

Creating Quality Jobs in China

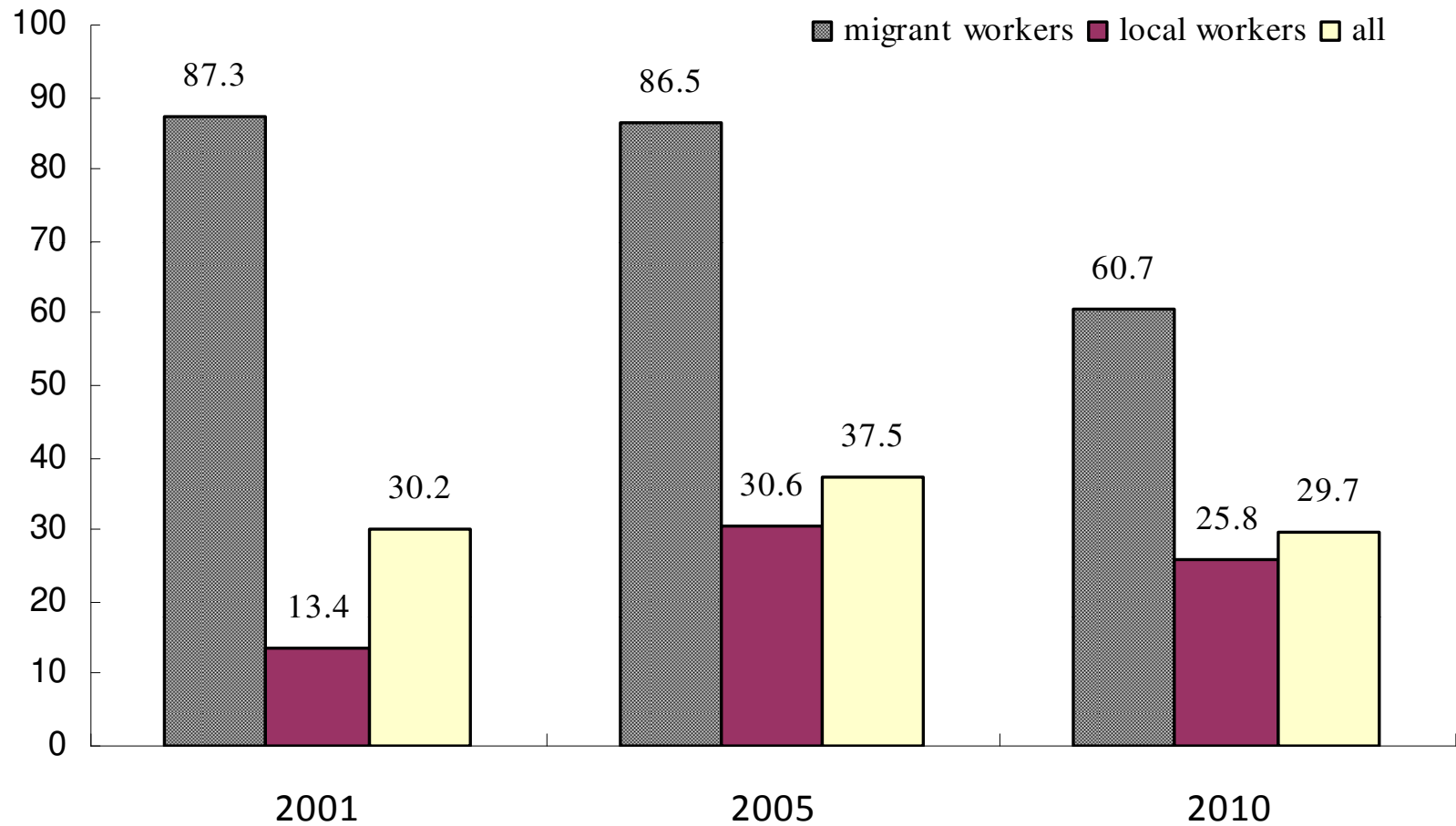
Cai Fang Du Yang Qu Yue

Presentation Goals and Outlines

Presentation Goals: introducing the new measurement in job quality by using micro-level data from recent survey; observing quality of jobs in urban China; discussing relevant policies

- the framework to measure job quality
- Empirical evidence on job quality
- Policy to create quality jobs

