



# Research on the Impact of Minimum Wage Income Policy on High-Quality Employment

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**Abstract.** Since the process of Chinese-style modernization, especially the modernization process in the post-epidemic era, many social impacts generated by the economic downturn cycle have become prominent. Therefore, it is necessary to steadily boost the prosperity of common citizens and strengthen the distribution system. From the perspective of management, sociology and policy, the minimum wage policy has attracted much attention and is closely related to the modernization process. As public policy and social policy, the minimum wage policy has an important impact upon social economy, enterprise management and other aspects. The certain influence of this policy is divided into two parts. From a micro perspective, low-income groups are directly affected, while middle and high-income groups are indirectly affected. At the macro level, the most significant has both positive and negative effects in terms of high-quality employment. Therefore, this paper starts with the minimum wage policy, focuses specific policies, explores essential properties of this policy based on policy model, and studies the impact of this policy over high-quality employment and the deep significance of the minimum wage policy in social and economic development. With help in the multi-source policy model, this paper explains the specific overview and significance in minimum wage income policy, discusses positive and negative effects of this policy over high-quality employment, and gives policy suggestions.

**Keywords:** Minimum Wage, High Quality Employment, Social Economy.

## 1 Introduction

Common prosperity for all the people is one of the important features of Chinese-style modernization, and the distribution system is the basic system to promote common prosperity. The government must also pay attention to the process of primary distribution and redistribution. Therefore, the minimum wage income policy has attracted much attention. After its promulgation, low-income groups are directly affected, and middle and high-income groups are indirectly affected. As a kind of public policy and social policy, the minimum income policy boasts broad significance over high-quality employment. The existing research on the minimum wage mainly focuses on the minimum wage upon wage level or the situation in the employment of workers and rarely studies its deep effect from the perspective of policy models. Therefore, the innovation of this

research is based on the policy model, with the help of the relevant concepts of sociology and management, to explore the essential attributes to the minimum income policy and study the impact of this policy on high-quality employment and significance of minimum wage income policy on social and economic development.

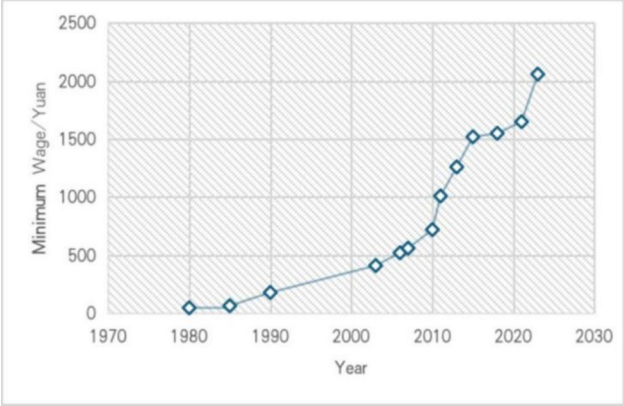
From the existing studies, on the one hand, most of them only focus on the interpretation and research of certain concepts, without many in-depth discussions in the field of policy models. The minimum wage doesn't have significant influence over the extremely poor [1]. Some scholars use CFPS household survey data and regional minimum wage data to verify the connection in minimum wage adjustment as well as personal income [2]. Adjustment of the minimum wage standard reduces total number in employees in industries as well as increasing average wage of some labor-intensive industries, thus affecting inter-industrial wage gap [3]. An increase of minimum wage standards mainly significantly reduces profit margin of enterprises whose average wage is near minimum wage standards and mainly reduces profit margin of private enterprises [4]. Increase in the minimum wage has a promoting influence on substitution in domestic capital for foreign capital [5]. Minimum wage policy has influence on enterprises, workers and labor market in the dimensions of capital and highly skilled workers, enterprise, output price, profit [6]. Minimum wages in different cities will not cause substantial distortions in the distribution of labor and enterprises [7]. Take European labor policy as an example, strengthening bargaining position of workers by raising minimum wages and expanding collective bargaining [8]. Relevant studies show that minimum wage has a significant detrimental influence on entrepreneurship [9].

On the other hand, most researchers have relatively limited studies on the long-term employment influences generated by minimum wage policies. Employment policy should be comprehensively considered from goal setting, policy planning, policy promotion and effectiveness evaluation [10]. Historical experience of country's formation of high-quality full employment to encourage entrepreneurship, protect key groups, and improve quality and optimize employment [11]. In the promotion of high-quality employment, key measures should be taken to suggest and answer questions of "what," "why," "how to achieve" and "how to evaluate" [12]. At present, problems of income distribution in China are the overall low-income level, slow growth of income, especially the slow growth of wage income, large and expanding income gap, and middle-income trap [13]. The fundamental path to high-quality employment lies in development. The Digital economy represents development and transition of productivity, injecting new impetus into high-quality employment [14]. From the perspective of students, employment teaching courses are related to systematically thinking about learning environment, which further affects quality of students' employment [15].

