

Job Mobility in Post-reform China: Do Individual and Institutional Factors Matter?

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Abstract:

This article examines the effects of individual and institutional factors on job mobility in post-reform China. Within the macro-background of Chinese economic reform and emerging labour markets, this article proposes an analytical framework to guide the empirical research and employs data from a large scale survey in Chinese cities in 2009 to test hypotheses. The findings show that both individual and institutional factors are significantly associated with the experience of job mobility. At the individual level, gender, education, income of previous job and the methods of obtaining previous job play a significant role in affecting job changes. At the institutional level, employees' previous job sector and marketisation of labour markets count.

Key words: job mobility, individual characteristics, institutional factors, China

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I. Introduction

Job mobility refers to job changes within a workplace and across workplaces. It has a significant impact on career development of employees and human resource management of employers. As a complex phenomenon influenced by diverse socioeconomic factors, job mobility has attracted strong interest and attention from academia, governments and non-government organisations across countries. It has been documented that job mobility is related to wage changes, labour market flexibility, worker-job match, utilisation of social networks in employment processes and so on (Perez and Sanz 2005; Jovanovic 1979; Wegener 1991; Bian and Ang 1997). However, very few existing studies have systematically examined what factors tend to affect the occurrence of job changes *per se*. Using survey data from urban China, this article attempts to address two main research questions: *What individual characteristics and institutional factors are associated with job changes in China? To what extent do they play a significant role in affecting job changes in China?*

The remainder of the article is organised as follows. Section II outlines the historical evolution of employment patterns in urban China, describing the macro-background of the present study. Section III proposes an analytical framework to guide the empirical research and formulates hypotheses. Section IV introduces the data and measurements of variables. Section V presents the findings and discusses the implication and limitations of the research.

II. Background: Evolving employment patterns in urban China

China's employment policies have altered the allocation of labour tremendously ever since the market-oriented reform in the late 1970s. A few major periods of the evolution of employment patterns can be categorised.

(1) In the pre-reform period (1949-1979), labour markets were absent in China. Labour was strictly controlled by the state through a range of institutions such as the household registration (*hukou*) system, urban work-unit (*danwei*) system, the rationing system, and the urban-biased social

security and welfare system. Labour was treated as a national resource instead of a commodity and private labour rights were denied. Job mobility was highly restricted (Bian 1994).

(2) The early reform period (1980-1992) featured the return and emergence of labour markets. The reform of urban labour policies was designed to decentralise power, to grant autonomy and to give up partial profits to enterprises. “Labour contracts” were trialled in certain localities in 1983 and then extended nationally in 1986. State job assignments were confined to a proportion of college graduates, and job markets emerged and developed.

(3) The further reform period (1993-2001) was characterised by widespread and growing prevalence of labour markets in China. Labour contracts were made mandatory in all organisations. Employers in the state sector were facing strong competition from the non-state counterparts to implement a “flexible human resource policy” including making workers “redundant” (*xiagang*). As a result, rates of voluntary and involuntary job mobility increased and massive numbers of rural migrants increasingly competed for jobs with urban residents (Cai 2003).

(4) The post-WTO period (2002-present) has witnessed that labour market reforms are being driven further by China’s accession to the World Trade Organization. The main challenge facing China’s labour market is to create quality jobs for the new entrants to the labour force as well as absorb the sizable labour surplus in the state-owned enterprises and rural sectors. To address the labour market pressures, government policies have been suggested to focus on encouraging private sector development while reducing barriers to labour mobility, improving worker skills, upgrading job search services, and strengthening the social safety net (Brooks and Tao 2003).

Apparently, over the last few decades urban China has experienced a transition from strict state control of labour resources to the emergence and development of labour markets. The massive transformation not only offers extraordinary opportunities for individuals to participate in labour forces and pursue their career development but also provides a macro background for researchers to examine the choices and actions of individuals in labour markets.

