Rural-urban migrants' social mobility in China's reform era

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**NANYANG
TECHNOLOGICAL
UNIVERSITY**

**RURAL-URBAN MIGRANTS' SOCIAL MOBILITY IN
CHINA'S REFORM ERA**

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SCHOOL OF HUMANITIES AND SOCIAL SCIENCES
2016**

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CHINA'S REFORM ERA**

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Abstract

This thesis aims to explore rural migrants' social mobility in China's reform era. Regarding social inequality in China's market transition, Walder (1996) stresses the changes of fundamental institutions on which the redistributive economy relied heavily and their effects on individual social mobility. As the institutional legacies of the redistributive economy, the household registration (*hukou*) system and the work unit system are included in our analysis of the influence of the vestige of the redistributive economy on social inequality in economic reform. In this thesis, we compare the structural effects of the *hukou* system and the work unit system on income, social insurance participation, parental values and children's educational outcome between rural migrants and urban residents, and examine the manner in which the two systems limit rural migrants' opportunities to move up the social ladder and impede them from settling down in cities.

OLS regression and logistic regression models are used in analyzing data of 2009 Rural-Urban Migration in China survey (RUMiC). The findings reveal the different paths to upward social mobility of rural migrants and urban residents; although employment with privileged work unit sector is an effective means for urban residents to obtain high salaries and key fringe benefits, it fails to provide rural migrants an advantage over employees in the private sector in obtaining high incomes and key benefits. In addition, the *hukou* system and work unit system render rural migrants' children disadvantageous by shaping parental values of their parents and influencing their educational performance and achievement. In a nutshell, the effects of the two systems linger in subtler ways on rural migrants' upward social mobility and have negative implications on their children's future social mobility.

Chapter 1 Introduction

In this chapter, we introduce China's market transition and the institutional changes on social stratification during the transition in the first section. The second section is to present the sociological discussion on the topic of social inequality during economic reform. And then we are to briefly discuss the institutional legacies of the redistributive economy: household registration (*hukou*) system and work unit system, and their structural roles in social inequality in market transition. In the fourth section, we discuss the main research questions and the aim of this thesis. In the last section of thesis outline, we are to introduce chapter structures of the thesis.

1.1 China's Market Transition from Redistributive Economy

Since the reform and opening-up policy was officially implemented in 1978, China has entered a new era of transition from a state redistributive economy to a market economy. The redistributive economy was operated based on the principle that the social resources produced by immediate producers such as peasants and workers are appropriated and reallocated by means of central planning (Nee 1989; Polanyi 1957; Szelenyi 1978). Regarding the social inequality in state socialist societies, Szelenyi (1978 and 1983) claimed that the redistributive mechanism in state socialism in fact brought about greater inequality and in particular gave rise to a gap between redistributors and direct producers.

In a state socialist redistributive economy, with no labor market, salaries and wages were strictly regulated, and the social goods produced by direct producers were collected and redistributed by administrative fiat and political power that resulted in a vertical, instead of horizontal, relationship between redistributors and producers (Kornai 1989; Szelenyi 1978). For instance, in pre-reform rural China, the peasants were all tied to rural collectives and did not have their own farmland,

and therefore had no say about surplus agricultural products. The collective cadres were responsible for providing central direction in land allocation, produce collection, and income redistribution to households (Nee 1989).

In cities, people were assigned employment to a work unit in which they were divided into two ranks: workers and cadres. Generally, workers in factories and enterprises were responsible for production, whereas cadres were responsible for the management and decision-making of the factory or enterprise. Therefore, in both rural collectives and urban work units, because the cadres had positional power, they enjoyed privileges and advantages in deploying resources to themselves, such as access to scarce goods and sundry non-wage compensations (Nee 1989; Szelenyi 1978). In contrast, the direct producers and ordinary workers benefitted least from the redistributive mechanism.

Since the economic reform initiated in the late 1970s, the government has issued several important reforms in the economic and social realms to facilitate the development of a market economy, and many social changes in Chinese society have taken place. In rural areas, the state dismantled rural collectives and launched the household contract responsibility system (*jiating chengbao zeren zhi*) nationwide in 1982. Since that time, rural people have obtained their own farmland and have had their say regarding surplus products.

In cities, individual businesses and private enterprises obtained legal status. The private sector has been reemerging, and millions of individuals have passively or actively entered the market economy. In addition, from 1978 to 1993, the state conducted the first round reform of state-owned enterprises, which thereby obtained more autonomy and independence in their management and development.

Along with the rise of the market economy, a labor market has been

established in which individuals have the freedom to trade their labor, and accordingly, the job assignment mechanism stepped down from the stage of history. Furthermore, the household registration (*hukou*) system was loosened to allow rural and urban *hukou* holders to freely transfer between rural areas and cities, and more importantly, to entitle rural *hukou* holders to work and live in cities without obtaining permanent urban residency.

The series of institutional reforms caught the attention of sociologists in terms of its implications on social inequality. Previous studies of former socialist countries in Eastern Europe revealed that ex-communist cadres retained their advantageous positions during the transition, because they converted their political and human capital advantage into an economic advantage (Hanley 1995; Rona-Tas 1994). China's market transition is similar to that of its counterpart in Eastern Europe, but it did not alter its political structure, and its economy is mixed, and market and redistributive mechanisms coexisted (Szelenyi and Kostello 1996). Due to the mixed institutional arrangements, the mechanisms of social stratification in China's market transition become complicated, and issues of social inequality have drawn extensive attention.

1.2 Social Inequality during China's Market Transition

Regarding the influence of the vestige of the redistributive economy on social inequality in China's market transition, debates on the rise of individual dynamics and the persistence of positional power have become acrimonious. Nee, as the pioneer in the study of social inequality in China's market transition, published his famous market transition theory in which he claimed that the emergence of the market will alter the stratification order (Nee 1989 and 1991). In Nee's market transition theory, the core argument was that as market allocation

replaces the redistributive mechanism, direct producers or ordinary workers will benefit from the transition, and human capital such as education will become increasingly essential for individuals' upward social mobility, whereas cadres who possess positional power in the redistributive economy will lose their economic advantage (Nee 1989).

Nee's market transition theory presented a clear and unequivocal position on the role of the market on individual social mobility that the market will ultimately diminish the state's power of and give rise to individual dynamics on social stratification; the theory also set in motion a broad debate among scholars (Guthrie 2000). Xie and Hannum (1996) attributed the decreasing gap between direct producers and cadres in regions with more rapid economic growth to the lack of a true labor market in the inception of economic reform rather than to an institutional shift to market allocation. With respect to the income increase of direct producers in rural areas, Walder (1996) argued that the egalitarian outcome should be attributed to the land reform by which peasants acquired secure land tenure and obtained control over land use and agricultural products, rather than to the market economy. Meanwhile, more and more studies have noted the rise of individual dynamics as the market economy progresses and the persistence of positional and political power in social stratification during the transition (Bian and Logan 1996; Logan, Bian, and Bian 1999; Zhou 2000; Zhou and Logan 1996).

Reviewing the market transition debate, it is helpful to determine in what way the direct producers and the cadres with positional power benefit or lose advantage in the market transition; however, it also has been found that both sides place too much attention on the question of who wins or loses and neglect an analysis of the changes of fundamental institutions on which the redistributive economy

relied heavily in the market transition and their effects on individual avenues to upward social mobility (Walder 1996).

1.3 The Institutional Legacies of Redistributive Economy: the *Hukou* System and the Work Unit System

Walder (1996) claimed that social inequality in the Chinese context should be analyzed by including institutional factors that shape individuals' life chances, and these changing institutional arrangements are the key for us to identify the winners and losers in the economic reform. Currently, the market transition debate has ebbed, and the focus of the recent literature has transferred from rural peasants to rural migrant workers and from the privilege of the cadres to the advantages of employees in privileged work unit sectors. The shift in academics reflects the new trends of institutional changes during more than 30 years of economic reform.

According to Solinger (1995) and Walder (1986 and 1992), the *hukou* system and the work unit system were the important redistribution mechanisms in the planned economy, and they continue to play roles in generating urban inequality during the economic reform by unequal reallocation of social resources and opportunities among different social groups based on their *hukou* status and organizational affiliations. First, before the economic reform, the *hukou* system and the work unit system worked as social control systems. The former strictly limited the geographic mobility of rural and urban *hukou* holders between rural and urban areas, and the latter controlled urban individuals by tying them to work units (Yan 2009).

Meanwhile, both systems functioned as redistributive mechanisms. The *hukou* system was interrelated with the planned economy and separated China's planned industrialization into two sub-systems: an urban industrial sub-system and

a rural sub-system of which the former was given resources and the latter was responsible for supplying raw materials at a low cost (Chan 1996). Through the *hukou* system, the state locked peasants into rural areas, excluded them from gaining access to benefits, and deprived them of opportunities for upward mobility, whereas it redistributed more social resources and opportunities to urban *hukou* holders (Chan 1994; Solinger 1995).

Work units in pre-reform China functioned as a social security system that administered the state's provision, including pension, medical care, labor insurance, housing, and child care (Walder 1986). However, the state did not reallocate the resources equally among the different work units. Walder (1992) argued that every work unit had a rank in the state's fiscal hierarchy, and those that were closer to the central government were better able to extract resources from the state and thus had an advantage in providing more benefits to their employees. By way of the work unit system, the state reallocated more resources to privileged work units and their employees (Bian 1994; Walder 1986).

In the inception of the economic reform, the two systems both experienced radical reform but were not abolished. The *hukou* system was reformed to free rural peasants to migrate to cities for job opportunities, which effectively improved their economic attainment, whereas it still imposed restrictions on rural migrants' access to urban public resources, services, and benefits to protect the interest of the urban *hukou* holders (Chan 1994; Solinger 1995). Regarding the work unit system, as private enterprises obtained legal status, the private sector has developed rapidly. However, privileged work unit sectors, such as the government sector and state-owned enterprises, still enjoy advantages over the private sector by bargaining with the state for considerable financial support (Bian 1994; Walder 1992; Zhou 2000).

It has been nearly 40 years since the economic reform was inaugurated in the late 1970s. The reforms and changes in the two systems have greatly reduced their roles in urban inequality and individual social mobility. First, the *hukou* system's institutional restrictions upon rural migrants' access to urban social resources, welfare, and public services in cities has been prohibited, and rural migrants are not only entitled to urban social insurance programs, but also have access to work in the state work unit sector. Furthermore, the government is putting more and more efforts into helping rural migrants settle down in cities. At the same time, as the private sector continues to thrive for about 30 years, the boundaries of the work unit sectors have been redrawn to the declining advantage of collective-owned and state-owned enterprises over the private sector with regard to individual income (Wang 2008; Wu 2013).

However, the structural effects of the two systems on urban inequality have not disappeared, and their effects linger in more subtle ways. To determine exactly how the two systems continue their influence on individual social mobility and urban inequality, it is necessary to compare rural migrants and urban residents in terms of their paths to upward social mobility in cities.

1.4 Research Question and Aims of Thesis

In the context of the market transition, we focus our attention on the structural effects of the vestige of the redistributive mechanisms on social inequality. Rural migrant workers are taken as the main research subjects. We examine and compare the effects of the structural determinants of the *hukou* system and the work unit system on individuals' upward social mobility between rural migrants and urban residents, because it is essential for us to determine exactly the manner in which the structural dynamics affect people's life chances in different ways by their *hukou*

status and organizational affiliations, so as to further reveal the role of the state in generating and maintaining social inequality during economic reform.

Therefore, the main research question in the study regards the manner in which the institutional arrangements and reforms to the *hukou* system and the work unit system and the intersectionality of the two systems shape individuals' path to upward social mobility in cities. To better and more comprehensively examine these effects of the structural determinants on rural migrants' social mobility, we conduct our research from four aspects of rural migrants' lives—income, social insurance participation, parental values and children's education outcome—all of which have close correlation with the chance of rural migrants and their children to move up social ladder and settle down in cities.

By examining and comparing the effects of structural dynamics on income and social insurance participation between rural migrants and urban residents, we analyze rural migrants' position on the urban social ladder and explore the manners in which the two systems impede rural migrant's upward social mobility in cities and their integration into cities. Our study of parental values aims to examine the psychological effects of the rural-urban divide based on the *hukou* system on the child socialization values of rural migrants and urban residents. With respect to the theme of children's educational outcome, we examine the effects of household migration and parents' work unit sectors on children's educational performance and college opportunities to explore the manner in which the structural dynamics affect children's well-being in China's reform era, and to examine the implications on inter-generational social mobility and inequality.

1.5 Thesis Outline

The thesis contains 6 chapters including introduction chapter. The

introduction chapter mainly introduces background of the research, the main research question and aims of the thesis. Chapters 2, 3, 4 and 5 will offer four self-contained studies on the themes of income, social insurance participation, parental values and children's education, respectively. Every chapter will consist of introduction, literature review, data and methods, empirical results and discussion.

In chapters 2 and 3, we focus on the effect of rural and urban *hukou* status, local and non-local *hukou* status, work unit sectors and employment types on individual monthly income and social insurance participation. In chapter 4, we are particularly interested in the effects of *hukou* status and work unit sectors on people's parental values. In chapter 5, much attention is paid on the structural effects of household migration status and parents' work units sectors on children's educational performance in primary school, junior middle school, and senior middle school, as well as on their college opportunities. At the ends of chapters 3 and 5, we will give a short conclusion about the findings and implications based on chapter 2 and 3, and chapter 4 and 5, respectively.

In chapter 6, we draw a conclusion based on the findings in the four empirical studies and summarize the arguments of the thesis. In addition, we are to review the contributions and limitations of the thesis and finally offer some possible ideas for future study.

Chapter 2 Income Determinants in Rural Migrants and Urban Workers in Urban China

Abstract: This paper examines the effects of structural dynamics on income of rural migrants and urban residents in China's reform era with special attention given to the intersectionality of work unit sectors, employment types, and social networks. Using data from the 2009 Rural-Urban Migration in China survey (RUMiC), we find that while both work unit sectors and employment types exert significant effects on shaping urban residents' income, they fail on determining rural migrants' economic attainment. These findings indicate that entering privileged work unit sectors or obtaining long-term employment in cities is not an effective means for rural migrants to move up the social ladder. In addition, rural migrants predominantly network with their rural counterparts, but develop few ties with urban individuals, lending support to the argument that network formation is rooted in *hukou* status. We discuss implications of these findings.

In chapter 1, we introduced the sociological discussion on the topic of social inequality in China's market transition, and the new trends of institutional arrangements and reforms during economic reform. Then, we discussed the main research questions, the aim of this thesis, and chapter structures of the thesis. In subsequent chapter 2, chapter 3, chapter 4 and chapter 5, we are to present four self-contained studies on the subjects of income, social insurance participation, parental values and children's educational outcome, respectively.

Income disparity is an important indicator of social inequality, so we put it as the first theme in our analysis. In this chapter, we are to first introduce the main research questions and aims of this chapter, and then we are to review studies on income inequality of rural migrants and research on the structural determinants of income in urban China, such as work unit sectors and employment types. In subsequent section, we are to give description of the data, define the key variables,

and discuss the regression models of this chapter. In the sixth section, we will examine the income disparity between rural migrants and urban residents by *hukou* status, work unit sectors and employment types, and then interpret the regression results and analyze the manner in which structural determinants shape rural migrants and urban residents' income in different ways. In the last section, we discuss the main findings in this theme and their implications.

2.1 Introduction

China's rapidly rising inequality and widening income gap between rural migrants and urban residents have drawn extensive attentions from academics and policy makers. Previous studies on rural migrants' social mobility have very different framework of their analyses from that on urban residents, because rural migrants are regarded as a separate social group in cities. A substantial number of studies on rural migrants examine the effects of institutional discrimination and social exclusion against rural migrants, such as their non-local and rural *hukou* status and rural-originated social network (Lu, Ruan and Lai 2013). Others cite individual disadvantages in terms of education, professional training, skills and work experience in explaining rural migrants' vulnerable positions in urban labour market (Chan and Zhang 1999; Fan 2002; Wang and Zuo 1999). Research on urban residents' social mobility, on the other hand, focuses on the changes in stratification dynamics during the market transition, for instance, the increasing role of education and work experience (Bian and Logan 1996; Cao and Nee 2005) and the changing mechanism of work unit sectors in shaping urban employees' economic rewards (Wu 2013; Wang 2008).

These two streams of literature on urban inequality are developed mainly based on the serious job segregation between rural migrants and urban residents,

because the former generally takes the unwanted jobs left by the latter and remains on the bottom of the urban social hierarchy. These two lines of investigation have provided us an in-depth analysis of rural migrants and urban residents' social stratification by focusing on their unique characteristics. However, less attention is given to the welfare and economic wellbeing of rural migrants in urban labour market in comparison with urban workers, particularly in the context of that the state is advocating and promoting the transformation of rural migrants into urban citizens (*nongmingongshiminhu*) (State Council 2015).

It is no deniable that rural migrants are now as a whole still socially and economically vulnerable. However, in recent years, rural people who were born after 1980 have become the main force of rural migrant population, and they are well educated and more than 70 percent of them come with strong intention to settle down in cities (National Bureau of Statistics 2014; National Health and Family Planning Commission 2013). In addition, local governments of the first-tier and second-tier cities to which rural migrants primarily relocate are issuing more and more policies to limit migrants accessing to social resources. For instance, the records of migrant parents who participate in social insurance have been required as one of the prerequisites for children from migrant families to apply for admission to local schools in Beijing. These policies drive rural migrants to go after jobs with stable and secure employment and jobs in privileged work unit sectors if they desire long-term stay in cities, because these jobs are essential for rural migrants to be qualified to enjoy urban welfare and social resources (Wu and Xiao 2016).

We expect that all these changes compel rural migrants to be more selective in taking up jobs. Additionally, as the economic reform deepens and rural migrants gain grounds in education, skills and work experience, it is expected that rural

migrants have increased chances to get employed in privileged work unit sectors, and to obtain secure employments. This study places rural migrants and urban residents in the same framework of analysis and examines whether and how work unit sector and labour contract exert different effects on rural migrants' income in comparison with urban residents. Our study adds to the literature on stratification dynamics in urban inequality and rural migrants' assimilation in urban society.

2.2 Human Capital Disadvantage, Institutional Discrimination, Social Exclusion and Rural Migrants' income

The *hukou* system was officially implemented nation-wide in 1958. Before economic reform, the *hukou* institution was not only a stringent administrative means for the state to control individuals' geographic mobility across rural and urban areas, but also an important mechanism determining social resources and public welfare (Chan and Buckingham 2008). In the reform era, the *hukou* system was relaxed to allow rural people to search for jobs in cities. Since then, hundreds of millions of rural people have joined the tide of rural-urban migration for job opportunities. Urban residents and rural migrant workers now together constitute the whole urban population. Urban residents are urban *hukou* holders who live and work in cities, and rural migrant workers are rural *hukou* holders who have moved from rural areas to urban areas without obtaining permanent urban residency in cities. In 2015, the rural *hukou* population was reported to be 277.47 million (National Bureau of Statistics 2016).

Both social groups are residing and working in cities, however, rural migrants take the unwanted, low paying jobs left by their urban counterparts (Fan 2001; Guo and Iredale 2004; Wang and Zuo 1999). As the socially and economically marginalized group, rural migrants are therefore regarded as underclass or second-

class citizens in cities (Chan 1996 and 2010). In accordance with published studies, this vulnerable position mainly stems from two sources: rural migrant workers' poor productivity-related individual attributes, and institutional discrimination and social exclusion against them.

The bulk of published studies have found that rural migrant workers' disadvantages with regards to productivity-related characteristics limit their access to better-paying jobs and occupations. These disadvantages include their low level of education and lack of urban work experience (Lu and Song 2006). In terms of education, the gap between urban residents and rural migrant workers is significant. In 2014, 77 percent of rural migrants had yet to complete more than 9 years of schooling (National Bureau of Statistics 2015). As a large number of studies on social stratification mechanisms have repeatedly reported, there are increasing income returns to education in a market transition economy. Thus, low educational attainment holds rural migrants back from finding better jobs and earning higher salaries in cities (Démurger et al. 2009). For example, Messinis (2013) examined returns of education and urban-migrant wage differentials and found that high education yielded substantial returns, and the earnings disparity between urban and migrant workers could be explained by the education gap between the two social groups. Cui, Nahm and Tani (2013) further found that the returns to education for rural migrant workers from 1995 to 2008 were kept at a low and stable level compared with the increasing returns enjoyed by urban residents.

Urban work experience also has a positive correlation with economic rewards (Magnani and Zhu 2012; Messinis 2013). When Démurger and his colleagues (2009) assessed the sources of income disparity between long-term rural migrants and urban residents in contemporary urban China, they found that rural

migrants' deficit in pre-market endowment, such as work experience and education, was more important in explaining their low wages of rural migrant workers than any on-market discrimination. However, by comparing the differential effects of work experience on income between rural migrant workers and urban residents, Cui, Nahm and Tani (2013) found that work experience was playing a weakening role in affecting rural migrants' income.

The earnings disparity between rural migrant workers and urban residents can only be partially explained by the differences in individual characteristics. Rural migrant workers, as a whole, are treated differently from their urban counterparts. Institutional discrimination and social exclusion against rural migrant workers have been accused as the main obstacles for them to gain equal treatment in terms of income and occupational attainment (Meng and Zhang 2001; Wang, Zuo, and Ruan 2002; Zhan 2011; Zhang 2010). Meng and Zhang (2001) examined the degree to which the two-tier labor market was segregated between rural migrants and urban residents. They found job mismatches existed in both groups in that 22 percent of urban residents suitable for blue-collar jobs were given white-collar occupations, whereas 6 percent of rural migrants who were qualified for white-collar occupations were actually forced to take blue-collar jobs. Thus, they argued that a large part of wage gap between rural migrants and urban residents within each occupation was attributable to discrimination (Meng and Zhang 2001).

Rural migrant workers also face social exclusion. Studies show that social networks are formed along the line of *hukou* status. Urban residents primarily built networks with other urban residents thereby isolating rural migrants. Rural migrant workers' lack of social connections with local urban residents keeps them from getting goods and opportunities for their upward social mobility (Wang, Zuo, and

Ruan 2002; Zhan 2011).

In addition, the rural-originated networks were found to be negatively associated with rural migrants' occupational and income outcomes in the city. When Lu, Ruan and Lai (2013) examined the role of social capital in income inequality between rural migrants and urban residents, they found a strong income return to social capital, which supports the theory that rural migrants' disadvantaged economic positions are being reinforced by their lack of strong connections with local urban residents. Furthermore, they argued that it was the pervasive social exclusion and discrimination based on the *hukou* system that has substantially limited rural migrants' accumulation and mobilization of social capital, thereby influencing their earnings.

Besides the distinction between rural migrants and urban residents, scholars are increasingly noticing the differences between local and non-local rural migrants, and that between local and non-local urban residents. Zhan (2011) compared the work experience of rural migrants from rural Chifeng in Chifeng city and Beijing and found that rural migrants who worked in Chifeng city encountered less social exclusion than their counterparts in Beijing due to their local geographic identity.

Similar to non-local rural migrants, non-local urbanites also form a disadvantaged group because of their non-local *hukou* status (Ou and Kondo 2013). Li, Gu, and Zhang (2015), based on a sample of the 2005 population mini-census in Shanghai, found that local urban residents are more likely to enter a monopoly sector and earn much more than non-local urban workers in similar monopoly sectors. One explanation for the disadvantaged position of non-local urban residents is that the labor market in urban China is believed to be heavily influenced by an institution-based opportunity structure, and the *hukou* status is the determining factor for

employment attainment (Fan 2002). Since the 1990s, hundreds of millions of urban workers had been laid off during the state-owned enterprises reforms. To protect local residents' priority in job attainment, local governments issued policies to limit non-local workers' job opportunities (Cai and Wang 2008). Hence, non-local urban workers also face institutional barriers to entry into occupations in destination labor markets (Ou and Kondo 2013).

2.3 Work Units: A Structural Agent in Urban Social Stratification

In China, “work unit” is the collective name of work places that is a legacy of the planned economy. In pre-reform urban China, each person with urban *hukou* status was grouped in a work unit, which was the agent through which the state organized society and reallocated social resources (Walder 1986). Because every work unit had a bureaucratic rank that determined the extent to which it could extract resources from the state, those on the top of the hierarchy could bargain with the state for more resources. Accordingly, employees of these work units would receive greater benefits, and income inequality persisted across the different types of work units (Walder 1992; Wang 2008).

In the reform era, the market gradually displaced the state in resource reallocation in the private sector; the result was the reemergence of the private sector. Against this backdrop, work units have been re-categorized into five sectors in urban China:

1. government and party agency (*dangzheng jiguan* 党政机关),
2. public institutions (*shiyedanwe* 事业单位),
3. state-owned enterprises (*guoyou qiye* 国有企业),
4. collective-owned enterprises (*jiti qiye* 集体企业), and
5. private sector (*siying bumen* 私营部门).

Together, the former four sectors are classified as the public sector (Wu 2013), while the private sector includes private enterprises, foreign firms, self-employment, and family business and so forth (Démurge, Li, and Yang 2012).

In redistribution hierarchy, government agencies remain at the top, and are followed by public institutions, state-owned enterprises and collective-owned enterprises, leaving the private sector at the bottom (Wu 2013). In accordance with the hierarchy, public sectors, particularly government agencies, have overwhelming advantages over private sectors in terms of job and income security. Work units and individuals in the private sector are left to rely on themselves to deal with potential risks in the market.

In the wake of the fast development of China's market economy, the boundaries across the five work unit sectors have been redrawn and the economic advantages of the public sectors over the private sector have been gradually undermined. Bian and Zhang (2002) compared income differentials across different economic sectors in 1988 and 1995 by using national data and found that people in private firms enjoyed less income than people in state-owned firms in 1988, whereas the disparity has been reversed in 1995. Wu (2013) examined the relationship between work units and urban stratification using a national data collected in 2005 and claimed that state/collective-owned enterprises have lost their advantages in people's income over the private sector. Xie, Lai, and Wu (2009) argued that along with the increasing market penetration, financial situations, rather than the rank of work units, have become increasingly crucial for people's income (see also Xie and Wu 2008). Nonetheless, the boundaries between government agencies/public institutions and enterprises continue to be significant, in such that individuals in the former still enjoys significantly higher income and more welfare benefits than their

counterparts in the latter (Wu 2013).

Previous studies noted the structural effects of work unit sectors on economic inequality among urban residents, but little attention is given to its impact on rural migrant workers. In pace with the state deepening reform in the public work unit sectors, more and more rural migrant workers are employed in state-owned enterprises, government agencies and public institutions that once were strictly exclusive to urban residents. However, government agencies and public institutions conduct two-tiered labor system that means employees in the two types of work units are categorized into two classes, in-system employees (*bianzhinei*) or formal employees and out-of-system employees (*bianzhiwai*) or informal employees. The formal employees are state-salaried, and they therefore enjoy higher salaries and more welfare benefits than informal workers. Because the majority of rural migrants are employed in government agencies and public institutions as contract laborers or temporary workers outside the system, they are found to enjoy lower income.

Using data from the population mini-census of China in 2005, Zhang and Wu (2012) found that rural migrants earn significantly less than their urban counterparts, with the greatest earnings disadvantage in government and public institutions. However, in state-owned enterprises, there is no two-tiered labor system to separate rural migrant employees from urban employees; therefore, we propose that rural migrants should have similar chances with urban residents to get high salaries. In this chapter, we examine whether rural migrant workers' incomes vary by work unit sectors in comparison with urban employees' incomes in order to capture the structural effects of work unit sectors.

2.4 Employment Contract: A Stratification Dynamics in Labor Market

The Labour Contract Law (LCL) came into effect in 2008. The LCL requires that all

employers must sign labour contracts with their employees and if employers do not sign a written labour contract with workers within one year from the hiring date, or if employees have worked for the same work unit for at least 10 consecutive years or if two consecutive fixed-term labour contracts have been executed, an open-term contract can be assumed. Thanks to the LCL, the labour contract-signing rate in rural migrants has improved greatly. In 2005, the proportion of rural migrants signing contract was only 12.5 percent (Project Team of the Research Office of the State Council 2006), whereas the proportion has increased to 42.8 percent in 2009 (National Bureau of Statistics of China 2010).

Employment contracts not only guarantee job security, but also provide employees legal means to protect their economic interest. For instance, workers with labour contracts have the legal right to require employers to pay for overtime, social insurance and other compulsory benefits. Additionally, whether employment contracts bring about higher wages for employees has been paid much attention. Theoretically speaking, employees having labour contracts are better able to bargain for high wages due to increased job security (Bertola 2009). Cheng, Smyth and Guo (2015) used data from the Rural-Urban Migration in China (RUMiC) project and examined the effects of having a labour contract on rural migrants and urban workers' wages, social insurance coverage and other employee outcomes. They found that having a labour contract has positive effects on wages and fringe benefits in both rural migrants and urban residents, but the effects for urban residents is larger than for rural migrants.

In addition, we expect wages is also correlated with the length of an employment contract, because it reflects the value of an employee to the company,

to a certain degree. For instance, employees who are highly valued are given permanent or long-term contracts in an effort to inspire hard work, whereas employees who are less valued by employers will be offered short-term or non-contract employment. Therefore, individuals with permanent or long-term employment tend to enjoy higher income and more benefits than employees with short-term or non-contract employment. This theory is supported by Lu and Song (2006), who investigated the wage determinants in rural migrants and urban residents and they found that long-term contracts not only bring job security, but also guarantee high wages and fringe benefits for both migrant workers and urban residents. As more rural migrants obtain permanent and long-term employment, this paper seeks to examine and compare the effects of employment types on income between rural migrants and urban workers.

2.5 Data and Variables

Data

This study uses data from the Urban Household Survey (UHS) and Migrant Household Survey (MHS); both are abstracted from the Longitudinal Survey of Rural-Urban Migration in China (RUMiC) in 2009. The RUMiC is a project of international collaboration between Australian National University, Beijing Normal University and Institute for the Study of Labor (IZA). It aims to explore the patterns and effects of migration in China (Akgüç, Giuliatti, and Zimmermann 2014).

