

GENDER INEQUALITY ACROSS SECTORS IN URBAN CHINA

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ABSTRACT

In the debate about the stratification order during social transitions in former socialist countries, little research is done about changes in gender inequality in these countries. In this paper, I examine the differences in gender inequality between the public and private economic sectors in China, and the distinct mechanisms of change for the gender stratification order in the workplace. Data analysis shows that there is a dramatic difference. There is a very small or zero gender inequality in the public sector in coastal Chinese cities, where the market economy has developed faster than in other regions of China. However, gender inequality is significant in the private sector in all the cities in the data set with or without controlling for human capital, family status, and political capital. Close examination of the institutions before the social transition shows that there is a powerful institutional system that tries to minimize gender differences in employment. During the market transition, this system continues to exist in the public sector; while in the newly emerging private sector, these institutions do not appear. Gender stratification has different mechanisms of change during social transitions than the stratifications based on social capital, political capital, and human capital. Women do not have the resources bonded with gender in the newly emerging market economy that would allow them to maintain their positions in the gender stratification order. Without the support of institutions, the gender stratification order exhibits a discontinuity in the private sector.

BIOGRAPHICAL SKETCH

Xiaoli Guo received a B.A. degree in sociology at Renmin University of China. She matriculated at Cornell University in 2001.

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INTRODUCTION

The Chinese economy has experienced phenomenal growth since the economic reforms of the late 1970s. China's Gross Domestic Product has been increasing about 9.6% annually from 1979-2004 (National Bureau of Statistics of China 2006). New opportunities in the market have emerged with the developing private economy. Accompanying this rapid development is the increase of income inequality. It is estimated that the Gini Coefficients for urban residents has increased from 0.31 in 1979 to 0.46 in 1997 (Li 2000).

Reports on gender inequality in the labor market have also surfaced in the media. It is reported that the gender gap in earnings increased 7.4% from 1990 to 1999 (National Bureau of Statistics of China 2001). Gender requirements are often specified in recruiting advertisements. Some managerial positions require the applicants to be male; secretarial positions assume applicants to be female. For instance, a recruiting advertisement for a secretary expects applicants to have "a sweet voice" (zhaopin.net 2004). Some female employees are asked to quit after giving birth because the employers believe they will be unable to cope with work while raising their children. Some women are even forced to sign an agreement that forbids them from becoming pregnant during the first 5 years of their work (Nafang Ribao 2003). All of these are signs showing that gender cannot be neglected as a factor in the labor market. In this paper, we will look at gender wage gaps, gender distribution across sectors and occupations, and the institutional changes that occurred during the market transition in China when the labor market emerged and developed.

LITERATURE ON MARKET TRANSITION IN CHINA

After the start of economic reform, gradual and dramatic changes have taken place in both the rural areas where the reform began and the urban areas. Adjustments and changes in social levels are inevitable following rapid change in the economy, which provide sociologists an opportunity to observe the process of social transition and its effect on social stratification. There have been a large number of empirical studies and theoretical explorations on the changing social stratification in China (Parish 1994; Walder 1986, 1992, 1996; Nee 1989, 1991, 1996; Nee & Cao 1999, 2002; Hsiung & Putterman 1989; Bian 1994, 1997; Parish & Michelson 1996; Bian & Logan 1996; Bian et al. 2001; Xie & Hannum 1996; Zhou et al. 1996, 1997; Zhou 2000; Walder et al. 2000; Cao & Nee 2000; Hauser & Xie 2001) The subjects of the research include but are not limited to: the distribution of resources, the trends of social stratification, the significance of human capital, the changing effect of political capital, social mobility, regional variation, the development of labor markets, the level of marketization, change in gender inequality.

Among the empirical research, sociologists have reported many findings—some consistent and others conflicting. Most research shows that the inequality of income and wealth has been increasing since the reform (Bian 1994; Zhao 2001). It is agreed that human capital, normally indicated by education level and seniority, has had an increasing effect on predicting individual income (Nee 1996). However, findings on the effect of political capital are mixed. The effect of political capital and its change are very important in predicting stratification trends in China, since the rewards for political capital are an indicator of the redistribution system. Different

empirical studies disagree about trends in returns to political capital (Walder 1995; Bian & Logan 1996; Nee & Cao 1999; Li & Walder 2001).

