

Beyond Human Capital: Determinants of Migrant Labor Market Outcomes in Urban China^{*}

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Abstract

The transformation to a socialist market economy in China has unleashed millions of migrants from the rural interior searching for better economic opportunities in coastal areas over the past three

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decades. The sheer amount of migrant workers has tremendously altered the existing social and spatial structure of Chinese labor markets. Meanwhile, the transformation from a distributive system to a market-like system has been propelling the reconfiguration of urban labor market structure and outcomes; increasing mobility and the intrusive forces of globalization are elevating the flexibility of local labor markets. These drastic transformations in local labor markets demand research to provide a better understanding of how migrant labor market outcomes are determined and differentiated in China. This article investigates local labor market outcomes for migrant workers in the destination areas based on data from a migrant survey conducted in Fujian in 2009–2010. This study characterizes local labor market structure and outcomes and identifies key determinants of migrant workers' earnings. The results indicate the persistent, albeit diminishing, role of institutional factors and a growingly significant role of human capital related factors in migrant earnings. It further reveals the importance of unconventional earnings determinants such as personal motivation and decision-making capacity in migrant labor markets in China. Also, the study finds that male migrant workers tend to accumulate more human capital than females before entering labor markets, reflecting a societal-level discrimination against women. Within the labor markets, female workers are discriminated against as their human capital, measured conventionally or unconventionally, is not rewarded at the same level as that of their male counterparts. This study contributes to debates on how the differentiated local labor market is shaped by rapid social and economic transformations in China.

1. Introduction

Labor market outcomes such as earnings distributions represent important elements of social justice and stratification. Differentiated labor market outcomes along the lines of gender, ethnicity, education attainment, and other factors are often associated with the marginalization of certain social groups and contribute to social inequality.¹ Research into the structure of labor markets and their determining mechanisms provides an important means to understand economic development and helps to reveal the mechanisms of social and economic welfare distribution.

Numerous publications exist on labor market outcomes and their determinants, most of which focus on the dynamics of labor markets in Western economies.² There are growing interests in and concerns over the changing patterns of labor markets in developing economies.³ As a