In the UHS and MHS, urban residents are defined as individuals with urban *hukou* status and rural migrants are individuals who have rural *hukou* status, but were living in a city during the survey (Akgüç et al. 2014). The MHS is conducted by a professional survey company. The survey team first randomly selected 15 cities (Bengbu, Chengdu, Chongqing, Dongguan, Guangzhou, Hefei, Hangzhou, Luoyang,

Nanjing, Ningbo, Shanghai, Shenzhen, Wuhan, Wuxi, and Zhengzhou) from 9 principal provinces that both send and receive a large number of rural migrants. The 9 provinces are Anhui, Henan, Sichuan, Chongqing, Hubei, Zhejiang, Guangdong, Shanghai and Jiangsu. According to the 2000 census, about half of rural migrants emigrate from the former five provinces/cities, and about two-thirds of migrants are located in the latter four provinces/cities. The survey team conducted a census of all workplaces in each of the 15 target cities, and used the total number of workers and the total number of rural migrants in these workplaces to estimate the size of the rural migrant population in each of the cities. The survey team then constructed a sampling framework and randomly selected rural migrants within each workplace based on their birth month. In addition, self-employed individuals such as street vendors in each city are also selected to ensure the representativeness of rural migrant population.

In 2008, MHS collected data from 5007 households, however, due to the mobile nature of migrant workers, only 1821 households including 3512 individuals were tracked in 2009. To maintain the original sample size, MHS 2009 conducted a resampling. Therefore, MHS 2009 consists of two separate samples: the “old sample”, which tracks migrants from the sample collected in 2008, and the “new sample”, a fresh randomly drawn. The new sample collected data from 3422 households that consisting of 5426 individuals, including adults and children up to 16 years of age or over 16 years of age but still in school. The average age of the individuals in MHS is 29.43 years. As the new sample size is large enough, therefore, in this study, we only use the new sample data.

The UHS is conducted by China’s National Bureau of Statistics, and its sampling design is based on that of the Annual Urban Household Survey

administered by National Bureau of Statistics (Kong 2010). The UHS spans the same 15 cities as the MHS and additional 4 cities to the MHS (Anyang, Jiande, Leshan and Mianyang). The UHS 2009 dataset covers 14,859 individuals from 4735 households, with an average age of 40 years. The individual information in the UHS is also collected from adults and children up to 16 years of age or over 16 years of age but still in school. Both the MHS and UHS 2009 survey questionnaires cover detailed standard demographic and socioeconomic characteristics of household heads and members, and also include questions on life events, social networks, household consumption, and so forth. The data from UHS and MHS 2009 were all collected in face-to-face interviews. The large sample size and representation of both urban and migrant population make the two datasets ideal to construct an analysis sample for our study.

Variables and measurement

Income is the main indicator of social stratification, and in this study, it is regarded as the dependent variable. Income here is measured as the average monthly income (RMB yuan) people earn, including salary, bonus, allowance and commutation in kind, and net income for the self-employed. The monthly income will take logarithm form in the analysis.

Independent variables in this study include demographic information and structural variables. Demographics include age, gender, education, marital status and urban work experience. Age is limited to the group between 16 and 64 years old, and the square of age is adopted to allow for a curvilinear relationship between age and income. Gender is coded as dummy variable, with female=1 and male=0. Education denotes human capital and is measured in years of education as a continuous variable. Marital status is categorized into two types, single and married with single=1 and married=0. Single status includes never married, divorced and widowed. Married

status contains married, remarried and cohabited. Urban work experience is measured as the number of years that the respondents take for his/her current primary occupation.

Structural variables include occupations, employment types and work unit sectors, social networks and *hukou* status. Four occupational positions are distinguished in the analysis and they are professionals and managers, clerk, commercial and service personnel, and manual labors. Work units are categorized into five sectors: government and party agency, public institution, state-owned enterprises, collective-owned enterprises, and private sector. Employment type is measured by four labor contracts, namely, permanent employment, long-term employment, short-term employment, and non-contract employment that consists of non-contract temp, family business helper, self-employed and temporary job.

Social network is categorized into two types: urban network and rural network. The former is measured as the number of urban *hukou* holders with whom the respondents exchanged the Chinese New Year holiday greetings, while the latter is measured as the number of rural *hukou* holders with whom the respondents exchanged the Chinese New Year holiday greetings.

Hukou status in the RUMiC survey is classified into four types: local urban *hukou*, non-local urban *hukou*, local rural *hukou* and non-local rural *hukou*. In the new sample of MHS 2009, only local rural *hukou* and non-local rural *hukou* with the total number of 5288 are kept representing local rural migrant workers and non-local rural migrant workers, respectively, and the total number of the deleted local urban and non-local urban *hukou* status holders is 138 and accounts about 2.45% of the whole new sample. In UHS 2009, local urban *hukou* and non-local urban *hukou* are kept representing local urban residents and non-local urban resident workers with

total number of 14,016 accounting for 95.91%, and the total number of the deleted local and non-local rural *hukou* status holders is 598 and accounts about 4.09% of the whole sample. For more details about the variables please see Appendices Table A1 Description of Variables in the Theme of Income Determinants in Rural Migrants and Urban Residents in Urban China. The ordinary least square (OLS) regression of the logarithm of monthly income on selected independent variables will be adopted in this study.

Table 2.1 presents summary statistics for dependent variables and independent variables in rural migrants and urban residents. Based on the dataset, income disparity between rural migrants and urban residents is quite striking. The average monthly income of rural migrants is only 1794.85 RMB, whereas urban residents earn 2575.56 RMB per month on average.

In term of individual characteristics, the differences between rural migrant workers and urban residents are evident with respect to age, years of education, marital status and work experience. Overall, the analysis sample are consistent with conventional wisdom that rural migrant workers are young, unmarried, poorly educated, and have short work experience for the primary occupation. Compared with rural migrants, urban residents in the sample have more years of education and longer work experience in their current occupation, and the majority of them get married.

In terms of distributions of occupations, work unit sectors, employment types and social networks, rural migrant workers show quite different patterns from urban residents. In the dataset, about 92 percent of rural migrants hold low-end occupations such as commercial and service personnel and manual labor. Almost 85 percent of rural migrants make living in private sector, and about 43.5 percent of them have no

labor contracts. In a sharp contrast with rural migrants, urban residents are evenly distributed into different occupations and almost 70 percent of them are employed in the public sector, and nearly 79 percent of the group has permanent or long-term employments.

With respect to social networks, rural migrants tend to connect with their rural counterparts, with the average rural network size of 20, whereas their urban network is quite small, averaging only 3. On the contrary, an urban resident's social network is dominated by local ties with averaging 31.42, whereas the average number of rural *hukou* holders that urban residents connect with is just over 9. For rural migrants, about 16 percent of them are local rural migrants, whereas in urban residents, the local urbanites account for 97 percent.

Table 2.1 Summary statistics for the dependent and independent variables in separate migrant household and urban household, 2009

	MHS				UHS			
	N	%	Mean	S.D.	N	%	Mean	S.D.
Dependent variable								
Monthly income	3202	-	1794.85	2157.20	2271	-	2575.56	2600.03
Logged income	3202		7.33	.53	2271	-	7.59	.73
Demographic variables								
Age	3202	-	30.04	10.17	2271	-	42.76	8.42
Female	1207	37.70	-	-	1320	58.12	-	-
Male	1995	62.30	-	-	951	41.88	-	-
Years of Education	3202	-	9.52	2.57	2271	-	12.16	3.22
Single	1605	50.12	-	-	159	7.00	-	-
Married	1597	49.88	-	-	2112	93.00	-	-
Work experience	3202	-	4.50	5.08	2271	-	15.17	10.40
Occupation								
Professional and manager	110	3.44	-	-	667	29.37	-	-
Clerk	152	4.75	-	-	671	29.55	-	-
Commercial and service	2195	68.55	-	-	603	26.55	-	-
Manual laborers	745	23.27	-	-	330	14.53	-	-
Employment types								
Permanent	363	11.34	-	-	812	35.76		
Long-term	1123	35.07	-	-	979	43.11		
Short-term	322	10.06	-	-	79	3.48		
Non-contract	1394	43.54	-	-	401	17.66		
Work unit sectors								
Government agency	11	.34	-	-	180	7.93	-	-
Public institution	125	3.90	-	-	754	33.20	-	-
State-owned enterprises	201	6.28	-	-	514	22.63	-	-
Collective enterprises	155	4.84	-	-	136	5.99	-	-
Private sector	2710	84.63	-	-	687	30.25	-	-
Social network								
Rural network	3202	-	20.39	22.00	2271	-	9.69	31.06
Urban network	3202	-	3.19	8.23	2271	-	31.42	46.77
Hukou status								
Local urban	0	0	-	-	2203	97.01	-	-
Non-local urban	0	0	-	-	68	2.99	-	-
Local rural	527	16.46	-	-	0	0	-	-
Non-local rural	2675	83.54	-	-	0	0	-	-

Notes: Percentages are presented for categorical variables, and means and standard deviations are presented for continuous variables

2.6 Empirical Results and Interpretation

In this section, we firstly compare income gap between rural migrants and urban residents by occupations, work unit sectors and employment types, and then we are to show the regression results and interpretation. More interesting findings are revealed in the section.

Table 2.2 shows average income of rural migrant workers and urban residents in different occupations. In rural migrant workers, professional and manager earn the most per month, with the average monthly income of around 2298 RMB, and clerk earn the least with the mean value of 1606 RMB per month. However, the income disparity across occupations is reported to be non-statistically significant in rural migrants. In urban sample, it is still professional and manager that earn the most with 3379 RMB per month, whereas commercial and service personnel get the least pay with only 2000 RMB every month. And the income gap across occupations in urban residents is statistically significant. Besides, the intra-occupational income gaps are quite salient in almost occupations except commercial and service personnel between rural migrants and urban residents. One-way ANOVA analyses show that professional and manager in rural migrants are paid significantly less than their counterparts in urban residents, so do clerk and manual labors.

Table 2.2: Average income comparison between rural migrant workers and urban residents in different occupations.

	professionals & manager	clerk	Commercial & service personnel	Manual laborers	df	n	F value
Rural migrants	2297.58 (1233.47)	1606.32 (580.04)	1792.53 (2549.35)	1765.91 (720.49)	3	3202	2.43
Urban residents	3379.46 (3067.73)	2556.48 (2408.84)	2000.14 (2502.38)	2040.96 (1453.66)	3	2271	37.49*** ^a
df	1	1	1	1			
n	777	823	2798	1075			
F	13.31*** ^b	23.32*** ^c	3.16	17.17*** ^d			

Notes: Figures in parentheses are standard deviation

a: income differences between “professional and manager” and all other occupations in urban residents are significant at $p < .001$

b: income differences between migrant and urban residents in occupation of “professional and manager” are significant at $p < .001$

c: income differences between migrant and urban residents in occupation of “clerk” are significant at $p < .001$

d: income differences between migrant and urban residents in occupation of “other manual labors” are significant at $p < .001$

*** $p < .001$

In addition, the notable income disparity between rural migrants and urbanites is also found in five work unit sectors. As the Table 2.3 shows urban residents who work in government agencies hold a significant income advantage over the other four work unit sectors, with the average income of about 3669 RMB per month. Overall, the income level for urban residents varies significantly among work units. On the contrary, the highest income for a rural migrant worker appears in the private sector at 1809 RMB per month. However, the earning advantages in the private sector are not statistically significant when compared with earnings in all the other work unit sectors.

Even when controlling for work unit sectors, the monthly income gap between rural migrants and urban residents is still quite wide. The post-hoc pairwise comparisons by using Sidak method suggest that the income disparity between rural migrants and urban residents in public institutions, state-owned enterprises and private sector are statistically significant with urbanites taking income advantage over their rural migrant counterparts in the three types of work units.

Table 2.3: Average income comparison between rural migrant workers and urban residents in different work unit sectors, 2009

	Government agency	Public institution	State-owned enterprises	Collective enterprises	Private sector	Df	n	F value
Rural migrant	1797.73 (878.08)	1630.54 (727.70)	1743.56 (740.89)	1750.18 (788.94)	1808.77 (2322.48)	4	3202	0.25
Urban residents	3668.70 (3746.96)	2691.96 (2568.79)	2490.65 (1913.33)	1938.06 (1232.45)	2351.14 (2821.63)	4	2271	12.02***a
Df	1	1	1	1	1			
N	191	879	715	291	3397			
F	2.72	21.04***b	28.93***c	2.46	27.27***d			

Notes: Figures in parentheses are standard deviation

a: the income differences between government agency and all other work unit sectors are significant at $p < .001$

b: the income differences between rural migrant and urban residents in public institution are significant at $p < .001$

c: the income differences between rural migrant and urban residents in state-owned enterprises are significant at $p < .001$

d: the income differences between migrant and urban residents in private sector are significant at $p < .001$

*** $p < .001$

In addition, income varies by employment types in two different ways for rural migrants and urbanites. As table 2.4 shows, urban residents with permanent employment earn the most, with the average income of 3144 RMB per month, and those with short-term employment earn the least, at around 1533 RMB per month. The income differences across employment types in urban residents are statistically significant. Different from their urban counterparts, rural migrant workers with non-labor contract employment are reported to earn the most with average income of 1937 RMB per month and short-term employment workers earn the least with about 1497 RMB per month. In addition, the post-hoc pairwise comparisons by using Sidak method suggest that the earning differences between rural migrants and urban residents are only statistically significant ($p < .001$) for permanent employment and long-term employment.

Table 2.4 Income Gap by Employment Type in Migrant Workers and Urban Residents, 2009

	Permanent	Long-term	Short-term	No contract	N	df	F value
Rural migrants	1677.14 (855.95)	1740.85 (702.71)	1497.27 (645.60)	1937.74 (3156.31)	3202	3	4.69***a
Urban residents	3144.36 (2673.64)	2366.53 (2409.38)	1533.47 (1058.79)	2139.43 (2879.16)	2271	3	23.75***b
N	1175	2102	401	1795			
Df	1	1	1	1			
F	104.49***c	69.00***d	0.15	1.32			

Notes: Figures in parentheses are standard deviation

a: income differences between permanent employment and short-term employment in rural migrants are significant at $p < .01$

b: income differences between permanent employment and other employments in urban residents are significant at $p < .001$

c: income differences between migrant and urban residents in permanent employment are significant at $p < .001$

d: income differences between migrant and urban residents in long-term employment are significant at $p < .001$

** $p < .01$ *** $p < .001$

Overall, according to the descriptive statistics, the income advantage of urban residents over rural migrants is evident across different occupations, work unit sectors and employment types. Within urban residents, the income stratification is significant by work unit sectors, occupations, and employment types. However, in rural migrants, the income varies by different employment types, but occupations and work unit sectors. The findings in this section indicate that both occupation and work unit sector fail to stratify rural migrants' economic attainment. The regression results will give us more specific and exact analysis.

Regression results

To examine how structural determinants shape economic attainment of rural migrants and urban residents in different ways, we use ordinary least square (OLS) regression models of the logarithm of monthly income on selected independent variables in separated rural migrant workers and urban residents shown in Table 2.5. Based on the regression results, individual characteristics have similar effects on monthly income for both rural migrants and urban residents. Women are disadvantaged in earnings compared to men regardless of *hukou* status. To be specific, rural migrant women earn 14.6 percent ($=1-e^{-0.16}$) ($p < .001$) less income than rural migrant men, whereas urban female earn 18.9 percent ($=1-e^{-0.21}$) ($p < .001$) less than their male counterparts, after other variables being equal.

Years of schooling pose positive effects on monthly income for both rural migrants and urban residents. Each extra year of formal education increases income by 2.3 percent ($=e^{0.02}-1$) ($p < .001$) for rural migrants, and 4.8 percent ($=e^{0.05}-1$)

income ($p < .001$) for urban residents. Work experience for the current primary occupation is also reported to be positively correlated with high income. To be specific, one more year of work experience would increase 2.0 percent ($e^{0.02} - 1$) ($p < .001$) income in rural migrants and 1.1 percent ($e^{0.01} - 1$) ($p < .001$) income in urban residents. Single status is found to have negative impact on monthly income in urban residents but in rural migrants in that urban single workers earn 19.7 percent ($1 - e^{-0.22}$) ($p < .001$) less income than married urban residents.

Table 2.5 Ordinary Least Square Estimates of Monthly Income in Rural Migrant Workers and Urban Residents (age 16-64), 2009

	Rural Migrant Workers	Urban Residents
Age	0.048 (0.006) ***	0.021 (0.017)
Age ²	- 0.001 (0.000) ***	- 0.000 (0.000) *
Female	- 0.158 (0.019) ***	- 0.210 (0.029) ***
Years of education	0.023 (0.004) ***	0.047 (0.006) ***
Single	- 0.005 (0.022)	- 0.216 (0.072) **
Work experience	0.020 (0.002) ***	0.011 (0.002) ***
Occupation (“professional and manager” is omitted)		
Clerk	- 0.244 (0.045) ***	- 0.148 (.035) **
Commercial & service personnel	- 0.259 (0.039) ***	- 0.269 (.043) ***
Manual laborers	- 0.211 (0.039) ***	- 0.325 (.047) ***
Labor contract (“permanent employment” is omitted)		
Long-term	0.019 (0.022)	- 0.120 (.034) ***
Short-term	- 0.068 (0.027) *	- 0.328 (.068) ***
Non-contract	0.007 (0.025)	- 0.157 (.056) **
Work unit (“government agency” is omitted)		
Public institution	- 0.114 (0.129)	- 0.131 (.054) *
State-owned enterprises	0.072 (0.127)	- 0.109 (.058) †
Collective-owned enterprises	- 0.085 (0.129)	- 0.248 (.070) ***
Private sector	- 0.085 (0.125)	- 0.089 (.062)
Social network		
Rural network	0.001 (0.000) *	0.001 (0.001)
Urban network	0.002 (0.001) †	0.001 (.000) ***
Hukou status (in rural migrants, “local rural hukou status” is omitted; in urban residents, “local urban hukou status” is omitted)		
Non-local rural	0.260 (0.022) ***	-
Non-local urban	-	0.340 (.080) ***
Constant	6.439 (0.173) ***	7.147 (.382) ***
N	3202	2271
R-squared	0.170	0.263

Notes: Dependent variable is logarithmic monthly income. The figures in the parentheses are robust standard errors.

†p<.10 * p<.05 ** p<.01 ***p<.001

Income varies across different occupations in rural migrants and urban residents. For urban residents, the income is in line with workers' occupational positions, with that urban people in higher occupational positions get higher pay. Based on the regression results, professionals and managers enjoy evident earning advantages over all the other occupations. All else being equal, clerks, commercial and service personnel, and other manual workers earn 13.8 percent ($1 - e^{-0.15}$) ($p < .01$), 23.6 percent ($= 1 - e^{-0.27}$) ($p < .001$) and 27.8 percent ($= 1 - e^{-0.32}$) ($p < .001$) less income than professionals and managers, respectively. For rural migrant workers, professionals and managers earn the most, whereas commercial and service personnel earn the least. Clerk, commercial and service personnel, and manual labors earn significantly less than professionals and managers, at 21.7 percent ($= 1 - e^{-0.24}$) ($p < .001$), 22.8 percent ($= 1 - e^{-0.26}$) ($p < .001$) and 19.0 percent ($= 1 - e^{-0.21}$) ($p < .001$) less income, respectively.

Employment type has a limited effect on rural migrant workers' monthly income. Short-term contract holders earn 6.6 percent ($= 1 - e^{-0.07}$) ($p < .05$) less than those on a permanent employment contract, while other things held constant. However, the impact of employment type is much stronger on urban residents' monthly income. Urban individuals with permanent employment earn the most. Specifically, with all other variables held constant, long-term employment, short-term employment and non-contract employment earn 11.3 percent ($= 1 - e^{-0.12}$) ($p < .001$), 28 percent ($= 1 - e^{-0.33}$) ($p < .001$) and 14.5 percent ($= 1 - e^{-0.16}$) ($p < .01$) less income than permanent employment, respectively.

While the regression results do not show close association between work unit sectors and rural migrant workers' monthly income, work unit sectors matter for urban residents. Consistent with findings of previous studies, urban individuals

employed in government agencies enjoy an income advantage over their counterparts who work in other work unit sectors. Specifically, urban residents who work in public institutions, state-owned enterprises and collective-owned enterprises earn 12.2 percent ($=1-e^{-0.13}$) ($p<.05$), 10.4 percent ($=1-e^{-0.11}$) ($p<.10$) and 22 percent ($=1-e^{-0.25}$) ($p<.001$) less than people who work in government agencies, after all the other variables being constant. However, the income differences between government agencies and private enterprises are non-statistically significant.

Both urban and rural networks are positively associated with higher monthly income in rural migrant workers, but with quite small coefficients. In rural migrants, connection with one more rural *hukou* holders will increase 0.1 percent ($=e^{0.001}-1$) income ($p<.05$), and the effect of a marginal unit increase to a rural migrants' urban network will results in an increase of less than 0.2 percent ($=e^{0.002}-1$) on income ($p<.10$). For urban workers, the urban social network is also positively related to higher income. The effect of a marginal unit increase in an urban worker's urban network will increase their monthly income by 0.1 percent ($=e^{0.001}-1$) ($p<.001$), whereas ties with rural *hukou* holders is found to have non-statistically significant effect on their monthly income, other things being equal.

Regarding *hukou* status, though both local and non-local rural migrant workers hold rural *hukou* status, non-local rural migrant workers earn 29.7 percent ($=e^{0.26}-1$) ($p<.001$) more income than local migrant workers. Similarly, in urban residents, non-local urban residents earn 1.40 times ($=e^{0.34}$) ($p<.001$) that of local urbanites.

2.7 Discussion

In recent years, along with an increasing number of young and educated rural migrants coming with strong intention of settling in cities and more policies being

issued to limit rural migrants to access urban social resources, it is expected that rural migrants are more than before selective in taking up jobs. Similar to their urban counterparts, they prefer decent jobs in privileged work units, with long-term employment and more connection with urbanites, because attached to these jobs are basic social insurance, stable and secure employment and integration into cities all of which give them more chances to stay in cities. In this chapter, we explored the manner in which the stratification dynamics exert different effects on income between rural migrants and urban residents in urban China, with an emphasis on work unit sectors, employment types and social networks.

We found that work unit sectors exert different effects on monthly income between rural migrants and urban residents. Consistent with previous studies, urban peoples' income is in line with the hierarchy of work unit sectors; urban employees in government agencies enjoy significant advantages in income over employees in public institutions, state-owned and collective-owned enterprises, but the economic advantages of government agencies over the private sector is found to be dissolving. Although the private sector has low status in the redistributive hierarchy and enjoys the least support from the state, individuals and enterprises in the private sector are more adapted to the market economy and more capable to make profits than their counterparts in the public sector. Therefore, employers in the private sector can afford high salaries or financial rewards as incentives for their employees to inspire them to work hard.

Regarding the effects of the work unit system on income of rural migrants, the regression results reveal that the mechanism fails to shape rural migrants' earnings. The finding suggests that employment with government agencies does not bring rural migrant employees substantial income advantage over that with other

work unit sectors. One possible explanation lies in the two-tiered labor system that emerged in the reform era. In government agencies and public institutions, there are two types of employees: in-system employees and out-of-system employees. On the one hand, in-system employees are state-salaried and are selected mainly via civil service examination (*gongwuyuan kaoshi*), which is held every year at the state and local levels. These employees have permanent or long-term labor contracts that carry not only better pay but also many other benefits. Out-of-system employees, on the other hand, have either short-term or non-fixed-term employment contracts. They are usually paid much less than their in-system colleagues and have no access to benefits. A great majority of the rural migrants who work in government agencies and public institutions are out-of-system employees. They are therefore segregated from formal employees in terms of both income and benefits. Hence, unlike in urban residents, entering government agencies is not an effective means for rural migrant workers to earn higher salaries or move up the urban social ladder.

Employment type is another agent in stratifying urban workers' economic rewards, but fails to shape rural migrant workers' income. If urban employees are highly valued by their employers, they will obtain the permanent or long-term employments and get higher pay. But in rural migrants, despite that they have signed labor contracts with employers and some of them have secured long-term employment, they have not seen much improvement to their economic status.

There are two possible reasons for this. First, rural migrant workers are given permanent and long-term employments not based on their good performance, but because of the LCL. In the LCL, there are three situations under which employees can request open-term contracts: 1) if employees have worked for the same work unit for at least 10 consecutive years; 2) if two consecutive fixed-term labor contracts

have been executed, and 3) if employers do not sign a written labor contract with workers within 1 year of the hiring date (LCL Article 14). Therefore, if employers sign open-term contract with employees due to the pressure of LCL, they will not offer these employees high salaries. Second, this should be attributed to the institutional discrimination against rural migrant workers. Even those rural migrants get permanent and long-term employments due to their good performance, they are still paid less than their urban counterparts. Thus, the permanent and long-term employments only guarantee rural migrants' job security, but can't increase their economic status.

Regarding the social network, it has been found to play different roles in monthly income between rural migrants and urban residents. Rural migrant workers' predominant social networks are rural-originated networks, which have a positively correlation with their monthly income, whereas urban residents build connections mainly with urban residents and also benefit from their urban network. Although the findings in previous research indicate that urban networks help rural migrants obtain goods, opportunities, and high economic rewards, urban network's positive effects are not so significant in our study. We argue that it is social exclusion against rural migrants that impedes rural migrants' accumulation of urban networks and eventually hinder their benefiting from them.

Another interesting finding is that both non-local rural migrants and non-local urbanites are found to enjoy a significant income advantage over their local counterparts. According to previous studies, both non-local rural migrants and non-local urbanites are discriminated by local governments due to their non-local *hukou* status in terms of job attainments; however, they are found to earn more than their local counterparts in our study. We believe that their success can be attributed to

their hard work. As the outsiders of their destination cities, non-local migrants and non-local urbanites are more likely to cherish their job opportunity by working longer hours and being more diligent than their local counterparts. Therefore, they receive high economic rewards from their hard work.

In conclusion, the structural dynamics in urban stratification mechanism play different roles in income between urban residents and rural migrants. The findings indicate that the rural migrant population is becoming a separated social group who are still far away from being integrated into cities. Based on the findings, rural migrants must depend on a quite different path from their urban counterparts to realize their upward social mobility in cities. The work unit system, as the legacy of the redistributive economy, is still an active stratification mechanism on shaping urban residents' earnings in market reform. However, it functions just as a workplace for rural migrants, and employment with government agencies does not improve their income due to their out-of-system status. Meanwhile, labor contract system guarantees rural migrants' job security, but fails to increase their income either. Furthermore, due to social exclusion and discrimination based on the *hukou* system, rural migrants dominantly network with their migrant fellows and have poor social connections with urban residents that hinder them to benefit from their urban networks.

We argue that on the one hand, the state promulgated a series of policies and laws to protect rural migrants' interests and rights in cities, such as the LCL; on the other hand, the state, via some policies or institutional design, unintentionally deprives rural migrants' opportunities to move up the social ladder in cities. It is necessary for the state to reflect its policies on social inequality. In recent years, the government has been accelerating the *hukou* system reform by replacing it with the

Residence Permit System (*juzhuzheng*) and is to conduct personnel system reform in public institutions by abolishing the two-tiered labor system (*shiyedanweirenshizhidu gaige*). Both the two reforms help rural migrant workers to gain the equal access to urban basic public services and social resources. Whether they will improve rural migrant workers' integration into cities should be investigated in the future.

Chapter 3 Persistent Rural-Urban Distinctions: Social Insurance Participation in China's Reform Era

Abstract: This study examines the effects of structural determinants on rural migrants' participation in social insurance in comparison with urban residents. Using data from the 2009 survey of Rural-Urban Migration in China, the analysis reveals that entering government sector is an effective means for rural migrants to be covered by pension insurance, work injury insurance and unemployment insurance, but government separates rural migrant employees from urban employees by conducting the two-tiered labor system when providing housing provident fund and treats them in an unequal way. The findings indicate that the state is devoting efforts to protecting rural migrants' interests in basic social insurance programs; but it reinforces their vulnerable position by excluding them from key benefits. We discuss implications of this policy paradox in the chapter.

In chapter 2, we found a wide income gap between rural migrants and urban residents and revealed the different roles played by the structural determinants in the two social groups' economic attainment. The different paths to upward social mobility of rural migrants and urban residents indicate that rural migrant workers have been separated as a distinctive social group in cities and that they are still long way from being integrated into cities. Thanks to the reform of the *hukou* system and the prosperity of the private economy during the economic reform, rural migrants are free to migrate to cities for job opportunities by which they effectively improve their economic status. From the very beginning of the economic reform, the private sector has been the main provider of job opportunities for rural migrants, and according to the findings in chapter 2, rural migrants continue to depend primarily on the private sector to increase their income. However, due substantial part to the two-tiered labor system design in government and public institutions, the economic advantages from working in privileged work unit sectors are exclusive to urban

residents, and rural migrants fail to realize upward social mobility by entering these work units.

Income inequality is an essential component in understanding the extent to which a society is unequal, but it is not the whole picture. Therefore, in this chapter, we examine the gap in social insurance participation between the two social groups. Social insurance is important fringe benefit provided by work organizations, but more importantly, it has become essential prerequisite for migrants to gain access to more local social resources, welfare, and services. For instance, more and more cities are using the records of social insurance participation as an important indicator to screen non-local applicants from buying housing and cars, for children's education in local schools, and for local urban *hukou* status, as well as other welfare programs provided by the cities. Therefore, social insurance participation is becoming increasingly significant for rural migrants in their attempts to settle down into cities.

This chapter begins by introducing the aim of our study, and then reviews the history of social insurance system reform in China, and the vulnerable position of rural migrants in gaining access to social insurance in cities. Next, we are to compare the five basic social insurance programs and housing provident fund in terms of management. In the following three sections, we focus on the three structural determinants of labor contract, work unit system and *hukou* status in rural migrants' social insurance participation. Then, we briefly introduce the data and the variables. In empirical results and interpretation part, we examine the gap between rural migrants and urban residents in terms of social insurance coverage, and then explore the manner in which the structural determinants shape the two groups' participation in social insurance in different ways. In the ninth section, we are to discuss the main findings based on the empirical study. Finally, we draw a short

conclusion to piece together the findings from chapters 2 and 3.

3.1 Introduction

Social insurance is generally considered the main official means of protecting individuals from major risks and ensuring social stability in China's economic reform. In recent years, as the state has been deepening reform of the *hukou* system by decreasing the role of *hukou* status in migrants' opportunities to gain access to life chances and social welfare in cities, participation in social insurance has been used as an important indicator for local governments to screen for migrants to entitle them to local resources and services. For instance, in Beijing, the records of parents who participate in the social insurance schemes have been used as one of the prerequisites for children to apply for admission to local schools (Zhao 2015); and in Shanghai, participation in social insurance is required for non-local people who apply for local *hukou* status (Shanghai Municipal Human Resources and Social Security Bureau 2015). Therefore, social insurance has not only become important benefit that is closely correlated with individuals' economic integration into urban China, but it has also become an essential prerequisite for migrants to gain access to more local social resources, welfare, and services. Accordingly, social insurance plays a significant role in helping migrants to settle down in cities and transform into urban citizens.