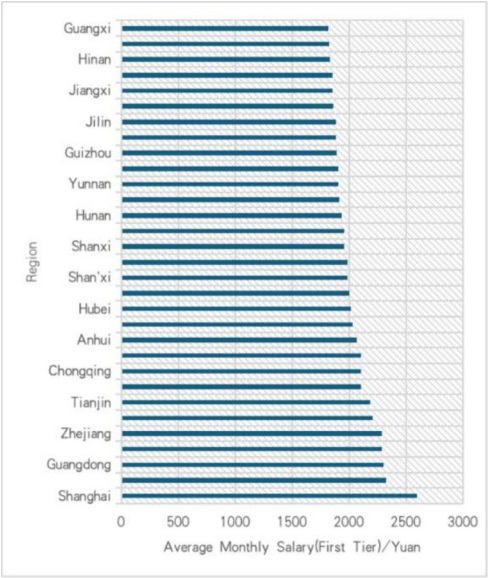
## **2 Overview in China's Minimum Wage Income Policy**

According to Labor law, minimum wage policy is to point to laborers in legal working hours, or the working hours agreed in the labor contract signed according to law, under premise in providing normal labor, the minimum labor paid by unit of chosen and employed persons according to law.

China's minimum wage policy has further strengthened guidance on the minimum wage policy from Provisions on Minimum Wages in 2004 to the Labor Contract Law in 2008. This policy shows significant situation, time as well as regional differences. In terms of data, taking Hefei City as an example, the minimum wage in China was between 200 and 320 yuan in 1990, rose to between 650 and 750 yuan in 2010, and increased to between 1550 and 2420 yuan in 2020. Over the past 30 years, the minimum wage has experienced a process of slow growth, rapid increase and increasing volatility, as shown in Figure 1. From the spatial perspective, as shown in Figure 2, China's minimum wage has relatively large regional differences in 2023. The minimum wage standards set in the western region are significantly lower than those in other regions, and those in less developed regions are lower than those in developed regions.



**Fig. 1.** Change of minimum wage: Hefei City as an example.



**Fig. 2.** Regional map in minimum wage in China.

### 3 Overview in China's Minimum Wage Income Policy

The multi-source flow model is a policy agenda-setting process model proposed by Kingdon, which is a representative of public policy. It is based on three kinds of information flow: problem flow, policy flow and political flow.

#### 3.1 Model Analysis

The multi-source flow model is a policy agenda-setting process model proposed by Kingdon, which is representative of public policy. It is based on three kinds of information flow, including problem flow, policy flow and political flow. As public policy and social policy, the minimum wage policy has a wide scope of implementation. It is also based on the flow, policy flow and political flow of three kinds of information flow.

First of all, the minimum wage issue has been concerned in three ways, namely, a series of indicators such as population, salary limitation, salary ratio and price level, leading to the inevitable existence of minimum salary issue and its extreme importance. The criminal behavior caused by the low minimum wage level or the delay of limitation has the potential of public crisis, which has attracted the attention of many policymakers. Changes in employment and unemployment in society, as well as fluctuations in prices, interact with progress in minimum wage setting.

Secondly, the policy stream is dominated by solutions to the minimum wage problem. Under the condition of our country, the state body is people's democratic dictatorship, the polity is people's congress system. Regarding the minimum wage issue, the mass representatives, the Party, and CPPCC can put forward various constructive suggestions, which can be tested by holding various meetings and talks when the policy is promulgated and also need to be tested in the form of meetings when the policy is adjusted, so as to be known to the public. In addition, numerous policy proposals and solutions collide, modify and combine with each other, and weigh whether the solution is technically feasible and whether the public recognizes and accepts the solution.

Finally, the political stream is mainly about the influence of minimum wage issues. From context in China, it includes influence of the CPC, and the CPPCC on the solution of problems, including the public attitude reflected by the mass representatives and the turnover of administrative organs or legislative bodies. When problem stream, policy stream, and political stream converge, policy window opens. Policy activists refer to the leaders of some large enterprises and political and business people with decision-making power when the minimum wage issue enters the agenda. They are willing to use their fame and financial resources to propose solutions to the minimum wage issue, promote the attention of relevant decision-makers, and combine the minimum wage issue with its corresponding solutions. The issue has a spillover effect, and the appearance of issues in the field of minimum wages on the government's agenda has led to similar issues in the field of labor compensation law later being high on the policy agenda.

### 3.2 Significance Analysis

With the help of the concept of sociology, it can be found that the minimum wage itself is a social issue with positive and negative significance.

On the micro level, minimum wage policy aims basically to ensure the fundamental livelihood of all workers and their families, leaving an essential meaning of labor and living materials, which is the "necessity" to maintain their survival and life. On the macro level, the low-income groups are directly affected, and the middle and high-income groups are indirectly affected, which in turn increases the employment support for the low-income groups and to some extent affects the employment of other groups.