III. Analytical Framework and Hypotheses

From an economic perspective, it can be argued that employees move between jobs if the expected utility of the mobility exceeds current utility less the costs of the change. From a sociological point of view, however, more socioeconomic factors would be taken into account for the examination of job mobility. Job mobility is not purely a “utility analysis” but subject to opportunity structures and different aspects of time in people’s career development. Moreover, individuals’ job-relevant resources, constraints, and contacts are expected to interact with structural characteristics (Rosenfeld 1992).

As reviewed above, China’s evolving employment patterns would make it reasonable to predict that, the overall job mobility, as an outcome of having more individual freedom and opportunities in the emerging labour markets, has been increasing since the economic reform. Nevertheless, given the existence of various inequalities at Chinese workplaces and in broader society (Bian 1994; Whyte 2010), the question of what factors are associated with job changes needs a more thorough examination. This article proposes an analytical framework, arguing that both individual and institutional factors play a significant role in determining job mobility in the Chinese context (Figure 1). At the individual level, gender, educational attainment, income of previous job, and prior job search experience are assumed to have a noticeable impact on job changes. At the institutional level, previous job sector and marketisation of labour markets are two factors which are likely to exert significant influence on job mobility. Relevant hypotheses are elaborated below.

[Figure 1 about here]

Individual factors

Gender. Extant research presents mixed findings regarding the relationship of gender and job mobility. Some researchers found that overall job mobility levels are quite similar for both sexes (Loprest 1992) but some claimed that men and women experienced different levels of job mobility through diverse mechanisms (Keith and McWilliams 1999). In the post-reform China, similar to

other countries, gender inequality exists in different domains of labour markets, such as unequal pay, unequal access to certain job positions, and the “glass ceiling” which prevents women from achieving higher goals in their work careers. For males and females, the likelihood of changing jobs may differ significantly. Men are likely to have more opportunities and resources to pursue job mobility. This leads to:

Hypothesis 1: Men are more likely to experience job mobility than women.

Education. It is argued that job mobility depends on the type and quantity of the human capital the worker has acquired (Dolton and Kidd 1998). In contemporary society, education has long been regarded as the most important form of human capital, which provides individuals with academic qualifications and occupation-related learning skills. Thus it can be assumed:

Hypothesis 2: Employees with a higher level of education are more likely to experience job mobility.

Job experience. Changing a job is a significant event for employees. It involves rational analysis of comparing earnings and working conditions between jobs. For instance, the less an employee earned from the previous job, the more possible that he/she would be motivated to leave the job because of financial concerns. Therefore,

Hypothesis 3: Employees with a lower level of income from their previous job are more likely to experience job mobility.

In addition, how employees obtained their previous job might influence their consideration of making the next move in career development. If an employee secured his/her first job as the result of being recommended or helped by someone in personal networks, it meant that he/she was able to mobilise social resources to achieve an instrumental goal in the past. Again, it might indicate that this employee tended to have stronger confidence in or better chance of changing jobs in the future. On the other hand, if an employee was assigned a job by the state government, it might imply that he/she would be less likely to consider job changes compared to individuals who obtained their jobs through formal market channels. The following hypotheses are thus proposed:

Hypothesis 4a: Employees who obtained their previous job through social networks are more likely to experience job mobility compared to people who secured their jobs through market channels.

Hypothesis 4b: Employees who obtained their previous job by state assignment are less likely to experience job mobility compared to people who secured their jobs through market channels.

Institutional factors

Job sector. In urban China, working in the state sector has long been associated with a wide range of advantages such as better pay, job security, social welfare and other benefits. The market-oriented reform rocked the “iron bowl” of employees of the state sector and caused redundancy of workers. Nevertheless, overall the state sector remains attractive to job seekers and relatively sheltered from market forces compared to the non-state sector (Huang 2008). Assuming that market dynamics are the main source of uncertainty and lay-offs, employees in the state sector would have less fear and weaker desire to experience job mobility.

Hypothesis 5: Employees who have the previous job in the state sector are less likely to experience job mobility compared to the counterpart in the non-state sector.

