

# **Globalization and Its Effects on Youth Employment in China**

**Zhang Libin**

**Institute For Labor Studies , Ministry of Labor and  
Social Security of People's Republic of China**

**Bangkok, March 28-30, 2006**

# **contents**

- **Youth Employment environment and situation in China**
- **Employment Impacts from Globalization**
- **Social Partners' Measures Responding to Employment Impacts from Globalization**
- **Challenges Facing Social Partners**
- **Recommended Countermeasures against Globalization Impacts on Youth**

# Environment: globalization

- the policy of closing the country to the international world before 1978.
- GATT negotiations in 1986 and WTO negotiations in 1995.
- In 2001, China officially entered into the World Trade Organization.

# Youth Employment environment

Total value of imports and exports(USD 100 million)

	2000	2001	2002	2003	2004
<b>Total exports</b>	<b>2492</b>	<b>2661</b>	<b>3256</b>	<b>4382</b>	<b>5933</b>
Primary goods	255	263	285	348	406
Manufactured goods	2237	2398	2971	4034	5528
<b>Total imports</b>	<b>2250</b>	<b>2436</b>	<b>2952</b>	<b>4128</b>	<b>5612</b>
Primary goods	467	457	493	728	1173
Manufactured goods	1784	1978	2459	3400	4440
<b>balance</b>	<b>241</b>	<b>226</b>	<b>304</b>	<b>255</b>	<b>321</b>

# Youth Employment environment

GDP growth rate per annum

year	GDP	Primary industry	Secondary industry	Tertiary industry
2000	8.4	2.4	9.4	9.7
2004	10.1	6.3	11.1	10

# Youth Employment environment

## GDP and composition in China

year	GDP(100 million yuan)	Composition(%)		
		Primary industry	Secondary industry	Tertiary industry
2000	99215	14.8	45.9	39.3
2004	159878	13.1	46.2	40.7

# Youth Employment environment

Youth population (10000 persons, %)

year	Total Population	Population above 16		Population 16-24	
		Amount	proportion	Amount	proportion
2000	126743	88335	69.7	15816	12.5
2004	129988				

