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The Impact of Employment Quality on the Settlement Intention of Young Migrants in China

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Abstract: China is currently seeking to convert circular migrants into urban residents. Central to this transition is understanding the drivers of their settlement intentions. This paper investigates how multidimensional employment quality influences these decisions among Chinese young migrants. Using micro-data from the 2017 China Migrants Dynamic Survey (CMDS), we construct a multidimensional Employment Quality Index (EQI) through Principal Component Analysis. We address endogenous job sorting by implementing a provincial "leave-one-out" instrumental variable strategy. Furthermore, we utilize a Shapley-value R^2 decomposition to evaluate the relative contribution of different job attributes. Our results show that a one-standard-deviation increase in EQI boosts the probability of settlement by 10.75 percentage points. According to the Shapley-value decomposition, income quality (46.15%) and formal security (38.83%) are the primary drivers. Job stability plays a moderate role (14.19%), while work intensity has a negligible effect. Mechanism analyses suggest that decent work promotes settlement by enhancing social integration and relaxing local survival constraints, particularly housing. Finally, we demonstrate that better employment quality not only facilitates temporary stays, but also accelerates the transformation of circular migrants into long-term urban residents.

Keywords: Employment quality; Young migrant population; Settlement intention;Social integration; Circular migrants

1. Introduction

Rural-to-urban labor migration has driven economic growth across the developing world, and nowhere more visibly than in China. According to the Seventh National Population Census, China's migrant population reached 376 million in 2020[1]. Notably, young migrants born in the 1980s and 1990s make up 148 million of this total (Hu et al., 2022). But rapid urbanization has produced a persistent puzzle. Many rural-to-urban migrants cycle back and forth rather than settle in cities for good. The result is a large "semi-urbanized" group that works in host cities without putting down roots. Converting these transient migrants into permanent urban residents is now a core aim of China's new-type urbanization strategy. That goal depends on an institutional change already underway. Many destination cities have eased formal hukou restrictions, so whether young migrants can find decent jobs has become the binding constraint

[1]According to the official definition by the National Bureau of Statistics (NBS) of China, the migrant population is defined as individuals who have resided outside the township or sub-district of their hukou registration for six months or more.

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research warns, short-term residence and long-term commitment are driven by fundamentally different mechanisms (Zhu and Chen, 2010; Dustmann and Görlach, 2016). Finally, empirical attempts to disentangle these effects are frequently compromised by the endogeneity of spatial job sorting(Wang and Shen, 2022; Wei et al., 2024).

Our analysis builds on the extended expected-utility theory of migration, applied to China's distinctive institutional setting. Todaro's(1969) classical model treats migration as a choice that maximizes expected utility from income differentials across locations. The New Economics of Labor Migration extends this framework by bringing risk sharing and income variance into the decision function (Stark and Bloom, 1985). We take the framework one step further, into the setting of continuation migration. The utility of settling has four parts: expected earnings, how stable those earnings are, institutional protection against downside risk, and the non-wage costs of the job itself. These four parts line up closely with the OECD (2014) multidimensional framework on employment quality. Drawing on its core objective dimensions, we translate them into four indicators tailored to China: income, stability, security, and work intensity.

China is a useful testing ground for this multidimensional framework, mainly because of the household registration (hukou) system. For decades, hukou worked as an almost impassable barrier, keeping agricultural-hukou holders out of urban public services and formal social protection. Many cities have since relaxing these explicit hukou restrictions (Chan, 2009). Consequently, formal employment attributes—a written contracts, enrollment in social insurance—now do much of the gatekeeping. They have become the practical signals of who can access urban public goods and welfare. Employment quality therefore does more than deliver private economic returns. It also acts as a market-based proxy for institutional inclusion, which sharpens its influence on whether migrants settle for good.

This paper addresses these gaps by estimating the impact of multidimensional employment quality on the settlement intentions of young migrants in China. Using the 2017 China Migrants Dynamic Survey (CMDS), we construct a multidimensional Employment Quality Index (EQI) through Principal Component Analysis based on the OECD framework. To overcome endogeneity, we employ a spatial "leave-one-out" instrumental variable approach. The empirical analysis yields three core findings.

Four core findings employment quality significantly increases settlement intentions. And the Shapley variance decomposition results pins most of the effect on income (46.15%) and formal security (38.83%). Mechanism tests support our theory: better jobs help migrants settle by easing their social integration into cities and loosening housing pressures. The effect is also uneven across groups. It is largest for cross-provincial migrants, agricultural-hukou holders, and service-sector workers—the groups furthest from permanent settlement in institutional terms. A final point is that improving employment quality matters more for long-term plans than for short stays. It speeds the shift from circular migrant to settled urban resident.

