

Chapter 2

Quality of Employment and the Underlying Factors



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As the working age population in China continues to shrink, imbalances in the supply and demand for labor have been somewhat mitigated, leading to lower employment pressures. On one hand, the rapid development of the service sector has increased the number of available jobs. On the other hand, there are still severe structural problems in the labor market. The mismatch between supply and demand will make it difficult to resolve graduate unemployment in the short run, even as there continues to be a significant shortage of highly skilled workers.

Concurrently, the slowdown in economic growth will lead to an even greater shortage of workers in certain regions and industries. Supply will continue to outstrip demand in certain sectors of the labor market. Hence, for the foreseeable future, employment rates will remain a fundamental concern for the government when setting economic growth targets.

While employment rates are still important, employment quality has also been receiving more attention. While measures to encourage informal employment, implemented during the 1990s to ease employment pressures, have effectively boosted employment rates, these same measures have suppressed income levels and led to lower job security. Meanwhile, there are large numbers of migrant workers in urban areas who face poor working conditions and low levels of social security. Difficulties faced by university graduates seeking employment have also directly affected their quality of employment—many graduates have found themselves in want of good quality jobs. Hence, given that China's labor imbalances have been abated, improvements in income levels, working conditions, and social security for workers will not only enhance the overall quality of employment but also further ease employment pressures.

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2.1 Literature Review

The interaction between workers and the factors of production is reflected in their quality of employment, which includes the nature of work, qualification requirements, salary, job security, working environment, social security, and labor relations (Liu and Han 2007). As economic globalization picks up pace, labor relations are becoming increasingly globalized. The involvement of multinational capital has not only caused labor conflicts in various countries, but has also made it more complex for a country to effectively balance labor-capital relations and protect workers' interests. Meanwhile, global economic downturns have also caused greater unemployment rates and deteriorating quality of employment to become a global problem (Liu and Han 2007). To address such issues, the 87th International Labour Conference that took place in June 1999 proposed the notion of "Decent Work", i.e. promoting decent, productive employment opportunities for men and women, against the backdrop of globalization, that are in line with the conditions of liberty, fairness, safety and human dignity.

Thereafter, international studies on employment quality have made progress in developing systems for appraising job quality at the individual level, comprehensive frameworks for assessing employment quality at the national level, and indicators for assessing job quality at the industry level. This led to the development of several indicator systems, notable examples of which include the "Decent Work" indicators proposed by the International Labour Organization, the "Quality of Employment" indicator framework developed by the United Nations Economic Commission for Europe, and the system of indicators for "quality of job and employment" put forth by the European Science Foundation (Wang 2014; Tian and Man 2013).

Inspired by foreign research on the quality of employment, Chinese scholars began to study this topic in the early twenty-first century. Their efforts have made employment quality a policy priority, making the improvement thereof an important goal for the government. Chinese scholars working in this field have noted that the quality of employment is inevitably influenced by a nation's culture, history and unique national conditions, and have emphasized that research efforts should be "localized". Thus, most Chinese research in this field focuses on the elements, indicators, and underlying factors of employment quality that are relevant to China's national conditions and current stage of economic development.

Scholars believe that the elements intrinsic to employment quality can be classified as either subjective or objective, and either "micro" or "macro". Firstly, scholars generally accept the view that the concept of employment quality is an overarching term that reflects the quality of the process whereby labor is combined with factors of production to generate income for workers. It has been pointed out that both objective working conditions and a worker's subjective appraisal of the labor process should be included when evaluating the quality of employment (Guo 2008). Second, scholars believe that the concept of employment quality often applies at both the micro and macro level. At the micro level, quality of employment includes all elements related to an individual's employment situation (from the perspective of the worker). At the

macro level, quality of employment includes the dynamic state of a labor market, at either a national or regional level.

Different scholars hold different views with regards to the specific connotations of the term “employment quality”, leading to disagreements regarding how relevant indicators should be developed. Take the indicators for employment quality at a macro level for instance. Some scholars have proposed that there are six aspects to understanding employment quality: sustained increase in job opportunities, ample utilization of labor resources, the role of employment in improving family life, the role of employment in enhancing one’s capabilities, the possibility of re-employment after losing a job, and ample protection of workers’ rights. Correspondingly, these scholars have proposed six classes of indicators: employment environment, employability, employment situation, labor remuneration, social protections, and labor relations (Lai 2011).