According to Social Insurance Law, all waged laborers in cities should be integrated into social insurance schemes by requiring employers to provide equitable access to social insurance for all of their employees. However, the chances of being covered by social insurance are not equal among different social groups in urban China. The greatest inequality in terms of social insurance participation is between urban residents and rural migrants: the former enjoys overwhelming advantages in

gaining access to social insurance compared with the latter.

By reviewing the literature on social insurance participation in urban China, we find that previous studies generally separated urban residents from rural migrants in the framework of their analyses. Studies of urban residents' social insurance participation usually considers social insurance as a fringe benefit offered by employers, so the literature focuses on examining the relationship between structural determinants and attainment of social insurance, such as the characteristics of work unit (Wang 2008; Wu 2013; Xie, Lai, and Wu 2009). However, studies of rural migrants' social insurance participation tend to regard social insurance as an important means to protect individuals from major risks such as losing their job, and sustaining a work injury, and extensive research is thus devoted to examining the main reasons that hinder rural migrants from gaining access to social insurance, such as their rural *hukou* status (Cheng, Nielsen, and Smyth 2014; Gao, Yang, and Li 2012), and their disadvantages in individual characteristics, like poor education, lack of legal knowledge, and lack of urban work experience (Bärnighausen et al. 2007; Xu, Guan, and Yao 2011; Yao and Kim 2015).

Alongside an increasing number of well-educated and young rural people joining the tide of rural-urban migration, more and more rural migrants come with strong intention of settling down in cities, and therefore, they are more likely than before to choose jobs in privileged work unit sectors and work with secure employments, because these jobs are more likely to offer employees social insurance. Therefore, it is necessary for us to examine how the structural determinants that affect urban residents' social insurance obtainment shape the opportunities of rural migrants in gaining access to social insurance, thereby influence their attempts to settle down in cities, and we hope that the findings can help us to explore more

implications of the current institutional and policy design on urban inequality and rural migrants' integration into cities.

3.2 Social Insurance System Reform: from Fragmented System to Unified System

China's social insurance system has experienced a series of reforms since the transition from a planned economy to a market economy. In the planned economy, the social security system was fragmented and was characterized by an institutional divide between two subsystems in rural and urban populations (Hussain 1993 and 1994; Saunders and Shang 2001). In cities, work units provided for their employees an all-inclusive welfare package from cradle to grave, including child care, health care, old age pension and so forth (Croll 1999; Saunders and Shang 2001; Walder 1986). The work unit-based social security system funded by the state offered urban workers a secure and stable life, and effectively protected them from a wide range of risks and uncertainties. However, due to its limited economic capacity, the state did not extend this all-inclusive social security to rural areas. During that period, social security provision in rural areas mainly aimed to alleviate extreme poverty (Hussain 1994). For instance, the "Five Guarantee" (*wubao*) relief system provided support and helped in five ways (food, clothing, housing, medical care and burial expenses) for the most vulnerable population in rural areas, such as the childless and the disabled (White 1998). Hence, most of the rural population had to rely on themselves, their families, or their communities to deal with a range of risks and misfortunes in work and daily life.

Since the economic reform, the work unit-based social security system in cities has faced a series of challenges. First, the work unit-based security system characterized by the cradle-to-grave security package cast a heavy financial burden

on work units and the states, particularly state-owned enterprises, that seriously hampered their development in a market economy (Saunders and Shang 2001). Since the 1980s, along with the rapidly aging population, this issue has become more and more pressing due to the rapidly increasing costs of pension and medical care (Saunders and Shang 2001). Second, more and more people have been excluded from work unit-based social security in cities, and the increasing discontent in the population aroused by this uneven treatment eventually became a threat to social stability in cities (Croll 1999; Saunders and Shang 2001). On the one hand, the private sector has rapidly arisen alongside the reemergence of private/hybrid enterprises, individual-owned enterprises and self-employed individuals. In 1989, there were about 90,000 private enterprises, and by 2005, the number of private business people had reached around 30 million (Tsai 2007). On the other hand, more and more rural migrant workers flooded into cities looking for jobs. The number of rural migrant workers dramatically increased from less than 10 million in 1982 to 79 million in 2000 (Liang 2001). However, because work-unit based security was exclusive to urban workers in public work units, employees in the private sector and rural migrants were locked out of the urban security system, and were instead required to depend on themselves or the market to deal with potential risks in the market economy (Croll 1999).

To conform to the new trends of the workforce and to deal with the rapidly increasing financial burden of the state in the context of the market transition, China's social insurance system has experienced radical overhauls since 1990s. After reform, the comprehensive social security package in cities was replaced with social insurance schemes that mainly contains five insurance programs: pension insurance, medical insurance, work injury insurance, unemployment insurance and

maternity insurance that protect workers from five major risks in the workplace and in daily life, including old-age poverty, ill health, work injury, unemployment and maternity. The housing provident fund that was designed to allow employees to save money to buy their own houses in cities was also officially incorporated into the social insurance schemes since 1999 in the wake of the subsidized housing policy stepping down from the stage of history in 1998. The five insurance programs and the housing provident fund together are regarded as the cornerstones of the social security system and are meant to ensure social stability and security in urban China (Li 2010).

According to the new social insurance schemes, the pooled social insurance funds should receive contribution from both employers and employees, and are managed by local governments. It is compulsory for employers to provide social insurance for their employees regardless of the ownership of the work units and the *hukou* status of their employees. Thanks to the reforms, the fragmented social insurance system seemed to take a big step toward a unified system in cities; this unification is reflected in two respects. First, employees in both public and private work units are entitled to equal rights to gain access to social insurance. Second, rural migrant workers have the same right as their urban counterparts to be covered by social insurance schemes, which ends the history of rural migrants living without social security in cities. Nonetheless, inequality still exists in implementation between different social groups in gaining access to social insurance schemes. Before we examine the disparity of social insurance coverage among different social groups, we have to take a look at the differences between the five insurance programs and the housing provident fund in terms of management, as the differentiations can affect the possibility of individuals to be covered by the five

insurance programs and the housing provident fund.

3.3 The Five Social Insurance Programs and the Housing Provident Fund

In light of Social Insurance Law and the latest version of the Housing Provident Fund Regulation issued by the State Council in 2002, all employers, regardless of the ownership of the work units, are required to pay into the five social insurance programs and the housing provident fund for their employees or face a certain fine. However, due to the high costs, numerous employers including both public and private work units would still rather take the risk of being fined than pay into the funds for their employees.

Employers, as the main contributor to the social insurance funds, are required to contribute a certain percentage of their payrolls on a monthly basis. Generally, the ratio varies from region to region on the basis of economic development. In Beijing, for instance, in terms of pension insurance, the employers should pay 19 percent of their payroll, whereas employees pay only 8 percent of their monthly wage; with respect to medical insurance, the employers are required to contribute 9 percent, and the employees pay 2 percent; for unemployment insurance, the employers pay 0.8 percent, whereas employees pay 0.2 percent; and for work injury insurance and maternity insurance, the employers pay at least 0.5 percent and 0.8 percent, respectively, whereas employees are not required to contribute to these two insurance programs (Beijing Social Insurance Online Service Platform 2016). In terms of the housing provident fund, employers pay 12 percent of the payroll and employees also pay the same percentage of their monthly wage (Beijing Housing Provident Fund Managing Commission 2015). According to the stipulations, employers pay about 42 percent of their total payroll for the five social insurance programs and housing provident fund in Beijing, and this high cost makes them

reluctant to provide social insurance programs and housing provident funding for their employees.

In addition to cost, management differences result in differences in implementation between the five social insurance programs and the housing provident fund. First and foremost, the five social insurance programs are written into Social Insurance Law and Labor Contract Law, whereas the housing provident fund is only stipulated in Housing Provident Fund Regulation issued by the State Council. From the perspective of legal effect, the regulation is much lower than the law. Moreover, the five social insurance programs are managed by the local Bureau of Human Resources and Social Security, which is a government agency, whereas the housing provident fund is supervised by the Housing Provident Fund Management Center which is only a public institution. Therefore, even though the five social insurance programs and the housing provident fund are stipulated as compulsory responsibility of employers, government supervision of employers regarding the housing provident fund is much more relaxed than for the five social insurance programs. Due to the high cost and relaxed supervision from the government, it is more likely for employers to refuse to provide housing provident fund for their employees.

Housing provident fund savings are deposited into employees' personal accounts, and the employees can draw out cash for their housing consumption such as purchasing, renting or remodeling housing. The soaring housing prices in cities make it increasingly difficult for young households to buy housing. In this context, obtaining housing provident fund can effectively reduce young people's financial burden (Chen and Deng 2014). Thus, housing provident fund is becoming more and more popular among young employees, especially among young migrant wage

laborers. Accordingly, housing provident fund has become a particularly important fringe benefit relative to the five social insurance programs that can be used by employers to attract talent, and by migrant employees to take roots in cities.

3.4 Social Insurance Participation of Rural Migrants and Labor Contract

Rural migrants are rural *hukou* holders who have moved from a rural area to an urban area without obtaining permanent urban residency in a city. In 2015, the rural migrant population has reached 277.47 million (National Bureau of Statistics 2016). Since 2010, the new generation of rural migrants (*xinshengdai nongmingong*) who were born after 1980 has become the main force of the rural-urban migrant population, and in 2012, the average age of rural migrants was only 28 years (National Health and Family Planning Commission 2013). The new generation has little farming experience and better education than the older generation, and they prefer to rent housing rather than live in dormitories or temporary sheds, and more than 70 percent of them desire to settle down in cities (National Health and Family Planning Commission 2013; National Bureau of Statistics 2014).

To take root in cities, participation in social insurance schemes becomes significant, because social insurance schemes not only protect rural migrants' interests from potential risks of the workplace and daily life, but they are also essential for migrants who are applying for local *hukou* status and local urban social resources and services. Social insurance schemes have become available for rural migrant workers since 1999. Although it has been more than 10 years, the social insurance participation rates among rural migrant workers are still low. In 2009, only 7.6 percent of rural migrants had pension insurance, 12.2 percent had medical insurance, 21.8 percent had work-related injury insurance, 3.9 percent had unemployment insurance, and 2.3 percent had maternity insurance (National Bureau

of Statistics 2010). In 2014, the participation rates of migrant workers in all social insurance programs had all increased; the coverage rates were 16.7 percent for pension insurance, 17.6 percent for medical insurance, 26.2 percent for work injury insurance, 10.5 percent for unemployment insurance, 7.8 percent for maternity insurance and 5.5 percent for housing provident fund, respectively (National Bureau of Statistics 2015). From these statistics, it is certainly apparent that social insurance scheme coverage rates among rural migrant workers have increased, but remain patchy.

The low coverage rates in the five social insurance programs and the housing provident fund among rural migrants have drawn extensive attention. The disadvantages of individual characteristics, such as young age (Yao and Kim 2015), low education level, and low income (Yao and Kim 2015), and an insufficient willingness to participate in or a lack of knowledge about social insurance schemes (Bärnighausen et al. 2007; Xu et al. 2011), have been found to have a negative influence on rural migrants' participation in social insurance schemes. In addition to individual characteristics, *hukou* status is ascribed as the main institutional factor in the low participation rates of rural migrant workers. Many studies have argued that rural migrant workers were excluded from the urban social security system because of their rural *hukou* status (Fan 2004; Tao and Xu 2007; Wu and Treiman 2004).

However, more and more studies in recent years have found that the negative role of rural *hukou* status is declining along with increasing efforts by the government to improve the unification of social insurance schemes between rural migrants and urban residents (Cheng et al. 2014; Davies and Ramia 2008; Li 2014). One institutional milestone is the Labor Contract Law (LCL) enacted in 2008 (Gao et al. 2012). Two important stipulations in the LCL significantly extend the social

insurance schemes to rural migrant workers. First, the LCL encourages open-term labor contracts. There are several circumstances under which employees can request open-term contracts: if employees have worked for the same work unit for at least 10 consecutive years, or if two consecutive fixed-term labor contracts have been executed (LCL Article 14). More importantly, if employers do not sign a written labor contract with a worker within 1 year of the hiring date, an open-term contract can be assumed (LCL Article 14). The last circumstance stipulated in the LCL effectively urges employers to sign contracts with employees, particularly with rural migrants. In 2005, only 12.5 percent of rural-urban migrant workers signed labor contracts with employees (Project Team of the Research Office of the State Council 2006). In 2009, the number was 42.8 percent (National Bureau of Statistics 2010). Second and more importantly, the LCL stipulates that employers are required to pay into social insurance funds for their employees regardless of their *hukou* status, which removed the connection between social insurance and *hukou* status.

Since then, the role of labor contracts in rural migrant workers' participation in social insurance schemes has increased. Cheng et al. (2014) compared social insurance participation between rural migrants and urban migrants in Beijing and found that rural *hukou* status is less able to explain rural migrant workers' low participation rates in social insurance schemes; their findings suggested that the effects of having a labor contract are much greater than those of *hukou* status on the ability of rural migrants to gain access to social insurance. Yao and Kim (2015), in their study of the determinants of social insurance participation in rural migrant workers, found that signing a labor contract significantly increased the odds of rural migrant workers' participation in social insurance. To exactly examine the correlation between employment type and social insurance participation in rural

migrants, Gao et al. (2012) analyzed the effects of different employment types and found that rural migrants with long-term contracts were more likely to participate in social insurance, whereas short-term contracts or labor without a contract decreased rural migrants' social insurance participation to a substantial extent; their findings highlighted the importance of labor contracts on rural migrants' access to social insurance. In this study, we examine and compare the effects of employment types on social insurance participation between rural migrants and urban residents, and explore any differences in terms of the effects of employment types between the two groups.

3.5 Work Unit Sectors and Social Insurance Coverage

Under the work unit-based social security system in pre-reform China, social security as a fringe benefit was closely correlated with the ownership of the work unit. As mentioned earlier, work unit-based social security in pre-reform China only covered employees in public work unit sectors, such as government agencies, public institutions, state-owned enterprises, and collective-owned enterprises. Every public work unit was expected to provide all-inclusive social security to its employees. However, the benefits and welfare package that a work unit could provide for its employees still varied by the characteristics of the work unit, such as its administrative level (Walder 1992) or profitability and financial condition (Xie et al. 2009; Xie and Wu 2008), among which, the position of a work unit on redistributive hierarchy was accounted as a significant agent in the stratification of the fringe benefits that employees obtained.

In pre-reform era, government/party agencies and public institutions were at the top of the hierarchy, and therefore, they were better able to bargain with the state for more resources than state-owned enterprises and collective-owned enterprises

(Wu 2013). Accordingly, government agencies and public institutions provided for their employees' social security and benefits in a more comprehensive way than could the state/collective-owned enterprises.

Even in the reform era, the inequalities between different work unit sectors are still significant. Compared with enterprises, government agencies and public institutions kept their privilege on social security and welfare for a long time. Take the subsidized housing and medical insurance for example. Housing in pre-reform urban China was a life-long welfare benefit in public work units; however, cadres, especially those in government agencies, enjoyed larger welfare house than workers in enterprises (Yang and Wang 1992; Zhou and Logan 1996). Logan et al. (1999) collected data from Shanghai and Tianjin in 1993 and analyzed two aspects of housing quality: space and housing facilities, and found that housing allocation system in market transition still favored people whose work units had greater organizational authority.

Even after the subsidized housing policy was abolished in 1998, employees in government agencies still possess the privilege in purchasing economic housing (*jingji shiyong fang*) at deeply discounted prices (Zhao 2008). Zhou and Logan (1996) in their study of commodification of housing in China's market transition based on data from Zhongshan city in Guangdong Province found that although life-long welfare right to housing had been replaced by one-off purchase subsidies during economic reform, the distribution system of commodified housing was still similar to the old system in the redistributive economy, and its access was structured by the hierarchy of municipalities and work units.

Regarding medical insurance, before "The State Council's Decision on the Establishment of the Basic Medical Insurance System in Urban Employees"

(*guowuyuan guanyu jianli chengzhen zhigong jiben yiliao baoxian zhidu de jueding*) was implemented in 1998, all employees with a fixed personal quota (*bianzhi*) in government agencies and public institutions enjoyed free medical care. Since 1998, civil servants have been required to participate in medical insurance; however, the government agencies still provide extra medical subsidies to their employees, in addition to the basic medical insurance (Yang 2012).

Private enterprises have rapidly reemerged during the market transition. Social insurance coverage in private work units has drawn extensive attention, and a substantial number of studies have been conducted to examine the gap in social insurance coverage between employees of public work units and those of private work units. Wu (2013) examined inequality in income and benefits in different work units in contemporary China and found that employees' fringe benefits, such as pension and medical insurance, are closely correlated with the ownership of the work units; employees in government agencies and public institutions are more likely to be covered by social insurance than workers in enterprises, and employees in the public sector are more likely to be covered by social insurance than employees in the private sector.

The findings of previous studies revealed the effects of work unit sectors on the social insurance coverage of urban residents, but quite a few studies have examined its effect on rural migrant workers' social insurance participation. In pace with the state's deepening the economic reform in public sectors, more and more rural migrant workers are employed in government agencies, public institutions, and state-owned enterprises that were once exclusive to urban residents. In this study, to exactly capture the structural effects of work unit sectors, we examine whether rural migrant workers' participation in social insurance programs and housing provident

fund varies by work unit sectors in comparison with urban employees.

3.6 Local and Non-Local *Hukou* Status and Social Insurance Participation

The distinction in terms of social insurance participation is significant between rural migrants and urban residents, and the differences between local and non-local rural migrants, and that between local and non-local urban residents should also receive attention. Because pooled social insurance funds are managed by local governments, when people migrate to other cities or provinces, they must spend considerable time to deal with complicated procedures to transfer their accounts to their new migrated cities. The inconvenience often caused migrants to lose their contributions and obstructed their participation in social insurance schemes (Liu 2011).

Compared with non-local rural migrants or urban migrants, we believe local rural migrants and local urban residents enjoy many more advantages in gaining the access to social insurance programs and the housing provident fund. First, non-local rural migrants and non-local urban residents have fewer ties in the cities, and theoretically they can move to another place at any time to pursue better job opportunities, whereas local rural migrants and urban residents are much more stable; they have greater chance to stay in their home cities permanently, and therefore, they worry less about the transferability of social insurance. Hence, we assume that local rural migrants and local urban residents would be more willing to participate in social insurance schemes than their non-local counterparts.

Second, as local *hukou* holders, local migrants and local urban residents encounter less social exclusion and institutional discrimination than their non-local counterparts (Li, Gu, and Zhang 2015; Zhan 2011), and thus should be more likely to be offered social insurance schemes by their employers. Nielsen and her colleagues (2005) used Jiangsu survey data to examine the reasons that some rural

migrants took up social insurance while others did not, and found that local migrants had a higher likelihood of receiving all social insurance programs, except pension insurance, than did migrants from outside Jiangsu. Therefore, in this study, we examine and compare the effects of local/non-local *hukou* status on social insurance participation between rural migrants and urban residents.

3.7 Data and Variables

Data

This study uses the same data as in the first them of income. For more information about the data, please check the data section in chapter 2.

Variables and measurement

In the survey, respondents were asked whether or not they have unemployment insurance, pension insurance, work injury insurance, medical insurance and housing fund. However, because the question on medical insurance is mixed with commercial insurance, we only focus on the pension insurance, unemployment insurance, work injury insurance and housing provident fund in this study. Because every social insurance program is provided by employers or by both employers and employees, if the response was “paid by employer” or “paid by both employer and yourself”, their answer would be deemed as “yes”. If they answered with “none” or “paid by yourself”, then the reply would be coded as “no”. Each is coded as a dummy variable with yes=1 and no=0.

Independent variables in this study include demographic variables and structural variables. Demographic variables include age, gender, education, marital status and work experience. Age is limited to the group between 16 and 64 years old in 2009, and the square of age is adopted to allow for a curvilinear relationship between age and social insurance participation. Gender is coded as dummy variable,

with female=1 and male=0. Education is measured in years of formal education as a continuous variable. Marital status is categorized into two types, single and married. Single status includes never married, divorced and widowed. Married status contains married, remarried and cohabited. Marital status is coded as dummy variable, with single=1 and married=0. Work experience is controlled in this analysis, and is measured as the number of years that the respondents take for his/her current primary occupation.

Structural variables in this analysis include occupation, employment type, work unit sectors and *hukou* status. There are four occupational positions included into this analysis, namely professionals and managers, clerk, commercial and service personnel, and manual laborers. Employment types are measured by labor contracts and are categorized into four types of employment, namely, permanent employment, long-term employment, short-term employment and non-contract employment. We categorize work unit into four sectors: government and public institutions, state-owned enterprises, collective-owned enterprises, and private enterprises. *Hukou* status in RUMiC survey is classified into four types: local urban *hukou*, non-local urban *hukou*, local rural *hukou* and non-local rural *hukou*. In MHS, only local rural *hukou* and non-local rural *hukou* are kept representing local rural migrant workers and non-local rural migrant workers, respectively. The total number of local and non-local rural *hukou* holders in MHS 2009 is 8755, and the total number of the deleted local urban and non-local urban *hukou* status holders from MHS 2009 is 320 and accounts about 3.53% of the whole samples. In UHS, local urban *hukou* and non-local urban *hukou* are kept representing local urban residents and non-local urban workers with total number of 14,016 accounting for 95.91%, and the total number of the deleted local and non-local rural *hukou* status holders is 598 and

accounts about 4.09% of the whole sample. For more details please see Appendices Table A2 of Description of Variables in the Theme of Social Insurance Participation of Rural Migrants and Urban Residents in Urban China.

Table 3.1 presents descriptive statistics for selected variables in UHS sample and MHS sample. The gap between urban residents and rural-urban migrants in social insurance coverage was huge. Specifically, urban residents' participation rates in social insurance were 71.58 percent in unemployment insurance, 80.26 percent in pension insurance, 64.90 percent in work injury insurance, and 62.56 percent in housing fund, respectively. However, the coverage rates of social insurance programs in rural migrant workers were 15.79 percent in unemployment insurance, 23.83 percent in pension insurance, 21.96 percent in work injury insurance and 9.22 percent in housing provident fund, respectively.

In terms of individual characteristics, by looking through and comparing the four analysis samples of urban residents and rural migrants, we find the statistics is consistent with conventional wisdom that the majority of rural migrant workers are young, unmarried, have poor education and short work experience for the primary occupation. The average age of urban workers was around 40.7, whereas rural migrant workers in the sample were much younger with the average age of about 30.5. More than 84 percent of urban residents have been married, whereas there are about 45 percent of rural migrants in the analysis samples who are still single. Regarding education, urban worker was much better educated than their rural-urban migrant counterparts. The average of years of education in urban residents is around 12.6, whereas it is only about 9.2 in rural migrants. The gap in terms of years of work experience for the current primary occupation is evident between the two groups as well. Urban workers spent around 15 years on average for their primary

occupations, whereas the mean of years of work experience in rural migrants was only 4.5 years.

The occupational distribution shows distinctive patterns in urban workers and in rural migrants. Urban workers evenly scattered in occupational hierarchy with that about 34 percent of urban workers occupying professional and manager position, about 28 percent and 19 percent of urban workers who work as clerk, and commercial and service personnel, respectively, and only about 18 percent of urban workers making a living as manual laborers. However, the majority of rural migrants are segregated in low end occupations. To be specific, more than 64 percent of rural migrant workers worked in commercial and service position, and there was another around 26 percent of rural migrants who work as manual laborers. Less than 10 percent of rural migrants in the analysis sample occupied top-end occupational positions, such as professionals and managers or clerks.

Regarding employment types, table 3.1 shows that about 92 percent of urban workers signed labor contracts, among which more than 37 percent and 50 percent of them held permanent and long-term employment, respectively. However, labor contracts do not seem so common among rural migrant workers. There were about 33 percent of rural migrants who did not sign any types of labor contracts. Regarding those having labor contracts, only about 12 percent had permanent employment and about 42 percent signed long-term contracts.

In terms of labor distribution among different work units, a large share of urban workers, more than 70 percent, were employed in public sectors. Specifically speaking, about 40 percent of urban employees worked in government and public institutions, a little more than 27 percent were employed in state-owned enterprises, and about 6.7 percent in collective-owned enterprises, respectively. In a sharp

contrast, private enterprises had the largest share of rural migrant workers with more than 77 percent. Only around 6.6 percent of rural migrant population worked in government and public institutions, and about 8.8 percent of them were employed in state-owned enterprises.

In terms of *hukou* status, around 97.8 percent of urban residents are local residents, and only about 2.1 percent are non-local residents. In rural migrants, about 84 percent of them are non-local rural migrants, and only about 16 percent are local migrants.

Table 3.1 Descriptive statistics for selected variables in UHS and MHS sample (workers' age is between 16 and 64 in 2009)

	Urban workers				Rural migrant workers			
	Unemployment Insurance	Pension Insurance	Work Injury Insurance	Housing Provident Fund	Unemployment Insurance	Pension Insurance	Work Injury Insurance	Housing Provident Fund
Participation rate	71.58%	80.26%	64.90%	62.56%	15.79%	23.83%	21.96%	9.22%
Age	40.775 (9.818)	40.713 (9.824)	40.767 (9.854)	40.717 (9.803)	30.577 (10.383)	30.580 (10.373)	30.569 (10.390)	30.564 (10.376)
Age2	1758.939 (805.226)	1754.031 (804.746)	1759.158 (807.701)	1753.935 (802.916)	1042.741 (727.149)	1042.722 (725.918)	1042.397 (726.874)	1041.766 (725.820)
Female	41.30%	41.30%	41.31%	41.36%	38.70%	38.68%	38.56%	38.69%
Male	58.70%	58.70%	58.69%	58.64%	61.30%	61.32%	61.44%	61.31%
Years of formal Education	12.658 (3.120)	12.673 (3.121)	12.641 (3.116)	12.672 (3.108)	9.291 (2.977)	9.291 (2.967)	9.287 (2.977)	9.294 (2.975)
Single Status	15.78%	15.87%	15.76%	15.82%	45.68%	45.62%	45.80%	45.87%
Married Status	84.22%	84.13%	84.24%	84.18%	54.32%	54.38%	54.20%	54.13%
Work experience	15.066 (11.152)	15.020 (11.144)	15.053 (11.193)	15.025 (11.135)	4.543 (5.109)	4.558 (5.115)	4.546 (5.104)	4.548 (5.106)
Occupation	4,937	5,036	4,766	5,000	2,824	2,841	2,819	2,843
Professional and manager	34.45%	34.55%	34.26%	34.74%	3.82%	3.73%	3.69%	3.76%
Clerk	28.80%	28.79%	28.60%	28.60%	5.24%	5.17%	5.25%	5.21%
Commercial & service personnel	18.94%	18.86%	19.11%	18.88%	64.62%	64.55%	64.46%	64.51%
Manual laborer	17.80%	17.79%	18.02%	17.78%	26.31%	26.54%	26.61%	26.52%

Employment type	4,937	5,036	4,766	5,000	2,824	2,841	2,819	2,843
Permanent	37.55%	37.39%	37.43%	37.56%	12.50%	12.39%	12.49%	12.45%
Long-term	50.64%	50.79%	50.52%	50.62%	42.32%	42.52%	42.25%	42.53%
Short-term	3.59%	3.57%	3.61%	3.58%	11.97%	12.00%	11.92%	12.10%
Non-contract	8.22%	8.24%	8.43%	8.24%	33.22%	33.09%	33.35%	32.92%
Work unit	4,937	5,036	4,766	5,000	2,824	2,841	2,819	2,843
Government and public institutions	40.02%	39.99%	40.16%	40.10%	6.66%	6.58%	6.74%	6.61%
State-owned enterprises	27.53%	27.68%	27.44%	27.52%	8.82%	8.87%	8.80%	8.79%
Collective-owned enterprises	6.74%	6.71%	6.76%	6.72%	6.83%	6.86%	6.88%	6.86%
Private enterprises	25.70%	25.62%	25.64%	25.66%	77.69%	77.68%	77.58%	77.73%
Hukou status	4,937	5,036	4,766	5,000	2,824	2,841	2,819	2,843
Local	97.87%	97.82%	97.94%	97.88%	16.01%	16.09%	16.11%	16.00%
Non-local	2.13%	2.18%	2.06%	2.12%	83.99%	83.91%	83.89%	84.00%
Sample size	4,937	5,036	4,766	5,000	2,824	2,841	2,819	2,843

Notes: Percentages are presented for categorical variables, and means and standard deviations are presented for continuous variables

3.8 Empirical Results and Interpretation

Table 3.2 presents the participation rates in the five social insurances and housing provident fund of urban residents and rural migrants in different types of work units. In terms of the unemployment insurance in urban employees, urban workers in private enterprises have the lowest participation rates with 60.05 percent, whereas wage labors in state-owned enterprises are reported to have the highest participation rates with 84.18 percent. The differences of participation rates in unemployment insurance are statistically significant ($p < .001$) among different work units, and the post-hoc pairwise comparisons by using Sidak method suggest that the differences of participation rates in unemployment insurance are significant at $p < .001$ between government/public institutions and state-owned enterprises, and between government/public institutions and private enterprises, but non-statistically significant between government/public institutions and collective-owned enterprises in urban residents. Similar to unemployment insurance participation rates, the highest participation rates in pension insurance, work injury insurance and housing provident fund in urban residents appear in state-owned enterprises rather than in government/public institutions, and the differences between government/public institutions and other types of work units at significant level except between government/public institutions and collective-owned enterprises in the three social insurance programs.

Among rural migrants, consistent with urban residents, employees in state-owned enterprises were reported to have the highest participation rates in the three social insurance programs and housing provident fund. However, the differences of participation rates between government/public institutions and other types of work units are only statistically significant between government/public institutions and

private enterprises in terms of pension insurance and work injury insurance.

By comparing insurance participation rates of urban residents with rural migrants, it is quite evident that rural migrants lag far behind urban residents in terms of all the three social insurance programs and housing provident fund participation rates in every type of work units.