Theoretical efforts have also attempted to explain the process and predict the trends in social stratification in post-socialist China. The landmark work was Nee's proposal of a market transition theory and the development of that theory (Nee 1989, 1991, 1996; Nee & Cao 1999, 2002; Nee & Matehews 1996). The market transition theory proposes that as the markets develop, the power of distribution and the center of opportunity structure will shift gradually from the redistributive sector to the marketplace (Nee 1989). Nee's theory has suggested the possibility of developing a coherent theory that captures the mechanism of the changing social stratification order during the transition to a market economy. Nee and colleagues' work has also inspired vigorous theoretical discussion on this topic (Walder 1992, 1995, 1996; Bian & Logan 1996; Xie & Hannum 1996; Zhou 2000).

LITERATURE ON GENDER INEQUALITY

Gender inequality in the labor market is one of the popular research areas where much theoretical and empirical research has been done. A number of causes for gender inequality in the labor market have been identified. These studies vastly improved our understanding of the mechanisms causing women's continued disadvantage in the labor market (Bielby & Baron 1986, DiPrete & Grusky 1990, England & McCreary 1987, Reskins & Hartman 1986, Reskins & Roos 1990, Rosenfeld 1980, Roos 1985; Sewell, Hauser & Wolf 1980). Besides the changes in the supply and demand sides of the market, there are other causes such as institutions, policies, culture, discrimination, social psychological factors and socialization.

Studies of gender inequality in the labor market usually focus on two areas: gender wage gap within occupation and sex segregation in the labor market. Research on the U. S. labor markets indicate that there is not a big gender wage gap within the same occupation (Petersen & Morgan 1995). On the other hand, job segregation by sex is believed to be the principal source of gender differences in labor market outcomes (Bielby & Baron 1986). Researchers report significant sex segregation in the work place. There is a disproportionate allocation of women into non-manual service sectors. Within both the manual and non-manual sectors, women are more likely to be channeled to the least desirable occupations (Grusky & Charles 1994). Research on gender differences and sex related skills found that “there is too much overlap between the sexes in the distribution of job-related skills and aptitudes for sex differences to account for nearly complete sex segregation within and across organizations.”(Marini & Brinton 1984). In many cases, job-related skills are found to have nothing to do with the assignments of workers along the gender line.

There are a number of competing theories explaining gender segregation at work. Neo-classical theories with an emphasis on human capital argue that because of their perception of the disadvantage in the labor market, women rationally invest less in human capital and choose these undesirable jobs that require less skill and commitment (Becker 1971; Mincer & Polachek 1974). Statistical discrimination is another explanation offered by neo social-classical economic theories (Arrow 1973; Thurow 1975). Social-psychological explanations emphasize the socialization process that internalizes the gender labor division norms (Marini & Brinton 1984). Marxist theories believe gender segregation is an extension of male patriarchy into the workplace. Women are put into less desirable jobs because of their history of subordination (Milkman 1987).

Explanations looking inside organizations also find that organizational arrangements and their inertia contribute to sex segregation intentionally or otherwise (Bielby & Baron 1986). “Some employers ...reserved some jobs for men and others for women, based on perceptions of group differences between the sexes.” (Bielby & Baron 1986) Once a sex-based division of labor is established, it becomes taken for granted, sustained over the years unless some deliberate effort is taken to undo it.

Along with the general studies on the changing social stratification order in China and Eastern-European post-socialist societies, some research has also been focused on the changes in gender inequality (Honig & Hershatter 1988; Lee 1995; Entwisle et al. 1995; Bian et al. 2000; Matthews & Nee 2000; Michelson & Parish 2000; Emigh et al. 2001; Zuo & Bian 2001; Shu & Bian 2003; Hauser & Xie 2005).

In the market economy, producers are not compelled to sell their products at state-mandated prices (Cao & Nee 2000). As the labor market in China develops, its

role in governing labor allocation and the price of labor is growing more important. People can choose and change their jobs more easily than in the planned or command economy. When people in the labor market can move and have alternative job opportunities, even the mechanism governing labor prices and promotion in the public sectors is influenced by the market (Shu & Bian 2003). With these changes, it is reasonable to believe that the mechanisms governing gender inequality will change (Nee 1989, 1991, 1996; Nee & Matthews 1996). At the same time, are we able to draw a prediction on whether the shift of the distribution power from the redistributive sector to the marketplace will inevitably lead the gender gap to diminish, sustain, or widen?