As for quality of employment at the micro level, some scholars have defined employment quality as a comprehensive term that encompasses the nature of work, working conditions, job security and safety, personal dignity, health and other benefits, social security, career advancements, labor-capital relations, and equal opportunities. These nine aspects are respectively evaluated through indicators that measure work quality, labor-capital relations, benefits and social security, and career advancement (Li 2003a, b). On the whole, optimization of the labor markets, growth in workers’ incomes, improvements to working conditions, better social security, and the development of harmonious labor relations have become key elements in developing indicators that reflect employment quality.

As for the underlying factors, in the early days of research on employment quality, elements leftover from the planned economy era meant that levels of administrative authority, the political landscape, and job seniority had an outsized effect on employment quality. However, with the progressive development of the market economy, human and social capital have begun to play a stronger role (Lai 2011; Meng et al. 2012; Dai and Wu 2009). Yet, household registration, ownership systems, industry type and occupation continue to exert an impact on employment quality (Su 2013).

On the whole, research into the quality of employment in China is still in the initial phase. Scholars have made inroads in defining the various connotations of the term “employment quality” and establishing the academic credentials of the concept itself. However, different scholars continue to take different approaches in designing relevant indicators. In addition, due to constraints on the availability of data, there are varying levels of inadequacies with regards to how comprehensively an indicator measures employment quality. The present paper aims to provide an overview of the current state of employment quality in China through objective “micro” indicators, while also using subjective “micro” indicators to explore the main factors underlying employment quality, with due reference to the current state of research.

2.2 The Current State of Employment Quality

- (1) Unemployment rates among highly educated young people remain high despite largely stable employment rates

The employment rate is one of the basic macro indicators that reflect the quality of employment. Whether or not a country or region can provide workers with greater job opportunities has become an important standard for measuring the local employment quality. China has achieved stable employment rates as the result of government policies to promote employment, greater job opportunities in the tertiary sector, progressive optimization of industry structures, and a shrinking working-age population. The average unemployment rate in urban areas was 5.1% as of end 2014, according to employment numbers for 2014 released by the National Bureau of Statistics.

At present, stable employment rates have laid a foundation for raising the quality of employment for China's workers. On the whole, we may observe the following.

First, graduates of higher education institutions now find it easier to find jobs. From the reasons for unemployment given in surveys, there was a decline from 2011 to 2013 in the proportion of graduates who are unemployed as a result of failure to find suitable employment after graduation. This figure was 17.5% in 2011 and 14.5% in 2013 (see Table 2.1), which shows that, though the number of graduates nationwide continues to increase, graduate employment has been somewhat improved under government policies that actively encourage graduate employment.

Second, long-term unemployment problems have been addressed, but short-term unemployment rates are on the rise. From survey results, it can be observed that short-term unemployment is on the rise, while long-term unemployment is on the decline. In 2013, short-term unemployment lasting six months or less was 43.1%, nine percentage points higher than in 2011 (see Table 2.2). This indicates that problems

Table 2.1 Causes of unemployment (%)

Reason for unemployment	2008 (N = 261)	2011 (N = 106)	2013 (N = 295)
Resignation/retirement	3.6	3.6	3.2
Unable to find employment after graduation	9.1	17.5	14.5
Homemakers	14.2	13.9	24.8
Unemployment due to employer-side reasons, such as bankruptcy, enterprise reform, <i>xiagang</i> , <i>neitui</i> , <i>maiduan gongling</i> , or dismissal	36.4	14.8	16.0
Personal reasons (family factors, health, resignation, etc.)	20.1	27.8	27.0
Requisition of household contracted land	1.8	1.9	3.2
Others	14.8	20.3	11.4
Total	100	100	100

Table 2.2 Duration of unemployment (% of respondents)

Duration	2008 (N = 261)	2011 (N = 106)	2013 (N = 295)
Less than six months	24.5	34.1	43.1
Six months to one year	5.9	12.3	10.9
More than one year	69.7	53.6	46.0
Total	100	100	100

Table 2.3 How likely are you to lose your job within the next six months?

