

**JOB SATISFACTION AND RESPONSE TO INCENTIVES
AMONG CHINA'S URBAN WORKFORCE**

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Abstract

This paper examines job satisfaction and incentive structures among China's urban workforce. The main determinants of job satisfaction are found to be age, education, occupation and personal income. The incentives that Chinese urban employees considered most important when choosing a job were job stability, a high income and professional development. Implications of the findings for management are discussed.

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INTRODUCTION

It has been well documented that job satisfaction is associated with labour turnover (eg. Crampton & Wagner, 1994; Hulin, Roznowski & Hachiya, 1985; Kickul, Lester and Belgio, 2004) and absenteeism (Fisher & Locke, 1992; Johns & Xie, 1998; Xie & Johns, 2000). It is not surprising that dissatisfied employees may attempt to avoid, or change, their workplace, since for many, the time they spend at work each day can comprise more than half of their waking hours. Several studies have suggested that job satisfaction is positively correlated with employees' perception of their quality of life (Seo, Ko & Price, 2004) and mental/physical health (Franco, Bennett, Kanfer & Stubblebine, 2004). Being dissatisfied with one's job thus has implications for both individual employees and for organisations, as absenteeism and high rates of organisational turnover can impact significantly on organisational performance. The challenge facing managers is to identify the types of rewards that lead to improved performance which, in turn, can inform the types of incentives that organisations offer in order to attract and retain quality staff (Kossek & Lobel, 1996). For the incentives offered by an organisation to be effective, they should attempt to align employee goals with organisational goals and objectives and provide a return to each employee's contribution (Milkovich & Newman, 2002).

Different people respond to different incentives in the workplace, depending upon the salience of individual needs (Chiang & Birtch, 2005). For some, the key to being satisfied with their job lies in attractive remuneration. For others, it is job security. For many employees, job design factors such as the provision of opportunities for professional growth and development is important. Yet for others, an attractive job must come up-front with an attractive status. Increasingly, the balance between work and family life is on the agendas of employers, many of whom understand that workplace flexibility for employees with family responsibilities is fundamental to the recruitment and retention of quality staff (see Spector, Cooper, Poelmans, Allen *et al.*, 2004).

Until recently, most studies that have investigated the dynamic interplay of workplace incentive structures and employee satisfaction have been based on data collected in Western countries, especially the United States and United Kingdom. However, as Spector (1997) noted, the determinants of job satisfaction may differ between cultures and countries. Recognition of this fact has spurred a burgeoning literature examining factors influencing job satisfaction and job stress in Asia and, in particular, the People's Republic of China (hereafter China). Most extant studies of job satisfaction for China, though, are confined to (a) a limited geographical area, such as one or two big cities; (b) a specific sector, such as the hotel or steel sectors; (c) firms of a particular ownership type, such as joint ventures or (d) examining job satisfaction and/or job stress among managers rather than all employees. Studies of job satisfaction restricted to a limited number of cities include Loscocco and Bose (1998) (Tianjin); Jamal (2005) (Beijing); Siu, Spector, Cooper and Lu (2005) (Beijing); Siu (2002) (Hangzhou, Panyu, Xiaolan and Zhangjiang); Donald and Siu (2001) (Hangzhou, Panyu, Xiaolan and Zhangjiang); Siu, Donald and Cooper (1998) (three cities in South East China); Xie (1996) (five cities) and Fielding and Tang (1995) (Guangzhou). Studies of job satisfaction confined to workers in specific sectors include Leung, Smith, Wang and Sun (1996) and Leung, Wang and Smith (2001) (hospitality); Fielding and Tang (1995) (healthcare); Leung, Siu and Spector (2000) (education) and Shanfa, Sparks and Cooper (1998) (steel). Studies focused on specific ownership types include Scott, Bishop and Chen (2003) who examined the relationship between worker participation and job satisfaction in U.S. invested enterprises. Studies focused exclusively on job satisfaction and/or job stress among managers include Lu, Siu and Cooper (2005), Spector *et al.* (2004) and Siu, Spector, Cooper, Lu *et al.* (2002).

The objective of this study is to examine job satisfaction and incentive structures among China's urban workforce utilising a large survey of approximately 8200 urban employees collected across 32 cities. The current study contributes to the extant literature in the following ways. First, the

sample is broader in scope than those used in previous studies of job satisfaction; it is not confined to those who work in a few big cities, specific ownership forms or specific industries and it contains both managers and non-managerial staff. Second, existing studies of job satisfaction in China do not consider the incentive structure which might increase worker satisfaction among the sample. We examine the incentives Chinese employees consider important when selecting a job and analyse differences in perceptions of these incentives across individual characteristics.

The remainder of the paper is set out as follows. The next section discusses how the data were collected and the characteristics of the sample. Section 3 examines the determinants of job satisfaction among the sample. The incentives that employees in the sample considered important when selecting a job are examined in Section 4. The final section concludes by considering the implications of our findings for managers.

