

The Survey of Occupational Mobility and Migration



中國科技促進發展研究中心

A Research co-operation between Fafo
and the National Research Center
for Science and Technology for Development, Beijing

Survey of Occupational Mobility and Migration: Issues

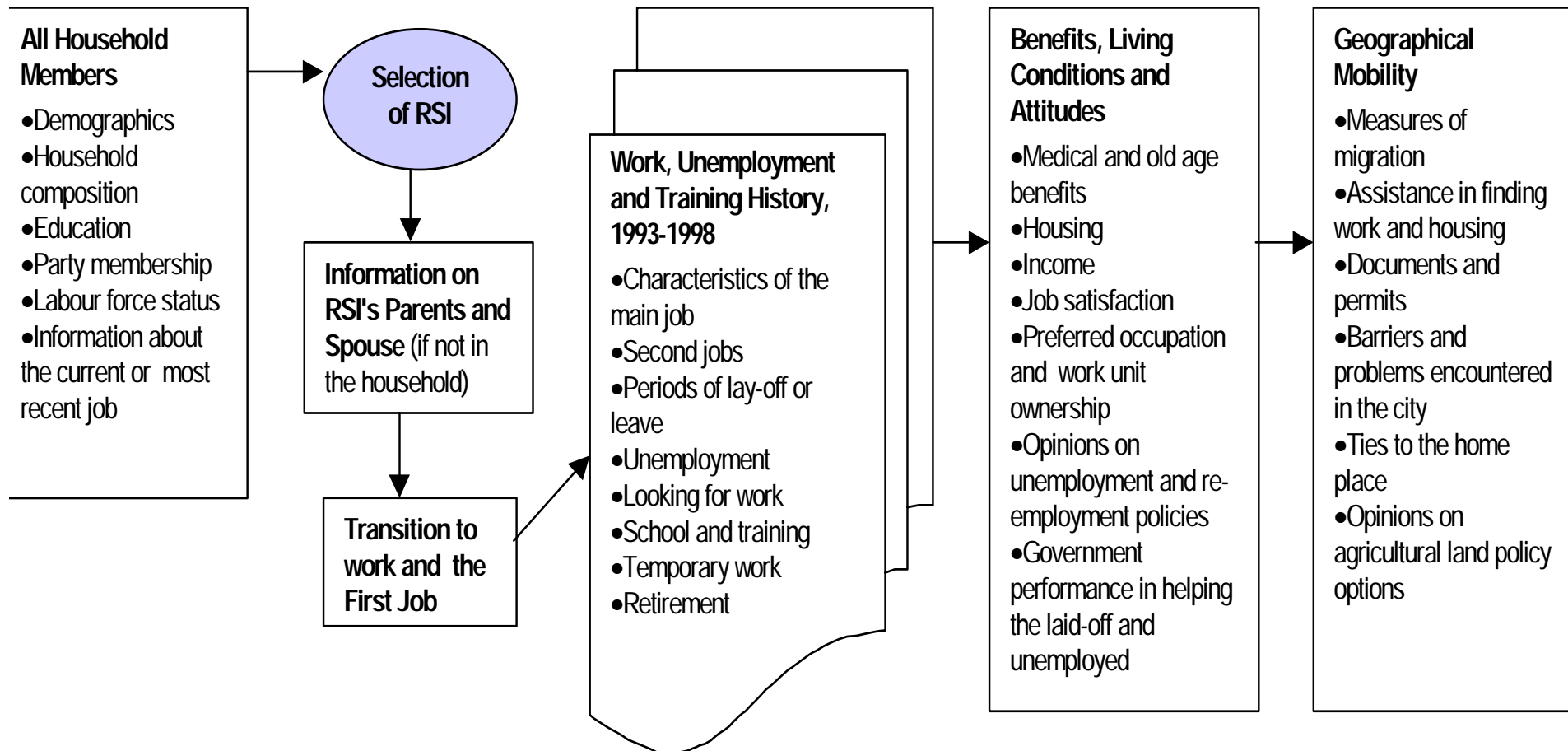
- **New occupations, new forms of ownership**
- **Rapid expansion, followed by inflation and slower growth**
- **Re-structuring of state enterprises; large-scale layoffs and rising unemployment**
- **Major reforms in labour laws and social welfare benefits**
- **Emergence of labour markets**
- **Competition from the countryside: influx of rural migrants**
- **Income inequality increasing**

Survey of Occupational Mobility and Migration: Three very different Cities



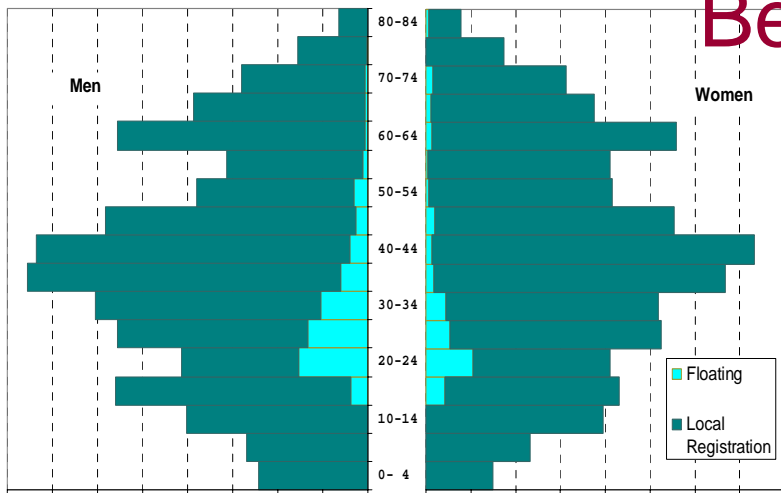
- Survey field work was completed in December 1998.
- The sample covers 7500 households in Beijing, Wuxi and Zhuhai.
- The three sample cities have very different histories, population profiles, and economic bases.

Survey of Occupational Mobility and Migration: Wide-ranging questions

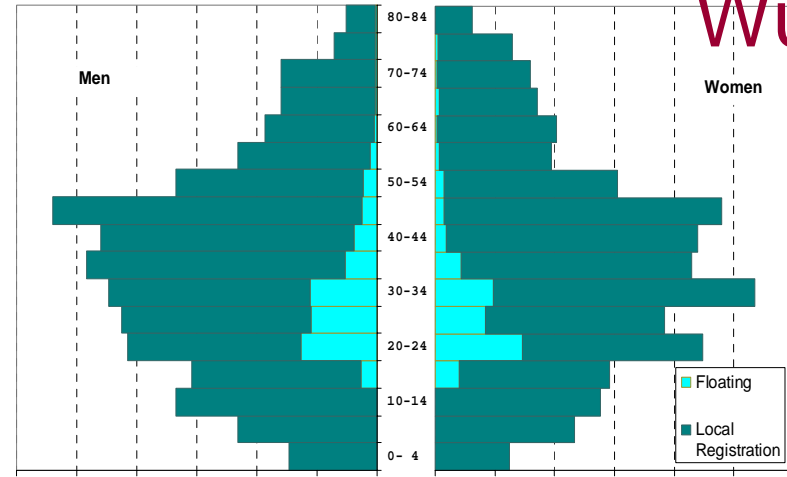


Population structure: Beijing and Wuxi are aging; Zhuhai is young and with many migrants

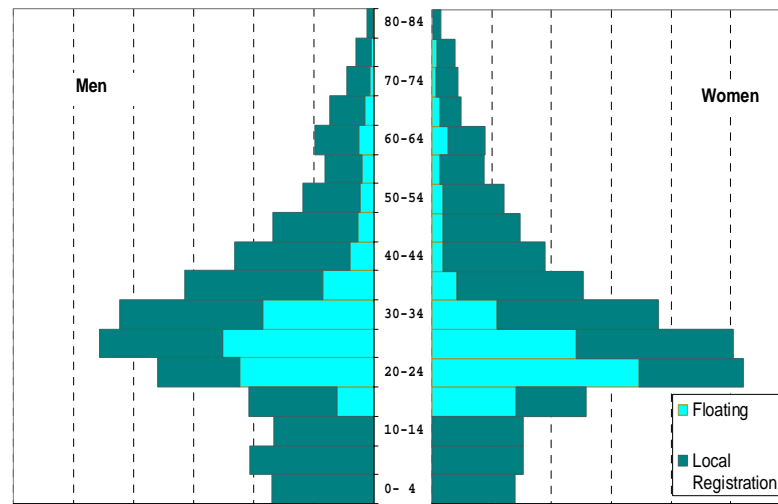
Beijing



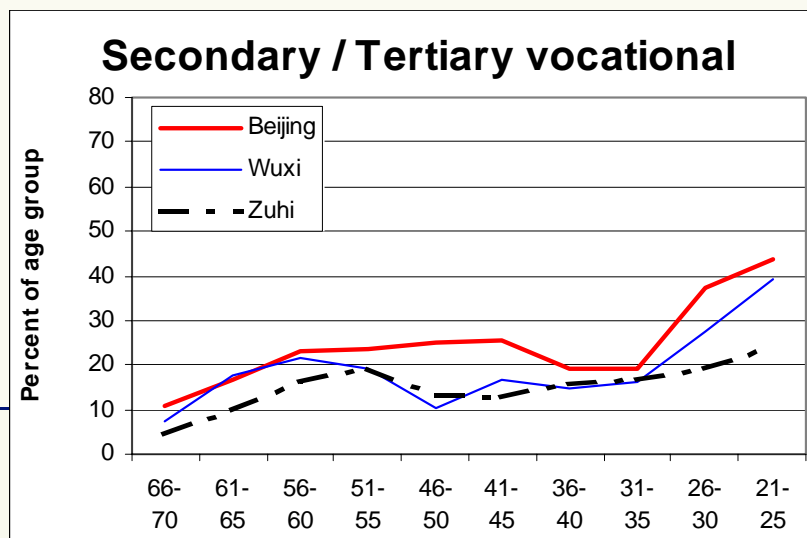
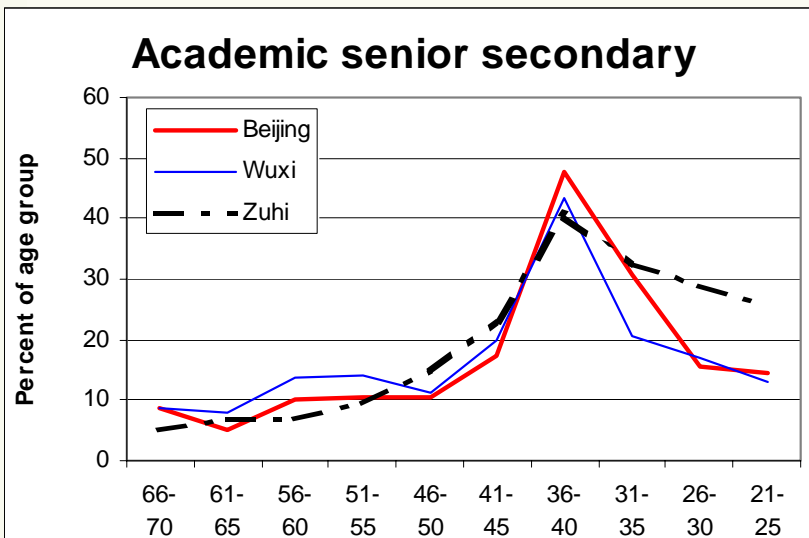
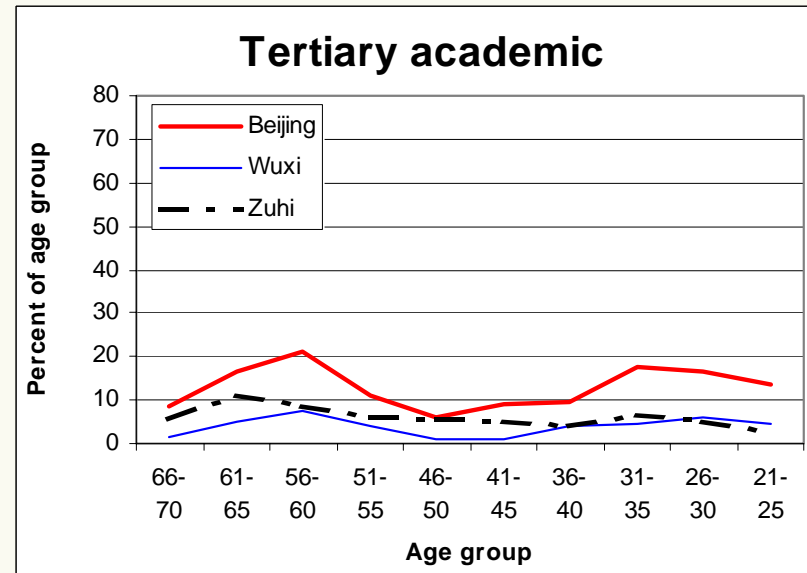
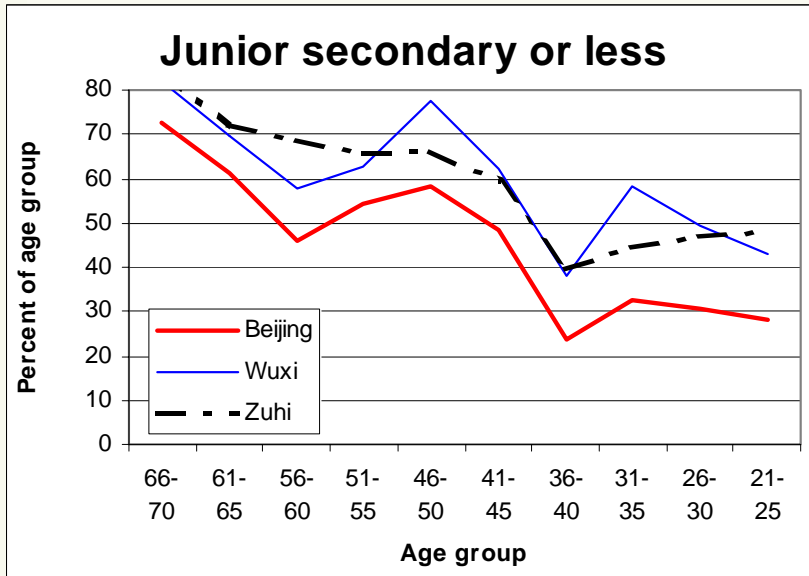
Wuxi