This paper makes three primary contributions to the literature. The first is conceptual. Rather than relying on wage proxies or job satisfaction scores, as most earlier studies do, we build a composite Employment Quality Index (EQI) based on the OECD (2014) Job Quality Framework. The second contribution is methodological. We tackle the spatial endogeneity of job sorting with a provincial "leave-one-out" instrumental variable. This design filters out exogenous variation in local labor markets and takes account of spillovers between neighboring cities. The third contribution is substantive. A Shapley-value decomposition lets us rank job attributes by how much each one matters for settlement. Institutional security and income quality turn out to be the main drivers; work intensity is not.

The remainder of this paper proceeds as follows. Section 2 reviews the relevant literature and positions our theoretical framework. Section 3 describes the identification strategy and econometric model. Section 4 describes the data and variable construction. Section 5 presents the empirical results and Section 6 concludes.

2. Literature Review

This section reviews the literature behind our main question: how multidimensional employment quality shapes young migrants' settlement intentions. Section 2 traces the evolution of employment quality

measurement. Section 2.2 surveys the empirical determinants of settlement intention. Section 2.3 sets up our theoretical framework.

2.1 The Evolution of Employment Quality Measurement

Early studies often reduced employment quality to a single dimension, most frequently the wage. This literature documents a broadly positive link between income and settlement (Wang and Shen, 2022). However, Ai et al. (2019) find an inverted-U pattern, suggesting that earnings alone cannot explain migrants' location choices. A parallel tradition treats job satisfaction as the key measure of employment quality. Freeman (1978) argues that subjective satisfaction captures workplace attributes that standard contractual variables miss. However, Muñoz de Bustillo and Fernández-Macías (2005) demonstrate that satisfaction scores bear little systematic relationship to objective labor market indicators. Muñoz de Bustillo et al. (2011) further contend that any credible measure of employment quality must rest on objective job attributes. The OECD (2014) framework puts this idea into practice along three objective dimensions: earnings quality, labor market security, and quality of the working environment. Multidimensional measures of this kind have since been widely used to standardize job quality (Warhurst et al., 2025) and to run country-level assessments (Chen and Mehdi, 2019).

As the field moved toward a multidimensional view, employment security and job stability were gradually recognized as distinct dimensions. Chen et al. (2022) show that participation in urban employee social insurance raises migrants' intention to settle permanently. Hu and Wang (2025) make a parallel argument for the gig economy, where job stability appears to exert an independent effect. Work intensity, by contrast, has received little attention. In developed-country research it is typically treated as a non-wage disamenity (Chen and Mehdi, 2019), yet Chinese internal migration studies have largely set it aside. The gap is notable, given that new-generation migrants place a much higher weight on work-life balance than earlier cohorts.

2.2 Empirical Determinants of Settlement Intention

The empirical work on settlement intention has developed along two separate lines. The international strand, reviewed in Dustmann and Görlach (2016), emphasizes three factors behind return and settlement decisions: relative economic returns, location-specific human capital, and institutional frictions in destination labor markets (Constant and Massey, 2003). Chinese studies on settlement intention can be grouped into three layers. The first is institutional, where the *hukou* system is still the most studied barrier (Chan, 2009). The second is the city level. Economically dynamic regions draw migrants in, but rising housing costs increasingly push them out. Yin et al. (2024) find a strong crowding-out effect of this kind in the Yangtze River Delta. The third is the individual level, where migrating with family turns out to be one of the strongest predictors of permanent settlement (Dustmann, 2003; Yu and Chen, 2017).

Recent Chinese research has started linking multidimensional employment quality to settlement decisions. While Wei et al. (2024) document a positive association between employment quality and migration intentions. And Wang and Shen (2022) bring labor market performance, employment status, and social integration into a unified analysis, the endogeneity problems of job sorting remain. Another line of research warns against treating settlement intention as a single outcome. Short-term residence primarily reflects how well a migrant’s current job matches the local labor market. While long-term commitment involves life-cycle planning and institutional investment (Zhu, 2007; Zhu and Chen, 2010). This distinction maps directly onto the "migrating without settling" pattern that defines the new generation of migrants (Liang, 2019). To address these limits, this paper leverages the large-scale CMDS micro-data to construct an objective Employment Quality Index (EQI) based on the OECD (2014) framework. And we also employ a spatial "leave-one-out" instrumental variable to resolve endogeneity and distinguishing between short-term and long-term settlement intentions.