Response	Number	%	Response	Number	%
Very likely	359	7.4	Very unlikely	2069	42.4
Likely	673	13.8	Unsure	181	3.7
Neither likely nor unlikely	379	7.8	Total	4877	100
Not likely	1216	24.9			

of long-term unemployment, caused by China's structural economic transition, are being gradually alleviated, while cyclical and frictional short-term unemployment caused by cyclical economic fluctuations and labor mismatches have become more common.

Third, job security remains relatively high. Unemployment surveys show that 67.3% of respondents believe that it is unlikely or impossible for them to lose their jobs over the next six months, while only 21.2% of respondents feel that they may or are likely to lose their jobs over the same period (see Table 2.3), pointing towards high levels of job security.

Fourth, the proportion of unemployed persons with higher education levels has risen. Based on the educational qualifications of the unemployed, there have been a rise in unemployed high school graduates while unemployment rates for those with secondary school qualifications or lower have been in decline. The CSS 2008 shows that 33.8% of persons with a high school education or above were unemployed. The same figure was 43% in 2011 and 57.1% in 2013. As for those with secondary vocational education or higher, 7.5% were unemployed in 2008, 12.3% in 2011, and 24.2% in 2013. This indicates that despite higher employment rates for graduates of higher education institutions as a whole, unemployment rates for educated youth remain on the rise. The sustained decline in their employment quality should be an issue of concern for society.

- (2) Wage growth for low-income groups have been lower than overall wage growth, leading to a wider income gap

Remuneration is the main motivation for participating in labor. Hence, in research on employment quality, income is often an important means by which researchers measure the quality of employment. Income from labor is the main means by which workers and their families meet daily expenses. In recent years, greater equity in

Table 2.4 Monthly wages for nonfarm workers

Monthly wages (by strata)	2011			2013			Average wage growth (%)
	Mean (CNY)	Number of persons	Standard deviation	Mean (CNY)	Number of persons	Standard deviation	
Lowest	612	777	400.526	699	985	449.649	14.2
Below average	1371	457	142.613	1792	1113	229.654	30.7
Average	1912	519	140.330	2408	484	148.001	25.9
Above average	2715	542	299.396	3065	762	213.087	12.9
Highest	7372	423	9386.790	9503	777	34,378.814	28.9
Overall	2460	2718	4333.102	3292	4121	15,241.412	33.8

income distribution has become a focus for the government—establishing sound mechanisms to support growth in incomes has become a policy priority.

Survey results show that the wages of workers in nonfarm sectors has increased significantly since 2011. In particular, the per-capita monthly wage for nonfarm workers had increased to CNY 3292 in 2013 from CNY 2460 in 2011, an increase of 33.8% in nominal terms. After dividing the monthly wages of nonfarm workers into five bands, the lowest band saw a somewhat lower increase in monthly wages, at merely 14% (see Table 2.4). This suggests that government efforts to raise wages for the lowest-income group have had limited effect. Wage growth for low-income groups remain tepid.

Based on the income gap for nonfarm workers, the highest group earned an income 1205 times greater than the lowest group in 2011. In 2013, this figure had increased to 1360, pointing towards a widening income gap.

- (3) It is commonplace for workers to work overtime. Manual laborers work longer than non-manual laborers.

In research on the quality of employment, working hours are the main indicator for measuring work intensity. Reasonable working hours are beneficial to the physical and mental health of workers, while also beneficial to a work-life balance. Surveys show that nonfarm workers worked an average of 8.8 h a day in 2011, with 42.6% working more than 8 h. In 2013, nonfarm workers worked 9.1 h a day, with 45.1% working more than 8 h (see Table 2.5). This shows that it is common for nonfarm workers to work overtime, which lowers employment quality to some extent.

It is particularly noteworthy that it is exceedingly common for menial laborers to work overtime. Surveys show that 30% of nonfarm workers whose work requires a certain level of skill work more than 8 h a day. On average, such workers are at their job for 8.7 h a day. Meanwhile, more than 55% of nonfarm workers whose work mainly involve manual or semi-manual labor work more than 8 h a day. On average, such workers are at their job for 9.5 h each day. Individual proprietors work for 10.2 h a day, employees at private enterprises work for 8.89 h a day, while those in *sanzi*

Table 2.5 Daily working hours for nonfarm workers

Duration	2011		2013	
	Number of persons	%	Number of Persons	%
Below 8 h	441	14.3	664	13.6
8 h	1325	43.1	2010	41.3
Above 8 h	1310	42.6	2195	45.1
Total	3076	100	4869	100

giye work for 8.86 h a day, all higher than workers in other jobs. This shows that, at present, some workers are depending on longer working hours to increase their income, while some enterprises continue to impose longer hours on their workers. Of course, intense work and longer hours result in a lower quality of employment.