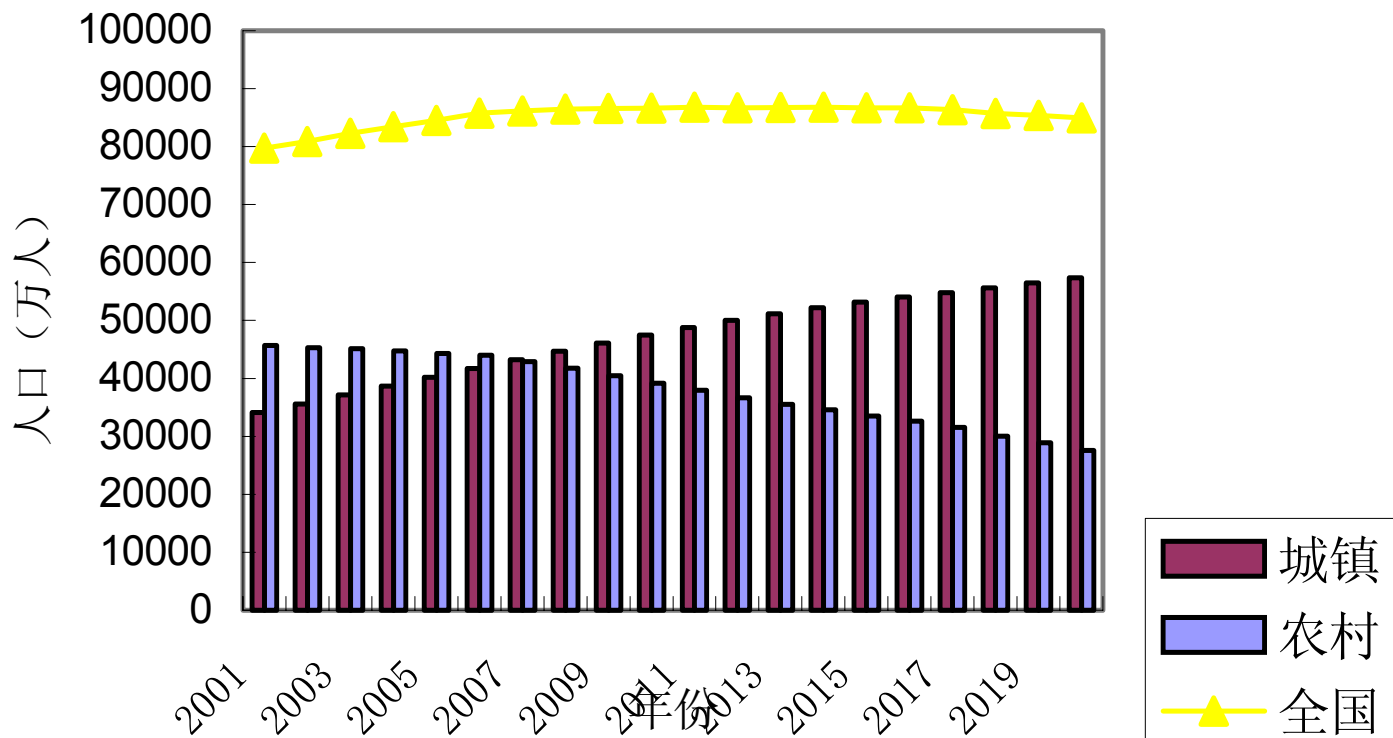
# Youth Employment environment

Population age 16-59 year in 2001-2020 (10000 persons)

year	total	Urban area	Rural area
2001	79756	34089	45667
2002	80877	35602	45275
2003	82297	37133	45164
2004	83421	38664	44757
2005	84545	40217	44328
2010	86657	47472	39185
2015	86670	53162	33508
2020	84939	57358	27581

# Youth Employment environment

图1 2001-2020年劳动年龄人口变化趋势



# Youth Employment environment

- Labor supply per year: 17 million
- Among, youth labor supply per year:  
10 million
- Labor demand per year: 8 million

# Youth Educational Levels composition(%)

Primary school	Junior high school	Senior high school	Secondary technical school	college	university	Graduate degree
19.3	60.9	7.5	7.1	2.5	0.7	0.01

# Youth Employment environment

Enrollment and graduates from regular institutions of higher education from 1998-2004 (10000, person)

	1998	1999	2000	2001	2002	2003	2004
Enrollment	108	160	220	268	320	382	447
Graduation	83	85	95	104	134	188	239