The trend of informality



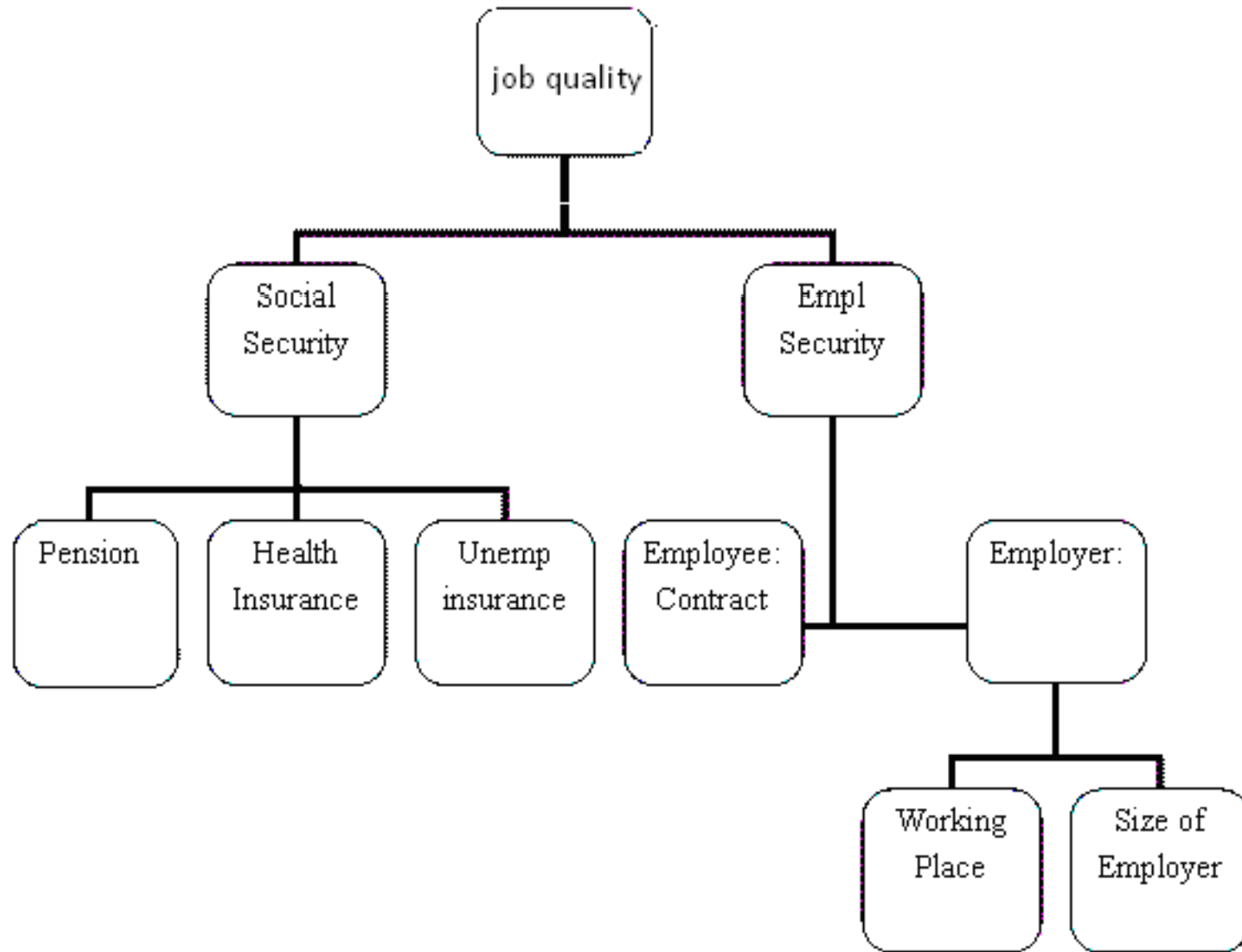
Measuring job quality in a different way

- The informality is often defined as 1/0 thing, but vulnerability is not
- Among the workers defined as informal (or formal), their vulnerability could be different.
- However, the key component of informality in developing labor markets is its vulnerability
- The Chinese labor market has been characterized transition, which makes the form of informality unique
- In addition to social protection, employment security is of importance for workers' wellbeing

Two components of job quality

- The level of social protection, which is widely accepted by current definition on informality
- Job insecurity, which could be a source of vulnerability, but not well reflected by informality definition
- China has taken great effort to increasing the coverage of contract workers, which could increase job security even if without improving social protection

