource acquisition on entrepreneurial performance, and they have considered resource acquisition as an important factor that affects entrepreneurial performance. As indicated by Tsai (2001), in a high-center social network, members of a network have easy access to a wide range of knowledge, information, and necessary

strategic resources to promote entrepreneurship activities and performance. Unfortunately, only a few studies have explored the impact of resource acquisition on entrepreneurial performance and its role in the relationship between social capital and entrepreneurial performance. Although social capital can provide entrepreneurs with access to resources, it should be operated and employed through the own initiative of entrepreneurs to obtain various external entrepreneurship resources. Resource acquisition helps farmers obtain entrepreneurial resources through social capital. The lack of existing theoretical research in this area indicates that resource acquisition may play a key role in the entrepreneurial performance of return migrant peasants in the context of China.

Overall, this study focuses on the following two main issues: (1) Does the social capital of return migrant peasants exert a significant impact on the entrepreneurial performance of their firms, and is this effect positive or negative? (2) How does the social capital of return migrant peasants influence entrepreneurial performance through resource acquisition? Considering these two issues, this study, which is based on the Chinese context with social capital and ties as the ontology, attempts to construct a mediation model to comprehensively analyze the relationship among the social capital of return migrant peasants, resource acquisition, and entrepreneurial performance. Therefore, the conclusions of this study will provide effective references for the entrepreneurial activities of return migrant peasants and intervention policies for government departments in the context of China.

Social capital and entrepreneurial performance of return migrant peasants

Social capital, as a reflection of social relations, exists in a network of people and is generated through interaction (Bourdieu, 1985; Coleman, 1988; Putnam, 1993). Individuals may tend to develop high or low social capital but are limited to social interaction. In this sense, although Granovetter (1985) emphasized that social capital for entrepreneurship is particularly important regardless of the concept adopted, he viewed entrepreneurship as a socio-economic process. Anderson, Park and Jack (2007) argued that entrepreneurship may be affected by society in two different ways. First, entrepreneurs are constrained by the environment and may even perceive opportunities in ways that are influenced by the social context because these opportunities are products of the social environment in which they live. Second, every firm is part of a network of social interactions through economic factors. They also believed that social capital may affect the business activities of enterprises. As the objects of this study, return migrant peasants are analyzed at the individual level. In this regard, social capital refers to the characteristics of the individual social network structure of return migrant peasants, such as size, density, tie strength, and heterogeneity of network members. According to the composition dimensions of social capital (Nahapiet & Ghoshal, 1998), this

study uses network size, network density, and tie strength to characterize social capital. Network size reflects the amount of information and resources obtained by entrepreneurs in the social network. Entrepreneurs obtain additional information when the network size is large. Owing to the limited external resources in the early stage of entrepreneurship, return migrant peasants can easily exhaust resources at the beginning of the established relationship, hence the difficulty in supporting the long-term development of enterprises. Therefore, expanding the size of the social network is often necessary to obtain the initial resources for starting a business (Burt, 1992). On the basis of a series of entrepreneurial empirical studies, Aldrich and Martinez (2001) found that the size of social relations utilized and expanded by entrepreneurs is helpful for promoting entrepreneurial performance. The size of social relations can improve the entrepreneurial performance of peasants in all aspects. Greiner (1997) studied the relationship between the size of social relations and farmers' entrepreneurial performance. He believed that farmers with numerous social relations can strengthen their financing ability and make satisfactory decisions on their investment behavior according to market opportunities, thereby enhancing their entrepreneurial performance and success rate. In addition, Zhao and Aram (1995) found that increased contact and communication between entrepreneurs and the outside world equate to a large-density entrepreneurial network and evident improvement in new business performance. The tie strength of social capital represents the frequency of people's communication, trust, and intimacy; with tie strength, entrepreneurs can share information and knowledge with members of the entrepreneurial network through regular exchanges. Chinese people, especially peasants, still maintain the traditional cultural characteristics of collectivism. They are willing to believe that they can start their own business through close ties with friends, relatives, classmates, and acquaintances to obtain the necessary emotional support and financial and material resources, which are conducive to enhancing entrepreneurial performance (Bruderl & Preisendorfer, 1998). Davidsson and Honig (2003) argued that the tie strength of social capital is important for entrepreneurs, benefits the entrepreneurial process, and enhances sales and profitability.