Work units	Unemployment Insurance		Pension Insurance		Work Injury Insurance		Housing Provident Fund	
	Urban residents	Rural migrants	Urban residents	Rural migrants	Urban residents	Rural migrants	Urban residents	Rural migrants
Government and public institutions	70.85% ^a	18.62% ^b	78.75% ^c	32.62% ^d	63.74% ^e	32.63% ^f	72.32% ^g	9.57% ^h
State-owned enterprises	84.18%	26.10%	91.18%	44.84%	77.52%	39.52%	76.60%	19.60%
Collective-owned enterprises	68.47%	12.95%	81.66%	23.08%	63.98%	20.10%	47.62%	7.69%
Private enterprises	60.05%	14.63%	70.47%	20.75%	53.44%	19.20%	36.17%	8.14%
F value	66.22***	8.20***	64.44***	27.69***	56.84***	22.95***	231.81***	12.08***
Degree of freedom	3	3	3	3	3	3	3	3
N	4937	2824	5036	2841	4766	2819	5000	2843

Notes:
a: The differences of participation rates in unemployment insurance are significant at $p < .001$ between government/public institutions and state-owned enterprises, and between government/public institutions and private enterprises, but are non-statistically significant between government/public institutions and collective-owned enterprises in urban residents.
b: The differences of participation rates in unemployment insurance are non-statistically significant between government/public institutions and other types of work units in rural migrants.
c: The differences of participation rates in pension insurance are significant at $p < .001$ between government/public institutions and state-owned enterprises, and between government/ public institutions and private enterprises, but are non-statistically significant between government/public institutions and collective-owned enterprises in urban residents.
d: The differences of participation rates in pension insurance are significant at $p < .01$ between government/public institutions and private enterprises, but non-statistically significant between government/state-owned or collective-owned enterprises in rural migrants.
e: The differences of participation rates in work injury insurance are significant at $p < .001$ between government/public institutions and state-owned enterprises, and between government/ public institutions and private enterprises, but are non-statistically significant between government/ public institutions and collective-owned enterprises in urban residents.
f: The differences of participation rates in work injury insurance are significant at $p < .001$ between government/ public institutions and private enterprises, and non-statistically significant between government/ public institutions and state-owned or collective-owned enterprises in rural migrants.
g: The differences of participation rates in housing provident fund are significant at $p < .001$ between government/ public institutions and collective-owned enterprises, and between government/ public institutions and private enterprises, and are significant at $p < .05$ between government/ public institutions and state-owned enterprises in urban residents.
h: The differences of participation rates in housing provident fund are significant at $p < .01$ between government/ public institutions and state-owned enterprises, but are non-statistically significant between government/ public institutions and other two types of enterprises in rural migrants.
*** $p < .001$

Table 3.3 shows and compares social insurance participation rates in different employment types between urban residents and rural migrants. In urban residents, permanent employment holders are reported to have the highest participation rates in unemployment insurance, pension insurance, work injury insurance and housing provident fund. And the disparity of insurance participation rates between permanent employment and short-term and non-contract employments are statistically significant.

In rural migrants, different from urban residents, employees with long-term employment are found to have the highest insurance participation rates in unemployment insurance, pension insurance, work injury insurance and housing provident fund. By comparing insurance participation rates of urban residents with

rural migrants, we found it is notable that urban residents have much higher participation rates than their rural migrants in all types of employments.

Table 3.3 Social insurance participation rates by employment types in urban residents and rural migrants.								
Employment types	Unemployment Insurance		Pension Insurance		Work Injury Insurance		Housing Provident Fund	
	Urban residents	Rural migrants	Urban residents	Rural migrants	Urban residents	Rural migrants	Urban residents	Rural migrants
Permanent	80.10% ^a	13.88% ^b	85.93% ^c	18.18% ^d	72.93% ^e	19.03% ^f	87.75% ^g	7.06% ^h
Long-term	76.04%	26.36%	85.38%	41.64%	68.44%	37.87%	55.51%	16.54%
Short-term	48.02%	18.34%	65.00%	22.87%	43.02%	21.13%	20.67%	7.85%
Non-contract	15.52%	2.13%	29.64%	3.40%	17.41%	3.19%	9.22%	1.07%
F value	302.05***	85.16***	306.58***	170.28***	185.11***	142.20***	524.21***	54.41***
Degree of freedom	3	3	3	3	3	3	3	3
N	4937	2824	5036	2841	4766	2819	5000	2843

Notes:
a: The differences of participation rates in unemployment insurance are significant at $p < .001$ between permanent and short term employment, and between permanent and non-contract employment, and are significant at $p < .01$ between permanent and long-term employment in urban residents.
b: The differences of participation rates in unemployment insurance are significant at $p < .001$ between permanent and long-term employment, and between permanent and non-contract employment, and are non-statistically significant between permanent and short-term employment in rural migrants.
c: The differences of participation rates in pension insurance are significant at $p < .001$ between permanent and short term employment, and between permanent and non-contract employment in urban residents, whereas the differences between permanent and long-term employment is not statistically significant in urban residents.
d: The differences of participation rates in pension insurance are significant at $p < .001$ between permanent and long-term employment, and between permanent and non-contract employment in urban residents, whereas the differences between permanent and short-term employment is not statistically significant in rural migrants.
e: The differences of participation rates in work injury insurance are significant at $p < .001$ between permanent and short term employment, and between permanent and non-contract employment, and are significant at $p < .01$ between permanent and long-term employment in urban residents.
f: The differences of participation rates in work injury insurance are significant at $p < .001$ between permanent and long-term employment, and between permanent and non-contract employment, and are non-statistically significant between permanent and short-term employment in rural migrants.
g: The differences of participation rates in housing provident fund are significant at $p < .001$ between permanent and other three employments in urban residents.
h: The differences of participation rates in housing provident fund are significant at $p < .001$ between permanent and long-term employments, and are significant at $p < .01$ between permanent and non-contract employment in rural migrants; the differences between permanent and short-term employment is non-statistically significant.
*** $p < .001$

In table 3.4, we compare social insurance participation rates by *hukou* status between urban residents and rural migrants. The table 3.4 shows that local urban residents have much higher insurance participation rates than non-local urban residents, whereas the gap between local and non-local rural migrants is not so evident. The table 3.4 further shows that regardless of *hukou* status, rural migrants have much lower insurance participation rates than their urban counterparts.

Table 3.4 Social insurance participation rates by <i>hukou</i> status in urban residents and rural migrants.								
Employment types	Unemployment Insurance		Pension Insurance		Work Injury Insurance		Housing Provident Fund	
	Urban residents	Rural migrants	Urban residents	Rural migrants	Urban residents	Rural migrants	Urban residents	Rural migrants
Local	72.14%	13.50%	80.61%	19.47%	65.19%	15.86%	63.28%	8.35%
Non-local	45.71%	16.23%	64.55%	24.66%	51.02%	23.13%	29.25%	9.38
F value	35.53***	2.14	17.59***	5.70	8.47**	11.79**	51.83 ***	0.48
Degree of freedom	1	1	1	1	1	1	1	1
N	4937	2824	5036	2841	4766	2819	5000	2843

Notes: ** $p < .01$ *** $p < .001$

Regression results

To exactly know the different effects of the structural variables on social insurance participation between rural migrants and urban residents, we adopt binary logit regression models on the separate samples of rural migrants and urban residents. Table 3.5 presents the results of binary logit regression on the social insurance participation in urban residents and rural-urban migrant workers. In terms of individual characteristics, gender gap in their odds of participation in social insurance is statistically significant among urban workers. To be specific, the odds of female urban workers are only 87.4 percent ($e^{-.135}$), 84.2 percent ($e^{-.172}$), 81.1 percent ($e^{-.209}$) and 74.9 percent ($e^{-.289}$) of male urban workers to be covered by unemployment insurance ($p<.10$), pension insurance ($p<.05$), work injury insurance ($p<.01$) and housing provident fund ($p<.001$), respectively. The gender disparity of rural migrants is found to be statistically significant only in accessing pension insurance and work injury insurance, with that female rural migrants' odds are only 82.6 percent ($e^{-.191}$) and 72.8 percent ($e^{-.317}$) of their male counterparts to be covered by pension insurance ($p<.10$) and work injury insurance ($p<.01$).

Education is found to have consistent and significant effects on social insurance participation in urban workers and rural migrant workers, and the effect of education is much stronger on rural migrants' likelihood to be covered by social insurance programs than on that of urban residents. To be specific, each extra year of education increases urban workers' odds of being covered by social insurance schemes by about 4.2 percent ($e^{.041}-1$) in unemployment insurance ($p<.01$), 2.8 percent ($e^{.028}-1$) in work injury insurance ($p<.05$) and 12.7 percent ($e^{.120}-1$) in housing provident fund ($p<.001$), respectively, whereas each additional year of

education will increase rural migrants' odds by 14.2 percent ($e^{.133}-1$) in unemployment insurance ($p<.001$), 14.8 percent ($e^{.138}-1$) in pension insurance ($p<.001$), 12.6 percent ($e^{.119}-1$) in work injury insurance ($p<.001$) and 17.4 percent ($e^{.160}-1$) in housing provident fund ($p<.001$), respectively.

Work experience is also revealed to play positive roles on both urban workers and rural migrant workers' social insurance participation, with bigger effects found on the latter than on the former group. Each extra year of work experience increases urban workers' odds of participating in social insurance schemes by about 2 percent ($e^{.020}-1$) in unemployment insurance ($p<.001$), 2.4 percent ($e^{.024}-1$) in pension insurance ($p<.001$), 2.3 percent ($e^{.023}-1$) in work injury insurance ($p<.001$) and 3.9 percent ($e^{.038}-1$) in housing provident fund ($p<.001$). Each additional year of work experience increase the odds of rural migrant workers by 2.8 percent ($e^{.028}-1$) to participate in pension insurance ($p<.05$), 3.4 percent ($e^{.033}-1$) in work injury insurance ($p<.01$) and 5.4 percent ($e^{.053}-1$) in housing provident fund ($p<.001$), respectively. The effect of work experience is found to non-statistically significant on the likelihood of rural migrants being covered by unemployment insurance.

In terms of the structural variables, occupations are found have quite limited effects on rural migrants' social insurance participation, whereas they are revealed to play important roles on urban worker's gaining access to the basic social insurance programs and housing provident fund. Specifically, compared with professionals and managers, clerk, and commercial and service personnel are found to enjoy only 82 percent ($e^{-.198}$) ($p<.05$) and 84.2 percent ($e^{-.172}$) ($p<.05$) odds of being covered by unemployment insurance. In terms of pension insurance, compared with professionals and managers, commercial and service personnel are found to enjoy only 76.9 percent ($e^{-.263}$) ($p<.05$) odds of being covered by pension insurance. With

respect to work injury insurance, commercial and service personnel, and manual labors are found to have 78.3 percent ($e^{-.244}$) ($p<.05$) and 1.33 times ($e^{.287}$) ($p<.01$) odds of professional and managers of being covered by work injury insurance. Compared with professionals and managers, clerk, and commercial and service personnel are found to enjoy only 78.2 percent ($e^{-.246}$) ($p<.01$) and 50.1 percent ($e^{-.692}$) ($p<.001$) odds of being covered by housing provident fund.

Consistent with previous studies, employment types are found to be closely correlated with the odds of both urban workers and rural migrants gaining coverage by social insurance. After taking a closer look at the results, we find the significant advantage of permanent employment over short-term or non-labor contract employments in urban workers, whereas rural migrant workers holding long-term employment enjoy the biggest chances to be covered by all the three social insurance programs and housing provident fund. Specifically speaking, compared to permanent employment, short-term and non-labor contract employment decrease urban workers' odds of being covered by 64.5 percent ($1-e^{-1.035}$), and 93.2 percent ($1-e^{-2.685}$) in unemployment insurance ($p<.001$), 52.4 percent ($1-e^{-.742}$) and 89.6 percent ($1-e^{-2.265}$) in pension insurance ($p<.001$), 57.4 percent ($1-e^{-.854}$) and 87.6 percent ($1-e^{-2.084}$) in work injury insurance ($p<.001$), 91.5 percent ($1-e^{-2.468}$) and 96.2 percent ($1-e^{-3.275}$) in housing provident fund ($p<.001$). In rural migrant workers, compared with permanent employment, long-term employment increase the odds to 1.14 times ($e^{.763}$) in unemployment insurance ($p<.001$), 3.16 times ($e^{1.152}$) in pension insurance ($p<.001$), 2.57 times ($e^{.945}$) in work injury insurance, and 2.52 times ($e^{.928}$) in housing provident fund ($p<.001$), respectively.

The structural effects of work unit sectors on the odds of urban workers' participation in social insurance differed from that on rural migrants. The findings

in urban worker samples show that government and public institutions have lost their advantage over other work unit sectors on providing its employees' unemployment insurance, pension insurance and work injury insurance, and the boundary between government sector and private enterprises is also becoming blurring. However, entering government agencies and public institutions and state-owned enterprises is still an effective way for urban employees to be offered housing provident fund. Moreover, state-owned enterprises have surpassed government sector on offering their employees the basic social insurance programs and housing provident fund. However, in rural migrants, government agencies and public institutions continue their advantage over private enterprise on providing pension insurance and work injury insurance for rural migrants, however, their advantage is fading on offering rural migrants housing provident fund.

To be specific, in urban workers, the odds of state-owned enterprises employees are 2.26 ($e^{.815}$) ($p < .001$) times, 2.82 ($e^{1.036}$) ($p < .001$) times, 1.90 ($e^{.642}$) ($p < .001$) times, and 1.50 ($e^{.403}$) ($p < .001$) times of government employees in participating in unemployment insurance, pension insurance, work injury insurance and housing provident fund, respectively. In rural migrants, the chances of employees in private enterprises are 53.3 percent ($e^{-.629}$) ($p < .01$), and 44.7% ($e^{-.805}$) ($p < .001$) of government employees in being covered by pension insurance and work injury insurance. Work unit sectors have no significant effects on the odds of rural migrants' participation in housing provident fund and unemployment insurance.

With respect to *hukou* status, local urban status exerted positive effects on urban workers' odds of being covered by social insurance programs. In urban workers, non-local workers are found to be 67.8 percent ($1 - e^{-1.132}$) ($p < .001$), 58.9 percent ($1 - e^{-.890}$) ($p < .001$), 41.7 percent ($1 - e^{-.539}$) ($p < .01$) and 67.8 percent ($1 - e^{-1.134}$)

($p < .001$) less likely to be covered by unemployment insurance, pension insurance, work injury insurance and housing provident fund than local urban workers, respectively. However, *hukou* status is found to have non-statistically significant effects on the odds of rural migrant workers' participation in social insurance schemes.

Table 3.5 Binary logit models on social insurance participation in separated samples of urban residents and rural-urban migrant workers (workers' age is between 16 and 64 in 2009)

	Unemployment Insurance		Pension Insurance		Work Injury Insurance		Housing Provident Fund	
	Urban residents	Rural migrants	Urban residents	Rural migrants	Urban residents	Rural migrants	Urban residents	Rural migrants
Age	.064 [†] (.033)	.148** (.048)	.092* (.036)	.181*** (.040)	.029 (.031)	.127** (.041)	-.039 (.034)	.111 [†] (.057)
Age ²	-.001* (.000)	-.002*** (.001)	-.002*** (.000)	-.002*** (.001)	-.001 [†] (.000)	-.002** (.001)	.000 (.000)	-.002 [†] (.001)
Female	-.135 [†] (.075)	-.071 (.119)	-.172* (.083)	-.191 [†] (.107)	-.209** (.070)	-.317** (.110)	-.289*** (.076)	-.188 (.151)
Years of education	.041** (.014)	.133*** (.023)	.004 (.015)	.138*** (.021)	.028* (.013)	.119*** (.021)	.120*** (.015)	.160*** (.029)
Single	.227 [†] (.125)	-.111 (.159)	.066 (.139)	-.002 (.143)	.070 (.116)	.121 (.146)	-.015 (.122)	.175 (.196)
Work experience	.020*** (.004)	.021 (.013)	.024*** (.005)	.028* (.012)	.023*** (.004)	.033** (.012)	.038*** (.005)	.053** (.015)
Occupation ("professional and manager" is omitted)								
Clerk	-.198* (.089)	-.608 [†] (.342)	-.021 (.101)	-.007 (.314)	-.020 (.084)	-.489 (.317)	-.246** (.092)	-.136 (.437)
Commercial and service personnel	-.272* (.109)	-.279 (.246)	-.263* (.120)	.270 (.243)	-.244* (.102)	-.183 (.239)	-.692*** (.109)	.167 (.323)
Manual laborer	.142 (.120)	.342 (.257)	.199 (.139)	.558* (.254)	.287** (.110)	.306 (.249)	.203 [†] (.117)	.636 [†] (.335)
Employment types ("permanent" is omitted)								
Long-term	-.078 (.089)	.763*** (.172)	.113 (.103)	1.152*** (.156)	-.071 (.082)	.945*** (.154)	-1.269*** (.092)	.928*** (.227)
Short-term	-1.035*** (.177)	.383 [†] (.215)	-.742*** (.188)	.362 [†] (.197)	-.854*** (.176)	.235 (.198)	-2.468*** (.213)	.221 (.295)
Non-contract	-2.685*** (.164)	-1.888*** (.279)	-2.265*** (.149)	-1.767*** (.233)	-2.084*** (.156)	-1.802*** (.236)	-3.275*** (.196)	-1.827*** (.386)
Work unit ("Government and public institutions" is omitted)								
State-owned enterprises	.815*** (.100)	.146 (.255)	1.036*** (.120)	.253 (.230)	.642*** (.089)	-.032 (.228)	.403*** (.097)	.560 [†] (.312)
Collective-owned enterprises	.115 (.143)	-.408 (.307)	.383* (.169)	-.420 (.264)	.192 (.137)	-.750** (.268)	-.616*** (.140)	-.172 (.385)
Private enterprises	.035 (.094)	-.303 (.213)	-.038 (.103)	-.629** (.189)	-.027 (.089)	-.805*** (.187)	-.788*** (.094)	-.122 (.274)
Hukou status (Local urban is omitted in urban sample, and local rural is omitted in rural migrant sample)								
Non-local	-1.132***	-.124	-.890***	-.039	-.539**	.135	-1.134***	-.210

	(.215)	(.163)	(.223)	(.148)	(.219)	(.155)	(.245)	(.197)
n	4937	2824	5036	2841	4766	2819	5000	2741
Pseudo R-squared	0.154	0.158	0.163	0.209	0.111	0.194	0.280	0.148

Note: The figures in the parentheses are standard deviation

† p<.10 *p<.05 ** p < .01. ***p < .001

3.9 Discussion

Participation in social insurance is not only an important way for individuals to hedge against major risks in work and daily life, it has also gradually become an essential prerequisite for migrants to apply for urban welfare and services and even local *hukou* status in urban China, particularly in the first-tier and second-tier cities to which rural migrants primarily relocate. In this study, we compare the effects of the determinants on access to social insurance between rural migrants and urban residents, with particular interest in the effects of employment type, work unit sector, and *hukou* status, and explore the different roles played by these institutional factors on access to social insurance between rural migrants and urban residents, so as to look into the implications of the current institutional and policy design for urban inequality and rural migrants' assimilation and integration into cities.

Rural migrants have long been considered as a special social group in cities because of their rural *hukou* status, poor education, low-end occupations, lack of professional skills and training, and the mobile and temporary nature of their migration. Previous studies are accustomed to separating them from urban residents to examine their vulnerable position in social insurance participation. Along with an increasing number of young rural migrants joining the tide of rural-urban migration who are better educated and who come with the intention of settling down, it is necessary to explore the manner in which these structural dynamics besides *hukou* status affect rural migrants' chances of being covered by social insurance compared with urban residents.

In terms of employment type, consistent with previous studies, the findings suggest that labor contracts have become quite important for both urban residents and rural migrants in gaining access to social insurance schemes: obtaining

permanent or long-term employment greatly increases the odds of an employee obtaining coverage by the basic social insurance programs and the housing provident fund. The significant role of employment type on social insurance participation of both rural migrants and urban residents should be attributed to the LCL. The LCL enacted in 2008, has effectively forced employers to sign labor contracts with employees and to provide social insurance for them, regardless of their *hukou* status and the ownership of the work units; it has therefore been considered one of the institutional milestones in promoting unification of social insurance among rural migrant workers and urban residents (Cheng et al. 2014; Davies and Ramia 2008; Li 2014). One subtle difference in the effects of employment type between rural migrants and urban residents is that long-term employment rather than permanent employment among rural migrants exerts an overwhelming advantage in employee coverage by social insurance programs and housing provident fund, whereas among urban residents, those with permanent employment hold the greatest chances to participate in social insurance.

In a market economy, the length of an employment contract reflects to a certain degree the employers' evaluation of their employees; for instance, employees who are valuable to their employers will be given permanent or long-term contracts to inspire them to work hard and continue to make contributions to their employer, whereas employees who are less valued by their employers will be offered short-term contracts or non-contract employment. Attached to the employment contracts are wages and all kinds of benefits. Theoretically, people with permanent or long-term employment will enjoy higher incomes and more benefits than employees with short-term contracts or non-contract employment.

However, employers often refused to offer labor contracts to rural migrants,

let alone permanent employment. After the LCL was enacted in 2008, rural migrants have the legal right to ask their employers for a signed contract, and if the employer does not sign a written labor contract with them within 1 year of the hiring date, the employee can request an open-term contract (LCL Article 14). Thus, on the one hand, we believe that it is possible for employers to sign open-term contracts with rural migrant employees due to the pressure of the LCL rather than their satisfying performance, hence they will not offer these employees benefits such as social insurance. On the other hand, we believe that rural migrants can obtain long-term employment because their performance is good enough for their employers and that they therefore have more chances to be covered by social insurance.

Regarding the distinction between local and non-local workers, consistent with our hypothesis, the advantage of local urbanites in obtaining the basic social insurance programs and housing provident fund is significant over non-local urban residents, whereas local rural migrants enjoy no advantage over non-local rural migrants in gaining access to social insurance and both local and non-local rural migrants are found to have quite low rates of social insurance participation. The low rates of social insurance coverage of rural migrants reflect their homogeneity. Because most rural migrant workers lack sufficient awareness and proper understanding about social insurance schemes and the LCL, on the one hand, they may not actively request social insurance from their employers, and on the other hand, the employers may be willing to take the risk of disobeying the laws and refuse to pay for social insurance for rural migrant workers to save costs. To explore the reasons behind the low rates of social insurance coverage among rural migrants, employees' knowledge and willingness to participate in social insurance should be also included in analysis. However, the data set we used in this study did not cover

the relevant information, and this is one of the study's limitations.

The most interesting findings of the study are the structural effects of the work units. We found that work units play different roles in social insurance participation for urban workers and rural migrants. In urban residents, employment with government agencies and public institutions didn't give them advantages over employees of private work units in obtaining the basic social insurance programs, but it does show a significant advantage in offering urban employees housing provident fund. Employment with government agencies and public institutions is still an effective means for rural migrants to be covered by basic social insurance programs, but it fails to provide an advantage to rural migrant employees in gaining access to housing provident fund.

The findings of the study are both inspiring and disappointing. First, it is delightful to find that the demarcation between government/public institutions and private enterprises with regard to urban workers' social insurance participation has become blurred with the increasing number of private enterprises offering their employees the five basic social insurance programs. However, private enterprises did not give their rural migrant employees the same access as urban employees to social insurance, and working in government agencies or public institutions is still the best way for rural migrants to gain coverage by basic social insurance programs. From these findings, we can see that government's efforts are setting an example for other types of work units in protecting rural migrants' basic rights in cities.

Second, government agencies and public institutions separate rural migrant employees from urban employees when providing housing provident fund and treat them in an unequal way. Urban employees enjoy a significant advantage in obtaining housing provident fund from government agencies and public institutions, whereas

rural migrant employees did not benefit from working for government agencies and public institutions in gaining access to housing provident fund.

One possible explanation for the different roles of government and public institutions on rural migrants' participation in the five social insurance programs and housing provident fund lies in the two-tiered labor system that emerged in the reform era. In government agencies and public institutions, there are two types of employees, in-system and out-of-system. In-system employees are mainly selected via civil service examination (*gongwuyuan kaoshi*), and have fixed personnel quota and are state-salaried (Wu 2013); therefore, they generally have better pay and enjoy many more benefits. Out-of-system employees, in contrast, are usually paid much less than their "in-system" colleagues and enjoy very few benefits. A great majority of rural migrants who work in government or public institutions are out-of-system employees and are therefore segregated from formal employees in terms of key benefits. The inequality created by the two-tiered labor system in government agencies and public institutions indicates that the state on the one hand is devoting efforts to protecting rural migrants' interests in the basic social insurance programs, but, on the other hand, it reinforces their vulnerable position by excluding them from some key benefits. In state-owned enterprises, because there is no such system to separate rural migrant employees from urban employees, rural migrants in state-owned enterprises have more opportunities to be covered by the basic social insurance programs and housing provident fund than employed by government agencies and public institutions.

In a nutshell, the different effects of the structural determinants on participation in the basic social insurance programs and housing provident fund between rural migrants and urban residents reveal that the institutional obstacles

based on the *hukou* system prevent rural migrants from becoming integrated into the urban welfare system. In recent years, the state has been accelerating urbanization by advocating and promoting the transformation of rural migrants into urban citizens (*nongmingong shiminhua*) (State Council 2015) and is actively establishing a Residence Permit System (*juzhuzheng zhidu*) to decrease the role of *hukou* status in obtaining urban resources and services. Against this background, social insurance becomes increasingly important for rural migrants to settle down in cities; however, our findings indicate that rural migrants still suffer unequal treatment in both private enterprises and government agencies in obtaining social insurance. We hope that the state can do more to provide equal access for rural migrants to urban welfare, service and social insurance schemes, and allow them to take root in cities without any more institutional or policy obstacles.

3.10 A Short Conclusion

In chapters 2 and 3, we examined rural migrants' income and social insurance participation in comparison with their urban counterparts and analyzed the manner in which structural determinants play different roles on individual income and social insurance coverage between the two social groups, with particular interest in work unit sector, employment type and local or non-local status. In this section, we summarize the main findings of the two chapters and illustrate how the state, via institutions and relevant policies, plays roles in rural migrants' social mobility and social inequality in the economic reform.

The most interesting findings in the two chapters are the roles of the work unit sectors in shaping rural migrants' income and social insurance participation. On the one hand, entering government agencies does not guarantee an income increase for rural migrants compared with working in the private sector, but it is an effective

way for them to obtain basic social insurance programs, with the exception of housing provident fund. On the other hand, the economic advantage of a privileged work unit sector derived from redistributive economy is retained in urban residents, whereas its advantage in offering social insurance except housing provident fund over private sector is fading with the increasing advantage of private enterprises in offering urban employees access to social insurance programs.

The work unit system is the legacy of the redistributive economy and continues to work as an important mechanism of urban stratification during the market transition. Along with the rise of the private sector, it seems that the privileges of the state work unit sectors, including government agencies and state-owned enterprises, are declining; however, a closer look at the findings shows that the state is in fact reinforcing the advantages of privileged work unit sectors by allocating its resources to reward its formal employees with salary and key fringe benefits.

Rural migrants employed in the government agencies and public institutions as contract laborers outside the system are excluded from decent salaries and perks. The results show that compared with the private sector, the government sector not only fails to improve rural migrant employees' income, but also loses its advantage in providing them housing provident fund. It is delightful for us to see that the state is devoting efforts to protecting rural migrant's interests by providing basic social insurance programs; however, rural migrants are denied access to housing provident fund. Housing provident fund is an important benefit with which employees can buy or rent housing and that can greatly ease their financial strain, particularly for young migrant employees, and help them put down roots in cities. The institutional obstacles to rural migrants' gaining access to high salaries and housing provident

fund in privileged work unit sectors put rural migrants in a vulnerable position and impede their settling down in cities.

In contrast, the privileged work units maintain their advantages in providing high incomes and housing provident fund for their urban resident employees. Furthermore, the decline of the advantage of privileged work unit sectors in providing the basic social insurance programs to urban residents does not mean that the government sector is disadvantaged in providing social insurance programs for its urban employees, but rather the increasing advantage of the private sector in offering social insurance to its urban employees.

The findings indicate that social inequality in urban China based on the redistributive mechanism continues during the market transition. When the state allocates more resources to reward its formal employees in the state sectors, it also reinforces the vulnerable position of its informal employees by excluding them from the reward system. In addition, although the private sector provides job opportunities for rural migrants, it does not give them equal access to fringe benefits. The discrimination against rural migrants in both state and private sectors is disadvantageous for rural migrants in cities.

In chapters 4 and 5, we examine and compare the structural determinants of parental values and children's educational outcome between rural migrants and urban residents. The findings in the two themes will give us more clues to better understand the role of the institutional arrangements during the market transition on inter-generational social inequality.

Chapter 4 The Effects of the Urban-Rural Divide on Child Socialization

Values in China's Reform Era

Abstract: Contextualized in the China's reforms in the past three decades, this paper examines child socialization values of rural migrants and urban residents, highlighting the impact of the *hukou* system on generating and persisting inequality over generations in urban China. Results from the survey of Rural Urban Migration in China (RUMiC) in 2009 reveal that urban residents display clear value preference patterns: they desire autonomy, and devalue conformity. Rural migrants, on the other hand, show paradoxical values preference: while they overwhelmingly emphasize conformity in children, they also embrace autonomy, though the importance they attach to autonomy is not so much as the urban residents do. Another urban-rural migrant difference is that urban residents uniformly share similar parental values for children regardless of occupations and work unit sectors, but rural migrants are experiencing a diffusion process whereby there are large gaps in terms of parental values between the top-end and low-end occupations and between state sector and non-state sector. We discuss the implications of the findings

In chapters 2 and 3, we examined the structural effects of *hukou* status, work unit sectors and employment types on the income and social insurance participation of rural migrants and urban residents. In chapters 4 and chapter 5, we shift our attention from the socioeconomic outcomes of the structural determinants to their effects on parental values and children's education, so as to examine the implications on inter-generational social mobility and inequality.

In this chapter, we will explore the manner in which rural migrant workers' life experiences, shaped by their *hukou* status based on the *hukou* system and policy practices, influence their values in child rearing in comparison with their urban counterparts. This chapter begins with an introduction to our study. Then, we are to review the relevant literature on the relationship between occupation and parental

values, discuss the possible impact of cultures in different work unit sectors on parental values. Next, we are to examine the association between rural-urban divide and rural migrants' parental values. In the fifth section, we introduce the data and variables we use in this study. In the following section, we present our empirical results on the evident divide in parental values between rural migrants and urban residents and analyze the manner in which the outsider status of rural migrants in their migrated cities affects their parental values. In the last section, we discuss the main findings and interpret the implications on inter-generational social inequality.

4.1 Introduction

The vulnerable position of rural migrants in economic and social domains in urban China has been extensively examined, but their parental values have seldom been discussed. Parental values are the qualities or characteristics that parents consider most desirable in children (Kohn 1977). Self-direction and obedience are the end points of the single bipolar dimension of parental values. The two parental values have diametrically different preferences for behavior in that the former emphasizes behavior guided by internal standards, and the latter tends to encourage behavior driven by externally imposed rules (Kohn 1969 and 1977).