Framework of new measurement



Scoring Social Security in Urban Labor Market

	Urban Local Workers	Migrant Workers
<i>Pension</i>		0.5
Urban Worker Basic Pension	2	
Urban Resident Pension	1	
<i>Health Insurance</i>		0.5
Urban Worker Basic HI	2	
Urban Resident HI	1	
<i>Unemployment Insurance</i>	1	1

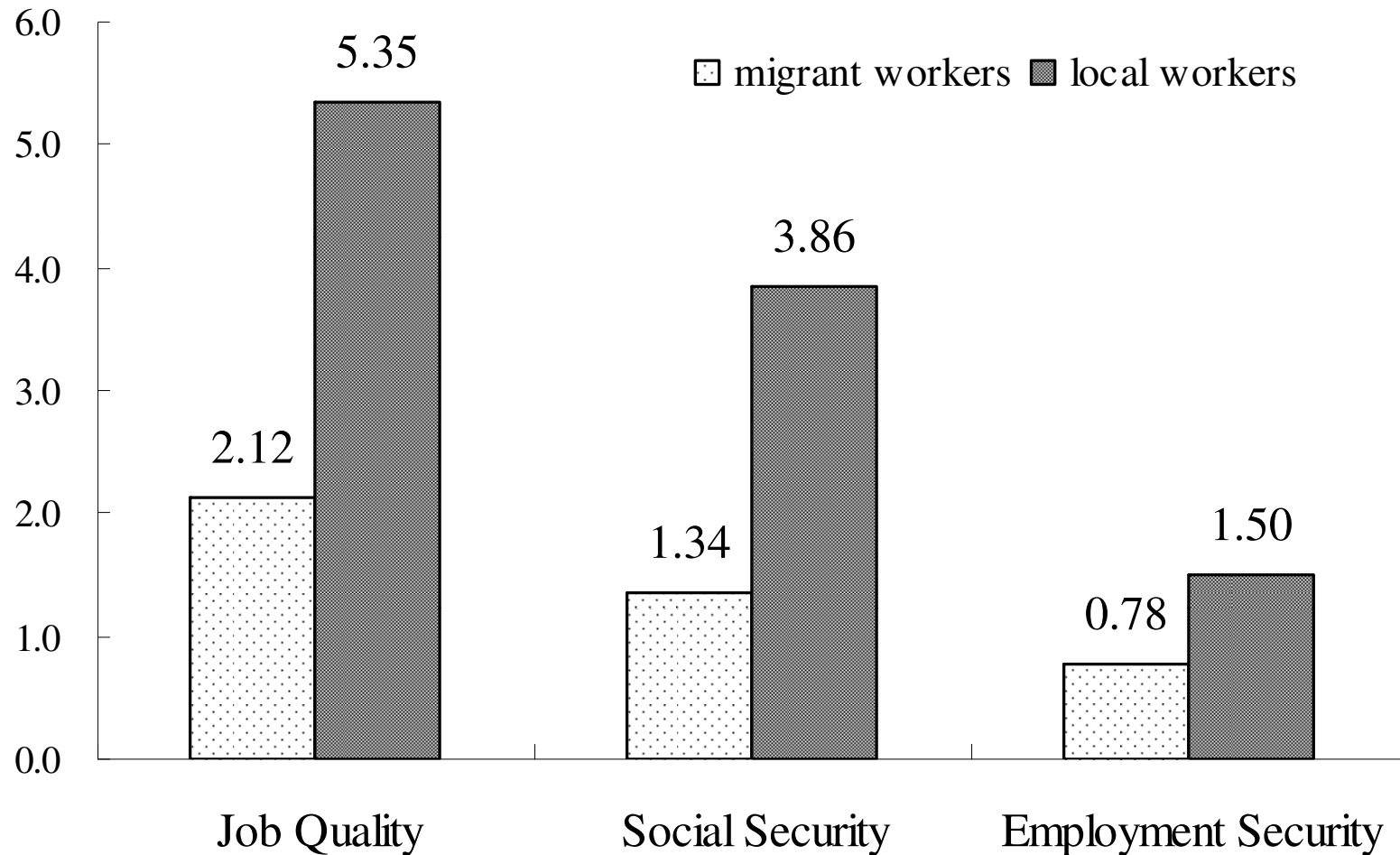
Scoring the Employment Security

Types of contract	
Formal jobs in government	5
Open-ended contract	5
Fixed term contract	
More than 3 years	4
1~3 years	3
Less than one year	2
Dispatched Contract/ Contract signed for certain work	
More than 3 years	2
1~3 years	1
Less than one year	0.5