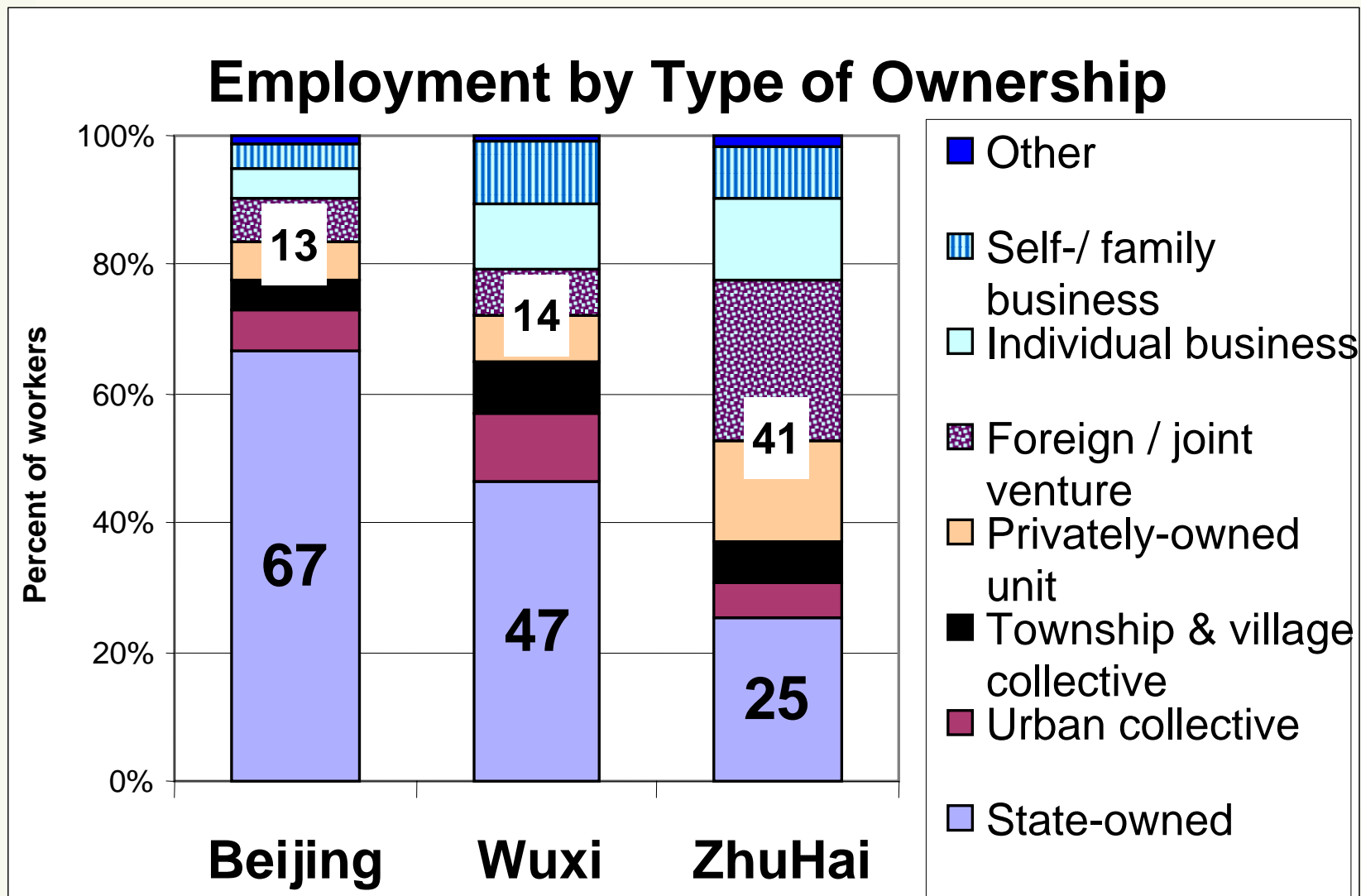
Zhuhai



Old and young face the future with quite different backgrounds: Education by age

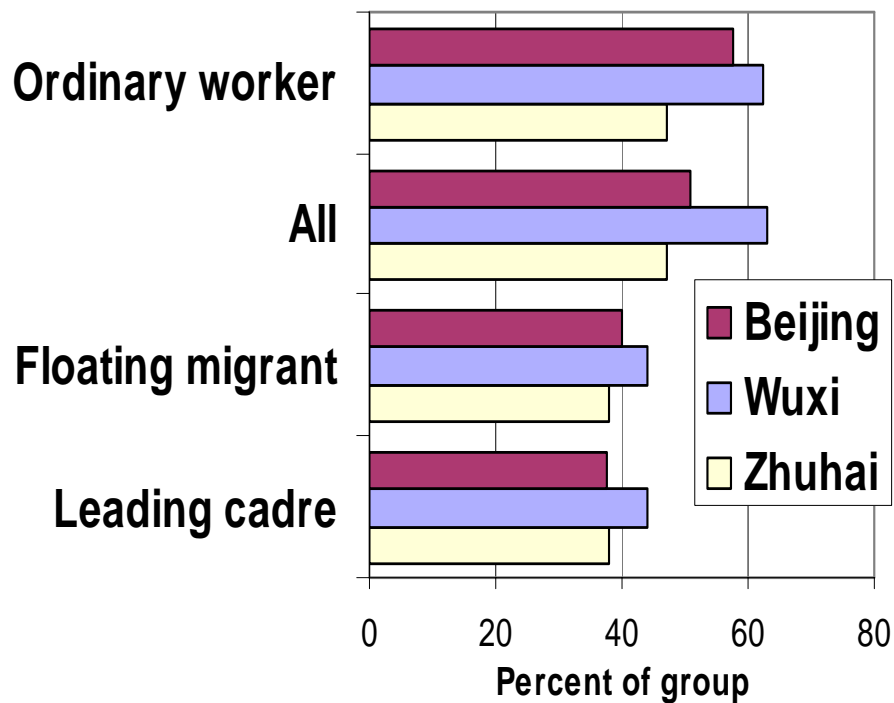


Private sector employment is growing as the state sector shrinks

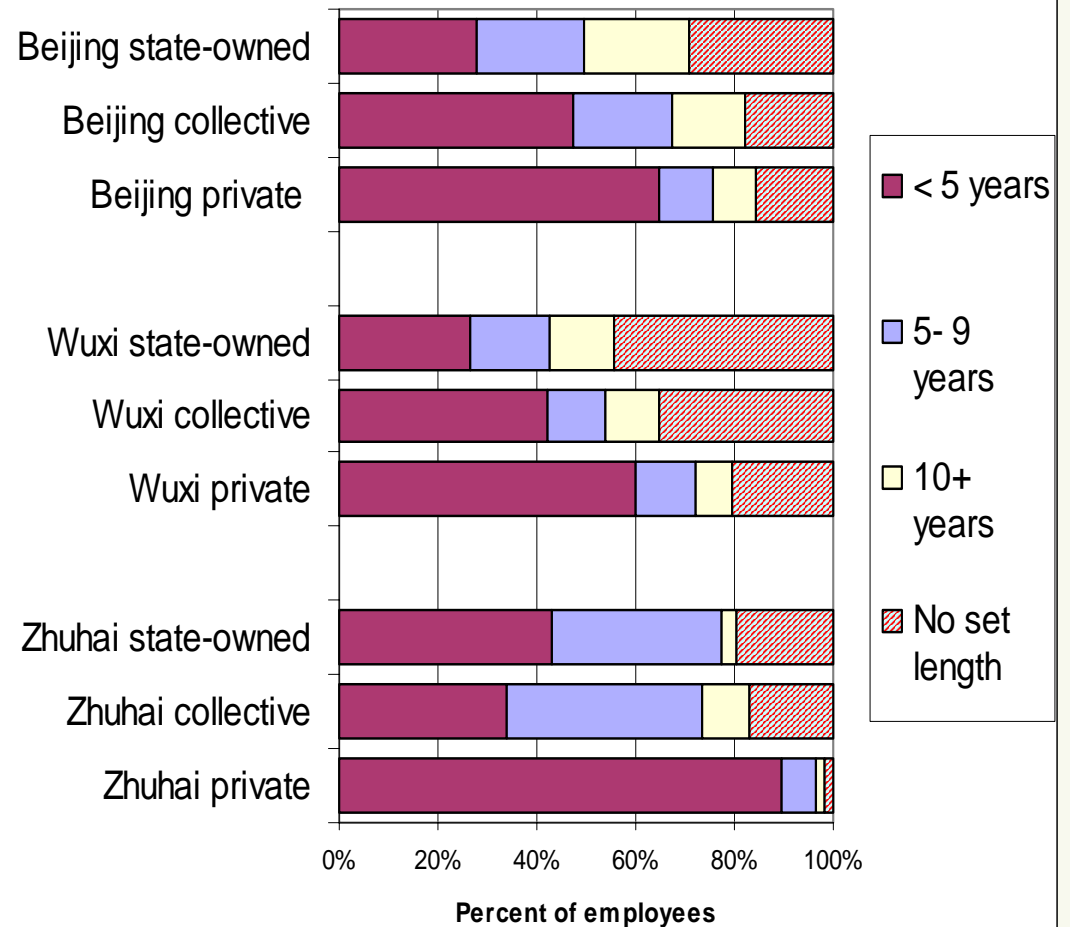


Lifetime employment is ending as the labour contract system gradually spreads through the workforce.

Who has a labour contract?

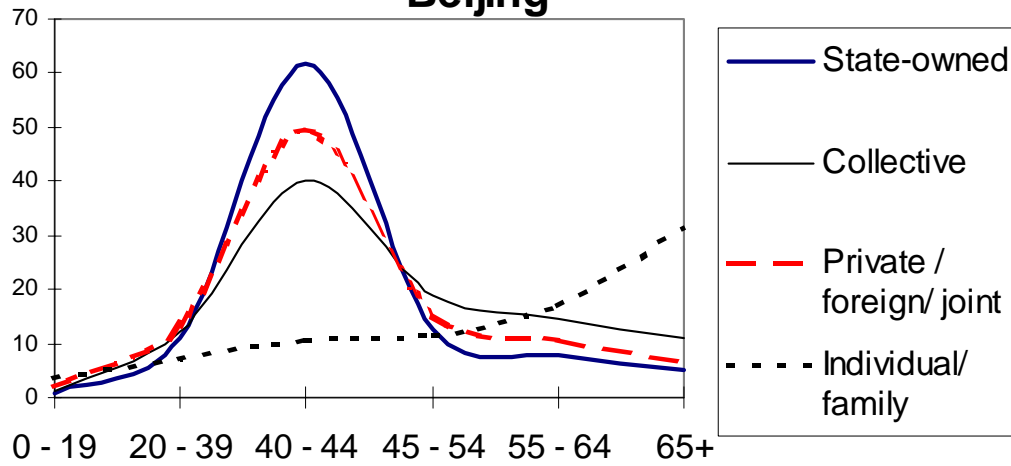


Length of Labour Contract by ownership

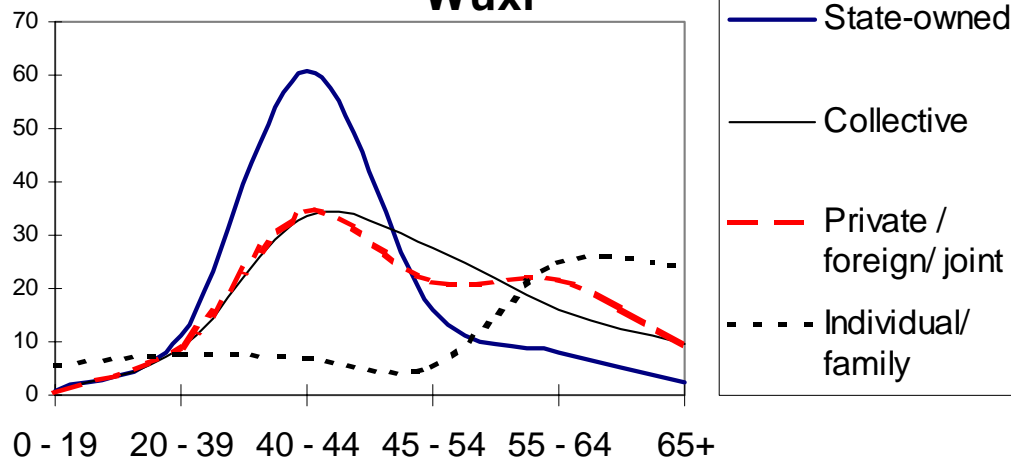


The 1994 Labour Law has many good provisions... But enforcement is a problem.

Beijing

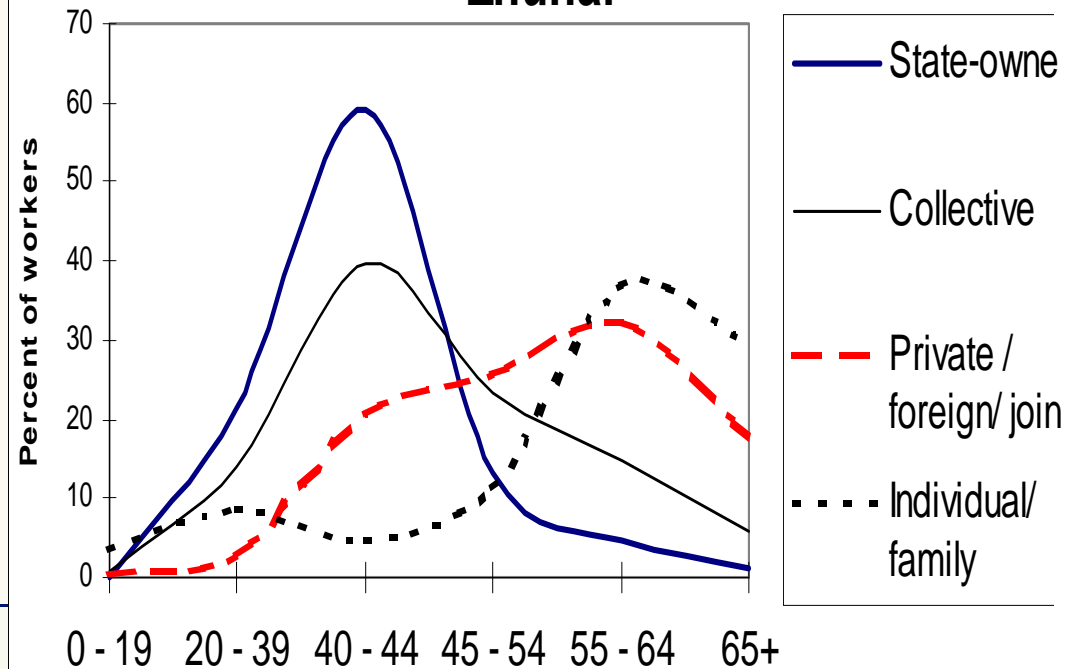


Wuxi



Hours worked per week, by type of ownership

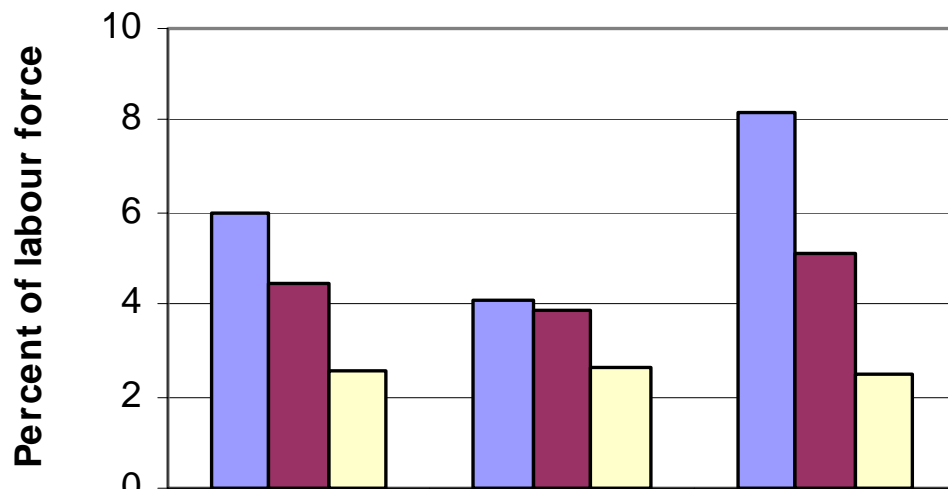
Zhuhai



Layoffs and Unemployment:

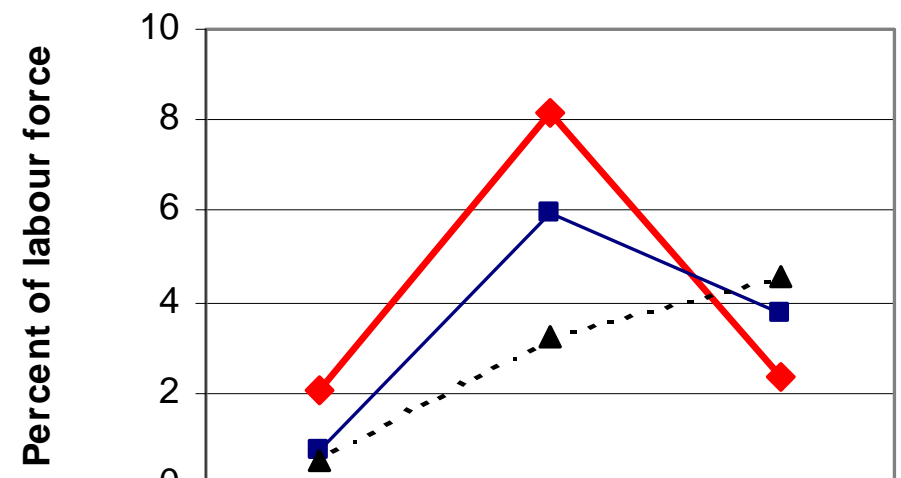
- **Between 3% and 6% of the entire labour force are on layoff (xiagang) status.**
- **Middle aged people and women are most affected.**

Sex



■ Beijing	6.0	4.1	8.1
■ Wuxi	4.5	3.9	5.1
■ ZhuHai	2.5	2.6	2.5

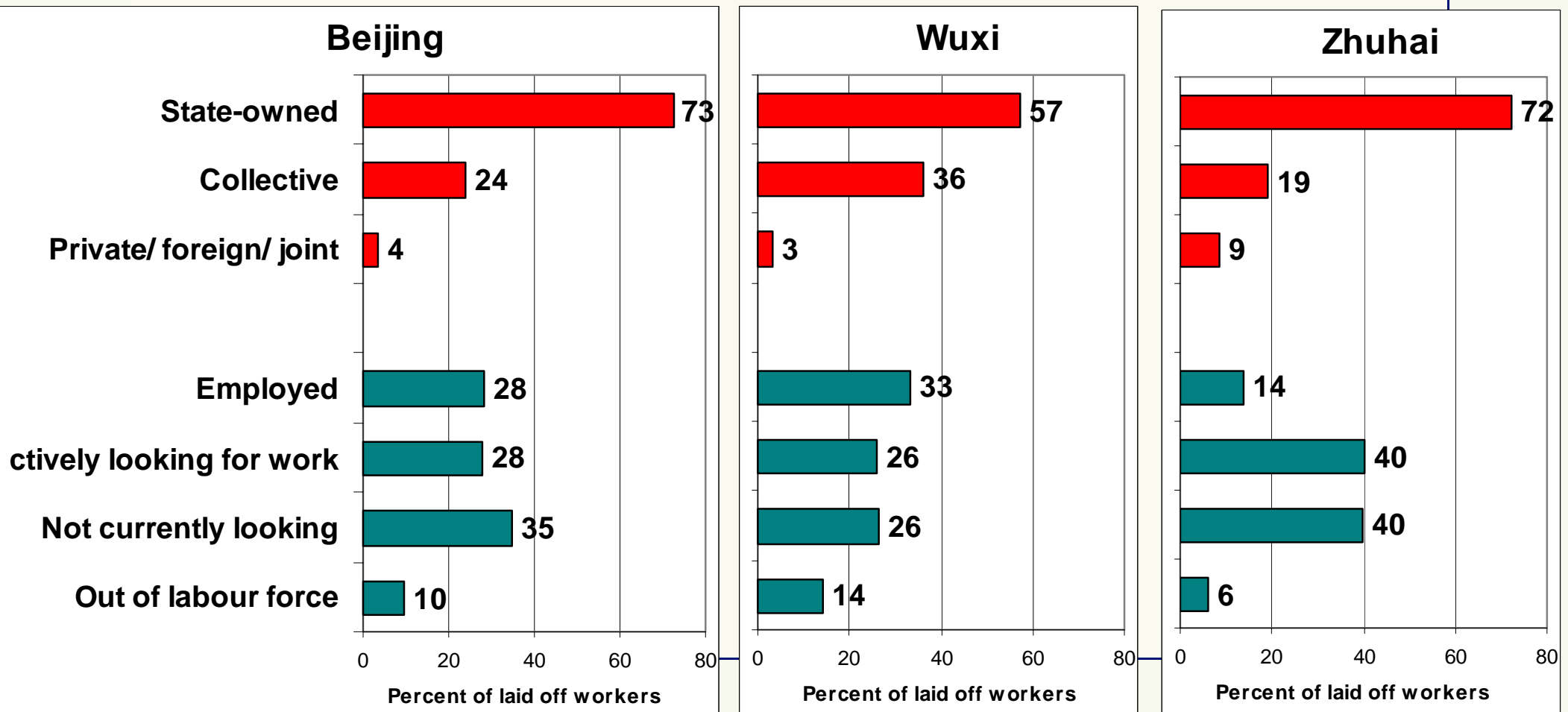
Age group



—◆— Beijing	2.1	8.2	2.3
—■— Wuxi	0.8	6.0	3.7
...▲... ZhuHai	0.5	3.2	4.5

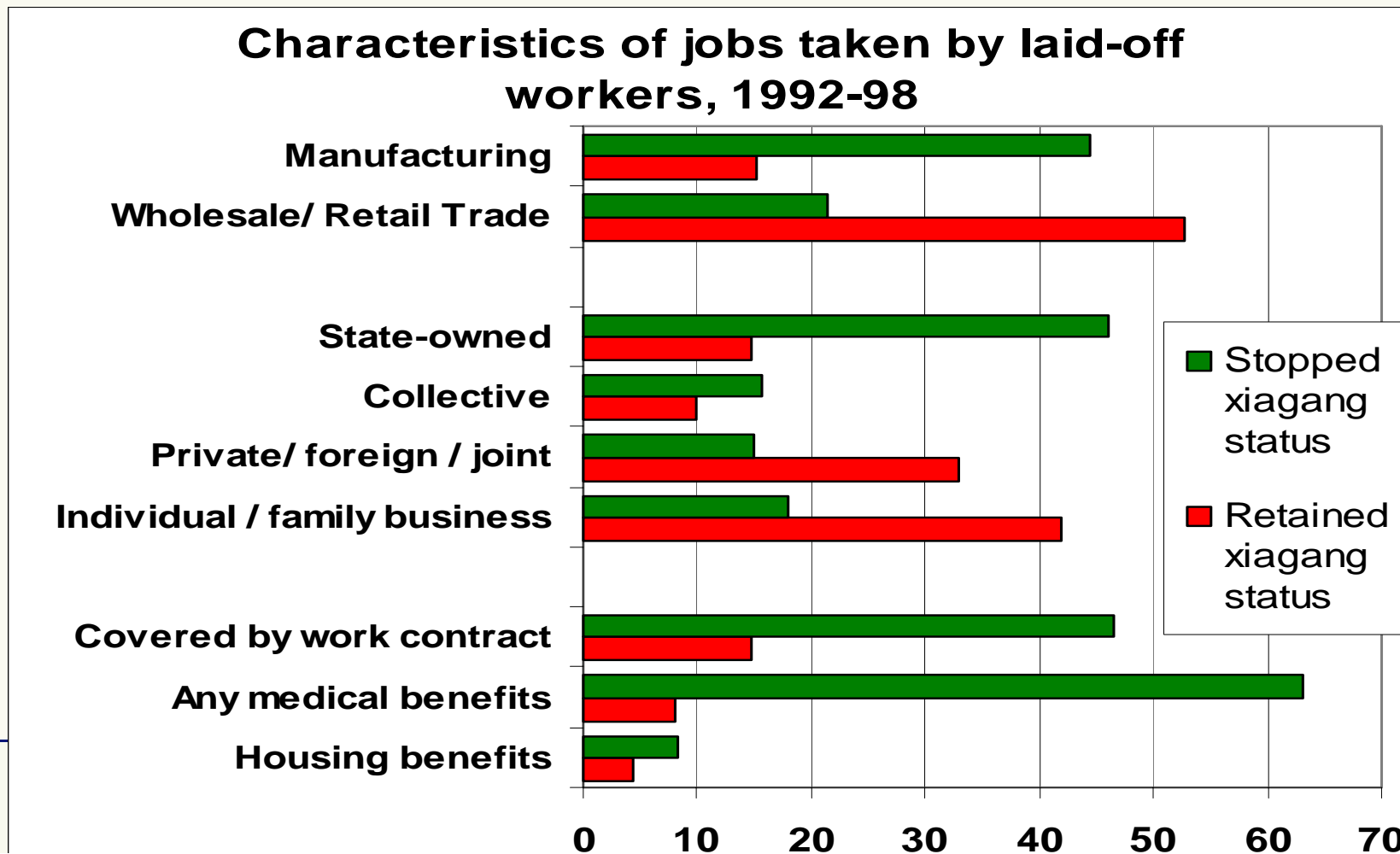
Almost all laid off workers are from State and collective enterprises.