Therefore, we propose the following hypotheses:

- Hypothesis 1a: A positive relationship exists between the size of social capital and the entrepreneurial performance of return migrant peasants.
- Hypothesis 1b: A positive relationship exists between the density of social capital and the entrepreneurial performance of return migrant peasants.
- Hypothesis 1c: A positive relationship exists between the tie strength of social capital and the entrepreneurial performance of return migrant peasants.

Resource acquisition and entrepreneurial performance of return migrant peasants

Entrepreneurial resources are necessary for a venture to achieve entrepreneurial performance. Adequate capital reserves, a wide range of information sources, and a wealth of business management experience and industry knowledge play a crucial role in supporting entrepreneurial activities. A strong relationship exists between the amount of these accessed resources and the success of entrepreneurship and its performance (Florin, Lubatkin & Schulze, 2003). According to extant research, the present study divides resource acquisition into two dimensions: efficiency and effectiveness of resource acquisition. The efficiency of resource acquisition refers to the ratio that uses a certain amount of inputs to create a large number of outputs with existing resources or a certain amount of investments with minimal cost. The effectiveness of resource acquisition refers to the extent to which the goal of resource acquisition is achieved and to which actors solve the target issues given the resources available. Unlike efficiency, effectiveness does not depend on cost and commitment. Efficiency refers to “doing things right,” whereas effectiveness means “doing the right thing”.

Florin *et al.* (2003) found that if return migrant peasants can gain entrepreneurial resources within a relatively short period, then they would take advantage of the time to considerably improve the business environment and obtain additional market returns. Moreover, entrepreneurs would easily succeed when farmers learn additional entrepreneurial skills throughout the entrepreneurial process (Morgan *et al.*, 2010). In terms of the effectiveness of resource acquisition, the initial resources of start-ups and the ultimate effect of internal and external resources used by entrepreneurs may considerably influence the survival and development of enterprises according to the resource-based view, thus determining the performance level of entrepreneurship.

In addition, a few studies have shown that technical capabilities and financial resources are the key influencing factors for the performance of startups (Lee *et al.*, 2001). Grande *et al.* (2011) examined the influence of resources and entrepreneurial orientation on the entrepreneurial performance of small enterprises at the firm level from the perspectives of resource-based view and entrepreneurship process. The results showed that enterprise resources, such as financial capabilities, efforts of entrepreneurs, and unique ability, are beneficial to obtaining improved returns on entrepreneurial performance in the long term. The intangible and tangible entrepreneurial resources acquired by return migrant peasants can help them adopt effective business models and increase their share of sales to enhance their business performance in a constantly changing market environment.

Therefore, the following assumptions are provided:

Hypothesis 2a: A positive relationship exists between the efficiency of resource acquisition and the entrepreneurial performance of return migrant peasants.

Hypothesis 2b: A positive relationship exists between the effectiveness of resource acquisition and the entrepreneurial performance of return migrant peasants.

Mediating role of resource acquisition

The homogeneous network in the early stage of entrepreneurship cannot meet the dual needs of enterprise development and personal aspirations due to the increasing number of established small and micro-enterprises by return migrant peasants. Therefore, farmer entrepreneurs gradually expand the network with external business teams and partner relations, increase resource sharing, and enhance the complementary ability to obtain resources and information (Witt, 2004). Return migrant peasants can obtain the necessary funds, raw materials, and production technologies by relying on social capital. They can also rapidly grasp business opportunities in the market through the integration of entrepreneurial resources to improve their business performance.

According to social capital theory, network characteristics, such as network size, considerably affect the number of resources obtained by entrepreneurs from the network. Greve and Salaff (2003) found that network size affects the necessary information and knowledge gained by entrepreneurs, such as customer information, management knowledge, and business processes. In relational networks, the increased interaction of members equates to the good quality of their relationship within the network and the increased possibility of obtaining resources by entrepreneurs from network members. The close relationship between entrepreneurial team members enables entrepreneurs to invest additional personal assets into their firms in the early stage of entrepreneurship (Hayton, 2003). Under the environment of rich social relations, a high tie strength equates to a large amount of entrepreneurial resources obtained by farmer entrepreneurs. At the same time, the efficiency and effectiveness of resource acquisition increase. Although the social capital of return migrant peasants is an important channel for entrepreneurs to obtain resources, it is not always ready to be used by entrepreneurs directly. Peasant entrepreneurs who have numerous business partners with outside resources can gain additional business and market information and further obtain external business opportunities in market competition (Brüderl & Preisendörfer, 2003). Compared with their counterparts, entrepreneurs who have additional contacts with government departments will master government policies and information resources timely and easily access subsidies and support provided by government departments.