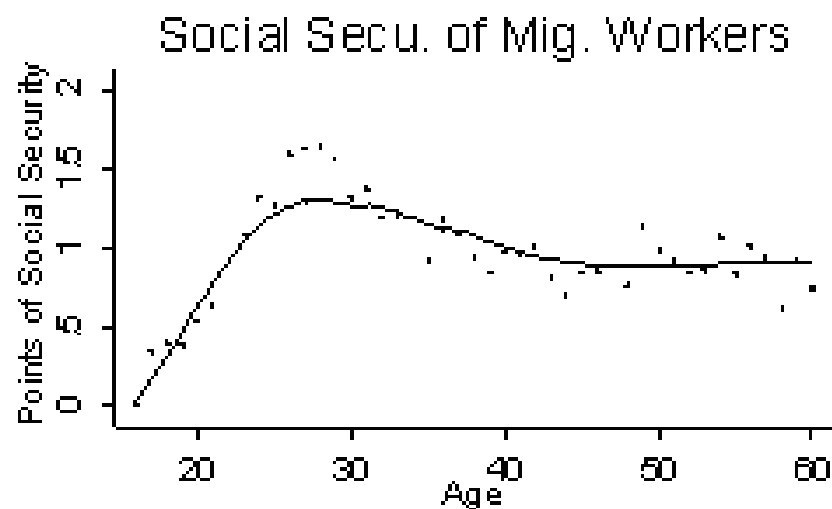
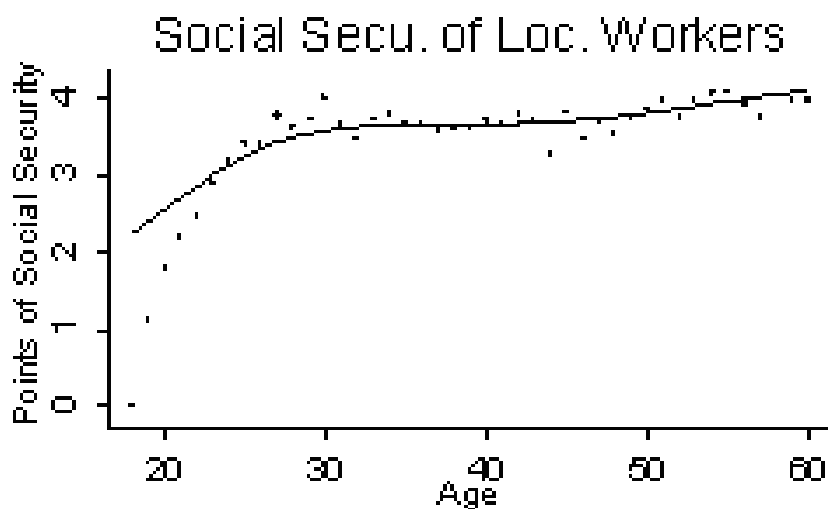