Many are “moonlighting” but work is getting harder to find...



Plunge into the sea, or stay in the boat?

Laid-off workers will take *temporary* jobs in the new economy, but they only give up xiagang status for 'good jobs'.



General Unemployment

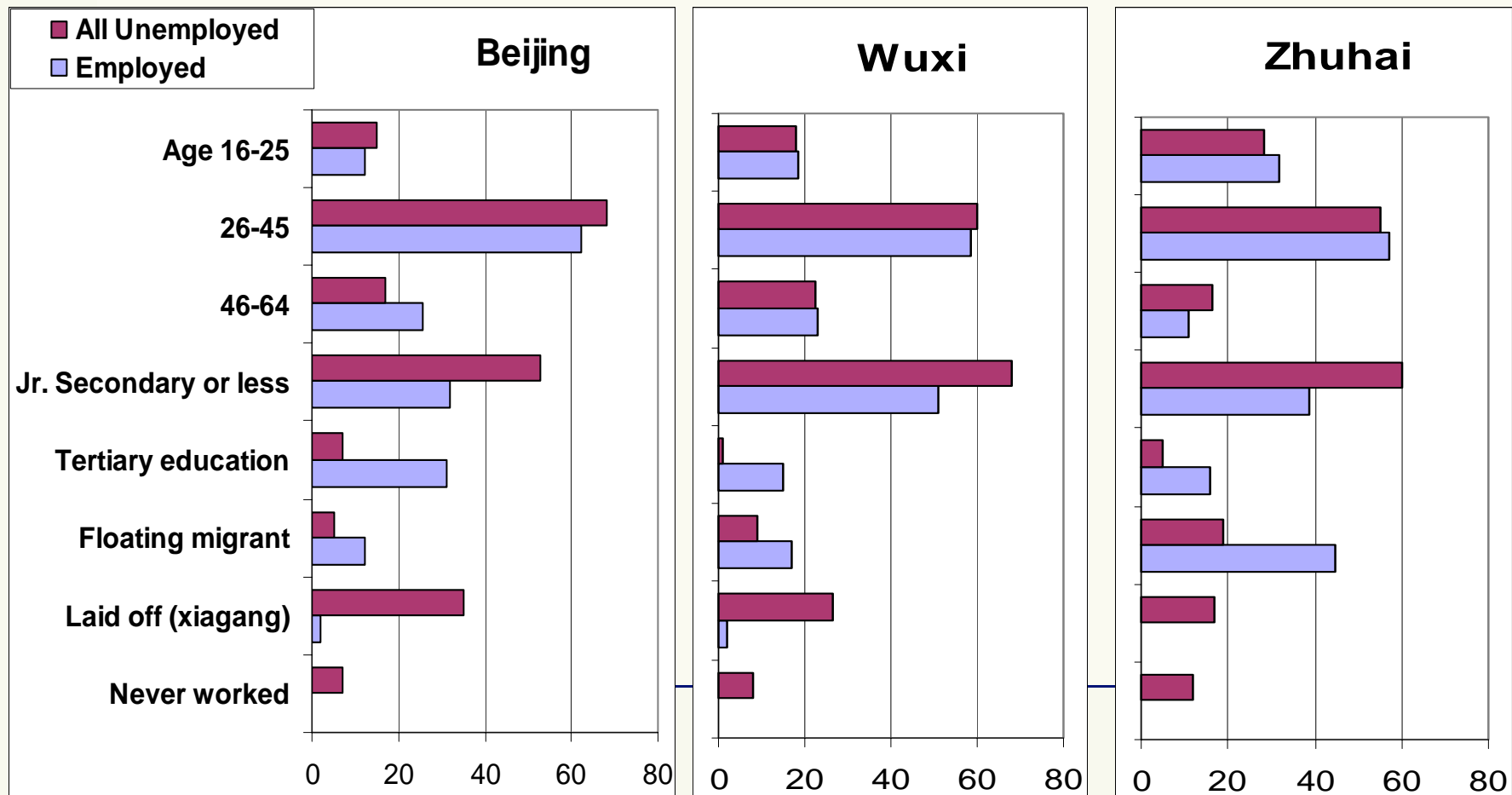
- Includes laid-off workers + people with no connection to a former employer
- Unemployment according to ILO categories is much higher than the official estimates

Unemployment: percent of labour force age 16 to 64

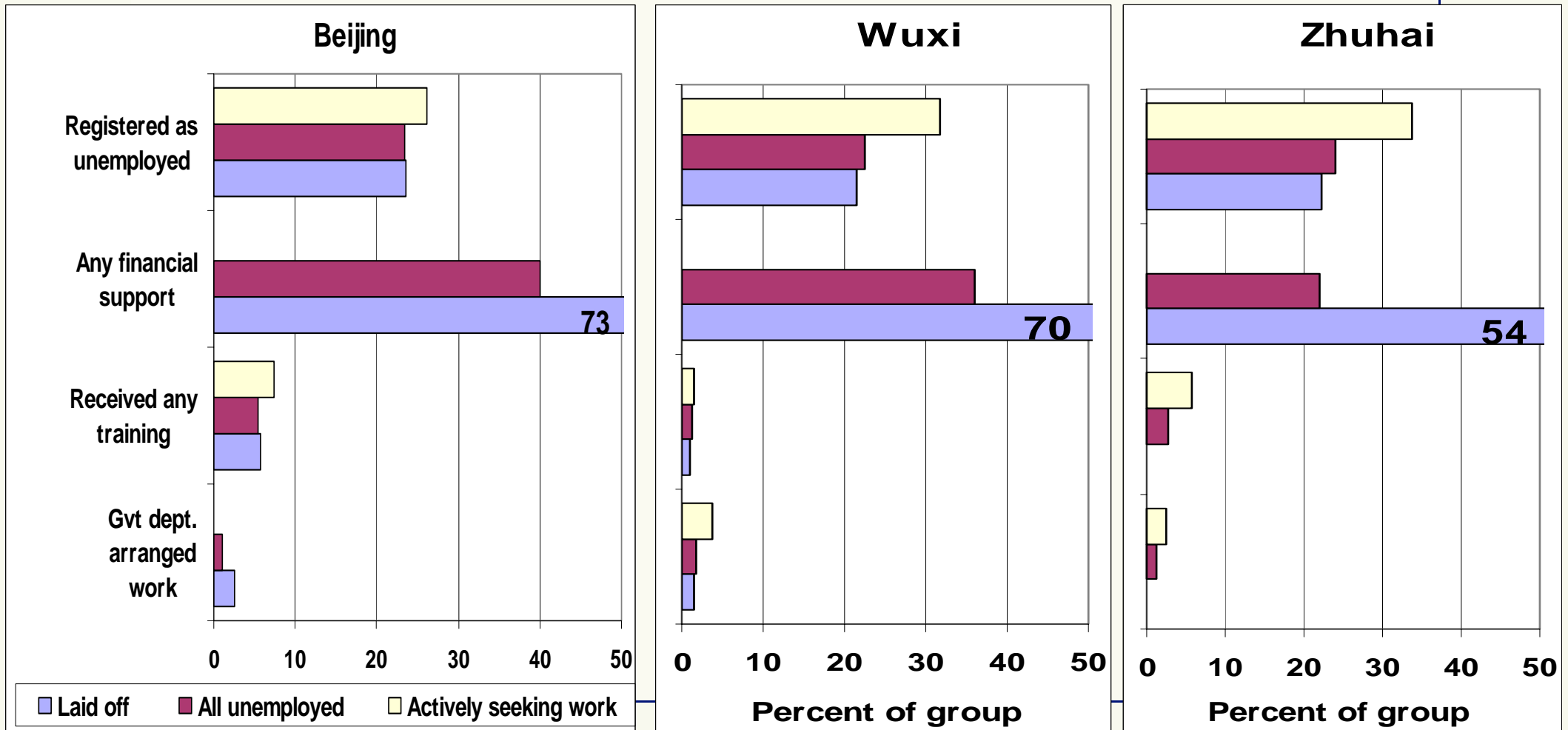
	Beijing			Wuxi			Zhuhai		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
total unemployed	11.8	9.2	14.7	10.4	8.9	12.0	12.8	11.7	14.0
strict unemployed: actively seeking work	6.2	5.5	6.9	5.0	4.4	5.6	6.2	6.0	6.5
extended unemployed: not currently looking	5.6	3.7	7.7	5.4	4.5	6.4	6.5	5.7	7.5
nweighted n	1602	924	678	1811	981	830	2083	1073	1010

The unemployed face obstacles in the labour market: 40% are young or old; education levels are lower.

Profiles of the Employed and the Unemployed, age 16-64

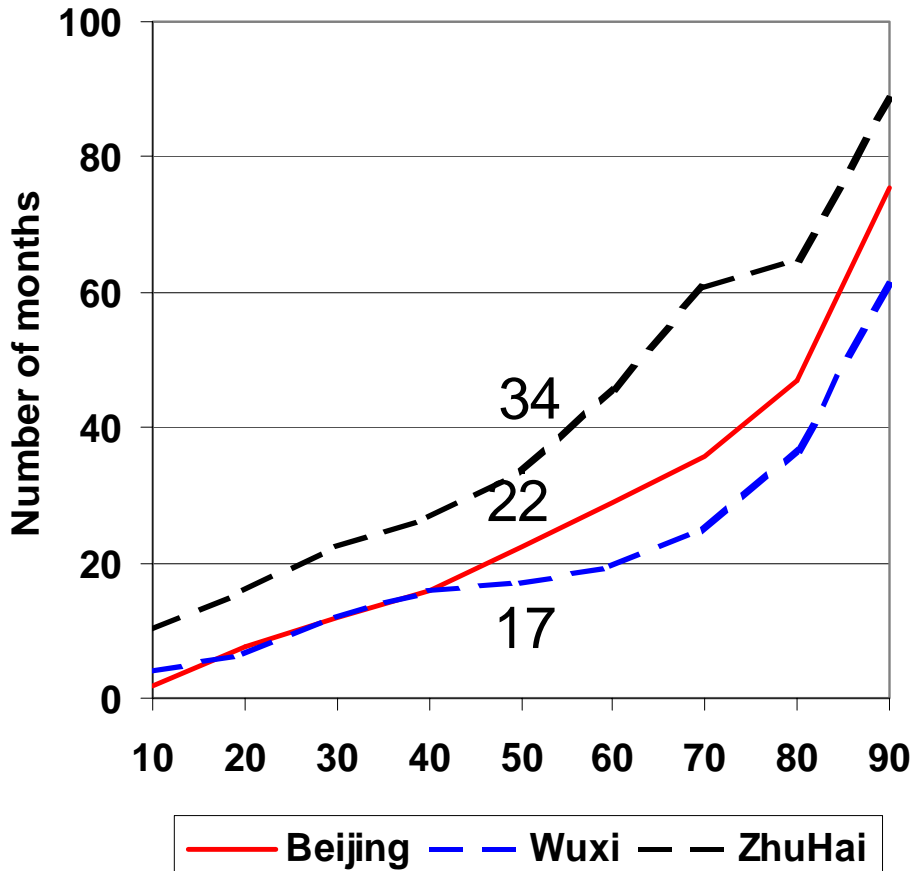


Very few of the unemployed are getting training or placement services...

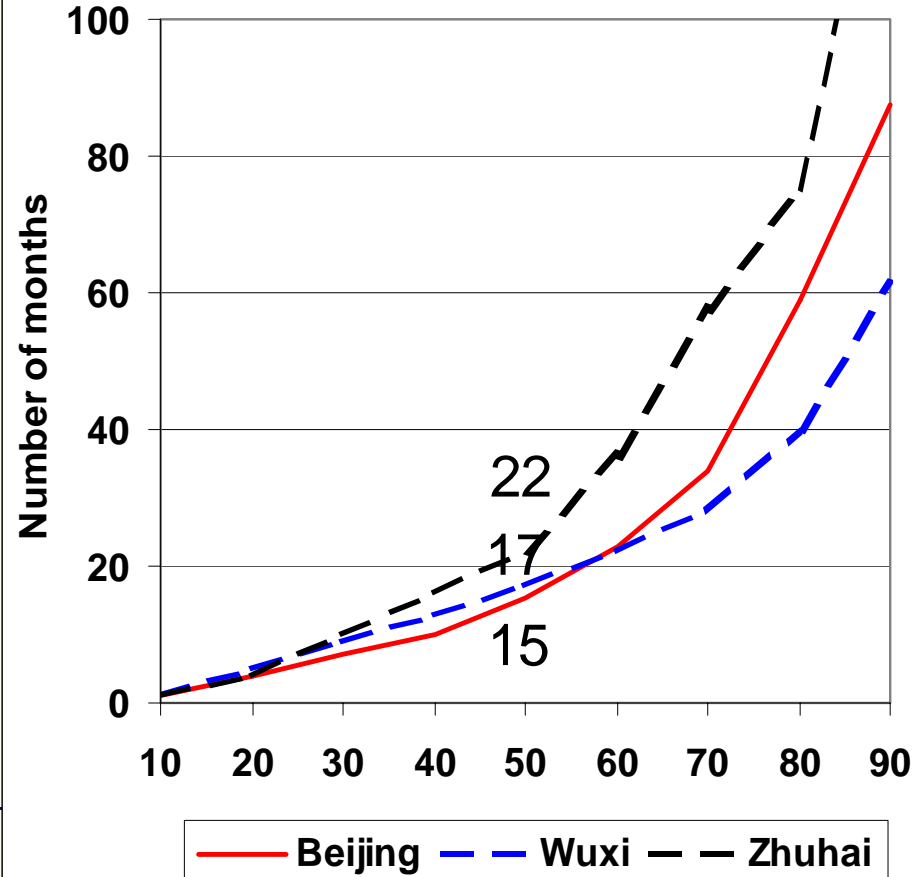


As a result, more people are staying unemployed for a very long time.

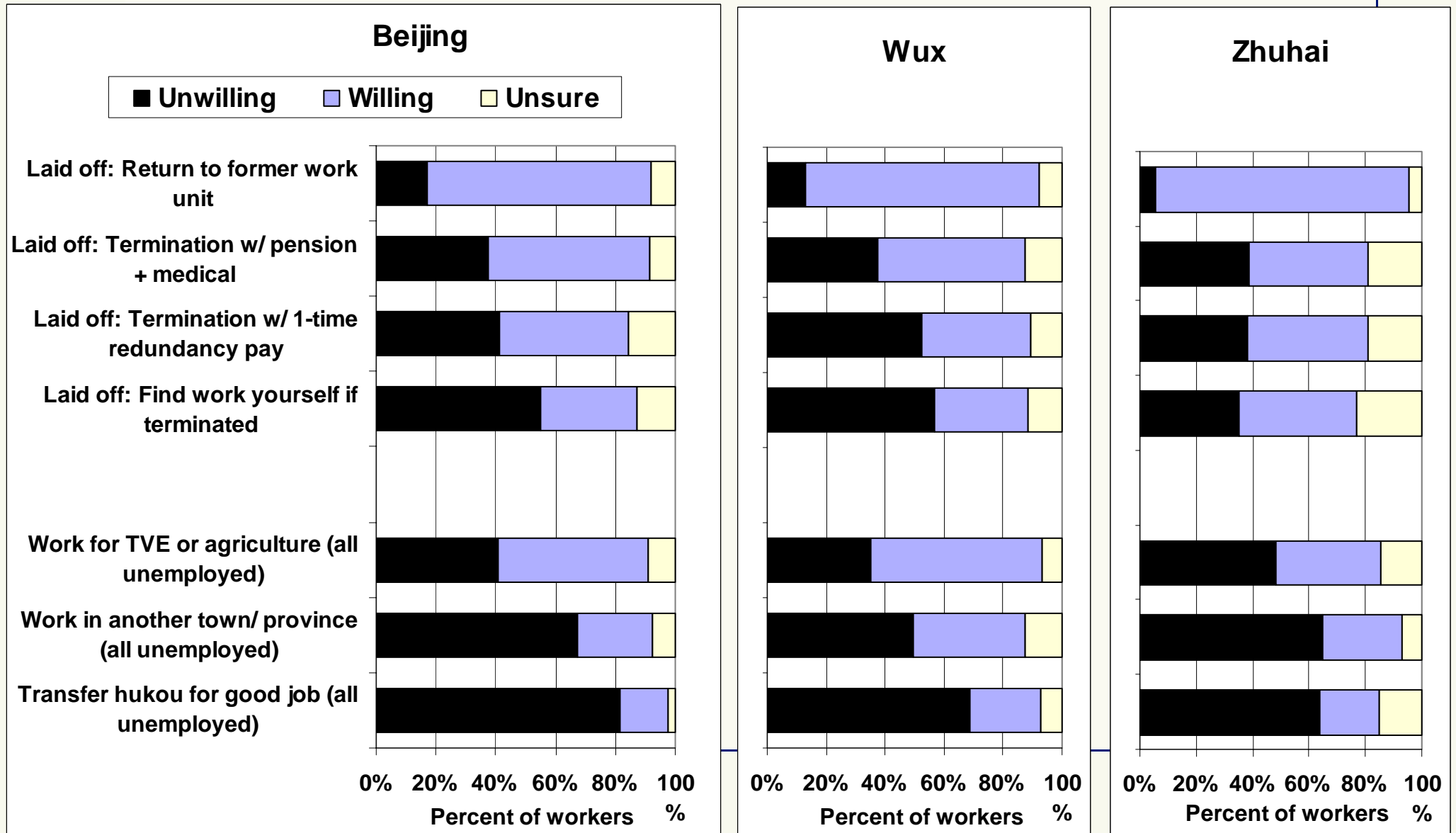
Months spent in layoff status, age 16 to 64: cumulative percent



Months spent unemployed, age 16 to 64: cumulative percent



But there is much resistance to 'flexible' options





Careers and job mobility

Is China special as regards mobility?