(4) Improvements to the social safety net for workers

The social security system, otherwise known as the social safety net, is a system of material compensation and assistance to citizens by the state provided by law, playing a positive role in diversifying risk, guaranteeing basic living standards and maintaining social stability. Hence, it is an important indicator in evaluating the quality of employment. Survey results show that, at present, 88.2% of nonfarm workers enjoy medical insurance coverage in 2013—the highest rate among all insurance types. Retirement endowment insurance comes second—60.6% in 2013. Coverage rates are relatively low for unemployment insurance, work injury insurance and maternity insurance, respectively 23.3, 26.1 and 17.3% in 2013. Compared to 2011, the various social insurance coverage rates for nonfarm workers have increased by varying degrees in 2013 (see Table 2.6). This indicates that workers now enjoy somewhat greater levels of social security.

(5) Protection of workers' rights is steadily improving, and formal labor contracts have become more common.

Harmonious labor relations are a main indicator for evaluating the quality of employment. In general circumstances, the number of formal labor contracts, collective bargaining by workers, and participation by workers in management affairs are indicators that reflect the state of labor relations. The Chinese General Social Survey

Table 2.6 Various forms of social security for nonfarm workers

	2011		2013	
	Number of persons	%	Number of persons	%
Old-age insurance	1586	50.9	2954	60.6
Health insurance	2646	84.8	4299	88.2
Unemployment insurance	710	23.0	1130	23.3
Work injury insurance	751	24.3	1266	26.1
Maternity insurance	422	13.7	839	17.3

(CGSS) adopted rates of formal employment contracts as the main indicator for evaluating the state of labor relations. Our survey results show that there have been steady increases in the number of formal employment contracts due to greater government efforts to promote sound employment practices and protect workers' legitimate rights and interests while duly regulating the role of the market. In 2011, only 56.5% of enterprise employees signed a formal labor contract. This figure had risen to 61.3% in 2013.

In terms of category, fixed-term labor contracts have become more common. This figure was 41.1% in 2011 and 46.6% in 2013. In 2013, 88.3% of the employees of state-owned or state-controlled¹ enterprises had signed formal labor contracts with their employers. The equivalent figures for enterprises owned by a collective, private enterprises, and *sanzi qiye*² are respectively 74.1, 50.1 and 89.3%. Formal labor contracts have become a more common practice for most enterprises since 2011 (see Table 2.7).

2.3 Subjective Appraisals of Employment Quality

As employment quality reflects the quality of the specific means by which labor is combined with the means of production to generate income for workers, at the micro level, subjective evaluation of one's employment situation has become an important criterion for measuring the quality of employment. There are previous studies that have treated job satisfaction as an important indicator for employment quality. In fact, their authors believe that job satisfaction has replaced wages as the main indicator for measuring employment quality (Tian and Man 2013). Our chapter will build a linear regression model with job satisfaction as the dependent variable, which will describe human capital, social capital, and institutional factors impact subjective appraisals of job satisfaction.

(1) Self-reported Job Satisfaction

We asked respondents in nonfarm work to rate, on a scale of 1–10, their job satisfaction. Respondents were asked to rate aspects such as their working environment, work intensity, work safety, income and benefits, engagement during work, as well as their satisfaction with old-age insurance and health insurance. Results show that respondents expressed greatest satisfaction with work safety (7.16), followed by health insurance (6.83) and engagement during work (6.65). In contrast, respondents were less satisfied with income and benefits (5.46) and work intensity (5.80) (see Table 2.8). On the whole, job satisfaction was slightly above average.

¹ i.e. where the state holds a controlling stake—Trans.

² *Sanzi qiye*, literally “enterprises of three funding models” include sino-foreign equity joint ventures, sino-foreign contractual joint ventures, and wholly foreign owned enterprises—Trans.