# youth composition by educational level and economic activity status quo

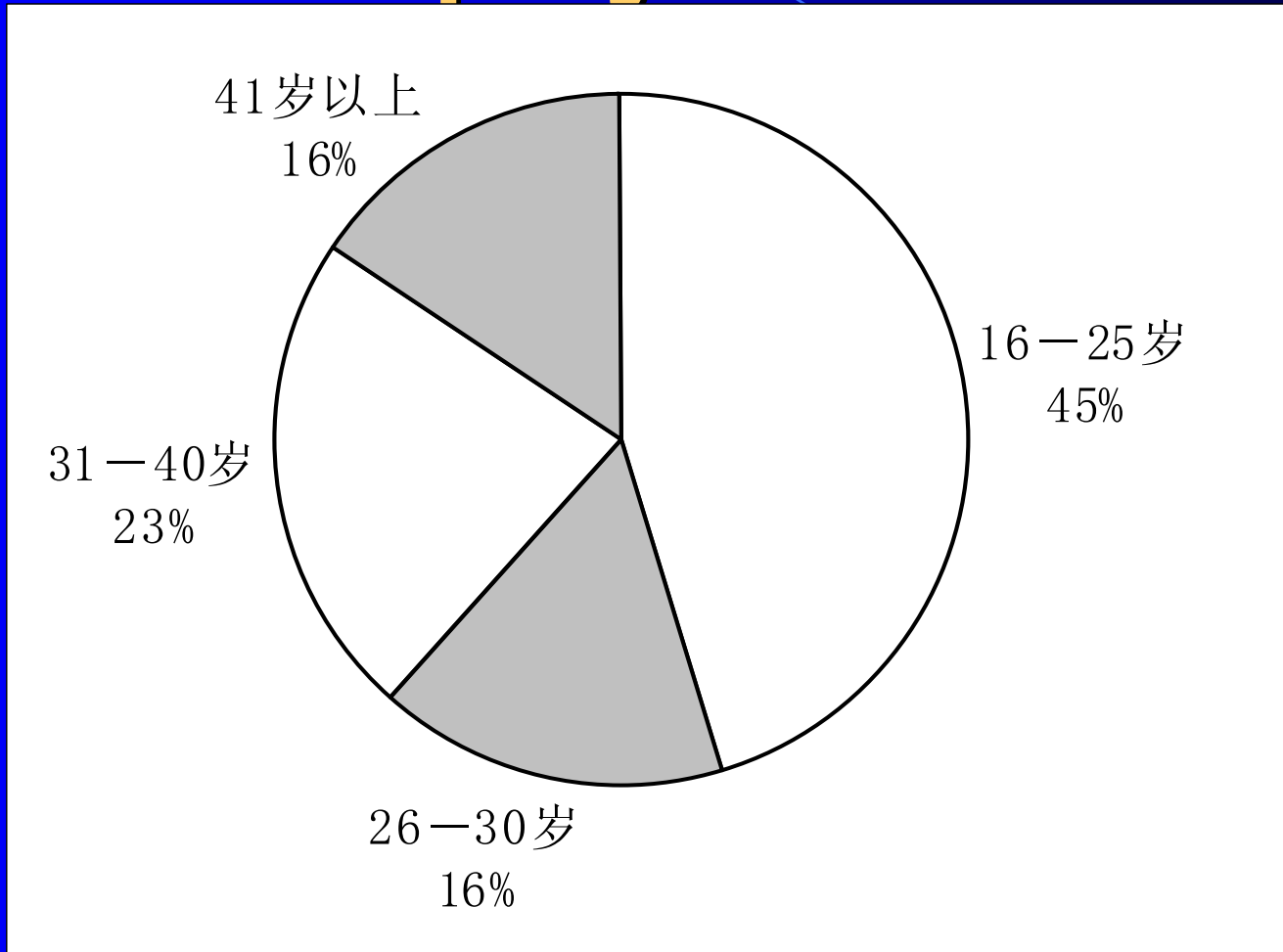
	employment	unemployment	inactivity
total	63%	6%	31%
illiterate	79%	1%	20%
semi illiterate	94%	1%	5%
primary	87%	3%	10%
junior middle	74%	6%	20%
secondary	31%	7%	62%
middle career	43%	9%	47%
college	37%	6%	56%
university	16%	1%	83%
graduate	7%	0%	93%

# Youth Employment situation

Youth employment in 2000 year(10000 persons, %)

	employment Amount	unemployment Amount	inactivity Amount
Above 16	66480	2409	19446
16-24	10542	986	5174
16-24/16+	18%	41%	16%

# Youth Employment situation



# **Employment Impacts from Globalization: 1**

- **Unemployment, underemployment and inactivity issues becoming more serious**

# Employment Impacts from Globalization: 1

- Most of young people go to labor markets after finishing secondary education. They see the highest unemployment rate and also involve underemployment.
- Young people of poor educational level's unemployment rate is the lowest. However, their underemployment rate is the highest.
- extending school years for higher education only defer their entry into labor markets and will not ease the employment pressure, and they will even be faced with a higher unemployment rate than young people with lower education after their graduation and entry into the markets