DATA COLLECTION AND SAMPLE CHARACTERISTICS

The data to conduct the study were provided by the China Mainland Marketing Research Company (CMMRC) which conducts an annual survey of approximately 10,000 urban residents. This study employs data from the CMMRC survey conducted in November 2003 which contained information on 206 questions from 10,716 respondents across 32 Chinese cities.¹ There were 8252 valid observations for respondents who were in employment at the time of the survey. The CMMRC survey asked respondents whether they were satisfied with their job and what incentives they considered to be important when selecting a job as well as background characteristics of the respondent such as age, education, gender, income, marital status and occupation. CMMRC employs multistage stratified random sampling to ensure a representative sample in terms of age, gender and income. The respondents were interviewed in person in shopping districts of each city by a trained CMMRC interviewer. In each city there were four individuals conducting the survey in different shopping districts. All responses were checked for accuracy three times prior to being entered into the database; initially by a supervisor on location, then by a supervisor for the city and finally at the CMMRC offices in Beijing.

Table 1 about here

The characteristics of the survey respondents who were employed are reported in Table 1. The mean age of respondents in the sample was 37 years, 53.1 per cent were female, 28.7 per cent were single and 19.3 per cent were migrants from outside the city. The median personal income of respondents was RMB 1001-1250. Of the respondents, 14.8 per cent had a four-year higher degree, 27.3 per cent had a three-year higher degree, 13 per cent had completed a polytechnic level education, and 29.1 per cent had completed senior middle school. In terms of occupation, 52.8 per cent were in professional occupations and 47.2 per cent were manual, semi-skilled or technical workers. Overall, with the exception of the education profile, the characteristics of the sample are fairly representative of the urban population as a whole. In 2001 the average monthly wage was 898 RMB (SSB, 2002: 94, 145). In 2002 49.9 percent of the urban population was female, the mean age of urban residents was 37 years and 25.2 per cent were single (SSB, 2003: 7, 38-40; SSB, 2003: 67). In 2002 among the urban population, 54.7 per cent completed junior middle school or less, 26.6 per cent had completed senior middle school, 11.1 per cent had completed polytechnic school, 4.4 per cent had a three-year higher education and 0.3 per cent had a postgraduate degree (SSB, 2003: 7). This means that those with a junior middle school

¹ The cities sampled were Beijing, Tianjin, Shijiazhuang, Taiyuan, Huhehaote, Shenyang, Changchun, Harbin, Shanghai, Nanjing, Hangzhou, Hefei, Fuzhou, Nanchang, Jinan, Zhengzhou, Wuhan, Changsha, Guangzhou, Nanning, Haikou, Chongqing, Chengdu, Guiyang, Kunming, Lasa, Xi'an, Lanzhou, Xining, Yinchuan, Urumqi, Xiamen..

education or less are underrepresented and those with a tertiary degree are overrepresented relative to the urban population as a whole.

One explanation for the education profile is that the survey was conducted in large cities where the educational level is much higher than in other areas. Previous studies which interviewed respondents in large Chinese cities have also found better educated individuals to be disproportionately represented relative to the urban population as a whole. For example, in a survey of employees in manufacturing enterprises in Nanjing, Shanghai and Tianjin in 1994-1995, Zhu (1997) found that 73.3 per cent of respondents had tertiary qualifications. This peculiarity with respect to educational level also seems to reflect those who typically answer surveys on the street in China and respondents in street surveys more generally. In the 2002 survey administered by CMMRC, almost 40 per cent of respondents had a three year higher degree or above (CMMRC, 2002). Holbrook, Green & Krosnick (2003) found that the educational levels of respondents are skewed – respondents with a lower education level are generally reluctant to respond to surveys as they believe they may have more to lose. Studies comparing respondent education levels in various surveys have also found fewer low-education respondents in telephone samples than in face-to-face samples (Greenfield, Midanik & Rogers, 2000; Groves, 1977).

DETERMINANTS OF JOB SATISFACTION IN URBAN CHINA

We used the following specification to examine job satisfaction among urban workers:

$$SATISFACTION=f(X, \varepsilon) \tag{1}$$

We used an ordered probit model to estimate Equation 1. *SATISFACTION* is an ordinal variable measuring the respondent's perception of job satisfaction based on the question: Are you satisfied with your present work situation? The respondent answered on a five point scale ranging from one (extremely satisfied) to five (extremely dissatisfied). Almost 43 per cent of the employed sample indicated that they were at least 'quite satisfied' with their job and nearly 20 per cent indicated they were at least 'quite dissatisfied' (see Figure 1). *X* is a vector of individual and human capital characteristics (age, gender, education, personal income, occupation, marital status, number of dependent children and whether the respondent is a migrant). ε is the error term, reflecting unobserved random factors.

