

Changing Situations of Migrant Workers in China's Urban Labor Market

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Presentation Goal and Outline

- Presentation Goal: to provide empirical evidences that describe the main labor market changes for migrant workers working in the urban labor market, with focus on the impacts of the coming LTP
- Outline
 - Background
 - Data collection
 - Main labor market outcomes for migrant workers
 - Conclusions

Background

- China is approaching to Lewis Turning Point, which implies that main labor market outcomes for migrant workers would change
- China started a more strict regulations in labor market, as evidenced by the Labor contract law enacted in 2008
- The global financial crisis had very short-lived impacts on employment of migrant workers

Data collection

- This presentation reports some preliminary results calculated from China Urban Labor Survey conducted by Institute of Population and Labor Economics
- The survey includes 3 waves, which took place in 2001, 2005, and 2010 respectively
- The surveyed cities include Shanghai, Wuhan, Shenyang, Fuzhou, and Xi'an. Guangzhou was added in the most recent survey
- Both local residents and migrants are included in the sample

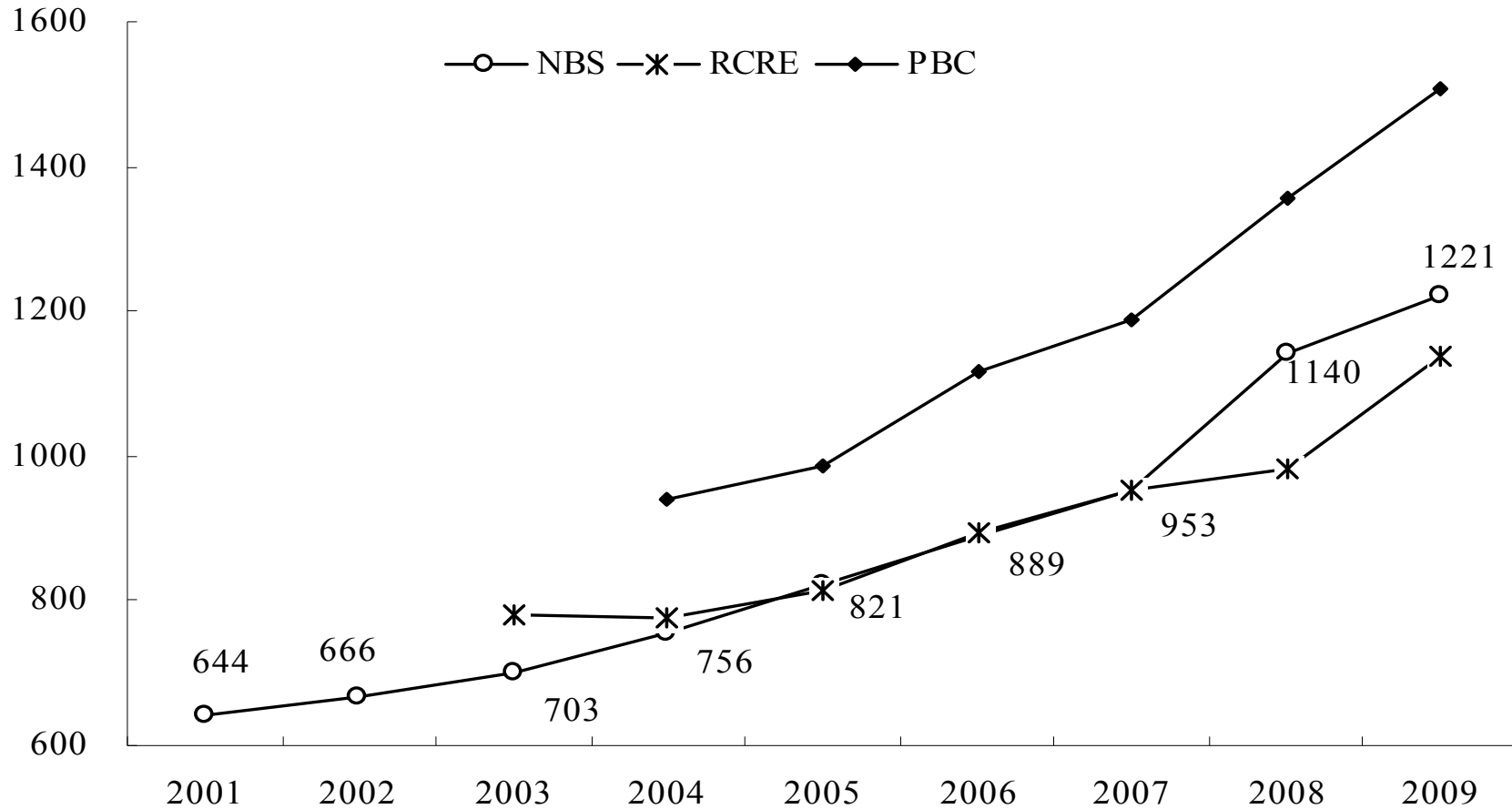
Data collection in CULS2010

- In each of 6 cities of CULS3, survey 700 local resident households and 600 migrant households
- In 5 completed cities, surveyed 13,000 adults, including 9000 local residents 5000 migrants
- 3-stage PPS sampling of urban sub-districts, neighbourhoods, and households
- Detailed enumeration of all dwellings in each neighbourhood
- Surveys directed by IPLE-CASS, working closely with city Statistical Bureaus

