EMPIRICAL STUDY ON THE STATUS QUO OF SMALL AND MICRO ENTERPRISES (SME) MIGRANT WORKERS' PENSION INSURANCE AMID CHINA'S URBANIZATION

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ABSTRACT

Amid China's rapid urbanization, many migrant workers play an important part as employees in labor-intensive SMEs (Small and Micro Enterprises). However, given the limited funds of SMEs, welfare protection of these migrant workers is relatively weak, which among many other reasons, leads to their pension insurance not being guaranteed. Consequently, migrant workers might exhibit poor motivation, which has a negative effect on EMEs' development. Through a field investigation from Chang Shu in Jiangsu Province, this paper uses a logistic model to analyze the main factors affecting the status of insurance among migrant workers. The results indicate that the current low proportion for joining the pension system is mainly due to two aspects, the relatively weak normalization of enterprise systems and operation obstacles. The results also reveal important causes for the lack of normal pension insurance. When enterprises supply labor with a formal pension system, they will be positively related with the proportion of insurance possibilities. Aside from the above main constraints, other factors, such as education degree, revenue, and security awareness, affects the proportion, albeit to a lesser degree. Thus, the absence of policies that provide solutions for these at-risk social groups not covered by the pension system creates a crucial contradiction to urban safety, security, and development.

Keywords: Migrant workers, SMEs (Small and Micro Enterprises), Pension insurance, Institutional constraints

INTRODUCTION

With China's reform and opening up, many foreign-funded and township enterprises have flourished in China's eastern regions and inland provinces. A large number of rural surplus labors swept into the township enterprises in the eastern regions. A special phenomenon formed in China, in which migrant workers became the main force of urban construction and industrial development. However, under the influence of the traditional binary system of household registration, migrant workers' pensions have long been excluded from the social security system, causing much inconvenience to these workers. For more than 20 years, both the central and local governments have been actively exploring the establishment of a workable system of pension insurance for migrant workers. On December 28, 2009, the Ministries of Human Resources and Social Security and of Finance jointly promulgated the "Urban Basic Pension Insurance Transfer for Enterprise Employees Relationship and Renewal of Interim Measures" act, which was enacted on January 1, 2010. The law served as the watershed for the evolution of the pension insurance system in China's history. At the institutional level, it broke grounds in the insurance management of many local governments that were only concerned. At the national level, it promoted the harmonization of policies for guaranteeing the smooth processing of transfer and renewal of migrant workers' pension. Since then, the situation of migrant workers' pension has greatly improved compared with the

situation before 2009. However, current status of such a pension system is still not optimistic due to the effects of certain elements, such as lag in policy implementation or absence thereof, irresponsible practices of enterprises, and lack of diligence on the part of migrant workers in securing their pension (Shi Suai, 2012). The official statistics issued by the Ministry of Human Resources and Social Security in 2011 showed that China has approximately 250 million migrant workers, with about 160 million leaving their homes for work; however, only 41.4 million of these workers have pension insurance, which is about 16.38% of the total number. Currently, many SMEs in China are still in labor-intensive industries. These SMEs play an important role in absorbing migrant workers. Unfortunately, private-owned SMEs do not adhere to the existing system of social pension insurance. The lack of an effective pension insurance system is an obstacle to the protection of migrant workers as well as in the development of specialization in worker skills. SMEs are important to China's national economy; thus, effectively solving issues in the pension insurance system of migrant workers would have far-reaching implications related to SMEs' promotion of industrialization and urbanization in the country.