Figure 1 about here

We begin by considering the hypothesised relationship between each of the variables and job satisfaction. Existing studies have found that older employees are more likely to express greater job satisfaction in both Chinese and Western societies (Hui & Tan, 1996; Linz, 2004; Mottaz, 1987; Rodes, 1983). The two explanations that have been offered to account for this relationship are the 'cohort' and 'aging' effects (Mottaz, 1987). The cohort effect postulates that younger employees place more emphasis on intrinsic work rewards such as having an interesting and challenging job than older employees, perhaps reflecting the rise in educational levels of successive birth cohorts. According to this explanation, younger employees are more dissatisfied with their jobs than older employees because they demand more than their jobs can provide. One variant of the aging effect suggests that older employees have higher job satisfaction than younger employees simply because they have 'better' jobs. Older employees are more likely to have built up considerably more seniority and work experience than younger employees and these factors allow them to more easily obtain satisfying jobs. Another variant on the aging effect is the 'grinding down' hypothesis (Wright & Hamilton, 1978). The argument is that various work rewards such as interesting work, autonomy and promotions become less important to employees as they age and become progressively more difficult to obtain. Thus, older employees are more satisfied with their jobs than their younger counterparts because they have come to demand much less from their jobs.

Hypothesis 1: Age will have a positive effect on job satisfaction.

Studies have found that women have higher job satisfaction than men in Japan (Lincoln and Kalleberg, 1990) and the United States (Bender, Donohue & Heywood, 2005; Crosby, 1982; Ferree, 1976; Hodson, 1989), despite extensive evidence that females are paid less than males. Bender *et al.* (2005) dub this result 'the paradox of the contented female worker'. The explanation offered for these findings is typically that women have different role expectations and opportunity structures than men. Thus, it is argued that while men tend to compare their jobs with those of other men, women compare their jobs to those of other women or to worse jobs that they have held or unpaid work in the home (Crosby, 1982; Hodson, 1989). Thus, women are more easily satisfied than their male counterparts (Ferree, 1976). These results are consistent with the perspective that women have a lower sense of personal entitlement (Major, McFarlin & Gagnon, 1984).

However, in China findings suggest that men have a higher level of job satisfaction than women (Loscocco & Bose, 1998; Su & Huang, 1992). Loscocco and Bose (1998) have argued that the findings for China reflect different role expectations than those in other cultures produced by labour market structure and gender ideology which emphasise equality between men and women. The Chinese government has long stressed that women's full-time paid work is an essential component of the family's income (Stockman, Bonney and Sheng, 1992). Consistent with the aphorism that 'women hold up half the sky', female labour force participation rates in China have consistently been higher than in western countries (Barrett, Bridges, Semyonov & Gao, 1991). While there is evidence of labour market discrimination against women in China (Walder, 1986; Whyte & Parish, 1984), the relative structural gender equality in China means that Chinese women's work expectations should be closer to men's than in countries that have not placed as much emphasis on fully incorporating women into the workforce. As Loscocco and Bose (1998: 92-93) state: "As full normative participants in the labor force, Chinese women are likely to have higher expectations from work relative to men than is true for women from countries that devalue women's economic role". Because women in China have higher expectations from work relative to men, they are more likely to be dissatisfied with gender inequities in the workplace reflected in lower job satisfaction relative to men than in countries with other cultural contexts. In this respect, Sheng, Stockman & Bonney (1992) found that Chinese working mothers were more dissatisfied with gender inequities in the workplace than British and Japanese working mothers, although the British and Japanese women did not fare as well as the Chinese women.

Hypothesis 2: Women have lower job satisfaction than men.

Research using samples of workers in Japan, the United States and Taiwan has found that education has a negative effect on job satisfaction (Cheng, 1980; Chuang, Cheng & Ren, 1990; Hodson, 1989; Miller, 1980). Loscocco and Bose (1998) also found that education has a negative effect on job satisfaction in China. This finding has been attributed to the high job expectations and greater job mobility of better educated individuals. Education raises expectations to an extent that is not matched by intrinsic work rewards (for instance, challenging and interesting jobs) or extrinsic work rewards (income and fringe benefits), which leads to job dissatisfaction (Loscocco and Bose, 1998).

Hypothesis 3: Better educated respondents will have lower job satisfaction.

Because income is an essential job reward, income is expected to have a positive effect on job satisfaction (Loscocco and Bose, 1998). Existing research suggests that workers with higher incomes have greater job satisfaction in Europe (Lindstrom, 1988); Israel (Mannheim, 1983); Japan (Lincoln and Kalleberg, 1990), Russia (Linz, 2004) and the United States (Hodson, 1989). Berg (1991) reported that fringe benefits contributed to job satisfaction. Loscocco and Bose (1998) found that personal income had a positive effect on job satisfaction in Tianjin in the mid-1980s and Sensenbrenner and Sensenbrenner (1994) found that compensation had a positive effect on organisational commitment in joint ventures in China at the beginning of the 1990s. One would

expect education and income to be positively correlated. Several studies have found that the returns to education in terms of higher wages in urban China have increased over the post-socialist transition period (see eg. Yang, 2005). Given that we have hypothesized that education will have a negative effect on job satisfaction, when considering the effect of income on job satisfaction it is important to hold the effects of education constant.

