

**THE KEY INFLUENCES FOR THE HUKOU
DISCRIMINATION IN HOTEL INDUSTRY
IN BEIJING**



CHI ZHEN

UNIVERSITI MALAYSIA SABAH

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH**

2007

**THE KEY INFLUENCES FOR THE HUKOU
DISCRIMINATION IN HOTEL INDUSTRY
IN BEIJING**

CHI ZHEN



CHI ZHEN

UNIVERSITI MALAYSIA SABAH

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH**

2007

**THE KEY INFLUENCES FOR THE HUKOU
DISCRIMINATION IN HOTEL INDUSTRY
IN BEIJING**

CHI ZHEN



UMS

**Dissertation Submitted in Partial Fulfillment
of the Requirements for the Degree of Master
of Human Capital Management (MHCM)**

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH**

2007

UNIVERSITI MALAYSIA SABAH

BORANG PENGESAHAN STATUS TESIS @

JUDUL : Faktor-faktor yang Mempengaruhi Diskriminasi Hukou di Industri Hotel di Beijing

IJAZAH : Sarjana Pengurusan Modal Manusia

SESI PENGAJIAN : 2005 - 2007

Saya, CHI ZHEN mengaku membenarkan tesis Sarjana ini disimpan di Perpustakaan Universiti Malaysia Sabah dengan syarat-syarat kegunaan seperti berikut:

1. Tesis adalah hakmilik Universiti Malaysia Sabah.
2. Perpustakaan Universiti Malaysia Sabah dibenarkan membuat salinan untuk tujuan pengajian sahaja.
3. Perpustakaan dibenarkan membuat salinan tesis ini sebagai bahan.
4. TIDAK TERHAD



Disahkan oleh

Chi Zhen

(Penulis : CHI ZHEN)

Alamat Tetap :

UMS
UNIVERSITI MALAYSIA SABAH

[Signature]
(TANDATANGAN PUSTAKAWAN)

[Signature]

(Penyelia: Dr. Jennifer Chan Kim Lian)

Tarikh: 6/12/2007

[Signature]

(Penyelia: Pn. Sharifa Che Shaari)

Tarikh : _____

Tarikh : 21 Jun 2007

CATATAN: @ Tesis dimaksudkan sebagai tesis bagi Ijazah Doktor Falsafah dan Sarjana secara penyelidikan, atau disertasi bagi pengajian secara kerja kursus dan penyelidikan, atau Laporan Projek Sarjana Muda (LPSM).

DECLARATION

The materials in this dissertation are original except for quotations, excerpts, summaries and references which have been duly acknowledged.

Chi Zhen

Matric No: PS05-002(K)-005(A)

21 June 2007



UMS
UNIVERSITI MALAYSIA SABAH

ACKNOWLEDGEMENTS

Above all, with great willingness, I would like to thank my supervisors, Dr. Jennifer Chan Kim Lian and Mdm. Sharija Che Shaari for their comments and advices in this study. My gratitude is also given all of my MHCM lecturers and classmates for their support. The pleasant memories of their kindness would be kept in my heart.

I am also indebted to Mr. Fan, Mr. Kong, Mr. Zhang and Ms. Xu, the managers of Beijing International Hotel, LongQuan Hotel, Aihua Hotel, Fuyoujie Hotel in Beijing. The gratitude is also given to all of the respondents in the hotels. Without their cooperation for answering of the questionnaire, this dissertation would not be materialized.

My deepest gratitude goes to my family and my friends in Beijing, without their self-giving help the questionnaire cannot be collected in time.