Table 2.8 Job satisfaction

	Job satisfaction scores										Average
	1	2	3	4	5	6	7	8	9	10	
Working environment	3.4	2.1	4.6	4.2	18.5	14.7	14.4	19.9	6.8	11.6	6.55
Work intensity	5.5	5.1	8.7	7.9	19.0	12.6	12.3	15.9	6.0	6.8	5.80
Work safety	2.6	2.0	4.2	4.6	12.5	8.7	11.5	21.7	12.4	19.8	7.16
Income and benefits	6.2	5.5	9.0	8.8	22.0	15.6	13.0	12.1	3.7	4.3	5.46
Engagement during work	2.5	1.9	3.8	4.5	17.1	14.8	15.5	21.4	9.5	8.9	6.65
Old-age insurance	5.5	2.8	4.0	4.3	15.7	11.8	14.9	20.1	7.5	13.4	6.57
Health insurance	3.8	2.6	3.5	3.8	14.3	11.4	14.4	22.3	9.4	14.5	6.83

(2) Factors Underlying Job Satisfaction

The average value of the seven aspects of job satisfaction, each with equal weight, serve as the dependent variables in our analysis. Dependent variables include the dummy variables *female* (benchmark = *male*), *north China*, *northeast China*, *east China*, *central China*, *southwest China* (benchmark = *northwest China*), *post-60s*, *post-70s*, *post-80s*, *post-90s* (benchmark = *post-50s or older*), *white-collar* (benchmark = *blue-collar*),³ *public enterprise*, *non-public enterprise* (benchmark = *sole proprietorship*), *non-rural household registration* (benchmark = *rural household registration*), *non-migrant worker* (benchmark = *migrant worker*), *monopolistic industry* (benchmark = *non-monopolistic industry*),⁴ *formal employment*

³ Policemen, military servicemen, as well as leading officials/executives, professional/technical staff, clerks, and persons holding similar appointments in government departments, Party organs, “mass organizations”, public institutions, and enterprises fall under the category of white-collar employment. Ordinary enterprise workers, service staff, production/logistics workers and persons holding similar appointments are classified as blue-collar workers.

⁴ Monopolistic industries include the power, gas and water utility industries, logistics, transport, warehousing, postal services, finance, and real estate. Non-monopolistic industries include mining, manufacturing, construction, the information transmission, IT services and software sector, distribution and retail, accommodation and F&B, rental and commercial services, water conservation, environmental and public facilities management, residential services, and other service industries. Non-profit industries include scientific research, technical services and geological surveys, education, health, social security, social welfare, the cultural, sports and entertainment sector, public administration, and social organizations.

Table 2.9 Descriptive statistics

Dependent variable	Job satisfaction (dummy variable)	Mean	Standard deviation	Sample size
		6.4038	1.53507	4086
Gender	Female	0.3557	0.47880	4086
Region	Northwest China	0.1237	0.32923	4086
	Northeast China	0.0755	0.26428	4086
	East China	0.3328	0.47126	4086
	Central China	0.2841	0.45105	4086
	West China	0.1140	0.31789	4086
Age group	Post-60s	0.2252	0.41777	4086
	Post-70s	0.2960	0.45656	4086
	Post-80s	0.2978	0.45734	4086
	Post-90s	0.0890	0.28477	4086
Type of employment	White-collar	0.3141	0.46422	4086
Institutional factors	Public enterprise	0.2994	0.45805	4086
	Non-public enterprise	0.5317	0.49906	4086
	Non-rural household registration	0.3926	0.48838	4086
	Non-migrant worker	0.7952	0.40364	4086
	Monopolistic industry	0.1018	0.30239	4086
	Formal employment	0.4353	0.49586	4086
Human capital	Years of schooling	10.7165	3.67324	4086
	Vocational skills	2.5675	1.24617	4086
Social capital	Satisfaction with social life	7.17	1.768	4086

(benchmark = *informal employment*),⁵ *educational attainment*, *vocational skills*,⁶ *satisfaction with social life* (see Table 2.9).

On the whole, employment quality, as evaluated through job satisfaction, displays the following characteristics.

⁵ We define persons in formal employment as persons employed by a registered company, registered non-profit organization, government department, or other such entities, who have signed a formal labor contract (as well as those exempt from this requirement). Persons working for such employers, but who have not signed a formal labor contract (in contravention of regulations), are defined to be “informally employed by a government-recognized employer”. Self-employed persons and those in flexible forms of employment are defined as informally employed.

