

## **Research on Shenzhen's Role in Facilitating the Transformation of Chinese Migrant Workers**

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### **Abstract**

As a long-standing agricultural superpower, China began to reform its planned economy system and urban-rural dual economic structure gradually in the late 1970s. With the rapid development of economy as well as industrialization, urbanization and modernization, a massive rural labor force migrated to cities, where migrant workers emerged as a specific group. Transformation of migrant workers is the centerpiece of measures to restructure China's economic and social structures and underlines the difficulties in a shift from the urban-rural dual structure to a modern structure balanced between urban and rural development. The article discusses the research and innovations of Shenzhen with the largest migrant worker population in improving their production modes and lifestyles as well as enhancing their personal quality and development in a move to boost the economic and social transformation of China and other developing countries around the world.

Keywords: citizenization of migrant workers, exploration, innovation

To gain insight into the role Shenzhen plays in the transformation of Chinese migrant workers, the Survey Office of the National Bureau of Statistics (NBS) in Shenzhen conducted a special survey on the rural migrants in Shenzhen. The research involved 1,513 individuals, including 859 who were working in Shenzhen and 654 who have returned to their homes in the provinces of Hunan, Sichuan, Guangxi, Hubei and Qinghai. Shenzhen has helped the transformation of migrant workers in four main ways:

### **1 Promoting the transformation of production modes by creating jobs**

Over the past 31 years, Shenzhen maintained a rapid economic growth at an annual average rate of 24.8 percent, providing many new jobs and contributing to change rural migrants' production modes from the traditional agriculture to the non-traditional agriculture with higher margins.

#### **1.1 Migrant worker population in Shenzhen**

According to official statistics and sample surveys, the number of rural migrants in Shenzhen at or over the age of 16 increased from less than 10,000 at the start of market reforms to 6.13 million (80.1 percent of the local workforce and 4 percent of the country's total rural migrants) by the end of 2011 at an annual average pace of 23.2 percent. In 2011, the number of the new generation, known as rural migrants under 30 years old working in Shenzhen reached over 4.05 million, as the vast majority or 66.1

percent of the city's total migrants. The average age of local migrants was 29.7, while that of the new generation - those born after 1980s - was 24.1.

These workers migrated from all of Chinese mainland's 31 provinces, 58.1 percent of which came from their home towns in Guangdong, Hunan, Hubei and Sichuan. Shenzhen saw the largest inflow of 1.589 million rural migrants from Guangdong. Except 6.13 million migrants who have lived in Shenzhen for more than six months and served for registered organizations, official figures didn't include unregistered workers and self-employed workers. In 2011, there were approximately 2.17 million unregistered migrant workers, based on migrants who have lived in the city for over 7 days except registered workers, unemployment and those under working age.

### **1.2 Characteristics of migrant worker employment in Shenzhen**

By industry, the vast majority, or 64.1 percent of rural migrants served for the manufacturing industry, one third of which were engaged in the manufacturing of communications equipment, computers and other electronic equipment with 14.9 percent of employment in the wholesale and retail segment. In terms of gender, men and women made about 58.1 percent and 41.9 percent of the migrant workers in Shenzhen. In addition, 62.2 percent of rural migrants in Shenzhen had junior high school education, compared with 25.2 percent and 6.4 percent who finished senior high and primary school education, respectively. However, only 5.9 percent had college and above education and 0.3 percent had no education. In terms of working years, 23.2 percent of rural migrants have worked in Shenzhen for less than 2 years, compared with 27.3 percent for 3-5 years, 29.6 percent for 6-10 years, 12.6 percent for 11-15 years and 7.2 percent for 16 years or more.

## **2 Income increases helping transform rural migrants' lifestyles**

The government of Shenzhen implemented a range of policies and measures to increase migrant workers' incomes and improve their lives, reshaping their consumption habits and values as well as improving their education and recreational activities.