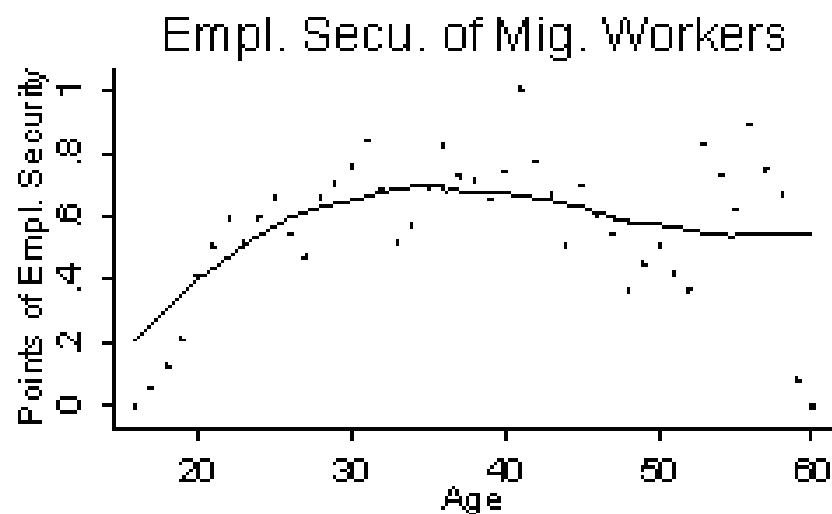
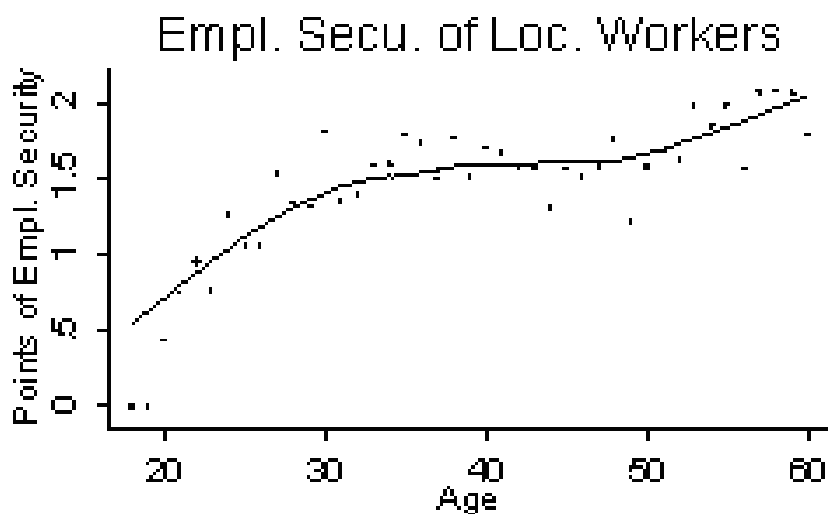
Scoring the Employment Security (cont.)