Research in the post-socialist Eastern European countries shows that women have gained more opportunities in the labor market than before. In these countries, women were denied the privilege to join the Communist party during the socialist period. Without this important political capital, women were disadvantaged in the work force. After the fall of the communism, women in these societies have become more equal with their male peers than before. The research finds little gender-associated inequality in the labor market and housing benefits (Emigh, Fordor & Szenlenyi 2001). Hauser and Xie find that during the market transition in China, overall the gender gap in earnings has widened, especially for the least educated persons. (Hauser & Xie 2005) However, using different modeling methods and different approach, even with the same dataset as Hauser and Xie's —Chinese Household Income Projects 1988 and 1995 — Shu and Bian found the gender gap in earnings had little change between 1988 and 1995 (Shu & Bian 2003). They believe that “the fundamental basis for this persistent gender gap in earnings is a consistent gender difference in human capital, and labor-force placement that remains largely

unchanged over the years.” Empirical studies have not shown a consistent trend in gender gap in post-socialist societies. As Matthews and Nee put it, “how women fare in developing market economies varies across different contexts, involving both costs and — often unanticipated — benefits.” (Matthews & Nee 2000).

As the market economy grows, organizations have more autonomy over employment practices. The influence of political control decreases, while the market starts to have more control over employment and the price of labor. Both public organizations and private organizations recruit from the labor market, and public organizations become participants rather than controllers of the market.

Sociologists believe that the distinctive pattern of social inequality is produced by the interaction between market forces and interorganizational constraints (Granovetter 1985; Pfeffer 1977, Langton & Pfeffer 1988, Bridges & Nelson 1989). A large segment of labor is employed in internal labor markets or bureaucratic personnel systems (Doeringer & Piore 1971; Althausen & Kalleberg 1981; Jacoby 1985). Institutions in internal labor markets and bureaucratic personnel systems shelter wage rates from the determination of external labor market. In their paper about the gender inequality in a state pay system, Bridges and Nelson (1989) argue “although market forces play a significant role in compensation decisions, these forces are heavily mediated by organizational process.”

Thus, when we look at the results of labor allocation and pricing, we need to include the effect of not only the market, but also the different institutions governing different sectors. How the latter mediates the effect of the market during this process is also interesting to observe. In developed countries, political control is believed to have more influence in the public sectors. Just as the public sector in the U.S. receives

tighter scrutiny for adherence to equal employment opportunity policies (Beggs 1995), the public sector in China is expected for political reasons to advocate for female employees' rights. While political control retains its strong influence in the public sectors, the market has a stronger effect in the private sector. Enterprises in the private sector have large autonomy over their hiring process and payment system (Honig & Hershatter 1988; Wu 2002).

How would the differences across sectors influence the gender inequality in the labor market? Will the gender inequality display similar patterns across sectors? Sociologists have looked at the effect of sectors on the overall gender inequality in China during the market transition; however, the within-sector gender gap was not examined. In this paper, I will explore a cross-sectional data to see the situation of gender inequality in urban China. The gender inequality will be compared across sectors. The institutions supporting the gender stratification before and after the economic reform will also be examined.

DATA ANALYSIS

The data are from the result of the 1997 Chinese Coastal Survey.* 3013 respondents from six cities in coastal China area were interviewed. One large and one medium size city in each of the three regions were selected: Northeast, East, and South China. The six cities are Dalian, Yantai, Shanghai, Ningbo, Guangzhou, and Beihai. It has been argued that the economy and market develop faster in the coastal area than other areas in China.

