

Influence of Household Registration upon Temporary Employees' Job Insecurity and Work Commitment in Chinese SOEs

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Abstract

The paper studies the influence of Chinese institutional configuration, namely the household registration and social welfare systems, upon temporary employees' job insecurity and work commitment. Based on a survey from six state-owned enterprises, the paper finds that the rural registered temporary employees have significantly higher job insecurity than the urban registered temporary employees; however, there is no difference between their work commitments. The paper concludes that social welfare and other forms of social support have negative relationship with job insecurity. The contribution is to expand the existing research from cross-country level to intra-country level. Different from existing research, the paper does not find a negative relationship between job insecurity and work commitment. Therefore, the paper suggests that unequal institutional configuration intermediates employee's job insecurity and work commitment, which enriches the research into their relationships.

Introduction

The Chinese state-owned enterprises (SOEs) have been making significant contributions to China's employment. For example, about a quarter of urban employees worked in the SOEs in 2012 (National Bureau of Statistics of China, 2012). Thus, it is significant to study the human resource management (HRM) in the SOEs for higher efficiency. Different from the past when most employees were permanent, temporary employment has increased greatly. A report by All-China Federation of Trade Unions (2013) shows that the subcontractors, a kind of temporary employees, accounted for 20 % of overall SOE employees in 2010. Another report by Guangzhou branch of the trade unions and Guangzhou Municipal Party Committee (2010) states that in Guangzhou, the largest city in south China, two SOEs – a ship manufacturer and a mobile service provider respectively had 7700 and 2700 subcontractors accounting for 55% and 72% of their overall employees. The large proportion of temporary employees draws the attention of this research.

The paper firstly focuses on temporary employees' job insecurity. Job insecurity leads to attitudinal reactions —reduced commitment and satisfaction (Ashford, et al., 1989; Sverker, et al. 2002; De Witte, et al. 2010). It can also cause poor job performance and increased job withdrawal (Sverker, et al. 2002, Cheng and Chan, 2008). Negative consequences on health have also been found (Greenhalgh and Rosenblatt 2010). Hence, understanding job insecurity can help for both the organization and the individual.

Researchers (Borg and Elizur, 1992; König et al., 2011; Debus, et al., 2012) found that job insecurity is negatively linked to social welfare and other forms of social support. Employees from a country with better social welfare have lower job insecurity. Can this cross-country finding be applied within one country, namely China? In China, not all employees have equal access to social welfare; it is fundamentally decided by the household registration ('Hukou' in Chinese) system. Urban registered residents can get better social welfare than rural registered ones. Thus, focusing on temporary employees in the Chinese SOE, this paper studies whether job insecurity difference exists between the urban and rural registered employees, testing whether the mentioned cross-country finding can be applied in an intra-country situation.

The paper secondly focuses on temporary employee's work commitment. Existing empirical findings show that job insecurity negatively links to work commitment (Ashford, et al., 1989; Sverker, et al. 2002; De Cuyper and De Witte, 2007). Therefore, after comparing the difference of job insecurity, this paper also analyzes whether that difference (if any) lead to any difference of work commitment. Using data from a Chinese work attitude survey, the paper discusses the intermediating relationship between institutional social welfare configuration, job insecurity and work commitment. Finally, research conclusion, contribution, implication and limitation are discussed.

Literature Review and Hypotheses

For decades, not every Chinese resident has equal opportunity to work in the SOEs and to access to social welfare. Both are fundamentally decided by people's household registration which classifies them into urban and rural registered residents. The main economic purpose of institutionalizing the household registration system was to power urban industrialization in the past (Whyte, 2010). Since the rural areas were primarily seen as a source of low-cost agricultural products for the industrialization, the household registration system was initially introduced in the late 1950s to distinguish rural and urban registered people's qualifications for industrial jobs and the urban-based social welfare (Bian, 2002; Liu, 2005; Wang, 2004; Whyte, 2010). Urban registered residents have been given the priority.

Regarding the qualification for industrial jobs, before the 1980s' reform, only the urban registered residents were given the priority, especially for jobs in SOEs; whilst rural registered residents were only entitled to work on pieces of land in the agricultural sector (Chan *et al.* 1992; Whyte, 2010). Only since 2000, some changes have been made for rural migrants working easier in the cities. As Solinger (2006) noted, in 2003, the State Council

issued a directive stating that rural migrants have a “legal right” to work in the urban areas, prohibiting employment discrimination based on household registration. However, the access to SOE jobs is still restricted because of the tradition and the pressure from local urban employment policies.