Worker sample description

	CULS2		CULS3	
	Local Res.	migrants	Local Res.	migrants
Gender	100	100	100	100
Male	56.8	54.8	57.8	54.3
Female	43.2	45.2	42.1	45.7
Age	100	100	100	100
16~29	18.4	34.7	22.9	34.9
30~39	20.9	43.0	27.5	34.1
40~49	39.9	17.3	31.6	24.2
50~59	19.4	4.45	17.2	6.06
60+	1.3	0.59	0.8	0.67
Education	100	100	100	100
0~6	1.8	21.0	1.9	15.3
7~9	23.4	53.3	20.9	53.5
10~12	48.8	24.0	39.7	23.0
13+	26.1	1.76	37.5	8.28
Types of work	100	100	100	100
Self-employed	11.0	69.3	11.8	50.6
Wage employment	89.0	30.6	88.2	49.4

Real wages of migrant workers continued to increase

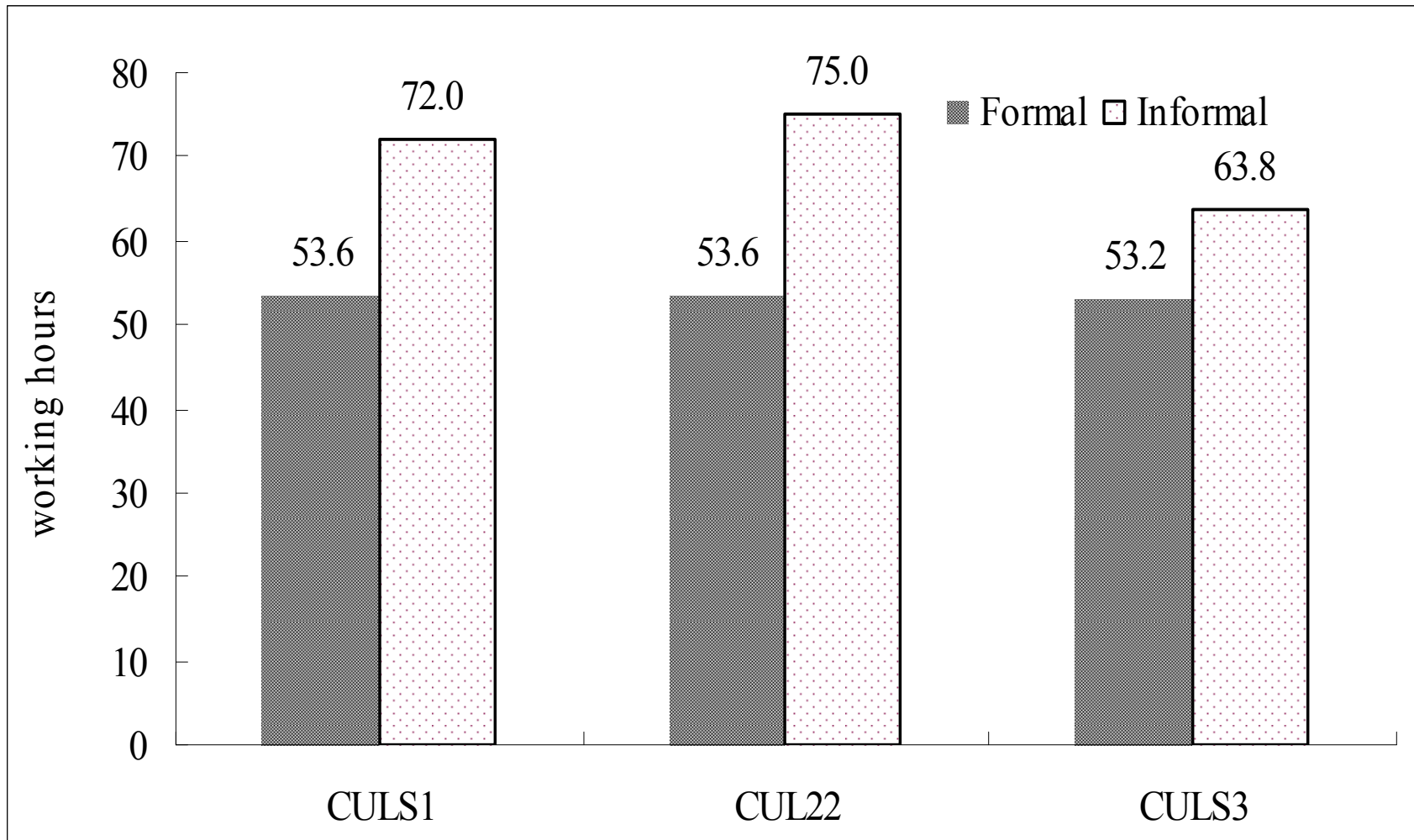


NBS=National Bureau of Statistics

RCRE=Research Center for Rural Economy (Ministry of Agriculture)

PBC=People's Bank of China

Changes of weekly working hours



Changes of earnings

	Formal Sector	Informal Sector	All
Hourly Earnings			
CULS2001	5.67	4.58	4.73
CULS2005	5.21	3.10	3.39
CULS2010	7.97	12.88	9.89
Monthly Earnings			
CULS2001	1321	1133	1296
CULS2005	1101	902	929
CULS2010	2728	2006	2290

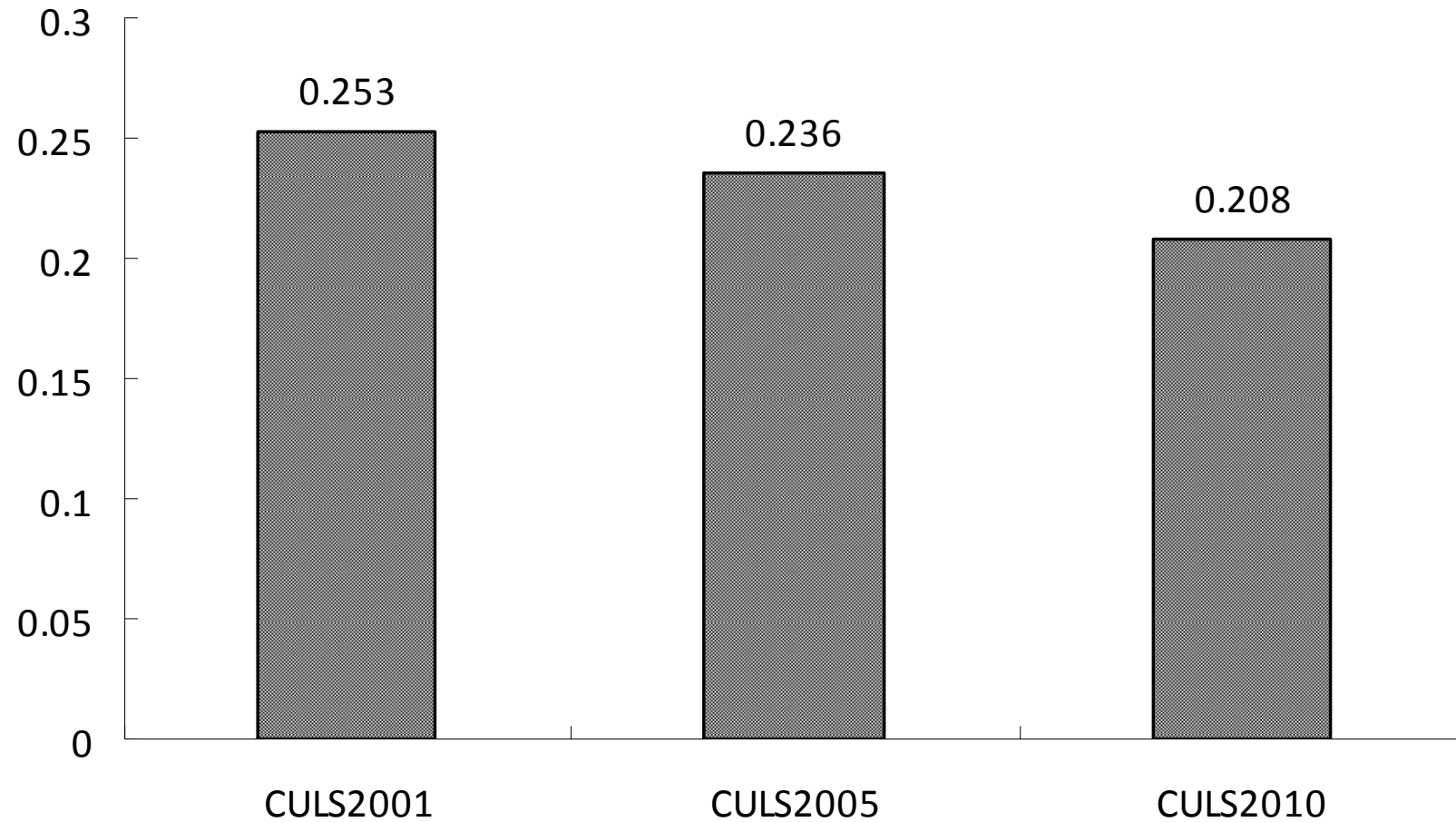
Informality rates over time: consistent definition