Since this paper is aimed at examining the difference of gender inequality between public and private sectors in China, work unit type is the most important dimension. Respondents with no income or work unit type as family farm, non-paid or paid family business, others, and missing information for this variable are dropped, because laborers in family farm, non-paid and paid family business are not completely free to participate in the labor market. The mechanism that controls their employment,

* The 1997 Chinese Coastal Survey is part of a three-society survey conducted in Taiwan, S.Korea, and Coastal China in 1996-1997. Questionnaire development was by a multi-society team, including Shen Chonglin, Chen Yingying, and Zhe Xiaoye (Sociology Institute, Chinese Academy of Social Sciences), Chiu Hei-yuan (Sociology Institute, Academia Sinica, Taiwan), Yong-hak Kim (Yonsei University, S. Korea), and William L. Parish and Mary C. Brinton (University of Chicago). Including questionnaire development, funding was from Academia Sinica, Taiwan, and the National Science Foundation grant # SBR-9515143. The Chinese interviews occurred mostly in April through June of 1997. *East Asia Social Survey*

promotion and income is different from the mechanism in the labor market. After these respondents are dropped, there are 2105 respondents left. They are in 13 types of work units:

- Individual Laborers and Peddlers,
- Self-employed (without other employee),
- Small business owner (with no more than 7 other employees),
- Private entrepreneurs/ partners,
- Government agencies,
- Public enterprises,
- Public institutions,
- Large collective enterprises,
- Small collective enterprises,
- Town and village collective enterprises,
- Joint ventures,
- Foreign ventures,
- Private enterprises.

To make the analysis clear, some types of work units will be combined to one category. Self-employed with 2-7 employees and private entrepreneurs/partners will be combined as private entrepreneurs. Large collective enterprise, small collective enterprise, and town and village enterprise will be combined as collective sectors. Private enterprises, joint ventures, and foreign ventures will be combined as private/hybrid sectors. As Table 1 shows, a large proportion of the respondents are in the public enterprises (47.17%) and collective sectors (18.95%). Employees in the

private and hybrid sectors constitute only 8.55 percent of the population. Even though the number of people working in the private sectors only counts as a small percentage of the population, the average incomes for entrepreneurs and employees in the private sectors are the highest among all the sectors.

Table 1: Distribution of the Population and Mean Income Across Sectors

Sector	Frequency	%	Income (Yuan)
Individual laborers and peddlers	81	3.85	874.8
Self-employed (no other employee)	43	2.04	976.6
Private entrepreneurs	48	2.28	1399.5
Government agencies	76	3.61	916.5
Public institutions	285	13.54	917.6
Public enterprises	993	47.17	761.4
Collective sectors	399	18.95	720.4
Private/Hybrid sectors	180	8.55	1262.5
Total	2105	100.00	846.6

Table 2 shows that within the 2105 respondents, 53.5 percent is male, and 46.5 percent is female. Gender distributions across the six cities are very similar. There are more males in private entrepreneurs category (60.4%), government (64.5%), private/hybrid sectors (59.4%), and public enterprises (55.4%). Females exceed males in public institution (51.2%) and collective sectors (53.6%), which has the lowest average income. This is consistent with previous research that women are more likely to be placed in the poorly compensated collective sectors than the state and private enterprises (Zhou et al 1997; Shu & Bian 2003).

Table 2: Gender Ratio Across Sectors

Sector	Female (%)	Male (%)
Individual laborers and peddlers	49.38	50.62
Self-employed (no other employee)	44.19	55.81
Private entrepreneurs	39.58	60.42
Government agencies	35.53	64.47
Public institutions	51.23	48.77
Public enterprises	44.41	55.59
Collective sectors	53.63	46.37
Private/Hybrid sectors	40.56	59.44
Total	46.51	53.49

The average monthly income is 846.6 Yuan. Males have a higher average income (989.5) than females (681.1). The ratio of female average income to male average is 0.69. However, this ratio varies between sectors. The ratio is lowest in private entrepreneurs (0.48), self-employed without employees (0.52), and private/hybrid sectors (0.54). Government agencies have the highest ratio (0.97), which means that female and male have almost the same average income. The ratio is also high in public institutions (0.83) and state enterprises (0.75). As the data show, the income ratio between male and female varies from 0.48 to 0.97 across sectors. Work units in the public sectors, including government agencies, public institutions and public enterprises, have the highest ratio, which means that in these work units the average incomes of females are closest to those of males. The average income of women in the collective sector is 61% of men's average, which is in the middle

position among the sectors. Average incomes for women have a lower ratio to men's in the private sectors, no matter in the owners group or employees group.

Table 3: Gender Income Ratio Across Sectors
(Mean of Female Income / Mean of Male Income)

Sector	Ratio
Individual laborers and peddlers	0.66
Self-employed (no other employee)	0.52
Private entrepreneurs	0.48
Government agencies	0.97
Public institutions	0.83
Public enterprises	0.75
Collective sectors	0.61
Private/Hybrid sectors	0.54
Overall	0.69

As Table 3 shows, there are income gaps between male and female in some sectors. The subsequent analysis is trying to determine which part of the income gap can be explained by gender differences in human capital, political capital and family obligations.

