

Analysis and Research of the Difficulties of Chinese Labor Employment in Economics

Zehao Zhang

School of Public Policy and Administration
Xi'an Jiaotong University
Xi'an, China

Min Tang

School of Public Policy and Administration
Xi'an Jiaotong University
Xi'an, China

Abstract—Based on the unemployment and government intervention theory of John Maynard Keynes, anatomy the employment predicament in our country, analysis found that total quantity contradictory of the employment problems of labor supply and demand in our country, the structural contradiction of obtain employment, the employment of university graduates difficulties, employment difficult and recruitment difficult coexist; The main cause of these problems is the insufficient amount of total surplus labor supply, labor demand and employment structure is not reasonable and too traditional concept of employment. Draw lessons from foreign experience to deal with the unemployment problem, it suggested that to strengthen the government intervention, by improving the worker quality, adjust the industrial structure, set up correct concept of employment and so on measures to solve the employment problem in our country.

Keywords—the Keynesian theory, employment difficulty, the industrial structure

I. THE DIFFICULTIES OF CHINESE LABOR EMPLOYMENT

A. Historical issues

Since the Chinese economic system changed in 1978, the pressure of population growth and aging population has always been the big dilemma facing. Chinese government formulated the limited employment and fair employment strategic as active employment policies to ensure stable employment. Since 2002 our government promptly made a more active employment policy, developed a special training program for the employment of disadvantaged groups, however, labor oversupply problem still exists.

B. Total contradiction between supply and demand of labor

The long-term over supply of labor force in our country because of the baby boom in the sixties and seventies in the 20th century. Some experts predict that Chinese working-age population will decrease gradually after peaking in 2016; meanwhile, the growth rate of the working-age population is also slowly decline. However, labor resources and population pressure always coexist, in terms of the increasing labor supplement; the excess supply of labor has become the main contradiction while facing employment problems, and this situation will still last in several years.

C. Structural contradictions of employment

Structural contradictions of employment in China performed as the low proportion of tertiary industry employment. On the one hand, the rapid development of Chinese economy makes the quality of workers and job requirements cannot have matched and cause shortage of skilled personnel. The gap of corporate demand for high-tech talent is large; various categories of skilled labor are in short supply situation, this also led some medium-tech labor facing employment difficulties.

On the other hand, there exist imbalance in the distribution of labor in the first, second and third industries. For developed countries, the tertiary industry is the main industry that creates job opportunities. In terms of the proportions of the three industries employment from 2010-2013, Chinese tertiary industry employment increased from 34.6% to 38.5 %, it grew by only 3.9% over four years. In 2005, the employment proportion of tertiary industry in developed countries was about 75%, while in developing countries was also about 40%, the world average is about 50 percent, the proportion of tertiary industry employment in our country was far below the world average “Fig. 2”.

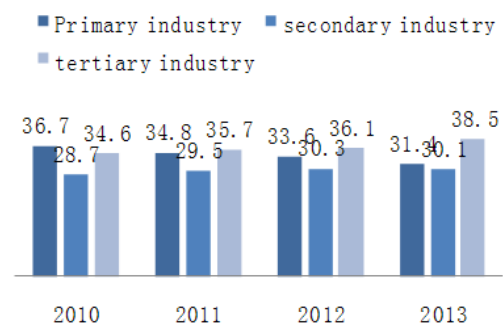


Fig. 1. The composition of Chinese industry employment in recent years

According to the experience of developed countries, the proportion of the employed population logical sequence of three industries from small to big should be the first, second and tertiary industries, while employment in the tertiary industry accounted for about two-thirds of the total employed population. On the proportion of the employed population in

China in the three industries, the primary industry and tertiary industry employment proportion are quite different with developed countries.

D. Employment of college graduates facing difficult

According to data released by the Ministry of Education, the number of graduates of colleges and universities are 6.31million, 6.6million, 6.8 million, 6.99 million, 7.27 million and 7.49 million from 2010 to 2015, the average annual net increase is 23.6 million people during the six years. Even the government provide more than half available new jobs to the graduates every year, the employment rate of university graduates is still less than 65%. According to the survey, the undergraduates signing rate in 2013 was 35%, it was 12% lower than 2012 session.

E. Employment and recruitment difficulties exist

In addition to wage demands, the new generation of migrant workers also pursues aspects of spiritual, cultural, and other interests, so companies need to be more humane to retain employees. Chinese labor market still cannot fully adapt to the rapid economic development at present time, the job opportunities that created by knowledge-intensive services and manufacturing will growth, and can push up the demand for highly skilled personnel. According to the latest report of McKinsey, a third of companies are difficult to find highly skilled personnel in 2013, the report also predicted that, the labor market for top talent demand would reach 142 million in 2020. If the situation of worker skills and job requirements mismatch does not improve, China may face the supply gap of shortage of 24million employees. "Employment difficulties" and "recruitment difficulties" problem will continue to coexist for a long period.