Hypothesis 4: Holding the effects of education on job satisfaction constant, respondents with higher personal income will have higher job satisfaction.

Findings from existing studies for transitional economies such as China and Russia suggest that managers and employees who hold administrative positions have higher job satisfaction than respondents who are manual, semi-skilled or technical workers. Linz (2004) found significant differences in job satisfaction across occupations in Russia with managers expressing a higher level of job satisfaction than workers. Loscocco and Bose (1998) found that job satisfaction in Tianjin was higher among workers in administrative-managerial work than manual work. The explanation provided for these results is that white collar employees have physically easier, and, at the same time, more interesting, jobs than blue collar workers. However, it has also been consistently found that managers and white collar employees in China, Hong Kong and Taiwan report higher levels of job stress than managers and white collar employees in the United Kingdom and United States (see eg. Lu, Shiao & Cooper, 1997). Several studies using Chinese samples have found that job stress has a negative impact on job satisfaction (see eg. Siu *et al.*, 2005). This sets up two competing hypotheses on the effect of occupation on job satisfaction.

Hypothesis 5a: Holding the effects of education and income on job satisfaction constant, white collar employees will have more interesting jobs and higher job satisfaction.

Hypothesis 5b: Holding the effects of education and income on job satisfaction constant, white collar workers will have more job stress and lower job satisfaction.

Several studies using datasets for the mid-1990s found that the Chinese labour market is segmented between urban residents and migrants from other areas (see eg. Knight & Song, 1999; Meng & Zhang, 2001). More recently, Appleton, Knight, Song and Xia (2004) and Maurer-Fazio and Dinh (2004) examined labour market segmentation between continuously employed urban workers, urban workers who had been laid-off and reemployed and migrants from other areas. Both studies found evidence of labour market segmentation into these three categories with non-retrenched urban workers receiving a wage premium. Migrants do jobs that the urban populace do not want - often referred to as 'Three-D' jobs because they are dirty, dangerous and demeaning (Roberts, 2002).

While migrants are forced to do jobs that urbanites will not do, the effect this had on migrants' job satisfaction vis-à-vis urbanites is not clear. On the one hand, as the duration of residence of migrants in cities lengthens, and exposure to urban communities increases, there is evidence that migrants are becoming more aware of the unfavourable labour conditions they face. According to one survey conducted by the Development Research Centre in the late 1990s, more than 90 per cent of migrants were dissatisfied with their jobs in the cities (cited in Wu, 2001). A more recent survey administered by the Chongqing Municipal Agricultural Bureau found that 92 per cent of migrants who responded felt that urbanites 'looked down' on their jobs (Li, 2005). A typical service sector job for migrants in Chongqing is to act as a porter. Migrants congregate in the streets and if urbanites are unable to carry their bags, they will call for a migrant porter to do the job. These migrant porters are called 'Bang Bang' in the local dialect, which is actually a derogatory term referring to the pole that a migrant porter uses to carry the urbanites belongings. One such representative 'Bang Bang' interviewed for a press report in the Chinese media is Yu Gang. Yu, who is reported to have said, "I do not care about how tiring, hard and dirty the job is [but I do not like] being looked down upon" (Li, 2005). To the extent that migrants compare their jobs with those of urbanites and feel that migrants look down on their jobs one would expect migrants to have lower job satisfaction. However, the fact that migrants have worse jobs than urbanites does not in

itself mean that they will experience lower job satisfaction. Migrants can earn more in the cities than in their hometown and will typically send remittances back to their families in the villages. Interviews with migrant workers suggest that in spite of poor living and working conditions, their satisfaction levels are often high (see eg. Jacka, 2006). Possible explanations for these findings are that migrants have lower expectations than urbanites or that migrants compare their jobs not with urbanites, but with what they would be doing in their home villages. While the jobs that migrants are forced to do are often demeaning, interview evidence suggests that migrants see the jobs as challenging compared with long periods of 'having nothing to do' in their home villages (see eg. Jacka, 2006).

Hypothesis 6a: Migrant workers will have higher job satisfaction.

Hypothesis 6b: Migrant workers will have lower job satisfaction.