### **2.1 Implementing policies for the interests of migrant workers**

In recent years, the government of Shenzhen has introduced The Regulations of the Shenzhen Municipality on the Wage Payment to Employees, enabling specific monitoring on wage payment of employers to prevent and ensure the payment of overdue salaries; and Regulations of the Shenzhen Special Economic Zone on the Security of Wages Owed by Enterprises, which allows emergency wage payment fund to be used by employers who have filed for bankruptcy, suspended operation as required by applicable laws or cannot afford the wage payment for huge debts. In addition, the local labor security institution, industry and commerce administration, public security offices, procuratorates, courts and other governmental departments

worked together to crack down wage crimes. Shenzhen raised its minimum monthly wages from 245 yuan (approx. US\$39.6) per month in 1992 to 1,320 yuan (approx. US\$213) in 2011 and 1,500 yuan (approx. US\$242) in 2012, which is 5.1 times as 2009. Since 2008, Shenzhen Federation of Trade Unions has offered to establish a collective wage bargaining system by nearly 300 major enterprises, most of which developed a salary increase guideline of 8-10 percent with some expecting a growth of up to 33.3 percent.

## 2.2 Continuous growth in migrant workers' wages

It's calculated that the average monthly salary of migrant workers reached 3,300 yuan (approx. US\$533) in 2011, rising by over 32 times from less than 100 yuan (approx. US\$16) in 1980 when the Shenzhen Special Economic Zone was set up. The average growth of migrant household income arrived at 16.8 percent since 2008, 3.1 percent higher than the national average. In 2011, the per capita income of the migrant household in Shenzhen was 30,000 yuan (approx. US\$4,854) annually, 2.1 times higher than the rural per capita disposable incomes. The 2011 combined wage income of rural migrants in Shenzhen was over 240 billion yuan (approx. US\$38.8 billion).

## 2.3 Changes in outlook on life and values of rural migrants

The quality of their lives has been improved in two ways as their incomes increased: **firstly, helping creating better life for their families in their home towns** - The special study showed that migrant workers in Shenzhen sent 30 percent of their wages home and it's calculated that they sent remittances of over 80 billion yuan (approx. US\$13 billion) home in 2011; **and secondly, improving their lives in Shenzhen** - Official data showed that the Engel's coefficient for migrant workers in Shenzhen was about 3-4 percentage points lower than the country's average. The study also revealed that migrant workers in Shenzhen spent 7.5-10.5 percent of their incomes on culture, entertainment and sports activities, three times higher than the nation's average.

A better life facilitates changes in outlook and values, including **a shift in lifestyles** - 91.3 percent of migrant workers surveyed stayed on working in Shenzhen for over six consecutive months, while only 8.7 percent returned home during busy farming seasons. 63.5 percent indicated they would stay in the city over the next five years, while 24.2 percent would return home and 12.1 percent would move to somewhere else; **a change in family plans** - 43.5 percent of the married migrants in Shenzhen had no children, 31.5 percent with one child, 20.7 percent with two children, and only 4.0 percent having three or more children; **changes in spending patterns and habits** - their willingness to spend rose with incomes held up. The annual consumption of rural migrants in Shenzhen has grown at average pace of 15.9 percent per year since 2008, 3.2 percentage points higher than that of the country's rural consumption; **and transformation in culture involvement:** writers, hip-pop dancers and performers rooted from the rural migrant community flourished, enriching Shenzhen's diverse and comprehensive culture as well as creating an unique cultural landscape.

### **3 Improving the quality of migrant workers with vocational training programs**

To fill the gap between increasing skill requirements and low levels of overall quality of rural migrants, Shenzhen focuses on establishing and improving the vocational training programs to stimulate and address the demand for improving their own skills and self cognition, significantly boosting the improvement in quality of migrant workers.

#### **3.1 Government supporting the vocational training programs designed for rural migrants**

Shenzhen led the local legislation to support vocational training, introducing Regulations on Vocational Training in Shenzhen, Proposals of Accelerating the Shenzhen Development Strategy through Science and Education Programs to Advance Education Modernization, Proposals of Advancing Education Modernization and Plans on Skill Training for Migrant Workers in Shenzhen and other regulations and rules, which incorporate the skill training for migrants into Shenzhen's urban development planning. Under these plans initiated in 2006, Shenzhen has allowed 5 million migrant workers participating in training programs, which were fully funded by the government, by building the Migrant Worker University, Demonstration Project of Distant Education and Training for Employees, Mobile School for Female Workers, Youth Internship Project and entrepreneurship training programs. In 2011, 2.02 million rural migrants in Shenzhen attended vocational training programs, 2.5 times greater than 2001. 78.2 percent of rural migrant respondents strengthened their skills by attending training organized by employers or the government and vocational certificate programs.