II. THE CAUSES OF THE CONTEMPORARY LABOR EMPLOYMENT DIFFICULTIES

A. Total labor force over supplement

Statistics show that Chinese working-age population proportion of the total population has remained at around 70%, although the family planning policy delayed the growth rate of the total population, but due to inertia, working-age population growth in the state expected to continue until 2017. Therefore, the pressure of oversupply of labor still exists in the next few years. Chinese labor accounted for 26% of the world working population, but owned only 9.6 percent of the world's natural resources, 9.4% of capital resources, knowledge and technology resources of 1.85% and 1.83% respectively. The employment difficulty is caused by the situation of mismatched labor force and resources.

B. Lack of total demand of labor

The core of Keynesian unemployment theory is the "effective demand", which means that the total supply and total demand of goods reach equilibrium state social demand. According to Keynesian theory, we assuming that Y represent GNP, C represent total demands of goods and services of private consumers, I represent private sector

aggregate demand for investment goods, G represent the government consumption and investment demand for goods and labor, then:

$$Y = C + I + G \quad (1)$$

Suppose GDP Y only relevant with employment levels N , the higher Y is, the higher N is. Because the scale of employment is relevant with the size of the workforce in reality, therefore, the maximum potential national output may not be able to reach full employment level Y_F .

From "Fig. 2", we can find that, $Y_1 < Y_F$ represent GNP under actual level of aggregate demand is less than it under full employment, in order to reach the level of full employment is to increase C , I , and G . According to diminishing marginal propensity to consume, diminishing marginal efficiency of capital and liquidity preference law, consumer spending and investment spending is difficult to increase in the short term, therefore, government spending is the only way to increase aggregate demand, which means when G increased to G' , GNP meet full employment level of output. Thus, Keynes advocated strengthening government intervention to achieve full employment.

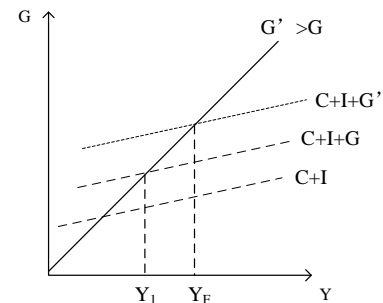


Fig. 2. Effect of Government Expenditure on GDP

C. Employment structure is irrational

With the transformation of the mode of economic development, the problem of structural unemployment become more serious, the coexistence of "Employment difficulties" and "recruitment difficulties" becoming more normalized. The main causes of structural unemployment are labor quality and market demand mismatch, and irrational industrial structure. Chinese universities professional settings lag behind market demand, knowledge and ability of graduates are unable fully meeting the needs of social development. In aspects of the urban-rural gap, the cultural level of majority migrant workers is low, lacking of labor skills, knowledge structure backward problems, and serious mismatch of labor supply and demand structure. From the development of modern society, the tertiary industry is the largest industry that create new jobs, for which should accelerate the development of tertiary industry in order to

promote employment. Chinese industrial status of the tertiary industry in the composition of economic growth is not high. Development of tertiary industry lags lead to a lot of rural surplus labor cannot transfer to the city successfully; the urban labor force cannot be successfully re-employment.

III. THE EXPERIENCE OF OTHER COUNTRIES TO DEAL WITH EMPLOYMENT PROBLEMS AND ENLIGHTENMENT TO CHINA

A. *The experience of employment difficulties from other countries*

Different countries use different ways to solve employment problems. Japan creates new job opportunities; America expands employment by encouraging self-employment; Thailand, Pakistan and other countries, through controlling the amount of labor supplement to reduce the likelihood of labor force unemployed; extend laborers' years of education; delay their age of entry into the market can effectively ease the employment pressure. In terms of improving the quality of workers, the United Kingdom, Germany has accumulated a wealth of experience. UK University strengthen ties with local communities, use volunteer action to provide more opportunities for students to practice; Innovation Fund to provide higher education to build bridges between universities and businesses, higher education institutions and enterprises to promote the exchange of knowledge. German government will give top priority to skills training of workers.

B. *Principles of recommendations to solve labor employment difficulties*

1) *The principle of the division of sub-sector*

This principle requires employees to promote several of self-identity change, the evolution from a single employee to multiple skills of both identity and allows workers freed from the limited industry to form their own quality covering more aspects of specialized workers, the optimal allocation of labor resources and industrial combinations are also extremely favorable.

2) *The principle of comparative advantage*

This principle requires that within a certain range of comparative advantage, promote employment capacity. For example, rural labor to urban professionals, with the urban labor force in both the multiple aspects of the work can replace each other, which is not only focused on employment in the city to some extent to achieve full employment and prosperity of the city life, but also played a comparative advantage in human capital.