We have two measures of the individual's family situation - marital status and number of dependent children. The level of family responsibilities is potentially an important source of work-family stress and, hence, job satisfaction. There is evidence that having children at home contributes to family/work conflict (Grandey & Cropanzano, 1999). However, researchers have found little or no evidence that marital status or the number of dependent children influence job satisfaction in the United States (Hodson, 1989; Loscocco, 1990) or Western Europe (deVaus & McAllister, 1991). In contrast to most findings for western countries, in Taiwan, though, there is evidence that married individuals have higher job satisfaction (Su & Huang, 1992) and that single workers have more job-related stress than married workers (Hsu & Chen, 1981). A possible explanation for this finding could be that married couples have two incomes and this allows them to be more selective in selecting a job that they like, while individuals who are single are more likely to be forced to take, and remain in, jobs with low job satisfaction.

Hypothesis 7: Married respondents will have higher job satisfaction than unmarried respondents.

Hypothesis 8: Respondents with more dependent children will have lower job satisfaction.

Table 2 about here

The results of the ordered probit model are presented in Table 2. There is support for hypotheses 1, 3, 4 and 5a. The results suggest that older people, people with higher personal incomes, people in white collar jobs and the less educated will have higher job satisfaction in urban China. People whose highest educational qualification is senior middle school or below have higher job satisfaction than those with a four-year higher degree, which is the reference category for education; and managers and those in administrative jobs have higher job satisfaction than technical workers, which is the reference category for occupation. The variables depicting migrant status, family responsibilities and gender were all statistically insignificant.

WHAT INCENTIVES ARE CONSIDERED IMPORTANT WHEN CHOOSING A JOB?

The fact that respondents' assessments of their current job satisfaction were skewed towards more favourable assessments was expected, as it is a widely recognised phenomenon that people tend to bias their self-assessments of all components of life satisfaction towards more favourable assessments (Cummins & Gullone, 2000). Next respondents were asked to identify the two main factors they consider important when choosing a job. The results are reported in Tables 3 and 4. In Table 3, the percentages of respondents who ranked each criterion in their top two considerations are reported for the whole sample and in Table 4 each criterion is broken down according to individual characteristics.

Tables 3 & 4 about here

Across the total sample, the three top ranked incentives that employees considered when choosing a job were job stability, a high income and professional development. Over 40 per cent of the sample considered job stability to be in the top two considerations, while close to a third of the sample considered a high income (36.0 per cent) and professional development possibilities (28.4 per cent) in the top two considerations. Collegiality in the workplace and immediate professional status were the least important, with each being ranked as important considerations by less than 5 per cent of the sample.

It is not surprising to find the need for job stability ranked as the most important employment need in the urban Chinese context. China's transformation to a socialist market economy has seen a vast change in employment stability. Prior to the economic reforms dating from the late 1970s, which saw China transform its economy from a command to a market-oriented model, employment was guaranteed for all urban residents in China. As well as guaranteed employment, the *danwei*-based welfare system ensured the majority of workers in the public sector enterprise-funded industrial injury, maternity, medical and pension insurance as well as a range of other entitlements associated with 'cradle to grave welfare' such as free health care, free schooling for the children of employees and even death and funeral subsidies for the dependents of employees. In this sense, work units acted as mini welfare states, providing subsidised housing as well as cultural and recreational facilities for the benefit of their employees.

China's marketisation process and its opening up to the outside world have seen both winners and losers in the major urban centres. While most observers would agree that the market reforms have had an overall positive effect on the living standards of the urban populace, it has also had its casualties (Nielsen, Nyland, Smyth & Zhu, 2005). Amongst those casualties are those workers who suddenly find themselves either unemployed or in precarious employment after the relative 'luxury' of guaranteed employment. According to official figures there were 26 million workers laid off from state owned enterprises alone in urban China between 1998 and 2002 (Armitage, 2003). While the official urban unemployment rate is only 3-4 per cent, most economists suggest that taking into account workers laid-off from state-owned enterprises, a more realistic figure is 15 per cent and 25 per cent in the industrial cities of the 'rustbelt' northeast (Roberts, Einhorn & Balfour, 2002). Concern about the loss of job stability has sparked widespread demonstrations across China's urban centres, manifesting in sit-ins, street marches and even violence, in some instances with managers being taken hostage (Roberts, *et al.*, 2002). Given this enormous socioeconomic change, it is somewhat expected that Chinese urban employees would consider job stability their most important consideration when choosing a job.

It is also not surprising that urban Chinese workers might rank a high income among their top two considerations when choosing a job. Under central planning, particularly in state-owned enterprises, wages were set according to a wage grid that categorised workers into eight skill classes. Wage differentials were compressed and until the beginning of market reforms in the late 1970s, bonuses were viewed as unacceptable (Fleisher & Wang, 2001). Since the late 1970s the share of bonus payments in the total wage package has increased steadily. Naughton (1995) recorded that the share of bonuses in wages increased from almost nothing in 1978 to 22 per cent in 1992. Beginning in the 1980s, surveys started to emerge pointing to the importance of income as a motivating factor in China's new 'socialist market economy'. For example, a survey of Chinese cadres found that salary ranked as one of the two most important aspects of work (Rozelle, Jones & Chang, 1990). Bonuses are now widely used in China as a means to motivate people to perform better (Groves, Hong, McMillan & Naughton, 1994). While money has the potential to satisfy a variety of needs, it seems to be most strongly linked to its ability to satisfy basic existence needs, such as food, clothing and housing. Perhaps for this reason, a high income has frequently been shown to be of particular importance in low-income countries (Furnham, Kircaldy & Lynn, 1994). Given that the average annual income in China's urban centres is very low

relative to that in developed countries², combined with widening wage differentials over the last three decades that have created opportunities for urbanites to earn higher salaries, the importance placed on a high income in the sample is expected.