2.3 Theoretical Framework

Our analysis draws on an extended Todaro expected-utility framework. The classical Todaro (1969) model treats migration as a choice that maximizes expected utility from income differences across locations. The

New Economics of Labor Migration subsequently enriched this framework by incorporating risk sharing and income variance (Stark and Bloom, 1985). We extend to continuation migration—the decision of whether to settle permanently.

The expected utility of settling have four distinct components. Each part corresponds to a measurable job attribute, including expected earnings (income quality), earnings stability (employment stability), protection from downside risk (labor market security), and nonpecuniary costs (work intensity). These four parts line up closely with the OECD (2014) framework, providing a direct bridge from theory to measurement. The Chinese setting requires more layers. For decades, the hukou system created a dual labor market by keeping agricultural-hukou holders out of formal protection (Chan, 2009). This concept is structurally similar to the classical framework proposed by Piore (1979). Nowadays, many cities have since eased explicit hukou restrictions. Formal employment attributes—written contracts and social insurance—have largely taken over the role that hukou used to play. This shift gives the labor market security dimension a sharper independent effect on settlement decisions in today's China.

3. Empirical Strategy and Econometric Model

3.1. Baseline Model Specification

To quantify the causal impact of multidimensional employment quality on the settlement intentions of young migrants, we employ a Linear Probability Model (LPM) as our baseline specification. The dependent variable is binary, yet we choose the LPM. Two reasons justify this choice. First, it delivers marginal effects that are directly interpretable. Second, it sidesteps the incidental parameter problem that plagues nonlinear models with high-dimensional fixed effects. The baseline regression equation is as follows.

$$Residence_i=\alpha+\pi \times EQI_i+ \beta^{'}X_i+\delta_p+\delta_{ind}+\delta_{occ}+\mu_i$$

where the subscript i denotes the individual young migrant. The dependent variable, $Residence_i$, is a binary indicator representing the individual's intention to settle in the destination city. The core explanatory variable, EQI_i, denotes the comprehensive employment quality index. The term $X_i$represents a rich vector of individual demographic and migration-specific covariates. Including gender, age, *hukou* status, ethnicity, marital status, migration tenure and educational attainment (categorized into four levels: primary school or below, junior high, senior high, and college or above) . To systematically absorb unobserved macroeconomic shocks, we include high-dimensional fixed effects for the destination province (δ_p), industry (δ_{ind}), and occupation(δ_{occ}). And μ_i is the idiosyncratic error term. To account for potential spatial autocorrelation within the same regional labor market, robust standard errors are clustered at the destination-province level.

3.2 Instrumental Variable (IV) Strategy

Even with a rich set of covariates and fixed effects, the baseline OLS estimates may still be biased by endogeneity. Two sources stand out. The first is reverse causality: migrants who are already inclined to settle may put more effort into finding high-quality jobs. The second is omitted variable bias, since unobserved traits such as ability or social capital can shape both job sorting and settlement preferences.

To pin down a cleaner causal effect, we use a spatial "leave-one-out" instrumental variable. The instrument is the average employment quality of young migrants in all other cities within the same province. Conditions in the wider province are a strong predictor of the local job environment, whether through regional economic integration or through competition across labor markets. At the same time, the average job quality in neighboring cities works as an exogenous macro-level shock. It does not enter a migrant's utility function for settling in any particular city.

3.3 Decomposition Strategy

In order to rigorously quantify the relative importance of each employment quality dimension in explaining settlement decisions, we employ a Shapley-value decomposition framework (Shorrocks, 2013). This method accurately decomposes the model's total goodness-of-fit into the exact marginal contribution of

each dimension.

4. Data and Descriptive Statistics

4.1 Data Source and Sample Construction

We use micro-level data from the 2017 wave of the China Migrants Dynamic Survey (CMDS). Run by the National Health Commission, the CMDS is a nationally representative, large-scale repeated cross-sectional survey that is widely used in work on Chinese internal migration. It records migrants' employment characteristics, settlement intentions, household income, and social insurance participation.

The raw dataset has 169,989 observations. We built the analytical sample in four steps. The first step drops observations with missing values on the dependent variable or on any of the key covariates: age, hukou status, wage income, labor contract, and working hours. The second step keeps only young migrants. Following the definition of youth and adjusting for China's labor market, we set the age window at 20–45, which covers the prime working years in urban China. The third step further restricts the sample to wage-employed migrants, so that employment quality is measured on a consistent basis; self-employed individuals, employers, and the unemployed are dropped. The fourth step trims the top and bottom 1% of the monthly income distribution and removes cases reporting fewer than eight working hours per week, which helps reduce the influence of outliers and likely measurement errors. After these steps, the analytical sample has 71,221 observations. Because some sub-indicators used in the Principal Component Analysis (PCA) contain missing values, the effective sample for building the full employment quality index and running the baseline regressions is 65,053.

