ONE FAMILY TWO SYSTEMS? HOUSEHOLD EMPLOYMENT STRATEGIES IN REFORM-ERA URBAN CHINA

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ABSTRACT

The structure of China's economy and labor market has undergone dramatic changes in the last 30 years, moving from state-centered organization towards marketization. The principles governing employment and gender relations likewise changed. State sector employment remains more secure than the more lucrative market sector, yet market sector jobs do not typically offer wages high enough to support a family on a single income. In order to minimize the risk associated with market sector work while reaping the economic benefits, scholars noted the emergence of a two-system adaptation in which one spouse (typically the wife) retains employment in the state sector with the benefits it entails, while the other ventures into the market. However their findings have been limited to small, non-representative samples. We bring a dataset representative of the Shanghai population to bear on the question of whether or not spouses are specializing in state and market work. We follow changes in couples' ownership sector of employment and ask if wives are more likely to retain state sector jobs (or be laid off) while their husbands seek market sector work. Contrary to predictions derived from previous literature, we find that although women are more likely to be unemployed for family reasons, they are not less likely to work in the market sector if they are employed. We end by discussing the modeling strategy (latent class analysis) we will use to analyze household labor market sequences.

INTRODUCTION

The transition from state to market which started in earnest in urban areas in the early 1990s profoundly affected employment relations in China as the state's influence began o recede from some areas of the Chinese economy. Before market reforms, the household registration system (*hukou*) and the work unit system (*danwei*) were two major forces of social stratification. An urban *hukou* guaranteed access to education, healthcare and housing, entrenching urban privilege. The *danwei* system privileged state employees over workers in collective enterprises , providing them with lifelong employment, insurance and welfare (Bian, 2002).

As the economic reforms deepened in urban areas, in 1997 policies of heavy layoffs and acquisitions of smaller state enterprises by larger ones were enacted in an attempt to dismantle state-owned enterprises and accelerate marketization. The benefits accrued to state employment have since decreased considerably as state enterprises can no longer afford to provide the same generous package of benefits as in the past (Hughes, 1998; Chan et al, 1999). In addition, the state has implemented wage and benefit reforms that have considerably weakened the *danwei* system. However, these reforms have been somewhat unevenly applied. Access to housing and pensions continue to be provided through state employment in some enterprises while they are not in others. Lee (1998) documents that at one plant only 30-40% of laid off workers relinquished their state housing. While public service jobs continued to provide a stable source of income, the wages provided left many state workers in poverty and they tend to pay less than market sector jobs (Lee 1998). Neither state nor market enterprises provide both adequate wages

and security and some of the poorest households are those where both spouses are employed in the state sector (Lee 1999).

Researchers have noted economic strategies that allow individuals and households to reap the benefits of both state and market employment. First people may engage in a "one-person-two-systems" strategy (Lee 1999) working during the day at their primary state main job and then moonlighting in market jobs. However this strategy frequently leaves the individual exhausted with what is known as "second job fever" (Lee, 1998). A second strategy "one-family two-systems" divides the ownership sectors between spouses. Among couples engaging in this strategy, one spouse retains a state job and all the benefits that accrue to it, while the other is employed in the more high-risk/high-reward market sector. In a study of couple in Beijing Zuo (2001) shows that among the 39 couples interviewed, 9 wives and 22 husbands changed jobs from state employment to a more lucrative market sector job. Although it would be theoretically possible that women would be as likely to reach for risky market jobs, as Zou notes, the gender composition of those who changed jobs hints at a gender dynamic in employment strategies.

The market transition had a profound effect on the role of the family and gendered power dynamics in addition to economic relations. Gender has become a more prominent stratifying characteristic. Prior to reforms the gender ideology of the state was "same-job-same-pay" (Zou, 2003) and it was exemplified by the slogan "women hold up half the sky" (Cao, 2007). Rather than homemakers, working women were revolutionary partners to their husbands. Prior to reforms the family was not an isolated, self-sufficient unit, rather it was reliant on the work unit. The *danwei* system provided for needs that meager state income did not. Since the loss of their status as revolutionaries, women have had to stay in state sector enterprises because of their disproportionate burden with child caring responsibilities and their inability to be flexible enough to hold two jobs, or work in odd locations or hours (Lee 1999). Women were also hit harder by the reforms than men – they were more likely than men to be laid off () and suffer from the economic pressures through worse occupational prospects (). Although the one-family two-systems strategy could be gender neutral, we expect to find that it is women who move into, or stay in state sector jobs while men take their chances in market-sector employment.