ASSUMPTIONS AND DATA SOURCES

Migrant workers are covered in the unique conception of China's social transformation period. However, the current lack of authoritative and unified definitions of their role, as well as the absence of effective screening tools, has hampered the promotion of welfare protection for the group. Li Peilin (1996) from the Chinese Academy of Social Sciences defined "migrant workers" based on mobility. This concept contains three angles, namely, by region, by occupational, and by class. The first mobility indicates that of workers from rural areas to cities in the region, and flows from less developed to more developed areas. The second is related to professional movement, from agricultural to non-agricultural industries, such as to business services. The last type of mobility is in terms of sectors, from low-income farm groups to career groups with relatively high income. Lu Xue yi (2002) categorized "migrant workers" into two types based on classes' theory: migrant workers that "depart from their own land and their villages" and obtain employment in cities, and those that work in township enterprises who "depart from their own land, but do not leave their villages." In addition to these definitions, national academics also defined "migrant workers" from the perspective of internal differentiation and classification (Zhang Weibing, 2011). Although most of migrant workers earn a very low income, and are still only considered as "laborers" rather than permanent residents of their host cities, a minority among them can obtain permanent residence and some have relatively stable jobs with moderate or high incomes and better living conditions in the city (Liu Xinran, 2012).

Given that the pension insurance of migrant workers has no unified model for different places, most studies only use theoretical or empirical analysis. To facilitate investigation, this study adopts the definition of "migrant workers" as follows: those across different provinces and rural areas that transfer to urban areas and work in township enterprises engaging in non-agricultural industries, and have wages as their main source of income.

Compared with the "new pension insurance for migrant workers," the pension insurance based on the definition of migrant workers is closer to the concept of "urban basic old-age insurance for enterprise employees," which is currently the most widely implemented model for being the most qualified and most representative model. Moreover, it is also the most consistent with the central government's policy. With the in-depth development of the reform and the ultimate realization of urban and rural integration, migrant workers will be urbanized. Thus, migrant workers' pension insurance would be integrated with that of the urban

population. The trend is a historical necessity for the pension insurance system between migrant workers and urban employees.

RESEARCH HYPOTHESIS

The study on the elements of migrant workers' pension insurance for SMEs in China is generally divided into "system" and "non-institutional" kinds. On the system aspect, this article focuses on the migrant workers' existing understanding and satisfaction of the pension insurance system, and mainly determined the insurance payment term and degree of difficulty in pension insurance transfer and renewal for migrant workers. Based on the cornerstone of rational selection theory, which recognizes that migrant worker groups also belong to rational economic people, the choice for social pension insurance among migrant workers is completely based on the maximized rational considerations of their interests or utility. Such a choice is the result of judging and weighing the cost and proceeds on pension insurance payment with the integrated economic situation, along with the situation in their respective families and social status; these factors comprise their rational decision making (Liu Junwei, 2011). According to the basic framework of the rational selection theory, and with consideration for the specific characteristics of migrant workers, the content of the questionnaire is divided into non-institutional factors, such as demographic, individual, economic, mobility, and SME factors, to formulate six hypotheses on the status of participation of migrant workers' pension insurance.

Hypothesis 1: Demographic factors. As a subject of action, migrant workers' pension insurance is generally under the influence of their main characteristics, such as gender, number of children, and educational level.

Hypothesis 2: Personal factors. Given the difference in social environments, significant differences in migrant workers exist on psychological discounting and the preference on different endowment schemes. These differences can affect the participation of migrant workers in deciding to avail of pension insurance. Meanwhile, migrant workers' level of trust in the government's ability to provide reliable insurance will affect their predisposition toward maintaining pension insurance.

Hypothesis 3: Economic factors. Migrant workers' income level has a significant impact on the pension insurance proportion, with revenue increasing objectively as personal pension insurance offers more possibilities. The current national regulations on the percentage of fees and contribution bases of pension insurance system for peasant workers have been clearly defined, but the proportion of contribution and whether the contributions are based within a reasonable range is unknown. Therefore, the level of migrant workers' burden related to paying premiums can be used as a measure for an indicator of whether the system is reasonable.

Hypothesis 4: Mobility Factors. Many migrant workers look for jobs in cities with a great degree of blind faith and spontaneity, which inevitably lead them to have to change work in major cities or wander among the major industries, mainly engaging in temporary work outside the system (Zhang Na, 2011). It is inherently contradictory that the uncertainty opportunities employed for migrant workers do not match the current definition of pension insurance system that generally requires professional keep relatively stable, thereby greatly reducing the possibility of involvement of migrant workers in a pension insurance system (Fan Yajun, 2008).