UMS
UNIVERSITI MALAYSIA SABAH

ABSTRACT

Hukou discrimination is a special social phenomenon in China. This study tests the relationship between the independent variables such as anti-discrimination policy, training program and supervisor's attitude and the dependent variable - Hukou discrimination tendency in star hotels in Beijing. Employees' age, gender, education level, Hukou region, and the employment law and national culture as the moderating factors are tested too. In this study, questionnaire is adopted as the instrument to collect data and SPSS as the statistic tool to analyze data. The results of statistic analysis indicated that the anti-discrimination policy and training program have significant impact on the Hukou discrimination tendency. Among the moderating factors, the Hukou region related to urban and rural has the moderating effect. The implications for star hotels in Beijing and suggestion for future researchers are discussed.



UMS
UNIVERSITI MALAYSIA SABAH

ABSTRAK

Faktor-faktor yang Mempengaruhi Diskriminasi Hukou di Industri Hotel di Beijing

Diskriminasi Hukou adalah phenomena yang unik di Negara China. Kajian ini melihat perhubungan antara pembolehubah-pembolehubah bergantung seperti polisi anti-diskriminasi, program latihan and sikap penyelia-penyelia terhadap pembolehubah bersandar iaitu diskriminasi Hukou di hotel-hotel lima bintang yang terletak di Beijing. Umur, jantina, tahap pendidikan, bangsa Hukou, undang-undang buruh dan budaya nasional adalah pembolehubah yang menjadi faktor penghubung yang diuji. Dalam kajian ini, instrumen adalah berdasarkan soal-selidik dan analisis data berkomputer (SPSS) digunakan dalam analisis statistik. Hasil keputusan analisis statistik menunjukkan bahawa polisi anti-diskriminasi dan program latihan mempunyai kesan yang signifikan terhadap kecenderungan diskriminasi Hukou. Antara faktor-faktor penghubung antara pembolehubah bersandar dan pembolehubah bebas, , 'komuniti Hukou' adalah signifikan di bandar dan luar bandar. Implikasi terhadap hotel-hotel lima bintang di Beijing dan cadangan untuk penyelidikan pada masa akan datang adalah dibincangkan.



UMS
UNIVERSITI MALAYSIA SABAH

TABLE OF CONTENTS

TITLE	Page
DECLARATION	i
ACKNOWLEDGEMENTS	ii
ABSTRACT	iii
ABSTRAK	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
 CHAPTER 1: INTRODUCTION	
1.1 Overview	1
1.2 Background	2
1.2.1. Background of discrimination in China	2
1.2.2. The hotels industry in Beijing	5
1.3. Rationale of This Study	5
1.4. Problem Statement	6
1.5. Objectives of study	7
1.6. Significance of study	8
1.7. Key Variables	9
1.8. Organization of Thesis	9
 CHAPTER 2: LITERATURE REVIEW	
2.1 Introduction	11
2.2. Definition of Key Concept	11
2.2.1 Equal employment opportunity	11
2.2.2. Discrimination	12

2.2.3. Hukou system	13
2.2.4. Adverse impact	15
2.2.5. Disparate rejection rate	15
2.2.6. Business Necessity	16
2.2.7. Disparate treatment and disparate impact	16
2.2.8. The good faith effort strategy	17
2.3. Employment law in China comparing with U.S.A	18
2.4. Institutional discrimination / National culture	19
2.5. Organizational anti-discrimination policy	22
2.6. Training program for anti-discrimination	24
2.7. Supervisor's attitude	25
2.8. Educational level	26
2.9. Gender	26
2.10. Age	27
2.11. Geographic areas	27
2.12. Summary	28

CHAPTER 3: RESEARCH METHODOLOGY

3.1. Introduction	29
3.2. Research Framework	29
3.3. Hypotheses	30
3.4. Research Design	31
3.5. Sampling Design	32
3.5.1 Location of Study and Population	32
3.5.2 Sampling Frame	33
3.5.3 Sampling technique and sampling size	33
3.6. Instrument Design	33
3.6.1 Questionnaire outline	33
3.6.2 Independent Variables	34
3.6.3. Dependent variables	37