Because parental values stem from people's life experience, people generally espouse for their children the characteristics that are most suitable to their life conditions. Thus, class differences in parental values are evident in industrialized societies. For instance, middle-class parents more highly value autonomy, whereas working-class parents tend to be more concerned with a child's conformity to external authority (Kohn 1977). Guided by parental values, people in different social strata raise children in different ways, and these distinctive child-rearing styles then contribute to the advantages of middle-class children and the vulnerable position of

working-class children in negotiating their own life paths (Lareau 2002) and in turn reinforces and reproduces class variations (Sherman and Harris 2012).

Studies of parental values in urban China are quite few, and they used data collected in the early 1990s and focused on local urbanites' patterns on child-rearing values (Xiao 2000a and 2001). However, great changes have taken place in urban China over the past two decades, including the influx of millions of rural migrants into cities alongside the rapid development of market economy. Rural migrant workers are a special social group in urban China. They work and live in cities just as local urban residents do, but they are segregated from local urbanites and have much less access to a wide range of urban welfare benefits and job opportunities due to their rural *hukou* status. Some scholars argue that they are forming an underclass or second class in urban China (Chan 1996 and 2010).

The very different living experiences encountered by rural migrant workers and urban residents in cities should result in different psychological consequences, particularly on their child-rearing values. Because parental values affect children's social mobility to a certain degree, it is important to examine if and how rural migrant workers and their urban counterparts differ in parental values. The findings can help us understand and assess in a comprehensive manner the effects of the *hukou* system and the relevant policy practices on rural migrant children's social mobility and the persistence of inequality over generations among rural migrant workers in cities.

4.2 Decision-Making Freedom of Occupations and Parental Values

Inter-generational social mobility is a long-standing interest in sociology. Numerous studies have explored the manner in which parents' positions in the class structure influence their children's social status attainment. Much of this body of work reveals

that the life experience of parents in various social classes results in different parental values and that these parental values in turn guide parent in raising their children (Kohn 1963). Therefore, parental values bridge parents' social positions and parenting practices and play an important role in children's social mobility.

The studies on parental values over the past several decades have shown that parents in different social strata value different qualities in children; middle-class parents tend to value autonomy, whereas working-class parents are more likely to endorse conformity (Kohn et al. 1990; Suizzo, Robinson, and Pahlke 2008; Tudge, et al. 2013; Weininger and Lareau 2009). The class-linked parental values in Western societies are explained by their very different life experiences shaped by their class membership, such as occupational conditions, which heavily influence the manner in which individuals view their life and their children's development.

Occupation, as an important indicator of socioeconomic standing in Western countries, is one significant aspect of individual life experience. Class-linked valuation of conformity and autonomy is argued to be partially attributed to occupation. Kohn and various colleagues focused on the occupations of individuals from different social strata for several decades. Generally, people with a higher level of occupational status are more likely to value autonomy and less likely to be concerned with conformity in their children, and this argument has been supported in many published studies. Kohn and Schooler (1973) examined the reciprocal effect between occupational experience and psychological functioning and found that the owners of firms and employees in advantageous positions in bureaucratic firms and organizations were more self-directed in their parental values. The findings of Spade (1991) regarding parental values in dual-earner families consistently supported the argument that men with advantageous positions in the occupational structure were

more likely to stress autonomy in their children.

The patterns have been found to be common and consistent cross nations in industrialized societies. Tudge and his colleagues (2000) compared parental values in the United States and Russia and found that in both countries, middle-class parents, as represented by education and occupation, tend to value autonomy in their children and that parents with lower education levels and occupational positions were more likely to value conformity. Martins and her colleagues (2015) examined the correlation between workplace experience, social class, and parental values between mothers and fathers in Brazil and confirmed that fathers with a higher occupational status were more concerned with autonomy in their child rearing.

Why then is occupation so closely correlated with individuals' parental values? Kohn and his colleagues found that the occupation differences in parental values are due in substantial part to the variations in decision-making freedom or autonomy that individuals could exercise in work (Pearlin and Kohn 1966), and their experience based on their occupational conditions in turn shapes their views and orientation on the value of autonomy-related qualities to children's development (Spade 1991). In Western societies, autonomy that is guided by internal standards is more possible in middle-class occupations, whereas conformity to externally-imposed rules and directives set down by others seems more necessary in working-class occupations. This may explain why those with higher occupational positions or middle-class occupations tend to value autonomy and people in lower occupational positions or working-class occupations are more likely to endorse conformity.

Occupational status in China is an important indicator of socioeconomic status as well, and it also works as a proxy for freedom in decision making in the

workplace as in Western societies; however, due to the distinctive culture in China's workplaces derived from the planned economy, the patterns of parental values across different occupations were opposite to those in Western societies. Xiao (2000a) used data collected in the early 1990s and found that Chinese foremen and supervisors had the greatest perception of decision-making freedom at workplace, but they valued autonomy least and conformity the most. Because political loyalty and conformity to authority was very important for individuals in moving up the career ladder in a command economy (Walder 1986; Walder, Li, and Treiman 2000), it was possible for parents to emphasize conformity in children to prepare them for upward occupational mobility.

It has been more than two decades since that study. Over the past two decades, a market economy has replaced the planned economy; individual success is highly praised, and values related with autonomy, such as creativity and independence, are much valued, whereas conformity to authority in a market economy is not valued as highly as in a command economy. *Therefore, we hypothesize that the occupational effects on parental values in present-day urban China should be consistent with those observed in Western societies.*

4.3 The Cultural Differentiations among Work Unit Sectors and their Impact on Parental Values

The extent to which individuals can exercise self-direction in work stems partially from occupational status, and it is also correlated with the culture of the workplace, particularly in China. In China, the "work unit" is the collective name of work places that is a legacy of the planned economy. Before economic reform, work units were mainly classified into four categories: government or party agencies (*dangzheng jiguan*), non-profit public institutions (*shiye danwei*), state-owned enterprises

(*guoyou qiye*) and collective-owned enterprises (*jiti qiye*) (Wu 2013). All four categories of work units were under direct or indirect government administration, and private ownership of economic organizations was nonexistent. Unlike state-owned enterprises, collective enterprises are formally owned by the people of the regions in which the enterprises are located and are supported by local government (Lu, Tao, and Yang 2007). Township-and-village enterprises are the major type of collectively-owned enterprises. With deepening economic reform, collective enterprises have gradually lost state support and are categorized in the public sector rather than the state sector. Meanwhile, the private sector is reemerging. Therefore, there are now five types of work units: government agencies, public institutions, state-owned enterprises, collective-owned enterprises and private enterprises; the former three types of work units belong to the state sector, and the last two belong to the non-state sector (Wu 2013).

Work units in the state sector have been favored over their counterparts in the non-state sector for resource allocation since the planned economy, and they continue to be favored by the state even during economic reform; accordingly, they provide significant advantages for their employees in terms of higher incomes and more fringe benefits (Wu 2013). Theoretically speaking, individuals who work in the state sector enjoy high social and economic status and thus should be more likely to favor autonomy and less likely to value conformity in their children than their counterparts in the non-state sector. However, if we take a close look at the culture of the state sector, we may find different stories.

Prior to economic reform, every urban individual was assigned a job in a work unit, and it was almost impossible to change work units without obtaining an official transfer order. Because workers' wages were kept low, rewards that covered

almost every aspect of their life became important for their livelihood. Therefore, employees had a highly organized dependence on their work unit. However, the reward system was politicized which means workers were rewarded less for their work contribution or performance, than for their loyalty to the Party (Walder 1983 and 1986). Furthermore, in the reward system, officials or managers acquired the power to evaluate workers' political showing (*zhengzhi biao xian*), which resulted in the significant dependence of subordinates' livelihoods on their superiors' subjective political evaluation (Walder 1983 and 1986). The culture of authority in the work unit system led to an overemphasis on conformity-related values in workers in pre-reform China.

During the economic reform, organized dependency has weakened along with the reform of the work unit system; however, the cultural legacy that underlies political loyalty and conformity continues to persist in the state sector, especially in the process of promotion and selection for department heads (Bian 1994; Walder et al. 2000). In contrast, in the non-state sector, individual success is highly praised, and accordingly, values related to autonomy, such as creativity and independence, are much more emphasized. Because people who work in the state sector experience more supervision from the workplace than those who work in the non-state sector, *we hypothesize that the state sector employees are more likely to emphasize conformity and less likely to value autonomy in their children than their counterparts who work in non-state sectors.*

4.4 Rural-Urban Migration and Parental Values

Rural migrants and conformity

Rural migrants are rural *hukou* holders who desire to change their meager living in rural areas and take bold efforts for a better life in cities but without obtaining

permanent urban residency. Due to the *hukou* system, rural migrants are denied equal access to social resources and life chances in cities, including urban welfare (Solinger 1995), jobs and educational opportunities (Chan 1996; Wu and Treiman 2004 and 2007). The urban-rural divide results not only in the vulnerable position of rural migrants in social and economic domains, but also in differing values between rural migrants and urban residents. In the first place, traditional collectivistic values that emphasize group goals over individual goals and stress the values of duty and obedience have been highly emphasized by the government in China (Park, Coello, and Lau 2014; Yan 2010). The traditional values have been maintained to different degrees among rural people and urban residents during the economic reform. In the late 1970s, China began its economic reform. In its efforts to build a market economy and modernize its society, the government issued many policies to promote a market economy and encourage competition. Within this context, individual success has been highly valued, and the emphasis placed on obedience in collectivism values has declined along with an increase in individualism. Nonetheless, not all segments of the Chinese population are experiencing the same degree of change. Because China's market reform was first implemented in selected urban areas, the value changes in cities have been more rapid, comprehensive, and in-depth than in rural areas. Most of rural migrant workers were born and raised in rural areas, and accordingly, they are heavily influenced by the Chinese traditional values and culture that embrace collectivism and undervalue individualism.

When rural migrants flocked to the cities, both central and local urban governments issued various particular regulations on the management of this floating population since 1980s that officially separate rural migrants from local

urbanites, including the Regulation on Family Planning in Floating Population (*liudong renkou jihua shengyi gongzuo guangli banfa*) issued by the State Family Planning Commission in 1998 and the Regulations on the Management of Floating Population (*liudong renkou guanli tiaoli/guiding*) issued by local governments. One of the institutions implemented to supervise and control rural migrants was Temporary Residence Permit (*zanzhuzheng*), which directly gave an “outsider” status to rural migrants. The Temporary Residence Permit was first initiated in Shenzhen in the mid-1980s with the main purpose of controlling and managing the floating population. Under this regulation, with only a temporary residence permit, rural migrant workers had the legal right to work and live in cities, but otherwise they suffered from a series of obstacles in searching for jobs, getting children education, and gaining access to urban welfare.

In addition to the discrimination reflected in the rules and regulations, rural migrants also encounter *hukou*-based moral exclusion (Zhang, Zhu, and Lyland 2014). Because the majority of rural migrants are poorly educated, lack professional training and skills, receive low incomes, and live in high crime environments and poor housing, they are viewed as trouble makers and as an inferior ethnic group in cities (Han 2010). Discrimination against rural migrants seems to be appropriate and acceptable, and accordingly, rural migrants are excluded from urban justice (Zhang et al 2014).

Institutional discrimination and moral exclusion in urban China separate rural migrant workers and their families from local urbanites by labeling them as outsiders. Therefore, rural migrant workers must deal with the strict regulations and close supervision of local governments while struggling to make a living in cities. The marginalized identity of rural migrants in cities resulting from the *hukou* system

forces them to behave very carefully so as to continue their life in the city. Naturally, conformity to the rules and regulations of local governance becomes an important value in their life. We believe that the outsider status of rural migrant workers and the importance of conformity in remaining in cities can also influence their parental values; they may desire their children to be well-managed so as to save them trouble. *Thus, we hypothesize that rural migrants in cities are more likely than urban residents to value conformity in children.*

Scholars are increasingly noticing the differences between local and non-local rural migrants. Zhan (2011) compared the work experience of rural migrants from rural Chifeng in Chifeng city and Beijing, and found that the rural migrants who worked in Chifeng city encountered less social exclusion than their counterparts in Beijing due to their local geographic identity. Moreover, because local rural migrants can speak the local dialect, are familiar with the culture of the city to which they migrate, and have more ties with local urbanites, they are more likely than their non-local counterparts to assimilate into urban life and encounter less exclusion and discrimination. *Thus, we hypothesize that non-local rural migrants are more likely to value conformity for children than local rural migrants.*

Rural migrants and autonomy

Weininger and Lareau (2009) studied the relationship between social class and childrearing based on their observation of parenting practices and found that poor and working-class parents emphasized children's conformity to external authority while also granting their children considerable autonomy in certain domains of daily life; for instance, poor and working-class parents encouraged their children to make their own decisions and exercise their own initiative in their leisure time. These findings imply that it is implausible to assume a simple one-to-one

correspondence between class and either conformity or self-direction. We believe that this theory is also applicable to rural migrants.

First, rural-urban migration to a substantial degree is a result of wide gap between rural areas and urban areas in terms of socioeconomic conditions and life opportunities. Rural migrants are not satisfied with their rural life and seek change by migrating to cities. They know about the opportunities they may obtain by fighting in cities, and they also have some idea of the potential difficulties they may encounter because cities are quite different and strange for them in terms of life style and work environment. To a certain degree, from the very beginning when they make the decision to migrate, rural migrants must be independent to cope with the risk and difficulties they will encounter in urban areas.

Second, rural migrants can learn the importance of the characteristics of autonomy in their success or survival in cities from the harsh urban life. Because they lack support and help from their families and friends from hometown, rural migrants must learn to be independent in cities. When they know the value of autonomy, they wish to transit it to their children. Meanwhile, because values related to autonomy are highly valued in cities with a market economy, the longer rural migrants stay in cities, the more the urban culture influences their parental values. *Thus, we hypothesize that rural migrants' parental values are paradoxical, and that the longer rural migrants stay in cities, the more likely they are to value autonomy.*

4.5 Other Control Variables: Education, Gender, Age, and Preference for Risk

Education is another key factor that is closely associated with the valuation of autonomy and conformity, because “education can foster the intellectual flexibility and breadth of perspective required for self-directed values and orientation” (Kohn and Schooler 1969:659). Ample empirical evidence supports the argument. Alwin

(1984) contended that education as a principal determinant of parental values consistently affected those values across time. Wright and Wright (1976), in their study of social class and parental values for children, identified that the effects of social class were due more to education than to occupational prestige. Tulviste (2013) also found that the parents' university degrees were strongly correlated with the extent to which they attached importance to self-direction versus traditional conformity-related values.

In urban China of the early 1990s, Xiao (2000a) found that, consistent with previous studies in Western societies, education was positively associated with autonomy and negatively linked with conformity for children; however, the magnitude of educational effect in the command economy of China was less than that in the market economy of Western societies. Two possible explanations were given for the weak effect of education in urban China. First, education in China historically did not emphasize independent thinking. Second, educational credentials did not have uniform effects on social mobility in the years between the early 1950s and the early 1990s. In today's urban China, independent thinking is highly valued in education, and the role of education in individuals' upward social mobility has increased in the market transition (Bian and Logan 1996; Cao and Nee 2005). However, we must note that the current education system relies heavily on standardized examinations and tests, and we do not believe that it is good for people to value autonomy. Therefore, we believe that the effects of education on parental values in urban China still remain at a lower level.

A gender gap in parental values was found in previous studies in that women are more likely than men to value self-direction (Wright and Wright 1976). Spade (1991) examined the values for children of husbands and wives in dual-earner

families and found that wives, even with a lower occupational status, income, and educational level, were more likely to value self-direction for children. Xiao (2000b) examined the interactive effect of class and gender on parental values in the 1990s and found that women in advantaged social positions valued autonomy much more than their male counterparts. Xiao and Andes (1999) also made this argument by explaining that women were disadvantaged in the labor market and they are better aware of the importance of autonomy in upward occupational mobility and therefore emphasized self-direction for children.

More recent studies in developing countries, however, revealed that a gender disparity in child-rearing values was inconsistent with earlier findings. Tulviste and Ahtonen (2007) found that Estonian mothers attached more importance to conformity than did Estonian fathers. Martins and her colleagues (2015) also found that mothers in Brazil had no significant association with parental values, but middle class fathers were more likely to value autonomy in children. China is a developing country, and in traditional Chinese culture, the man is considered the pillar of a family both economically and socially. Even in urban China with its high degree of modernization, men are still generally expected to be successful and independent so that they can take care of the whole family. Therefore, we assume that men in China are more likely than women to value autonomy in children.

Age and preferences for taking risks will be controlled in this study to test the effects of *hukou* on parental values. Migration entails a selective process in which people with certain characteristics are more favored than others; for instance, rural migrants have advantages in terms of social and economic capital over their non-migrating counterparts (Keister and Nee 2001). The decision of whether to migrate is not only associated with socioeconomic conditions but is also linked with

age and personality traits, such as a preference for taking risks. Moving to a new place and making a living in a new environment is full of risks and uncertainties, so people who are young and prefer to take risks are more likely to become migrant workers (Hao et al. 2014). Age has been found to have a positive relationship with conformity and a negative association with autonomy (Xiao 2000a). The role of risk-taking has rarely been studied in previous research of parental values. Because people with a risk preference are more likely to place themselves and their families into situations with uncertainty and risk, they should place great value on autonomy-related values such as independence, creativity and determination. Thus, we hypothesize that people who prefer risk-taking tend to transit values of autonomy to their children.

4.6 Data and Variables

Data

The data we use in this study is from the UHS and MHS abstracted from the RUMiC in 2009. As the question regarding parental values is only for household members who were present during interview, to make our analysis sample big enough to compare with UHS, we included the old sample of MHS 2009 in our analysis as well. For more information, please check the data parts in chapter 2 and chapter 3.

Variables and Measurement

In this analysis, there are two dependent variables regarding parental values: conformity and autonomy. In M/UHS questionnaire, respondents who were above 16 years old in 2009 were asked to choose up to three qualities out of 10 value items which they think are important for a child to possess. The ten value items are independence (*dulixing*), diligence (*qinfen*), responsibility (*zerengan*), creativity (*you xiangxiangli*), tolerance and respect (*dui bieren kuanrong he zunjing*), thrift

(*jiejian*), determination (*jianyi*), faith (*you xinyang*), selflessness (*bu zisi*), and obedience (*tinghua*) (the M/UHS questionnaires were prepared in the English and Chinese languages. As interviewees are Chinese, the M/UHS Chinese questionnaire was provided during interview, and the expressions in the parentheses are the Chinese counterparts of these value items).

These value items are similar to the parental values included in the well-known World Values Survey, and only some subtle differences are found between the two surveys (please see Appendices Table A3 for the original wording of value items in M/UHS and World Value Survey). First, “hard work” and “imagination” were used in the World Values Survey, but they were replaced by “diligence” and “creativity” in M/UHS English questionnaire. However, after comparing with the M/UHS Chinese questionnaire, we believe that they were just translation errors. “Qinfen” was translated as “diligence” and another item “you xiangxiangli” was translated as “creativity” in M/UHS English questionnaire. In fact, “qinfen” has similar meaning with both “hard work” and “diligence”, and “you xiangxiangli” should be literally translated as “imagination” rather than “creativity”. Therefore, we believe that “diligence” and “creativity” in M/UHS refer to the same meaning with “hard work” and “imagination” in World Value Survey. Second, “good manner” used in World Value Survey is not included in M/UHS.

These value items in M/UHS were not coded dichotomously as they were in the World Value Survey, therefore, the data didn’t permit us to do factor analysis. Drawing on previous literature on parental values in China on the measurement of conformity and autonomy (Xiao 2000a), we consider the valuation of “obedience”, “diligence” and “thrift” are meant to tab into the conformity domain, and we choose “independence”, “creativity” and “determination” to represent the autonomy

valuation. Operationally, the valuations of conformity and autonomy are created by adding up the scores for each respondent based on the respondents' selection of the value items making up the conformity and autonomy dimensions, respectively. The scores of conformity and autonomy both range from 0 to 3. On this scale, high scores indicate an emphasis on the value.

Regarding the independent variables, firstly, we control age, gender, education, marital status, preference of risk-taking and work experience. Age is continuous variable and is controlled in this analysis with the minimum age of 16. Gender is coded as dummy variable, with female=1 and male=0. Education is categorized into three levels including junior middle school and below, senior middle school and specialized secondary school, and college and above. Marital status is categorized into two types, single and married. Single status includes never married, divorced and widowed. Married status consists of married, remarried and cohabited. Marital status is coded as dummy variable, with single=1 and married=0. Preference of risk-taking is used to indicate to what extent the respondents prefer to take risk in their daily life. In M/UHS questionnaire, respondents were asked whether they prefer to take risk by ranking the risk from low to high, and 0 indicates "never take risk" and 10 indicates "like to take risk". Regarding the years of work experience, ideally, we planned to examine the effects of length of stay in cities of rural migrants on their parental values, however, there is no such information in the data. Rural migrants change job frequently, however, they generally take years in the similar occupation for there are few channels for them to move up occupational ladders, therefore, we use the years of work experience for their primary occupation as the alternative.

The key independent variables in this study are structural variables,

including occupation, work unit sectors and *hukou* status. Regarding occupations, we classified them into four types, namely professional and manager, clerk, commercial and service personnel, and manual labors. Work unit sector in this study is categorized into state sector and non-state sector. *Hukou* status in M/UHS is originally coded into four categories, namely, local urban *hukou*, non-local urban *hukou*, local rural *hukou*, and non-local rural *hukou*. In UHS, we kept local and non-local urban *hukou* status, and in MHS, local and non-local rural *hukou* status were kept representing rural migrants.

In addition, we compare capability on decision-making in different occupations, work unit sectors and *hukou* status. As in this questionnaire, there was no question to directly ask respondents to measure their occupational autonomy or to what extent they have freedom on decision-making at work, but one question was designed to ask how much degree that they felt capable of making decision about things, with four choices given at the end of question: more so than usual, same as usual, less so than usual, and much less than usual. The answer is recoded as 1=much less than usual, 2=less so than usual, 3=same as usual 4=more so than usual. The higher score interviewees get, the higher capability of he/she has on decision-making (For more details, please see Appendices Table A4 Description of Variables in the Theme of The Effects of Urban-Rural Divide on Child Socialization Values in China's Reform Era).

The descriptive statistics for these variables are showed in Table 4.1. Based on the data set, the score gap of conformity between rural migrant workers and urban residents is quite striking. The average score of conformity held by rural migrants is .89, whereas urban residents have much lower score in conformity with mean score of 0.61. In terms of autonomy, the score disparity between rural migrants and

urban residents are much moderate. The average score of autonomy in rural migrants is 0.92 and the mean score in urban residents is 0.98.

Table 4.1: Descriptive statistics for the dependent and independent variables in rural migrants and urban residents.

	Rural Migrants				Urban Residents			
	N	%	Mean	S.D.	N	%	Mean	S.D.
Dependent Variables								
Conformity	3563	-	.89	.73	3490	-	.61	.58
Autonomy	3563	-	.92	.69	3490	-	.98	.66
Independent Variables								
Age	3563	-	30.54	10.49	3490	-	41.94	9.37
Female	1420	39.85	-	-	1739	49.83	-	-
Male	2143	60.15	-	-	1751	50.17	-	-
Single Status	1667	46.79	-	-	371	10.63	-	-
Married status	1896	53.21	-	-	3119	89.37	-	-
Education								
Junior middle school and below	2264	63.54	-	-	697	19.97	-	-
Senior middle school	1057	29.67	-	-	1253	35.90	-	-
College and above	242	6.79	-	-	1540	44.13	-	-
Preference for Risk-taking	3563	-	4.19	2.64	3490	-	2.92	2.49
Years of work experience	3563	-	4.64	5.20	3490	-	14.77	10.78
Capability on decision-making	3563	-	3.38	.68	3490	-	3.40	.59
Occupation								
professional & manager	115	3.23	-	-	1096	31.40	-	-
Clerk	159	4.46	-	-	959	27.48	-	-
Commercial & service personnel	2576	72.30	-	-	903	25.87	-	-
Manual laborer	713	20.01	-	-	532	15.24	-	-
Work unit sector								
State sector	360	10.10	-	-	2178	62.41	-	-
Non-state sector	3203	89.90	-	-	1312	37.59	-	-
Hukou status								
Local urban status	0	0.00	-	-	3393	97.22	-	-
Non-local urban status	0	0.00	-	-	97	2.78	-	-
Local rural status	600	16.84	-	-	0	0.00	-	-
Non-local rural status	2963	83.16	-	-	0	0.00	-	-

Note: Percentages are presented for categorical variables, and means and standard deviations are presented for continuous variables

In terms of individual characteristics, the distributions are consistent with conventional wisdom that rural migrants are relative young, poorly educated, and more likely to take risk. The average ages of rural migrants and urban residents in the analysis samples are 30.54 and 41.94, respectively. About 46.79 percent of rural migrants are in single status, whereas in urban residents, this percentage is only 10.63 percent. Regarding education, more than half of rural migrant workers have junior middle school or below level education degree (63.54 percent), and only 6.79

percent of them have college or above degree; whereas more than 40 percent of urban residents graduate from college or university and only 19.97 percent of them have only junior middle school or below degree. The average score that signifies rural migrants' preference for risk is about 4.19 and the score in urban residents is around 2.92. Furthermore, average years of work experience of rural migrants are only 4.64, whereas urban residents have longer work experience than rural migrant with the average of 14.77.

With respect to the distribution of occupations, rural migrant workers show quite different patterns from urban residents. In the data set, more than 90 percent of rural migrant workers are concentrated in low-end occupations, such as commercial and service personnel and manual workers. However, urban residents evenly distributed into different levels of occupations, and only around 40 percent of them work as commercial and service personnel, and manual workers. Similarly, in terms of work unit sector distributions, 89.9 percent of rural migrant cluster in non-state work unit sectors, whereas 62.41 percent of urban residents are employed in state sectors. With respect to *hukou* status, 83.16 percent of rural migrants are non-local rural migrants, whereas 97.22 percent of urban residents hold local urban *hukou* status.

4.7 Empirical Results and Interpretation

Capability on decision-making by hukou status, occupations, and work unit sectors

In this section, we will firstly examine capability on decision-making of individuals by *hukou* status, occupations and work units so as to gauge the findings from regression models later. Table 4.2 compares the mean scores of capability on decision-making between rural migrants and urban residents. Table 4.2 displays that

urban residents have little more discretion than rural migrants in their life.

Table 4.2: Mean Scores and Standard Deviations of Capability on Decision-Making by <i>Hukou</i> Status in the Combined Sample of Rural Migrants and Urban Residents	
<i>Hukou</i> status	Capability on Decision-Making
Urban residents	3.40 (.59)
Rural migrants	3.38(.68)
F value	3.32 [†]
Degree of freedom	1
N	7053
<i>Note:</i> Figures in parentheses are standard deviation	
[†] p<.10	

Table 4.3 presents the capability on decision-making of rural migrants and urban residents in different occupations. In rural migrants, generally, the higher occupational status individuals occupy, the more capability individuals have on decision-making, but the variations are not so evident. In urban residents, the gaps of capability on decision-making across different occupations are much larger with that the higher occupational positions people take, the more capability on decision-making people have. According to table 4.3, the score gap of capability on decision-making between rural migrants and urban residents in the same occupation is not too much obvious and rural migrants' mean score is kept at similar level with their counterparts in the same occupations.

Table 4.3: Mean Scores and Standard Deviations of Capability on Decision-Making by Occupations in Rural Migrants and Urban Residents		
Occupations	Capability on Decision-Making	
	Rural migrants	Urban residents
Professional and manager	3.43 (.69)	3.48 ^a (.57)
Clerk	3.49 (.67)	3.42 (.59)
Commercial & service personnel	3.37 (.67)	3.35 (.62)
Manual workers	3.35 (.70)	3.31 (.60)
F value	2.05	13.28***
Degree of freedom	3	3
N	3563	3490
<i>Notes:</i> Figures in parentheses are standard deviation		
a: The differences of conformity between “professional and managers” and other three occupations in urban residents are significant at p<.001 in clerk, and at p<.001 in commercial and service personnel, at p<.10 in manual labors, respectively.		
***p<.001		

Table 4.4 presents the mean scores of capability on decision-making in different work unit sectors in separate samples of rural migrants and urban residents. Contrary to what we expected, though state sector underlines conformity in China, the culture does not exert effects on individuals' capability on decision-making. According to table 4.4, both rural migrants and urban residents employed in state sector reported they had more capability on decision-making in daily life than their counterparts in non-state sector, whereas the score gap in rural migrants is much larger than in urban residents.

Table 4.4: Mean Scores and Standard Deviations of Capability on Decision-Making by Work Unit Sectors in MHS and UHS.

Work unit sectors	Capability on Decision-Making	
	Rural migrants	Urban residents
State sector	3.44(.65)	3.41 (.59)
Non-state sector	3.37 (.68)	3.39(.60)
F value	3.96*	1.02
Degree of freedom	1	1
N	3563	3490

Note: Figures in parentheses are standard deviation
 *p < .05

Theoretically speaking, the more capability on decision-making individuals have, the more likely they are to value autonomy and less likely to concern conformity for children. Accordingly, rural migrants should have smaller score on autonomy and higher score on conformity. Similarly, people should have higher score on autonomy and smaller score on conformity in higher occupational positions or in state sector than their counterparts in lower occupational positions or in non-state sector. Then whether the theoretical inference is tenable, let's look at the descriptive statistics on self-reported parental values of conformity and autonomy and regression results.

Self-reported parental values of conformity and autonomy by hukou status, occupations and work unit sectors

To examine whether or not the patterns of parental values exist in rural migrants and their urban counterparts, we combine rural migrants and urban residents together to examine the score disparity in conformity and autonomy by *hukou* status. Table 4.5 presents average scores of conformity and autonomy by *hukou* status in the combined sample. The results of ANOVA test display that rural migrant workers hold much higher score of conformity and have a little lower score in autonomy than urban residents at significant levels. The analysis shows there exists apparent distinction between rural migrants and urban residents with that the former attaches more importance to child's conformity, and less concerns autonomy.

However, if we take a closer look at the score gap of conformity and autonomy between the two groups, we find the score gap of autonomy between urban residents and rural migrants (.98-.92=.06) is much smaller than the gap of conformity between the two groups (.89-.61=.28). The results imply rural migrants workers emphasize conformity and seem also value autonomy though the importance that they attach to autonomy is not so much as urban residents do.

