

China employment system reform and faultlines



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Moreover, I want to give thanks to Stacy Liao who is an assistant of Dr Li and a master degree student. With her honorable help and opinions, I can do better on this project. Furthermore, I wish to thank my family and all my friends for their encouragement and support. Abstract This article studies the China's employment system reform and the effect of faultlines caused by this reform. It focuses on the proportion of new contract employees and tests how this proportion may influence employee turnover and productivity through processes of faultlines.

It also studies the effect of this proportion and its related faultlines on organizational creativity. The results suggested that tenure diversity may not lead to a high level of turnover and may affect employee performance. 1.

Introduction People's Republic of China was founded in 1949, started from that time, a planned- economy system was used. Chinese state-owned enterprises employ permanent employees, which we called "steel bowl rice". However, as to keep pace with the market, a new type of labor relations reform that is contract workers was employed.

This study tests the effects of employment reform on enterprise performance in China because China is stepping onto the road of socialist market economy system. "Iron bowl system" is no longer suitable in the market and a new

labor relation has established. Such a study will be of interest to both academic researchers and practitioners. There are little literatures on the tenure diversity and related research in China is very rare. This paper aims to identify the faultline between permanent workers and contract workers and how this affects employee turnover and organization creativity and productivity.

The effect of having these two groups in an enterprise. It is theoretically significant to study these issues because the study can improve our understanding on this issue and suggest ways to moderate the negative effect of tenure diversity in the east.

2. Literature Review

2.1 Research on organizational faultline and performance.

2.1.1 Definition of Faultline

“Faultline” divide a group’s members on the basis of one or more attributes. (Lau, 2005). Organization faultline, such as employment system, tend to divide a group into subgroups of different employment system.