Regarding social welfare, China has not established a system equally covering both urban and rural registered residents. Mainly through the SOEs and the state administrated organizations, the urban registered residents have been provided with a broad range of heavily subsidized benefits such as housing, pension, education, and health care. In contrast, rural registered residents have had difficulties to access the urban-based “social welfare”. For example, for years, housing, poverty relief, unemployment insurance, social activities for the communities, and public transportation only benefit the local urban residents (Liu, 2005; Solinger, 2006; Whyte, 2010); although schooling and health care benefits are equally given to rural registered people today, most of these resources being located in urban areas makes access by rural registered people difficult (Hannum, *et al.* 2010; Liu, 2005; Lu, 2010; Wang, 2004; Yip, 2010). For rural people working in the urban areas, there is almost no long-term planning on education, training, housing, health care and other social support (Smith and Pun, 2006).

Different from the west, since an urban registration can lead to greater benefit, the transfer from rural to urban registration has been extremely restricted by setting up quota and other regulations (Bian, 2002; Chan, *et al.* 1992). As a result, rural registered people who come into the urban areas in search of work cannot change their household registration; they make part of a poor underclass (Solinger, 2006; Whyte, 2010). The Labour Law, though protects the equality, lacks punitive measures for non-compliance; the devolution of authority to local government for interpretation and enforcement also dilutes implementation (Frenkel, 2001). Regarding job insecurity and work commitment, does the difference from the institutional configuration lead to any difference between the urban and rural registered temporary employees?

Borg and Elizur (1992) empirically found that, in Germany, providing more social support contributes to reducing job insecurity. König *et al.* (2011) presented a similar reasoning in their study among working students. They found more negative reactions to job insecurity in the United States of America, a country with a relatively weak social support, compared with Switzerland, a country with a relatively strong social support. In addition, Debus, *et al.* (2012), using data of adult population drawn from 24 countries (excluding China), found that employees in countries with stronger social safety net have fewer negative reactions to job insecurity relative to employees in countries with weaker social safety nets. In China, social welfare and other forms of social support provide different social benefits and safety net to rural and urban registered employees. This could lead to their difference of job insecurity. Thus, the first hypothesis is proposed.

Hypothesis 1: rural registered temporary employees have higher job insecurity than urban registered temporary employees in the Chinese SOEs.

Further, researchers (Ashford, et al., 1989; Sverker, et al. 2002; De Cuyper, and De Witte, 2007) empirically found that higher job insecurity leads to reduced work commitment. Therefore, the second hypothesis is proposed.

Hypothesis 2: rural registered temporary employees have lower work commitment than urban registered temporary employees in the Chinese SOEs.

Research Method and Data Collection

Data used in this paper are from a work attitude questionnaire survey conducted by the author in 2007. The survey was conducted in six Chinese SOEs located in five cities across four provinces, covering banking, construction and property, hotel and power generating industries. All the participated companies and employees have agreed that their data can be used for research work with guaranteed anonymity. Only data relevant to the research subjects are used here; 96 samples have been analysed.

Besides self-designed questions, the questionnaire also adopted some questions from existing surveys such as the 1998 Workplace Employee Relations Survey (cited from Cully and Woodland, 1998). Some of the adopted questions were modified to suit for the Chinese context. The questionnaire contains three types of questions. (1) Ranking questions. From the given factors including institutional configurations, environmental and personal factors, the respondents were asked to rank the top three most important factors with value 1, 2 and 3. Unranked factors are treated as value 4. Frequency technique and Mann-Whitney U test with 95% confidence are employed to test the significant difference. (2) Multi and single choice questions. Frequency technique and chi-square test are employed. (3) Agreement questions. By using Likert scale method, the degree of the respondents' agreement to the given statements is tested. Five values are given from -2 to 2. T-test with 95% confidence is employed. All the statistical analysis is processed using SPSS software.

As the survey was conducted in Chinese language, the back translation methodology (Brislin, 1980) was used between two bilingual Chinese postgraduate students and the author. The rectified Chinese version was then used in the pilot. Staff from the HRM departments of two of the SOEs participated in pilot runs and small modifications were made as a result. The data from these pilots were excluded from the final data.

The respondents were defined as employees who had no managerial work titles. The original survey includes both permanent and temporary employees; only data of temporary employees are used in this paper. The survey adapted two strategies: (1) of the company (or a subsidiary) with less than 50 employees, a whole population survey was undertaken; (2) of the company (or a subsidiary) with over 400 employees, whole population survey was only undertaken in two selected departments (around 30 employees per department).

The author adopted a modified group-administered questionnaire method. The questionnaires were given to all respondents together in a meeting, during which the author simultaneously explained each question. Then, the respondents were asked to take the questionnaires away and to return the completed questionnaires to a sealed box anonymously within the following three days. It gave the respondents more time to think through the

questions and minimized the possible interaction amongst the respondents in the meeting, encouraging them to express their genuine attitudes.

