

Employment Opportunities and Income Growth for China's Migrant Workforce in the Post-Covid-19 Era

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Low-skilled labor groups represented by migrant workers are most significantly affected by the epidemic prevention and control measures, with significant declines in employment opportunities and consequently lower incomes. As the pandemic draws to a close and the social scars from the control measures need to heal, it is critical to provide adequate employment opportunities for migrant workers and to find appropriate responses to boost incomes.

I. Basic situation of migrant workers in China

According to the National Bureau of Statistics, the total number of migrant workers in China was 292.51 million in 2021, an increase of 6.91 million or 2.4% over the previous year (Figure 1). Among them, 171.72 million migrant workers went out, up 2.13 million or 1.3% from the previous year; 120.79 million local migrant workers, up 4.78 million or 4.1% from the previous year. At the end of the year, there were 130.09 million migrant workers living in cities and towns, an increase of 2.08 million or 1.6% over the previous year.¹

In terms of education and professional skills, 0.8% of all migrant workers have never attended school, 13.7% have elementary school education, 56.0% have junior high school education, 17.0% have high school education, and 12.6% have college education or above. The proportion of migrant workers with college education and above is 0.4 percentage points higher than that of the previous year. Among the migrant workers going out, 17.1% of them have college education or above, which is 0.6 percentage points higher than the previous year; among the local migrant workers, 8.5% have college education or above, which is 0.4 percentage points higher than the previous year.

In terms of age structure, the aging of migrant workers has become serious. In 2021, the average age of Chinese migrant workers is 41.7 years old, 0.3 years higher than the previous year. The proportion of migrant workers aged 40 and below is 48.2%, 1.2 percentage points lower than the previous year; the proportion of migrant workers aged 50 and above is 27.3%, 0.9 percentage points higher than the previous year (Table 1). From the perspective of the employment place of migrant workers, the average age of local migrant workers

1. The National Bureau of Statistics. 2021. *The 2021 Migrant Worker Monitoring Survey Report*. http://www.stats.gov.cn/xxgk/sjfb/zxfb2020/202204/t20220429_1830139.html.

is 46.0 years old, of which 32.6% are aged 40 or below and 38.2% are aged 50 or above; the average age of migrant workers outside is 36.8 years old, of which 65.8% are aged 40 or below and 15.2% are aged 50 or above.²



Source: The National Bureau of Statistics, “The 2021 Migrant Worker Monitoring Survey Report.”

Figure 1. Scale and growth rate of migrant workers in China

Table 1. Age composition of migrant workers by age (2017-2021)

Age	2017	2018	2019	2020	2021
16–20	2.6	2.4	2.0	1.6	1.6
21–30	27.3	25.2	23.1	21.1	19.6
31–40	22.5	24.5	25.5	26.7	27.0
41–50	26.3	25.5	24.8	24.2	24.5
51–60	21.3	22.4	24.6	26.4	27.3

Source: The National Bureau of Statistics, “The 2021 Migrant Worker Monitoring Survey Report.”

II. Impairment of employment opportunities and income levels of migrant workers in the epidemic

The number of low-skilled workers in China accounts for more than 90% of the labor market, and the number of their employment affected by the epidemic is much higher than that of high-skilled workers, showing a large and widespread impact.³

With 116.52 million migrant workers choosing local employment and 174.25 million migrant workers

2. See the National Bureau of Statistics at n 1.

3. See Zheng Xinzhu, Zhang Yaxin, Li Jin and Wang Can. 2021. “Economic Recovery and Green Development in the Post-Covid-19 Period: Trade-off or Win-win,” *Journal of China Population - Resources and Environment* 2021(2) (in Chinese).

choosing to go out for employment in 2019, which together account for 65.7% of the total urban employment of 442.47 million, the employment of migrant workers is significant. However, a survey organized by the National Bureau of Statistics in April 2020 showed that 17 million rural workers returned to their hometowns and did not go out to work due to the epidemic.⁴

Low-skilled migrant workers employed in the sectors most affected by the epidemic may face unemployment during the lockdown or face lower income growth due to weak domestic demand. For example, the average income of migrant workers increased by only 2.8% in 2020, well below the 7.8% increase in the previous year.⁵

III. Structural employment difficulties faced by migrant workers

The contradiction between supply and demand in China's employment market is outstanding, and the difficulties of "recruiting" and "seeking jobs" coexist. From the demand side, in the process of industrial transformation and upgrading, the decline of traditional industries has shrunk the employment of enterprises; while there is a shortage of skilled workers needed for the development of new industries.