3) *The principle of free choice*

This principle is the basic premise of the full employment of labor. Choose career opportunities, professional labor force as possible, and restrictions related systems division will greatly weaken its resolve to vocational training and labor transfer of convergence, adjustment mechanism and run-time is reduced, the flow of labor sufficient information so provide a solid guarantee.

C. *Inspiration*

1) *Implications of quality of workers*

The reason why China experienced the phenomenon of structural unemployment, macroeconomic development, technological advances, industrial structural adjustment all effect on labor demands. The key to solving the structural unemployment problem is the quality of workers, improve the technological level and operational capabilities. Faced with the problem of structural unemployment of college students, the training mode reform of higher education should focus on the position to raise the students' innovative ability as the main goal of higher education investment and reform. It suggested that the state funds and hardware to support for university graduates, through the establishment of university and college students venture business park fund, to encourage students to start their own businesses, to ease the employment pressure graduates.

2) *The revelation of the industrial structure of China's*

Adjusting the industrial structure is the fundamental way to deal with cyclical unemployment. Accelerate the development of tertiary industry, not only the inevitable choice that Chinese industrial upgrading and restructuring economic, but also the way to increase the main source of employment. Attaches great importance to high-tech, environmentally friendly new, intelligent and so on can be recycled green industrial development, train highly skilled personnel, and strive to make the quality of labor market demand and match; to protect vulnerable groups, improve the fairness of the market, and strive to achieve a more adequate social employment strategy aims.

3) *Implications of employment concept*

The main measures to change the traditional concept of employment should do: First, start with basic education, training workers' socialist core values actively; Secondly, to strengthen the overall quality of students training, create conditions for employment of graduates, providing platform, increase their self-ability; Thirdly, to play a guiding role of the Internet, strengthen the guidance of the correct concept of employment, to reduce the negative reports of the concept of employment; Fourthly, university disciplinary setting, professional structure, personnel training programs, teaching methods should be based on market demand as the standard, to strengthen general education, teaching discipline and strict examination, graduation standards, and comprehensively improve the quality of students, helping students to solve practical problems.

REFERENCE

- [1] Hu Angang, China's employment situation analysis [J] Economic Research, 2002, (59): 2-13.
- [2] Wang Li moved to contemporary China's employment problem and Construction of Harmonious Society [D] Shijiazhuang: Hebei Normal University, 2008.
- [3] Zoudong Tao, Ouyang Rihui Serving: China to build a moderately prosperous society in 10 years [M] Beijing: Social Sciences Academic Press, 2012.
- [4] Chinese Academy of Social Blue Book [M] Beijing: Social Sciences Academic Press, 2013.

- [5] Human Resources and Social Security Ministry. 2012 annual unemployment Human Resources and Social Security Statistical Bulletin [R]. 2013.
- [6] People. How high urban employment, the employment gap of 12 million people [EB / OL]. [Http://society.people.com.cn/GB/41158/6073085.html](http://society.people.com.cn/GB/41158/6073085.html).
- [7] Zhang Xu Hui, Bi Xianping current situation of youth unemployment and re-employment policy evaluation studies [M] Beijing: Encyclopedia of China Publishing House, 2005
- [8] Li Xing, Yuan Zhigang China Employment structural imbalance: Situation, Causes and adjustment policies [J] Contemporary Finance & Economics, 2012, 3 (304): 10-17.
- [9] Liu Yunfei status, characteristics and causes of China's employment problem analysis [J] frontier, 2009, (10): 144-151.
- [10] Litang Ning, Fang Ye graduates of Chinese universities to accelerate the collar [J]. Economic Information Daily, 2013-06-17 (002).
- [11] Wang camp, Gu Yao Chinese labor supply and demand situation and future trends research [J] Population Journal, 2011, 3 (187): 1-13
- [12] Zhang Jiang, Zhu Jialin On Constructing effective demand of the labor market [J] New West, 2009, 8 (16): 3-4
- [13] Mayu Guo Western Unemployment Theory and Its Significance [J] Coastal Enterprises and Science & Technology, 2006, 9 (76): 12-13
- [14] Zhang unsuccessful labor force and unemployment early warning on China's rapid economic growth in the [D]. Shanghai: Fudan University, 2007
- [15] John M K. The General Theory of Employment, Interest, and Money [D]. New York. Polygraphic Company of America, 1936
- [16] Fu Boying Financial Policy Research to promote employment of [D] Dalian: Dongbei University of Finance and Economics, 2007
- [17] Ni Ya Ming, Chen Yingying Employment coexistence of recruitment dilemma or a normal [N]. China Securities Journal, 2013-07-15 (A04)
- [18] Wu Moritomi youth unemployment, causes and countermeasures [18] [J] Shanghai Economic Research, 2002, (9): 39-45