Table 4.5: Mean Scores and Standard Deviations of Child-rearing Values by <i>Hukou</i> Status in the Combined Sample of Rural Migrants and Urban Residents		
<i>Hukou</i> status	Conformity	Autonomy
Urban residents	.61(.58)	.98 (.66)
Rural migrants	.89(.73)	.92 (.69)
F value	295.88***	12.86***
Degree of freedom	1	1
N	7053	7053
<i>Note:</i> Figures in parentheses are standard deviation		
***p<.001		

Table 4.6 reports the mean scores of conformity and autonomy by different occupations in rural migrants and urban residents. In rural migrants, the differences of autonomy between different occupations are not statistically significant that indicates rural migrant workers in different occupations show similar concern on

autonomy for children. In terms of conformity, manual labors with the mean score of .99 are revealed to show significantly higher emphasis over conformity compared with other three occupations. In addition, the analysis presents the mean score gap between conformity and autonomy in rural migrants across different occupations is not so large that means rural migrant workers show similar concern over conformity and autonomy regardless of occupations.

In urban residents, there is no significant disparity of autonomy found in different occupations, either. However, the mean score of conformity in professionals and managers is found to be lower than that in commercial and service personnel at $p < .05$. Different from rural migrants, the large score disparity between conformity and autonomy in urban residents across different occupations indicates that urban residents have evident preference for autonomy, whereas they devalue conformity in all occupations.

Overall, the mean scores in autonomy in every occupation in urban residents are higher than that in rural migrants, whereas the average scores of conformity in every occupation in urban residents are much lower in that in rural migrants. The patterns indicate that urban people more concern autonomy and less value conformity than rural migrants across different occupations.

Table 4.6: Mean Scores and Standard Deviations of Child-rearing Values by Occupations in Rural Migrants and Urban Residents

	Rural Migrants		Urban Residents	
	Conformity	Autonomy	Conformity	Autonomy
Professional and manager	.77(.69)	.88 (.69)	.57 ^b (.56)	.99(.64)
Clerk	.68(.66)	.94(.67)	.61(.57)	.96(.64)
Commercial & service personnel	.87(.73)	.93(.70)	.65 (.61)	.98 (.67)
Manual laborer	.99 ^a (.73)	.90(.66)	.64(.59)	1.01 (.70)
F value	10.85***	0.59	3.81**	0.67
Degree of freedom	3	3	3	3
N	3563	3563	3490	3490

Note: Figures in parentheses are standard deviation

a: The differences of conformity between “manual labors” and other three occupations in MHS sample are significant at $p < .05$ in professional and manager, at $p < .001$ in clerk, and at $p < .01$ in commercial and service personnel.

b: The differences of conformity between “professional and manager” and “commercial and service personnel” in

UHS sample are significant at $p < .05$
 ** $p < .01$ *** $p < .001$

Table 4.7 reports the mean scores of conformity and autonomy by different work unit sectors in rural migrants and urban residents. The results of ANOVA test show that in rural migrant workers, state sector employees hold higher score of conformity and have much lower score in autonomy than their counterparts working in non-state sector at significant levels. However, in urban residents, the disparity of valuation of conformity and autonomy between state and non-state sector employees is not statistically significant.

Table 4.7: Mean Scores and Standard Deviations of Child-rearing Values by Work Unit Sectors in Rural Migrants and Urban Residents

	Rural Migrants		Urban Residents	
	Conformity	Autonomy	Conformity	Autonomy
State sector	.95(.71)	.82 (.65)	.60 (.57)	.98(.65)
Non-state sector	.88(.73)	.94(.70)	.63(.60)	.99(.68)
F value	2.88 [†]	8.77**	2.26	0.08
Degree of freedom	1	1	1	1
N	3563	3563	3490	3490

Note: Figures in parentheses are standard deviation

[†] $p < .1$ ** $p < .01$ *** $p < .001$

Regression results

In this section, we present the results in table 4.8 from ordinary least square (OLS) regressions of parental values on selected independent variables in rural migrants and urban residents. We are going to firstly report the regression results of conformity on the independent variables. According to table 4.8, age and personality of risk-taking have similar effects on conformity in both rural migrants and urban residents. Aged people no matter rural migrants or urban residents are more likely to value conformity than younger people, and people regardless of their *hukou* status who prefer to take risk are less likely to concern conformity. To be specific, one year increase of age would result in .01 point increase ($p < .001$) in conformity in rural

migrants; in urban residents, the effect is significant but is quite small with that one year increase of age would result in no more than .01 point increase ($p < 0.05$) in conformity. One score increase in preference for risk-taking will bring about .02 point decrease in conformity ($p < .001$) in both rural migrants and urban residents, holding all the other variables constant.

Marital status is found to have different effects on conformity between rural migrants and urban residents. Rural migrants who are single (including the divorced, widow or never married) are less likely to emphasize conformity than those who are married or cohabited. Specifically, other variables being held constant, single people value conformity .08 point less than their married or cohabited counterparts ($p < .05$). The effect of marital status in urban residents is not statistically significant. The findings suggest that single rural migrants are less likely to value conformity for children.

The years of work experience have non-statistically significant impact on conformity in urban residents, but have a little bit negative effect on conformity in rural migrants with that one year increase of work experience of rural migrants will result in less than .01 point decrease ($p < .10$) on their valuing conformity. Education is found to be negatively correlated with conformity. When other variables are held constant, for urban people with junior middle school or below, and senior middle school degrees, their valuations of conformity are .08 point higher ($p < .05$) and .04 point higher ($p < .10$) than for urban residents who have college or above degrees, respectively. However, the effects of education are non-statistically significant on conformity in rural migrants. Gender is found to be non-statistically significant on conformity in both rural migrants and urban residents.

With respect to occupation, it is found to have no significant correlation with

urban residents' valuing conformity, whereas it has quite significant impact on conformity in rural migrants. Specifically speaking, for rural migrant manual labors, the predicted score on conformity is .20 point higher ($p < .01$) than for their professionals and managers counterparts. The gap between state and non-state sectors in terms of valuing conformity is found to be non-statistically significant in both rural migrants and urban residents. And the disparities on valuing conformity between local and non-local rural migrants or between local and non-local urban residents are not found to be statistically significant, either.

Table 4.8: Ordinary Least Square Estimates of Conformity and Autonomy in Rural Migrants, Urban Residents and Combined Sample, 2009

	Conformity			Autonomy		
	Rural migrants	Urban residents	Combined sample	Rural migrants	Urban residents	Combined sample
Age	.01 (.00)***	.00 (.00)*	.01 (.00)***	-.01 (.00)***	-.01 (.00)***	-.01 (.00)***
Female	.03 (.03)	-.00 (.02)	.02 (.02)	-.07 (.02)**	-.07 (.02)**	-.06 (.02)***
Single status	-.08 (.03)**	-.02 (.03)	-.09 (.02)***	.02 (.03)	.03 (.04)	-.01 (.02)
Risk-taking	-.02 (.00)***	-.02 (.00)***	-.02 (.00)***	.02 (.00)***	.02 (.00)***	.02 (.00)***
Years of work experience	-.00 (.00) [†]	-.00 (.00)	-.00 (.00)**	.00 (.00)	.00 (.00)	.00 (.00)
Education (“College and above” is omitted)						
Junior middle school and below	.06 (.05)	.08 (.03)*	.07 (.03)**	-.08 (.05) [†]	.06 (.04)	-.01 (.03)
Senior middle school	-.03 (.05)	.04 (.03) [†]	-.01 (.02)	-.03 (.05)	.05 (.03) [†]	.02 (.02)
Occupation (“Professional and manager” is omitted)						
Clerk	-.08 (.08)	.03 (.03)	.01 (.02)	.08 (.08)	-.01 (.03)	-.00 (.03)
Commercial and service personnel	.05 (.07)	.03 (.03)	.02 (.03)	.10 (.06)	.01 (.04)	.03 (.03)
Manual laborer	.20 (.07)**	.03 (.03)	.11 (.03)***	.06 (.07)	.01 (.04)	.01 (.03)
Non-state sector (“state sector” is omitted)	-.02(.04)	.01(.02)	-.00 (.02)	.09 (.04)*	-.01 (.03)	.02 (.02)
Rural migrant (urban residents is omitted in combined sample)	-	-	.34 (.02)***	-	-	-.19 (.03)***
Non-local status (local status is omitted)	.03 (.03)	-.01 (.06)	-	-.12 (.03)***	-.04 (.07)	-
Constant	.59 (.11)***	.51 (.06)***	.38 (.05)***	1.00 (.11)***	1.33 (.07)***	1.21 (.05)***
N	3563	3490	7053	3563	3490	7053
R-squared	.06	.02	.08	.03	.03	.03
Notes: The figures in the parentheses are robust standard errors. [†] p<.10 ** p < .01 ***p < .001						

Next, we report and compare the effects of the independent variables on valuing autonomy between rural migrants and urban residents. Regarding individual characteristics, age, gender and personality of risk-taking have similar impacts on autonomy in rural migrants and urban residents. To be specific, one year increase of age will bring about .01 point decrease ($p < .001$) in autonomy in both rural migrants and urban residents. And one score increase in preference for risk-taking will bring about .02 point increase in autonomy ($p < .001$) in both rural migrants and urban residents, after all the other variables being constant. The results indicate that aged people are less likely to concern autonomy than younger people, and people who prefer to take risk are more likely to value autonomy. Other variables being constant, both female rural migrants and female urban residents are found to value autonomy .07 point less than their male counterparts ($p < .01$) that means women attach less importance on autonomy than men in children.

Regarding education, consistent with what we expected, it is found to have quite limited impact on autonomy in both rural migrants and urban residents. When other variables are held constant, urban people with senior middle school degree value autonomy .05 point more ($p < .10$) than urban residents who have college or above degrees, whereas rural migrants having junior middle school or below degree value autonomy .08 point less ($p < .10$) than their rural migrant counterparts with college or above degrees. The effects of marital status and work experience on autonomy are found to be non-statistically significant in both rural migrants and urban residents.

Occupation has no significant impact on both urban residents and rural migrants' valuation of autonomy. The effect of work unit sector is significant in rural migrants, but not in urban residents. To be specific, while other variables are

controlled, for rural migrants in non-state sector, the predicted autonomy score is .09 higher ($p<.05$) than for their counterparts who are employed in state sector do. Non-local rural migrants are less likely to value autonomy compared with their local counterparts with that non-local rural migrants attach importance on autonomy .12 point less ($p<.001$) than their local counterparts; whereas the disparity between local and non-local urban residents in terms of autonomy is found to be non-statistically significant.

To examine the disparity of parental values between rural migrants and urban residents, we combined the rural migrants and urban residents together. In light of the regression results, we found that rural migrants value conformity .34 point more than their urban counterparts ($p<.001$), and attach importance to autonomy .19 point less than urban residents ($p<.001$). Though rural migrants emphasize autonomy to a less degree than urban residents do, however, the absolute value of the coefficient is much smaller than that of conformity, that means rural migrants also concern autonomy whereas the importance they attached is not so much as their urban counterparts did.

4.8 Discussion

In this chapter, we examine and compare the patterns of parental values in rural migrants and urban residents in urban China, with particular attention to the structural effects of *hukou* status, occupation, and work unit sectors. Rural migrants' vulnerable socioeconomic positions in urban China have been extensively examined, whereas their parental values are seldom studied. This study bridges the gap by focusing on parental values of rural migrants in comparison with their urban counterparts. The comparative study provides another view to our understanding of rural migrants "second class" or "underclass" position in cities, and the findings are

also essential for us to further understand the role of the state in generating urban inequality and the persistence of inequality over generations among different social groups.

Based on the descriptive statistics and regression results, first and foremost, we find that notable distinctions in parental values exist between rural migrants and urbanites. As expected, urban residents value autonomy much more than rural migrant workers, whereas rural migrants are more likely than urban residents to endorse conformity in children. After comparing the scores of autonomy and conformity in the two groups, we find that the score gap of autonomy between rural migrants and urban residents is much smaller than that of conformity. In urban residents, the high score of autonomy and low score of conformity imply that they have an obvious preference for autonomy but place much less importance on conformity in their parental values. Unlike those of urban residents, the mean scores of autonomy and conformity in rural migrant workers are both at a similar high level. This finding indicates that rural migrants' parental values are paradoxical: they value conformity in children, but they also desire autonomy in child rearing.

Most rural migrant workers were born and raised in rural areas and were thus heavily influenced by Chinese traditional values and culture that embrace conformity-related values and undervalue individualism. However, their emphasis of conformity in their parental values does not weaken significantly as they stay in cities, and moreover, non-local rural migrants are less likely to value autonomy than local rural migrants. Therefore, we believe that the dual emphases of rural migrant workers on conformity and autonomy stems from their life experience in cities as shaped by the *hukou* system.

On the one hand, rural migrants are strictly supervised by local urban

governments and are discriminated against and excluded by urban residents in their migrated cities. Their outsider status and the rigorous regulations in cities force rural migrants to behave carefully, and accordingly, they desire that their children also be well-managed so as to save them trouble. Therefore, rural migrant workers attach more importance to conformity in children. On the other hand, although rural migrants place greater value on conformity, they also learn from harsh urban life the importance of the characteristics of autonomy in their success or survival in cities. Because they lack support and help from their families and friends from hometown, rural migrant workers must learn to be independent in cities. Therefore, they emphasize conformity and meanwhile value autonomy in their children, although the emphasis they place on autonomy is less than that of their urban counterparts.

Another finding in this study is that both urban residents and rural migrants have various capabilities in decision-making across different occupations and work unit sectors; however, the effects of occupations and work unit sectors on urban residents' parental values are not statistically significant, suggesting that these parenting values have permeated urban China and that urban residents share similar parental values for children regardless of their occupations and work units. On the contrary, rural migrants are experiencing a diffusion process whereby with large gaps in terms of parental values between the top-end and low-end occupations and between the state sector and the non-state sector.

Regarding individual characteristics, women are less likely than men to value autonomy. In traditional Chinese culture, the man is considered the pillar of a family both economically and socially. Even in urban China with its high degree of modernization, among both rural migrants and urban residents, men are still generally expected to be successful and independent so as to be able to take care of

the whole family. We believe that this is why men still attach more importance to autonomy than women in their children in urban China.

With respect to education, Xiao (2000a) once found that in the early 1990s, education played a small and weak role on parental values in urban China. Our findings on education are consistent with those of Xiao. After two decades, although independent thinking is also highly valued in education, education still holds a limited and even opposite role on parental values in present-day urban China. We believe that this finding should be attributed to the current education system. In China, the education system relies heavily on standardized examinations and tests, and if students fail to give the standardized answers, even in the social science fields, they may be punished by deducting credits. The education system should account for the limited role of education on parental values in both rural migrants and urban residents.

In a nutshell, the findings of this study reveal the striking differences in child-rearing values among rural migrants and urban residents. Parental values imply, to a certain degree, different paths for children in different social strata toward their future socioeconomic positions in the class structure; for instance, autonomy is usually associated with an advantageous socioeconomic position, whereas it seems that conformity more often appears with less advantageous socioeconomic positions. The findings thus provide another aspect for us to comprehensively determine the role of the *hukou* system on the formation of a *hukou*-based dual society in urban China and the persistence of inequality over generations among rural migrants and urbanites. However, the parental values examined in this study are self-reported rather than objectively determined, so we cannot say for certain that the way rural migrant workers rear children stresses conformity. For the significance of parental

values and practices on children's upward social mobility, we hope that future data can permit researchers to further address the link between *hukou* status, parental values and childrearing practices.

Chapter 5 Uneven Transitioning Outcomes: Effects of Parental Labour

Migration on Children's Schooling in Reform Era China

Abstract: This chapter examines the effects of parental rural-urban migration and parents' employment sectors on children's educational performance and college opportunity in reform era China. Using data from the 2009 Rural-Urban Migration in China survey (RUMiC), we find that there is little disparity between children of rural migrants and children of urban residents in terms of academic performance in primary school, junior and senior middle school. However parental migration has a negative impact on children's success in getting a university degree. Parents' employment also affects children's educational outcomes. In particular, children whose mothers work in the government sector are more likely to perform better than other children in middle school stages. However, this advantage fades when they make transitions to university education. We argue that these educational transitioning outcomes can be attributed to two institutional arrangements: 1) prior to 2016, children of migrant workers were required to return to hometown province to take university entrance exams; and 2) employment in the government sector enables greater parental engagement in children's education. Implications of these findings are discussed.

In chapter 4, we examined and compared the parental value patterns between rural migrants and urban residents, and the findings extended our current knowledge concerning the effects of the *hukou* system on rural migrant workers, from socioeconomic aspects to psychological facets, and helped us to gain a comprehensive understanding of the persistence of inequality over generations in the rural migrant population of urban China. In this chapter, we begin our discussion on the structural determinants of children's educational performance and college opportunities.

In chapter 5, we first give a brief introduction of the aim of our study, and then review previous studies of the correlation between parental rural migration and

children's educational outcome. Then, we are to discuss the ambiguous effects of parental work units on children's education. Next, we describe the data and measure the dependent variables and independent variables analyzed in this chapter. In the following section, we compare children's educational performance and college opportunities by mother and father's work unit sectors and family migration status and examine the effects of the structural determinants by running logit model regression. In the discussion section, we are to discuss the main findings of this chapter. In the last section, we give a short conclusion based on the findings of chapters of 4 and 5 and discuss the implications of the findings on inter-generational social mobility and inequality during the market transition.

5.1 Introduction

Children's educational outcome has long been one of the major interests in sociological research for its significant implications on children's social mobility when they enter adulthood. Children's academic performance and achievement is not only linked with individual and school characteristics, such as student time allocation (Grave 2011), student-teacher ratio and class size (Hanushek 1997 and 2003), and school qualities and institutions (Santhya, Xavier, and Jejeebhoy 2015; Wößmann 2003), it is also closely correlated with family backgrounds, such as parents' socioeconomic status (Bae and Wickrama 2015), migration experience (Cebotari and Mazzucato 2016; Kandel and Kao 2001), and other factors. In this study, we focus on two distinguishing family characteristics based on the two institutions of the *hukou* system and the work unit system to look into their structural effects on students' educational outcome, namely, parents' rural-urban migration status and parents' work unit sectors.

To date, rural-urban migrants number about 277.47 million (National Bureau

of Statistics 2016) and have become an important part of the urban population. By working in cities, rural-urban migrants have made great achievements in alleviating their poverty and improving their economic status, but not without cost. For instance, they fail to fulfill their duty to their children. In recent years, there has been rising concern about the effects of rural-urban migration on children's educational performance and achievement. However, most studies on the relationship between parental migration and children's educational performance and achievement have focused on certain stages, such as the primary school stage, whereas this study examines and compares the effects of parental migration on children's educational performance at different school stages from primary school to senior middle school and also examines the effects of parental rural-urban migration on children's college opportunities so as to exactly and comprehensively determine the association between parental migration and children's educational outcome.

The work unit not only refers to the work organization, it is another important stratification mechanism in urban China. Generally, employees in government and state-owned enterprises in China have advantages in income and fringe benefits and also enjoy invisible benefits that are seldom available to employees in the private sector, such as a stable and secure job without heavy employment pressure, and we believe that these invisible benefits may make it easier for employees in these privileged work units to be involved in their children's education. Thus, the parents' work unit sector as another pertinent factor will be included into this analysis to explore the manner in which parents' work unit sector is correlated with children's academic performance and achievement.

Because the *hukou* system and work unit system are the legacies of redistributive economy, the findings about the effects of parental rural-urban

migration and parents' work unit sectors on children's educational outcome will give us more implications for our determining the role of the state in the generation and persistence of inter-generational inequality in China's reform era.

5.2 Parental Migration and Children's Educational Performance and Achievement

The vulnerable position of children from rural migrant households

Rural-urban migration is viewed as an important means for rural people to improve their economic condition and move up the social ladder in China's reform era. To make a living in cities, most rural migrants must take low-end jobs, work extra hours, live in poor accommodations, and face great stress (Han 2010). To circumvent high costs and uncertainties during migration, the majority of rural migrant parents leave their children in the countryside under the care of grandparents, relatives, and family friends. Based on China's 2010 census, the number of left-behind children (*liushou ertong*) below 18 years of age was estimated as 61.02 million, and around one third of them live with their grandparents (All-China Women's Federation 2012). Meanwhile, many rural migrant parents choose to take their children with them to the cities; the number of these rural-urban migrant children (*chengxiangliudong ertong*) in 2010 was about 35.81 million (All-China Women's Federation 2012).

As the children of rural migrants, both the left-behind children and the rural-urban migrant children are vulnerable groups. Regarding the former, absent parents fail to raise their children in person, and the caregivers of the left-behind children in their rural hometown generally lack knowledge and financial support in parenting and supervising these children. The left-behind children face a series of troubles both in school and in the family, and some of them live on the edges of society. Ye and

Pan (2011) analyzed data from 400 left-behind children in rural China and examined the effects of parental rural-urban migration on children's caring-giving and nurturing. They found that parental migration brought about multiple negative effects on the lives of children, including an increased workload, little study tutoring and supervision, a high risk of injuries and accidents, scarce emotional communication with parents, and a high possibility of being self-enclosed.

With respect to the children who live with their parents in migrated cities, because they and their parents are not entitled to permanent urban residency in cities, they are denied access to urban social welfare and resources, so they must attend private schools with a shortage of qualified teachers and education facilities or attend public schools only by paying high donation fees (Mok et al. 2011; Wang 2008; Wei and Hou 2010). In addition, long working hours and great livelihood pressure in the cities undermine the rural migrant parents' ability to parent. Cao and Liu (2015) examined the well-being of rural-urban migrant children in Beijing with a cross-sectional survey covering 16,550 respondents and found that the overall physical health of poor children and non-poor children was good, and no difference was found between the two groups. However, poor children had worse mental health and had a higher risk of mental problems than non-poor children due to their lower self-esteem, less family support, and lower household income. Therefore, both the rural-urban migrant children and left-behind children are very vulnerable groups.

The effects of parental rural-urban migration on children's education

The huge group of children of rural migrants and their vulnerable position have drawn extensive attention in recent years, and a large and growing corpus of research has been conducted to examine the effects of parental migration on children's well-being, such as their physical and psychological health (Cheng and Sun 2015; Hu,

Lu, and Huang 2014; Jia and Tian 2010) and their educational performance and achievement (Liu and Jacob 2013; Sun et al. 2015). In this study, we focus on children's education, because education is an important indicator of well-being and indicates their future social mobility. Funding their children's education is one of the principal objectives that motivate rural people's urban migration, thus, the question of whether rural-urban migration has a positive effect on children's educational performance and achievement has aroused extensive sociological interest. Debates on the effects of parental rural-urban migration have also emerged in recent years.

Parental migration is seen to adversely affect children's school performance and achievement because their parent's absence results in insufficient supervision and parenting that will lead to a series of problems, such as mental and physical issues, and heavy household work burdens on left-behind children, all of which can result in poor educational performance (McKenzie and Rapoport 2011; Jampaklay 2006). Many empirical studies have revealed that parental rural-urban migration has a negatively correlation with children's higher educational performance.

Lu (2012) analyzed the consequences of rural-urban migration for the education of children 7 to 18 years of age and found that parental migration failed to give the children left behind as significant an advantage in terms of educational prospects as their parents had hoped, and boys became much more disadvantaged than girls in rural-urban migrant households. Zhou, Murphy and Tao (2014) in their study on the effects of parental migration on the educational performance of rural children 8 to 17 years of age in Anhui and Jiangxi further found that rural-urban migration of both father and mother is detrimental to their children's academic performance, and moreover, that the adverse effects associated with parental absence

became more pronounced as the duration of the absence increased. Similar findings are also reported in Lu, Lin, Vikse, and Huang's (2016) study on the effects of migration on the educational outcomes of students 6 years of age and older, and they found that parental migration had negative effects on children's access to stable and continuous education. Hu (2013) examined the influence of migration on the educational performance of children left behind between 9 and 12 years of age in northwest China and found that children's educational performance is adversely affected by parental migration, although the parents' remittances could partially mitigate the loss. Lee (2011) also found that children 6 to 18 years of age whose parents are rural migrants have considerable disadvantages in terms of years of schooling and school enrolment when compared with children of non-migrants. Wen and Lin (2012) compared children left behind and the children of non-migrant families in Hunan Province in terms of educational outcomes and found that left-behind children were disadvantaged in school engagement. In addition, Zhao, Yu, Wang, and Glauben (2014) analyzed the effects of parental migration on the school performance of students of grades 4 and 5 from 74 rural primary schools and found that parental migration reduces a child's math score by 15.6 percent.

In contrast, some empirical studies have demonstrated the positive effects of parental rural-urban migration on children's education. As rural-urban migrant parents are exposed to cities and they know more than before the importance of investing in their children's education and about the best way to educate children (Hu 2013; Lee and Park 2010). In addition, their remittances help left-behind household members to achieve financial stability and raise the likelihood of children receiving and continuing their education (Amuedo-Dorantes, Georges and Pozo, 2010; Lu and Treiman 2011). Chen and her colleagues (2009) compared children's

educational performance in primary school before and after the father and/or mother migrates and found no significant negative effects of migration itself on children's school performance, and in some cases, the children's academic performance improved after the father migrated. Zhou and his colleagues (2015) examined whether left-behind children are really the most vulnerable and in need of special programs in terms of nutrition, health, and educational outcome and found that children left behind performed as well as or better than children who lived with both parents.

By reviewing the literature, we found that few studies have examined the effects of parental migration on children's academic performance by school level. Because children of different school stages differ in terms of their capacity and vulnerability (Lu 2012), and the attention paid by parents to children's school performance varies from primary school to senior high school, it is necessary to examine the influence of parental migration on academic performance by school level to determine exactly and comprehensively the role played by migration in children's education.

5.3 Parental Work Unit Sectors and Children's Educational Outcome

Before economic reform, the work unit system was an important redistributive mechanism in reallocating resources and life chances among urban workers (Bian 1994; Walder 1986). In the planned economy, every work unit had a hierarchical rank in the state redistributive system. The work units from top to bottom in the redistribution system in the planned economy were government agencies, public institutions, state-owned enterprises, and collective-owned enterprises, respectively (Wu 2013).

On the top of redistributive hierarchy, government agencies and public

institutions enjoy significant advantages over other work unit sectors even in reform era. During the economic reform, the boundaries of the work unit sectors have been redrawn to the declining advantage of collective-owned and state-owned enterprises over the private sector with regard to individual income (Bian and Zhang 2002; Wu 2013). However, the state has strengthened its role as the redistributor and spend more resources to reward its own employees, therefore the advantage of government agencies and public institutions over enterprises in terms of salary and fringe benefits is still significant (Wu, 2013). In addition, government employees enjoy many other invisible benefits, such as a stable and secure job without heavy employment pressure, 2 day weekends and statutory holidays, and high status in society. These invisible benefits have become more and more pronounced and attractive in the job market and are cited as one of the important reasons for the recent craze of entering the civil service. In 2014, 1,520,000 people registered to participate in state civil service examination to compete for around 19,000 positions in central government agencies and public institutions (Wei, 2013).

Regarding the effects of parental work unit sectors on children's education, we believe that the secure, stable, and well-paid jobs in government and public institutions provide employees with more time and resources to parent and supervise their children and give them more opportunities to be involved in their children's education. Previous studies have found that parental involvement significantly affects children's academic success (Berthelsen and Walker 2008; Fan 2001; Rowan-Kenyon, Bell, and Perna 2008). Blair (2014) compared Filipino parents and American parents in terms of parental involvement in their children's education and examined how parental involvement affects the school success of elementary students. He found that the influence of parental involvement on children's academic

performance was significant in both the Philippines and the United States, and direct parental involvement among American parents such as helping with homework yielded positive benefits for children's grade performance, whereas among Filipino parents, indirect forms of involvement like volunteering at their children's schools were correlated with children's higher academic performance.

Therefore, in this study, we believe that parents who are employed in government agencies and public institutions have advantages in assisting their children to achieve good educational outcomes. In this study, we compare the effects of different work unit sectors on children's education.

5.4 Other Individual and Family Characteristics: Gender, Sibship Size, Parents' Education and Occupation, and Household Income

The widening gender gap in educational performance has been revealed throughout the industrialized world: girls generally outperform boys (Legewie and DiPrete 2012). Machin and MacNally (2005) examined the gap between the average educational achievement of boys and girls at different stages of compulsory education in English schools and found that girls did better than boys in most subjects at all stages of compulsory education in England. In China, the gender gap in education is also significant but shows in intersectionality with family socioeconomic status. In a study of community impoverishment and industrialization as explanations for educational gender gaps in rural China, Cherng and Hannum (2013) found that girls in relatively wealthy households fare better than boys in the transition to high school.

Sibship size is found to have an inverse association with children's educational performance; the more siblings a child has, the more likely that the child's performance in school is poor (Blake 1985). One explanation is that parental

resources are finite and that additional children dilute these resources, which in turn decreases children's educational performance (Downey 1995). However, the negative sibsize-education correlation is found to be much less consistent in developing countries. Lu (2005) found that in South Africa, the negative effect exists for whites, who have adopted a Western nuclear family system, whereas no effect is shown for blacks, whose family life operates under extended family organization. In this chapter, we examine the correlation between sibship size and children's educational outcomes in different school stages in urban China.

The effects of parents' socioeconomic status on children's educational performance have been the subject of much discussion. Parents with high socioeconomic status are generally well educated, occupy higher occupational positions, and make higher incomes. Thus, they usually have more social and economic resources to invest into their children's education, such as high-quality private tutoring, to counter the effects of educational detachment or poor performance (Bae and Wickrama 2015). Considine and Zappalà (2002) analyzed the effects of parental socioeconomic status on children's educational performance in Australia and found that parental educational attainment is essential for children's school performance. Wiederkehr and her colleagues (2015) examined the correlation between parents' socioeconomic status and children's school performance and found that the parents' occupation has a positive association with children's higher school performance. Household income is another important factor in children's educational performance, because a high income means that people can provide financial support for children in schooling and extracurricular programs, although there is some debate to its negative effects on children's independence and academic efforts (Hamilton 2013). In this chapter, parents' education, occupation, and income

will be controlled to allow us to examine the effects of the parents' work unit sector and migration status on children's education.

5.5 Data and Variables

Data

The data we use in this study is from the UHS and MHS abstracted from the RUMiC in 2009. As the question regarding children's school performance is only for parents or guardians, to make our analysis sample big enough to compare with UHS, we included the old sample of MHS 2009 in our analysis as well. For more information, please check the data parts in chapter 2 and chapter 3.

Variables and measurement

Educational performance of student in the study is measured by the valuation of parents who reported to interviewers about children's school performance by answering how his/her performance is in school currently. The students' school performance is originally categorized into five classes, including excellent, good, average, poor and very poor. In this analysis, we re-categorize the original four levels into two classes by combining excellent and good together to refer to "good or excellent", and combining average, poor and very poor into the level of "average or poor" as the benchmark. The grades of children aged 0-16 or over 16 but still in school in the survey have 39 grades, from grade one in elementary school to the fourth year of PhD (for more details please see Appendices Table A5 Education Grade Code). In this study, we only focus on children's educational performance in elementary school from grade one to grade six, junior middle school from grade one to grade three, and senior middle school from grade one to grade three.