4.2 Variable Measurement

4.2.1 Dependent Variable: Settlement Intention.

The primary dependent variable is a binary indicator of settlement intention. It is built from the CMDS question: "Do you intend to stay in the local area for some time in the future?" The variable equals 1 for "yes" and 0 otherwise. Furthermore, to capture a deeper commitment to permanent urban integration, we construct an auxiliary dependent variable, long-term Settlement Intention. It is defined as planning to reside in the destination city for five years or more.

4.2.2 Core Explanatory Variable: Employment Quality

Based on the OECD framework for employment quality, we constructed a comprehensive Employment Quality Index (EQI) using Principal Component Analysis (PCA). The index integrates four dimensions: (1) Income (Standardized wages), (2) Security (Social insurance), (3) Stability (Contract duration and employer type), and (4) Work Intensity (Weekly hours). To construct the composite EQI, we first standardize all underlying indicators and then apply Principal Component Analysis (PCA) to determine their respective weights. For ease of economic interpretation, the final index is normalized to a continuous scale ranging from 0 to 100.

Before aggregation, we verify the suitability of the four dimension scores for PCA. The KMO statistic is 0.591, which falls in the "mediocre" range by Kaiser's (1974) benchmark but is common in applications with a small number of theoretically distinct dimensions (see, e.g., Muñoz de Bustillo et al., 2011). The first principal component has an eigenvalue of 2.104 and accounts for 52.60 percent of the total variance. Adding the second and third components raises the cumulative share to 95.40 percent. Only the fourth component, with an eigenvalue of 0.184, contributes negligibly. We therefore weight the first three components by their respective eigenvalues to form the composite index2.

4.2.3 Control Variables

We control for a rich vector of covariates. Individual demographic controls include gender, age, age squared, marital status, ethnicity, hukou type and educational attainment. We also account for

[2]Table A1 in the Appendix reports the full eigenvector (loading) matrix.

migration-specific traits by controlling for cross-provincial migration status, migration tenure (years), and the number of migrated cities, along with a community-type indicator. Importantly, to systematically eliminate confounding factors arising from macroeconomic environments, our preferred specification includes fixed effects for the destination province, industry, and occupation.

4.3 Descriptive Analysis

Table 1 presents the summary statistics for the main variables. The data reveal a striking contrast. While 84.2% of young migrants express a short-term intention to stay, only 43.1% plan to settle permanently (long-term). This significant divergence underscores the prevalent "semi-urbanization" trap in China, where migrants supply labor to host cities but remain hesitant or unable to commit to permanent urban integration.

Regarding employment quality, the mean composite index is 42.52 (on a scale of 0–100), indicating a relatively precarious overall employment status. Examining the specific standardized dimensions further highlights the structural vulnerabilities: the income quality dimension scores the lowest at an average of 27.77, followed closely by employment security at 46.78. Conversely, work intensity is notably high (64.66). Despite rapid urbanization, young migrants face low pay, weak institutional protection, and excessive working hours. Together, these remain the binding constraints on their transition from temporary laborers to permanent urban residents.

Table 1 Descriptive Statistics

Variable	Obs.	Mean	Std. Dev.	Min.	Max.
Dependent Variables					
Settlement Intention (1 = Yes)	71,221	0.84	0.36	0	1
Long-term Settlement Intention (1 = Yes)	71,221	0.43	0.50	0	1
Independent Variables					
Employment Quality Index (0–100)	65,053	42.52	15.35	0	100
Income Quality (0–100)	71,221	27.77	14.72	0	100
Employment Security (0–100)	65,053	46.78	36.36	0.01	99.99
Employment Stability (0–100)	65,053	69.54	25.14	18.07	99.99
Work Intensity (0–100)	71,221	64.66	31.35	0	100
Control Variables					
Age (Years)	71,221	31.98	6.66	20	45
Male (1 = Yes)	71,221	0.55	0.50	0	1
Married (1 = Yes)	71,221	0.77	0.42	0	1
Han Ethnicity (1 = Yes)	71,221	0.92	0.27	0	1
Urban Hukou (1 = Yes)	71,221	0.19	0.39	0	1

Source: The 2017 China Migrants Dynamic Survey (CMDS).