In 2008, the Trade Union of Shenzhen launched the "Education Support Initiative", a philanthropic campaign to educate and support low-income migrant workers who performed well at work. Over the past five years, the Initiative has helped 2,059 migrant workers go into higher education and 23,000 workers benefit from free vocational skill training or secondary vocational education. In addition, more than 900 enterprises held over 3,200 lectures on improving the quality of employees, benefiting more than 500,000 workers.

#### **3.2 Improving the quality of migrant workers significantly**

**The awareness of labor security has been raised greatly** - The survey showed that 90.4 percent of migrant workers signed labor contracts in various forms, more than twice the level of 2011; 89 percent had a general or clear picture of the contract details. According to the survey results, the proportions of migrant workers in Shenzhen who were covered by medical insurance, pensions, workplace injury, unemployment and maternity insurance were 69.7, 61.6, 46.0, 15.0 and 11.2 percentage points higher than the enrollee levels of the rural migrants across the nation, respectively. **Improvements have been made in the awareness of education for children** - The survey also revealed that 90.8 percent of rural migrants wanted

their children to obtain junior college or above education, while 56.7 percent had their school-age children educated in Shenzhen, higher than the country's average of 36.4 percent. **A beneficial shift has been seen in self-cognition** - When it came to evaluation on their own places in the pecking order, migrant workers perceived their status to be a lower-middle-level of 3.6 on a 1-10 point scale, higher than 3.0 two years ago. Most of the respondents believed their status would be raised over the next two years. The survey revealed that 78.8 percent considered making money as a way to scratch out a living or and help create better life for families, while 68.3 percent said it helped increase their knowledge and develop their concepts. 39.5 percent of respondents believed that they have developed their skills and management capabilities, while 25.8 percent said their social status has been raised.

#### **4 Boosting entrepreneurship for transformation in personal development models**

With the support in entrepreneurship from the Shenzhen government, some migrant workers established their own plants, start their own businesses or were appointed as engineering technologists and executives, while some returned home for working or starting companies. Shenzhen plays a key role in transforming the development models of migrant workers.

##### **4.1 Helping migrant workers to start their own companies**

Since 2008, when Shenzhen was selected as one of the first national entrepreneurial cities, the city has always been on track to boost entrepreneurship by holding entrepreneurship lectures, developing venture collection and distribution system, organizing entrepreneurial project promotions as well as providing entrepreneurial guidance and counseling. The city initiated a pilot project of start-up training for migrant workers, laying the foundations of a comprehensive entrepreneurship training system, which covered a variety of projects started by diversified migrant community. In 2009, the first batch of 900 migrant workers reaped 90 percent of government payments of training fees in the pilot project.

##### **4.2 Diversified development models of rural migrants in Shenzhen**

According to the survey, 14.7 percent of rural migrants set up businesses in the city and most of them operated in sole proprietorships. Economic census data suggested the number of sole traders in Shenzhen reached 20,352 as of end 2008, increasing by 9.1 percent from 14,339 by the end of 2003. As of end 2011, about 552,000 rural migrants, or 9.7 percent of the total, served as senior and mid-level company managers; 926,000, or 14.6 percent, were engineering technologist. In addition, many ordinary workers and those engaged in the service sector were seeking for new opportunities. In 2011, 28 rural migrants were named as civil servants and public sector staff.

The survey also showed that **49.5 percent of migrant workers set up business after returning home**. Among these rural entrepreneurs, 24 percent chose partnerships, while the proportion of family ownerships and sole proprietorships was 26 percent and

50 percent, respectively. Based on a 0-10 point scale (0: their start-ups have nothing to do with the work experience in Shenzhen; 10: their start-ups fully benefit from the work experience in Shenzhen), 79.3 percent of returned migrants chose 5 points or above. Respondents cited the benefits from the experience in Shenzhen, including strengthening their social intelligence (62.1%), capabilities in addressing challenges with (45.5%), technical skills (45.3%), awareness of innovation (43.3%), as well as economic management know-how (30.7%) and leadership skills (26%).

The ultimate goal of the transformation is to realize the citizenization of rural migrants, which plays a significant role in addressing issues involving the development of agriculture, rural area and farmers; narrowing the urban-rural gap; stimulating the rural consumption; boosting the sound development of industrialization, urbanization and modernization; helping establish a harmonious society; and enabling the transformation from a urban-rural dual structure to a modern social economic structure. The citizenization of rural migrants will look to the experience they picked up in Shenzhen.