⁶ The vocational skills variable mainly reflects the skill intensity of a worker’s current job position. It is graded on a scale of 1–5. A score of 5 means that the job requires a “very high” level of professional skill, 4 means that the job requires a “higher” level of professional skill, while 3 means that the job requires “some” professional skill. A score of 2 indicates that the job is “semi-skilled” while 1 indicates that the job involves menial labor.

First, males and females report statistically significant differences in employment quality, with females expressing higher levels of job satisfaction. In terms of wage levels, income for the average woman is merely 48.7% that of the average man (CNY 5765 for men; CNY 2810 for women). However, women report far higher levels of satisfaction with work safety, work intensity, and their working environment. Women also report slightly higher levels of satisfaction with their income and job benefits. This suggests that women are more satisfied with their working conditions. A possible interpretation is that women have less demand for high wages and greater benefits.

Second, at the regional level, workers in northern and eastern China report higher levels of job satisfaction. This suggests that in these developed regions, where white-collar workers make up a larger proportion, workers enjoy greater wages, benefits, work safety, and lower work intensity, enhancing their job satisfaction.

Third, compared to those born in the 1950s, those born in the 1960s, 1970s, or 1980s report significantly lower levels of job satisfaction, suggesting that as the main labor force demographic, these groups face greater job pressures than those born in the 1950s, who are close to retirement. Meanwhile, those born in the 1990s are just beginning to enter the labor market. The somewhat lower levels of job satisfaction reported by this group are not statistically significant.

Fourth, occupation-wise, white-collar workers report significantly higher levels satisfaction with their working environment, work intensity, work safety, wages and benefits, and engagement during work than blue-collar workers. However, white-collar workers are less satisfied with old-age and health insurance, despite enjoying better benefits in these areas. This suggests that white-collar workers have stronger demands for social security than blue-collar workers.

Fifth, with regards to institutional factors, systems of ownership, household registration and industry monopolies did not exert a significant impact on the quality of employment. This indicates that, as the economic system undergoes transition, the impact of institutional factors on employment quality is weakening. However, whether or not a worker is a migrant laborer or in formal employment continues to exert a significant influence on their job satisfaction. This suggests that it remains difficult for migrant workers to integrate into local societies, which translates to lesser protections with regards to working conditions, wages and benefits, and social security. Meanwhile, the legitimate rights and interests of workers in informal employment remain vulnerable. Currently, 56.5% of workers are in informal employment, meaning that improving their employment quality will be key to raising employment quality across the board.

Sixth, with regards to human capital, educational attainment (as measured by years of education) does not have a significant effect on job satisfaction. In contrast, vocational skills levels do have a significant impact. This suggests that higher educational attainment does not necessarily lead to a good job. Given graduates continue to face difficulties in employment, lower employment quality for this group has become common. Apart from high unemployment rates, highly educated youths continue to face depressed incomes, an increase in informal employment, lower levels of job satisfaction, and an increasing mismatch between their formal education and vocational skills.

Seventh, those who report greater satisfaction with their social life report a higher level of job satisfaction, suggesting that social capital plays a strong role in improving employment quality. Social capital has an impact on the costs of seeking employment and job matching. In a competitive employment market, social capital will play a key role in enhancing employment quality (Table 2.10).

2.4 Conclusions and Policy Proposals

Through an objective description of employment quality and analysis of self-reported (subjective) levels of job satisfaction, we reach the following conclusions regarding current employment quality in China.

On one hand, employment pressures in China have eased somewhat due to a shrinking working-age population and positive government policies to promote employment. These have also led to greater job security, lower unemployment rates, and a rise in short-term unemployment accompanied by a fall in long-term unemployment. In particular, the last factor indicates that those who lose their jobs now find it easier to seek new employment. On the other hand, unemployment rates for highly educated youth remain high, leading to a fall in employment quality.

Meanwhile, wage increases have not kept pace with a growing income gap. Wage increases for low-income groups are tepid, and such workers are often forced to work longer hours to earn more. In addition, it is common for non-public enterprises to mandatorily require overtime work.

Labor-capital relations continue to improve, with formal labor contracts becoming increasingly common. Social security has also been progressively enhanced. Improvements in these aspects indicate that China has made sound progress in regulating employment practices. On the whole, China has made progress in developing sound labor market institutions. Elements of the planned economy system that created a segregated labor market are being progressively eliminated—systems of ownership, household registration, and industry monopolies no longer exert a significant impact on employment quality. However, policies that support China's huge numbers of migrant laborers should be further enhanced to ensure that they are entitled to the same employment benefits and social security as their urban counterparts. In addition, safeguards pertaining to informal employment should be expanded to adequately protect labor rights and interests for these workers.

