

# The Current Situation of Human Resource Flow in China and its Impact on Regional Economic Development

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**Abstract.** Human resources have become a very important factor in the economic development of every country. Since the reform and opening, the flow of human resources between regions in China has been accelerating, which has greatly promoted the development of China's economy, but spread some negative effects on regional coordinated development. The study on the pattern of human resource flow can be regarded as an economic issue, which will improve the utilization and allocation of talents and bring into play the economic benefits of talents in the transitional period of China's development. To study this issue, this paper mainly consists of five chapters. In Chapter One, the theory of human resources and the current situation of the flow of human resources between regions are introduced. Chapter Two analyzes the three main causes of human resource flow, including economic, politic and cultural factors. Besides, in terms of the effects of human resource flow on economic development, its positive effects on regional economy and negative effects on less developed areas are discussed in Chapter Three. Apart from that, further analysis of the negative effects of human resource flow and some countermeasures are presented in Chapter Four. Furthermore, Chapter Five is a summary of the current situation and characteristics of China's current human resources flow. At the same time, based on the current situation, some suggestions on the rational allocation of human resources and the application of policies to guide human resource flow are also put forward. This paper, based on the current situation of human resource flow in China, applies the concept of human resource benefit to comprehensively analyze the role of human resource flow in China's economic development. However, due to the lack of horizontal comparison with international human resource flows and a small number of data, this paper also contains some deficiencies.

**Keywords:** human resource flow; regions; economic development.

## 1. A Brief Introduction to Human Resource Flow

### 1.1 The Basic Characteristics of Human Resources

Human resources usually refer to the physical and mental strength that can be brought into play in labor production, that is, the sum of the actual and potential physical strength, intelligence and skills that the labor forces can perform within a certain range of time and space. In general, human resources refer to those of better quality and greater ability. The development and utilization of human resources and reasonable allocation can improve the quality of talents, and thereby promote the economic development in this transition period.

As a kind of resource, human resources not only have the general characteristics of resources, but also embrace its unique characteristics. The first one is the short time efficiency. Due to the limited life span of people, the effectiveness of human resources will only last for about 50 years. Besides, human resources do not present the characteristic of storability which general resources show. Secondly, the added value is also one of the most unique characteristics of human resources, which is fundamentally different from other resources. With the accumulation of experience, workers can continuously improve themselves by acquiring new knowledge. Thirdly, the subjective initiative is an unparalleled advantage of human resources. As the most active factor of production factors, human beings can use brains to think, innovate, and create economic benefits which may be much higher than their own value. Fourthly, the mobility is also an important feature that distinguishes human resources from other resources. At the same time, the mobility of human resources plays an irreplaceable role in maximizing resource value and promoting social and economic development.

Human resources are the decisive factor in economic development. As Theodore W. Schultz, an American economist, said, "the land itself is not the main factor leading to poverty, but human capacity and quality are the key factors. [1] Since human resources have increasingly become the core factor of international and regional competition, how to allocate and utilize human resources effectively is an important issue in contemporary national economic development. At present, China is faced with an important turning point in the development of economic structure optimization. Besides, regional coordinated development is taken as a significant strategy. Therefore, it is necessary to coordinate and optimize the flow of human resources between regions, to promote the development of underdeveloped regions with the help of economically developed regions, and to ensure that underdeveloped regions do not lose talents.

## **1.2 A Brief Introduction to the Contemporary Human Resource Flow**

Human resource flow refers to the process in which the labor force in the society leaves the original job for various reasons and seeks for a new job. As a social phenomenon in the process of economic development, the flow of labor forces is a key issue in the allocation of human resources around the world. Since the reform and opening up, along with the development of the socialist market economy, human resources unprecedentedly flow across China, liberating a large number of labor forces. In particular, the flow between regions is on a large scale and has become an inevitable trend. At present, the general trends of human resource flow are as follows. First, talents from the less developed areas move to the developed areas on a large scale, especially the middle and senior talents in central and western regions because people in the developed areas have more opportunities to access various resources. Second, a large number of rural labor forces migrate to urban areas. This migration makes a great contribution to promoting urban construction and realizing urbanization, but also spreads many adverse effects on rural areas, especially on agricultural production. At the same time, it, to some extent, disturb social order. Third, many high-quality talents migrate to foreign countries. Due to the development gap in some fields at home and abroad, many high-quality talents choose to settle overseas. Therefore, faced with the current shortage of talents in China, especially high-quality professionals, China needs to attract talents studying abroad to return home for construction.[2]

It can be seen that the current human resource flow in China shows four main features. First, the total number of labor forces is large, but the allocation is unbalanced; Second, the flow of human resources between regions is unbalanced and the regional gap is too large. Third, the allocation structure of human resources is not reasonable; Fourthly, the individual quality of human resources cannot meet the need of society.