# **Employment Impacts from Globalization : 1**

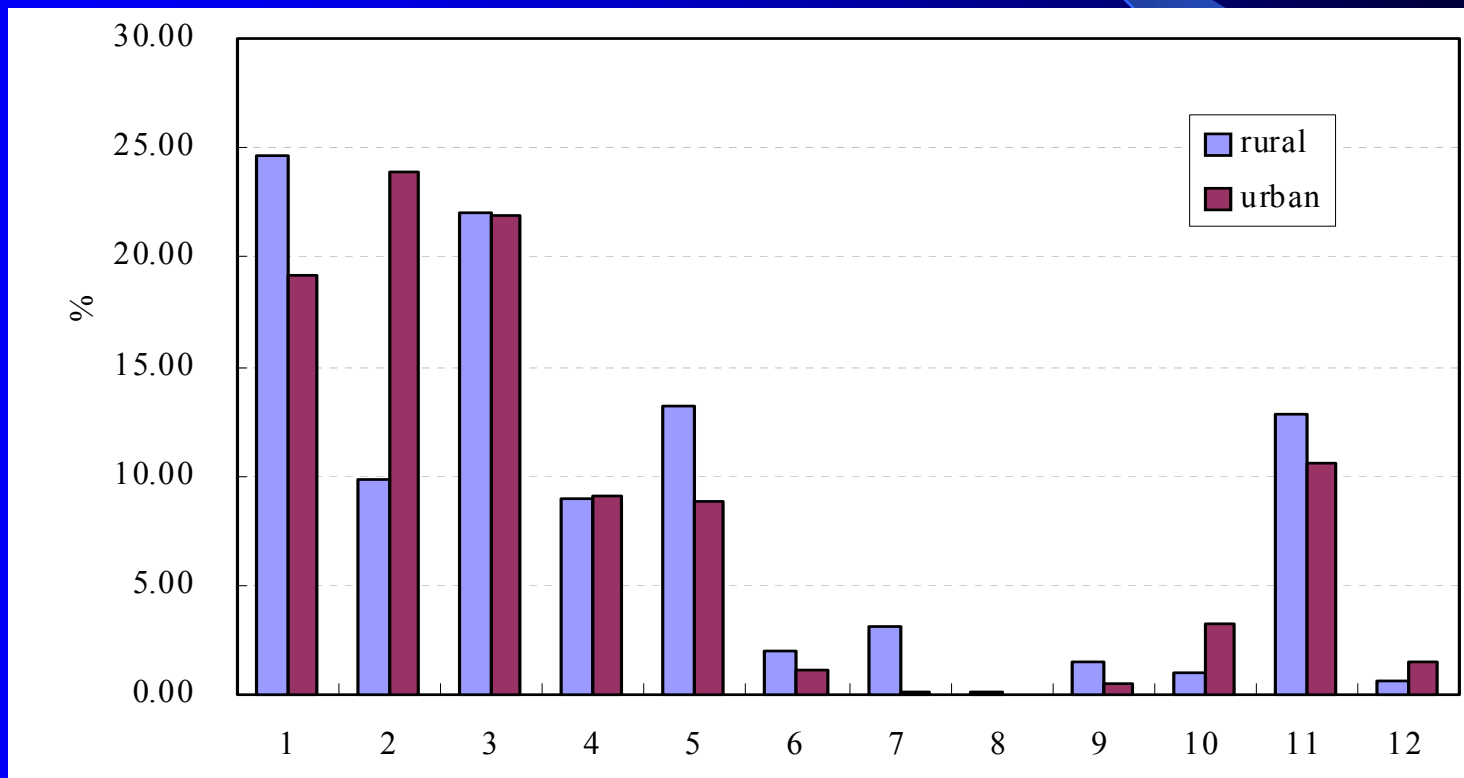
- **in the context of globalization, employment pressure will exist for a long period. There will be more young people falling in the state of underemployment reflected as insufficient working time or income, or in unemployment, and temporarily exit labor markets with the hope of returning there some day. the problems of unemployment, underemployment and inactivity have become worse, and young human resources have been wasted seriously.**

## **Employment Impacts from Globalization : 2**

- **The acute unbalance between labor supply and demand in the public sector has made the employment of high-quality young people a very serious problem.**

## differences of ideal business type between rural and urban youth

1 Start your own business, 2 Work for the government/public sector, 3 Work for state-owned enterprises, 4 Work for a multinational corporation, 5 Work for a private company, 6 Work for a non-profit organization, 7 Work for own/family farm, 8 Work for someone else's farm, 9 Work for family business, 10 Other, 11 Not sure, 12 Don't wish to work.



# Employment Impacts from Globalization: 2

- Non agriculture employment: 400 million
- Among, Less than 20% work in public sectors
- “zero staff increase”

## **Employment Impacts from Globalization : 3**

- **Jobs from traditional low-end advantageous sectors are becoming increasingly insufficient .**

# Employment Impacts from Globalization: 3

- narrowing room for profit of processing industries of low technology content in developing economies.
- exerting pressure on developing economies for appreciation of the latter's currencies.