Hypothesis 5: SME factors. In SMEs, whether and how migrant workers are involved in the enterprise greatly affect their pension insurance, and the implementation degree also has an important role for the possibility of implementation.

Hypothesis 6: Institutional factors. Migrant workers' knowledge and satisfaction on the current pension insurance system are important factors that affect their involvement in the insurance system. Furthermore, when migrant workers move from a city (or unit) and transfer to another city (or unit), the accessibility to the pension with the transfer also has a great impact on their enthusiasm with the insurance system. At the same time, the payment duration of 15 years, per the pension system regulation, exceeds the expectations of workers, and therefore affects their involvement.

Sources and Sample Characteristics

This article was based on a case study of Changshu, conducted in the spring of 2013. A total of 212 valid questionnaires were collected after dissemination, primarily including migrant workers of SMEs in the manufacturing, construction, and third industries in the city. The collected data showed that 36.0% of migrant workers preferred to work in manufacturing, the industry that garnered the highest proportion. The construction industry was another popular choice: 13.8% of migrant workers chose this industry in 2008, and the rate increased to 17.7% in 2012. Third industry services, which include services in all kinds of industries, were the choice of 12.2% of respondents. These choices fully reflected the status quo of migrant workers' pension insurance.

Migrant workers are generally "running back and forth" between urban and rural environs. From a long-term perspective, this phenomenon is within the non-clear scope of the current institution of the pension insurance system.

FACTOR ANALYSES

Model Selection and Variable Settings

The six factors mentioned as assumptions in this article involved the following model. The following probability equation was used:

$$Y(p) = F(f_1, \ f_2, \ f_3, \ f_4, \ f_5, \ f_6) \ \dots\dots (1)$$

Where P is the probability of occurrence of insurance involvement, F1 represents the demographic factors, f2 is an individual factor, f3 is the economic factor, f4 is the mobility factor, f5 represents the SMEs, and f6 represents the institutional factors. These six areas are not isolated, but intertwined to indicate the participation of migrant workers in pension insurance practices.

To distinguish the significant factors affecting migrant workers' participation in pension insurance, dichotomous diversity logistic regression analysis was used to filter out the independent variables involved; insignificant effects were excluded. Then, a solid analysis model was constructed. The dependent variable was the participation of migrant workers in a pension insurance system. If participation is confirmed, the value is equal to 1; otherwise, the value is 0. The regression model formulation is as follows:

$$\text{Logit } (P) = \text{Ln } [P/(1-P)] = \alpha + \sum \beta \, X + \mu \ \dots\dots (2)$$

In (1), P indicates the probability of migrant workers' participation in the pension insurance system. P/(1- P) indicates the ratio of the probability of migrant workers' participation in the pension insurance system, which is also defined as the opportunity ratio for migrant workers to have participated in the pension insurance system.

Each of the six factors (or assumptions) was analyzed to select the independent variables. We identified a total of 17 variables: demographic factors, namely, gender (x1), age (x2), number of children (x3), and level of education (x4); personal factors, namely, which way is better for the spending mental (x5), degree of trust on the government (x6), and intention of wanting to live in cities (x7); economic factors, namely, now monthly income level (x8) and premium affordability (x9); mobility factors, namely, number of times of changing jobs (x10) and number of times of moving (X11); SMEs-related factors, namely, degree of recognition from enterprises to the union (X12) and signing of labor contracts (X13); and institutional factors, namely, migrant workers' understanding of the current pension insurance system (X14), degree of satisfaction (X15), expectation for the 15 year insurance term (X16), and degree of difficulty in securing pension insurance transfer and renewal (X17).