3.6.4. Moderating Factors	38
3.7. Data Collection Method	38
3.8. Data Analysis Techniques	39
3.9. Summary	39

CHAPTER 4: ANALYSIS OF RESULTS

4.1. Introduction	41
4.2. Profile of Respondents	41
4.3. Reliability of Test Analysis	44
4.4. Descriptive Analysis of Variables	45
4.5. Hypotheses Testing	46
4.5.1. Hypotheses Testing on Independent Variables	47
4.5.2. Equation Modeling	49
4.5.3 Hypotheses Testing on Moderating Variables	50
4.6. Summary of the Findings	59

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1. Introduction	62
5.2. Recapitulation of the Study	62
5.3. Implication and Discussion	63
5.4. Limitation of the Study	72
5.5. Suggestions for Future Research	73
5.6. Conclusion	73

REFERENCES	75
-------------------	----

APPENDIX A	79
-------------------	----

APPENDIX B	85
-------------------	----

APPENDIX C	90
-------------------	----

LIST OF TABLES

TITLE	Page
Table 3.1: 5-point Scale Response on Independent Variables	34
Table 3.2: 5-point Scale Response on Dependent Variable	37
Table 3.3: Statistical Tools for Hypothesis Testing	39
Table 4.1: Profile of Respondents	41
Table 4.2: Cronbach's Alpha for Variables	44
Table 4.3: Descriptive Statistics of the Variables	45
Table 4.4: Multiple Regression Analysis results on Independent Variables	47
Table 4.5: Excluded Variables in Stepwise Regression Analysis	49
Table 4.6: Coefficients (a) in Stepwise Regression Analysis	50
Table 4.7: Hierarchical Regression Analysis on Age	52
Table 4.8: Hierarchical Regression Analysis on Gender	53
Table 4.9: Hierarchical Regression Analysis on Education Level	54
Table 4.10: Hierarchical Regression Analysis on Hukou region (Local or not)	56
Table 4.11: Hierarchical Regression Analysis on Hukou region (Urban or Rural)	57
Table 4.12: Hierarchical Regression Analysis on employment law and national culture	59
Table 4.13: Summary of the Findings	60
Table 5.1 Responses on written anti-discrimination policies	65
Table 5.2 Awareness of the anti-discrimination policies in the hotel clearly	66
Table 5.3 Anti-discrimination Tendency Statistics	67
Table 5.4 Hukou system should be amended	71
Table 5.5 To change Hukou discrimination in Beijing	72

LIST OF FIGURES

TITLE	Page
Figure 1.1: The discrimination questionnaire in 10 cities in China	3
Figure 3.1: Research Framework	29



CHAPTER 1

INTRODUCTION

1.1 Overview

Equal employment and nondiscrimination are the very important affair for every managers of Human resource department. Compliance with equal employment opportunity (EEO) laws and regulations affects all other HR activities and is integral to HR management (Dessler, 2005). In the developed countries especially the United States of American, the relevant Acts have been enacted for more than 100 years. For instance, the first Civil Rights Act was passed in 1866 in U.S.A. and at a long time later the Civil Rights Act of 1964 as a keystone of anti-discrimination employment legislation was put into place and the Equal Employment Opportunity Commission (EEOC) was established to provisions of Title VII, the portion of the act that deals with employment.

After a series of Acts related to equal employment and discrimination were enacted, it seems that the employment environment become more and more regular. For example, the black workers can peacefully work with the white co-workers in the factories in U.S.A, even the recent two Secretary of the United States are occupied with black people. Nevertheless, even if the legal fare is very expensive there are still many events related to discrimination indicted every year.

Dessler (2005) considered that too many organizations are simply focused on

profitability and ignore the expectations of employees and society. Complete equal employment and nondiscrimination is impossible for the organizations actually. In China, many people even the human resource manager disregard the issues of EEO and discrimination which has led to problems in the employment relation.

The study focuses on the Hukou discrimination in China which covers aspects such as traditional culture, legislation system, company's anti-discrimination policies, company's training program and supervisor's attitude.

