Research Proposal

Yingze Xu, Yuqi Zhou, Hannah Marsho

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Overview and Motivation

In China today, workplace gender discrimination is particularly prevalent. This may, in part, be due to the fact that current discrimination laws are not strictly enforced. Luckily, much progress is being made in the area. In 2019, the Chinese government was drafting its first Civil Code, and, on February 21, 2019, the Ministry of Human Resources and Social Security of the People's Republic of China (PRC) posted a notice surrounding the status of these gender discrimination laws on its website. The notice reiterated the government's current laws by forbidding employers from (1) asking about a female candidate's marital or fertility status during the hiring process, (2) restricting births as an employment condition, or (3) asking a female candidate from taking a pregnancy test as a hiring condition, among other actions. This research paper will aim to examine the effects of the notice on the actions of Chinese employers during the hiring process. The paper will analyze the gap between young men's and women's employment status and wage before and after the notice was issued. Analysis will including measuring differences in the gap. The analysis will also control for a set of individual characteristics. To address and investigate our research question, we will use data from the China Family Panel Studies (CFPS), a nationally representative, biannual longitudinal survey of Chinese families, to construct a pooled, cross-sectional data set for the years 2016, 2018, and 2020. To motivate our choice of years: the three-child policy was enacted on May 31st, 2021. In order to avoid complications surrounding this, all of our data will be taken from the time interval of the two-child policy. The two-child policy was enacted on October 29, 2015, so we take data from 2016, 2018, and 2020.

The 2019 Chinese government notice indicated that there would be strict enforcement of gender discrimination laws for the first time. This was part of their larger effort to curb workplace gender discrimination during the hiring process. However, this notice could potentially have the opposite effect. Employers may react by deciding to hire fewer women, since the marital and fertility status of all female candidates will now be unknown. This uncertainty could create a stronger preference for male candidates. Thus, we aim to examine whether or not this policy leads to the intended positive outcome through evaluating differences in the gender gap for employment and wages.

Literature Review

The marital and fertility status of female candidates largely contribute to the gender gap for employment and wages found in the literature. Taking this fact as given, we will concentrate on

the effect to the gender gap for employment and wages of these factors' remaining unknown to employers. Since the notice was issued only recently, there is little to no formal research on the policy's effects. For method and structure, we follow the work of Ming-Hsuan Lee (2011) which explores the impact of the one-child policy on gender gap in education in China. He concluded that only-child has dramatically more education opportunities compared to child with siblings; the improvement for girls was larger than for boys. In addition, in one-child household, the gap between boys and girls is insignificant, however, the gender gap inside multiple-child households is still noticeable. In his paper, the one-child policy is shown to dramatically reduce the gender gap in education field.

Research Design

We use data from China Family Panel Studies (CFPS) provided by Institute of Social Science (ISSS) of Peking University. It is a longitudinal survey conducted every two years since 2010 and contains data in community-level, household-level, and adult-level, and child-level. We focus on adult-level data in this research.

To capture the effect of the policy, we make a critical assumption that before year 2019, interviewer asked and knew women's marriage status and how many children under 16 they have; but they follow the policy and did not know these conditions after year 2019.

We think this policy mainly affects young people (under 35 years old) so we restrict our samples by choosing only people under 35 years old. Moreover, we construct a pooled cross-sectional data (each person only appear once) because of the high consistency of employment status and wage in a relatively short period of time.

The dependant variable, therefore, would be the employment status of an individual and his/her wage. Variable *gender* measures the difference between men and women; variable $year\_2020$ is the policy variable; the interaction term between them is the pure policy effect. We also introduce a set of controlled variables including individual's highest education attained, working experience, demographic characteristics.(age, region, etc.)

Therefore, the richest model specification takes the following form:

$$Y_{it} = \alpha_{it} + \beta_1' * X_{it} + \beta_2 * year020 + \beta_3 * gender + \beta_4 * gender * year\_2020$$

Where Y_{it} stands for the employment status or the wage, year2020 is the policy dummy, and X_{it} is a set of control variables which represent individual characteristics.

Research Plan

Data Cleaning: Apr. 1 - Apr.8
Model Running: Apr. 9 - Apr.23
Writing: Apr. 24 - Apr. 31