Migrant workers have been engaged in simple and repetitive manual labor with low skill levels for a long time, and their employment is mainly distributed in the labor-intensive industries of secondary and tertiary industries. According to the National Bureau of Statistics, the proportion of migrant workers engaged in the tertiary industry is 50.9%, down 0.6 percentage points from the previous year. Among them, the proportion of migrant workers engaged in residential service repair and other services is 11.8%, down 0.6 percentage points from the previous year; the proportion of migrant workers engaged in wholesale and retail trade is 12.1%, down 0.1 percentage points from the previous year; the proportion of migrant workers engaged in accommodation and catering is 6.4%, down 0.1 percentage points from the previous year. The proportion of migrant workers in the secondary industry was 48.6%, 0.5 percentage points higher than that of the previous year. Among them, the proportion of migrant workers engaged in the manufacturing industry was 27.1%, down 0.2 percentage points from the previous year; the proportion of migrant workers engaged in the construction industry was 19.0%, up 0.7 percentage points from the previous year (Table 2).⁶

Table 2. Distribution of migrant workers by industry (2020, 2021)

(%, percent point)

Industry	2020	2021	Increase
Primary industry	0.4	0.5	0.1
Secondary industry	48.1	48.6	0.5
Manufacturing	27.3	27.1	-0.2
Construction	18.3	19.0	0.7
Tertiary industry	51.5	50.9	-0.6
Wholesale and retail trade	12.2	12.1	-0.1
Transportation, storage and postal services	6.9	6.9	0.0
Accommodation and catering	6.5	6.4	-0.1
Residential services repair and other services	12.4	11.8	-0.6
Other	13.5	13.7	0.2

Source: The National Bureau of Statistics, "The 2021 Migrant Worker Monitoring Survey Report."

4. See the National Bureau of Statistics at n 1.

5. See Qi Wen. 2021. "Economic Recovery in the New Coronary Pneumonia Epidemic: China Shares its Experience." *ADB Briefs No. 194*, https://www.adb.org/sites/default/files/publication/745086/adb-brief-194-economic-recovery-covid-19-prc_0.pdf.

6. See the National Bureau of Statistics, *the 2021 Migrant Worker Monitoring Survey Report* at n 1.

IV. Challenges for migrant workers in the context of industrial intelligence

Industrial intelligence is the basis of China's economic structural transformation and will profoundly affect the employment quality of migrant workers. The demand for some low-skill and procedural jobs is decreasing, and the phenomenon of technical unemployment is increasing significantly. A survey by the Chinese Academy of Social Sciences shows that the adoption rate of industrial robots and digital technologies has reached 18.0% in manufacturing companies, resulting in a 19.6% drop in demand for frontline workers in related companies. According to the quantitative assessment, the manufacturing industry has been negatively impacted by robotics and AI technologies by 3.5%, most notably in jobs related to the employment of migrant workers. Approximately 1.6 million to 1.8 million migrant jobs are replaced in the manufacturing industry each year, with a total of 8–10 million in the 13th Five-Year Plan period.⁷

In the future, industrial intelligence has a “substitution effect” and an “intelligence effect” on the employment quality of migrant workers. On the one hand, industrial intelligence will promote the industry to enter the intelligent era and reduce the labor intensity of the labor force, thus producing the “intelligent effect” and improving the employment quality; on the other hand, the development of industrial intelligence will gradually put the labor force at a comparative disadvantage compared with the automation technology, with a sharp increase in unemployment risk, employment advantage and salary bargaining power, thus undermining the employment quality. In general, the impact of industrial intelligence on the employment quality of migrant workers is mainly based on the “substitution effect,” that is, the development of industrial intelligence will make migrant workers fall into the dilemma of high-quality employment by reducing job stability and social security level.

Industrial intelligence does not have an “income effect” on the employment quality of migrant workers. That is, the development of industrial intelligence will not improve the labor compensation and welfare level of migrant workers. They are at a disadvantage in job competition and do not have the bargaining power of wages and benefits so they cannot enjoy the income benefits brought by industrial intelligence to enterprises.