## **2. The Causes and Analysis of Human Resource Flow**

### **2.1 Economic Causes**

First of all, the regional economic environment determines the local employment situation and income level, and, to a large extent, determines the flow of talents. The economic development of different regions in China is unbalanced, and the gap tends to be increasingly widened. From 1980 to 2003, the proportion of the eastern region in the national economy aggregate grows from 50.2% to 58.9%. Correspondingly, in the eastern region, the employment opportunity and income level are far above the central and western regions. As a result, a larger number of human resources migrate to eastern cities, and they also further promote the economic development of these developed regions. According to the research, economic development is closely related to talent growth. The less developed areas, to a certain extent, hinder talents from improving their material and cultural living standards, inevitably leading to the flow of talents to developed areas. Secondly, the technological environment gap brought by the economic environment gap also affects the flow of human resources, especially high-quality professionals. Thirdly, the gap between urban and rural economic resources leads to the flow of rural labor forces to cities. The high income and relatively perfect welfare attract a large number of labor forces from less developed rural areas to migrate.[3] Apart from that, with the improvement of the education level of labor forces, the flow trend is more obvious.

## **2.2 Political Causes**

As a socialist country, the policy of macro-control has a great influence on society. First of all, with the growing economic gap, the gap between regions in social security has gradually widened. Based on the well-organized social welfare organizations and government subsidies, the local social welfare keeps moving forward. Accordingly, the abundant social resources and benefits that the residents in economically developed areas enjoy really attract people in less developed regions. Second, many cities have issued many relevant policies in order to attract high-quality talents and prevent the outflow of talents. For example, a few new first-tier cities have relaxed the requirements for college graduates to settle down and offered subsidies for housing and starting up businesses. These policies, to a certain extent, attract talents and affect the flow of human resources. Third, tax policy also has a significant impact on the flow of enterprise talents. The governments of the developed areas provide a lot of preferential tax policies to attract talent, while companies in less developed areas often need to pay high sales tax, and those local enterprises cannot enjoy the same preferential policies as those introduced companies. Therefore, it is more likely that talents choose to migrate to the developed areas. In addition, the tax gap among industries also leads to the regional flow of human resources from one industry to another one. It can be obviously seen that in some traditional industries, a large number of labor force migrate.

## **2.3 Cultural Causes**

The current perceived gap of talent between regions is very large. The development and utilization of talents in developed areas is far better than that in less developed areas. In some less developed areas, the idea of "official standard", which emphasizes the form rather than the efficiency and pursues the dictatorial style of work, is inconsistent with the need for scientific decision-making based on the talents' intelligence. Moreover, in some less developed areas, due to the lack of entrepreneurial spirit, pioneering spirit and competitive spirit, a good working environment cannot be created for talents. Human resource flow also follows the "Matthew effect" and "aggregation effect", that is, the place with more talents is more likely to attract the inflow of talents and can help talents improve themselves. On the contrary, it is more difficult for the regions with fewer talents to stop the outflow of talents and help talents develop.

# **3. The Relationship between the Human Resource Flow in Contemporary China and Regional Economic Development**

## **3.1 The Positive Effect of Human Resource Flow on Regional Economy**

The inflow of human resources into a certain area brings more available human capital to the manufacturers, providing necessary labor forces for the expansion of production, and thereby promoting the growth of output and GDP. From this perspective, the flow of human resources from the philosophical perspective, will inevitably promote economic development.[4] Besides, the human resources flowing in can be divided into two parts--the labor forces who can directly be used for production and the technical personnel. Professor Schultz of the University of Chicago believes that the flow of high-quality human resources plays an important role in economic growth, that is, flows of human resources with different quality have different effects on economic growth. To be specific, the higher the quality of flowing human resources, the more conducive to economic development.[5] The inflow of high-quality human resources can advance technological progress and create a competitive environment, while technological progress is crucial to economic growth in the modern era. Therefore, the flow of human resources can firstly improve the competitiveness of the region in terms of the labor forces, enhancing the core driving force and source of regional economic marketization. By attracting more creative and innovative talents, the economic development of the region can be fostered.

In addition, the flow of rural resources to cities promotes the process of industrialization and urbanization and provides sufficient labor forces for the regional economic construction. Moreover,

the flow of the labor force from the primary industry to the secondary and tertiary industries can promote the development of the secondary and tertiary industries and rural urbanization, which is in line with the needs of China's current industrial structure optimization and upgrading, and the transformation and development of China's economy.[6]

Furthermore, China takes the market-oriented socialist market economy as a priority. Under this circumstance, the free flow of human resources also shows that the market really plays its role. It can be seen that human resource flow is beneficial to the realization of freedom and equality in regional economic development. It can also advance the level of regional science and technology and the market economic vitality along with improving the quality and technical level of the human resources.[7] Through the free allocation of human resources in the market, the decisive role of the market in economic allocation can be fully into play, and thereby the allocation of production factors can be optimized, and the economic benefits of human resources can also be spread. With these efforts, the GDP will greatly increase, and the less developed areas can develop themselves with the push of the developed areas, realizing the goal that the rich first push those being rich later.