Prior research on emerging market economies suggests that gender equality remains high in the early transition but weakens in favor of men as market mechanisms (including gender discrimination) replace state mandated equality. We thus include a cohort component into our analysis – we expect that more recent to show a more pronounced gender differential in movement into market employment than earlier cohorts.[1]
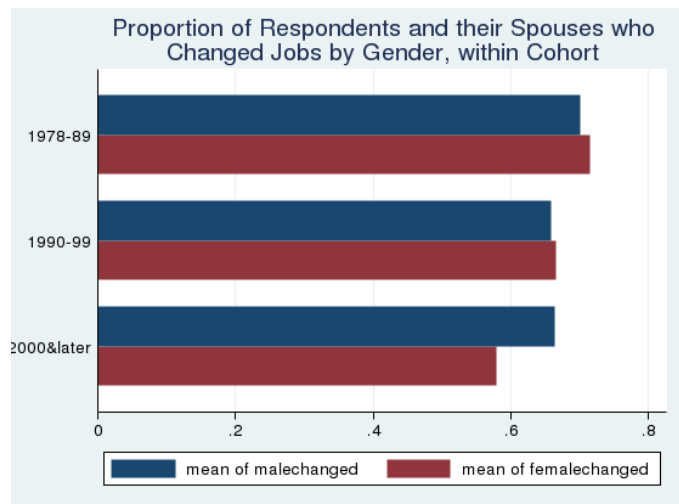
DATA AND MEASURES

The Shanghai Sexual Networks Survey (SSNS) is a local sexual networks survey conducted between October 2007 and January 2008. The design of the study yielded a citywide representative sample of Shanghai 18-49 year old residents with a Shanghai household registration (*hukou*) and migrants (residents without a Shanghai *hukou*). Participation rates in this survey of 56% for registered residents and 61% for migrants are now common in urban China where rapid social changes increasingly constrain access to the urban population and their

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[1] Although the results below are preliminary and only include indicators for the respondents' cohorts, the full model will incorporate the dates of job changes to allow us to fully test that proposition.

willingness to participate in social surveys ([de Leeuw and Heer 2002](); [Treiman, Lu, and Qi 2009]()). The total sample size was adjusted for non-response. This adjustment yielded 1,192 Shanghai registered residents and 496 migrants. Sampling weights were calculated to compensate for unequal selection probabilities and non-coverage and involved calibration of the sample age-sex distribution to match the values of the Shanghai 2005 3% intercensal sample survey. The adjusted sample is thus representative of the Shanghai adult population of registered residents and migrants ages 18-49.
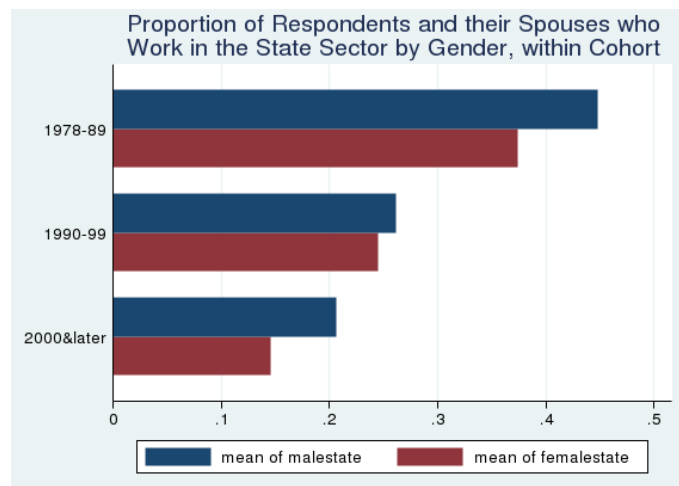
Along with personal information including age, education, *hukou* status and income, respondents were asked for an employment history including their current and previous job. They were asked when the last job ended and when both current and last job began. They were also asked to report the ownership sector of their current job. If they were currently unemployed, they were asked to report the reason for their unemployment. Finally, currently married respondents were also asked to report all this information about their current spouse. This allows us to construct employment trajectories for each respondent and his/her current spouse. We restrict our analysis to married respondents who at the time of the survey were in their first

FIGURE 1

marriages because the processes of selection into market sector jobs may be different for respondents in a second or higher marriages. Respondents in their first marriage account for 97.7% of the sample of currently married respondents. Below we report preliminary descriptive results by gender and cohort. We define cohort as the year respondent turned age 20.

We begin our analysis with a figure showing the proportion of respondents and their spouses who changed jobs by cohort. Men and women in the earliest cohort are about equally likely to have changed jobs, with males being slightly less likely to report a job change. Job changes are less common among younger

FIGURE 2

cohorts, as they have had less time in the job market. Among the younger cohorts, men are more likely to have experienced a job change.