Analysis Description

Table 1. Characteristic of independent variables (%) (N=212)

Sex	%Total	Understanding of pension insurance policies	%Total
Male	63.7	Do not understand	46.7
Female	36.3	Understand	53.3
Age		*Satisfaction with endowment insurance*	
Under and 20		Not satisfied	47.6
21–30	3.3	Satisfied	52.4
31–40	15.1	*Whether 15 years of contribution time is too long*	
41–50	34.9	Yes	93.4
51 and above	26.9	No	6.6
	19.8	*Degree of smooth transfer and renewal*	
With kids		Yes	5.2
0	10.4	No	94.8
1	80.2	*Degree of trust on the government*	
2	9.4	Trust	65.1
Level of education		Do not trust	34.9
Primary schools and below	6.1	*Desire to live in the city*	
Junior high school	67.9	yes	67.5
High school/secondary school	14.6	No	32.5
Junior College	8.5	*Which is better way for the spending*	
College and above	2.9	Investing in future guarantee	37.7
Trade union is viewed as important or not		For current consumption	62.3
Yes	39.2	*Job Changes over time*	

No	60.8		
Signing of contracts		0	19.3
		1	16
Yes	19.8	2	50
		3	14.2
No	80.2	4 +	0.5
Now monthly Income level			
Under 2,000	4.7	*Number of cities in which workers have lived*	
2,001–3,000	28.3	0	62.7
3,001–4,000	31.6	1	17
4,001–5,000	15.6		
		2	15.6
5,001–6,000	9.4	3	3.8
		4+	0.9
6,000 and above	10.4		
Monthly bearing level of insurance premium		*Participation in endowment insurance*	
2%	19.8	Yes	78.3
4%	12.7	No	21.7
6%	53.8		
8%	7.1		
10%	3.8		
12%	2.8		

Table 1 shows that the current insurance participation rate is 78.3%, which is a significant improvement from the rate 2008 and is also significantly above the national level of migrant workers' insurance participation.

This result may be attributed to several factors. First, Changshu is located in a coastal area, in which migrant workers have higher income to spend on pension insurance, and the possibility for participation is very high. A higher advantage of developed areas is that residents have a stronger consciousness of insurance participation. Second, on August 10, 2007, the provincial government of Jiangsu enacted the *basic pension insurance for enterprise employees in Jiangsu Province,* which requires all personnel with labor relations with all kinds of enterprises, such as small and large companies, private non-enterprises, individual businesses, and flexible employees, should be involved in the pension insurance system. Implementation of the new provisions and the government's financial investment unprecedentedly increased the participation rates of migrant workers. In addition, the housing construction program of the Changshu City government helped migrant workers settle down in towns and cities; benefits were even enclosed in policies to make necessary complementary guarantees, including Insurance Relationship Transfer and land transfer, household registration reform, and so on. Changes in the internal and external environment encouraged migrant workers to make a decision on their own pension issues. In this survey, 99.1% of the migrant workers expressed willingness to participate in the pension insurance system, much higher than the 78.3% rate of insurance participation before, showing that the current situation supports their willingness to participate in the pension insurance system. Participation status quo in the

manufacturing, service, and construction industries reached 85.1%, 48.1%, and 45.5%. The construction industry had the lowest participation possibly due to the unstable nature of the jobs within the industry, in which workers generally have no fixed place of work, casual employment, and flexible hours; employers require strong motivation for construction workers. Meanwhile, the construction organization and workers' uncertainty of the duty cycle also pose difficulties for government supervision.

Exclusion of Insignificant Variables

In the selection of 17 Variables, the probability equation is as follows:

$$Y(p)= F(f_1, \ f_2, \ f_3, \ f_4, \ f_{5 \ f6})= F(X_1, \ X_2, \ X_3, \ ..., \ X_{17})\text{……. (3)}$$

To identify the best independent variable, the impact of multicollinearity among the variables was analyzed. The AutoFilter method of SPSS logistic regression was used to filter out the insignificant variables (Forward: LR), establish the optimal regression equations stepwise, and reject variables with a regression probability threshold greater than 0.10. The remaining variables remain in the overall model.