Marketisation of labour markets. Since the economic reform started, labour markets have been developing in urban China. The past few decades have witnessed that individuals had more freedom, autonomy and opportunities to make decisions of participating in labour force and to design their own career paths. Hence,

Hypothesis 6: Employees who entered their job in the post-reform era are more likely to experience job mobility than the counterpart in the pre-reform period.

In post-reform China, market economy has been developing at various speeds across regions, which causes gaps between the coastal, central and western provinces. It is documented that during 1987-98, the coastal provinces grew 3 percentage points more than the central regions and almost 4 percentage points more than the western regions (Magariños and Sercovich 2002). The same patterns apply to the development of labour markets. Between the coastal and the other areas, there

are huge differences in employment processes, hiring practices and job opportunities. A hypothesis is derived from this observation:

Hypothesis 7: Employees in coastal provinces are more likely to experience job mobility than the counterpart in other provinces.

IV. Methods and Variables

Data

The paper employs data from the 2009 Chinese eight-city survey (Bian et al 2012)¹. These cities (Guangzhou, Xiamen, Shanghai, Tianjin, Jinan, Xi'an, Lanzhou, and Changchun) present a large regional variation in terms of economic growth and labour market development. Multistage probability sampling design was adopted in this survey by taking advantage of the cities' geo-administrative structure (city district, subdistrict, and neighbourhood committees). Respondents were required to be 18 years or older and with civilian labour-force experience. In each city, the percentage of migrant labour in the city's labour force was estimated by using diverse sources of aggregate statistics. The estimate was used to draw a quota sample of migrant households. An adult who worked for earnings in the city was selected to be the respondent from each household. A total of 6507 respondents have complete information on all variables in Table 1 and form the analytic sample for this study.

[Table 1 about here]

Dependent variable

Job mobility is the dependent variable, which is measured by asking whether respondents experienced any job change since their first job. If a respondent had the experience, it is coded as "1"; otherwise it is "0". This dummy variable is used in a binary logistic regression model to test the hypotheses above. In the analytic sample, about 45 percent of respondents experienced job mobility at least once.

Independent variables

At the individual level, four variables are measured. *Gender* is a dummy variable, coded into two categories (male=1 and female=0). *Education* is measured by years of schooling, a continuous variable. On average, the respondents included in the study had over 12 years of schooling. *Monthly income of first job* is measured as a categorical variable. The monthly income of respondents' first job is classified into four levels: 500 Chinese *yuan* or below (reference category), 501-1000 *yuan*, 1001-2000 *yuan* and 2000 *yuan* or above. *Methods of obtaining first job* is constructed to have four categories: (1) market channel (e.g., submitting job applications to prospective employers or securing a job through labour markets; it is the reference category); (2) social networks (e.g., obtaining information or favour from social contacts for job searches); (3) hierarchical channels (e.g., securing a job by state assignment or replacing a retiring parent's position); and (4) mixed channels and other.

At the institutional level, three variables are measured. *Previous job sector* is a dummy variable (state sector = 1 and non-state = 0). Referring to major stages of the evolving employment patterns in China, *time of entering first job* is classified into four periods: pre-1980 (reference category), 1980-1992, 1993-2001 and 2002-2009. *Region* is coded as a dummy variable (coastal = 1 and other provinces = 0).

Control variables

Control variables include age, age squared, communist party membership, industry, work-unit rank and position of first job, and migrant status. Due to space constraint, the details of variable coding are not presented.

V. Findings and Discussions

As shown in Table 2, both individual and institutional factors have statistically significant associations with the experience of job mobility in urban China. The results of testing the hypotheses are summarised below.

(1) Compared to women, men tend to have a 29 percent higher odds (odds ratio=1.292) of experiencing job mobility. Hypothesis 1 is supported.

(2) Education is significantly associated with the experience of job mobility. Having one more year of schooling is likely to increase the odds of changing jobs for nearly 7 percent (odds ratio=1.066). Hypothesis 2 is supported.