Through the preceding analysis, we can conclude that resource acquisition is a key variable to reveal the role of social capital in influencing entrepreneurial performance. Social capital indirectly affects entrepreneurial performance through the efficiency and effectiveness of resource acquisition; that is, resource acquisition exerts a mediating role in the relationship between the social capital

of return migrant peasants and entrepreneurial performance. On the basis of these deductions, we propose the following assumptions:

Hypothesis 3a: The efficiency of resource acquisition plays a mediating role in the relationship between the social capital of return migrant peasants and entrepreneurial performance.

Hypothesis 3b: The effectiveness of resource acquisition plays a mediating role in the relationship between the social capital of return migrant peasants and entrepreneurial performance.

Methodology

Data collection

Data were collected through a questionnaire survey of return migrant peasants in the Yangtze River Delta in China. The survey was conducted from December 2016 to March 2017, during which a large number of migrant workers returned to their hometowns to reunite due to the Chinese Lunar New Year. Considering the low level of education of many return migrant peasants, we filled in the questionnaire mainly on the basis of the respondents' answers. We then conducted a pilot test to ensure that the questionnaire items were clear, meaningful, and easy to understand (O'Leary-Kelly & Vokurka, 1998). By referring to existing studies (Lumpkin & Dess, 2001; Lin, Li & Chen, 2006), we used the following sampling criteria to select firms: (1) entrepreneurs come from rural families; (2) the time of establishment of start-ups is after 2008.

We randomly selected 300 migrant peasants who returned to their hometowns to start a business in Shanghai, Suzhou, Nanjing, Wuxi, Changzhou, Jiaxing, and Hangzhou, which are the core cities in the Yangtze River Delta region, to conduct a questionnaire survey and test the proposed conceptual framework. After deleting the unqualified questionnaires, we obtained a final valid sample size of 177. The questionnaire had an effective rate of 59%. We compared the data on three enterprise characteristics (total assets, number of employees, and return on total assets in 2016) of our respondent companies with corresponding data on the top 10 representative enterprises within the same industry in the area. This comparison was aimed at confirming that that data collected from the survey represented the population of firms by return migrant peasants in the Yangtze River Delta. We found no statistically significant differences between the groups. Therefore, the representativeness of the sample was adequate. The basic characteristics of the sample are shown in *Table 1*.

Table 1. Basic Characteristics of Respondents

Characteristics	Classification index	Frequency	Proportion (%)
Gender	Male	141	79.66
	Female	36	20.34
Marital status	Married	165	93.22
	Unmarried	12	6.78
Education	Primary school	14	7.91
	Middle school	65	36.72
	High school	81	45.76
	College	13	7.34
	Undergraduate and above	4	2.27
Age	<30	11	6.21
	30–39	53	29.94
	40–49	96	54.24
	>50	17	9.61
Registration form	Self-employed	142	80.23
	Partnership	17	9.6
	Own business	9	5.08
	Joint stock system	6	3.39
	Cooperative	3	1.7

Measurement for variables

Independent variable: social capital

The present study adopted six main research variables, namely, the size, density and tie strength of social capital; the efficiency and effectiveness of resource acquisition; and the entrepreneurial performance of return migrant peasants. A five-point Likert scale (1 = “strongly disagree”; 5 = “strongly agree”) was used for all the constructs presented below. The following are the operational definitions of variables; the items of the latent variables for measurement are presented in Table 2.

Regarding the measurement of the social capital of return migrant peasants, this study measured the size, density, and tie strength of social capital. The size of social capital refers to the number of ties established by entrepreneurs’ contacts and interactions with one another. This variable is commonly measured in ego-

centered studies by asking respondents to assess ties among their contacts (Burt, 1992). On the basis of previous works of Greven and Salaff (2003), we asked each return migrant peasant the following question: "When you made critical decisions, to how many family members, relatives, friends, and others did you discuss the problem with?" The sum of the number of people is the size of an entrepreneur's social capital.