While our results for the overall sample seem consistent with expected concerns, respondent characteristics were also important in differentiating the importance of each of the seven considerations. In terms of gender, a higher percentage of male respondents nominated income and professional development opportunities among the top two considerations, while a higher percentage of females nominated job stability, work/family balance and professional status. That work/family balance should be more important to female employees in urban China is expected as this result reflects the traditional role of the female as the primary caregiver for children and the elderly in Chinese society. These results thus indicate that in terms of employing incentives in the workplace to attract or retain staff in urban China, it may be useful to consider different approaches for males and females. While males may respond more to monetary and development incentives, females may be more attracted to positions in organisations that recognise their concomitant familial responsibilities while also guaranteeing their employment longevity.

Marital status also made a significant difference for five of the seven criteria and the number of dependent children made a significant difference in four of the seven criteria. A greater percentage of unmarried respondents ranked both high income and the possibility of professional development among their top two criteria when choosing a job. On the other hand, a greater percentage of married respondents nominated job stability among the top two considerations. Marital status also made a difference to the importance of work/family balance, with married respondents endorsing this consideration as important much more frequently than unmarried respondents (15.4 per cent of married respondents compared with 7.2 per cent of unmarried respondents). The results for number of dependent children generally reinforced those for marital status with respondents with larger families placing more emphasis on job stability and work/family balance and less emphasis on professional development and professional status.

Marital status was also an important differentiator in the consideration of social insurance as a workplace incentive. There was a difference of five percentage points, in favour of married respondents, with respect to this consideration. In urban areas, changes to the hitherto *danwei*-based social security system that have accompanied market reforms have placed social protection in the forefront of the typical Chinese urban worker's mind. China has a very high savings rate. Zhou Xiaochuan, the President of the People's Bank of China, stated in a speech at the World Economic Forum in February 2006, that insecurity over the incomplete social security system is the major reason for the public's reluctance to spend (China Daily, February 10, 2006). Prior to the reforms, the majority of urban workers in the public sector enjoyed automatic and comprehensive coverage by virtue of the Labor Insurance Regulations of the People's Republic of China promulgated in 1951. Since the reforms however, China does not have a national social insurance law and as such, provincial and local governments have formulated their own rules in accordance with broad national guidelines and local circumstances. For many workers, social insurance payments are inadequate and for others, despite the obligation on employers, non-existent. It is not unusual for organisations to underpay – or neglect to pay – their social insurance obligations, and such practice is not discouraged by the fact that government surveillance and enforcement mechanisms are weak (Nyland, Smyth & Zhu, 2006). Given the uncertain social protection environment for Chinese urban workers, it is not surprising that married employees would be attracted by the provision of social insurance. There was, however, no statistically significant difference between respondents with small and large families in their attitude towards social insurance.

² World Bank (2005) figures show that in 2004 in terms of GDP per capita in purchasing power parity, China was ranked 105 in the world at US\$1,290 compared to Australia, which was ranked 21 at US\$26,900 and the United States, which was ranked 4 at US\$41,100.

The effects of age were very similar to those of marital status. Similar to married respondents, older respondents ranked job stability, work/family balance and the provision of social insurance in the top two considerations more frequently than younger respondents. But younger respondents, like unmarried respondents, considered high income and the possibility of professional development more important than did older employees. This result paints a picture of two very different types of Chinese workers: on the one hand are those young and unmarried workers who are more career-oriented, and on the other hand, those older and married workers with ongoing family responsibilities.

The effects of education, income and occupation on incentives show several similar effects. Blue collar respondents, less educated respondents and lower income respondents were all statistically more likely to place more emphasis on job stability, the provision of social insurance and work/family balance and less emphasis on professional development, professional status and high income when selecting a job. Better educated and white collar respondents were statistically more likely to rank collegiality in the top two criteria when selecting a job, but income had no statistically significant effect on whether respondents ranked collegiality in their top two considerations.