1.2 Background

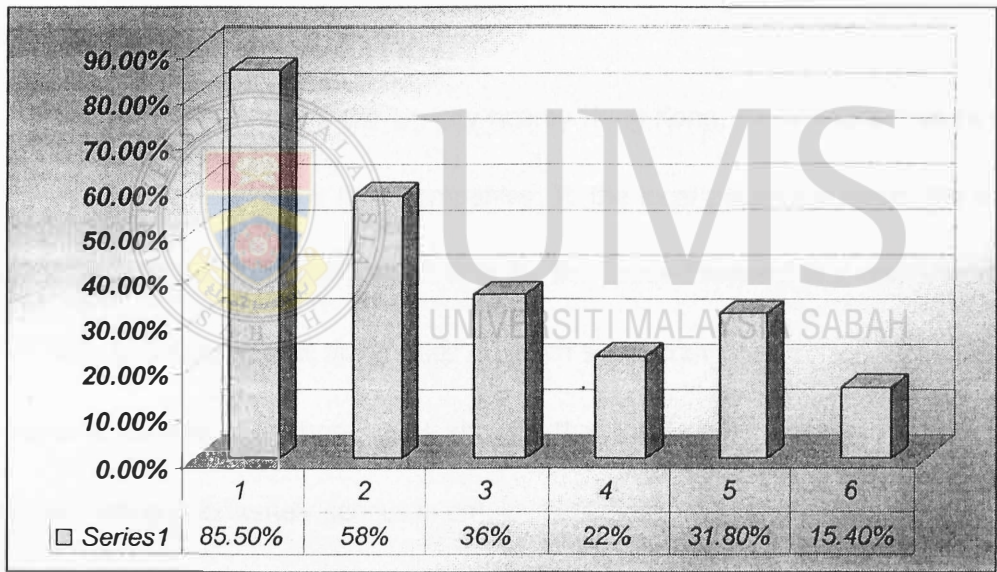
1.2.1 Background of Hukou discrimination in China

China as one of the largest developing countries has largely been paid attention because of the great economic achievement since the end of last century. China also has the huge advantage in consumer market which is the main impetus to the economic development. Of course, the largest population also offer considerable workforce for the labor market. Actually, the largest population of labor is in rural region where there are the low-educated workforces. Recently, China has been the largest manufacture center in the world. A great deal low-cost workers from the countryside toil and moil in various factories and contribute their vigorous youth but earn poor wage. The situation is very obvious in the relative developed regions especially the coastland provinces and big cities such as Beijing, Shanghai, and Guangzhou. As the official data shown, the urban unemployment rate is about 4.2% in

2004 (<http://www.drcnet.com.cn>). In fact, the rural concealed unemployment rate is egregious high to evaluate. Even if many rural young people rush to cities for job, more undereducated rural young people have to stay in countryside because it is very difficult to find proper job and get equal pay in the cities. In addition, they often encounter various discriminations.

According to recent survey in December of 2006, there are 85.5% informants who considered the discrimination exist and 58% informants considered the discrimination is very ubiquitous and serious. (<http://www.cyol.net>).

Figure 1.1 The discrimination questionnaire in 10 cities in China



1	Employment discrimination	85.50%
2	Employment discrimination is very serious	58%
3	Feature discrimination in recruitment	36%
4	Sexual discrimination (woman)	22%
5	Sexual discrimination in applying for official exam	31.80%
6	Contract limitation refer to the marital status and procreation	15.40%

Source: <http://www.cyol.net>

Figure 1.1 showed the discrimination questionnaire distributed in 10 cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Xi'an and so on in which 3424 people took part.

In 5, January, 2007, Cai Dingjian, who is the head of the anti-discrimination research group and the professor of Law School of Beijing University, appealed to establish the Equal Employment Opportunity Commission as soon as possible. Before that, 24 experts from Beijing University, Qinghua University, China University of Politics and Law, China Academy of Social Science and the other research organizations of U.S.A, U.K, Canada, Holland have established the anti-discrimination research group including Professor Cai.