In order to examine the gender income gaps deeply, I develop a model of income differences between male and female. The logarithm of monthly income including wages and other allowance is used as the dependent variable.

Independent variables:

MALE : defined as a dummy variable (male=1).

EDYR(education year): years of formal education the respondent received.

EXPERIENCE and EXP²: the number of years that the respondent has worked, and the square of experience. Education year and experience are used to measure human capital.

MARRIED: defined as a dummy variable (currently married=1). It has been argued that marital status influences women's economic life. Some people argue that women have less time for work after they get married, because they have housework to do. But according to other researchers, married women can borrow their husbands' social capita, which might help to increase their opportunities and eventually income (Burt 1998). Since it is hard to say that getting married has the same effect on income for men and women, the interactive effect of marital status and gender will also be examined.

CHILD: defined as a dummy variable (having child=1). Having a child is an important event in women's life. Taking care of children can be time consuming. It is also argued that women may choose to work less time and closer to home in order to take care of their children, even if the income is lower (Mincer & Polachek 1974, 1978). Also, the effect of having child on income for women and men might be different, so the interactive effect of having child and gender will be included in the model.

PARTY: defined as a dummy variable, set to 1 if the respondent is a Chinese Communist Party member. This is used to measure political capital. In the debate of economic transformation in China, the effect of political capital on economic status is always the focus. It is also interesting to include this variable in the model, because there seems to be a dramatic difference between male and female in the party

membership. Data show that ten percent of the women have party membership. This is much lower than the twenty-two percent party membership of the men. Scholars argue that before the reform, party membership was considered by the communist regime as a principle instead of merit when it comes to allocation of desirable jobs (Walder et al, 2000). If being a party member influences individual's economic status in the whole population or in some sectors, it should be considered to explain the income gap between male and female.

Regression models are estimated for all eight categories of work sectors, and the same model is estimated for the entire sample. The results of the models are in Table 4.

In the whole population, being a male has a significant and positive effect on income, which means that when other variables are controlled, on average a male earns more than a female. Human capital helps to explain part of the income inequality in the whole population. The effects of the human capital indicators — educational year, work experience and the square of work experience are significant. Family factors, including marital status and having children, do not have a significant effect. Being a party member has a positive and significant effect on income. This helps to explain the gender income gap. Since the percentage of CCP party membership among males is twice that among females, and there is a positive effect of party membership, these two factors will lower the average income for female compared with male.

Table 4: Ordinary Least-Squares Estimate of Income Across Sectors

	Whole population	Individual laborers and peddlers	Self-employed (no other employee)	Private entrepreneurs	Government agencies	Public institutions	Public enterprises	Collective sectors	Private / hybrid sectors
INTERCEPT	5.59*** (.10)	6.66*** (.69)	5.96*** (.61)	4.91*** (1.12)	5.63*** (.58)	6.01*** (.19)	5.5*** (.15)	5.29*** (.27)	4.91*** (.33)
MALE	.36*** (.09)	1.04† (.62)	.44 (.75)	.83 (.86)	.38 (.43)	.06 (.16)	.20 (.13)	.63* (.26)	.58*** (.22)
EDYR	.06*** (.01)	.03 (.03)	.00 (.05)	.14 (.06)	.07** (.02)	.03*** (.01)	.06*** (.01)	.07*** (.01)	.12*** (.02)
EXPERIENCE	.02** (.01)	-.11** (.04)	.07 (.05)	-.04 (.06)	-.01 (.03)	.02† (.01)	.04*** (.01)	.00 (.02)	.04 (.02)
EXP ²	.00*** (.00)	.00* (.00)	.00 (.00)	.00 (.00)	.00 (.00)	.00* (.00)	.00*** (.00)	.00 (.00)	.00† (.00)
MARRIED	.13 (.08)		.29 (.51)	.35 (.90)	.18 (.46)	.05 (.14)	.08 (.11)	.04 (.20)	.50† (.27)
MARRIED*MALE	-.10 (.12)	-.09 (.56)	.24 (.90)	1.44 (1.07)	-.38 (.61)	-.01 (.22)	-.07 (.17)	-.46 (.32)	-.14 (.34)
CHILD	-.13 (.09)	.81 (.56)	-.48 (.55)	2.67 (1.12)	.15 (.46)	-.05 (.15)	-.23† (.13)	.19 (.25)	-.23 (.25)
CHILD*MALE	.05 (.12)	-.72 (.77)	-.33 (.66)	-1.35 (1.30)	-.05 (.56)	.09 (.21)	.12 (.17)	.34 (.35)	-.19 (.32)
PARTY	.13** (.04)	.46 (.34)	1.57* (.69)	-1.01 (.37)	.11 (.14)	.15 (.08)	.27*** (.06)	-.04 (.14)	.14 (.25)
R ²	.18	.08	.24	.45	.04	.10	.20	.19	.28
N	2105	81	43	48	76	285	993	399	180