Table 2. Excluded variables

Variable	Score	df	Sig
Sex (X_1)	0.042	1	0.837
Number of children (X_3)	0.009	1	0.923
Level of education (X_4)	0.370	1	0.543
Discount mental (X_5)	0.589	1	0.443
Trust on the government (X_6)	0.110	1	0.741
Desire to settle in the city (X_7)	0.284	1	0.594
Monthly income level (X_8)	0.978	1	0.323
Number of times of transferring cities (X_{11})	0.974	1	0.324
Union's importance for enterprises (X_{12})	0.117	1	0.732
Understanding of pension insurance (X_{14})	0.276	1	0.599

The following 11 variables were rejected: sex (X_1), number of children (X_3), educational attainment (X_4), discount mental (X_5), degree of trust in the government (X_6), will to settle in the city (X_7), level of monthly income (X_8), number of times of transferring cities (X_{11}), union importance for enterprises (X_{12}), and migrant workers' understanding of the current pension insurance system (X_{14}). Therefore, only five categories of factors remained in the final model, namely, demographic factors, economic factors, mobility, enterprise, and system factors [See equation (4)].

$$Y(p) =F(f_1, \ f_3, \ f_4, \ f_5, \ f_6) =F(X_2, \ X_9, \ X_{10}, \ X_{13}, \ X15, \ X16, \ X_{17})\text{……. (4)}$$

Some variables were not included in the model; for example, personal factors, including "discount mental," "confidence on the government," and "will to settle down in cities." From

the result, 37.7% of migrant workers were in favor of individual social security money that they may invest; 65.1% trusted the government to provide quality social security for migrant workers; 67.5% expressed the desire to remain in the city. Moreover, "participate in pension insurance" and "by themselves in old age" hold the same importance as the future preferences of workers, indicating that both samples account 95%. Thus, migrant workers mainly choose to participate in pension insurance. This choice reflects that they also hope to eventually become city residents. However, in the process of three-party benefit game among the government, enterprises, and migrant workers, migrant workers are at the losing end, often in a passive and negative position. Consequently, authority figures and employers push for the lesser participation of migrant workers in the insurance system and adjusting the rates without being noticed. If migrant workers can share the part of controlling the information and resources available to the government and enterprises, their trust and knowhow of the change trend would increase, and they would have a stronger willingness to pay the premiums. However, this ideal is far from the reality. Hence, asymmetric information status is also an important consideration.

Final Model and Result Analysis

To exclude interference from significant variables, all variables are adopted in the enter (all access) method and logistic regression equation to reconstruct the dependent variable with seven variables. The results are shown in Table 3.

The equation can be expressed as follows:

$$\text{Logit }(P) = \text{Ln }[P/(1-P)] = -10.107 + 0.667\,X_2 + 0.972X_9 - 1.285X_{10} + 3.225X_{13} - 1.763X_{15} - 1.710X_{16} + 3.042X17)\ldots\ldots (5)$$

From the overall output of the model, the three statistical results from Step, Block Model, and Hypothesis test remain the same. The Chi-square test displayed 1145.491, P=0.000, which indicates that the model is extremely significant and reliable. Overall, the prediction rate from the model is 93.4%. From the variables shown in the model, despite the age factor, the significance level of the other variables is less than 0.05, which reveals that the role of independent variables on dependent ones is also very obvious.

Table 3. Logistic regression results

	B	$S.E.$	$Wals$	df	$Sig.$	$Exp\,(B)$
Age (X_2)	0.667	0.351	3.61	1	0.057	1.947
Burden of the level of premium (X_9)	0.972	0.288	11.375	1	0.001	2.643
Times of changing units (X_{10})	-1.285	0.458	7.874	1	0.005	0.277
Employment contracts (X_{13})	3.225	0.722	19.939	1	0.000	25.154
Level of satisfaction (X_{15})	-1.763	0.666	7.013	1	0.008	0.171
Term of payment (X_{16})	-1.71	0.767	4.97	1	0.026	0.181
Ease of transfer and renewal (X_{17})	3.042	1.281	5.635	1	0.018	20.949
Constant	-10.107	6.483	2.43	1	0.119	0.000