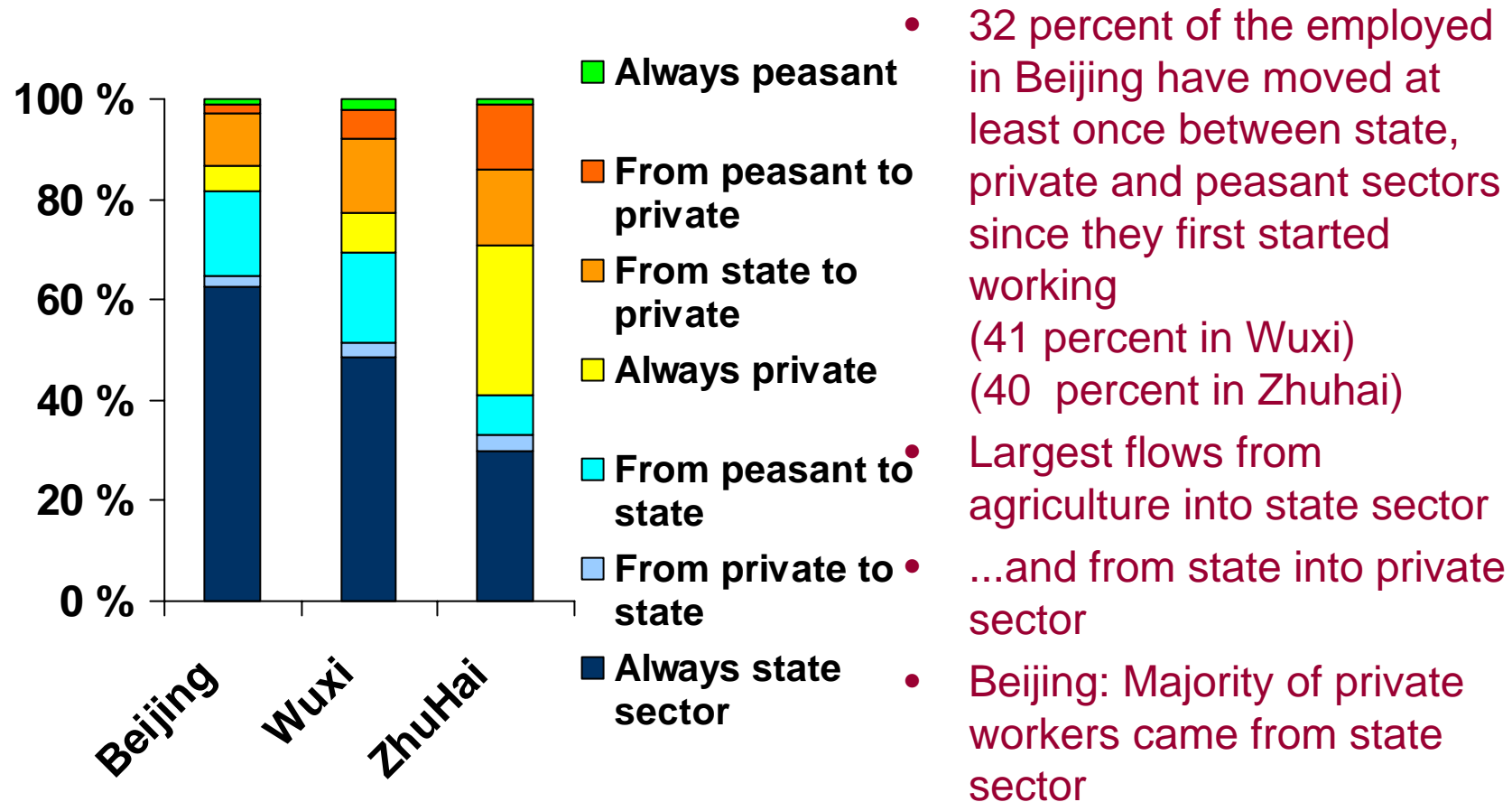
- **Yes, because the particular features of the hukou system, the planned economy and the cultural revolution?**
- **No, because flow of migrants to the cities, increased educational attainment and development of the private sector have similar effects as elsewhere?**



Labour mobility: three issues

- **Individual mobility across sectors**
- **Status mobility during the lifetime of an individual**
- **Aggregate labour market dynamics**

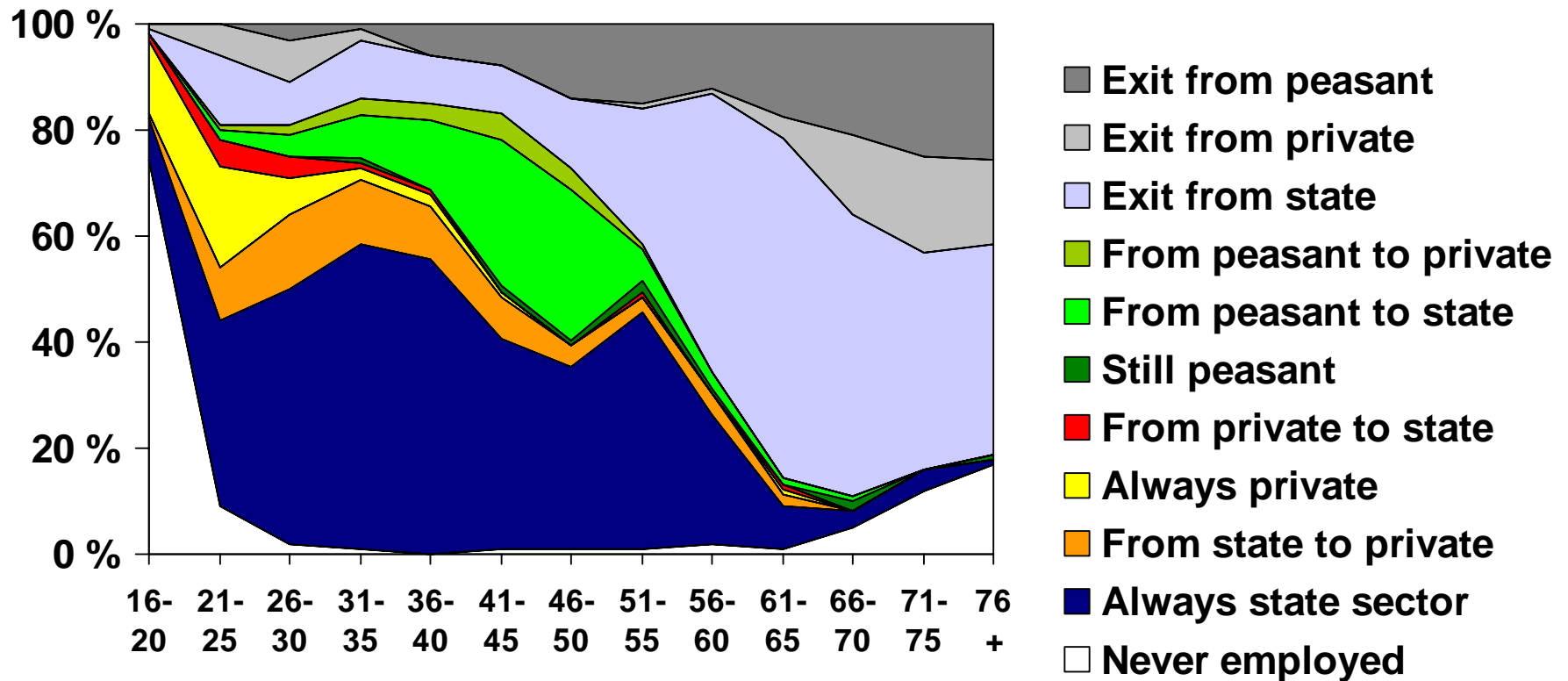
One in three have changed sector since first job





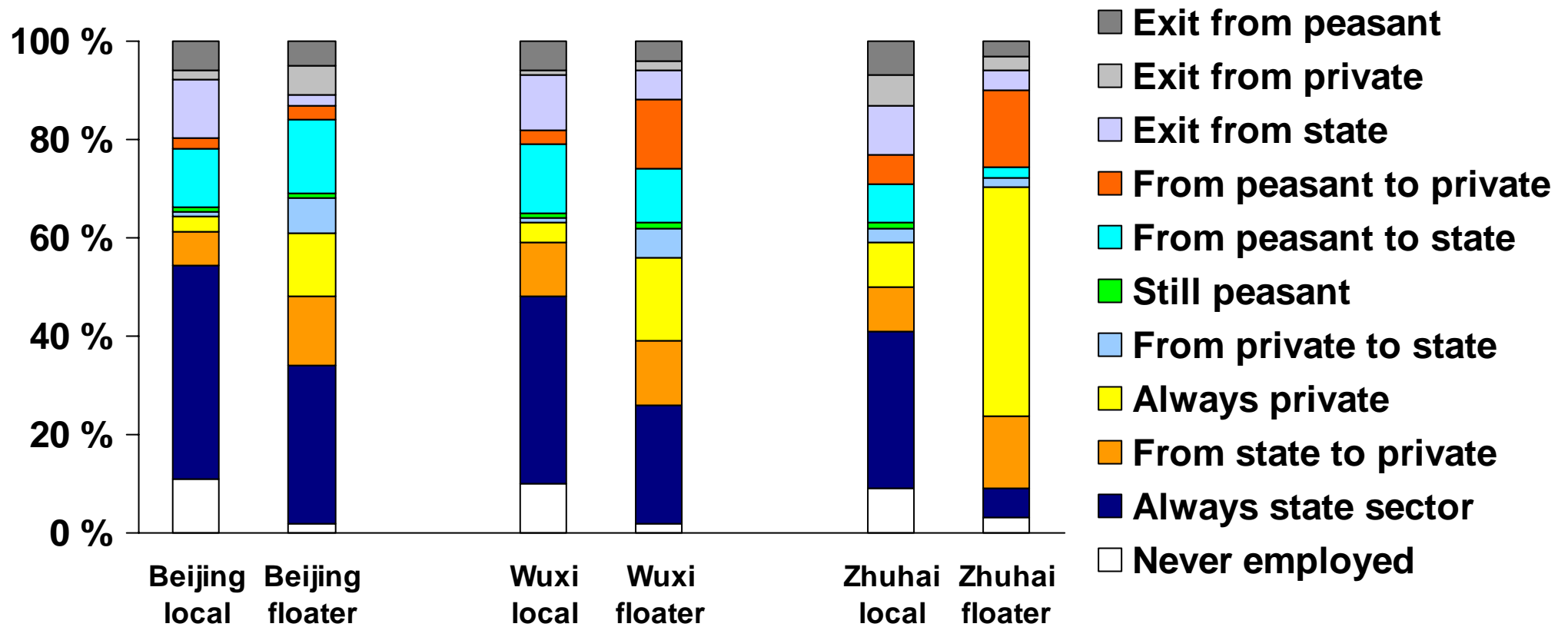
Sector mobility: cohort and age effects

Private sector growing with the new generations?
Currently middle aged peasants have entered the state sector





The floaters build the private sector,
(even more when they are allowed to)
The locals do not differ much between the cities



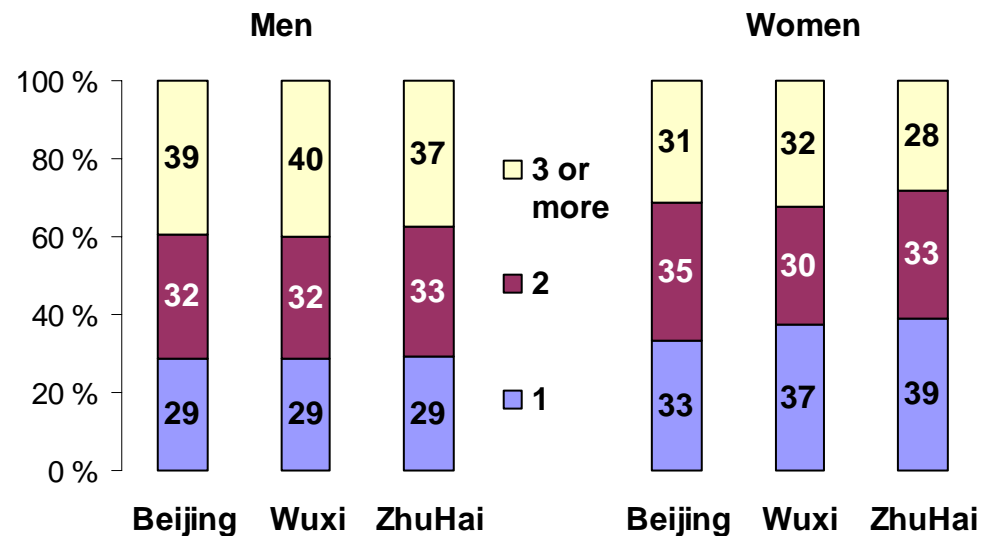
Not large gender differences in sector mobility



•...but women exit labour market earlier than men

Career mobility is still very low

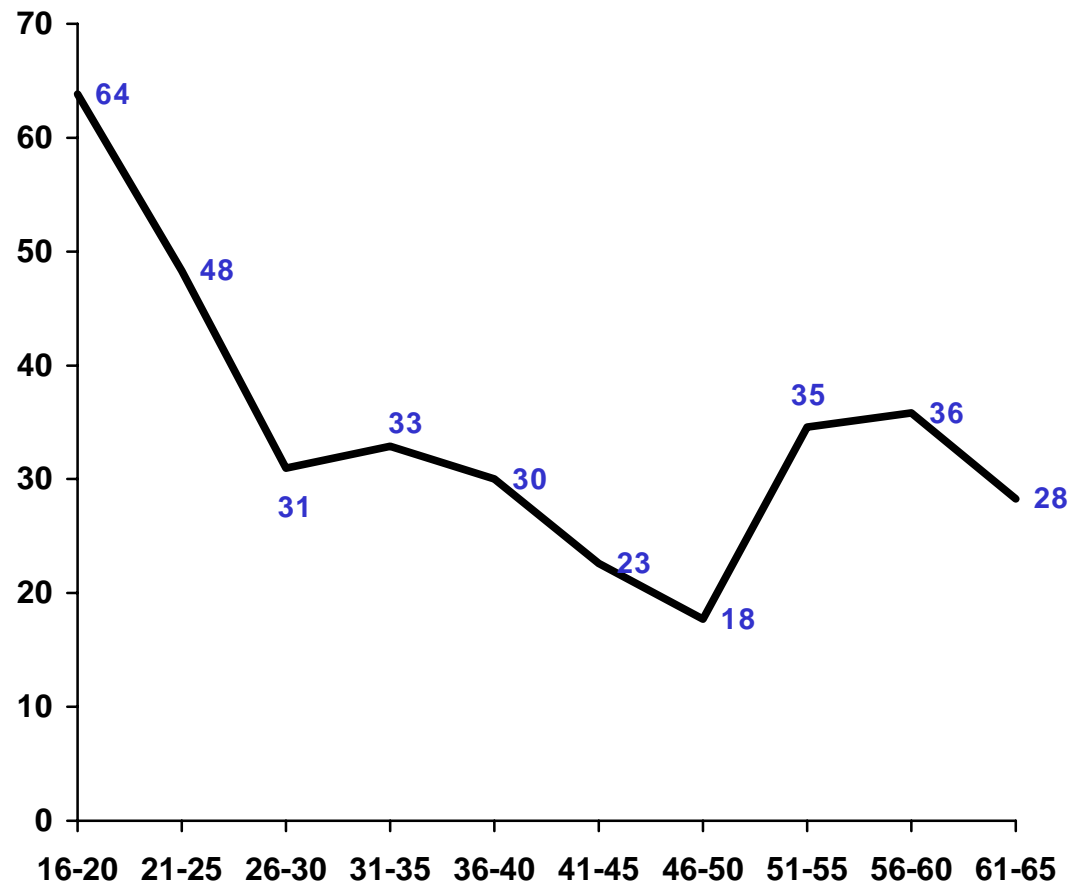
Number of work units worked in



- **Most people have worked in 1 to two jobs**
- **Women have worked in fewer than men**
- **... few differences between cities**



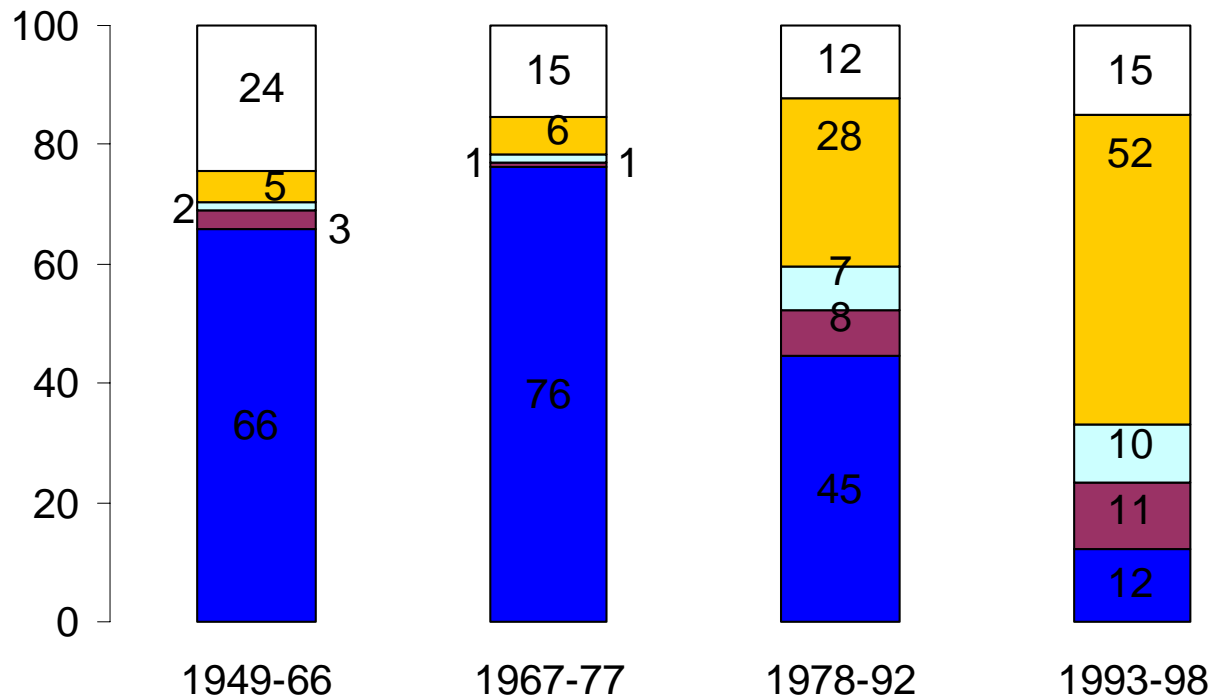
Young people are in their first job, but so are many seniors



- The increase in proportions at 51 and above:
- They belong to the cohorts that escaped being “sent down” to the countryside during the cultural revolution



People are getting jobs through the labour market — but not through the formal one



■ Official allocation/ transfer ■ Job ad ■ Self-started business ■ Friends/ relatives □ All Other



From job to job or out of job? Education and CCP matter, ...but gender does not

	Beijing	WuXi	Zhu Hai
Working (changing jobs)	Training	Training Education	Training Education
Not Working	Migrant CCP Education	Woman+<6 CCP Education	Dep in hh Woman+<6 CCP Education
Involuntary not working	CCP Migrant	Dep in hh Woman+<6	CCP Migrant
Unemployed	Dep in hh Migrant	Migrant	Dep in hh Migrant CCP
Xia Gang	Migrant CCP	Migrant CCP	Migrant CCP
Not working, not retired, not looking	CCP Education	Woman+<6	Dep in hh Woman+<6 Education

- Gender insignificant effects
- If migrants loose jobs, they become unemployed
- ... while others may drop out of the labour force

Black: increased hazard of change from work into category
Red: decreased hazard



Migrants

Reforms has enabled informal migration to Chinese cities

- **Pre-reform system**
 - **Hukou system kept rural people outside cities (food rationing)**
 - **Migration mainly as state planned labour allocation and security**
 - **Low urbanisation enabled to sustain privileges for urban residents**
 - **Built up pressure for rural-urban migration**
- **Reforms**
 - **Development of a free market in food**
 - **Relaxation of administrative restrictions on population movements**
- **Consequences**
 - **Large inflow of people in search of economic opportunities**
 - **But authorities still regard informal migrants as non-citizens**
 - **Informal migrants are invisible in official statistics, but integrated in SOMM**

Studying migrants in the SOMM project: Aim

1 Profile of migration

- How many move into the cities, and how do local policies affect the flows?
- Characteristics: Who are the migrants and where do they come from?
- Future: Where are migrants going?