Findings

The data respectively contains 72 and 24 urban and rural registered temporary employees. Most of them are under 35-year-old without trade union membership. The rural registered employees have slightly higher female proportion; most of them have no higher educational background (see Table 1).

Table 1: Descriptive analysis of data

	Female	Age 35 and below	Education below college	Marital	Parental	Trade union membership
Percentage within RRTE	41.7%	78.5%	87.5%	37.5%	29.2%	8.3%
Percentage within URTE	51.4%	87.2%	31.9%	50.0%	30.6%	23.6%
Percentage in total	49.0%	85.0%	45.8%	46.9%	30.2%	19.8%

RRTE: rural registered temporary employee; URTE: urban registered temporary employee.

Job insecurity measurement

To measure the insecurity, the respondents were asked to evaluate: “I always worry about losing my job”. T-test finds the rural group ($M = 0.63$, $SD = 0.97$) shows significantly higher worrying than the urban group [$M = -0.10$, $SD = 1.05$, $t(94) = -2.97$, $p = 0.00$].

To identify the reasons for their insecurity, the respondents were asked to rank three likely factors from a given list including household registration, employment contract type, education and other qualifications, and economic environmental factors. 33.3% rural ($N = 24$, $MR = 37.38$) to 2.8% urban registered employees ($N = 72$, $MR = 52.21$) considered household registration as one of their top three reasons. Manny-White U test finds the difference is significant [$U(3) = 21.97$, $p = 0.00$]. Further, to identify their difficulties in job-finding, the respondents were asked to choose three most likely factors from some given factors similar to above. 45.8% rural to 5.6% urban registered employees considered the household registration. Chi-square test finds the difference is significant [$X^2(1) = 22.15$, $N = 96$, $p = 0.00$]. To confirm the impact of household registration, they were also asked to evaluate: “it would be more difficult to get a job here if I were not urban registered”. T-test finds the rural group ($M = 1.38$, $SD = 0.58$) have significantly higher score than the urban group [$M = 0.25$, $SD = 0.95$, $t(94) = -5.49$, $p = 0.00$]. It indicates the significant impact from the household registration upon job insecurity.

The statistical analysis shows the rural registered temporary employees have higher job insecurity which is clearly linked to their household registration. Thus, hypothesis 1 has been tested to be true.

Work Commitment measurement

To compare their work commitment, the respondents were asked to evaluate: “work is always first”. Both groups’ scores are between neutral and agree; they do not show significant difference in t-test (see Table 2). As employees’ satisfaction indicates their work commitment, the respondents were asked to self-evaluate their work satisfaction with the amount of their influence, pay, scope for achievement, and the respect they have. Both groups show low satisfaction without significant difference in t-test (see Table 2).

Table 2: T test for work commitment

Questions and statements	Household registration	N	Mean	SD	t	df	p
Work always first	URTE	72	0.82	0.89	-0.29	94	0.77
	RRTE	24	0.88	0.45			
My life is highly connected with the company	URTE	72	0.96	0.78	0.45	94	0.65
	RRTE	24	0.88	0.80			
Satisfaction with the amount of influence	URTE	72	-0.01	0.85	-0.47	94	0.64
	RRTE	24	0.08	0.97			
Satisfaction with pay	URTE	72	-0.22	0.98	-0.40	94	0.69
	RRTE	24	-0.13	1.15			
Satisfaction with the scope for achievement	URTE	72	-0.01	0.88	0.69	94	0.49
	RRTE	24	-0.17	1.09			
Satisfaction with the respect	URTE	72	0.14	0.91	-1.08	94	0.28
	RRTE	24	0.38	0.97			

RRTE: rural registered temporary employee; URTE: urban registered temporary employee.

In addition, in the evaluation of “I believe my life is highly connected with the company I work for”, both groups’ attitudes are between neutral to agree without difference (see Table 2). Following the evaluation, they were asked what type of company they prefer to work for; most of them (70.8% rural employees to 80.6% urban employees) chose non-SOEs. Chi-square test does not find significant difference [$X^2(1) = 0.10, N = 96, p = 0.32$]. Again, they indicate low commitment to the SOE work without significant difference. Further, chi-square test does not find any significant attitudinal difference in other two indicative

factors: expected retirement age [$X^2(5) = 4.95$, $N = 96$, $p = 0.42$, see Table 3] and overtime working [$X^2(4) = 4.10$, $N = 96$, $p = 0.39$, see Table 4].

Interestingly, when the respondents were asked to rank their top three reasons for overtime working from personal factors, workplace management factors and etc., chi-square test finds the rural group shows significantly higher concern on financial reason [37.59% rural to 11.2% urban employees, $X^2(3) = 13.59$, $N = 96$, $p = 0.00$] and employer or colleague pressure [25.0% rural to 7.0% urban employees, $X^2(3) = 12.063$, $N = 96$, $p = 0.01$]. This may indicate that their unfavourable social welfare and social support cause their financial concern, therefore, not only leading to their higher job insecurity, but also to their hard work so that they can keep their jobs, hence to keep the income. This may stop their work commitment dropping too low.