Last year, in Shenzhen, the big city nearby Hong Kong, the workers from Henan Province were excluded by local companies. To the local people's opinion, the most mobsters came from Henan Province who are the 'peace-breakers'. Not only Shenzhen but Beijing, Shanghai and many cities in which some companies often refuse Henan people in recruitment. These cases showed that the Hukou/Household registration discrimination is extremely serious in employment situation in China (Nie, 2006)

China's Hukou system has imposed strict limits on ordinary Chinese citizens changing their permanent place of residence since it was instituted in the 1950s. Hukou is not only Household registration actually it is also related to the social resource deployment, including the resource distribution, welfare, and many aspects. Beginning with the reform period in the late 1970s and accelerating through the late 1990s, national and local authorities relaxed restrictions on obtaining urban residence permits

(Wang & Dorman, 2005)

1.2.2 The hotels industry in Beijing

In Beijing, based on the official data of Beijing statistic bureau in 2005, there are 594 star hotels and 121,704 fully employed staff and workers. The average wage of Hotel staff and workers is 22,705 RMB (Chinese dollar) in 2005. At the same time, the average wage in Beijing totally is 34,191 RMB. The average wage of Hotel industry only equals to 66.41% of average wage in Beijing. In the hotels industry in Beijing, most workers are migrants from outer of Beijing or other regions (www.bjstats.gov.cn). Therefore, the study of Hukou discrimination in hotel industry in Beijing is prominent and representative statistically.

1.3 Rationale of the study

The management of equal employment is very important and is one of the essential elements of a free society which respects basic human rights (Howe, 2003). The discrimination that derives from the inequality of employment opportunity is a social problem. In addition, this topic is related to the employment law. The topic of discrimination and equal employment opportunity has raised interests among researchers for a long time. The topic on discrimination is observed from different standpoint such as the labor economics, employment law, human resource management, sociology and so on.

Eitzen and Zinn (2003) considered that there are three types of theories to explain why certain groups are met inequality and discrimination: deficiency theories, bias theories, and structural discrimination theories.

Brue, McConnell and Mcpherson (2003) summarized that there are three models including (1) the taste-for-discrimination model, (2) statistical discrimination, and (3) the crowding model which are related to analyze the racial discrimination, gender, age, and sexual orientation discrimination.

Howe (2003) thought that discrimination can be examined from four main perspectives include:

- (1) The psychological/sociological perspective;
- (2) The historical perspective;
- (3) The structural/economic perspective;
- (4) The political/ethical perspective.

However, these researchers have some similar theories actually but different descriptions. In China, the situation is special because of the special political status and inherent reasons. These theories also can be applied in explaining Hukou/Household registration discrimination. In this paper, the study considered that the organizational culture and the organizational policies and the interpersonal communication can influence the Hukou discrimination as the inner factors.

1.4 Problem Statement

The hotel industry comprised of various people from different regions and educational

level especially in Beijing. It is convenient to study the different groups in which EEO and Hukou discrimination have happened to them in certain way.

Now, the prominent theories of discrimination include (1) the taste-for-discrimination model (Becker, 1957), (2) statistical discrimination, and (3) the crowding model (Brue, McConnell and Macpherson, 2003). The most models can be applied to all types of discrimination. According to the models and the current Hukou discrimination in China, there are such questions listed as the following below:

- 1) Is there any relationship between organizational anti-discrimination policy and Hukou discrimination?
- 2) Is there any relationship between the traditional culture and the legislation systems especially the employment law and Hukou discrimination?
- 3) Does someone have preference for associating with the people who have certain Hukou/household registration especially local people rather than the others?
- 4) Could the company's training program refer to Hukou discrimination influence the employees' opinion?
- 5) How do age, gender, the educational level and Hukou region influence Hukou discrimination?

