

Accepted Manuscript

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PII: S1043-951X(18)30017-8
DOI: <https://doi.org/10.1016/j.chieco.2018.02.001>
Reference: CHIECO 1152
To appear in: *China Economic Review*
Received date: 23 February 2017
Revised date: 13 November 2017
Accepted date: 2 February 2018

Please cite this article as: Wen Wang, Donald Lien , Union membership, union coverage and wage dispersion of rural migrants: Evidence from Suzhou industrial sector. The address for the corresponding author was captured as affiliation for all authors. Please check if appropriate. Chieco(2017), <https://doi.org/10.1016/j.chieco.2018.02.001>

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Union membership, Union Coverage and Wage Dispersion of Rural Migrants: Evidence from Suzhou Industrial Sector¹

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Abstract

Using the data from an original survey on rural migrant workers from Suzhou industrial sector in 2013, we estimate the wage effect of both union membership and union coverage across the wage distributions using decomposition approach based on unconditional quantile regression. The results show that union membership has a significant effect on the wage level of rural migrant workers across the wage distribution. The effect of coefficient differences which results from the different rewarding systems explains the majority wage differentials between union members and non-members in non-unionized firms. There is also significant union coverage effect at the lower part of the distribution when comparing the union-covered non-member to the nonunion-covered non-member, which is also mainly caused by the coefficient effect. By contrast, wage differentials between union members and non-members in unionized firms are attributed to significant composition effect, which reveals that union members are positively selected within unionized firms. As a result, the positive wage effect of union is limited to the more advantaged group among migrant workers.

Keyword: Migrant worker, Union, Wage effect, Quantile regression, China

JEL Code: J51, R23, D31, J31

¹ This work was supported by the National Natural Science Foundation of China and the Fundamental Research Funds for the Central Universities of China. The authors thank the anonymous referees for their insightful comments and suggestions.

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