Characteristics of working place	
Office or Store	2
Building Site	1
Outdoor Place	0.5
Total size of employees	
More than 20	3
7-19 employees	2
2-6 employees	1

Job Quality between Migrant and Local Workers



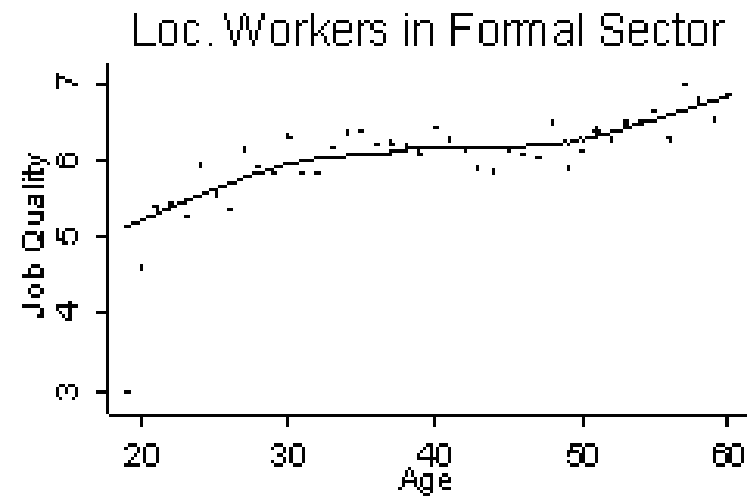
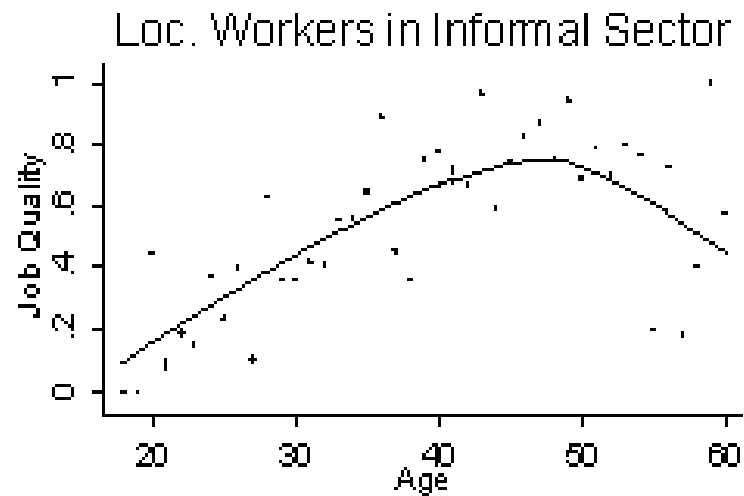
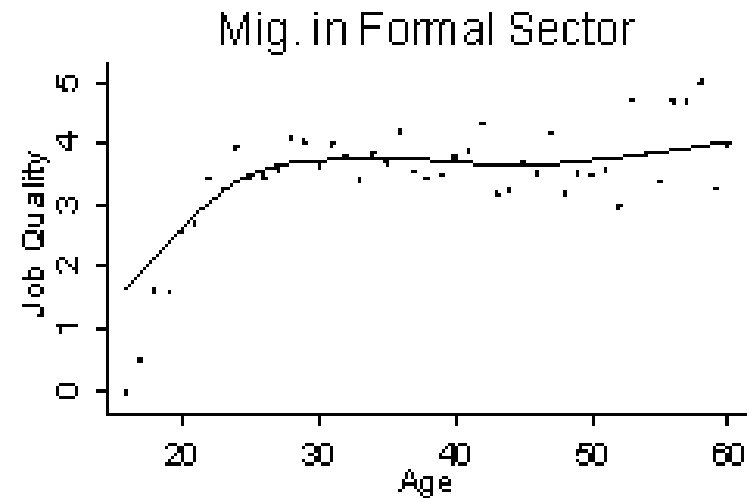
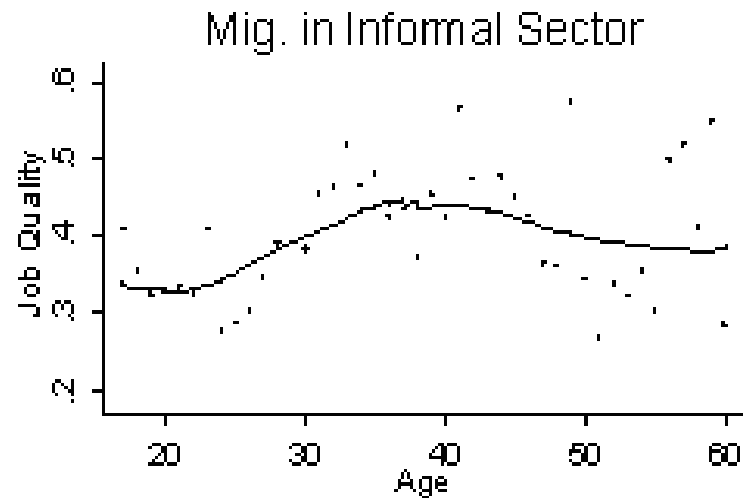
Job Quality Changes over the Life-Cycle



Job Quality by Gender

	Job Quality	Social Security	Employment Security
Migrant Workers			
Males (a)	2.27	1.39	0.88
Females (b)	1.95	1.29	0.66
b/a	0.86	0.93	0.75
Local Workers			
Males (a)	5.54	3.96	1.59
Females (b)	5.10	3.73	1.37
b/a	0.92	0.94	0.86