(3) Compared to those with the lowest level of monthly income (i.e., 500 *yuan* or below), employees who earn more are less likely to change jobs as indicated by the odds ratios of the three higher income categories (.510, .316, and .130). That is, employees with a lower level of income from their previous job are more likely to experience job mobility. Hypothesis 3 gains support.

(4) Regarding the methods of obtaining first job, they are significantly associated with job mobility in different ways. For employees who obtained their first job through social networks, they tend to have a 38 percent higher odds (odds ratio=1.375) of changing jobs compared to those who obtained their jobs through market channels. By contrast, employees who obtained their first job by state assignment and other hierarchical channels are less likely to change jobs for nearly 45 percent odds (odds ratio=.555) compared to people who secured their jobs through market channels. Based on these results, both Hypothesis 4a and Hypothesis 4b stand the statistical tests.

(5) Previous job sector turns out to be significantly associated with job mobility. Employees whose first job was in the state sector tend to have a 53 percent lower odds to make job changes compared to people employed in the non-state sector (odds ratio=.473). This result lends statistical support to Hypothesis 5.

(6) There are significant associations between the job-entry years and the experience of job mobility. Compared to the pre-reform period, two post-reform periods (1980-1992 and 1993-2001) show higher odds of witnessing job changes (odds ratios are 1.442 and 1.997 respectively) but the most recent period 2002-2009 does not. Hypothesis 6 is partly supported.

(7) Employees in coastal provinces have a 36 percent higher odds of experiencing job mobility (odds ratio=1.356) compared to the counterpart in other provinces. Hypothesis 7 is supported.

In summary, the findings lend strong support to the analytical framework which argues that both individual and institutional factors matter for experiencing job mobility. The study contributes to advancing our understanding of the complex phenomenon of job mobility in China, a country which has been experiencing dramatic socioeconomic transformation in recent decades. On the one hand, job mobility does indicate opportunities to exercise free movement in the emerging labour markets. A further analysis of the survey data shows that job changers tend to earn more than non-changers². On the other hand, job mobility is associated with or constrained by various factors and not everyone has equal access to job mobility. Male employees, people with more years of schooling, people who was able to utilise social network resources in their job searches, residents in coastal provinces and employees who entered their job position in the post-reform periods are more likely to experience job mobility than women, people with less years of schooling, people who searched jobs by using market channels, those living in inland provinces and employees who started their work before the market reform. In addition, employees of the state sector and people whose income was higher tend to be job-stayers rather than job changers compared to the counterpart of the non-state sector and those with low income.

As an explorative study of job mobility in China, this paper has its limitations due to data constraints. For instance, the survey did not ask respondents why they changed jobs so it is impossible to know whether their job mobility was voluntary or involuntary. Besides, there is no detailed information about the chain of job changes, which prevents the research from examining the mechanisms whereby job mobility occurs and leads to different outcomes. These issues could be addressed in the future when suitable data are available.

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Notes:

1. This survey project was led by Professor Yanjie Bian at Xi'an Jiaotong University in China, who is acknowledged for making the data available.
2. T-test results show that there are significant wage differences between the job changers and non-changers. In each of the four major periods (i.e., pre-1980, 1980-1992, 1993-2001 and 2002-2009), job changers earned more than non-changers.

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Figure 1. Hypothetical effects of individual and institutional factors on job mobility

