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Skill Premium and Turnover Mechanisms in China: Evidence from a Midtolarge-to-large Scale Survey

Yu Song , JI Zenghui

Renmin University of China, China

Abstract

To explore how skill structures shape wage returns and turnover intentions, this study examines the distinct and joint effects of hard and soft skills within the Chinese labor market. Existing research often highlights declining returns to hard skills and the undervaluation of soft skills, yet systematic evidence in China—especially considering organizational heterogeneity—remains scarce. Using survey data from 500 employees and structural equation modeling (SEM), we examine both direct effects and contextual moderators. Results show that both hard and soft skills significantly raise wages, with soft skills yielding particularly strong returns ($\beta = 0.271$, $p < 0.01$), suggesting Chinese firms may more effectively recognize and reward them than other markets. However, the interaction between hard and soft skills is generally insignificant, except in very large firms, where a “complementarity premium” emerges. Regarding turnover, neither hard nor soft skills alone predict exit intention, but multi-skilled employees are more likely to leave, reflecting higher portability. Mediation analysis reveals that person–job fit and perceived economic loss link skills to turnover, with the economic pathway exerting the stronger effect. Finally, organizational context moderates these relationships: in large firms, retention is more strongly shaped by economic sacrifice, while private firms reward soft skills more visibly than public organizations, where pay remains tied to tenure and institutional rules. These findings refine human capital, skill complementarity, and job embeddedness theories in a Chinese setting, and highlight practical implications for firms seeking to optimize pay design and retain multi-skilled talent.

Keywords: Human Capital; Personjob–job Fit; Salary Returns; Turnover Intention