2 Consequences of migration

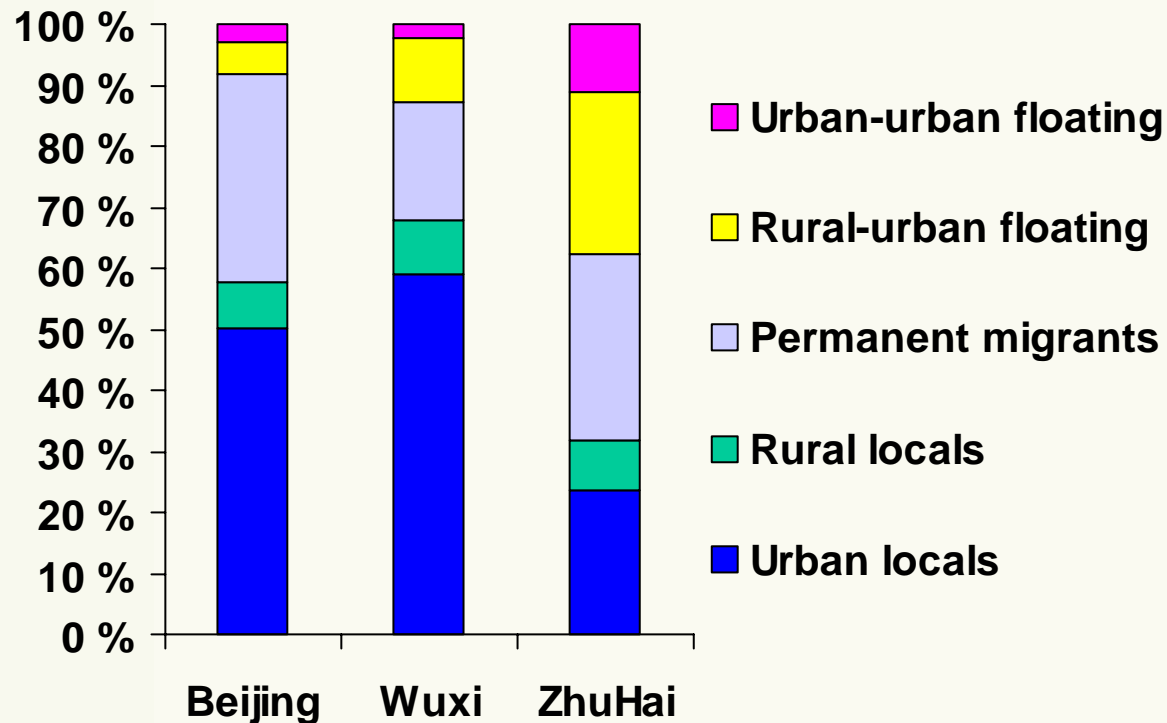
- On economy
- On living conditions and working conditions of migrants
- On living conditions of original urban people
- On urban inequality, poverty and conflict

3 Policy relevance

- What can and should authorities do something about?

1 Profile of Migration: Number and characteristics of migrants

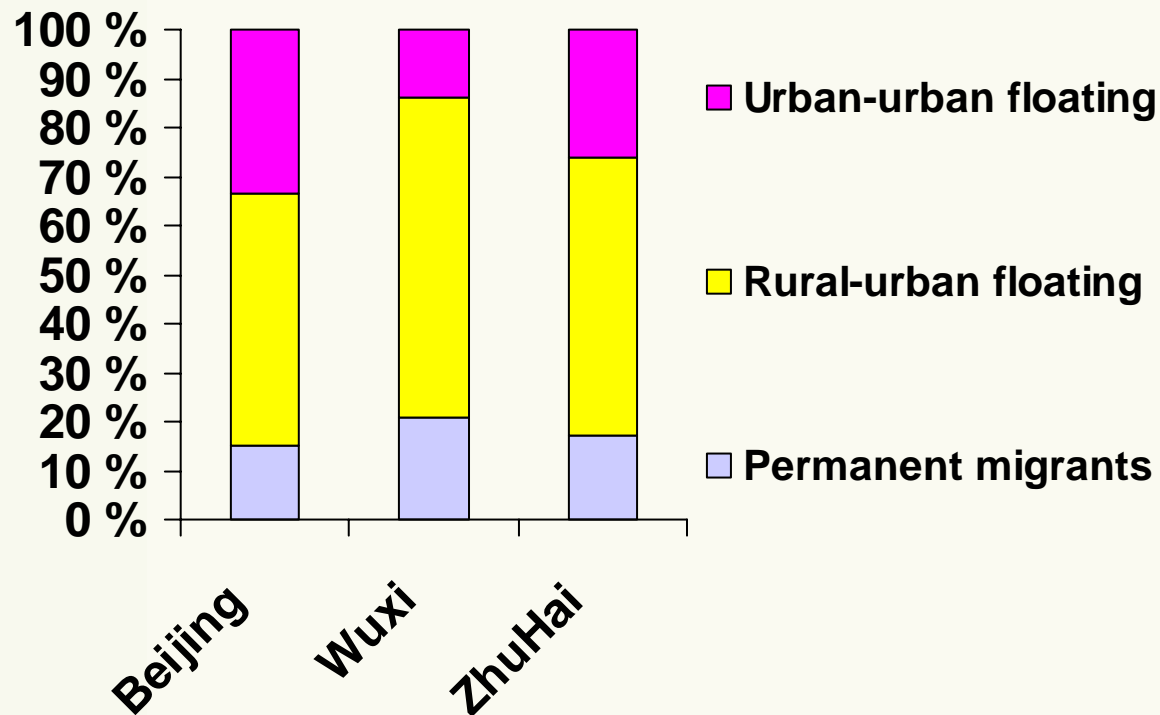
Rural-urban floating migrants: a minority among lifetime migrants



- **Permanent migrant: Have gained local hukou**
- **Floating migrant: Have non-local hukou**
- **Rural-urban floating migrants are only 5% of Beijing population (1 million people)**
- **...while permanent migrants are 33 % (4 millions)**

% of total city adult population

Floating population: Small number but growing fast



% of migrants arriving 1994-1998

- **Migration today is rarely initiated by the state: Permanent migrants only 15-20 % of total inflow to cities**
- **Of the most recently arrived migrants, more than 50 percent are rural-urban floating migrants**
- **Often neglected: Urban-urban migration grows rapidly (one-third of migrants to Beijing in 1994-98)**

Characteristics: Migration is selection of the able and willing

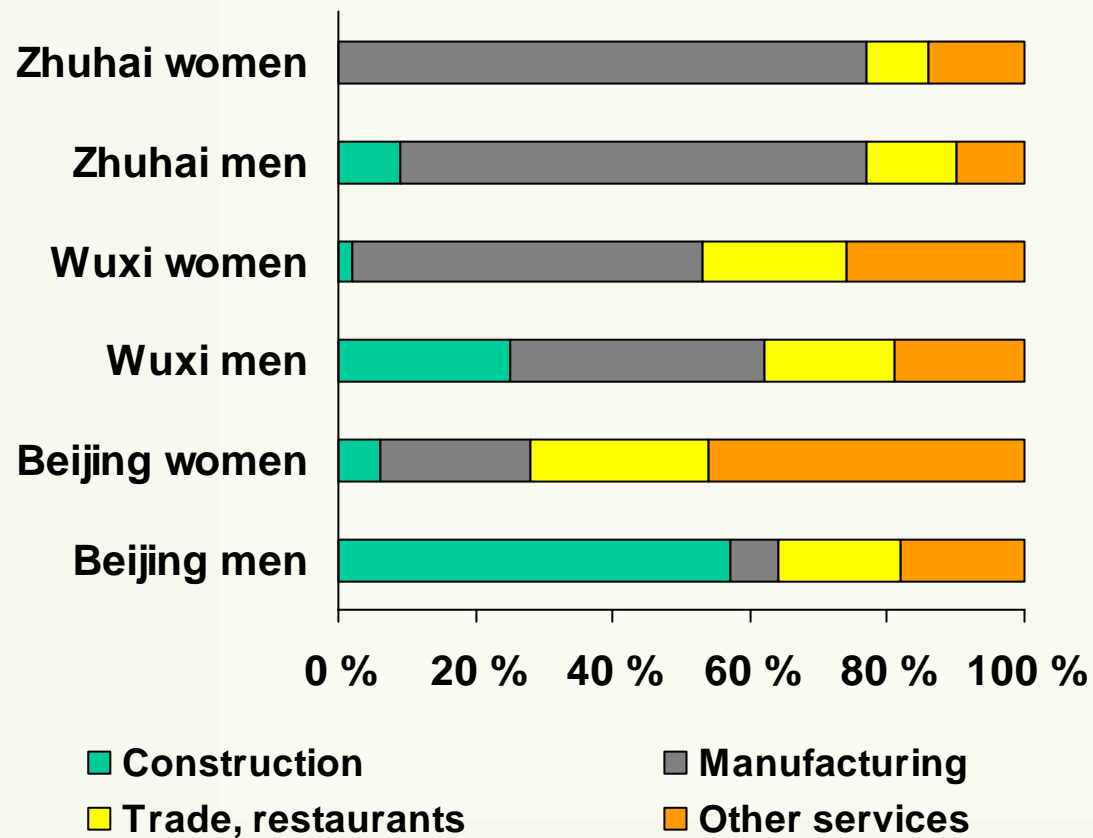
- Young: People migrate in their early 20s
- 50 % are married, but many move without their family (Beijing)
- Women catching up: 40 % of floaters in Beijing, 50 % in Wuxi and Zhuhai
- Rural-urban migrants have little education
- Urban-urban floating migrants have relatively high education levels
- Motive for moving is finding work (for 90 % of men)
- 75 % have started working within a month after arriving

Migrants are well prepared: not just floating around

- Only 20 percent had no network in the city
- Strict immigration regulations require job before moving
 - 75 percent had found the job before moving to Beijing
 - ... but only 40 percent in Zhuhai
- Beijing: Migration quite formalised
 - labour contractors provide jobs and housing
- Zhuhai: More spontaneous migration, relatives help out

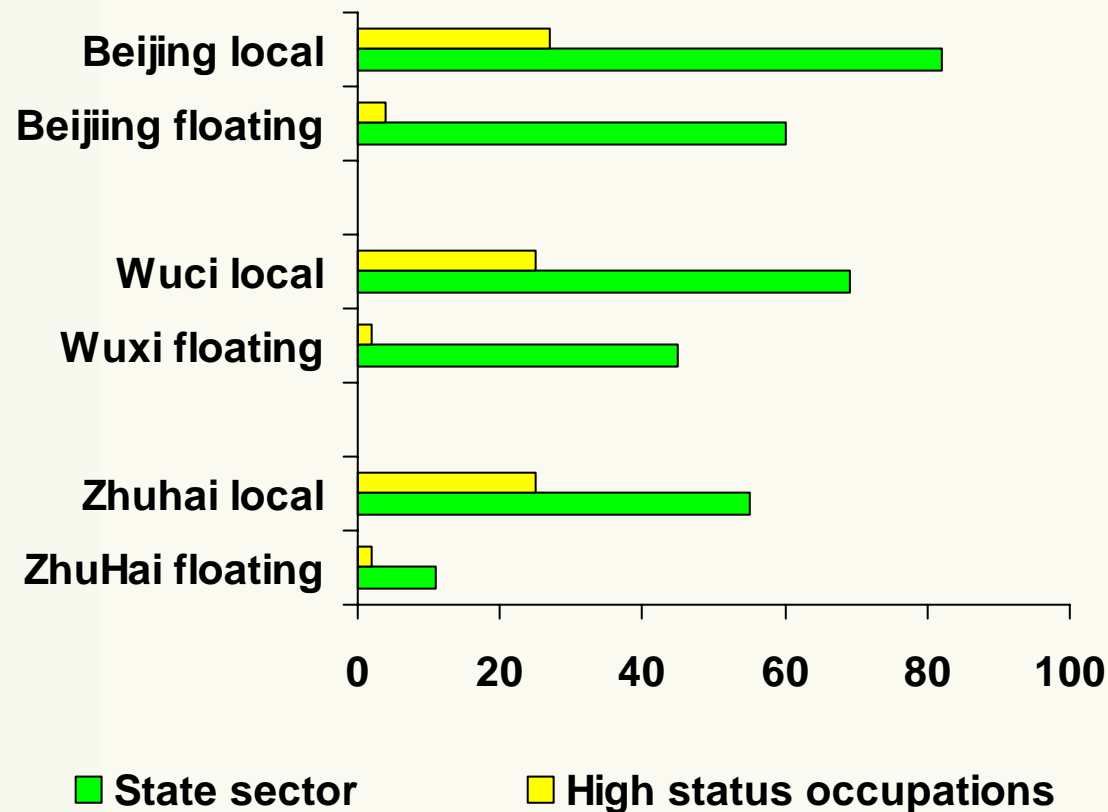
Consequences 1: Work and working conditions

Rural-urban floating migrants have limited work opportunities



- **Construction sector (Beijing, men)**
- **Manufacturing of textiles, toys, sports equipment and electronics (Zhuhai, women)**
- **Trade, catering, servants and other services (Beijing women)**

Rural-urban floating migrants: private sector, low status jobs

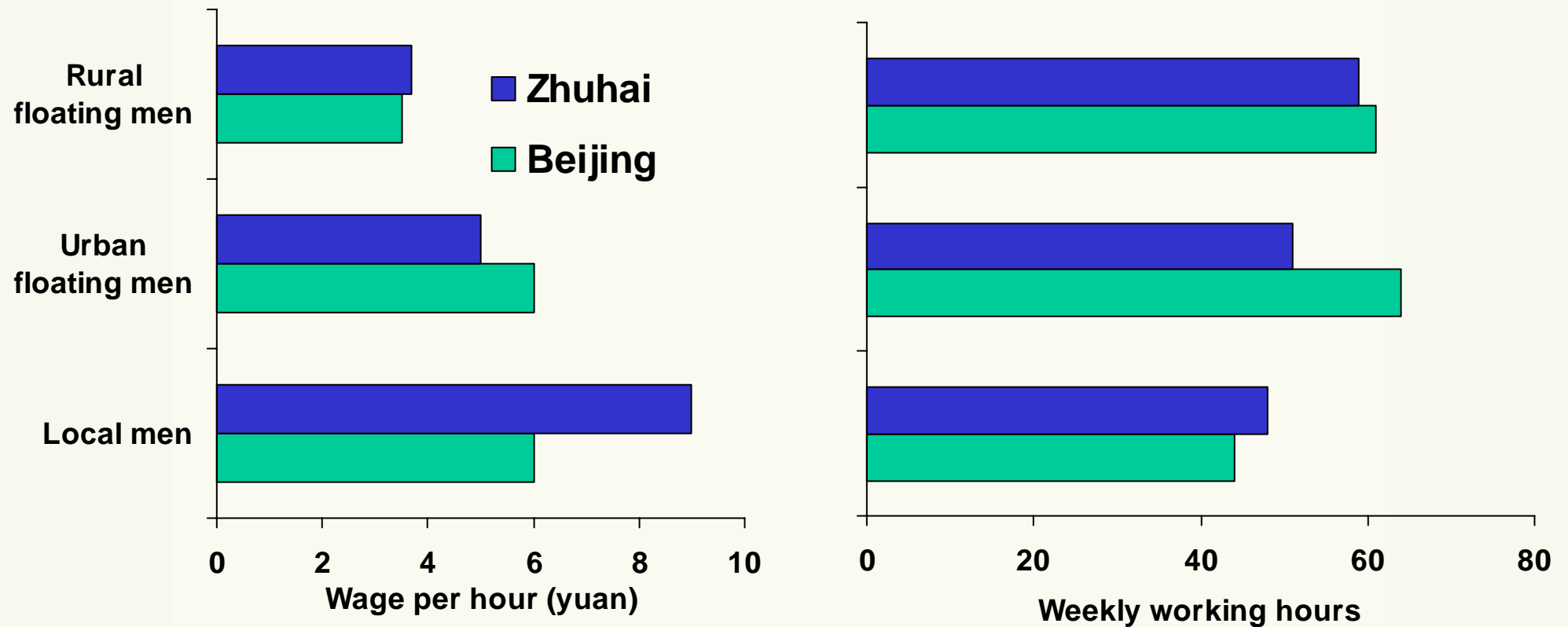


- Urban-urban floaters climb high on occupational rank

- Labour market elite are permanent migrants (selected for labour allocation)