Regarding the college opportunity, respondents above 16 years old were asked to their highest educational level completed (for more details please see

Appendices Table A6 Educational Level Code), and for those are still at school, they were asked the grade. In China, the age range for college/university entrance clusters around age 18 to age 21, therefore if children aged between 18 and 21 have polytechnic college, undergraduate or postgraduate degrees or are studying in college or university, they are assumed to have college degree, and their answer will be coded as 1, and if they only have senior middle school degree, specialized secondary school or below degree, their answer will be coded as 0.

Independent variables in this study include individual characteristic variables, parents' social-economic characteristics and household migration status. Gender is an important individual characteristic and is coded as dummy variable, with female=1 and male=0. Number of siblings of children is also controlled in this study. Household income is measured as the average monthly income (RMB yuan) both parents earn, including salary, bonus, allowance and commutation in kind, and net income for the self-employed. The household monthly income will take logarithm form in the analysis.

Parents' characteristics include parents' educational levels, occupations, work unit sectors. Parents' education is measured in three levels including junior middle school and below, senior middle school and specialized secondary school, college and above. Four occupational positions are classified in the analysis and they are professionals and managers, clerk, commercial and service personnel, and manual labors, respectively. Work units are categorized into four sectors: government/public institutions, state-owned enterprises, collective-owned enterprises and private sector.

Household migration status is measured by parents' *hukou* status. As the RUMiC survey only interviewed urban residents and rural-urban migrants in cities,

rural *hukou* status refers to rural-urban migrants, and urban *hukou* status refers to urban residents. Therefore, in this study, if both parents hold rural *hukou* status, the family will be categorized into rural migrant household. If both parents hold urban *hukou* status, the family will be categorized into urban household. For more details about the variables and measurement please see Appendices Table A7 Description of Variables in the theme of the Effects of Family Backgrounds on Children's Educational Performance and Achievement in China's Market Transition. In this study, we estimate binary logit regression models predicting the log-odds that respondents get "good or excellent" educational performance and college opportunity.

Table 5.1 presents descriptive statistics for dependent variables and independent variables in the binary logit model on educational performance of students in primary school, junior middle school and senior middle school. Overall, there are many more children who were reported to have good or excellent school performance in the sample of primary school than in sample of junior middle school and senior middle school.

In terms of gender distribution, there are less female students in the three samples and the ratio of female to male is the lowest at sample of senior high school. Regarding parents' educational levels, the gap between mother and father becomes larger in the sample of children in middle school levels compared with children in primary school sample. In the sample of children in primary school, about 37 percent of mothers and 38 percent fathers hold college or above degree, whereas in the sample of children in senior high school, there are about 38 percent of father having college or above degree, whereas only 31 percent of mother have once accepted tertiary education.

With respect to the patterns of parents' occupations, it is evident that mothers concentrated in middle level positions in occupational hierarchy, and more fathers than mothers take high-end occupations, such as professionals and managers. However, the percentage of fathers who work as manual labors surpassed that of mothers. With respect to parents' distribution in different work unit sectors, among children in junior middle and senior middle school samples, the percentage of fathers who work in government and public institutions surpasses their female counterparts, whereas this pattern is reversed among parents whose children are in primary school sample.

Table 5.1: Descriptive Statistics for Selected Variables in Three Educational Stages			
	Primary School	Junior Middle School	Senior Middle School
Educational performance	510	262	213
Average or poor	38.63%	51.53%	48.83%
Good or excellent	61.37%	48.47%	51.17%
Individual characteristics			
Age	9.916 (2.024)	14.615 (1.668)	17.418 (1.366)
Female	46.86%	48.47%	42.72%
Male	53.14%	51.53%	57.28%
Number of siblings of children	.392 (.645)	.466 (.746)	.296 (.576)
Logged household income	8.423 (.612)	8.345 (.582)	8.404 (.569)
Mother's educational levels	510	262	213
Junior middle school and below	34.90%	45.04%	36.15%
Senior middle school	27.84%	27.48%	33.33%
College and above	37.25%	27.48%	30.52%
Father's educational levels	510	262	213
Junior middle school and below	30.98%	35.11%	31.46%
Senior middle school	30.78%	30.15%	30.52%
College and above	38.24%	34.73%	38.03%
Mother's Occupation	510	262	213
Professional & manager	20.78%	22.90%	23.94%
Clerk	19.80%	18.32%	21.60%
Commercial & service personnel	47.65%	50.76%	42.72%
Manual worker	11.76%	8.02%	11.74%
Father's Occupation	510	262	213
Professional & manager	29.02%	29.77%	33.80%
Clerk	15.69%	16.03%	18.31%
Commercial & service personnel	36.47%	35.50%	27.23%
Manual worker	18.82%	18.70%	20.66%
Mother's work unit sectors	510	262	213
Government & public institutions	28.63%	27.48%	32.86%
State-owned enterprises	17.25%	14.50%	21.60%
Collective enterprises	4.51%	4.20%	3.76%
Private sector	49.61%	53.82%	41.78%
Father's work unit sectors	510	262	213
Government sector	26.27%	29.39%	33.80%
State-owned enterprises	21.57%	19.85%	20.19%
Collective enterprises	4.71%	4.58%	2.35%
Private sector	47.45%	46.18%	43.66%
Parental migration	510	262	213
Urban residents	70.00%	71.37%	82.16%
Rural-urban migrants	30.00%	28.63%	17.84%
Sample Size	510	262	213
<i>Notes: Percentages are presented for categorical variables, and means and standard deviations are presented for continuous variables</i>			

Table 5.2 presents descriptive statistics for dependent variables and

independent variables in logit model predicting university/college enrollment for children aged 18-21 in 2009. Overall, there are less half of children between age 18 and 21 who have been enrolled into college. Regarding gender distribution, female children account for around 45 percent in the dataset. With respect to parents' educational levels, there are more mother than father who has junior middle school or below degree, whereas gender gap in college degree is reversed between mother and father. To be specific, about 40 percent of mothers and 37 percent of fathers have junior middle school or below degree, respectively. There are about 28 percent of father having college or above degrees, whereas only about 24 percent of mother have tertiary educational level.

In terms of the patterns of parents' occupations, the majority of mothers cluster in middle level positions in occupational hierarchy, and minority of them hold high-end occupations, such as professionals and managers compared to their male counterparts. With respect to parents' distribution in different work unit sectors, more fathers were hired in government sector and state-owned enterprises than mothers. In the sample, rural migrant family accounts for about one quarter.

Table 5.2: Descriptive Statistics for Selected Variables among Children between age 18 and 21 in 2009

College Student Status	357
Yes	42.58%
No	57.42%
Individual characteristics	
Age	19.493 (1.111)
Female	44.54%
Male	55.46%
Number of siblings of children	.459 (.716)
Household income	4617.373 (3277.034)
Logged household income	8.257 (.597)
Mother's educational levels	357
Junior middle school and below	40.34%
Senior middle school	36.13%
College and above	23.53%
Father's educational levels	357
Junior middle school and below	36.97%
Senior middle school	35.01%
College and above	28.01%
Mother's Occupation	357
Professional & manager	17.65%
Clerk	22.69%
Commercial & service personnel	48.74%
Manual worker	10.92%
Father's Occupation	357
Professional & manager	21.85%
Clerk	20.73%
Commercial & service personnel	36.69%
Manual worker	20.73%
Mother's work unit sectors	357
Government sector	29.69%
State-owned enterprises	20.17%
Collective enterprises	5.04%
Private sector	45.10%
Father's work unit sectors	357
Government sector	29.13%
State-owned enterprises	23.25%
Collective enterprises	4.20%
Private sector	43.42%
Family migration	357
Rural migrants	25.21%
urban residents	74.79%
Sample size	357

Notes: Percentages are presented for categorical variables, and means and standard deviations are presented for continuous variables

5.6 Empirical Results and Interpretation

Educational disparity among children from different family backgrounds

In table 5.3, we compare “good or excellent performance” rates and college opportunity of children by parents’ work unit sectors and household types. According to table 5.3, in the sample of children in primary school, the differences of children’s “good or excellent performance” rates by mother’s work unit sector are not statistically significant, whereas the post-hoc pairwise comparisons by using Sidak method suggest if father work in private sector, the rates of children of getting good or excellent academic performance is lower than that of children whose fathers are employed in government sector ($p < .001$) and state-owned enterprises ($p < .05$).

In the sample of children in junior middle school, the “good or excellent school performance” rates in children whose mothers work in government sector is reported to be higher than that of children whose mothers are employed in state-owned enterprises ($p < .01$) and private sector ($p < .01$). In the sample of children in senior middle school, the advantage of mothers who work in the government sector is still evident in terms of the rate of their children in getting good or excellent academic performance compared with mothers who work in state-owned enterprises. The differences by father’s work unit sectors are not significant in both two samples of children in junior middle school and senior middle school.

In terms of college opportunity, the post-hoc pairwise comparisons by using Sidak method show that if mother works in private sector, their children’s chances to be admitted to college or university is lower than their counterparts whose mother works in government sector ($p < .05$) and state-owned enterprises ($p < .01$). And the chances of children whose father work in private sector are lower than that of children whose father is employed in government sector ($p < .05$).

Table 5.4 “Good or excellent school performance” rates of children in three school stages and college opportunity by parents’ work unit sectors.

Parents’ work units	Primary school		Junior middle school		Senior middle school		College opportunity	
	mother	father	mother	father	Mother	father	mother	father
Government/public institutions	68.49%	73.13%	<u>68.06 %^b</u>	58.44 %	<u>62.86%^c</u>	61.11%	48.11%	48.08%
State-owned enterprises	59.09%	67.27%	36.84 %	46.15%	36.96%	44.19%	56.94%	56.63%
Collective-owned enterprises	73.91%	58.33%	63.64 %	58.33%	75.00%	40.00%	61.11%	60.00%
Private sector	56.92 %	<u>52.48%^a</u>	40.43 %	42.15%	47.19%	47.31%	<u>30.43%^d</u>	<u>29.68%^e</u>
F value	2.33	6.03***	6.26***	1.87	3.41*	1.50	6.85***	7.13***
Degree of freedom	3	3	3	3	3	3	3	3
N	510	510	262	262	213	213	357	357

Notes:

a: The differences of “good or excellent” rates by father’s work unit sectors are significant at $p<.001$ between government/public institutions and private sector, are significant at $p<.05$ between state-owned enterprises and private sector.

b: The differences of “good or excellent” rates by mother’s work unit sectors are significant at $p<.01$ between government/public institutions and state-owned enterprises, and between government and public institutions and private sector.

c: The differences of “good or excellent” rates by mother’s work unit sectors are significant at $p<.01$ between government/public institutions and state-owned enterprises.

d: The differences of college opportunity by mother’s work units are significant at $p<.05$ between government/public institutions and private sector, and are significant at $p<.01$ between state-owned enterprises and private sector.

e: The differences of college opportunity by mother’s work units are significant at $p<.05$ between government/public institutions and private sector.

* $p<.05$ *** $p<.001$

Table 5.5 compares “good or excellent school performance” rates of children in three school stages and college opportunity by household types. According to table 5.5, the disparity between rural migrant household and urban household in terms of the rates of children of getting good or excellent school performance is significant in the samples of children in primary school and junior middle school. Regarding the college opportunities, children from rural migrant households have quite lower chances to be admitted to college than their counterparts from urban households.

Table 5.5 “Good or excellent school performance” rates of children in three school stages and college opportunity by children’s household types

Household types	Primary school	Junior middle school	Senior middle school	College
Urban residents	67.51%	53.48%	52.57%	52.43%
Rural migrants	47.06 %	36.00%	44.74%	13.33%
F value	19.54***	6.66*	0.76	47.45***
Degree of freedom	1	1	1	1
	510	262	213	357

N
Notes: *p<.05 ***p<.001

Overall, the chances of getting good or excellent school performance and being admitted to college or university is lower in children whose parents work in the private sector and those from rural migrant households than those whose parents employed in the government sector and those from urban households, respectively. However, the findings in this section are just preliminary, to be exact know the effect of family backgrounds on children's education, it is necessary to control all other variables. In next section, we will look into the structural impact of family backgrounds by running logit regression models.

Regression results

In this section, we focus on examining the effects of household migration and parents' work unit sectors on children's educational outcome. Table 5.6 presents the results of binary logit regression on school performance of children in primary school, junior middle school and senior middle school in combined sample of urban residents and rural-urban migrant workers.

In terms of individual characteristics, consistent with findings in previous studies, gender gap in terms of educational performance is significant in primary school and junior middle school sample, with that the female students in primary school and junior middle school are more likely to outperform their male counterparts. To be specific, the odds of girls are 1.573 times ($e^{.453}$) and 2.010 times ($e^{.698}$) of boys to get good or excellent school performance in primary school ($p<.05$) and junior middle school ($p<.05$), respectively, whereas the advantage of girls' educational performance in senior middle school becomes non-statistically significant.

Sibship size is found to be negatively correlated with children's "good or

excellent” school performance in primary school, but in middle school levels. According to the results, one more sibling a child has, it is expected an approximately 50.92 percent ($e^{-.675}$) decrease in the child’ odds of getting good or excellent performance in primary school. This finding partially supports the theory that big sibship size will dilute the family’s resources and intellectual milieu and therefore influence children’s school performance. According to the results, however, the dilution effect diminishes in the samples of children in junior and senior middle school in China. Similarly, household income is positively correlated with children’s good or excellent academic performance at significant level when children in primary school, but the advantages brought by the high household income disappear in the samples of children in junior and senior middle school stages.

In terms of parental social-economic characteristics, mother’s education has quite limited influence on children’s school performance, whereas father’s educational levels are closely correlated with children’s high educational performance in junior middle school. Specifically, compared with children whose fathers have college or above degree, the children whose fathers hold junior middle school or below degree are found to have only 21.57 percent ($e^{-1.534}$) ($p<.01$) odds of performing well or excellently in school, and if fathers have senior middle school educational level, the odds of children of getting good or excellent school performance is only 33.62 percent ($e^{-1.090}$) ($p<.05$). Household income is only positively correlated with children’s educational performance in the sample of children in primary school. Parents’ occupations have non-statistically significant effects found on educational performance of student in all the three samples.

Regarding parents’ work unit sectors, while both parents’ work units have limited impact on educational performance of children at primary school stage, the

effects of parents' work unit, particularly mother's become significant when children in middle school stages. In junior middle school, if mother works in government sector, children will enjoy more advantages to get good or excellent performance. To be specific, if mothers work in state-owned enterprise and private sector, children are found to have only 22.14 percent ($e^{-1.508}$) ($p < .01$) and 40.01 percent ($e^{-.914}$) ($p < .05$) odds to get good or excellent school performance compared with their counterparts whose mothers work in government sector. In senior middle school, students with mothers being employed in government sector still keep their advantages in getting good or excellent school performance compared with students whose mothers are employed in state-owned enterprises. To be specific, if mothers work in state-owned enterprises, children have only 36.90 percent ($e^{-.997}$) ($p < .05$) odds to perform well or excellently compared with students whose mothers work as government employees. Parental rural migration is not found to have significant impact on children's school performance in the three school stages samples.

To further look into the influence of family backgrounds on children's educational outcome, we did logistic model on college enrollment of young children aged 18-21. The regression results are shown in table 5.6. Gender gap in college enrollment is non-statistically significant. Children's sibship size is found to be negatively correlated with children's odds of being enrolled in university or college with that if children have one more sibling, we expect an approximately 43.65 percent ($e^{-.829}$) ($p < .05$) decrease in their odds to be enrolled in university. Household income is revealed to have non-statistical significant correlation with children's odds to be admitted to tertiary institutions.

A mother's education is reported to have non-statistically significant effects on children's university opportunities, whereas a father with college educational level

is found to have more advantages on assisting children in getting into university. Specifically, if fathers have junior middle school or below educational degrees, children have only 30.94 percent ($e^{-1.173}$) ($p < .05$) odds of being enrolled in tertiary education compared with children whose fathers have college or above degree. Both mother and father's occupations are revealed to have non-statistically significant impact on children entering university.

Regarding work units, mother's work unit sector is found to be correlated with the likelihood of children being admitted to university or college. To be specific, for mothers who are employed by state-owned enterprises, the odds of children getting admitted to university is 2.291 times ($e^{.829}$) ($p < .10$) of students whose mother works in government sector, respectively. However, the effect of father's work units is non-statistically significant.

Household rural-urban migrant status is found to be negatively associated with children's university enrollment. According to the results, children from rural-urban migrant family have only 24.12% ($e^{-1.422}$) ($p < .01$) of odds to be enrolled in tertiary school, compared with their urban counterparts.

Table 5.6: Binary logit models on educational performance of children in primary school, junior middle school and senior middle school and on predicting university/college enrollment for children aged 18-21, 2009

	Primary School	Junior Middle School	Senior Middle School	university/college enrollment
Age	-.043 (.051)	.016 (.086)	-.027 (.112)	1.435*** (.168)
Female	.453* (.203)	.698* (.287)	.349 (.308)	-.034 (.302)
Number of siblings	-.675*** (.168)	.024 (.212)	-.319 (.300)	-.829* (.280)
Logged household income	.445* (.193)	.075 (.281)	.095 (.292)	-.000 (.301)
Mother's educational levels ("College and above" is the reference group)				
Junior middle school and below	-.427 (.414)	-.201 (.580)	-.149 (.594)	-.180 (.619)
Senior middle school	-.153 (.320)	-.204 (.457)	.418 (.488)	-.591 (.490)
Father's educational levels ("College and above" is the reference group)				
Junior middle school and below	-.392 (.408)	-1.534** (.548)	.183 (.574)	-1.173* (.581)
Senior middle school	-.293 (.312)	-1.090* (.453)	.072 (.471)	-.055† (.470)
Mother's Occupation ("Professional & manager" is reference group)				
Clerk	-.155 (.345)	.636 (.486)	-.508 (.476)	.603 (.495)
Commercial & service personnel	.226 (.390)	.789 (.545)	-.367 (.560)	-.794 (.542)
Manual worker	.210 (.434)	1.725* (.691)	.063 (.658)	-.436 (.648)
Father's Occupation (Professional & manager is reference group)				
Clerk	-.067 (.348)	-.019 (.481)	-.154 (.462)	.027 (.473)
Commercial & service personnel	-.214 (.365)	-1.047† (.538)	-.437 (.589)	.737 (.549)
Manual worker	-.347 (.355)	-.586 (.530)	-.407 (.575)	.502 (.561)
Mother's work unit sector (Government and public institution is reference group)				
State-owned enterprises	-.363 (.363)	-1.508** (.518)	-.997* (.476)	.829† (.463)
Collective enterprises	1.250† (.682)	-.215 (.885)	1.590 (1.240)	.993 (.879)
Private sector	.445 (.335)	-.914* (.465)	-.330 (.487)	.718 (.505)
Father's work unit sector (Government and public institution is reference group)				
State-owned enterprises	-.195 (.364)	.273 (.481)	-.389 (.485)	.208 (.454)
Collective enterprises	-.591 (.615)	.968 (.890)	-2.185 (1.362)	1.033 (.898)
Private sector	-.562† (.340)	.813† (.491)	-.207 (.447)	.184 (.492)
Family migration (urban household is reference group)				
Rural migrant	-.159 (.316)	.221 (.470)	.309 (.471)	-1.422** (.506)
N	510	262	213	357
Pseudo R-squared	0.114	0.153	0.072	0.402

Note: The figures in the parentheses are standard errors. † p<.10 * p<.05 ** p<.01 *** p<.001

5.7 Discussion

Children's education signals the prospect of their future life. Therefore, the association between household migration and children's education, and that between parents' work unit sectors and children's education, not only indicates the extent to which children's school performance and educational achievement is influenced by the two important family characteristics, it has implications of the institutional legacies of the redistributive economy on inter-generational social inequality.

Children of rural migrants have drawn extensive attention in terms of their well-being because of the huge size of this group and their vulnerable position derived from the rural-urban bifurcation from the *hukou* system. Although many studies have found that parental rural-urban migration exerts negative effects on children's high school performance, such an association is not supported in this study. Rural migrants' children were found to have similar academic performance with their urban counterparts. We argue that one possible explanation is the aspirations of rural migrant parents for their children to have excellent academic performance.

Aarepattamannil and Lee (2014) found that parental aspiration had a positive correlation with the academic performance of immigrant-origin children between 5 and 18 years of age in Canada. Immigrant parents generally have deep-seated beliefs in education and believe that education is the best way for their children to take root in new countries and achieve upward social mobility. Similar with immigrant parents, rural-urban migrant workers in China also hold strong beliefs and aspirations for their children to do well in school, and offering their children a bright future is the principal objective that drives rural parents to migrate. Meanwhile, most rural migrant workers are employed in the private sector, where human capital, particularly education, is highly valued and rewarded. Therefore, we believe that

they know well the importance of education in social advancement in a market economy. Thus, migrant parents are deeply concerned about their children's educational performance, and even though they cannot accompany them all the time, they convey these concerns to their children in communication via letters or calls and give their children more motivation to study hard. Unfortunately, we are unable to include this factor in our regression analysis because the Rural-Urban Migration in China survey does not include variables measuring parental aspirations for children's education.

Children in migrant families are found to have fewer college opportunities than urban children. The negative association between household migration and the odds of children being enrolled in college or university is not contrary to the findings on the link between parental migration and school performance. We argue that this finding can be explained by the intersectionality between educational institutions and the *hukou* system. In this study, we did not separate children of rural migrants into rural migrant children and children left behind and took them as one group to examine their academic performance; therefore, we will analyze the possible reasons for the negative effects of parental migration from two aspects.

First, for the rural migrant children, even if they study with urban children in public schools in cities, because of their rural *hukou* status, they must return to their home province to take college entrance examinations. Because nearly every province sets its own examination papers for the college entrance examination independently, rural migrant children must work on new coursework materials that are not covered in the textbooks in the host cities. Such Gao Kao practice is definitely detrimental to migrant children's performance in the examinations and decreases their college opportunities. Second, for the children left behind, even

though they have good or excellent school performance in senior high school, the huge rural-urban gap in the quality of education and the disadvantages of rural migrant parents in terms of knowledge in assisting children in selecting a proper university make it less likely that children of rural migrants will be admitted to university.

The parents' work unit is another pertinent determinant of children's school performance and achievement. If the mother works in the government sector, children are more likely to do well in middle school stages. We offer two explanations. First, there are a number of invisible benefits of working in the government sector such as a stable job with less employment pressure, more free time, flexible work schedules, and high social status. These work-based and system-built in advantages of parents are passed on to children in the form of parental engagement in their children's education. Previous studies have found that because parental involvement can effectively counter poor school performance as early as possible and help children improve their learning skills, parental involvement is positively associated with children's academic success (Rowan-Kenyon, Bell, & Perna 2008). In addition, mothers are generally the primary caregivers in families in China; thus, their work unit sector plays a larger role in children's school performance than that of fathers.

Second, transitioning to high school is a crucial stage for children as it has long term effects on their final educational attainment and occupational trajectories. The decision of children and their families on continuing higher education or leaving school is to a certain degree dependent on the academic performance of children. China has a 9-year compulsory education that includes 6-years of primary school and 3-years of junior middle school. After that, all students must take a high school

entrance examination, and they are admitted to prestigious senior high schools or ordinary senior high schools according to their scores on the entrance examination. Therefore, parents have become increasingly concerned with children's educational performance once the children enter the middle school stage. Mother working in the government sector have the benefits of having more time and energy to be more involved in their children's education in junior middle school and senior middle school. This indicates that the advantageous social position of government employees in urban China can be transmitted to the young generation by way of improving children's educational performance.

The positive effect of parental employment sector on children's education faces away in children's transition to university. One possible reason is the massive college enrolment expansion. College enrolment expansion was implemented from 1999 to 2012. In 1998, the annual enrolment was about one million, with an enrolment ratio of 34 percent. By 2012, the annual enrolment had increased to 6.8 million, with an enrolment ratio of 75 percent. One outcome of college expansion is that it allows more youths from different family backgrounds to attain a college education (Yeung, 2013). Thus, the advantage of having a parent working in the government sector is diminished in terms of the likelihood of children being enrolled in college.

However, we could not overlook the advantage of having a parent working in the government sector on children entering prestigious colleges or universities. In the tertiary education system of China, college or universities are classified into four tiers. The first tier includes national and provincial key universities. The second and third tiers mainly contain common 4-year colleges and universities, and the third-tier universities charge high tuition fees. The last tier mainly includes 3-year

polytechnic colleges. We believe that parents who work in the government sector may have advantage in their children entering first- or second-tier universities. However, the relevant data are not available, so we cannot deny this possibility and simply conclude that having a mother who works in the government sector loses its advantage on children's college education.

In summary, the findings indicate the state policies continue to play a role in generating and perpetuating urban inequality by way of holding on to the *hukou* system and the work unit system. Due to the *hukou* system, children of rural migrants are still in vulnerable position in entering tertiary education; and meanwhile, under the work unit system, children with parent working in the government sector have better academic performance and seem to have more chances to be enrolled into prestigious universities. In recently years, the state has been speeding up reforming the *hukou* system by replacing it with the Residence Permit System (*juzhuzheng*). We hope this new system could give rural migrant children equal chance to access local educational resources, and allow them to participate in college entrance examination in their migrated cities. And we also hope the state could devote more efforts to build a more equal and fair society for workers in all work unit sectors, such as raising minimum wage and overtime pay.

5.8 A Short Conclusion

In chapters 4 and 5, we examined patterns of parental values in rural migrants and urban residents and the structural effects of the *hukou* system and work unit sectors on children's educational performance and college opportunities. In this section, we piece together the main findings in chapters 4 and 5 to examine the implications of these institutions on inter-generational social mobility and inequality.

Parental values are the qualities that parents value most for their children,

and they are closely correlated with parents' experience in both life and work. By inculcating values in children, whether consciously or not, parents prepare children to remain at a similar social stratum when they reach adulthood. Therefore, the parental value patterns imply to certain degree different paths of children's future social mobility. In our study, rural migrants encouraged much more conformity in children, whereas urban residents valued much more autonomy for children. The evident rural-urban divide on parental values that stems from the *hukou* system and policy practices indicates that the effects of the *hukou* system on rural migrants has extended from socioeconomic to psychological aspects. However, rural migrants also learn the significance of autonomy-related qualities from their independent life in cities, thus, they also wish their children to possess these values, although the importance they attach on these values is less than that of their urban counterparts.

The dual emphases of rural migrants on conformity and autonomy reflect that to stay in cities, they must conform to the rigorous regulations and governance targeted on them and must also inculcate these values to their children to save them trouble. However, to help their children succeed and climb the social ladder in the cities when they grow up, they want their children to know the importance of autonomy-related qualities, such as independence and creativity, because these qualities are closely correlated with success in cities.

Children's education signals the prospect of their future life and has significant implications on their social mobility when they enter adulthood. The findings in chapter 5 indicate that there is little disparity between children of rural migrant households and children of urban households in terms of school performance, however, children of rural migrant households have fewer college opportunities than their urban counterparts. If the findings regarding parental values

indirectly imply the negative effects of the *hukou* system on children's social mobility, then the negative effects of the rural migrant status of households on children's college opportunities provides another piece of strong and direct evidence for our arguments.

Regarding the work unit system, urban residents share similar parental values for children regardless of occupations and work unit sectors, whereas rural migrants are experiencing a diffusion process whereby large gaps exist in terms of parental values between top-end and low-end occupations and between the state sector and the non-state sector. It seems that rural migrants get more influence than their urban counterparts from the culture of the private sector that values independence, creativity and other autonomy-related values, and rural migrants in the private sector are more likely to value autonomy than their rural migrant counterparts who work in the state sector. The findings on the effects of the private sector on parental values indicate that the re-emerging private sector in China's reform era is lighting a glimmer of hope for rural migrants' children in climbing the social ladder in urban China.

However, having a mother who works in the government sector was revealed to have more advantage in assisting children to get excellent educational performance, particularly in the middle school stage. The government sector, as privileged work units, not only provides economic advantages for their employees, but also offers invisible benefits that are turned to the advantage of parents, particularly mothers, in involvement in their children's education and helping them perform well in school. Excellent academic performance in middle school is not only positively correlated with children's college opportunities but is closely linked with the chance that children are admitted to top universities that are more essential for

children's future upward social mobility, particularly in the context of massive college expansion.

According to the findings in chapters 4 and 5, the institutional legacy of the redistributive economy has a lingering effect on social inequality by way of influencing parental values and children's education. Meanwhile, along with the development of the market economy, individuals are also trying to find a way out of the restrictions or the shadow of the institutional factors in cities. However, as the designer of the institutions, the state should work more to relieve the lingering effects of the institutions on rural migrants' upward social mobility and create a more just society for this vulnerable group.

Chapter 6 Conclusions

In this chapter, we will firstly summarize the main results and arguments of the thesis. The second section will discuss the main contributions and limitations of our study. Some possible ideas for future research will be gleaned in the last section.

6.1 Summary of Main Results and Arguments

The main aim of this thesis is to examine the manner in which the institutional design and reform in the *hukou* system and the work unit system and the intersectionality of these two systems shape rural-urban migrants' paths to upward social mobility in cities. Social inequality and stratification in China's market transition have attracted extensive attention from scholars. Nee (1989 and 1991), as the pioneer on the study of social inequality in China's market transition, published his famous market transition theory in which he claimed that the emergence of the market would alter the stratification order in which immediate producers would benefit from the shift from a redistributive to a market economy, whereas the redistributive power of cadres would diminish on social stratification. Once the theory was published, it set in motion broad debates on the rise of individual dynamics and the declining advantages of positional power on social stratification. Many scholars began to respond to the market transition theory on the basis of their empirical studies with nearly opposite conclusions; for instance, Xie and Hannum (1996) found a lower return to human capital in the inception of economic reform, and Bian and Logan (1996) revealed the persistent advantages of strategic position in the state bureaucracy on income during market reform.

The critiques of the market transition theory center on the neglect of institutional factors in analyzing the changes of social stratification order during market transition. China's society in the planned economy was highly organized,

and individuals depended heavily on the state in almost every aspect of their daily lives and career development. Because the pertinent institutional arrangements not only organized individuals' lives, but also framed their resources and opportunities that were allocated by the state, an examination of the extent to which the changes of the institutions during the market transition influence individuals' opportunities to move up the social ladder is essential to exactly determine social inequality and stratification in economic reform.