Migrant workers were statistically less likely to rank job stability, high income and provision of social insurance in the top two criteria, relative to non-migrant workers, but were more likely to emphasise collegiality and professional development. The findings for job stability and high income are expected. Migrant workers have traditionally been more likely than native urbanites to work as contract labour and change jobs more frequently, interspersed with returns to their hometowns at periodic intervals such as Spring Festival. Hence, compared with urbanites who have traditionally been able to count on job stability, but are now increasingly confronted with job uncertainty, migrants place less credence on being able to continue in one position. There is widespread evidence that migrants suffer wage discrimination relative to urbanites. One survey of migrant wages concluded that on average, migrants earn only a third of the local urban workers' wages (He & Cheng, 2004). It is likely, though, that migrants have lower expectations of their income entitlement and are more likely to compare their incomes with what they can earn in their hometown, rather than what local urbanites earn. Consistent with the notion that migrants typically frequently move between jobs, a reasonable expectation would have been that migrants would not be too concerned with professional development. In this respect, the results for professional development are surprising and interesting from a human resource perspective. The fact that professional development was the criterion migrants were most likely to rank in the top two (42.1 per cent compared with 30 per cent for local urbanites) suggests employers can attract migrants by utilising suitably designed workplace programmes to enhance their skill base.

CONCLUSION: IMPLICATIONS OF OUR FINDINGS FOR MANAGEMENT

In the competition for valuable employees, firms can employ a range of different strategies both to attract new staff and to retain existing ones. One important strategy is the use of workplace incentives. This study has looked at the types of incentives that are nominated as important by workers in Chinese urban centres. Overall we found that monetary incentives and job stability were ranked as the most important considerations. Within the context of China's rapidly changing economic environment, where many workers have found themselves in precarious and uncertain employment relative to a previous climate of guaranteed employment, it is not surprising that these two incentives rank highly. Provision of these incentives to such workers may provide them with a sense of the stability and income guarantee that they had enjoyed prior to marketisation.

There were, however, many group differences observed that have important implications for management in this context. What we found were contrasting employee types. There are noticeable differences between less educated, low income blue collar workers and better educated, high income white collar workers. The former are more likely to be concerned with job stability, social insurance and work/family balance and less concerned with income and professional status. The concern of this group with job stability and social insurance is understandable given that the

less educated, lower income, blue collar workers have in many cases been the losers from China's market reforms. Studies suggest that the burden of retrenchment in China has fallen most heavily on the disadvantaged. Appleton, Knight, Song & Xia (2002) found that the risk of retrenchment has been higher for the less educated and the low skilled and these are precisely the people who find it most difficult to find re-employment. In contrast, better educated, higher income white collar workers are precisely the individuals who have the skills to take advantage of the greater focus on rewarding individual effort that has been a hallmark of marketisation in China. These individuals, because they are much better off with marketisation, are less likely to be concerned with job stability and social insurance.

There are also important differences between younger and unmarried respondents versus older and married respondents. The younger and unmarried respondents are employees who appear to have embraced the potential that marketisation may have for their careers. These employees want money and they want a job in which they can progressively advance. They are less interested in job stability – perhaps because they are not from a generation where guaranteed employment was a right. Employees of this profile are likely to respond to a combination of income and job design incentives which together progressively increase salary and organisational responsibilities. On the other hand, older and married employees desire employment stability and social protection – perhaps because they are from the pre-reform era when such benefits were not, in fact, benefits, but rights. These employees also desire jobs where there is a balance between work and family commitments. As they are an older generation, it may be that these workers – and particularly the females amongst them – have responsibilities for both dependent children and ageing parents. Employees of this older profile are likely to respond to incentives offering security and flexibility that in terms of the former, are symbolic of pre-reform China, and in terms of the latter, reflect traditional Chinese family values.

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Table 1: Profile of Survey Respondents

Variable Name	Description of Variable	Means/frequencies
Gender	A binary variable where 1=female, 0=male	53.1% female
Age	Age of respondent (years)	Mean = 36.82 (SD=11.598)
Personal income	Average monthly income of respondent (1=RMB 260 & below, 2=RMB261-500, 3=RMB501-750, 4=RMB751-1000, 5=RMB1001-1250, 6=RMB1251-1500, 7=RMB1501-1750, 8=RMB1751-2000, 9=RMB2001-2250, 10=RMB2251-2500, 11=RMB2501-2750, 12=RMB2751-3000, 13=RMB3001-3500, 14=RMB3501-4000, 15=RMB4001-5000, 16=RMB5001-7500, 17=RMB7501-10000, 18=RMB10001-15000, 19=RMB15001-20000, 20=RMB20001 & above)	Median = 5.00
Marital status	A binary dummy variable where 1=single, 0 otherwise.	28.7% single
Junior middle school	A binary dummy variable where 1=highest educational qualification is junior middle school or less, 0 otherwise.	13.4% completed junior middle or less
Senior middle school	A binary dummy variable where 1=highest educational qualification completed is senior middle school, 0 otherwise	29.1% completed senior middle level education
Polytechnic school	A binary dummy variable where 1=highest educational qualification completed is polytechnic school, 0 otherwise	13.0% completed polytechnic school
Three year higher degree	A binary dummy variable where 1=highest educational qualification completed is a four year higher degree, 0 otherwise	27.3% completed a three year higher degree
Four year higher degree	A binary dummy variable where 1=highest educational qualification completed is a four year higher degree, 0 otherwise	14.8% completed a four year higher degree
Manager	A binary dummy variable where 0=not being a manager and 1= being a manager	13.5% were managers
Administrative	A binary dummy variable where 1=having an administrative occupation, 0 otherwise.	39.3% had an administrative position
Technical	A binary dummy variable where 1=having a technical occupation, 0 otherwise.	21% had a technical position
Semi-skilled	A binary dummy variable where 1=having a semi-skilled occupation, 0 otherwise	20.6% were semi-skilled workers
Manual	A binary dummy variable where 1=having a manual occupation, zero otherwise.	5.2% were manual workers
City	A binary dummy variable where 1=not a migrant, 0 otherwise.	81.7% were not migrants
Migrant - Rural	A binary dummy variable where 1=if a migrant from a rural area, 0 otherwise.	6.6% were migrants from a rural area
Migrant - Urban	A binary dummy variable where 1=if a migrant from another urban area, 0 otherwise.	11.7% were migrants from another urban area
Dependent children	The number of dependent children living with the respondent.	Mean number of dependent children = 0.7 (SD=.70) in a range of 0-7