% of rural floaters vs locals

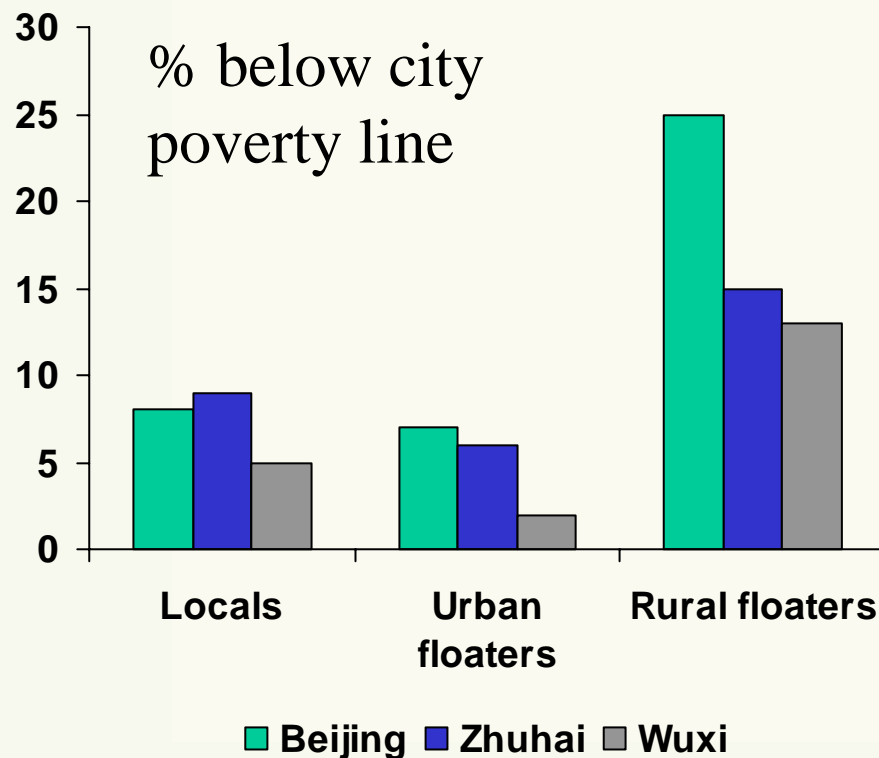
Floating migrants work long hours for low pay



Mean, "ordinary workers" 20-50 years old

Consequences 2: Poverty and Inequality

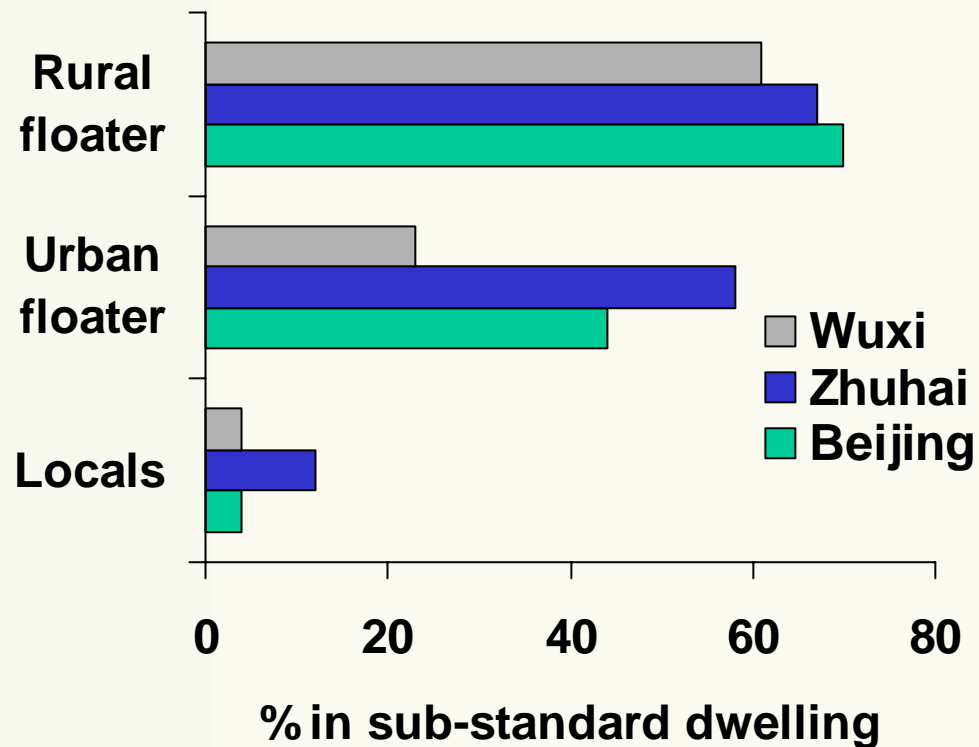
Income poverty among rural-urban floaters high and deep in Beijing



- 25 percent of rural floaters in Beijing are poor
- their incomes are on average 30 % below the poverty line at 2520 yuan
- 51 % of them come from Hebei province (30 % of non-poor floaters do)
- In the other 2 cities, poverty among floaters is twice that of locals
- Urban-urban floaters manage well in all 3 cities

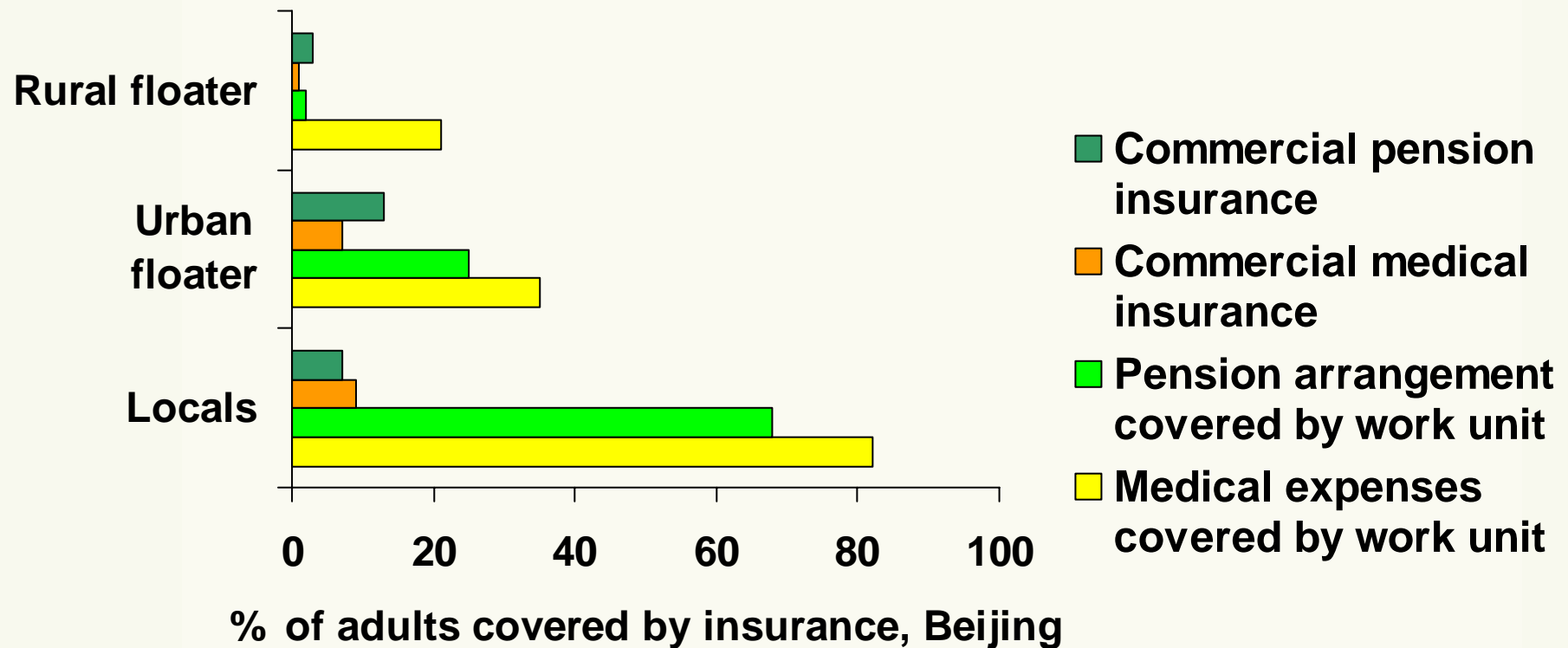
Poverty line: Beijing 2520; Wuxi 1800; Zhuhai 2640 yuan per capita

Floaters live in sub-standard housing...

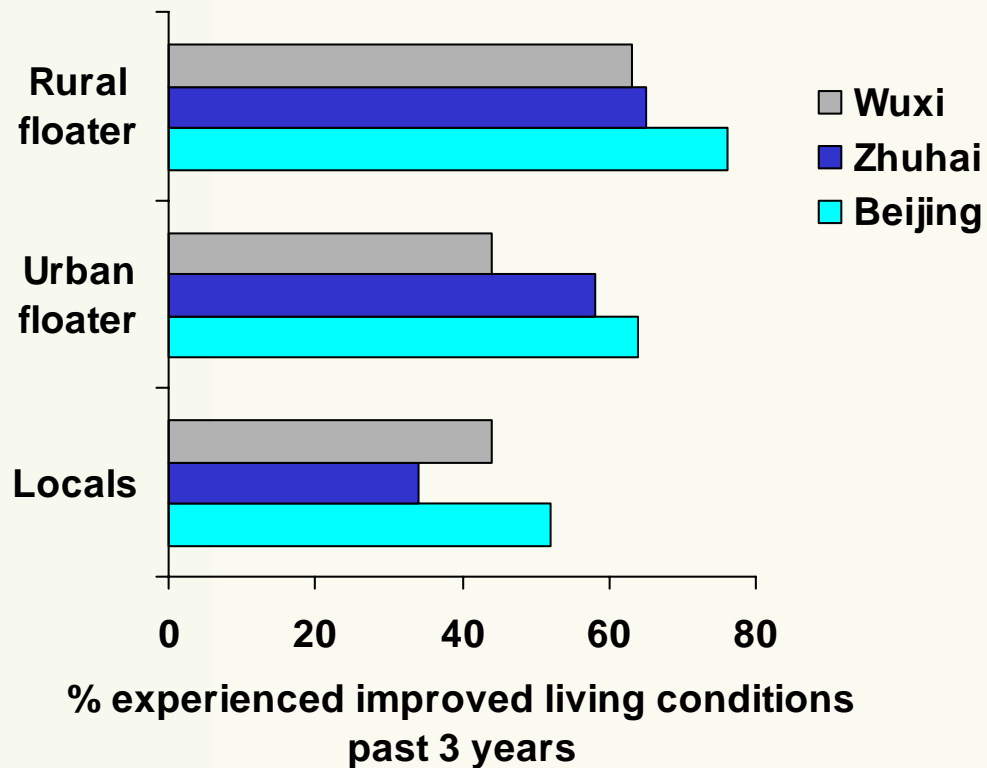


- 60-70 % live in workers huts, dormitories or shared apartments
- Many rent in the private market
- ... and pay at least twice the rent as locals

... few have income insurance against sickness and old age



Still, the floating population consider their living standard as average compared to “the majority of families”



More than 60 % of floaters perceive their living standard as average or better

They are optimistic regarding future improvements

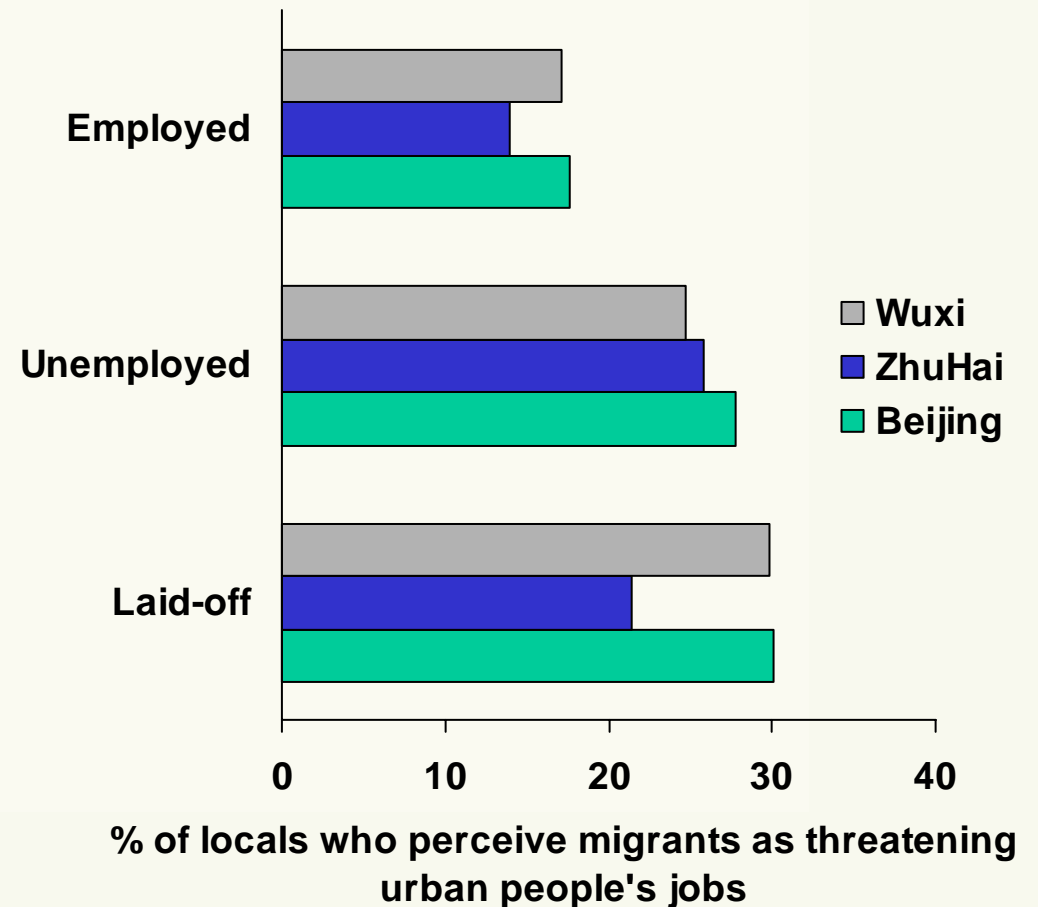
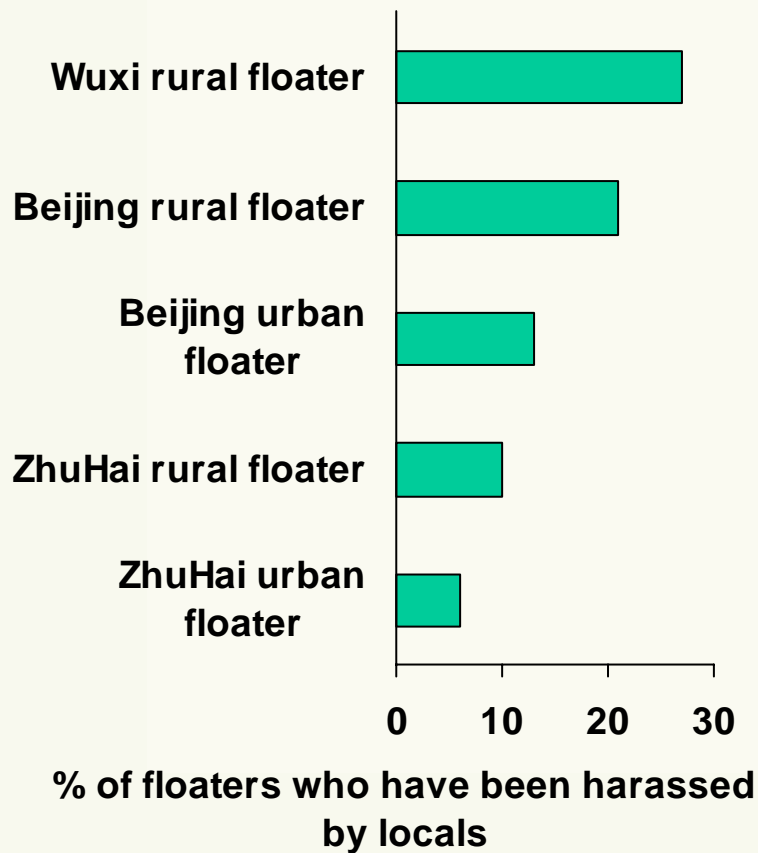
But the longer they stay in the city, the less optimistic they get

High economic mobility: almost 80 percent of Beijing rural floaters have experiences improved living conditions past 3 years...

...indicating that migration yields large gains for the migrants and the economy

Consequences 3: Conflict

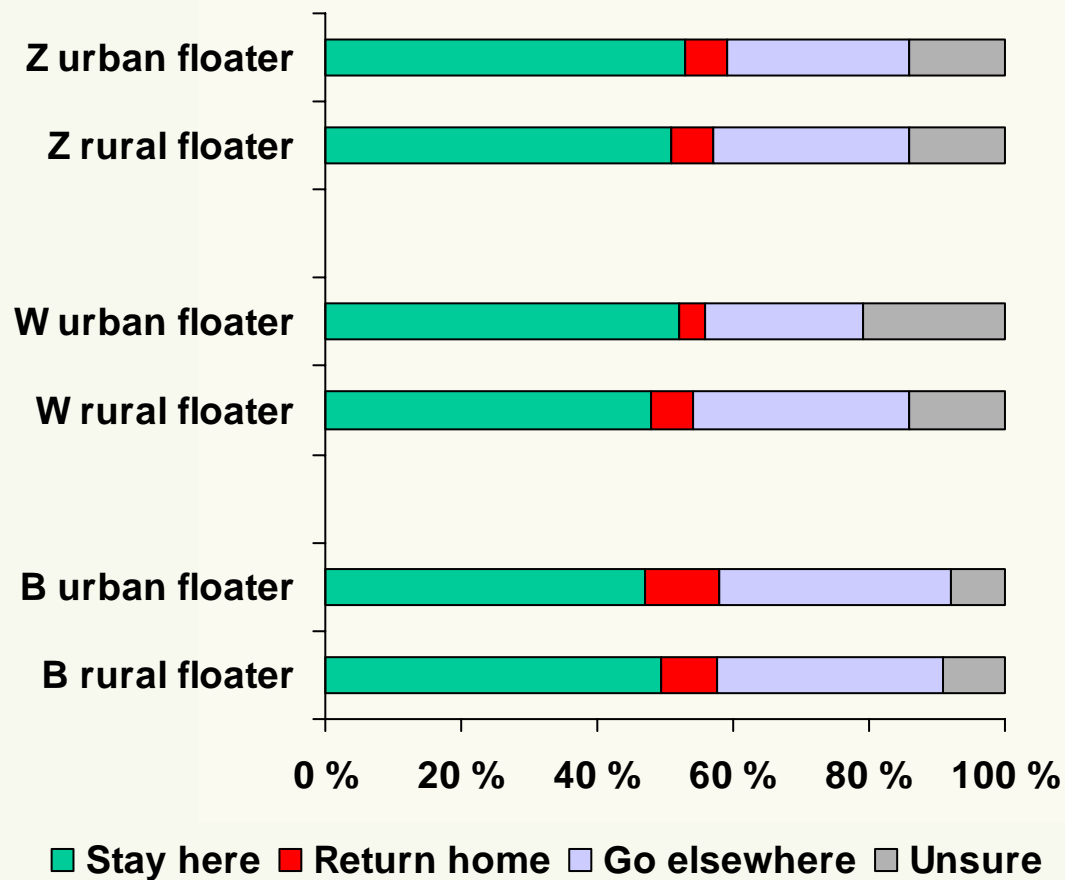
Lowest conflict level where there are many floaters.
Hostility related to unemployment.