Next we ask if women are more likely to work in the state sector. Figure 2 breaks down the proportion of males and females who are currently employed and working in the state sector. Surprisingly we see that women are less likely to be employed in the state sector than men. Figure 3 shows that women are far more likely to be out of the labor force than men.

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FIGURE 3

Proportion of Males in Each Sector, Including Unemployed

Proportion of Females in Each Sector, Including Unemployed

Women are less likely to be employed in both the market and the state sectors if we take into account their lower labor force participation. Figure 4 shows strong agreement with Cao's (2007) argument that women are out of the labor force for family reasons while men look for more lucrative market work. While 50% of unemployed men report not being able to find an appropriate job as their reason for being out of the work force, only about 25% of women do.

FIGURE 4

Male Reasons for Not Working

Female Reasons for Not Working
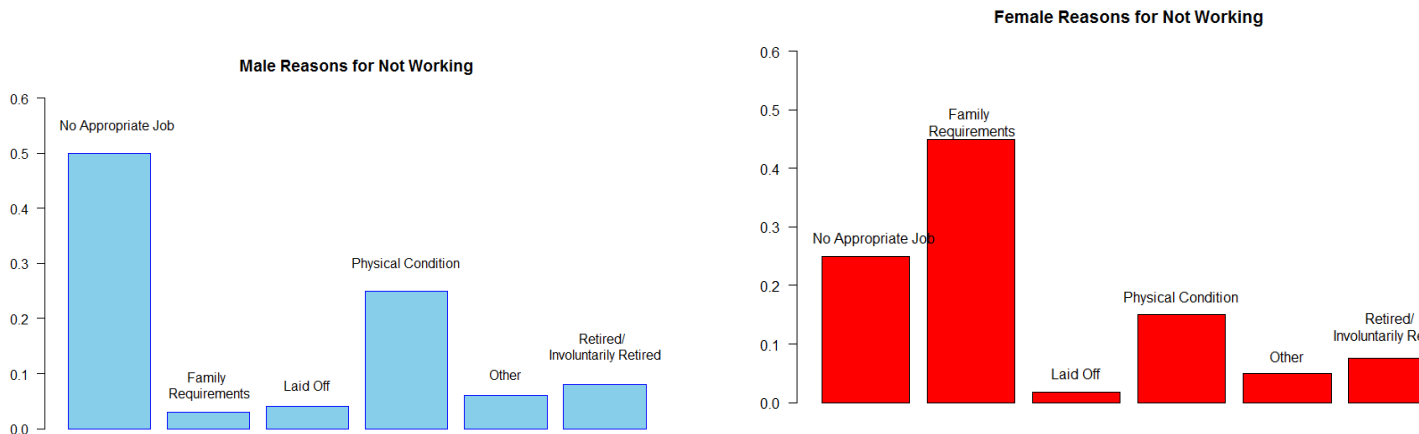
PLANNED ANALYSES

The data provides us with detailed information about the work histories of the respondent and the respondent's spouse. We know the date both began their previous job, when it ended and when they began their current job. We know the ownership sector of the current job, and we assume the previous job was a state sector job. This allows us to create place each individual into one of two initial states (state employment and unemployment) and each household into one of the corresponding four possible combinations:
1. Husband employed in the state and wife unemployed
2. Husband employed in the state and wife employed in the state
3. Husband unemployed and wife employed in the state
4. Both unemployed.

Because we know if and when the husband and wife changed their previous job, we can construct two transition states – one for each. Since we know the sector of these current jobs, we can place them into nine possible combinations of market employment, state employment and unemployment.

1. Husband unemployed and wife unemployed
2. Husband unemployed and wife employed in the market
3. Husband unemployed and wife employed in the state
4. Husband employed in the market and wife unemployed
5. Husband employed in the state and wife unemployed
6. Husband employed in the state and wife employed in the state
7. Husband employed in the state and wife employed in the market
8. Husband employed in the market and wife employed in the state
9. Husband employed in the market and wife employed in the market

If the literature cited here were correct, we would expect to see a preponderance of trajectories similar to 6-8-4 or both were initially employed in the state , then the husband took a market job (the first transition) and then the wife is laid off (the second transition).

MODELING STRATEGIES
- Collapse the two transitions into a single transition and conduct a simple model of independence by gender
- Perform a latent class analysis to find clusters of sequences to test the one-family two-system hypothesis.
- Predict household membership in classes by variables implicated by the one-family two-systems theory (presence of children, age of wife).