		2001		2005		2010	
		Local	Migrants	Local	Migrants	Local	Migrants
All		13.4	85.7	30.7	85.2	25.8	53.3
Wage employees				22.1	54.7	24.7	40.1
By gender:							
	Male	13.7	85.7	27.5	82.7	24.3	52.0
	Female	13.1	85.8	35.0	88.4	27.8	54.9
By age:							
	16~29	11.6	80.9	26.5	81.7	21.2	47.3
	30~39	15.8	89.2	34.1	85.2	21.5	53.3
	40~49	14.2	94.3	33.8	91.9	31.3	60.9
	50~59	9.22	92.1	24.2	85.5	27.1	64.2
	60+	20.6	93.9	37.6	84.9	63.2	75.6
By education:							
	0~6	41.4	92.7	68.0	86.8	50.6	78.1
	7~9	19.4	87.8	42.5	89.3	44.7	61.4
	10~12	12.1	78.4	30.4	83.3	27.9	50.0
	13+	5.0	61.0	18.0	43.5	11.9	23.4

Composition of informality: new definition (%)

	Local workers	Migrant workers
Formal Employment	71.59	34.63
Informal Employment	28.41	65.37
Family workers	1.24	5.79
Self-employment	7.00	30.95
Employees in informal sector	5.48	11.12
Employed informally in formal sector	13.99	14.96
Employer in informal sector	0.71	2.56

Changes of relative returns to education: skilled workers vs. unskilled workers



A typical Mincer regression is applied, dependent variable is log of hourly earnings.

Awareness of labor law provisions (CULS, 2010)

	Local residents	Migrants
1.Do you think that when you are hired your employer should set a labor contract with you? (yes)	96.28	89.66
2.Do you think employers must pay you double wages for each month you worked beyond the allotted time for completing a labor contract? (yes)	82.20	79.47
3.If a worker violates the rules set by an employer can the employer terminate the worker's labor contract? (yes)	68.83	72.90
4.If you meet the required conditions and suggest an open-ended contract, must your employer comply? (yes)	68.65	62.77
5.Within how long do you think the labor contract should be signed after being hired? (one month)	40.14	41.32
6.For a one-year labor contract, what is the maximum probationary period? (2 months)	24.54	23.72

Workers are aware of right to a labor contract, but vary in their familiarity with Specific provisions. Migrants and local residents have similar levels of awareness, which increases the possibility to improve the coverage of social protection .

Labor contract status (CULS, 2010)

	Local residents			Migrants		
	Male	Female	Total	Male	Female	Total
1. Fixed-term labor contract	56.22	61.29	58.35	50.46	52.17	51.26
2. Open-ended labor contract	20.48	14.98	18.17	4.96	2.88	3.98
3. Other contract (for specific work, labor service company)	1.49	1.53	1.50	3.59	2.21	2.94
4. No labor contract	21.81	22.20	21.97	41.00	42.74	41.82

Social Insurance Coverage (CULS, 2005 and 2010)

	2005		2010	
	Local residents	Migrants	Local residents	Migrants
Pension	65.5	6.1	73.0	19.4
working	74.5	6.0	77.0	20.0
Unemployed	49.1	5.6	37.7	4.11
Out of LM	67.2	9.2	78.7	20.2
Unemployment Ins.	18.9	1.9	26.2	5.75
working	31.8	2.1	47.2	6.58
Unemployed	15.4	0	8.25	0
Out of LM	4.5	0.28	7.80	1.18
Health Insurance	54.4	4.2	74.7	47.4
working	62.7	4.0	76.8	46.9
Unemployed	28.6	0	43.0	37.0
Out of LM	56.3	8.1	77.9	33.8

Progress increasing coverage of migrants, and expanding health insurance coverage, (especially to nonworking individuals)

Conclusion

- Evidences from micro level data in urban labor market indicate that main labor market outcomes for migrant workers has changed significantly in recent years when the Chinese economy approaches to Lewis Turning Point
- It seems that both changed labor market situations and strict labor market regulations facilitate to improve the welfare of migrant workers, as evidenced by the declined informality rates
- The gaps of relative returns to skilled and unskilled labor are shrinking. This convinces the coming LTP, but increases the concern on labor productivity growth also