The density of social capital refers to the degree to which members in a network know one another. The direct measurement of network density provides scholars with the idea of attempting to measure from the relationship perspective. Moreover, enterprises' network density can be measured from the extent of their ties with external businesses or organizations, including customers, suppliers or universities, research institutions, and other links (Yli-Renko, Autio & Sapienza, 2001). The density of social capital in this study was measured by the number of ties as a proportion of the total number of possible ties proposed by previous studies (Burt, 1992; Yli-Renko *et al.*, 2001).

The tie strength of social capital refers to the level of mutual trust, respect, reciprocity, and tie closeness between return migrant peasants and their relatives, friends, and external partners in entrepreneurial activities. The tie strength of social capital reflects the degree of relationship between return migrant peasants and their contacts. The measurement of tie strength in this work was based on the scales of Lin *et al.* (2006), and Chen *et al.* (2007). We asked the respondents to list the top five contacts who helped them in starting their own business and then assessed the degree of their relations; examples include "numerous contacts with family members and relatives were available," "the trust of my friend was high," and "I gained a considerable amount of support from family and relatives." A total of six measurement items were used.

Dependent variable: entrepreneurial performance (EP)

The measurement of entrepreneurial performance has long puzzled the academia, and mature theories in the selection of measurement indicators of entrepreneurial performance are limited. Previous studies have suggested that capturing the multidimensionality of new venture performance requires the use of multiple measures (Wiklund & Sheperd, 2005). According to the purpose of this study and the actual conditions of peasant entrepreneurship in China, the size of firms owned by return migrant peasants was generally small, and the financial system was imperfect; hence, obtaining the actual financial data was difficult. Furthermore, a considerable difference was observed between entrepreneurial corporates and the entrepreneurial industry and between agricultural and non-agricultural entrepreneurship. Therefore, this study measured the entrepreneurial performance of start-ups by using six items adapted from Stam and Elfring (2008), and Hayton (2003), which include the following: "Compared with your peers, your company has a higher total sales"; "Compared with your peers, your company has

a higher net return (total net revenue/total sales)”; “Compared with your peers, your company has a rapidly growing market share”; and “Compared with your peers, your company has rapidly growing new products/services.”.

Mediating variable: efficiency and effectiveness of resource acquisition

As previously mentioned, resource acquisition is a mediator variable in this study and was measured within the following two dimensions: efficiency and effectiveness. On the basis of the research method of Brüderl and Preisendörfer (1998), the efficiency of resource acquisition was measured with the length of time from the establishment of an enterprise to the first successful sale of products in the market. Length of time is clearly negatively correlated with the efficiency of resource integration, and the efficiency of resource integration is high when the length of time is short.

With respect to the effectiveness of resource acquisition, according to Barney (2001), we asked the return migrant peasants to evaluate effectiveness from three aspects: sales channel resources, human resources, and customer resources. The following three items proposed in previous studies (Barney, 2001) were modified to measure the effectiveness of resource acquisition: “Sales revenue from previous channels accounted for a large proportion of total sales in the first year of entrepreneurship”; “The percentage of former customers in the total number of clients in your first year of entrepreneurship is high”; “The proportion of previous employees that accounted for the total employees in the first year of entrepreneurship is high.”.

Control variables

On the basis of previous studies along with the needs of the present study, we chose the size, age of the enterprises, and gender of the entrepreneurs as the control variables. The size of a firm was calculated by taking the logarithm of each firm’s total number of employees, including founders (full-time equivalents). The age of a firm was measured by calculating the logarithm of the number of years since it was founded. In addition, we controlled for the gender of an entrepreneur as a dummy variable, with the value of 1 assigned for men and 0 assigned for females.

Reliability and validity test

This study used SPSS 20.0 to analyze the reliability of variables, and the results are shown in *Table 2*. The value of the Cronbach’s alpha for each variable was between 0.835 and 0.897, and the value of composite reliability (CR) was between 0.840 and 0.916, both of which are above the minimum acceptable level of 0.7, indicating that each measurement scale has a high internal consistency (Nunnally & Bernstein, 1994).

We assessed all the measures for convergent validity by performing a confirmatory factor analysis and calculating the average variance extracted (AVE) (Fornell & Larcker, 1981) for all the latent variables. Table 2 shows that all the values of the corresponding factor load are greater than 0.7, and all the average AVE values of the variables are greater than 0.5, thereby indicating that each variable showed good convergence validity.