5. Empirical Results

5.1 Baseline Results

Table 2 presents the baseline OLS estimates of the effect of employment quality on the settlement intentions of young migrants. To progressively partial out confounding factors, we employ a stepwise inclusion strategy. Column (1) introduces only the core explanatory variable. Column (2) incorporates individual demographic characteristics, Column (3) further includes migration-specific traits. In Column (4), our most rigorous specification, we include fixed effects for the destination province, industry, and occupation.

The coefficient on the Employment Quality Index is positive and significant at the 1% level in every

specification. In our preferred specification, Column (4), a one-unit rise in the EQI raises the probability of settlement by 0.002. A more telling way to read this is in standard-deviation terms: a one-standard-deviation increase in employment quality—about 15.35 points—lifts the settlement probability by roughly 3.07 percentage points (15.35 × 0.002). Given that a single percentage point translates into millions of people in China's migrant population, this is a sizable effect. The result gives empirical support to the view that moving out of the secondary labor market into better jobs is a key driver of urban settlement.

Turning to the other control variables, male migrants show a noticeably lower intention to settle than female migrants. One likely reason is that women in destination cities integrate more easily or match better with service-sector jobs. Married migrants are also more likely to settle, which fits the life-cycle idea that starting a family raises the demand for a stable place to live.

Table 2 Baseline Estimations of Employment Quality on Settlement Intention(OLS)

	(1)	(2)	(3)	(4)
	Settlement Intention	Settlement Intention	Settlement Intention	Settlement Intention
Employment Quality Index	0.003***	0.002***	0.002***	0.002***
	(0.00)	(0.00)	(0.00)	(0.00)
Male		-0.01	-0.01**	-0.00**
		(0.00)	(0.00)	(0.00)
Age		0.01***	0.01*	0.01*
		(0.00)	(0.00)	(0.00)
Han Ethnicity		0.00	0.00	-0.01
		(0.01)	(0.01)	(0.01)
Married		0.09***	0.09***	0.08***
		(0.01)	(0.01)	(0.01)
Junior high school		0.05***	0.05***	0.05***
		(0.01)	(0.01)	(0.01)
Senior high school		0.09***	0.09***	0.08***
		(0.02)	(0.02)	(0.01)
College or above		0.10***	0.10***	0.09***
		(0.02)	(0.02)	(0.01)
Urban hukou		0.01**	0.01**	0.00
		(0.00)	(0.00)	(0.00)
Migration-specific traits	NO	NO	YES	YES
Province FE	NO	NO	NO	YES
Industry FE	NO	NO	NO	YES
Occupation FE	NO	NO	NO	YES
_cons	0.70***	0.37***	0.48***	0.55***
	(0.01)	(0.06)	(0.06)	(0.05)
Observations	65053	65053	65053	65053

Notes: Robust standard errors clustered at the province level are reported in parentheses. Migration-specific traits include cross-provincial migration status, migration tenure (years), and the number of migrated cities, along with a community-type indicator. Fixed effects include the destination province, industry, and occupation. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

5.2 Robustness Check

To assess the sensitivity of our results to the weighting scheme embedded in the PCA-based EQI, we reconstruct the index using two alternative approaches. Column (1) employs the Entropy Weight Method, which assigns weights based on the information entropy of each dimension, while Column (2) applies a straightforward equal-weighting scheme. To address the concern that the baseline LPM may yield predicted probabilities outside the [0, 1] interval, Column (3) re-estimates the model using a Probit specification, reporting Average Marginal Effects (AME).

Table 3 tells a consistent story. The EQI coefficient remains positive and significant under every alternative

index and estimator. The baseline results are not driven by the PCA weighting scheme or by the LPM assumption.

Table 3 Robustness Checks

Variables	**(1)**	**(2)**	**(3)**
	Entropy Weight Method	Equal Weight	Probit Model (AME)
Employment Quality Index	0.0011***	0.0014***	0.0021***
	(0.0001)	(0.0001)	(0.0001)
Control Variables	YES	YES	YES
Fixed Effects (Prov/Ind/Occ)	YES	YES	YES
Observations	65,053	65,053	65,053

Notes: Robust standard errors clustered at the province level are reported in parentheses. All the Controls & FE are the same as above. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

5.3 Instrumental Variable (IV) Estimates

Table 4 reports Two-Stage Least Squares (2SLS) estimates using the provincial leave-one-out mean EQI as the instrumental variable.