However, the complexity of the minimum wage itself is reflected in the significant difference in the minimum wage in time and space, which is complicated. In addition, the policy window on the minimum wage issue is also fleeting and time sensitive. Sometimes policy makers think that minimum wage can perfectly solve the income problem in low-income groups, but in fact it does not achieve the desired results. Sometimes the effect seen by policy makers deviates from the actual effect. It is difficult to define the degree of benefit and the actual effect of each member of the low-income group. It is difficult to find specific indicators, and there is a lack of public unified indicators. The promulgation of this policy does not positively affect every member of each group, and it lacks the influence of publicity. It is inevitable that this policy may result in an increase in unemployment and the opportunity cost of unemployment.

## 4 In-depth Analysis on the Influence of Minimum Wage Policy on High-Quality Employment

### 4.1 Positive Impact

**Effectively Implement the Employment Strategy and Alleviate Contradictions.** On the one hand, high-quality employment first clarifies the employment priority strategy, and minimum wage policy directly exerts an influence on employment choice, especially employment situation in low-income groups. On other hand, minimum wage focuses on distribution and implementation of human resources, focuses on the specific supply and demand, minimizes the contradiction between supply and demand, and generates Pareto optimality, which guarantees the legal income of workers in the specific form of stipulating the minimum labor remuneration. In addition, the policy responds to the public opinion problems in the field of sociology and policy science.

**Actively Implement the Employment of Key Groups.** On the one hand, the macro focus is on employment support for low-income groups. From the fundamental point of view, the minimum wage policy protects the interests of employees on specific form-stipulating the minimum labor remuneration, so it focuses on the employment support of low-income groups. On the other hand, the introduction and revision of minimum wage policy in the micro level can improve the employment quality in migrant workers,

focus on guiding them to return to the countryside to find jobs and start businesses. The government will effectively stabilize the number of people who have been working and their income from work and prevent large-scale returns to poverty due to unemployment. The government will effectively secure employment for key groups by strengthening assistance for groups with employment difficulties, such as those who are older, disabled and unemployed for a long time.

## 4.2 Negative Impact

**Abstract Wage Standard and Gap Problem.** On the one hand, in fact, the setting of the minimum wage standard doesn't take into account factors such as labor cost, economic cost and regional economic development level enough to ensure that the minimum wage has a comprehensive "public" consideration. In reality, it is difficult to think of a perfect unified indicator, so the problem of "publicity" of indicators is prominent. On the other hand, geographical factors and industry factors are prominent. China has a vast territory and a large population. In addition, the minimum wage standards in different industries are different, which will affect the tendency of job selection.

**Expanded Labor-Labor Tensions.** Through the analysis, minimum wage standards are rising, this increase is supposed to lead to great pressure on labor cost in enterprises and even cause the bankruptcy of enterprises and the interruption of capital flow during the economic downturn, which will seriously affect investment and affect the whole body. The employment of workers affects human resources, which will lead to the increase of labor costs of enterprises. In addition, it will lead to the deterioration of the relationship between employees and employers, especially in small and medium-sized enterprises. Due to the excessive economic burden and the enterprise model of debt itself, it will cause huge problems in employment. Some enterprises will take some improper means to lower labor costs, so some companies will face legal risks in recruitment and employment, resulting in labor arbitration and labor litigation.

## 5 Policy Suggestions

Firstly, it is necessary to improve the construction of indicators and enhance publicity. For determining and adjusting the wage, it should be based on the public policy standard of "publicity," comprehensively consider the factors such as labor cost, economic cost and regional economic development level, and ensure the "publicity." The regional, economic as well as industrial differences of wage levels should be fully considered to avoid employment discrimination.

Secondly, promote industrial restructuring, optimization and upgrading. Industrial structure is a top priority, especially in the face of the economic downturn in the post-epidemic era. The enterprise should transform and upgrade traditional industries, foster

emerging industries. Governments should support the boom in industries and enterprises with strong ability to attract employment, actively promote industrial restructuring, transformation, optimization, and improve employment.

Finally, deepen reform of the employment system and mechanism. The employment system and mechanism should improve the employment service system, improve the efficiency of employment service and contribute to the fair employment environment based on "balance theory between fairness and efficiency". The government will improve the unified and standardized human resources market system. The state may issue laws to improve rights and interests among employed workers.

## 6 Conclusion

Facing the prospect of Chinese modernization, this paper focuses on the minimum wage income policy, adopts the qualitative research method of model analysis, and uses the multi-source model to conduct an in-depth analysis in the minimum wage income policy. From the perspective of management, sociology and policy research, this paper summarizes the significant social and policy significance of minimum wage income policy, the societal, micro as well as macro significance of different dimensions, and especially the specific implementation process of minimum wage income policy from perspective of problem flow, policies flow and political flow analyzed by the model. This paper further elaborates the influence of minimum wage income policy over high-quality employment, which has continuous shorter term and longer term impact on our society as well as employment, and the positive impact is reflected in the effective laws of the employment and alleviation of contradictions, and active implementation in employment of key groups; The negative impact is reflected in the abstraction of wage standards and gap problems, and the expansion of labor-labor tension. Finally, relevant policy suggestions are given, which are specifically reflected in three aspects: improving index construction and enhancing publicity, promoting industrial structure adjustment and optimization and upgrading, and promoting deepening the reform of employment system and mechanism.

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