In Table 4, the correlation coefficients between the latent variables are less than the square root of the corresponding AVE (bold black numbers), thereby indicating that the discriminant validity of the measurement model was high.

Table 2. Reliability and Validity Test for Variables

Latent Variables	Items	Factor load	C.R.	Cronbach α
Entrepreneurial Performance AVE = 0.646	Compared with your peers, the total sales were higher in your company;	0.771	0.916	0.897
	Compared with your peers, the rate of return on investment (total investment / total cost) was higher in your company;	0.824		
	Compared with your peers, the net return (total net income / total sales) was higher in your company;	0.868		
	Compared with your peers, the number of new employees was growing faster in your company;	0.793		
	Compared with your peers, the market share was growing faster in your company;	0.816		
	Compared with your peers, the new products / services were growing faster in your company;	0.745		
Tie strength AVE = 0.667	The number of contacts with family and relatives was high;	0.823	0.923	0.864
	The number of contacts with your friends was high;	0.774		
	The degree of trust in most of your family and relatives was high;	0.809		
	The degree of trust in your friends was high;	0.847		
	I can receive considerable support from family and relatives;	0.825		
I can receive considerable support from friends;	0.818			

Effectiveness AVE = 0.636	The proportion that the previous sales channel revenue accounted for total sales in the first year of entrepreneurial activity was high;	0.827		
	The proportion that the number of previous customers accounted for that of the total customers in the first year of entrepreneurial activity was high;	0.803	0.840	0.835
	The proportion that the number of previous employees accounted for that of the total employees in the first year of entrepreneurial activity was high;	0.761		

In addition, this study applied AMOS 17.0 to test the construct validity of the following three latent variables: entrepreneurial performance, tie strength, and the effectiveness of resource acquisition (*Table 3*).

Table 3. Confirmatory Factor Analysis of Latent Variables

Latent Variables	χ^2/df	AGFI	CFI	IFI	RMSEA	RMR
Entrepreneurial performance	1.947	0.929	0.955	0.912	0.061	0.052
Tie strength	1.916	0.945	0.970	0.933	0.045	0.067
Effectiveness of resource acquisition	2.183	0.938	0.965	0.929	0.067	0.071

The results of the confirmatory factor analysis show the following. All the χ^2/df of the latent variables are close to 2. The values of *AGFI*, *CFI*, and *IFI* are greater than 0.9. The values of *RMSEA* and *RMR* are less than 0.08. All the fit index values endorse an acceptable fit for our model, thereby indicating that the three latent variables of entrepreneurial performance, tie strength, and resource acquisition have good construct validity.

Results

Descriptive statistics and correlation coefficients

Table 4 shows the mean, standard deviation, and correlation coefficients of the variables in this study.

Table 4. Descriptive Statistics and Correlation Coefficients

Variables	1	2	3	4	5	6	7	8	9
EP	0.804								
Tie strength	0.307***	0.817							
Effectiveness	0.141**	0.106**	0.797						
Size	0.083*	0.072*	0.088*	1					
Density	0.095*	0.174**	0.073*	0.086*	1				
Efficiency	0.068*	0.105**	0.124**	0.092*	0.077*	1			
F-size	0.072*	0.041	0.054*	0.118**	0.063*	0.074*	1		
F-age	0.036	0.018	0.039	0.094*	0.055*	0.027	0.069*	1	
Gender	0.010	0.042	0.007	0.011	0.005	0.019	0.014	0.003	1
Mean	3.714	3.466	4.107	7.518	0.672	3.735	3.103	1.416	0.797
S.D.	2.273	1.891	2.663	4.034	0.737	1.904	1.772	0.842	0.536

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. The bold numbers in diagonal represent the square root of AVE.

Table 4 shows that none of the variables exhibit a considerable degree of overlap, with the highest correlation being 0.307 for the size, density, and tie strength of return migrant peasants' social capital and their entrepreneurial performance. The low correlations among the variables suggest no issue in terms of collinearity. In addition, the coefficient matrix shows that a significant positive relationship exists between the size ($r = 0.081$, $p < 0.1$), density ($r = 0.095$, $p < 0.1$), and tie strength ($r = 0.307$, $p < 0.01$) of return migrant peasants' social capital and entrepreneurial performance. Significant correlations are also found between the efficiency ($r = 0.141$, $p < 0.05$) and the effectiveness ($r = 0.068$, $p < 0.1$) of resource acquisition and entrepreneurial performance.

