Economic Analysis of Gender Discrimination in Labor Market Experienced by Women in China

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Abstract. In China's work sector, gender discrimination has been a severe problem for a very long time. Women's development in the marketplace is hindered by a variety of obstacles, including legislation, the implementation of a market economy, and conventional beliefs. These obstacles limit women's advancement in a variety of professions and even have an impact on the overall economic growth of the country. The author makes use of Becker's theory of discrimination to analyze the problem of the circumstance of employment difficulties encountered by female workers and is of the opinion that the severity of gender discrimination in the labor market in China is because of the conventional concepts and natural attachment costs of women. As a natural consequence of this, businesses will naturally avoid hiring female employees, even though doing so may cause them to forego some of their earnings. Based on the analysis, several suggestions could be given to better the circumstance of employment of women in China. First, policies could be enacted to protect both the employers' and female workers' interests. Second, fertility costs should be socialized. Finally, women should improve their inhere quality. Gender discrimination in the labor market in China could be therefore improved.

Keywords: Female; labor market; economics.

1. Introduction

The China Labor Statistics Yearbook 2017 reports that the proportion of men to women in China's total population was 51.21% in 2016, while the ratio of women to men was 48.79%. Despite this, the percentage of employed women was significantly lower than that of employed men. The National Bureau of Statistics has released the final statistical monitoring report on the China Women's Development Program (2011-2020). This report shows that the proportion of employed females to the total number of employed persons is 43.5%, significantly lower than the employment rate for males [1]. In 2009, the Women's Legal Research and Service Center of Beijing University School of Law published a study on gender discrimination in China's workplaces. To compile the data for the analysis, the center spent one year administering three thousand questionnaires to people working in domestic workplaces. According to the study's findings, there is still a significant amount of gender-based discrimination in the hiring process. An average of one in four female respondents were told they were not hired because of their gender. According to the survey results, the rate of female rejection is also higher when they have completed higher levels of education [2]. According to a report that was distributed by Human Rights Watch in the year 2020, 11% of the postings indicate a preference or requirement for men to fill the position. In the job listings for both 2018 and 2019, one-nineteenth of the openings indicated a preference or requirement for men to fill the position. 13 percent was the rate that was recorded in 2017. However, there will be a reduction in the total number of discriminatory postings in the year 2020 as a result of a reduction in the number of postings made by ministries that make a significant number of discriminatory postings. In the province of Jiangsu, for instance, the Department of Maritime Safety indicated in each and every job posting that they preferred male applicants. In 2020, there will be 55 vacant positions within the department, compared to 68 in 2019 [3]. Private enterprises are no exception. For instance, in a notice published in March 2017 regarding the recruitment of content monitoring specialists on Baidu, it was specified that candidates needed to be male and "have strong stress resistance and be able to withstand weekends,

holidays, night shifts, and other jobs." The advertisement that Alibaba published in January 2018 for the recruitment of two "catering operation support experts" also stated that "male first" [4].

Discrimination could be defined as "If someone voluntarily gives up profits, or wages and earnings, because of prejudice, that constitutes an act of discrimination" [5]. The origination of the costs of labor market discrimination is Becker's economic model of discrimination. The term "labor-market discrimination" refers to a situation in which equally materially productive persons are treated unequally on the basis of an observable characteristic [6]. Discrimination in the labor market can occur when a person has a specific race, religion, political opinion, national origin, social origin, etc. For instance, corporate recruitment from some small and medium-sized enterprises in China requires education level, family backgrounds, and certain age of employees, which is discrimination against candidates from rural areas or remote districts. Though discrimination against women in China has improved, and the overall salaries have improved, the condition of women in the labor market is still severe.