Note: Variables were imputed. Standard errors are in parentheses. † p < .10 * p < .05 ** p < .01 *** p < .001

For individual laborers and peddlers, being a male has significant and positive effect on an individual's income. This is understandable. For individual laborers and peddlers, physical condition is important to income, and the differences between male and female help to explain the positive effect of male. Also, experience has a significant and negative effect on income, which can also be explained by the relation between experience, age and physical condition. Individual laborers with longer work experience are usually older than those with less experience, and young people have advantages on physical conditions.

Being male does not have a significant on income for self-employed without other employees. CCP party membership has a positive effect.

For private entrepreneurs, none of the factors tested has significant effect.

For government agencies, being a male does not have a significant effect on income. Among all the dependent variables, only the effect of education is significant.

In public institutions, the effect of being a male is very small and not significant. The effects of human capital, including educational year, experience and the square of experience are significantly positive.

In public enterprises, the positive effect of being a male is not significant (.20 with a standard error of .13). Educational years and work experience have positive effect on income. Having child also has a negative effect on income. Being a party member can increase the logarithm of one's income by .27.

In the collective sectors, the effect of male is significant. Education also has a positive effect in these sectors.¹

In private, foreign and hybrid sectors, being a male has a significant advantage (.58). Education is another factor that helps to increase income.² Work experience has a positive effect for the first 20 years, and negative afterwards. Currently being married has a positive effect on income.

As the data analysis shows, the gender income gap is larger in some sectors than others (Table 3). Government agencies, public institutions, and public enterprises have the smallest gap, while the gap is much higher for owners and employees in private/hybrid enterprises. The collective sectors are in the middle. The regression models in table 4 try to identify the gender differences that can be explained by human capital, family status, and political capital. After other variables are controlled, the effect of gender on income is significant for individual laborers/peddlers, employees in collective sectors, and employees in private/hybrid sectors. Gender does not have a significant effect on income for government agencies, public institutions and enterprises, self-employed, or private entrepreneurs.

For the three sectors where gender showed a significant effect on income, how did being male translate into better pay in these sectors? Physical difference between men and women could be a credible explanation for individual laborers and peddlers.

¹ Nested models show that human capital can explain about 5% of the overall effect of gender in the collective sectors.

² Nested models show that human capital can explain about 34% of the effect of gender in the private-foreign and hybrid sectors.

However, further tests are needed for the collective and private sectors. Frequency tables (Table 5) and chi-square test ($P < 0.01$ for both sectors) show a significant relationship between gender and managerial or professional positions. As a big part of gender inequality in developed countries' labor market, occupational segregation seems to be forming in these two sectors in China.

Table 5: Gender Distribution in Managerial / Professional Positions in
Collective and Private Sectors

		Male	Female
Type of Positions			
Collective sectors	Managerial	42	24
	Non-managerial	143	190
Private Enterprises	Managerial	25	5
	Non-managerial	68	82

In the managerial and professional positions, the percentages of males are much higher than their representation in these two sectors. In collective sectors, where there are more females, males occupy almost two-thirds of the managerial and professional positions. In private enterprises, the five-to-one ratio of male to female in managerial positions is another example of sex-based occupational segregation. Women in these two sectors are more likely to work in clerical, service, and manufacturing positions. Consistent with findings in developed countries, occupations where women concentrate are not as well paid as others. Further T-tests confirmed that the average income for managerial and professional positions is significantly higher than for women concentrated non-managerial positions ($P < 0.05$ for both collective and private sectors).