Multiple regression analysis and hypothesis testing

We followed the three-step approach recommended by Baron and Kenny (1986) to assess our mediation hypotheses as applied to path analysis. The results of the assessment are as follows: (1) The independent variables had a significant effect on the mediator (the paths from the three aspects of social capital to the two dimensions of resource acquisition); (2) The variations in the mediator considerably accounted for the variations in the dependent variable (the paths from the two dimensions of resource acquisition to return migrant peasants’ entrepreneurial performance); (3) A previously significant relationship between the independent and dependent variables was no longer significant or was weakened when the paths in (1) and (2) were controlled. The regression results are shown in *Table 5*.

Table 5. Multiple Regression Model

Variables	Entrepreneurial performance		Efficiency	Effectiveness	Entrepreneurial performance	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Con.	0.012	0.010	0.017	0.014	0.015	0.009
F-size	0.054**	0.053**	0.063**	0.055**	0.048**	0.049**
F-age	0.004	0.014	0.015	0.020	0.011	0.010
Gender	0.006	0.008	0.008	0.006	0.007	0.006
Size		0.049**	0.038**	0.130***	0.015	0.013
Density		0.067**	0.055**	0.091**	0.020	0.017
Tie Strength		0.113***	0.101***	0.082**	0.031	0.038
Efficiency					0.086**	
Effectiveness						0.114***
F-value	8.827***	11.625	10.482***	11.416***	14.803***	15.267***
R ²	0.091	0.287	0.293	0.334	0.308	0.331
ΔR ²	—	0.196	—	—	0.021	0.038

*Note: N = 177, * p < 0.1, ** p < 0.05, *** p < 0.01; Regression coefficients are normalized.*

A hierarchical moderated regression with mediation was conducted to test our research hypotheses. In the analysis process, the control variables were entered in the first step. Model 1 was the base regression model, which included the control variables only, for the dependent variable return migrant peasants’ entrepreneurial performance; the hypothesized variables were excluded. Model 2 was the main effect regression model, which involved the size, density, and tie strength of return migrant peasants’ social capital, for the dependent variable entrepreneurial performance with the basis of control variables. Models 3 and 4 were the regression

models, which were independent of the size, density, and tie strength of return migrant peasants' social capital, for the efficiency and effectiveness of resource acquisition. Models 5 and 6 were the models that each of the mediating variables (efficiency and effectiveness of resource acquisition) would separately facilitate. The relationship between the size, density, and tie strength of return migrant peasants' social capital and entrepreneurial performance was the dependent variable based on Model 2.

The regression result of Model 2 showed that a significant and positive relationship existed between the size, density, and tie strength of return migrant peasants' social capital and entrepreneurial performance in the absence of mediators, and the regression coefficients were 0.049 ($p < 0.05$), 0.067 ($p < 0.05$), 0.113 ($p < 0.01$), respectively. The analytical results are therefore consistent with H1a, H1b, and H1c, which predict that a positive relationship exists between the size, density, and tie strength of social capital and entrepreneurial performance. The regression results of Models 3 and 4 showed that the regression coefficients independent of the size, density, and tie strength of return migrant peasants' social capital were positive and significant. The corresponding regression coefficients in Model 3 were 0.038 ($p < 0.05$), 0.055 ($p < 0.05$), 0.101 ($p < 0.05$); meanwhile, the coefficients in Model 4 were 0.130 ($p < 0.01$), 0.091 ($p < 0.05$), and 0.082 ($p < 0.05$).

Models 5 and 6 showed the mediating effect of resource acquisition on the relationship between the size, density, and tie strength of return migrant peasants' social capital and entrepreneurial performance. With respect to Model 5, when we added the mediator variable (the efficiency of resource acquisition) based on Model 2 to predict entrepreneurial performance, the estimated coefficient of the resource acquisition efficiency was positive and significant (coefficient = 0.086, $p < 0.05$). This finding supports Hypothesis 2a, which states that the efficiency of resource acquisition is positively associated with firm entrepreneurial performance. However, a substantial reduction was observed in the regression coefficients of the size, density, and tie strength of return migrant peasants' social capital in Model 5 from 0.049 to 0.015, from 0.067 to 0.020, and from 0.113 to 0.031, respectively, all of which were not significant ($p > 0.1$). Notably, the explanatory power was significantly improved ($\Delta R^2 = 0.021$, $p < 0.01$) after entering the efficiency of resource acquisition, and the value of F was significant ($p < 0.01$). The results of Model 5 indicated that the efficiency of resource acquisition completely mediated the link between social capital and return migrant peasants' entrepreneurial performance. Thus, Hypothesis 3a is supported.