The overall analysis does not find any difference of work commitment. Therefore, hypothesis 2 is not supported.

Table 3: Expected retirement age

	Below 45	45-50	51-55	56-60	61-65	Above 65
Percentage within RRTE	20.8%	25.0%	20.8%	0.0%	20.8%	12.5%
Percentage within URTE	19.4%	27.8%	23.6%	9.7%	8.3%	11.1%

RRTE: rural registered temporary employee; URTE: urban registered temporary employee.

Table 4: Attitude towards overtime working

	Totally own choice – don't mind working long hours	Only partly through choice – sometimes work long hours reluctantly	Most of the time work long hours reluctantly	Always work long hours reluctantly
Percentage within RRTE	20.8%	50.0%	20.8%	4.2%
Percentage within URTE	31.9%	48.6%	15.3%	4.2%

RRTE: rural registered temporary employee; URTE: urban registered temporary employee.

Discussion

Rural registered employees show significantly higher job insecurity than the urban registered ones. They have stronger concern on their household registration for job losing; they also had stronger consideration on it as one of their top difficulties in job-finding. Therefore, it indicates that the household registration system leads to the difference of job insecurity between rural and urban registered temporary employees in the SOEs.

As the Chinese household registration is closely integrated with its social welfare system which is in favour of urban registered employees, it can be deduced that, with weaker

social welfare and support, employees have higher job insecurity. This intra-country finding is in accordance with the cross-country findings by König et al. (2011), and Debus, et al. (2012). The negative relationship between job insecurity and social support can be explained as “*Social support somehow increases the individual's ability to cope with stressful organizational situations by buffering the individual's life outside the organization*” (Greenhalgh and Rosenblatt 1984, p. 445). In the Chinese case, the household registration integrated with the social welfare system provides the rural registered employees with poorer financial and other surviving support such like less training, guidance, and opportunities for industrial jobs. Therefore, they have stronger job insecurity than the urban registered employees.

Though significant difference of job insecurity is found between the two studied groups, the paper does not find the difference of work commitment. Therefore, the empirical findings by other researchers (Ashford, et al., 1989; Sverker, et al. 2002; De Cuyper, and De Witte, 2007), that job insecurity negatively links to work commitment, can be argued.

Ashford, et al. (1989) once explained that perceived job insecurity, may diminish employees' sense of attachment and responsibility to the firm, therefore, lead to lower commitment. However, this explanation ignores institutional configuration underneath the job insecurity. This paper considers the inequality of institutional configuration as a main reason for the difference of job insecurity in China. The highly institutionalized household registration and social welfare are closely tied together, leading to unequal configuration between the rural and urban registered employees. This is considered to lead to the rural employees' higher job insecurity. However, the unequal configuration in social welfare, support, and work opportunity may “force” the rural registered employees to work harder to earn their living and to keep their jobs, therefore to increase their work commitment. This can explain why the rural group do not have lower work commitment in the survey. One evidence is that, in one of the work commitment indicative questions (overtime working), the rural group shows significantly stronger consideration of financial reason for overtime working. This reflects the link between their work commitment and unfavourable institutional configuration of social welfare. Thus, the paper argues that, if higher job insecurity is mainly due to unequal institutional configuration, it may not lead to lower work commitment. Therefore, the paper suggests that institutional configuration intermediates employee's job insecurity and work commitment.

Conclusion and Contribution

Job insecurity is negatively linked to social welfare and relevant social support. The contribution of this paper is that it expands this conclusion from across-country level to intra-country level where institutional configuration causes inequality between different groups of people. In the Chinese SOEs, the highly institutionalized household registration and its closely integrated social welfare system impact job insecurity of temporary employees.

The paper does not find a negative relationship between job insecurity and work commitment. It suggests considering the inequality of institutional configuration underneath

job insecurity. The institutional configuration in social welfare and other forms of social support may intermediate job insecurity and work commitment. This enriches the research into the relationship between job insecurity and work commitment.

Implication, Limitation and Future research

At the state level, especially countries like China, improving the equality of social welfare and others forms of social support is significant to decrease the job insecurity of rural registered temporary employees. Increasing social support can improve employees' job security. From this perspective, the integration of China's household registration and social welfare system should be broken.

The research has two main limitations. First, the size of sample isn't large enough to represent the whole SOE employees. Second, as the data from a survey which is not specifically designed for the study of job insecurity and work commitment, the measurement may not accurately reflect the two subjects. Thus, for future research, large size sample with specifically designed survey is recommended.

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