The impact of industrial intelligence on the employment quality of migrant workers is heterogeneous. First-generation and foreign migrant workers, migrant workers with lower levels of social capital and skills, migrant workers in jobs with routine characteristics, and migrant workers in eastern regions and regions with lower labor protection are more likely to be replaced by robots, and their employment quality decreases more significantly.

V. Digital labor platforms create new employment forms and jobs opportunities for migrant workers

Under the strategy of industrial intelligence, entrepreneurship, innovation awareness and internet usage skills are three effective paths to break the dilemma of high-quality employment of migrant workers. The reason is that the development of new technology has given rise to “entrepreneurship-driven employment” and “innovation-driven employment.” Entrepreneurship is a form of “self-employed” labor, which has higher stability of employment, more guaranteed salary and more autonomy of working hours. Innovation, on the other hand, is the driving force behind China's high-quality employment and development. The more innovative residents are, the more they will be able to identify job opportunities and the more capable

7. See Zhang Che-Wei, Gao Wen and Cheng J. 2019. *Green paper on population and labor: Report on China's population and labor issues No. 20*. Beijing: Social Science Literature Press, 191–210 (in Chinese).

and efficient they will be in adapting to new jobs. Moreover, these new employment forms are created through the interconnection of information technology platforms represented by the Internet with various industries. Therefore, promoting migrant workers' entrepreneurship, cultivating innovation awareness and improving their Internet skills can help them grasp the new employment forms and contribute to high-quality employment.

Research shows that 20.4% of full-time drivers on the Didi platform are engaged in online taxi work due to layoffs and unemployment, of which 41.1% are from the manufacturing industry, 13.6% are from the transportation industry, and 4.9% are from steel, coal and other de-capacity industries.⁸ Besides, platform companies and new employment forms can adjust the supply of labor in a timely manner according to changes in market supply and demand, promoting cross-sectoral labor mobility and reducing frictional unemployment. During the epidemic, rider jobs on the Meituan platform absorbed a large number of secondary and tertiary industry workers, with 35.2% of riders coming from factory workers, 31.4% from people starting their own businesses or running their own small businesses, and 17.8% from office workers.⁹

The study shows that the deeper the perception of digital value, the more migrant workers are aware of the importance of integrating into the digital era, and the more likely they are to use digital tools and digital information to effectively solve employment-related problems, such as searching for well-paying, contractually guaranteed employment positions. The stronger the digital active adaptation, the faster migrant workers can adapt to the digital transformation of new digital industries and employers, to obtain higher and stable labor compensation, fair labor contracts, and a good working environment.¹⁰

However, such new employment forms are not perfect. The platform employed people are mainly migrant workers, most of whom have participated in resident pensions and medical insurance in their hometown in rural areas, but their working environment is complex, intensive, and with high incidence of work-related injuries, the problem of insufficient work-related injury protection is particularly prominent. The current Regulations on Work Injury Protection stipulate that the insured workers must have a labor relationship and be paid by their employers. Most of them do not have a traditional legal labor relationship with the Internet platform, and most of them are employed on multiple platforms at the same time, which makes it difficult for them to meet the requirements of the current work injury protection system. Meanwhile the existing commercial insurance products generally have narrow coverage, low standards, difficult claims and high fees, which make it difficult to fully solve the problem of work injury protection for people employed in the new industry.

The current employment-related laws and regulations in China do not include new employment forms. For example, the Employment Promotion Law, which is the most important regulation in China's employment field, does not mention the concept of flexible employment. The existing laws and regulations are obviously unable to meet the development needs of the new employment forms. Many mandatory provisions of the labor law show obvious incompatibility with the new employment forms, and if they are forcibly applied, they will cause restrictions to enterprises and workers. For example, the Labor Contract Law provides many restrictive clauses on the form, conclusion, performance and termination of labor contracts, and these mandatory legal provisions will produce many restrictions on both labor and management in the platform employment.

8. See Yu Fengxia. 2020. "Research on the Development of New Employment Forms under the Background of Stable Employment." *Journal of China Institute of Labor Relations* 2020(6) (in Chinese).

9. Meituan Research Institute. 2020. *Report on Employment of Meituan Riders during the Outbreak in 2019 and 2020*. <https://mri.meituan.com/research/report>.

