

ABSTRACT

Labor Market Segregation and the Wage Differential between Resident and Migrant Workers in China

by

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This thesis looks at the effect of industrial and occupational segregation on the wage differential between resident and migrant workers in China. It extends the work of Meng and Zhang (2001) by considering the possible employment segregation of resident and migrant workers by both industry and occupation. I contend that industry segregation is at least as important as occupational segregation for Chinese migrant workers, as most migrant workers in China have come from the countryside to fuel the booming labor-intensive manufacturing and construction industries in the cities. Due to the *hukou* policy (a household registration system) in China, migrant workers normally face more constraints in searching for jobs in other sectors. My empirical study confirms that the proportion of the resident-migrant worker wage differential that is explained by industrial segregation is much larger than that explained by occupational segregation. Taking both industrial and occupational segregation into account explains the substantial wage differential between resident and migrant workers, which indicates the influence of industrial and occupational barriers on the wage differential in China.

Keywords: Industry, occupation, segregation, wage differential, migrant workers.