To this end, we propose the following.

First, positive employment policies should continue to be promoted, thereby ensuring sustained improvement to the employment situation in China. While the employment situation is largely sound, a slowdown in economic growth has led to economic fluctuations. Certain regions and industries continue to face employment pressures even as the labor force continues to grow. The quality of employment available to highly educated young people remains less than ideal, even as jobs remain

Table 2.10 Linear regression coefficients (unstandardized)

	Constants	Coefficient	Standard deviation	t-value	Significance level
		3.470	0.166	20.925	0.000
Gender	Female	0.332	0.047	7.130	0.000
Region	Northwest China	0.214	0.103	2.067	0.039
	Northeast China	0.154	0.114	1.350	0.177
	East China	0.185	0.091	2.029	0.043
	Central China	-0.079	0.092	-0.862	0.389
	West China	0.074	0.105	0.705	0.481
Age group	Post-60s	-0.220	0.086	-2.566	0.010
	Post-70s	-0.320	0.084	-3.795	0.000
	Post-80s	-0.247	0.088	-2.792	0.005
	Post-90s	-0.142	0.108	-1.313	0.189
Type of employment	White-collar	0.269	0.063	4.284	0.000
Institutional factors	Public enterprise	0.130	0.084	1.543	0.123
	Non-public enterprise	0.288	0.064	4.496	0.000
	Non-rural household registration	0.006	0.054	0.110	0.913
	Non-migrant worker	0.120	0.056	2.122	0.034
	Monopolistic industry	-0.018	0.073	-0.239	0.811
	Formal employment	0.152	0.057	2.651	0.008
Human capital	Years of schooling	0.004	0.009	0.449	0.653
	Vocational skills	0.161	0.021	7.770	0.000
Social capital	Satisfaction with social life	0.288	0.012	23.315	0.000
Adjusted R ²		0.186			
F Statistic		47.684			
Significance level		0.000			

somewhat scarce. Hence, positive employment policies, promoting entrepreneurship, and lowering barriers faced by entrepreneurs remain important to ensuring the quality of employment.

Second, labor market mechanisms should continue to be improved, and mechanisms to allow freedom of employment should be developed. Migrant workers continue to experience a low quality of employment even though institutional factors dating from the days of planned economy no longer exert as strong an influence on China's labor markets and institutional barriers to internal migration have been progressively eliminated. There remains room for improving institutional mechanisms that promote quicker progress in urbanization, the development of open, fair, and equitable labor markets, encouraging labor migration within reasonable limits, and ensuring the integration of migrant workers into local society.

Third, the rights and interests of workers should be safeguarded through continued regulation of corporate employment practices. Although China has made sound progress in regulating corporate employment practices, as evident from the increasing numbers of workers who have signed formal labor contracts and their entitlement to social security, mandatory overtime work remains a concern and scant protection of the rights and interests of workers in informal employment remains a policy dilemma. Hence, there is a need to further strengthen regulations pertaining to corporate employment practices to protect the physical and psychological health of workers. In addition, formal labor contracts should be more widely mandated, in order to reduce the number of workers engaging in informal employment.

Fourth, skills training for workers should be more widely promoted. Our analysis in this chapter has shown that workers' skills are key to enhancing their employment quality and job satisfaction. Survey results show that, at present, merely 39.7% of workers have participated in skills training organized by their employers over the past year. Thus, skills training for workers should be a focus for the government, relevant institutions and employers.

Fifth, labor market services that provide workers with adequate protections should continue to be developed. Main channels for seeking employment have remained largely unchanged since 2011. Referrals from friends and families remain the most common channel, accounting for 53.4%. Merely 12.8% of workers are registered at a recruitment agency, while 26.9% are hired through employer-organized recruitment events or examinations. It is also noteworthy that 28.2% of workers now hunt for jobs through the internet or other forms of media, an increase of 4.3% over 2011. It is apparent that, despite inadequate employment services, the development of internet applications has had a positive effect on job seeking channels. This would create new demands on the development of future employment services.

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