REVIEW OF INSTITUTIONS

Data analysis showed that gender gap on income varies across sectors, and the effect of gender is more significant in some sectors. Institutions governing the allocation of income are one important source for explaining the variation (Honig & Hershatter 1988). We will review the institutions governing the allocation of income before the reform in the public sectors, the changes after the reform, and the institutions governing the newly emerged private sectors.

Since the foundation of the People's Republic of China, the Chinese government has tried to reduce and eliminate gender inequality through both institutional change and ideological campaigns. Eliminating inequality including gender inequality is one of the major tasks in the CCP's platform. Before reform, all the work units depended on the redistribution system for resources. The government enforced the gender equality campaign through its administrative power. It was politically incorrect to discriminate against women in the workplace.

In most of the work units, the wages of both male and female were determined by the same system. When a person entered the enterprises before the reform, his or her wages were determined by the work unit's industry type. The industries were divided into heavy industry, light industry, and service. Each type had its standard. But there was no other difference. New workers throughout the country had the same starting wage in each industry type regardless of gender. The increase of wages depended on the level of skills. There were eight skill levels, determined largely by work experience.

Before the reforms, government agencies and public institutions shared the same wage system. The country was divided into eight kinds of districts based on the prices of life necessities. Each district had a starting wage level. There were 25 levels of rank for the cadres and people who were working in the public institutions. There were also 10 levels of work units. The start wage was determined by these three factors. There were two ways to obtain an increase. People who performed well at work and in politics were promoted. Also, from time to time the central government gave raises to a certain percent of cadres. Reviews of individual workers by their work-units were supposed to evaluate their political loyalty or conformity to the party (Walder 1986). Raise and promotion decisions are based on these reviews.

With such a strict and over-simplified wage system and the government's support for gender equality, there was little room for a gender income gap. It was true that there were more men than women in the Chinese Communist Party, and these party members held higher positions, and were better compensated, but for the majority of the cadre group, women and men had almost the same wages since the overall wage difference was very low.

After the start of the economic reform, the old wage system did not change until 1993. In 1993, the government reform wage system. Government agencies and public institutions began to have different systems. A new "structured" wage system was enforced. For cadres, wages include three parts: work year wage, position wage, and rank wage. For people in public institutions, there are four parts: the same three parts as for cadres and one skill level wage. Enterprises began to use a looser wage system. Wages include basic wage, position wage, and bonus. Bonus is supposed to be based on the profit of the enterprises.

Following the rise of the private and hybrid economy, there has been deregulation of the wage system. The new wage systems in government and public institutions, however, are still similar to the old system. This consistency in the system continues to reduce or suppress the gender inequality in these sectors. Also, the government still has strong control over public institution, enterprises, and government agencies. The government continues to use political power to advocate gender equality. In 1995, the central government published the first plan for the development of women from 1995 to 2000. In the plan, the government set progress requirements for public organizations. For instance, the plan required that government at every level must have more than one female cadre in the decision making group. At least half of the departments of local government were required to have women in the top positions. The plan also required that women should be considered with priority to be promoted to the top group in public institutions. Public enterprises were also required to increase the percentage of women in their management group. With political incentives and close scrutiny from the government, these policies have been effective.

However, political power is not a very effective way for the government to control the hiring practices of the private enterprise. The wage systems in private and hybrid enterprises are out of direct control of political power. And women are found to be less favored in emergent labor markets (Shu & Bian 2003), thus are more likely to be discriminated against and receive less desirable positions and lower incomes.

Because of these changes and the development of the Chinese legal system, the government tries to manage the gender inequality problem through its legal system. In 1992, the law to protect the rights of women was enacted. The law brought out principals about women's rights in work places. In 1995, the first Labor Law was

enacted, including one chapter on the rights of female employees. The chapter lays out the rights of female employees, requiring the same wages be paid for the same work as male employees, special protection and rights during maternity etc. However, these laws have been criticized for being difficult or almost impossible to enforce. There is no specification on what is deemed illegal, how the violators may be punished and how the victims may be compensated.