The first-stage results in Column (2) reveal a highly significant negative coefficient on the instrument. This negative coefficient has a clear economic interpretation, spatial polarization. When high-quality industries and skilled workers cluster in neighboring cities, they pull resources away from the focal city. Local employment quality falls as the provincial leave-one-out mean rises. Hence the negative sign. The Kleibergen-Paap rk Wald F-statistic of 57.88 exceeds the conventional threshold of 10, ruling out weak instrument concerns.

The second-stage results in Column (3) confirm that after solving the endogeneity, the causal effect of employment quality on settlement intention remains positive and statistically significant at the 1% level (coefficient=0.007). This means that a one-standard-deviation increase in employment quality (approximately 15.35 points) raises the probability of a migrant's permanent settlement by about 10.75 percentage points (15.35×0.007). Overall, the IV estimates establish a robust causal relationship between employment quality and permanent urban settlement.

Table 4 2SLS Estimates of the Impact of Employment Quality on Settlement Intention

	Dependent Variable: Settlement Intention	Dependent Variable: EQ Index	Dependent Variable: Settlement Intention
	(1)	(2)	(3)
	OLS	First Stage	IV-2SLS
Employment Quality Index (PCA)	0.002***		0.007***
	(0.00)		(0.00)
IV: Leave-One-Out City Mean EQI within Province		-2.05***	
		(0.27)	
Male	-0.00**	1.28***	-0.01***
	(0.00)	(0.33)	(0.00)
Age	0.01*	1.33***	-0.00
	(0.00)	(0.22)	(0.00)
Han Ethnicity (1=Yes)	-0.01	1.41***	-0.02***
	(0.01)	(0.23)	(0.01)
Married (1=Yes)	0.08***	-1.09***	0.09***
	(0.01)	(0.36)	(0.01)
Junior high school	0.05***	4.73***	0.02
	(0.01)	(0.47)	(0.02)
Senior high school	0.08***	9.75***	0.03
	(0.01)	(0.50)	(0.03)

College or above	0.09***	16.82***	-0.00
	(0.01)	(0.32)	(0.04)
Urban hukou	0.00	2.55***	-0.01
	(0.00)	(0.15)	(0.01)
Migration-specific traits	YES	YES	YES
Fixed Effects	YES	YES	YES
Constant	0.55***	86.03***	0.40***
	(0.05)	(8.88)	(0.06)
Observations	65053	53792	53792
First-stage F-statistic		57.88	57.88

Note: Robust standard errors clustered at the province level are reported in parentheses. All columns include the full control set and province, industry, and occupation fixed effects. * p < 0.1, ** p < 0.05, *** p < 0.01.

5.4 Dimensional Decomposition: Shapley R^2 Analysis

To identify the specific dimensions driving young migrants' settlement intentions, Table 5 presents both single-dimension regressions (Columns 1–4) and the Shapley-value R^2 decomposition (Column 5).

The Shapley decomposition reveals that Income Quality accounts for 46.15% of the total EQI-explained variance in settlement intentions, followed by Security (38.83%), Stability (14.19%), and Work Intensity (0.83%). These results match our theoretical framework in Section 2.1. Income quality and labor market security address the most binding economic forces: liquidity constraints and institutional exclusion. It is no surprise they dominate the settlement calculus. Work intensity matters in theory, but not in this sample. This pattern suggests that for young migrants in China, the binding constraints on permanent settlement remain fundamentally material and institutional rather than related to working time arrangements.

Table 5 The Impact of Employment Quality Sub-dimensions on Settlement Intention

	(1)	(2)	(3)	(4)	(5)
	Settlement Intention	Settlement Intention	Settlement Intention	Settlement Intention	Shapley Share(%)
Income Quality(Std.)	0.02***				46.15
	(0.00)				
Security Quality(Std.)		0.02***			38.83
		(0.00)			
Job Stability (Std.)			0.02***		14.19
			(0.00)		
Work Intensity (Std.)				0.003**	0.83
				(0.00)	-
Control Variables	YES	YES	YES	YES	
Fixed Effects (Prov/Ind/Occ)	YES	YES	YES	YES	-
Constant	0.60***	0.63***	0.60***	0.58***	-
	(0.04)	(0.05)	(0.05)	(0.05)	-
Observations	71221	65053	65053	71221	-
R-squared	0.05	0.05	0.05	0.05	-

Note: Robust standard errors clustered at the province level are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

5.5 Mechanism Analysis: Social Integration and Survival Constraints

To illuminate the channels through which employment quality influences settlement intentions, we conduct a mechanism analysis. We hypothesize two primary pathways through fostering social integration and mitigating binding survival constraints.