### **3.2 The Impact of Human Resource Flow on the Economic Development of Less Developed Regions**

Within the production scale of pure productive activities in less developed regions, the flow of human resources is likely to cause the decrease of input productivity, the contraction of short-term production capacity, the decline of output, and the negative impact on regional economic development. In the field of non-pure productive activities, due to the loss of high-quality talents in the less developed areas, the economic innovation and pioneering power of the region will be affected, and the region lacking talents will also have difficulties in stopping the further loss of talents. As a result, the vitality of regional development will be reduced.

Additionally, the imbalance of human resource flow will further aggravate the imbalance of economic development. Since human resources are the driver of economic development, the loss of talents in less developed areas will reduce the development speed, and widen the gap of regional economic development, resulting in polarization and unbalanced regional development in China. Currently, the east, west, central zones are the three economic zones, but the gap among these three zones really hinders the progress of industrialization and modernization in China.

On the other hand, the outflow of human resources from less developed areas ensures the full development and effective utilization of human resources and avoids the inefficient development of high-quality human resources. Therefore, the outflow can bring into play the economic benefits of human resources. It can also be seen that under specific circumstances, the flow of human resources also has a certain positive impact on the less developed areas.

## **4. The Adverse Effects of Human Resource Flow in Contemporary China and the Solutions**

### **4.1 The Adverse Effects of Human Resource Flow in Contemporary China**

Since the reform and opening up, the large-scale flow of labor forces in China spreads a significant impact on the economic development of both China and the world. Although the flow of human resources has greatly boosted China's economic growth, we must also pay attention to its negative effects, especially the unbalanced economic development caused by the flow of human resources. First, the large-scale flow of human resources to developed regions leads to the unbalanced regional economic development. Second, the flow of human resources from rural areas to urban areas enhances the unbalance between urban and rural areas. Third, the flow of human resources also causes industrial imbalance.[8]

## 4.2 Solutions

As mentioned, human resource flow can foster economic development, guarantee the coordinated economic development between regions, cities and rural, and advance the optimization and upgrading of industrial structure. In order to fully play its role, China should make the best use of the strategy of macro-control, the decisive role of market in allocating resources and the attractive effect of social culture. With all these efforts, human resources can be better developed and rationally allocated, and the maximum economic benefits of human resources can be realized.

First of all, China has to make more efforts to cultivate and develop human resources. As the biggest developing country in the world, China embraces a lot of labor forces, but their quality and technical capacity is relatively low. The lack of high-quality professional and technical personnel cannot meet the need of current economic transformation and modernization, so we should improve the labor quality and professional capacity through education, training, incentives and other means. Meanwhile, we should bring the leading role of higher education into full play and cultivate professional and technical personnel based on vocational and technical schools so that we can reduce the waste of human resources. [9] Besides, we should attach importance to both cost and effect. We need to cultivate talents while retaining them, as well as make good use of government policies to attract talents. We should also discard the outdated concept regarding talents and change our minds so that we can make good use of talents. We should create a better environment for talents by advancing innovation and the consciousness of equal competition. Apart from that, the government should lead the construction of a sound and scientific talent service platform to guide the idle and unreasonably allocated human resources flow. By doing so, the allocation of human resources can be optimized, and the economic benefits of talents can be maximized. What's more, China can take further steps to implement the strategy of developing the western region and rejuvenating the northeastern old industrial base in order to attract and retain talents for the less developed areas by macro-control, ensuring the coordinated development of regional economy.

In a word, a joint effort of the government, enterprises and labor forces should be paid to spread the positive effect of human resource flow on economic development and avoid its adverse effects.

## 5. Conclusion

Under the in-depth development of economic globalization and the socialist market economy, human resource flow plays a more and more important role in economic development. At present, with the continuous economic development in China, social diversity has also become the main trend. However, there is still a gap in economic development between regions, so human resource flow also shows a trend of diversity. Due to human initiative, individual differences in the labor forces also have a great impact on the flow of human resources. In general, human resources in China currently migrate from less developed areas to developed areas, from rural areas to cities, also from primary industries to secondary and tertiary industries.[11] Only by effectively holding human resources can we occupy a dominant position in economic development. Since talents are the most core influential part of human resources, the flow of human resources plays a vital role in regional economic development. The large-scale inflow of human resources, especially the introduction of high-quality talents, has contributed an irreplaceable role to the economic development of developed regions. Although it, to a certain extent, causes an imbalance in regional development, on the whole, the benefits outweigh the adverse effects. Since the market plays a decisive role in the current socialist market economy, human resources, as the most important factor of production, are freely allocated by the market with high efficiency.[12] However, in order to achieve coordinated regional development based on better utilization and the economic benefits of human resources, China still has a long way to go. As for China, the key issue in current process of economic development is how to combine the macro-control implemented by the government and the advantages of free allocation by the market to guide the inflow and outflow of human resources and effectively bring personnel strength into play, fully arouse the creativity and enthusiasm of labor forces, thereby realizing the coordinated development of the socialist market

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