Laws alone cannot achieve gender equality. The enforcement of the laws against gender discrimination is very difficult. Female employees in the private sectors have especially little information about the wage and promotion system of their companies. Sociologists began to realize “markets are often the problem rather than the solution. They guarantee the discrimination will persist.” (Sunstein 1991), because prejudice will ensure the discriminated groups remain disadvantaged in the market. The situation of gender inequality in the United States and other countries where both the market and the legal system are highly developed demonstrates the unsatisfactory effect of the legal system and the market on gender inequalities. In the United States, women earned only about 60% of the income of men from World War II until the 1980’s when the ratio increased to about 70% (Bernhardt et al. 1995).

CONCLUSION

Because of the different institutions and the effect of political control across sectors, the situation of gender inequalities varies across sectors. The difference between public sectors and private sectors is significant. There is almost no gender income gap in government agencies. The gap is small in public institutions and enterprises. There is a much larger gender income gap in the private and hybrid sectors. After controlling for family status, human and political capitals, there is no significant effect of gender on income in public sectors, including government, public enterprise and institutions, whereas gender has significant effects in private, hybrid sectors, and collective sectors. There is also evidence for the existence of sector segregation and occupational segregation. Women are more concentrated in collective sectors, where the average income is the lowest among all the sectors. Within the collective and private sectors, where gender has significant effect on income, occupational segregation seems to be developing. Women are more concentrated in service, clerical and manufacturing jobs, which are not well paid; they have a significantly lower representation in the higher-paying managerial and professional positions.

As the market economy develops in China, human capital and productivity receive greater emphasis in the reward distribution within organizations (Nee 1996; Cao & Nee 2000). The analysis in this paper shows that women probably benefit less than men from the change of the logic in the economic field. Although gender inequality is more significant in sectors where market forces have stronger influence, we should not interpret this as evidence that the market is the creator of inequality. Instead, the market is merely a platform where resources are exchanged and allocated. In the government-planned economy, jobs, promotions and resources were allocated

through government redistribution system. The system's political controls suppressed the degree of gender inequality. In the labor market where jobs and human resources are exchanged freely, gender income gap and occupational segregation have now become possible. As the new distribution system, labor market works purely as a platform where the previously suppressed gender inequality has the chance to show its effect.

The mechanisms of gender stratification change differently in social transition than the stratification order based on social capital, political capital, and human capital, because gender is not related with productivity or resources. Before the economic reform in China, the gender income difference was not significant. But the situation was dependent on the labor institutions, including political control. After the economic reform, the institutions in the public sectors are consistent with the old institutions. This provides the continuity of gender stratification in the public sectors. But in the private sectors, women do not have the resources bonded with their gender in the newly emerging market economy that would allow them to maintain their positions in the gender stratification order. Without the support of institutions, the gender stratification order will exhibit a discontinuity in the private sectors.

In 1997, 18 years after the reforms started, the private sector was still a relatively weak force in the labor market. Including the individual laborers and self-employed groups, private sectors hired less than 20% of the labor force in these coastal cities where markets were more developed. As the private economy grows, the hiring practices of the private enterprises will have a stronger effect in determining the price and allocation of human resources. In 2006, according to the central government, private enterprises provide about 50% of all jobs in China. With the current trend, occupational segregation will become deeper and wider. More occupations will

become more women-concentrated and the salary levels for these occupations may become less attractive at the same time.

Even though public enterprises hired about half of the entire labor force in the urban cities, their share of GDP is dropping dramatically. A large number of the public enterprises are believed to be losing money, and they rely heavily on government subsidies to survive. As the economic reform continues, the resources public enterprises get from the government will be greatly reduced. They will need to obtain most of the resources from the market. For public enterprises to adapt to the changing supply of resources, they will have to adopt the mechanisms of the market. Labor allocation and pricing in these enterprises will reflect more results of the market instead of political control from the government.

For government agencies and public institutions, as the influence of the labor market grows, their hiring practices and internal reward systems will have to reflect the results of the market. However, continuing public scrutiny and political review will also push them to mediate the results of the labor market to fulfill their political expectations.

The expansion and maturation of the market, the decline of the political control over resources, the development of the legal system, and the trend in human resources will all be important factors in determining the situation of gender inequality in the Chinese labor market for the coming years. The relative strength of these factors in different sectors will decide the labor allocation and pricing mechanisms in each sector, which in turn decide the degree and pattern of gender inequality in each sector.

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