Table 6 reports the regression results for these channels. Column (1) demonstrates that higher employment quality significantly enhances young migrants' social integration in the host city. Decent work environments and stable contracts facilitate deeper social interactions and foster a sense of belonging among migrants. Conversely, Columns (2) and (3) evaluate the "constraint-alleviation" channel. Column (2)

reveals that higher employment quality significantly reduces local survival difficulties faced by migrants. Digging deeper into specific hardships, Column (3) confirms that employment quality effectively alleviates housing difficulties. By providing reliable economic resources and institutional security, high-quality employment relaxes the material constraints, particularly the housing burden.

Table 6 Mechanism Analysis — Social Integration and Survival Constraints

	(1)	(2)	(3)
	Social integration	Local Difficulty	Housing Difficulty
Employment Quality Index	0.003***	-0.02***	-0.001*
	(0.00)	(0.00)	(0.00)
Control Variables	YES	YES	YES
Fixed Effects (Prov/Ind/Occ)	YES	YES	YES
Constant	2.78***	0.91***	0.68***
	(0.08)	(0.15)	(0.06)
Observations	65053	65053	31749

Note: Robust standard errors clustered at the province level are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

5.6 Heterogeneity Analysis

Table 7 investigates whether the effect of employment quality on settlement differ across migrant subgroups, split by migration scope, *hukou* type, and employment sector.

Columns (1) and (2) compare cross-provincial and within-province migrants. The coefficient is positive and significant in both groups, but somewhat larger for those who moved across provinces. The likely reason is that cross-provincial migration carries higher sunk costs, which makes a good job a more decisive reason to stay put. Columns (3) and (4) turn to *hukou* type. Agricultural-*hukou* migrants show a larger employment quality effect than their urban-*hukou* counterparts. Two channels are at work here. Direct income and security gains are the first. The second is less visible, for agricultural-*hukou* migrants, a high-quality job also functions as a credential that signals their fit for urban life.

Table 7 Heterogeneity Analysis-The Impact of Employment Quality Across Subgroup

	(1)	(2)	(3)	(4)	(5)	(6)
	Cross-Provincial Migrant	Within-Province Migrant	Agricultural *Hukou*	Non-Agricultural *Hukou*	Manufacturing Industry	Service Industry
Employment Quality Index	0.0021***	0.0016***	0.0021***	0.0013***	0.0017***	0.0024***
	(0.000)	(0.0003)	(0.0002)	(0.0004)	(0.0002)	(0.0005)
Control Variables	YES	YES	YES	YES	YES	YES
Fixed Effects (Prov/Ind/Occ)	YES	YES	YES	YES	YES	YES
Observations	32549	32504	52245	12808	23628	24652

Note: Robust standard errors clustered at the province level are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Columns (5) and (6) split the sample by sector. The employment quality coefficient is much larger for service-sector migrants than for those in manufacturing. This likely reflects the nature of platform-based and gig service work in China, which tends to come with volatile incomes, missing social insurance, and irregular hours. Because the spread of employment quality is so wide in this sector, gains along the security and stability dimensions translate into especially large settlement gains.

Taken together, these patterns suggest that employment quality matters most for migrants who face the greatest institutional and spatial distance to settlement—those who have moved across provinces, those

without an urban hukou, and those working in less formal segments of the labor market. The policy takeaway is fairly direct. Expanding social insurance coverage and formalizing contracts for agricultural-hukou and service-sector migrants should deliver the largest marginal gains in permanent urban settlement.

5.7 Temporal Divergence: Baseline VS. Long-term Settlement Intentions

Table 8 sharpens the comparison across time horizons. The first outcome is the baseline intention, the second is the long-term settlement intention defined as the commitment to remain for five years or more, or permanently. This comparison aims to address a critical policy question. Does employment quality merely extend temporary stays, or does it foster deeper commitments to permanent urban integration?

The OLS coefficient for long-term intention (0.003) is already 50 percent larger than the one for baseline intention (0.002). This makes sense on theoretical grounds. A migrant deciding to settle for the long haul puts much more weight on the durability of a job and on formal social security than one who only plans to stay for a while.

The gap widens sharply once we move to IV estimation. The causal effect of employment quality on long-term settlement (0.024) is more than three times its effect on short-term residence (0.007). Better jobs, in other words, do not just keep migrants in the city a bit longer. They reshape the economic case for permanent urban life, turning circular migrants into long-term settlers—the very shift that China's new-type urbanization strategy is trying to achieve.