Table 4. Comprehensive testing of the model coefficients

Comprehensive testing of model coefficients	Chi-square	df	Sig.
Steps	145.491	7	0.000
Block	145.491	7	0.000
Model	145.491	7	0.000

Conclusions from the preceding analyzed factors on participation in pension insurance are as follows:

Demographic Factors

Age is a demographic factor still included in the overall variables in the model; it has a high significance level. From the result, the basic trend is that insurance participating rates increase with the age of the applicant is. The rates from the youngest age group (20 years and under) to the oldest (41 to 50) age group are 14.3%, 59.4%, 79.7%, 93.0%, and 81.0%, in this order. The correlation between the rate level and age reveals that elderly migrant workers have a much stronger sense of urgency than the younger ones, who are more inclined to participate in the migrant workers' pension insurance. However, the 51 and more age group of migrant workers can avail of reduced rates relative to the participation rate of the 41 to 50 age group. This difference may be due to the following reasons. First, workers need to render payments cumulatively within a specified necessary period; otherwise continuing with the payment of insurance premiums is meaningless (Yong Lan, 2008). Hence, late or old applicants are at a disadvantage. Second, the older age of workers is taken to indicate the poor quality of their work and job stability; hence, enterprises are less likely to provide long-term employment and pension insurance. Lastly, some migrant workers still wish for the traditional pension of land (Xu Qin, 2009).

The above model did not prove the significant impact from the following factors on pension insurance rates: gender, number of children, and education. This phenomenon may be because the structural characteristics have changed for migrant workers and worker groups, and social gaps between male and female migrant workers have become narrow (Yao Jun, 2010). The increasing equality in the status of women and men ensures that enterprises do not take differences of treatment when making decisions. Meanwhile, there is no significant correlation between the participation rates and their literacy level. This difference may be attributed to the strong homogeneity of most of the migrant workers who only completed junior high school at most (Tian Beihai, 2011). Another reason is the improved cognition among migrant workers about the significance of the role of pension insurance and the importance of life insurance for their future living as senior citizens. Some migrant workers with low educational attainment have increased awareness of pension insurance from all kinds of insurance agency information (Zhang Na, 2011). By contrast, the number of children does not significantly affect the participation insurance rate, possibly because of the "one child, one couple" policy. Results show that families with one child accounted for most of the respondents in the survey, belying the concept of "pension by children." Migrant workers with only one child accounted for 30% of the sample, which indicates that the traditional thinking of migrant workers has undergone a breakthrough and has changed. Therefore, in the transition process of the family structure from having four to two members, to the nuclear family type, the number of children will not be considered as an having important role in old age.

Influence of Economic Factors

The burden of paying for pension insurance for migrant workers has a positive correlation with employee participation premium rate. According to the act Provisions *of the Migrant Workers participating in the basic pension insurance scheme*, migrant workers' payment rate has increased from 4% to 8%. Generally speaking, this rate is low and feasible for migrant workers to pay. An interesting phenomenon is observed in the trend on insurance burden vis-à-vis cost of living. Based on the regression analysis, when the insurance burden on migrant workers' monthly cost of income is high, the ratio of participation to the insurance scheme is also high. However, when considering the actual situation, some enterprises have been found to ignore the payment ratio for determining individual pension insurance contributions. Instead, they set the same amount for workers with different incomes, resulting in the low burden on high-income workers but excessive burden on low-income earners. In addition, enterprises finance migrant workers' premiums outright, rather than withhold payment out of their wages, which has led to greater injustice for low-income earners. Despite the relatively high burden of paying for premiums, low-income earning workers continue to choose participation in the insurance system, probably because of the economic strength to guarantee the future quality of their life as senior citizens. Migrant workers, as low-income earners, worry about their future, thus choosing to live frugally in the present and lowering their old-age pension insurance risks. This finding also illustrates that the income factor from the side effect on the participation rate is not significant.