10. See Jiang Weiguo, Huang Wenmin and Li Xiangrong. 2022. "Research on the Impact of Digital Literacy on the Employment Quality of Migrant Workers." *Journal of Hebei Normal University of Science & Technology* 2022(4) (in Chinese).

VI. Policy system that combines flexible employment protection and labor skills upgrading

Flexible employment based on employment platforms can increase the employment opportunities of migrant workers and improve their income, which can be well adapted to the current employment needs of migrant workers. Since China lacks a systematic protection system for flexible employment, the current policy focuses on incorporating flexible employment into legislative content or planning, guiding and encouraging local governments to study and formulate policies and systems to promote flexible employment, and revising and improving regulations and systems such as the Employment Promotion Law, unemployment insurance regulations and work injury insurance regulations in due course. Research and improve employment support and subsidy policies for newly employed groups, reduce unreasonable institutional regulations that restrict the development of new occupations, and take effective measures to actively respond to the demands of newly employed groups in various aspects such as access to employment subsidies, training subsidies, employment guidance, and skill development. Based on the principle of inclusiveness and prudence, support enterprises to use flexible employment and support the development of various shared employment and employment security platforms. Give full play to the role of third-party platforms in promoting the matching of supply and demand in shared employee enterprises, the rapid execution of the processes in all aspects of employee transfer, the simplification of the employment process and the settlement of expenses, tax declaration, legal consultation, and dispute resolution in the employment process. Provide and implement relevant employment and entrepreneurship support policies for those who rely on the platform enterprises for flexible employment and self-employment.

The Opinions of the General Office of the State Council on Supporting Multiple Channels of Flexible Employment, issued in 2020, made collective consultation an important means of employment governance for platforms, including consultation between platforms and affiliated enterprises and workers, and consultation between industrial (industry and local) unions and industry associations. In December 2021, the Trade Union Law was amended to provide for the right of practitioners in new employment forms to join and organize trade unions, without the labor relations as a prerequisite. The All-China Federation of Trade Unions (ACFTU) issued the “Opinions on Effectively Safeguarding the Labor Rights and Interests of Workers in New Employment Forms,” making collective bargaining the main task of trade unions in safeguarding the legitimate rights and interests of practitioners.

Trade unions have the right to negotiate with industry associations, platform enterprises or enterprise representative organizations on piece-rate unit prices, order distribution, draw ratios, labor quotas, compensation payment methods, rules for entering and exiting the platform, working hours, rest and vacation, labor protection, reward, and punishment systems, etc., to safeguard the rights and interests of participants in new employment forms. Trade unions also have the right to urge platform enterprises to strictly comply with laws and regulations in the formulation of regulations and algorithms and other important matters, and to listen to the opinions and demands of participants through democratic management forms such as workers’ congresses and labor-management forums to protect the participants’ democratic political rights such as the right to information, participation, expression, and supervision.

While alleviating the current employment pressure of migrant workers, the labor capacity enhancement program is being implemented simultaneously. The government supports enterprises with difficulty carrying out work-based training. For small and medium-sized enterprises affected by the epidemic that have temporary difficulties in production and operation resulting in work stoppage and shutdown, if they organize migrant workers waiting for work to carry out work-based training and stabilize their jobs with training, they

are given vocational training subsidies according to the number of people organized for work-based training.

The government of the migrant worker importing area is responsible for organizing targeted orientation, job training and special skills training to improve the skills of transferred and unemployed migrant workers and support local industrial development. The local labor department is responsible for carrying out training in construction, machinery, maintenance, home economics, elderly care, catering, security, logistics and other skills suitable for the employment of migrant workers and training in new occupations and new business models such as couriers, online delivery workers, live salesmen and car valet drivers according to the shortage of occupations urgently needed in the market.

The government of the migrant worker exporting area is responsible for organizing employment and entrepreneurship training for returning migrant workers, combining the county's economic development and the demand for public welfare positions, focusing on skills training in the county's production manufacturing industry, construction industry, service industry, native industry, leisure tourism and catering industry, etc., improving the vocational conversion and re-employment ability of returning migrant workers and promoting re-employment of returning migrant workers. The labor-management department encourages migrant workers who are ready to start their own businesses and those in the early stage of business to participate in training courses on starting a business, practical training on entrepreneurship, and business management to improve their abilities in project selection, market assessment, capital forecast, and business plan, and to promote entrepreneurship among returning migrant workers.

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