Table 2: Ordered Probit Determinants of Job Satisfaction among Survey Respondents

Variable	Coefficient	Standard Error
Gender	0.042	0.028
Age	-0.005**	0.002
Personal income	-0.073*	0.005
Marital status	0.066	0.035
Dependent children	0.013	0.013
Junior middle school	0.137**	0.057
Senior middle school	0.141*	0.046
Polytechnic school	0.047	0.052
Three year higher degree	0.052	0.042
Manager	-0.357*	0.075
Administrative	-0.293*	0.066
Semi-skilled	-0.111	0.066
Manual	-0.108	0.066
City	-0.041	0.043
Migrant - Urban	-0.083	0.065
- 2 Log Likelihood	15285.057	
- 2LR Statistic (15 df)	580.454*	
Nagelkerke Psuedo R ²	0.092	
Number of observations	8252	

Notes: The dependent variable is “Are you satisfied with your present work situation?” where respondents answered on a five point scale ranging from one (extremely satisfied) to five (extremely dissatisfied).*(**) coefficient is statistically different from zero at the 99%(95%) level of significance; * coefficient on -2LR statistic is statistically different from zero at the 99% level of significance. The reference category for occupations is people doing technical jobs. The reference category for education is people with a four year higher degree. The reference category for migrants is migrants from rural areas.

Table 3: Criteria Considered Most Important when choosing a job?

Criteria	% of respondents across the whole sample who ranked each criterion in the top 2
Job stability	41.4
High income	36.0
Professional development	28.4
Work/family balance	12.6
Provision of social insurance	11.7
Collegiality	4.8
Professional status	4.8

Table 4: Criteria considered most important when choosing a job as a function of demographic characteristics

Criteria	% of respondents broken down by demographic characteristics who ranked each criterion in the top 2							
	Male	Female	Married	Unmarried	<30 years	30+ years	Migrant	Local
Job stability	42.2	47.3*	47.3	38.5*	38.8	47.3*	38.6	46.0*
High income	42.4	38.5*	38.9	44.4*	44.2	38.9*	37.3	41.2*
Professional development	35.8	28.2*	26.6	45.5*	46.7	25.7*	42.1	30.0*
Work/family balance	9.6	16.8*	15.4	7.2*	8.7	15.0*	14.5	12.7
Provision of social insurance	12.2	12.5	13.8	8.8*	9.3	13.7*	8.8	13.1*
Collegiality	4.9	5.5	5.0	5.6	5.8	4.9	6.4	4.9*
Professional status	6.2	4.7*	5.3	6.0	5.9	5.3	5.2	5.2

	Primary or secondary education	Polytech or tertiary education	Up to 2000RMB per month	More than 2000RMB per month	White collar worker	Blue collar worker	Up to 2 dependent children	3 or more dependent children
Job stability	51.2	39.9*	47.6	33.2*	41.8	54.7*	36.6	46.4*
High income	38.8	41.6*	40.0	44.8*	42.8	39.6*	38.5	40.9
Professional development	23.5	38.9*	30.7	39.1*	35.6	28.6*	35.8	31.4*
Work/family balance	15.3	11.4*	14.3	8.2*	12.5	14.9*	10.1	13.7*
Provision of social insurance	14.1	11.0*	13.3	9.1*	11.6	14.6*	11.4	12.5
Collegiality	4.5	5.8*	5.2	5.4	5.8	4.4*	5.8	5.1
Professional status	4.1	6.4*	5.0	7.7*	6.4	3.7*	6.6	5.2*

* group percentage difference is significant at p<.05

Figure 1: Are you satisfied with your present work situation?