The work unit system and the *hukou* system were key institutions on which the planned economy relied heavily. In pre-reform China, the work unit system was more like a social institution through which the urban society of China was highly organized (Walder 1986). It also functioned as a redistributive mechanism through which the state reallocated social resources to individuals (Walder 1992). The *hukou* system was a social control system by which individuals were strictly tied to the places in which they were registered; meanwhile, it also worked as another important redistributive mechanism, as the state unevenly redistributed social resources and life chances to individuals based on their *hukou* status (Chan 1994; Solinger 1995). Furthermore, the two systems were not abolished during economic reform, so their structural effects on individuals' social mobility continue. Studies have demonstrated that work units play key roles in urban inequality (Bian 1994; Zhou 2000), and the *hukou* system, as the invisible wall for rural migrants in assimilating into cities, has become the main institutional contributor to the highly segmented urban society during the market transition (Chan 1996).

After more than 30 years of economic reform, along with the rise of the private sector and a slackening of the state's social and economic control of the state, the two systems of the work unit and *hukou* have experienced several rounds of

reforms. Regarding the work unit system, the boundaries of work unit sectors have been redrawn to the declining advantage of collective-owned and state-owned enterprises over the private sector in individual income (Wang 2008; Wu 2013). In terms of the *hukou* system, the *hukou*-based public goods regime in cities has been abolished, and institutional restriction on rural migrants' rights to gain access to employment and social resources in cities has been prohibited. However, urban inequality based on the two systems has not disappeared, and the two systems now exert their structural effects in subtler ways by framing individuals' life chances. In this thesis, we examine the lingering effects of the two systems in limiting rural migrants' opportunities to move up social ladders in cities by comparing the effects of the two systems on individual social mobility between rural migrants and urban residents.

In this thesis, we choose income, social insurance participation, parental values, and children's education to examine the implications of the *hukou* system and the work unit system on social inequality during the economic reform. By focusing on the themes of inequality of income and social insurance participation, we analyze rural migrants' position on the urban social ladder and explore the manner in which the structural determinants impede rural migrants' upward social mobility in cities; and through the other two subjects of parental values and children's educational performance, we look into the implications of the existing institutional design and policy practices based on the *hukou* system and the work unit system on inter-generational social mobility and inequality.

OLS regression and logistic regression models are used to analyze data from 2009 Rural-Urban Migration in China survey (RUMiC). The patterns of income and social insurance participation are influenced by the *hukou* system and the work unit

system in different ways between rural migrants and urban residents. On the one hand, although entering privileged work unit sectors such as the government sector is an effective way for rural migrants to gain coverage by basic social insurance programs, such as pension, work injury insurance, and unemployment insurance, they are denied access to another important fringe benefit of housing provident fund, and fail to improve their economic attainment by working in the privileged work unit sector. On the other hand, the demarcation between the government sector and the private sector on urban residents' social insurance participation has become blurred with the increasing advantage of the private sector in offering its employees access to basic social insurance programs, whereas urban residents still enjoy significant advantages in obtaining high salaries and key fringe benefits by entering the government sector.

These findings indicate that although the state sets up the government sector as an example in bringing about a unified social insurance system in cities by breaking the obstacle of the *hukou* system, economic advantage and key fringe benefits such as housing provident fund provided by privileged work units are exclusive to urban residents by way of the two-tiered labor system in the government sector, namely, the in-system (*bianzhinei*) and out-of-system (*bianzhiwai*). The two-tiered labor system was created by the state to strictly control the number of state-salaried employees in the government sector (Wu 2011). Employees within the system are on the state payroll and enjoy high salaries and sundry benefits, whereas employees outside the system are contract labors, and their salaries and benefits are all discounted. Rural migrant workers are employed by government agencies and public institutions as contract laborers and have no access to equal entitlements in terms of salary and benefits. Currently, the state is redistributing more resources to

reward employees within system by conducting a new round of civil servant salary reform, but this ignores the entitlements of the employees outside the system. The two-tiered labor system within the government sector unintentionally generates inequality within the work unit system, blocks the path for rural migrants to move up the social ladder, and impedes rural migrants from settling into cities.

Rural migrants fail to be rewarded when they enter the government sector, and they also fail to benefit from their urban networks. Although previous studies have found that urban networks favor rural migrants in terms of obtaining goods, opportunities, and high economic rewards, our study reveals that the positive effects of urban networks are not so significant. By comparing networks between rural migrants and urban residents, it was evident that rural migrant workers tended to network with other rural migrants and the urban residents built connections mainly with other urban residents. The social exclusion against rural migrants impedes their accumulation of an urban network and eventually hinders them benefiting from it.

In addition to the socioeconomic outcome, our study extends its examination to the psychological facets of the *hukou* system. The *hukou* system limits rural migrants' life chances in cities and tags them with an outsider status in their migrated cities. Furthermore, local governments and the central government promulgate a series of regulations and policies on how to manage and govern these outsiders. To stay in cities, rural migrants must comply with the rules and regulations, and to save them trouble, they also want their children to behave very carefully. The life experiences of rural migrants shape their parental values. As the outsiders in cities, rural migrants highly stress values of conformity in their children. In terms of their urban counterparts, urban residents are more concerned with autonomy-related qualities for their children. We argue that the evident patterns of parental values in

rural migrants and urban residents stem mainly from the *hukou* system and the series of exclusion policies issued by central and local urban governments. The *hukou* system and the policy practices put rural migrants' children in vulnerable positions by shaping their parents' childrearing values.

Notwithstanding, rural migrants hope that their children will be independent and creative, as they have learned the importance of autonomy-related values for success from their years of struggle in cities. Rural migrants leave home and work in cities where they have few friends and families. They know the importance of autonomy-related values in their struggle to survive and even succeed in cities. Naturally, they hope that their children can possess the qualities for success. Although they attach less importance to autonomy than urban residents, the dual emphasis on conformity and autonomy reflects the rural migrants' diverse strategies in dealing with migrant life in cities.

In addition, the *hukou* system and the work unit system also play roles in children's educational performance and college opportunities. Household migration status based on parents' *hukou* status is found to have no significant effects on children's educational performance, but it does have a negative correlation with children's chances to be admitted to college. In China, one of the main drivers for parents to migrate to cities is to fund their children's education and provide them with a bright future. By working in cities, rural migrant parents know much better than before the importance of education in their children getting a decent job. Therefore, they care much about their children's educational performance and give them more pressure and motivation to study hard. Thus, the migrant status of the household did not have significant negative effects on children's academic performance. However, it is correlated with the children's chances to be enrolled in

college. The disadvantage of rural migrant household on children's chances of being admitted to college should be mainly attributed to the split institutional design based on the *hukou* system on the college entrance examination policy. According to the policy, students must take the college entrance examination in the places identified by their *hukou* status, and this stipulation is a great disadvantage to rural migrant children. Meanwhile, the lack of knowledge of rural migrant parents regarding the proper choice of university for students is another reason for the low chances of rural migrants' children to be enrolled in college.

Furthermore, the results of the analysis on children's education reveal that if mothers work in the government sector, children are more likely to perform well in middle school. Jobs in government agencies or public institutions not only bring about economic advantages but also contain invisible benefits like stable employment with less employment pressure and more free time. The invisible benefits turn into advantages for parents to be involved in their children's education and help them to perform well, particularly in middle school. Middle school is a crucial transition stage for students. Whether children pursue higher education depends to certain degree on their performance in middle school, so the advantage of a mother who works in the government sector on children's educational performance in middle school suggests that their children have more opportunities to be enrolled in prestigious universities. The findings indicate that the advantageous social position of government employees in urban China will be reinforced and transmitted to the young generation by way of improving children's educational performance.

Thanks to the slackening of the *hukou* system, rural migrants enjoy the freedom to work in cities. Due to the rise of the private sector, more job opportunities

are open to rural migrants to increase their economic attainment in cities. Although rural migrants are struggling to break institutional blocks by actively participating in the private sector, trying to transmit autonomy-related qualities to their children, and urging their children to study hard in school, the lingering effects of the *hukou* system and the persistent structural effects of the work units hold back rural migrants and have negative implications on their children's future social mobility.

After summarizing the main findings from the four themes, we claim that after more than 35 years of economic reform, the *hukou* system and the work unit system, as the institutional legacies of the redistributive economy, continue to play important roles in the generation and persistence of urban inequality by impeding rural migrants' upward social mobility in cities and reinforcing the advantage of urban residents in terms of income, social insurance participation, parental values, and children's education. Social segregation derived from the *hukou* system in urban China will continue if the discriminating policies are not abolished.

6.2 Contributions and Limitations

The main contribution of this thesis is that the findings of the research provide a full picture of rural migrants' social mobility and shed new light on the role of the state on generation and persistence of social inequality in China's market transition. In this thesis, we cover four themes, including income inequality, social insurance participation disparity, rural-urban divide on parental values, and children's educational outcome, all of which are the main concerns of the rural migrants and their children on their path to upward social mobility in the cities.

In our analysis on income inequality and social insurance participation, we bridge the gap between the studies on rural migrants and research on urban inequality by putting rural migrants and urban residents in the same analyzing

framework to compare the structural effects of the institutional design and arrangements between rural migrants and urban residents. The findings of the analysis reveal that rural migrants and urban residents have different paths to upward social mobility in cities and the mechanism that works in urban residents fails to play roles in rural migrants' moving up the urban social ladder due to the lingering effects of the *hukou* system and the work unit system. The findings indicate rural migrant population is becoming a separated social group in cities and the *hukou*-based divided urban society indicates that the institutional legacy of the planned economy still play a role in generation and persistence of urban inequality during market transition.

Furthermore, our study extends its analysis from socioeconomic outcome of the *hukou* system to psychological effects on parental values that are seldom examined in previous studies. The findings on the rural-urban divide on child socialization values in China's reform era suggest that the *hukou* system and policy practices based on the system have deeply shaped rural migrants' parental values by influencing their life experiences in cities. Social exclusion and strict regulations against rural migrants resulted from the *hukou* system entail high emphasis of rural migrants on conformity in themselves and their children for their stay in cities. Their urban counterparts, however, as the master of the cities are more concerned with autonomy-related values in children. The striking divide on parental values between rural migrants and urban residents offers us another perspective to determine the far-reaching influence of the *hukou* system on rural migrants and their children's future social mobility.

Another contribution of this thesis is that we included work unit sectors in our analysis of children's educational outcome. Government employees are

conventionally regarded as the beneficiary of the work unit system, because they have advantages on economic rewards and fringe benefits, and enjoy stable employments and high social status. The positive effects of a mother who works in the government sector on children's school performance indicates that the advantage of the social group will be reinforced and transmitted to the young generation.

There are also several limitations in this thesis. First, the analyses on the four themes are all based on the secondary data. The RUMiC survey was designed to examine the patterns and effects of migration in China, however, there is still gap between our study and the survey design that limits our capability to certain degree to address some specific research questions that we sought out to answer. For instance, in the theme of income and social insurance participation, we originally plan to control the government employees' status between state-salaried employee and non-state-salaried employees so to assess the role of the two-tiered labor system on individual's income inequality, but the relevant information is not available in the survey that renders our analysis and interpretation incomplete. In the theme of children's education, when we tried to examine the effects of parents' work unit sectors on children's opportunities to be enrolled in national key universities, the data did allow us to do the analysis due to the lack of relevant information. In fact, children's opportunity to be admitted to prestigious universities mean much more for children's future social mobility against the backdrop of massive college expansion.

In addition, some variables in the survey were defined and measured differently than past studies. For example, in the theme of parental values, the value items in RUMiC were not coded dichotomously as they were in the World Value Survey, therefore, the data didn't permit us to do factor analysis and we had to refer

to the previous studies for measurement of conformity and autonomy. In the empirical chapter of education, children's schooling performance was measured by the valuation of parents by answering how the children's performance is in school. Ideally, educational performance should be measured by the scores of children in some certain subjects in last examination, and it would be better if the children take the same examination. Unfortunately, the RUMiC survey does not include such information, so we take parent's self-reported grades. Though it is self-reported, the parent's valuation is based on children's performance in school, like their grades in the last examination, therefore, it is the best choice we have.

There are also some endogeneity issues. In chapter 2, we examined the different effects of income determinants between rural migrants and urban residents. In rural migrants, the results show that non-local rural migrant are more likely than local rural migrants to earn high income. It seems that inter-province or inter-city migration is an effective way for rural migrant to increase their income, however, it is also possible that because employers in another city or province can provide high income, rural people choose to migrate. This endogeneity issue is unavoidable, and we are careful to interpret our findings.

In the empirical chapter of social insurance participation, the knowledge about social insurance programs is important for people to participate in social insurance, particular for rural migrants, because lack of relevant knowledge has become an important reason for their low participation rates in social insurance. In our study, we did not include this variable into our model, because we did not find such information in the Rural-Urban Migration in China survey questionnaire.

In the theme of parental values, parental values are the orientation of people on how to rear children and they are affected by people's education, occupation and

other socioeconomic characteristics. However, their growth history, such as whether they are inculcated autonomy or conformity related values, play roles in their education and occupation. For instance, people with parents who are highly value autonomy in their growth are more likely to acquire higher socioeconomic status and they are therefore more likely to embrace such parental values. In this study, we cannot deal with this endogeneity issue, because we do not have such information in the survey questionnaire.

In the theme of education, school quality and parents' knowledge about children's academic performance are important for parents to evaluate children's educational performance. The two factors are also correlated with parents' socioeconomic status. Because if parents have high socioeconomic status, their children are more likely to be enrolled into prestigious schools and parents are more likely to get a good understanding in their children's school performance. This endogeneity issue cannot be addressed directly in this study, because the survey does not include such information.

Sample size in the theme of education is small, particular the sample size of children in junior middle and senior middle school stages. However, these two stages are essential for us to explore the effects of the family characteristics based on the *hukou* system and work unit system on children's education. Fortunately, the distributions of the selected variables of the samples, such as gender, parent's education, occupations, and work unit sectors, are similar with that of the original sample.

Another limitation of the thesis is that the research adopted only quantitative research methods. It will be ideal to conduct interviews for more information on some key questions and the supplementary interview data can provide stories behind

the quantified answers to the survey questions.

6.3 Some Ideas for Future Study

Regarding the future study, there are some possible ideas. First, we will stay focused on the effect of the two-tiered labor system in government agencies and public institutions on income inequality. Recently, the state announced to conduct personnel system reform in public institutions by abolishing the two-tiered labor system (*shiyedanwei renshizhidu gaige*), and public hospital and college/universities have been chosen to implement reform (Ministry of Human Resources and Social Security 2016). We are to examine the changes of income stratification after the reform in public hospital and college/universities and to explore the impact of the personnel system reform in public institutions on rural migrant employees' social mobility.

Secondly, we can conduct a qualitative study to analyze the differences among rural migrants by gender and work unit sectors in terms of their attitudes toward investment into children's education, their parental values and their childrearing practices. Because female and male rural migrants may have different life experiences in the cities, a qualitative comparative study centered on the intersectionality of gender and work units in rural migrants can give us more implications on the role of the *hukou* and work unit system on shaping people's life.

We can continue our study to examine the effects of household migration status and parents' work unit sector on the investment in children's education, and on children's chances to be enrolled in national and provincial key universities. The findings will help us to exactly determine the structural effects of the two systems on inter-generational social mobility and inequality.

In addition, the disparity between local and non-local rural migrants in terms

of their social networks, job opportunities and their attitudes toward investment in housing in cities should be devoted to more attention. Recently, the central government issued a plan with the aim of that until 2020, 100 million rural people will be settled in cities (Li 2016). The policy will exert great influence on both rural migrants' decision on taking root in cities and the *hukou* system reform. Along with the state's deepening the *hukou* system reform, we believe that local and non-local status will become more and more prominent on rural migrants' integration into cities.

Urban inequality in China's market transition is complicated, and the research on the topic should include institutional factors in analysis. The government never stops its efforts on reforming the current institutions, such as the *hukou* system and the work unit system that play important roles on individuals' social mobility, so studies on the two systems are worthy of further research.

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Appendices

Table A1: Description of Variables in the Theme of Income Determinants between Rural Migrants and Urban Residents in Urban China

Variables	Description
Dependent variables	
Monthly Income (RMB yuan)	A Continuous variable, including salary, bonus, allowance and commutation in kind, and net income for the self-employed
Demographic variables	
Age	A Continuous variable
Gender	A dichotomous variable with 1 indicating female and 0 otherwise
Years of education	A Continuous variable, based on the question in RUMiC questionnaire, how many years of formal education the respondents completed
Marital status	A dichotomous variable with 1 indicating single status including divorced, widowed and never married, and 0 indicating (re)married/ cohabited status
Work experience	A Continuous variable, is measured as the number of years that the respondents take for his/her current primary occupation
Structural variables	
Occupations	<p>In UHS sample, occupations are classified into 8 types as below:</p> <p>1. Principals for government/party agencies and enterprises, 2. Professional technicians, 3. Clerk, 4. Commercial and service personnel, 5. Agriculture, forestry, animal husbandry, fishery and water resources producer, 6. Manufacturing and transporting equipment manipulator and relating personnel, 7. Soldiers and 8. Other practitioners. To make the occupational classification more concise and keep it congruent with that in migrant household sample below, we reclassify the 8 occupations into 4 types, namely, professional and manager (1 and 2); clerk (3); commercial and service personnel (4) and other manual labors (5 and 6). Regarding 7 and 8, as they are quite different from the above occupations and the number of the two groups is quite small, we delete the two types from our analysis.</p> <p>In MHS, respondents' primary occupations are categorized into 25 types, from professionals to family business helpers and others (please see the Appendices Table A8 Occupation for Rural Migrants). To be congruent with the classification in UHS sample, professional and manager are combined as the first category, clerk is taken as the second category, and type 4 to 17 and types of 20, 22, 23 and 25 are combined as commercial and service personnel, and the rest types of 18 (construction laborers), 19 (manufacturing) and 24 (farmers) are categorized as other manual labors. Regarding the type 21, we can't clearly know the nature of the work, therefore, we delete it from our analysis.</p>
Employment types	There are 8 types of tenure of the job, including 1. permanent, 2. long-term contract, 3. short-term contract, 4. non-contract temp, 5. family business helper, 6. self-employed, 7. temporary job and 8 others. We combine and re-categorized the 7 types except type 8 into four employment types, namely, 1. Permanent employment, 2. long-term employment, 3. short-term employment, 4 non-contract employment including non-contract temp, family business helper, self-employed, and temporary job. Type 8 is deleted from our analysis due to its unclear nature.
Work unit sectors	In MHS and UHS, there were 16 types of work units (please see the Appendices Table A9 Ownership Code), we categorized them into five sectors: 1. government agency, including government agencies and party agencies, public security and people's prosecutor and people's court, the Ministry of Armed Forces and army; 2. public institutions including state and collective service unit, civilian-run enterprises and public service unit; 3. state-owned enterprises, comprising solely state owned enterprises, state holding enterprises and state holding joint venture; 4. collective-owned enterprises, including solely collective owned enterprises, collective holding enterprises and collective holding joint venture; 5. private sector, including solely private owned enterprises, private holding enterprises, private holding joint venture, solely foreign owned enterprises, foreign holding joint venture

	and self-employed individuals. If the answer given by the respondents was “other enterprises”, it was not attributed to any of the above categories and was simply dropped.
Social network	There are two types of social network, urban network and rural network. The former is measured as the number of urban <i>hukou</i> holders with whom the respondents exchanged the Chinese New Year holiday greetings, while the latter is measured as the number of rural <i>hukou</i> holders with whom the respondents exchanged the Chinese New Year holiday greetings
<i>Hukou</i> status	There are four categories of <i>hukou</i> status in the MHS and UHS, namely, local rural <i>hukou</i> , non-local rural <i>hukou</i> , local urban <i>hukou</i> and non-local urban <i>hukou</i> . In MHS, local and non-local rural <i>hukou</i> status are kept. In UHS, local and non-local <i>hukou</i> status are kept. In combined sample of MHS and UHS, local and non-local rural <i>hukou</i> together refers to rural migrant workers and local and non-local urban <i>hukou</i> together refers to urban residents.

Table A2: Description of Variables in the Theme of Social Insurance Participation of Rural Migrants and Urban Residents in Urban China

Variables	Description
Dependent variables	
Unemployment Insurance	if the response was “paid by employer” or “paid by both employer and yourself”, their answer would be deemed as “yes”. If they answered with “none” or “paid by yourself”, then the reply would be coded as “no”. The answer is coded as a dummy variable with yes=1 and no=0.
Pension Insurance	Same as above
Work injury Insurance	Same as above
Housing fund Insurance	Same as above
Demographic variables	
Age	A Continuous variable
Gender	A dichotomous variable with 1 indicating female and 0 otherwise
Years of education	A Continuous variable, based on the question in RUMiC questionnaire, how many years of formal education the respondents completed
Marital status	A dichotomous variable with 1 indicating single status including divorced, widowed and never married, and 0 indicating (re)married/cohabited status
Work experience	A Continuous variable, is measured as the number of years that the respondents take for his/her current primary occupation
Structural variables	
Occupations	The measurement of occupations in UHS and MHS is consistent with that in the theme of income inequality
Employment types	The measurement of employment in UHS and MHS is consistent with that in the theme of income inequality
Work unit sectors	In MHS and UHS, there were 16 types of work units, we categorized them into four sectors:①government and public institutions, including government agencies and party agencies, public security and people’s prosecutor and people’s court, the Ministry of Armed Forces, army, state and collective service unit, civilian-run enterprises and public service unit;②state-owned enterprises, comprising solely state owned enterprises, state holding enterprises and state holding joint venture; ③collective-owned enterprises, including solely collective owned enterprises, collective holding enterprises and collective holding joint venture; ④private enterprises, including solely private owned enterprises, private holding enterprises, private holding joint venture, solely foreign owned enterprises, and foreign holding joint venture. If the answer given by the respondents was “other enterprises”, it was not attributed to any of the above categories and was simply dropped. And if the answer is self-employed individuals, as social insurances should be offered by employers, self-employed individuals will be delete in

<i>Hukou</i> status	this analysis. The measurement of <i>hukou</i> status in UHS and MHS is consistent with that in the theme of income inequality
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Table A3: Value items in M/UHS and World Value Survey

Question: which of the following qualities do you think are important for a child to possess (3 choices at most in M/UHS and 5 at most in World Value Survey)	
M/UHS	World Value Survey
1 Independence (<i>dulixing</i>)	1 Independence
2 Diligence (<i>qinfen</i>)	2 Hard work
3 Responsibility (<i>zerengan</i>)	3 Feeling of responsibility
4 Creativity (<i>you xiangxiangli</i>)	4 Imagination
5 Tolerance and respect (<i>dui bieren kuanrong he zunjing</i>)	5 Tolerance and respect for other people
6 Thrift (<i>jiejian</i>)	6 Thrift, saving money and things
7 Determination (<i>jianyi</i>)	7 Determination, perseverance
8 Faith (<i>you xinyang</i>)	8 Religious faith
9 Selflessness (<i>bu zisi</i>)	9 Unselfishness
10 Obedience (<i>tinghua</i>)	10 Obedience
	11 Good manner

Table A4: Description of Variables in the Theme of The Effects of Urban-Rural Divide on Child Socialization Values in China's Reform Era

Variables	Description
Dependent variables	
Conformity	Obedience, thrift and diligence; The score of conformity ranges from 0 to 3.
Autonomy	Independence, creativity and determination; The score of autonomy ranges from 0 to 3.
Demographic variables	
Age	A Continuous variable
Gender	A dichotomous variable with 1 indicating female and 0 otherwise
Education	A categorical variable, including three levels: junior middle school and below, senior middle school and specialized secondary school, and college and above
Marital status	A dichotomous variable with 1 indicating (re)married/ cohabited status and 0 indicating single status including divorced, widowed and never married
Risk-taking	In RUMiC questionnaire, respondents are asked whether they prefer to taking risk by ranking the risk from low to high, and 0 indicates "never take risk" and 10 indicates "like to take risk"
Work experience	Years of rural migrants' urban residence in data is not available, so we use years of work experience on the current primary occupation as an alternative option
Capability on decision-making	Interviewees were asked how much degree felt capable of making decision about things, with four choices given: more so than usual, same as usual, less so than usual, and much less than usual. The answers are recoded as 1= much less than usual, 2=less so than usual, 3=same as usual 4=more so than usual.
Structural variables	
Occupations	The measurement of occupations in UHS and MHS is consistent with that in the theme of income inequality
Work unit sectors	In MHS and UHS, there were 16 types of work units, we categorized them into two sectors: 1. State sector, including government agencies and party agencies, public security and people's prosecutor and people's court, the Ministry of Armed Forces, army, state and collective service unit, civilian-run enterprises and public service unit, solely state owned enterprises, state holding enterprises and state holding joint venture; 2. Non-state sector, including solely collective owned enterprises, collective holding enterprises and collective holding joint venture, solely private owned enterprises, private

<i>Hukou</i> status	holding enterprises, private holding joint venture, solely foreign owned enterprises, foreign holding joint venture and self-employed individuals. If the answer given by the respondents was “other enterprises”, it was not attributed to any of the above categories and was simply dropped. In MHS, local and non-local rural <i>hukou</i> status is kept. In UHS, local and non-local <i>hukou</i> status is kept. In combined sample of MHS and UHS, local and non-local rural <i>hukou</i> together refers to rural migrant workers and local and non-local urban <i>hukou</i> together refers to urban residents.
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Table A5: Education Grade Code

1	Elementary school, grade one	21	Polytechnic college, grade two
2	Elementary school, grade two	22	Polytechnic college, grade three
3	Elementary school, grade three	23	TV university/corresponding course/long-distance education, grade one
4	Elementary school, grade four	24	TV university/corresponding course/long-distance education, grade two
5	Elementary school, grade five	25	TV university/corresponding course/long-distance education, grade three
6	Elementary school, grade six	26	TV university/corresponding course/long-distance education, grade four
7	Junior middle school, grade one	27	TV university/corresponding course/long-distance education, grade five
8	Junior middle school, grade two	28	Undergraduate (bachelor's degree), freshman
9	Junior middle school, grade three	29	Undergraduate (bachelor's degree), sophomore
10	Senior middle school, grade one	30	Undergraduate (bachelor's degree), junior
11	Senior middle school, grade two	31	Undergraduate (bachelor's degree), senior
12	Senior middle school, grade three	32	Undergraduate (bachelor's degree), the fifth year
13	Vocational Senior secondary school, grade one	33	Postgraduate (Master's degree), the first year
14	Vocational Senior secondary school, grade two	34	Postgraduate (Master's degree), the second year
15	Vocational Senior secondary, grade three	35	Postgraduate (Master's degree), the third year
16	Technological school, grade one	36	PhD, the first year
17	Technological school, grade two	37	PhD, the second year
18	Specialized secondary school, grade one	38	PhD, the third year
19	Specialized secondary school, grade two	39	PhD, the fourth year
20	Polytechnic college, grade one		

Table A6: Education level Code

1	Never been to school
2	Literacy class
3	Elementary school
4	Junior middle school
5	Senior middle school
6	Specialized secondary school
7	Polytechnic college
8	Undergraduate(Bachelor's Degree)
9	Postgraduate(Master's Degree)

Table A7: Description of Variables in the Theme of The effects of Family Backgrounds on Children's Educational Performance and Achievement in China's Market Transition

Variables	Description
Dependent variables	
School performance	According to the valuation of parents who reported to interviewers about children's school performance by answering how is his/her performance in school currently, the students' school performance is originally categorized into four classes, including excellent, good, average, poor and very poor. In this analysis, we re-categorize the original four levels into two classes by combining excellent and good together to refer to "good or excellent", and combining average, poor and very poor into the level of "average or poor" as the benchmark. Furthermore, children's school stage will be controlled in the study. The three school stages contain primary school from grade one to six, junior middle school from grade one to three, and senior middle school from grade one to three.
College opportunity	In the survey, respondents above 16 years old were asked to their highest educational level completed, and for those above 16 are still at school, they were asked the grade. In China, the age range for college/university entrance clusters around age 18 to age 21, therefore if children aged between 18 and 21 have polytechnic college, undergraduate or postgraduate degrees or are studying in college or university, they are assumed to have college opportunity, and their answer will be coded as 1, and if they only have specialized secondary school or below degree, their answer will be coded as 0.
Independent variables	
Gender	A dichotomous variable with 1 indicating female and 0 otherwise
Number of siblings	Based on the question in the survey of that "How many siblings do you have?"
Household income	Measured by the sum of mother and father's monthly income. The parents' monthly income will take logarithm form in the analysis.
Mother's educational Level	Mother's education is measured in three levels: junior middle school and below, senior middle school and specialized secondary school, college and above. College and above is taken as the reference group
Father's educational Level	The same as mother's education
Mother's occupations	The same as in the theme of income inequality
Father's occupations	The same as in the theme of income inequality
Mother's work unit sectors	Four work unit sectors. The same as in the theme of social insurance participation
Father's work unit Sectors	Four work unit sectors. The same as in the theme of social insurance participation
Household migration status	Parental migration is measured by parents' <i>hukou</i> status. As the RUMiC survey only interviewed urban residents and rural-urban migrants in cities, rural <i>hukou</i> status refers to rural-urban migrant, and urban <i>hukou</i> status refers to urban resident. Therefore, in this study, if both parents hold rural <i>hukou</i> status, the family will be categorized into migrant household. And if both parents hold urban <i>hukou</i> status, the family will be categorized into urban household.

Table A8: Occupation for Rural Migrant Workers

1	Professionals
2	Managers
3	Clerk
4	Retails of vegetable/ fruits/ grains/ other agricultural by products, and others
5	Sales
6	Recycling and other buyer

7	Delivery and transport worker
8	Restaurant and hotel staff
9	House-maid, household worker
10	Hairdresser, beautician, Masseur, tourist guide
11	Auto and home appliance repair
12	Cleaning and sanitizing
13	Chefs and butcher
14	Kitchen assistance
15	Security, warehouse and property management
16	Driver and conductors
17	Other service area
18	Construction labors
19	Manufacturing
20	Repair and manufacturing service
21	Other factory process
22	Private business owner
23	Self-employed
24	Farmers
25	Family business helper and others

Table A9 Ownership Code

1	Government agencies and party agencies including party committee, government, people's congress, the CPCC, public security and people's prosecutor and people's court, the Ministry of Armed Forces, army)
2	state and collective service unit
3	civilian-run enterprises and public service unit
4	solely state owned enterprises
5	state holding enterprises
6	solely collective owned enterprises
7	collective holding enterprises
8	solelyprivate owned enterprises
9	private holding enterprises
10	solely foreign owned enterprises
11	foreign holding joint venture
12	state holding joint venture;
13	collective holding joint venture;
14	private holding joint venture,
15	Self-employed individuals
16	other enterprises