Policy relevance 1: Sending migrants home not an (easy) option

...and economically not feasible

Few floaters want to return home, the majority have weak ties to the place of origin



Preferred place to stay, % of floaters

- Less than half are willing to work in rural areas even if job was provided
- More than half willing to move to another city
- In Beijing and Zhuhai, more than 40 percent did not visit home last year
- Some 40 percent of rural floaters do not send remittances home
- Only 20 percent of land-owners would return under the threat of losing their land

Policy relevance 2: But focusing on urban inequalities pays off

Improve rights and livelihoods for non-locals

- **Poverty and inequality may lead to social unrest**
Focus on re-distribution
- **Lack of access to social services give long-term losses**
Wears down human capital
Increases illiteracy
Improve access to services for all
- **Cheap labour is good only to a certain point**
Wages below poverty line may produce social unrest
Which hampers foreign investments
Enforce labour law for all citizens, in all enterprises

Work Benefits and Poverty



The *Danwei*: A vanishing welfare state?

- Employment in the state and collective sectors has been shrinking since 1994, as the private sector has expanded.
- In the past, housing, medical and pension coverage has been provided through the work unit. Reforms are underway, but at present many workers are 'falling through the cracks.'

Urban China: percent employment growth compared to the previous year, by ownership

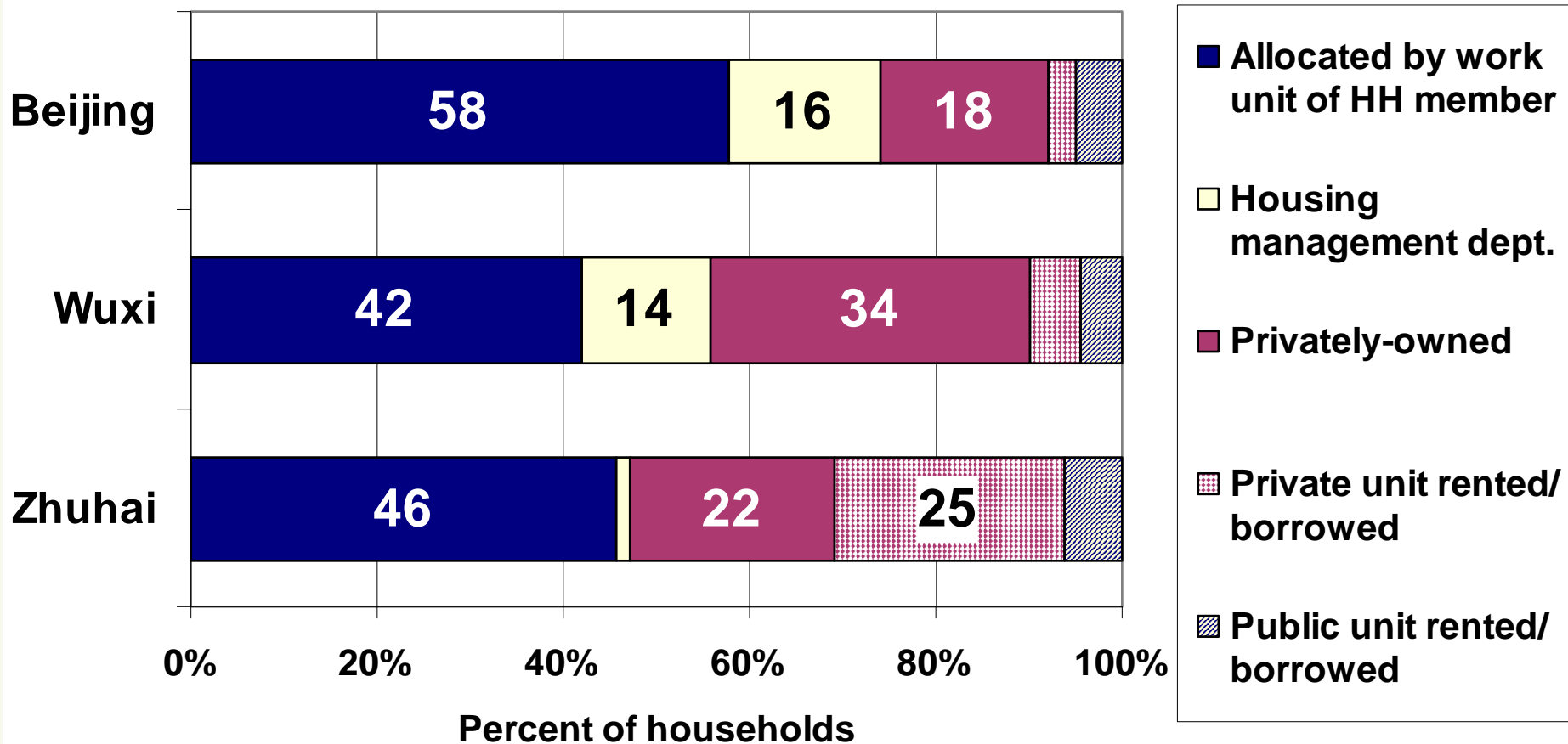
Sector	1990	1991	1992	1993	1994	1995	1996	1997
State owned	2.4	3.1	2.1	0.3	-0.3	0.6	-0.1	-1.8
Collective	1.3	2.2	-0.2	-6.3	-5.4	-4.2	-4.0	-4.4
Others*	24.2	31.7	30.6	90.1	39.4	17.4	7.4	13.1

* The non-state sector is normally reported as 'Other'.

Source: *China Statistical Yearbook* 1997: 15; *China Statistical Yearbook* 1998: 130-1

Privatisation of the housing stock is proceeding, but slowly. Roughly half of all households still live in work unit housing.

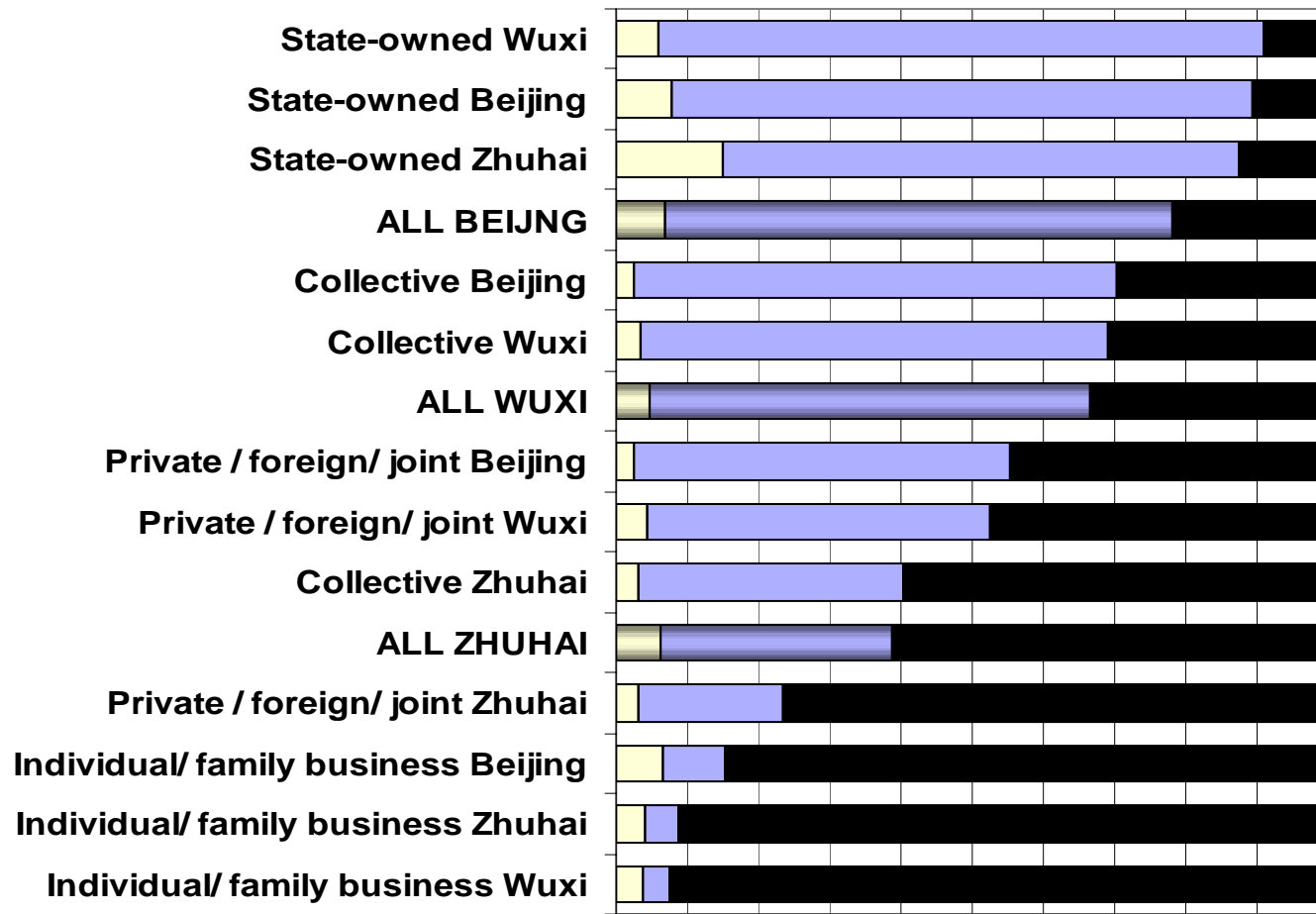
How the household obtained its living quarters



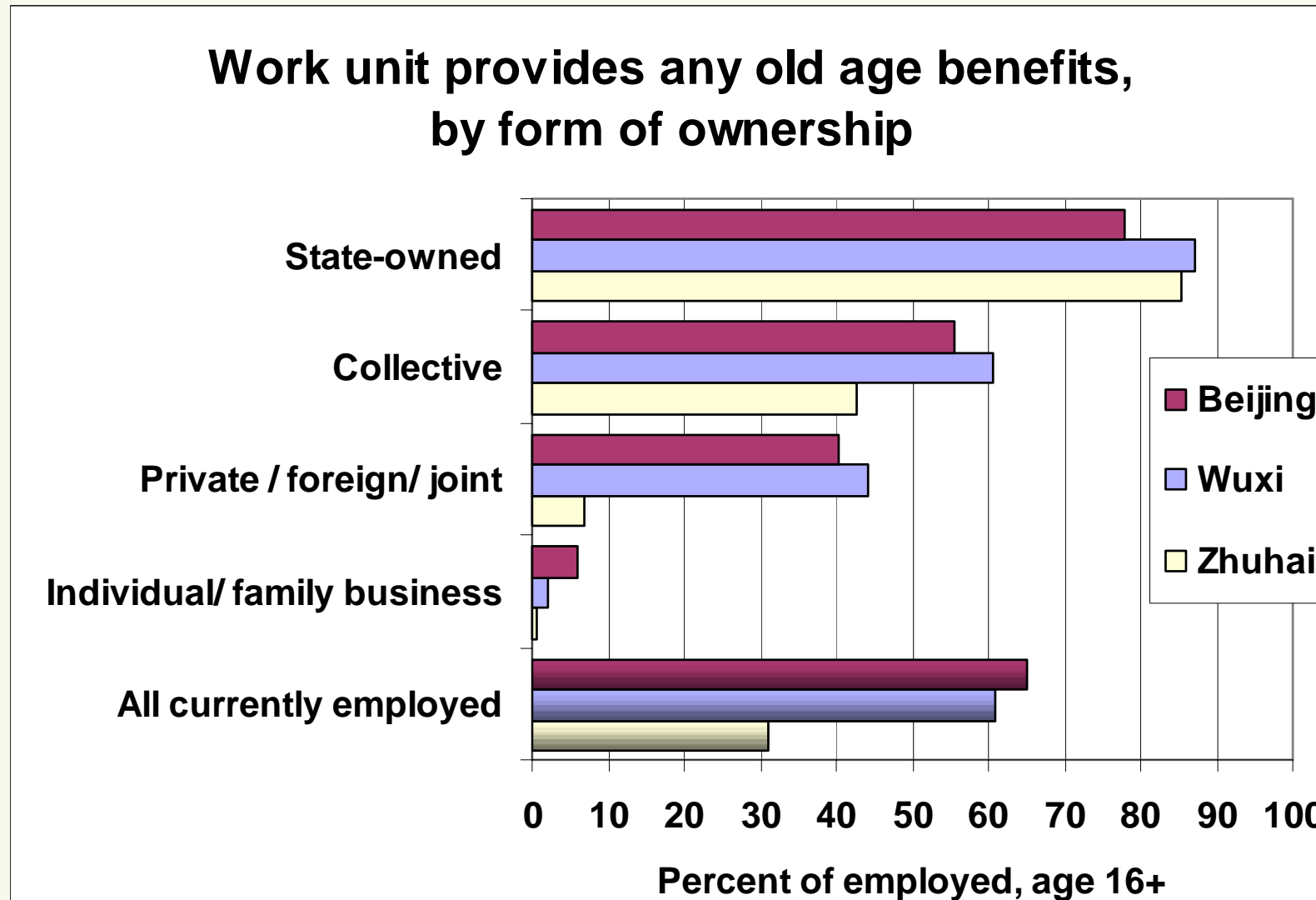
Medical insurance coverage is very uneven.
Most private sector workers are not covered at all.

Work unit medical coverage by ownership

■ Full coverage
 ■ Partial coverage
 ■ No work unit coverage

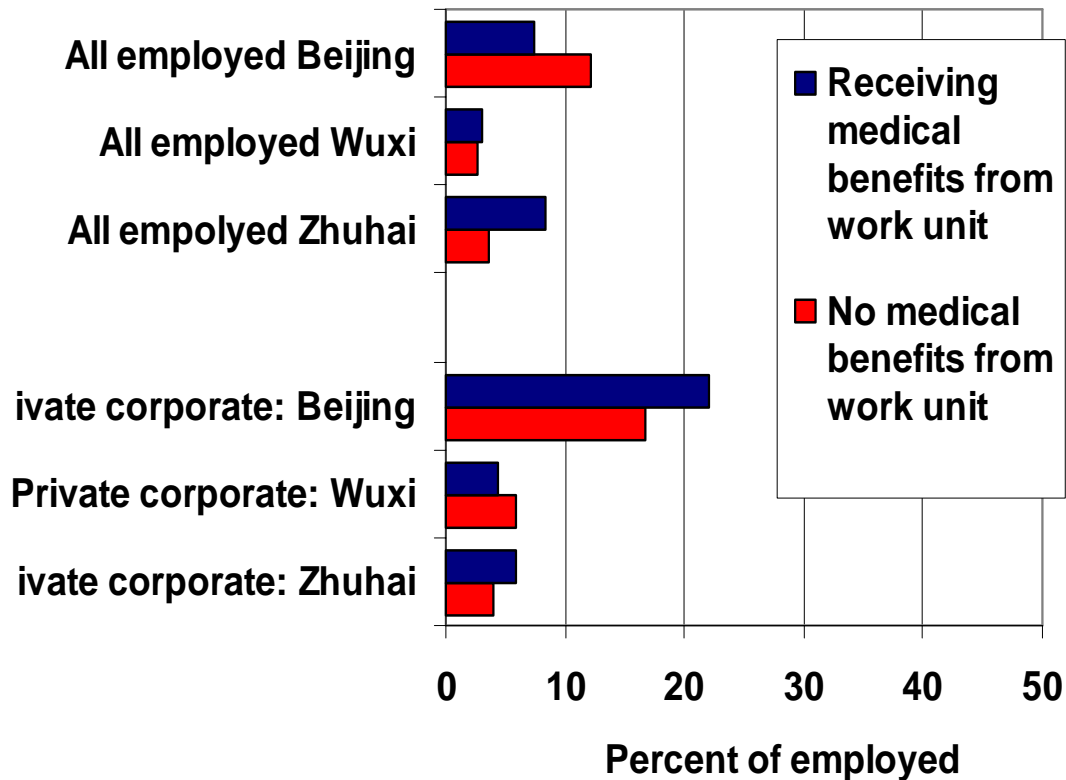


The pattern is very similar for work unit old age benefits.

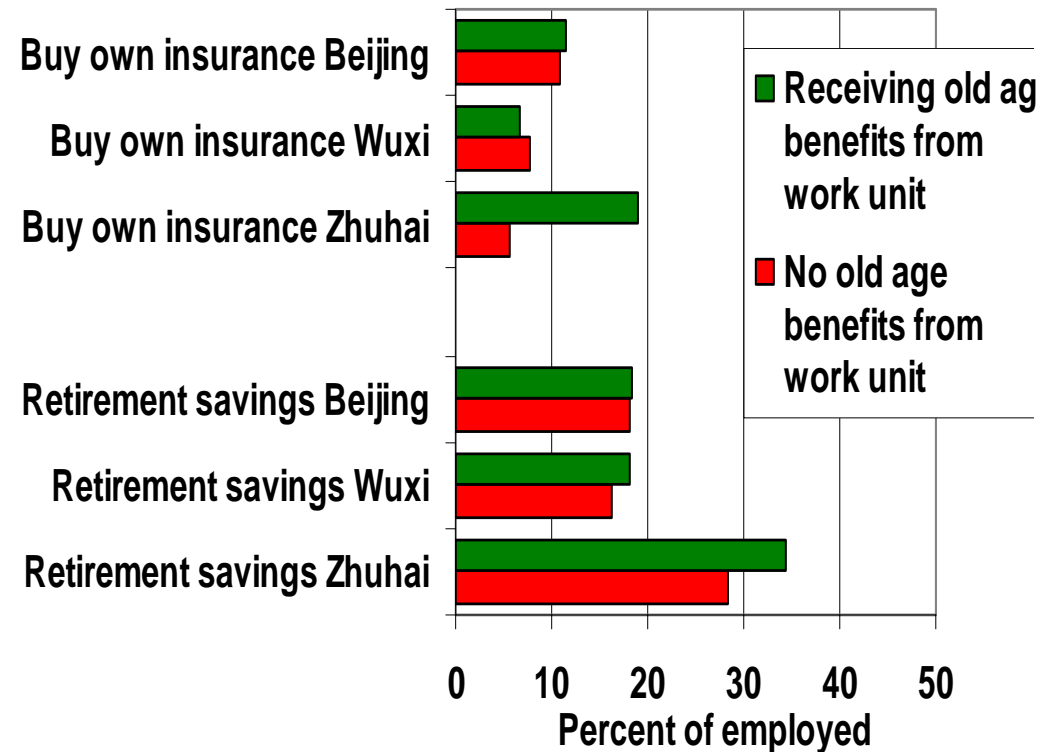


Self-paid insurance and savings are not filling the gap. Many people have no protection at all.