1.5 Objectives of study

Equal employment opportunity and discrimination is a universal problem. In China, the study of Hukou discrimination is still scanty though the problem has gained more attention by researchers. The study is related to Equal Employment Opportunity (EEO)

and discrimination.

The main objectives of this study are as follows:

- (1) To examine organizational anti-discrimination policy, training program for the anti discrimination and interpersonal communication, and supervisor's attitude are the key influences to the Hukou discrimination.
- (2) To study the employment law system, the Chinese traditional culture (the inherent prejudice) as the moderating factors in the relationship with Hukou discrimination.
- (3) To study the gender, age, Hukou region, and educational level as the moderating factors in the relationship with Hukou discrimination.

The supplementary objectives of this study are as follows:

- (1) To offer some suggestion for the solutions of Hukou discrimination problems in Beijing.
- (2) To enhance the HR managers' ability to distinguish and avoid the Hukou discrimination to increase the managerial effectiveness.

1.6 Significance of study

In general, the Hukou discrimination has many social and labor relation problems. The Hukou discrimination damages the social ethos and leads to the demoralization. For the companies, it also can damage the labor relationship between the employer and employees which will affect the human resource management and the productivity. It is also important to keep the stability for Chinese economic, effectiveness of organizations and happiness of Chinese people. It is hoped that the finding will arouse

more attention to Hukou discrimination, not only related to the hotel in Beijing but also the whole China.

1.7 Key Variables

In this study, legislation system, traditional culture, company's policies, and the company's training level are the independent variables which can influence EEO and Hukou discrimination in the company (the dependent variable). In addition, it is quite different from the different employees' age, gender, educational level, and Hukou region which are the moderating variables influencing EEO and Hukou discrimination.

1.8 Organization of Thesis

This study consists of five chapters totally. The first chapter is the outline of the entire paper that has eight parts such as overview, problem statement, and objectives of study, significance of study, key variables, and the organization of paper. From this chapter, general description covers the main points of the paper.

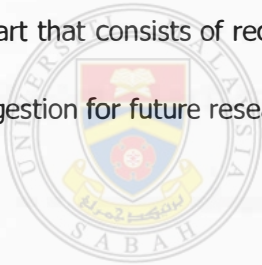
The chapter 2 is literature review that mainly introduces the literatures quoted as the grounds of argument by the researcher. At first, the definition of key concepts would be listed to clarify potential confusion about some particular concepts. And then, some important theories offered by the previous researchers would be interpreted.

Research methodology and framework is the core of paper which will be dealt with in chapter 3. The researcher would establish the research framework including the

dependent variable, independent variables, moderating variables and the relationship among the variables. Then, based on the variables and hypotheses, the researcher will design the research sample and analysis instrument for example questionnaire. Afterwards, the methods of data collection and analysis would be presented to explain the analysis and statistical procedures.

Chapter 4 is the detailed analysis depended on the data collected from questionnaire and finally the results would be derived. In this study, the researcher would apply the statistical method such as descriptive analysis, reliability analysis, standard multiple regression and hierarchical regression analysis.

Finally, based on the before-mentioned study, discussion and conclusion will be the final part that consists of recapitulation, discussion and implication, limitations of study, suggestion for future research and the conclusion.



UMS
UNIVERSITI MALAYSIA SABAH

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The recent literature review offer the research studies, the statistic data, and some important cases for our study. In fact, almost every study should base on the researches which had been previously conducted. In this study, the researcher reviewed some articles in brief from books and journals related to the employment law, labor relation, labor economics, and human resource management.

2.2 Definition of key concepts

There are many concepts related to the equal employment opportunity and Hukou discrimination. All concepts are quoted from representative books and journals.

2.2.1 Equal employment opportunity

Equal employment opportunity (EEO) is a broad concept holding that individuals should have equal treatment in all employment-related actions. Individuals who are covered under equal employment laws are protected from illegal discrimination. (Mathis and Jackson, 2003)

Equal employment opportunity (EEO) is always closed to correlate with