Similarly, after adding the mediator variable, the effectiveness of resource acquisition in predicting entrepreneurial performance in Model 6 based on Model 2 showed that the estimated coefficient of the effectiveness of resource acquisition was positive and significant (coefficient = 0.114, $p < 0.01$). This finding supports Hypothesis 2b, which states that the effectiveness of resource acquisition is positively associated with the entrepreneurial performance of return

migrant peasants. Moreover, the estimated coefficients of the size, density, and tie strength of return migrant peasants' social capital in Model 6 were 0.013, 0.017, and 0.038, respectively, all of which were not significant ($p > 0.1$). Notably, the explanatory power was significantly improved ($\Delta R^2 = 0.038$, $p < 0.01$) after entering the effectiveness of resource acquisition, and the value of F was significant ($p < 0.01$). The results of Model 6 suggested that the effectiveness of resource acquisition had a direct promotion effect on entrepreneurial performance and a mediating effect between every dimension of social capital and return migrant peasants' entrepreneurial performance. Thus, Hypothesis 3b is supported. From all the estimated coefficients of the size, density, and tie strength of social capital on entrepreneurial performance from Models 2 to 6, the estimated coefficient of tie strength of social capital was the largest among the three variables. This result indicated that the tie strength of social capital is important for entrepreneur activities.

Discussion

According to the presented empirical results, hypotheses H1a, H1b, H1c, H2a, H2b, H3a, and H3b proposed in this study are all empirically tested. Taking the return migrant peasants' social capital as an independent variable, entrepreneurial performance as a dependent variable, and resource acquisition as a mediating variable, this study constructs an impact model of return migrant peasants' social capital and entrepreneurial performance and proposes specific intervention policies for return migrant peasants and government departments to promote entrepreneurial performance.

On the one hand, the result of this study indicated that return migrant peasants' entrepreneurial performance was significantly increased by the size, density, and tie strength of social capital in their entrepreneurial activities, thus providing opportunities to obtain abundant external technological knowledge, access novel information, and create entrepreneurial outcomes. The size of the social capital ensures the diversity of individual business sources and increases the availability of personal network entrepreneurial resources while density facilitates the close contact of entrepreneurs with different partners to obtain information and resources. The findings are in line with those of Elfring and Hulsink (2003), who found that the informal sources of financing, especially the financial support obtained from networks, are particularly important in the mode of financing for entrepreneurship. Similarly, the tie strength of social capital of the network has a positive effect on return migrant peasants' individual performance and entrepreneurial performance. Frequent communication between return migrant peasants and their families, relatives, and friends leads to increased mutual trust and support among them and help migrant farmer entrepreneurs rapidly obtain resources, thereby increasing

entrepreneurial performance. Return migrant peasants should focus on the network construction of social capital as an important resource allocation mechanism. Furthermore, return migrant peasants should play an active role in their existing social capital and obtain financial and emotional support from their families and relatives, especially in the early stage of entrepreneurship (Larson & Shaw, 2001). Migrant peasants are required to participate in social organizations and activities while they are at work away from home. Such participation will be beneficial for them as it will consciously strengthen the construction of individual relationship networks in social interactions and establish an entrepreneurial network based on “business contacts and friendships.” The outcome will improve the quality of network resources by increasing interpersonal trust and gaining extensive support.

On the other hand, this study also shed light on the possible mediating effect of the efficiency and effectiveness of resource acquisition on the relationship between the size, density, and tie strength of social capital and return migrant peasants’ entrepreneurial performance. The results indicate that the social capital of returning migrant peasants for entrepreneurship does not influence entrepreneurial performance directly, and the utilization of social capital in the process of entrepreneurial activities is complex. The findings regarding the indicated linkage shed new empirical light on the effect mechanism of acquiring numerous types of resources in the entrepreneurial activity approach to entrepreneurial performance. More important, most existing studies about the relationship between social capital and entrepreneurial performance have not explored the mediating effect of resource acquisition in detail; thus, their results indicate direct impact or no consensus in the empirical results. A few scholars have argued that entrepreneurs should utilize their personal social capital to obtain necessary entrepreneurial resources; in addition, they have explored the intermediate mechanism beneficial to entrepreneurial performance (Florin *et al.*, 2003). The present study clarifies the existence of a mediator variable, namely, resource acquisition, which plays a mediating effect on the linkage between social capital and return migrant peasants’ entrepreneurial performance.