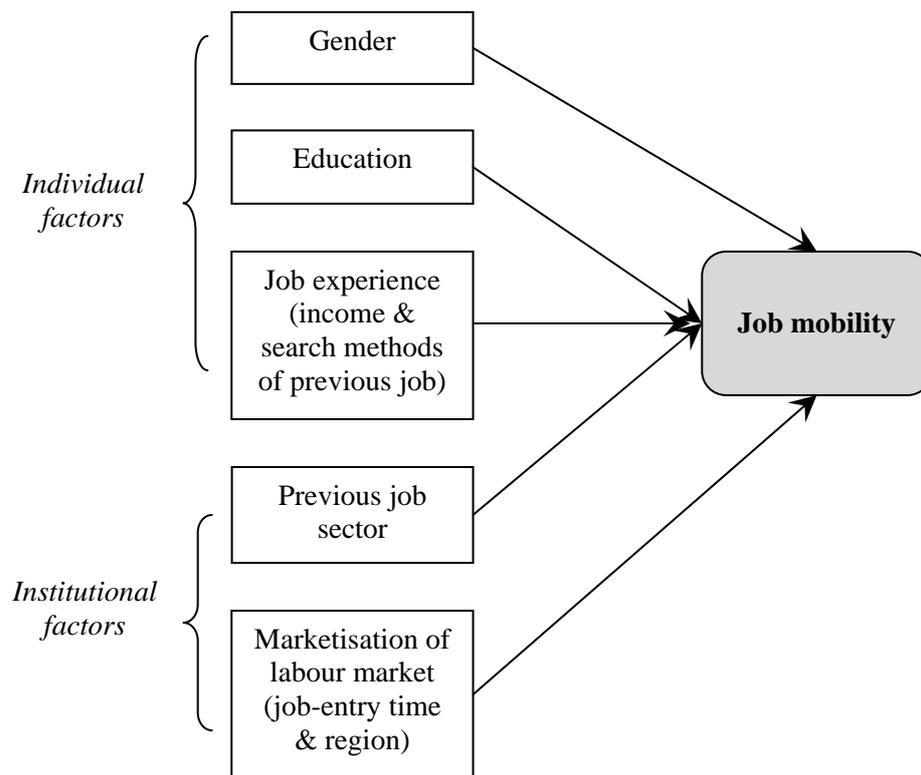


Table 1. Descriptive statistics of variables in the analyses, Chinese 8-City Survey 2009 (N=6507)

Variables	Mean (S.D.) or %
<i>Dependent variable</i>	
<i>Job mobility</i> (job change=1)	45.18%
<i>Independent variables</i>	
<i>Individual factors</i>	
Gender (male=1)	46.61%
Years of schooling	12.32(3.27)
Monthly income of first job	
500 <i>yuan</i> or below (ref.)	60.46%
501-1000 <i>yuan</i>	15.44%
1001-2000 <i>yuan</i>	13.86%
2000 <i>yuan</i> or above	10.24%
Methods of obtaining first job	
Market channel (ref.)	26.33%
Social networks	15.03%
Hierarchical channels	48.44%
Mixed channels and other	9.97%
<i>Institutional factors</i>	
Previous job sector (state =1)	71.58%
Time of entering first job	
Pre-1980	33.04%
1980-1992	27.83%
1993-2001	17.80%
2002-2009	21.33%
Region (coastal=1)	51.07%
<i>Control variables</i>	
Age	21.27(4.57)
Age ² /100	4.73(2.52)
Party member	5.41%
Monopolistic industry	16.51%
High-ranking work-unit	72.61%
Professional/managerial job	29.11%
Migrant	16.29%

Table 2. Binary logistic regressions for individual and institutional factors on job mobility, Chinese 8-City Survey, 2009

Predictor variables	Job mobility
Individual factors	
Gender (male=1)	1.292***
Years of schooling	1.066***
Previous job	
Monthly income of first job (ref.= 500 <i>yuan</i> or below)	
501-1000 <i>yuan</i>	.510***
1001-2000 <i>yuan</i>	.316***
2000 <i>yuan</i> or above	.130***
Methods of obtaining first job (ref.=market channel)	
Social networks	1.375***
Hierarchical channels	.555***
Mixed channels and other	.700***
Institutional factors	
Previous job sector (state =1)	.473***
Region (coastal=1)	1.356***
Time of entering first job (ref.= pre-1980)	
1980-1992	1.442***
1993-2001	1.997***
2002-2009	1.068
Control variables (not presented)^a	
Constant	3.005*
Nagelkerke R ²	.175
Number of cases	6507

Notes:

1. Entries are odds ratios.

2 ^a Control variables include age, age squared, communist party membership, industry, work-unit rank and position of first job, and migrant status.

3. *p<.05, **p<.01, ***p<.001