Flow Factors

The frequency of migrant workers' transfer to new units is highly significant level. The basic trend is that higher frequency in transferring lowers the insurance rate, which is consistent with the assumption of this article, and is also in line with the actual situation. The reasons could be explained from three aspects. First, given the high-flow characteristics of migrant workers, enterprises tend not to take the initiative to pay pension insurance for them. Second, migrant workers generally comprise laborers who dominate the manual sub-labor markets, characterized by lower technology skill requirements, strong alternative jobs, and poor stability. In the sub-labor market, migrant workers are probably more concerned with the risk of unemployment instead of pension risks. For most, job retention is more important than access to pension insurance. As such, these workers are faced with job instability and fewer possibilities for them to participate in the pension system.

Business Factors

Results show that the act of employers of signing labor contracts with migrant workers has the greatest impact on employee insurance. Hence, the results validate the assumptions that companies are proactive in signing labor contracts with migrant workers and that insurance participation rates are higher. Larger, more formal and long-established business organizations tend to initiate signing labor contracts with migrant workers and provide them pension insurance or encourage them to join the city's insurance system.

Institutional Factors

The satisfaction of migrant workers with the pension insurance policy has passed through the test of significance. Meanwhile, there is an unexpected discovery that despite their dissatisfaction with pension insurance policies, more migrant workers are choosing to participate in the system anyway. The survey showed that before participating in the system, most uninsured migrant workers have high expectations with it. They only find out later when they are insured that they may not receive additional benefits, but instead lose more

expense from their income. The new burden affects their current life quality as well as their opinion of the insurance system.

The shortsightedness that caused migrant workers grievance on pension insurance is attributed for the co-existence of "higher satisfaction, but lower insurance participation rates."

In addition, the correlation between term of payment and insurance participation rates is significant, that is, long-term payment schemes for pension insurance will result in non-participation among migrant workers. In the investigation, 94.4% of the migrant workers indicated that 15 years of contributory periods is too long considering that the employment opportunities for them are not stable, which may mean that staying in same city for 10 years or longer is not feasible. The long payment term, as a result of a high threshold effect, does not allow migrant workers to decide properly given their uncertain income. Therefore, they look forward to shortening the period of pension payment to fulfill payments within the contributory period and gain earlier access to treatment.

The institutional factor of "ease in transfer and renewal" for migrant workers' insurance has a direct and significant impact. Absent this factor, insurance participation is reduced as migrant workers face difficulties in continuing to stay in the same city and work for 10 years; their motivation is only roused by the idea of receiving their pension or basic treatment. If transferring insurance coverage would be allowed for migrant workers, such as from over different areas or from urban to rural areas, and if renewal is allowed, then migrant workers will decide to participation in the pension insurance system.

RECOMMENDATIONS AND LIMITATIONS

Based on the above statistics and analysis, migrant workers' participation in a pension insurance system is mainly defined by two major constraints, namely, employment constraints and institutional constraints. On the contrary, which are less bound by itself (such as level of education, income, security awareness). Unfortunately, both aspects cannot cover all elements needed for the investigation of the limited fund. Even if most of the relatively importance factors have been concluded, some invisible contacts or ties under the academic analysis exist, and thus, this paper could not absolutely explain all connections among these elements. However, the following recommendations based on the current results may serve as reference for future research in this field.

Employment Constraint

From the perspective of SMEs, an important reason for employing migrant workers is to reduce universal labor costs and maximize their own interests. As such, most SMEs lack the enthusiasm and initiative for paying migrant workers' pension premiums. Moreover, national regulations and legislations on the pension insurance system have loopholes that SMEs exploit to reduce cost with regard to employing migrant workers. One such approach is by not signing official labor contracts to evade responsibility. The findings indicate that when SMEs formalize employment through contract signing, the initiative to participate in the pension system among migrant workers increase slightly and insurance rates improve significantly. After all, effective sustainable employment is the best insurance (Yang Zhe, 2012). Therefore, the first step to resolve migrant insurance issues should be to standardize the enterprise employment system (Liu Junwei, 2011), that is, SMEs should be required to treat migrant workers as they do industrial workers. Meanwhile, the government should make appropriate provisions in the policy and law to ensure equal labor relationship. Furthermore, strict supervision policies formulated by the government should be enacted to deter SMEs

from wrongful doing of not paying the premium. These policies should include education and guidance of migrant workers as part of the implementation.