Furthermore, our study distinguishes the types of resource acquisition and uses the empirical analysis results to help illustrate that the efficiency and effectiveness of resource acquisition completely mediate the relationship between social capital and entrepreneurial performance. Prior research has suggested that entrepreneurs can realize personal interests and economic benefits when they have significant relationships or social capital (Greiner, 1997). The findings of our study supplement the argument that social capital can facilitate the efficient and effective utilization of resources. This result indicates that if return migrant peasants want to briefly obtain entrepreneurial resources, then they should focus on the construction of social capital to improve the level of intimacy and trust and place emphasis on building strong social relations with partners to more efficiently access time and resources compared with their peers. The results of this study contribute to the

extension of prior works by examining the role of resource acquisition in social capital and return migrant peasants' entrepreneurial performance.

In addition, the intervention policies of government departments have a substantial impact on the business activities of start-ups. Government departments should actively take appropriate intervention policies to set up entrepreneurship platforms for return migrant peasants, strengthen support efforts for entrepreneurs, and provide them with opportunities to engage in businesses related to finance, technology R&D, and marketing to help them gain access to high-quality and valuable market information and policy resources. The actual situation of this survey also shows that obtaining funds through bank loans and financial support from government departments is currently difficult for many new ventures. Hence, local government departments and financial institutions, such as rural credit cooperatives and local commercial banks, can introduce social capital as "soft power" into the evaluation indicators for start-up growth, giving priority to return migrant peasants who have rich social capital to conduct entrepreneurial activities. Strengthening the public services of government departments for the basic needs of entrepreneurship is necessary. A few entrepreneurship services, such as financing, personnel training, entrepreneurship counseling, and common services for industrial clusters, including government public services, market and social services, and government departments, should play a leading role in the formation of a collaborative service mechanism.

Conclusion

According to the 177 datasets obtained from return migrant peasants in seven cities in the Yangtze River Delta of China from December 2016 to March 2017, this study explored the relationship between social capital and entrepreneurial performance of return migrant peasants and introduced resource acquisition as an important mediating variable to analyze the impact mechanism of social capital of return migrant peasants on entrepreneurial performance.

The size, density, and tie strength of the social capital of return migrant peasants can considerably improve their entrepreneurial performance. That is, large size, high density, and close tie strength would lead to improved entrepreneurship performance. This finding supports and reinforces the theoretical judgment regarding the role of social capital in influencing entrepreneurial activities and compensates for the deficiencies of previous studies.

This study verifies that resource acquisition has a positive effect on entrepreneurial performance. Moreover, the size, density, and tie strength of social capital of return migrant peasants indirectly enhance entrepreneurial performance through the mediating role of the efficiency and effectiveness of resource acquisition. These findings add a theoretical explanation for the relationship between entrepreneurial activity and resource acquisition and help motivate future research to further explore

the internal mechanism of the influence of resource acquisition on entrepreneurial performance.

To some extent, the results complement the extant research regarding the relationship between return migrant peasants' social capital and their entrepreneurial performance in emerging markets and provide suggestions and intervention policies for their entrepreneurial activities for acquiring various resources and their entrepreneurial performance. Similar to other studies, this study has numerous areas for further research originating from a few limitations. First, many factors affect entrepreneurial performance, and this study chooses resource acquisition as a mediating variable according to the extant literature. Future research may explore other variables that influence the relationship between social capital and entrepreneurial performance. Second, the return migrant peasants investigated in our sample comprised small and micro-enterprises in Yangtze River Delta, which is situated in the southeastern part and is one of the most developed areas in China. Therefore, samples from other areas or less developed areas are necessary to generalize the findings and test whether the roles of the dimensions of social capital and resource acquisition vary across less and more developed areas. Future studies can extend our samples to middle and western region enterprises and compare the difference in the functions of return migrant peasants' social capital in the two regions. Considering these issues will enrich our understanding of the importance of social capital in entrepreneurial activities in the context of China.

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