2. Theory Analysis

According to Becker, discrimination reflects the taste of employers, coworkers, or customers. In this framework, members of the group which is discriminated against receive lower wages in order to be hired and accepted as employees, coworkers, or salespersons [7]. Becker's theory of discrimination is based on "physical and mental displeasure," which basically means that a person's feeling of "physical and mental displeasure" comes from personal preference, and if the person has a discriminatory preference, he prefers to substitute one (preferred) group for another (disliked) group and pay (bear) some kind of cost for it. This cost can be direct or indirect, for example, by giving up a part of the profit. Becker assumes that the employer's objective function is to maximize its own utility. The functional form can be expressed as: max $U = U(p, m)$, where U represents the employer's utility, P represents the profit, and m represents the share of male employees. For discriminatory employers, whether the proportion of male employees is highest or the profit is maximized will be their objective function to maximize their self-utility. According to figure 1, the non-differential curve U represents the extent of discrimination. The steeper the non-differential curve indicates that the employer discriminates more against female employees, and the flatter the curve indicates that the employer discriminates less against female employees. When employing female employees makes the employer "physical and mental displeasure," the employer will forgo some of the profits to increase the number of male employees [8].

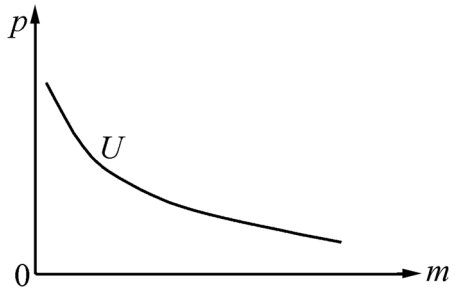


Fig 1. Utility function curves for discriminatory employers

2.1 Causes

2.1.1 Conventional Beliefs

Chinese companies are reluctant to hire female workers due to traditional cultural paradigms and the "natural attachment cost" of hiring female workers. The notion that "man is preferred above female" has been widely held in traditional Chinese culture for a very long time. Because China has been an agricultural nation since ancient times, the older generation believes that boys are better capable of engaging in strenuous tasks than girls are; consequently, because this idea has its roots in people's minds, women are still considered incapable of participating in the workforce. This is

because the idea that boys are better capable of engaging in strenuous tasks than girls are has its roots in people's minds. On the basis of this notion, those who are of a more senior generation believe that the fundamental goal of a woman's life should be to locate a respectable guy and marry him, following which she should remain at home and tend to the needs of her family rather than going to work outside the home. As a direct result of this, a lot of working women have to give up their careers in order to focus on raising their families. The Unemployed Reason Composition of Urban Unemployment by Educational Attainment and Sex report that was published in the China Labor Statistics Yearbook 2017 found that 34.1% of women became unemployed as a result of having to take care of housework, whereas only 19.4% of men have the same circumstance. About sixty percent of the women are illiterate, while only six and a half percent have postgraduate degrees [1].

2.1.2 Natural Attachment Costs

Natural attachment costs are the extra cost for women versus men and the underlying reason for employers to reject women. Natural attachment costs include:

2.1.2.1 Costs associated with female physiology and childbirth

It is usual for people to consider a woman's pregnancy to be a bad point in her professional life and career. Because of the general instability that will be felt in both the body and the mind throughout pregnancy, a pregnant woman's productivity at work is likely to suffer as a result. This insecurity will be felt in both the body and the intellect. "The earnings of female workers during maternity leave will be paid as prescribed," according to national labor regulation, which is stated quite clearly. When calculating how much to compensate female workers for their earnings, national labor legislation must be observed. According to Articles 62, 63, and 51 of the People's Republic of China Labor Law, female workers are entitled to maternity leave for no less than 90 days, and their wages are paid during this time; they are not permitted to engage in work (including overtime work) that is harmful to the health of the mother and child while breastfeeding [8]. Furthermore, female workers shall not be obliged to work in conditions that are detrimental to the mother's and child's health while breastfeeding. Under these conditions, female workers' outputs and contributions to an organization will be calculated by dividing their actual contributions by the amount of maternity leave and allowances they receive. In other words, the calculation will be "actual contributions divided by maternity leave and allowances received." If male and female workers perform the same amount of work, employers will most likely hire male workers. Human resources are regarded as a resource from an economic standpoint. To minimize the cost of using this resource, companies must compare the expected costs for men and women (table 1):

Table 1. Variables and signs

Variables	Signs
Expected hours of work	h
Wage rate	w
Maternity leave	M
Standby pay	S
Pregnancy checkups	P
Delivery costs	D

The expected cost for men is calculated using the formula below:

$$h \times w \tag{1}$$

The expected cost for women is calculated using the formula below:

$$h \times w + (M \times S) + P + D \tag{2}$$

It can be seen by now that enterprises refuse to hire women workers because of the extra costs they could bring to the company; even when male and female workers have the same productivity, enterprises would try to avoid these costs to maximize their profits [9].