Worker buys Commercial medical insurance

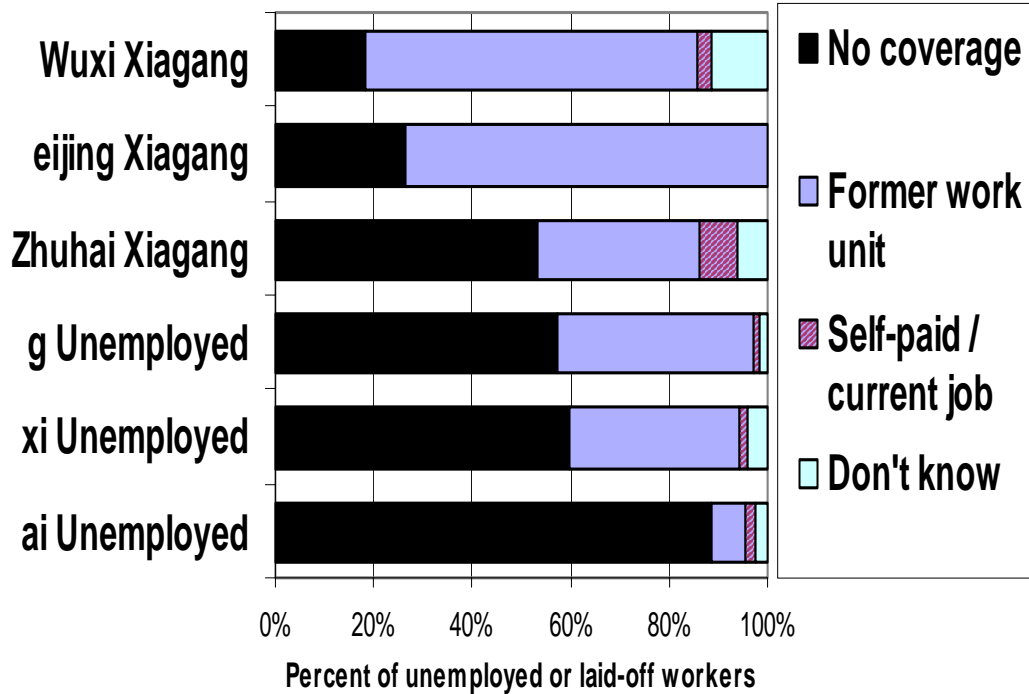


Commercial old age insurance and saving for old age

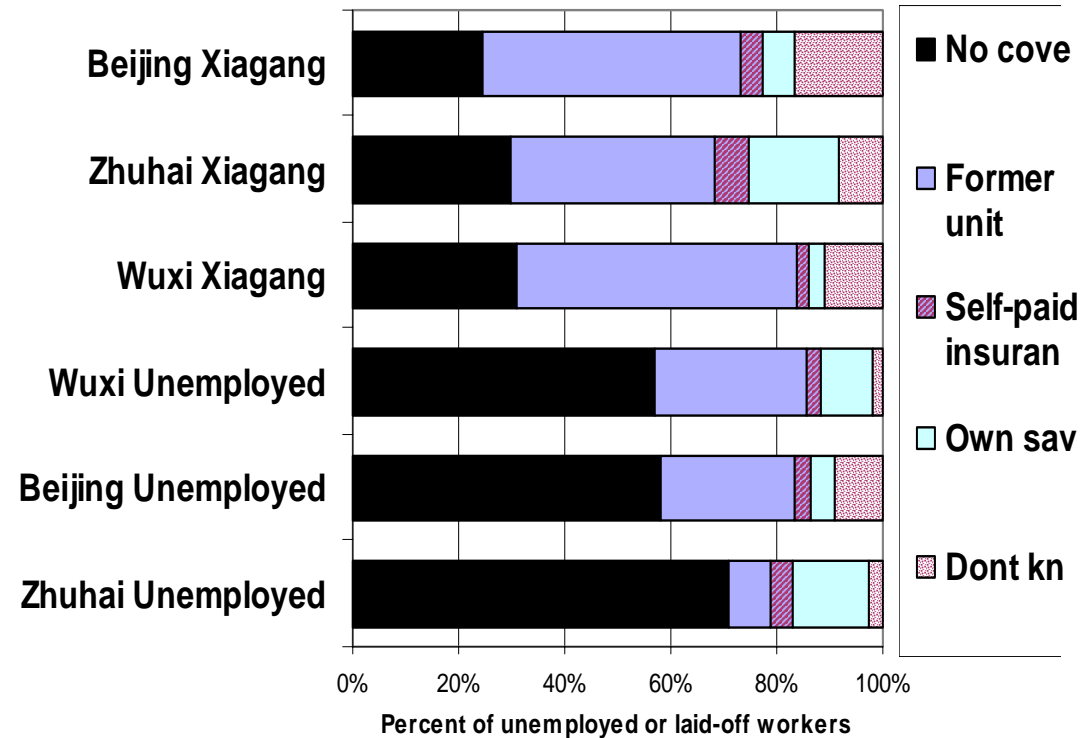


The situation is even more serious for the unemployed. But laid-off workers are fairly well covered while their xiagang status lasts.

Own medical coverage from any source: Unemployed or laid-off age 16-64

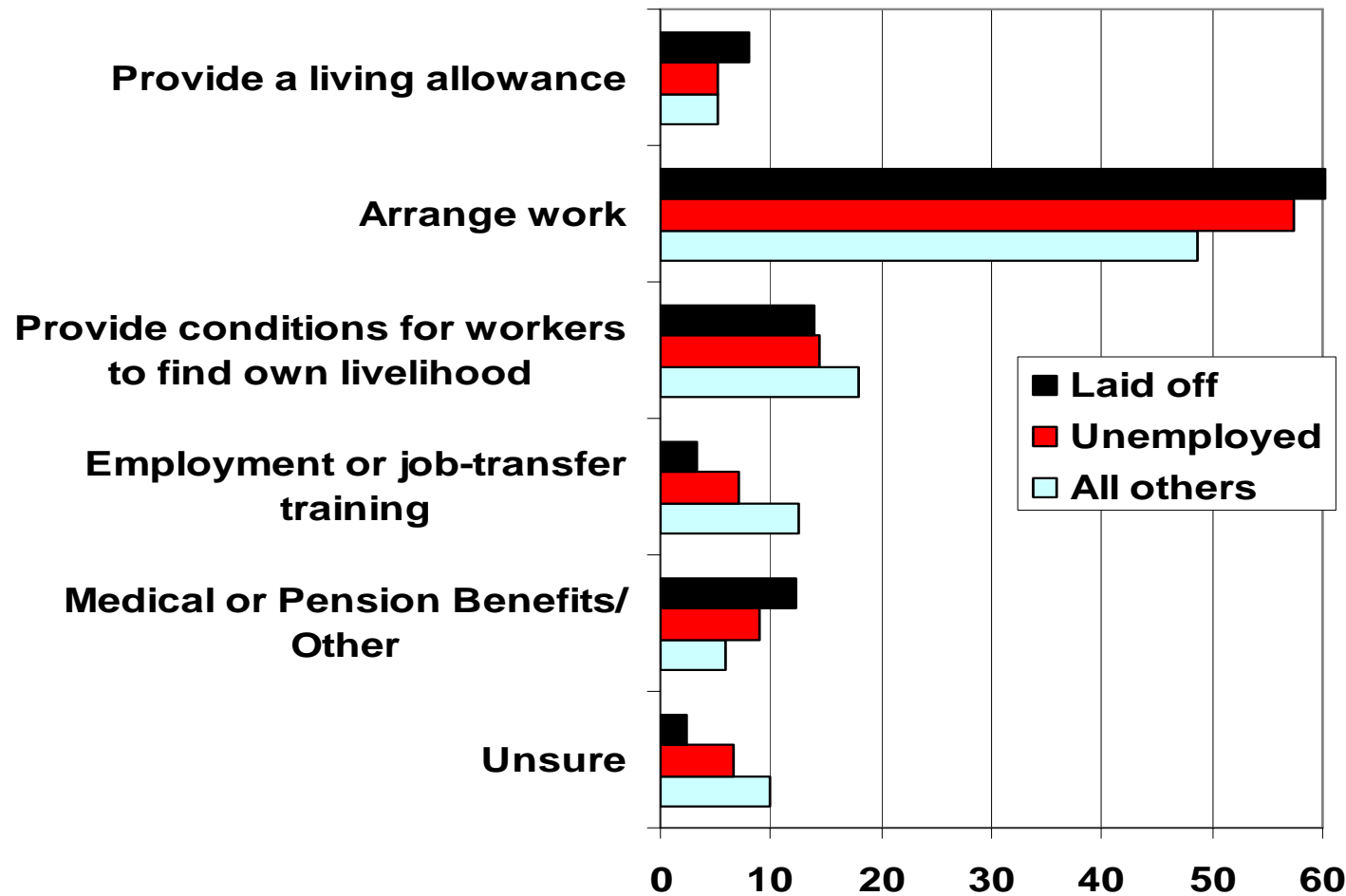


Old age support from any source: Unemployed and laid-off, age 16-64



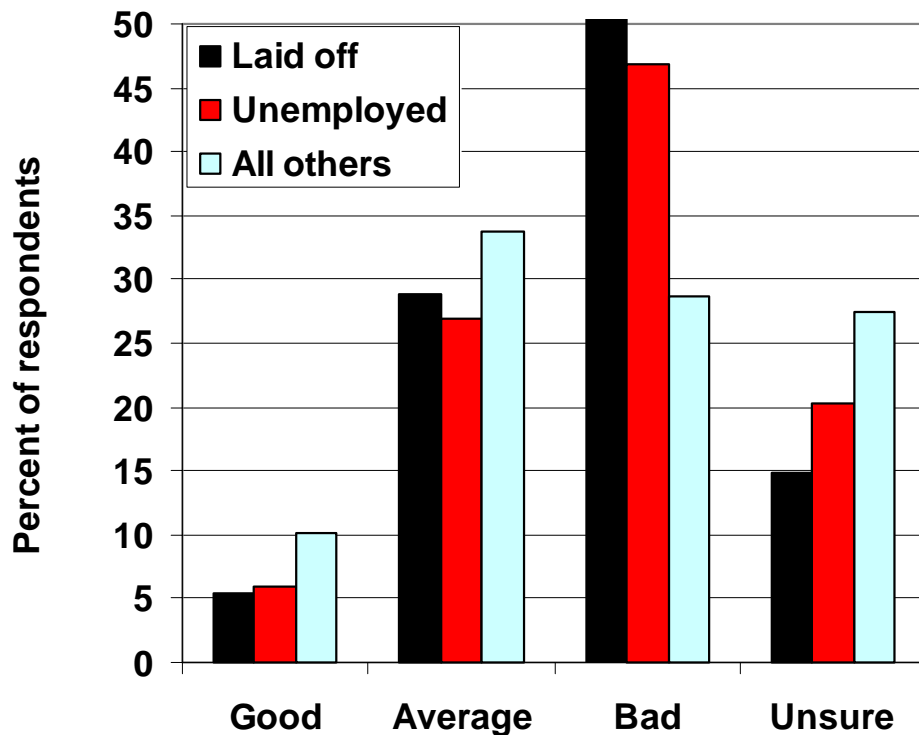
There is consensus about the priorities for government action concerning unemployment...

Most important government role for laid-off workers

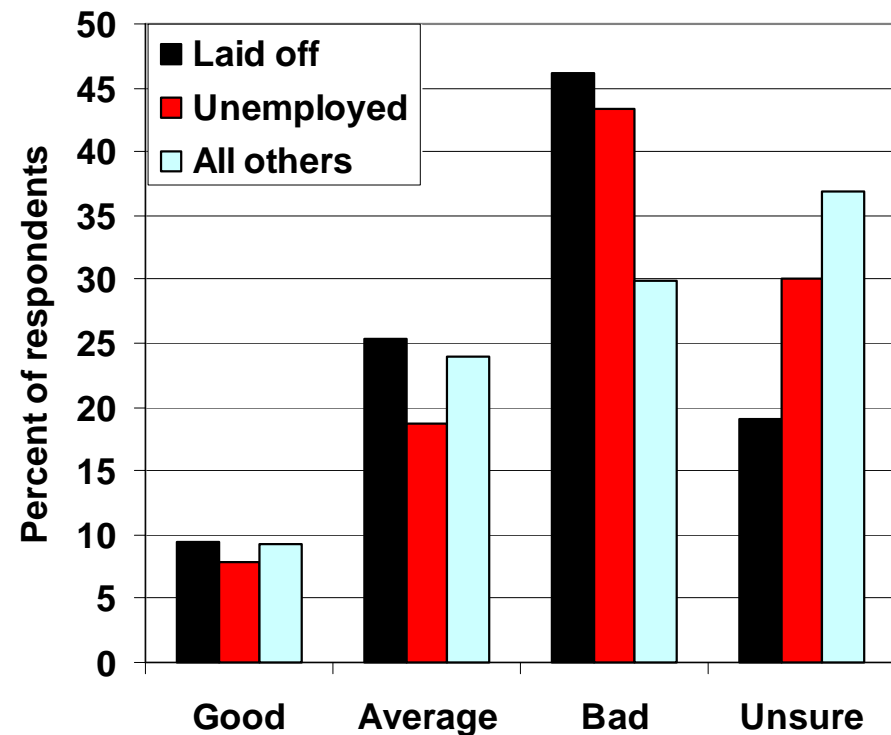


...But less consensus (and much frustration) about government performance so far. People who have experienced layoffs or unemployment are far more negative than those who are employed or out of the labour force.

Government performance in arranging work



Government action on medical insurance



The social consequences of reform: Higher living standards, but more inequality

- Incomes in urban China grew by about 5% per year between 1988 and 1995.
- Until recently there were big differences between urban and rural areas, but low income inequality within the cities.
- Urban/ rural inequality has remained fairly constant, but inequality is rising between regions and within cities.

Gini coefficients:

All China, early 1980s: 30

Urban areas 1988: 24

All China, late 1990s: 40-45

Urban areas 1990: 27

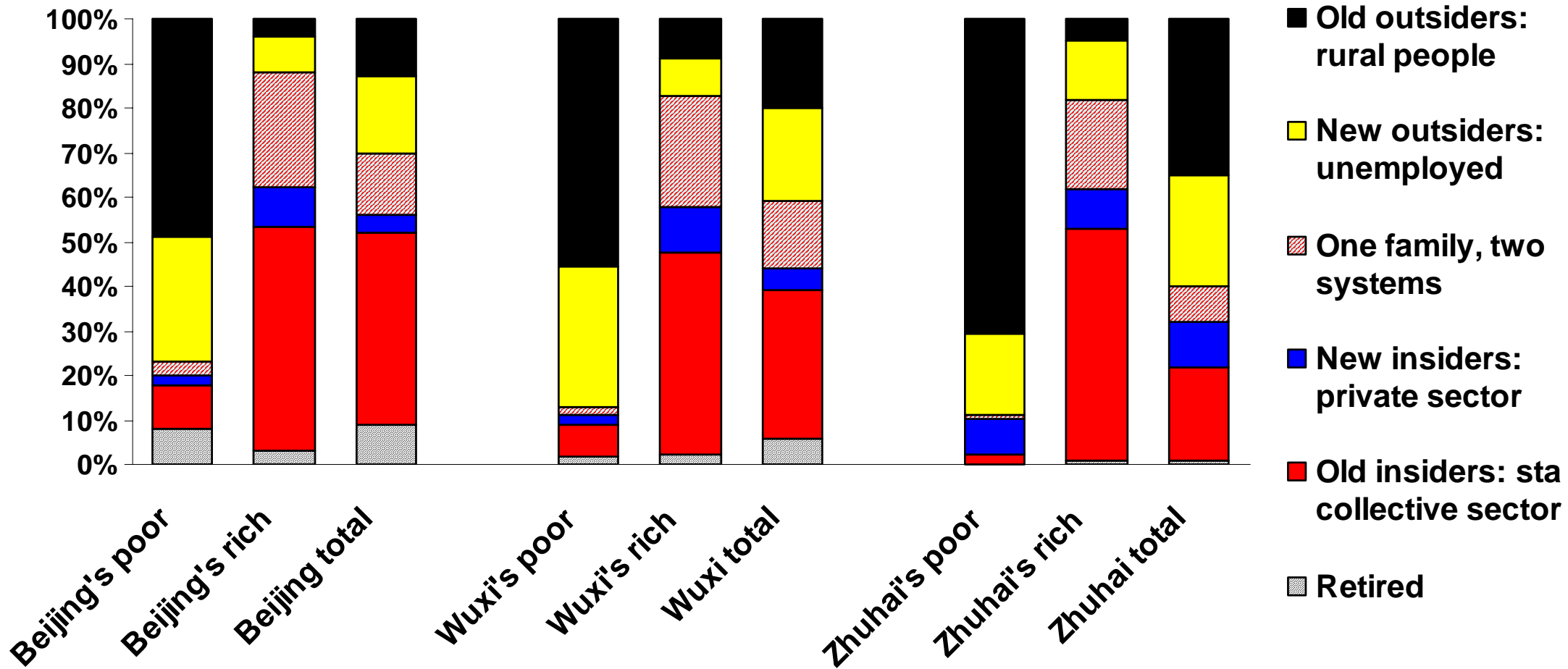
SOMM 1998: **Beijing 36** **Wuxi 34** **Zhuhai 40**

Winners and Losers in the new economy: A typology

- **Old Insiders:** All household members work for the state or collectives. No unemployed. Local hu kou.
- **New insiders:** All work for private enterprises. No unemployed or self-employed. Local hu kou.
- **One family, two systems:** Household members work in state/ collective and private sectors. Local hu Kou.
- **New Outsiders:** One or more household members are laid off or unemployed, or working in self-employment. Local hu kou.
- **Old Outsiders:** _All or most household members have rural hu kou.

Public sector and mixed households are doing well.
Migrants and households hit by unemployment are pushed to the edge.

percent of households below poverty line and in top 20% of incomes



Income inequalities are greatest among 'new insider' households, and lowest when everyone works for the public sector.

		All households	Old insiders	New insiders	One family, two systems	New outsiders	Old outside
ing	Gini coefficient within group	36	28	53	33	34	41
	Below 1998 city poverty line	10	2	5	3	19	27
i	Gini coefficient within group	34	27	45	28	36	36
	Below 1998 city poverty line	6	1	3	1	12	14
ai	Gini coefficient within group	40	28	41	34	39	34
	Below 1998 city poverty line	11	1	7	1	12	16

About half think their living conditions have improved... But many people feel they are losing ground.

"How have your family's living standards changed over the past 3 years?"

		All households	Old insiders	New insiders	One family, two systems	New outsiders	Old outsiders
ijing	Improved	54	55	54	57	40	57
	Got worse	16	15	15	10	29	17
uxi	Improved	46	45	46	49	26	56
	Got worse	27	26	22	23	43	25
uhai	Improved	46	35	58	33	28	62
	Got worse	23	27	18	28	40	13

The Survey of Occupational Mobility

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