Table 8 Effect of Employment Quality on Long-term Settlement

	(1)	(2)	(3)	(4)
	OLS	2SLS	OLS	2SLS
	Settlement Intention	Settlement Intention	Long-term Settlement Intention	Long-term Settlement Intention
Employment Quality Index	0.002***	0.007***	0.003***	0.024***
	(0.00)	(0.00)	(0.000)	(0.004)
Control Variables	YES	YES	YES	YES
Fixed Effects (Prov/Ind/Occ)	YES	YES	YES	YES
First-stage F-statistic		57.88		57.88
N	65053	53792	65053	53792

Note: Robust standard errors clustered at the province level are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

6. Conclusion

This paper estimates the causal impact of multidimensional employment quality on the settlement intentions of young migrants in China. Using the 2017 CMDS and a spatial leave-one-out instrumental variable strategy to address endogenous job sorting, we find that enhanced employment quality significantly increases the probability of permanent urban settlement.

Our empirical analysis yields four main findings. First, the causal effect is economically meaningful: a one-standard-deviation increase in the EQI raises the settlement probability by approximately 10.7 percentage points with IV estimation. A Shapley-value variance decomposition reveals that income quality (46.15%) and formal security (38.83%) remain the dominant baseline drivers of this effect, while work intensity contribute negligibly(0.83%). Second, mechanism analyses confirm that employment quality fosters settlement through enhancing social integration in the host city and alleviating binding local material constraints, particularly housing difficulties. Third, our heterogeneity analysis reveals an amplified employment quality effect for cross-provincial migrants, agricultural-*hukou* holders, and service-sector workers. For these specific groups, the institutional distance to permanent settlement is the greatest. Fourth, the employment quality effect on long-term settlement commitment is more than triple its

effect on short-term residence. This result demonstrates that high-quality employment does not merely extend temporary stays but fundamentally alters migrants' permanent settlement calculus.

These results speak directly to China's new-type urbanization strategy. As formal hukou restrictions have loosened, the binding constraint on settlement has moved from institutional barriers to market conditions. The decomposition points to income quality and security as the two dimensions that matter most, so local governments should focus on enforcing minimum wage rules and expanding portable social insurance. The heterogeneity results sharpen this further. Extending social insurance to gig and platform-based service workers—the group with the widest employment quality gaps—should yield the largest marginal gains in permanent settlement.

Two limitations point to directions for future work. The first is that the data are cross-sectional, so we observe intentions rather than actual settlement outcomes. Panel data would allow a direct check on whether intentions translate into behavior. The second is timing. The CMDS covers only the pre-pandemic period, and the labor market shifts that followed the pandemic deserve a fresh look with more recent data.

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Appendix

Table A1. Principal Component Analysis: Eigenvalues and Eigenvectors

Panel A. Eigenvalues and Variance Explained

Component	Eigenvalue	Proportion	Cumulative	Retained
Comp 1	2.104	52.60%	52.60%	Yes
Comp 2	0.887	22.17%	74.77%	Yes
Comp 3	0.825	20.63%	95.40%	Yes
Comp 4	0.184	4.60%	100.00%	No

Panel B. Eigenvectors (Component Loadings)

Variable	Comp 1	Comp 2	Comp 3	Comp 4
Income quality	0.307	0.945	0.112	0.021
Security quality	0.627	−0.157	−0.259	−0.718
Stability quality	0.614	−0.176	−0.331	0.695
Work intensity quality	0.368	−0.227	0.901	0.046
KMO statistic				

Notes: The four dimension scores (each normalized to [0, 100]) serve as inputs to the PCA. The overall Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy is 0.591. Individual KMO values: Income quality = 0.890, Security quality = 0.555, Stability quality = 0.557, Work intensity quality = 0.858. Following the variance-contribution criterion (cumulative proportion > 80%), the first three components are retained. The composite Employment Quality Index (EQI) is constructed as a weighted average of the three retained component scores, with weights proportional to their eigenvalues, and then normalized to [0, 100]. N = 65,053.

Panel C. Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy

Variable	KMO
Income quality	0.890
Security quality	0.555
Stability quality	0.557
Work intensity quality	0.858
Overall	**0.591**

Notes: Kaiser (1974) recommends KMO > 0.6 as acceptable. The overall KMO of 0.591 falls near this threshold, reflecting the theoretical independence of the four OECD-based dimensions. As a robustness check, we reconstruct the EQI using the Entropy Weight Method and equal weighting (Table 3 in the main text); results are qualitatively unchanged.