2.1.2.2 Different expectations of labor productivity

Employers typically have the misconception that women's predicted job productivity will be lower than men's, and because of this, they avoid hiring women since they anticipate a lesser return on investment. This is still the case even if men and women achieve equal levels of success academically and have access to the same degree of education. In traditional gender division and traditional concepts, to employers, women would divide their energy and time on things other than work, and women take on more responsibility in a family, such as educating the children, doing the housework, etc. These responsibilities must influence women's work efficiency. Thus, a rational employer with a preference for cost savings would certainly prefer to hire men.

2.1.2.3 Higher retirement benefit costs

In practice, female employees generally retire five years earlier than male employees, and statistics show that women generally have a longer life expectancy than men [9]. This means that employers will have a higher cost of additional benefits for hiring female employees than for hiring male employees, which is one of the factors why employers prefer to hire men.

2.2 Suggestions

Based on the analysis above, the severity of discrimination toward women in the Chinese labor market could be appreciated. Several suggestions could be given aimed at eliminating discrimination.

Policies that encourage and safeguard women's employment must be considered. Concerning the current issue of women's employment disadvantage, the government has the authority to enact laws to protect women's employment and to set the proportion of women's employment in each industry or organization through the passage of legislative measures. This can help to alleviate the disadvantage that women face in the labor market. In this regard, learning from other nations' legislation is necessary, such as those that require a company to have a certain number of female employees in order to be eligible for tax benefits intended to encourage businesses to hire more women. For example, in 1979, Norway enacted the Norwegian Social Equality Act, which established the Ombudsman for Gender Equality as the executive and supervisory body for the equal protection of women's employment rights and interests. By developing preferential policies and enacting laws, the employment rate of women could be heightened [10].

Childbirth costs should be socialized. Giving birth should not be only the responsibility of women; it should be shared by the entire society. Since women have an obligation to give birth, to some extent, they should not be discriminated against in the workplace because of it; instead, society should sympathize with women and provide enough care to women who work while caring for their families. Furthermore, employers should not bear such costs on their own. As a result, the government should make an effort to persuade society to cover a share of the expenditures related to female physiology and childbirth. Moreover, it is possible to establish regulations and provide financial assistance in order to meet the expenses associated with the rearing of children.

Both the degree of knowledge that women have and the attributes that they possess need to be improved. If the traditional concept has an impact on the preferences of businesses, it is imperative for women to improve their inherent qualities in order to conform to the preferences of society. This will allow them to select careers in which they excel and demonstrate their capabilities to potential employers.

3. Conclusion

Gender discrimination in the labor market in China has long been a serious problem and requires a solution. For centuries, women in China weren't able to obtain the same status and receive equal

treatment in the marketplace. However, as women account for about half of the population in China, avoiding employing female workers makes the output of the whole market inefficient, slowing the growth of the economy. This article aims to find out why gender discrimination in the labor market in China is so severe and how it occurs. According to Becker's theory of discrimination, to some employers, employing women make them "physically and mentally displease." For discriminatory employers, when they have the feeling of "physical and mental displeasure" toward female workers, they will be likely to forgo some of the profits to maximize the number of male workers in the companies. By applying this theory, this paper discovered several reasons for gender discrimination in the labor market, including the effects of traditional concepts and the natural attachment costs of women in China, and gives some recommendations to solve this problem. Female workers and employers in China could refer to this paper and might have a wider view of how to improve their situation. Although Becker's theory is the only one that is utilized in this analysis of gender discrimination in the labor market and its possible causes, it is important to note that there are other theories and methodologies that could provide an explanation for the issue. In addition, discrimination may be able to explain the reasons why women only earn lower wages given the same vocation and human capital; nevertheless, the more specific cause may involve more potential features. In further research, it is essential to place a primary emphasis on the question of how to further eradicate gender discrimination in China's labor market and put into practice easier approaches to achieve equality in the labor market.

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