Job Quality within Formal and Informal Sectors



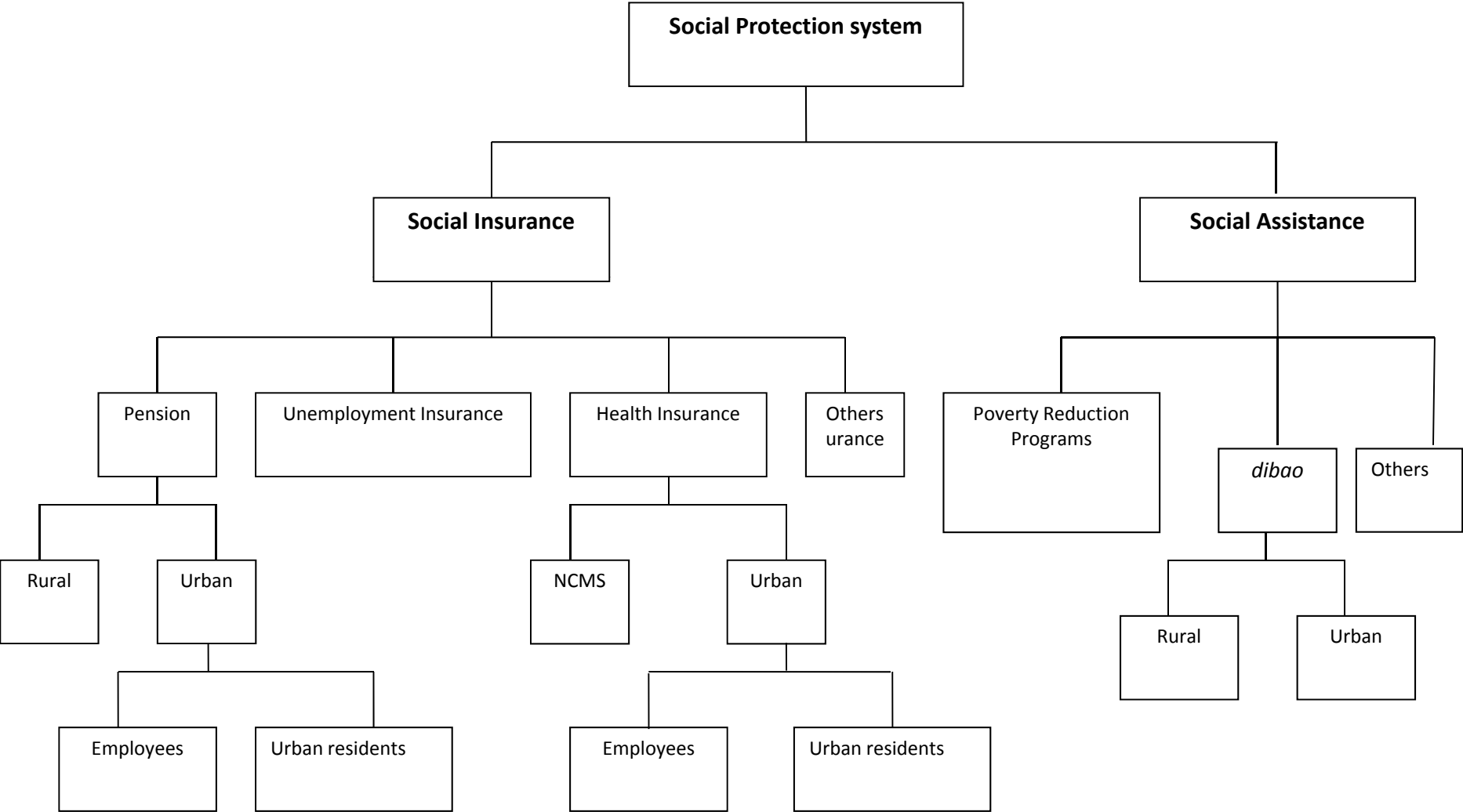
the Determinants of Job Quality

	Job Quality	Social Security	Job Security
Age	0.146 (7.96)	0.087 (8.17)	0.059 (4.39)
Squared Age (/100)	-0.085 (3.69)	-0.070 (5.24)	-0.0150 (0.89)
Years of Schooling	0.407 (42.45)	0.220 (39.52)	0.187 (26.70)
Gender (male=1)	0.137 (2.51)	0.089 (2.82)	0.047 (1.19)
Health	0.131 (3.27)	-0.009 (0.38)	0.122 (4.18)
Residence (migrant=1)	-2.180 (29.54)	-2.05 (47.79)	-0.128 (2.37)
City Dummies	Yes	Yes	Yes
Adj. R ²	0.30	0.38	0.099
No. of Observations	11113	11113	11113

Decomposition of factor contributions to job quality variations (%)

	Job Quality	Social Security	Job Security
Individual characteristics	21.79	18.02	10.60
Residence	16.88	28.18	0.74
Regional factors	0.89	1.65	0.76
Residual	60.44	52.15	88.00
Total	100	100	100

Social protection system in China



Social Insurance Coverage Rates in 2009

	Urban workers (%)	Migrant workers (%)
Basic pension	57.0	9.8
Basic health care	52.7	13.1
Unemployment insurance	40.9	3.7
Work injury insurance	47.9	24.1
Maternity insurance	34.9	2.0

Conclusions and discussions

- By giving up binary measurement in informality, this paper includes job security and social security as two components to measure job quality
- The new measurement allows variations within informal/formal group, which reflects more information than the traditional way
- The empirical evidence indicates significant gaps in employment quality between migrant and urban local workers while the major difference comes from the disparities in social protection

Conclusions and discussions

- The empirical analysis also shows that status of residence does not significantly affect job security, which implies that policy to improve employment quality in China should aim to social protection rather than labor market outcomes