From the perspective of migrant workers, supply exceeds demand in the labor market, which puts them in a disadvantageous position. When SMEs do not supply migrant workers with pension insurance, migrant workers often choose to give up their legal rights based on two reasons. On the one hand, they prefer to keep their hard-won position; on the other hand, they lack knowledge of the relevant laws and policies of the state. In this regard, this paper recommends the prioritization of upgrading migrant workers' education and familiarizing them with insurance-related policies to enhance their awareness of rights. Moreover, trade unions within SMEs should play an important role in building a more ideal mechanism and dialogue platform to push actively for insuring migrant workers.

Institutional Constraint

Institutional factors contribute most to the above model. The three variables are payment term of the pension insurance, degree of satisfaction over pension insurance, and ease in transfer and renewal. All of these variables affect the attitude of migrant workers toward participating in the pension insurance system.

Despite the significant negative correlation between migrant workers' satisfaction with the pension insurance and participation rates, the mismatch in the reversal of the status of the satisfaction degree and status of insurance participation is currently a problem that must be addressed. In this regard, the recommendation is to change the status of high pension insurance payment and low treatment, which will increase the trust of migrant workers in the pension insurance system. Migrant workers should be assured to receive the advantages of participating to eliminate their worries. However, in consideration of international practices and China's relevant provisions, the cumulative toll of at least 15 years is the basic limit to receive pension. The consequence for migrant workers is that they may not meet this condition given the nature of their employment. This provision is far from their expectations. The high mobility of migrant workers' employment should be fully considered by the government for enhancing the sense of social security and belonging among migrant workers.

The result of another indicator, transfer and renewal, as a significant variable affecting migrant workers' insurance participation rate, indicates that governments should implement more flexible pension insurance policies to create a favorable institutional environment that allows transfer requirements and renewal. The government needs to revise the current laws that stipulate that once a migrant worker leaves his/her old institution, he/she must discontinue the lump-sum insurance settlement and re-insure when he/she finds new employment. Migrant workers thus have to rebuild continuous payment for the premiums until they meet the minimum contributory period of renewal. In relation to this issue, whenever migrant workers have to change jobs or hold on, his/her personal account of pension insurance will be retained, if something happened to interrupt the employed, they can deal with maximum benefits by themselves. Intuitions should be built a good platform instead of setting more limits.

CONCLUSIONS

Pension insurance is an important part of the social security system, which is essentially a redistribution of resources to maximize the overall interests within the community, especially by shifting resources to benefit the vulnerable groups of society through the secondary distribution of social resources. The ultimate goal of this system is to achieve the real equality among different members of society. In relation to the rapid rural-urban integration, pension

insurance is expected to promote social equity when economizing social cost. Amid the quick pace of the urbanization process in China, which is projected to reach about 58% by 2020, the share of the rural population has gone down from 62.3% in 2001 to 42% in 2020. Approximately 2.2 to 2.3 million rural people have moved to cities and towns (Lu Xueyi, 2003). According to 2011 data of the National Bureau of Statistics of China, the urbanization rate has reached 51.27%, which represents the stage of fast development of urbanization from the perspective of international experience (between 30% and 70%). In the current pension insurance coverage for migrant workers in China's urban areas, only 16.38% are accommodated, leaving much room for actual urbanization development. Approaches toward providing more comprehensive protection for 2.5 million people outside the insurance system are currently contradicting, particularly as regards definitions of the resident populations in cities and towns dominated by landless peasants as well as of the risk-prone group in modern society at present and in the future. How to through insurance system to help the huge workers in cities with more comprehensive guarantee, is our current prominent contradictions. With the rapider urbanization process, Policies must adopt proper compositions such as specially absorbing young adults into the urban pension insurance system who will dominate in migrant workers; covering some transition costs by Governments instead of by migrant workers themselves; narrowing the differences between the regions, improving the conversion insurance network platform, and so on.

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