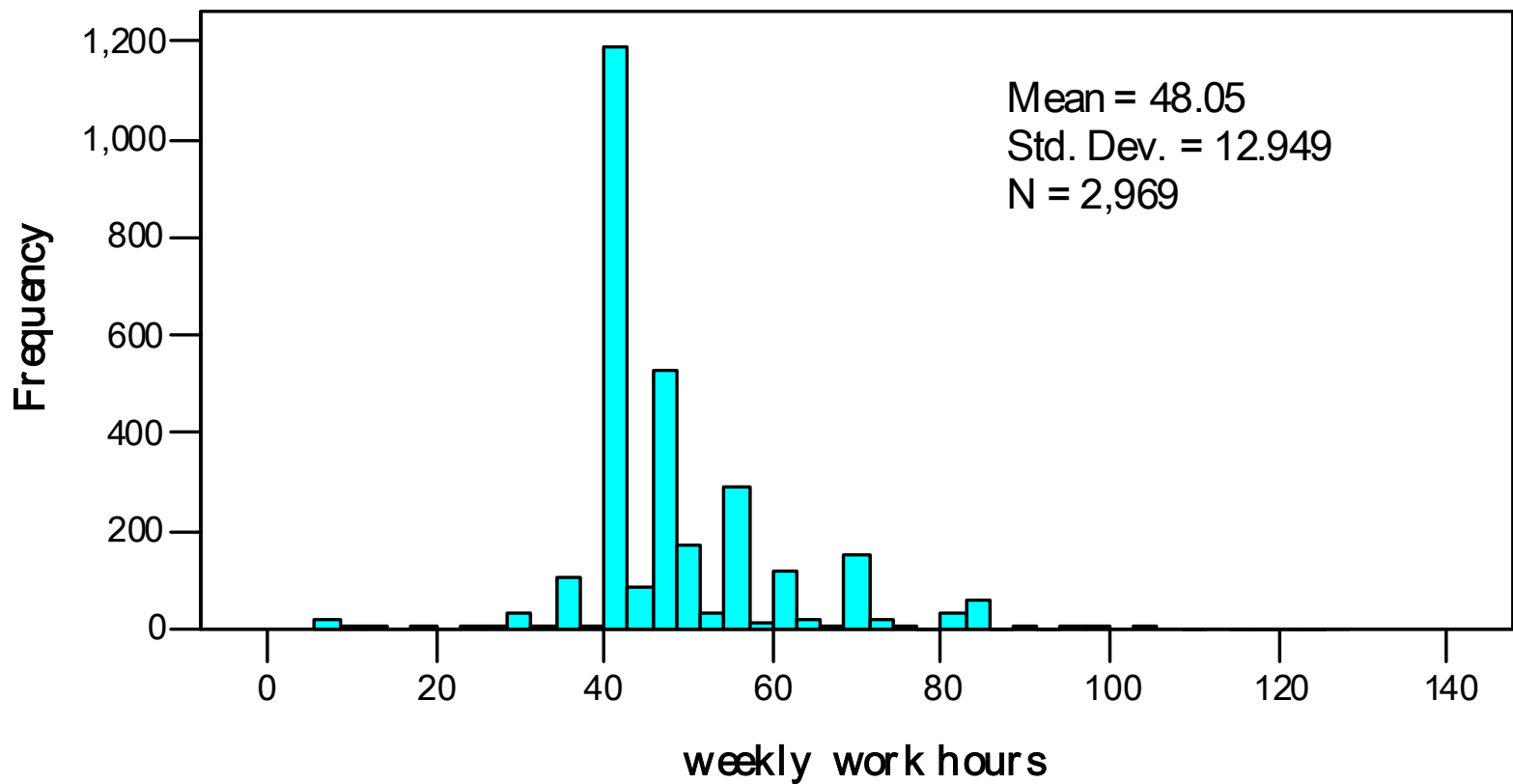
## **Employment Impacts from Globalization : 3**

- **the unequal globalization dominated by developed economies will lead to an ever-expanding gap between developed nations and developing ones, and ever-decreasing job opportunities for general labor force in the latter.**
- **Pursuing fair globalization is the ultimate solution for promoting youth employment.**

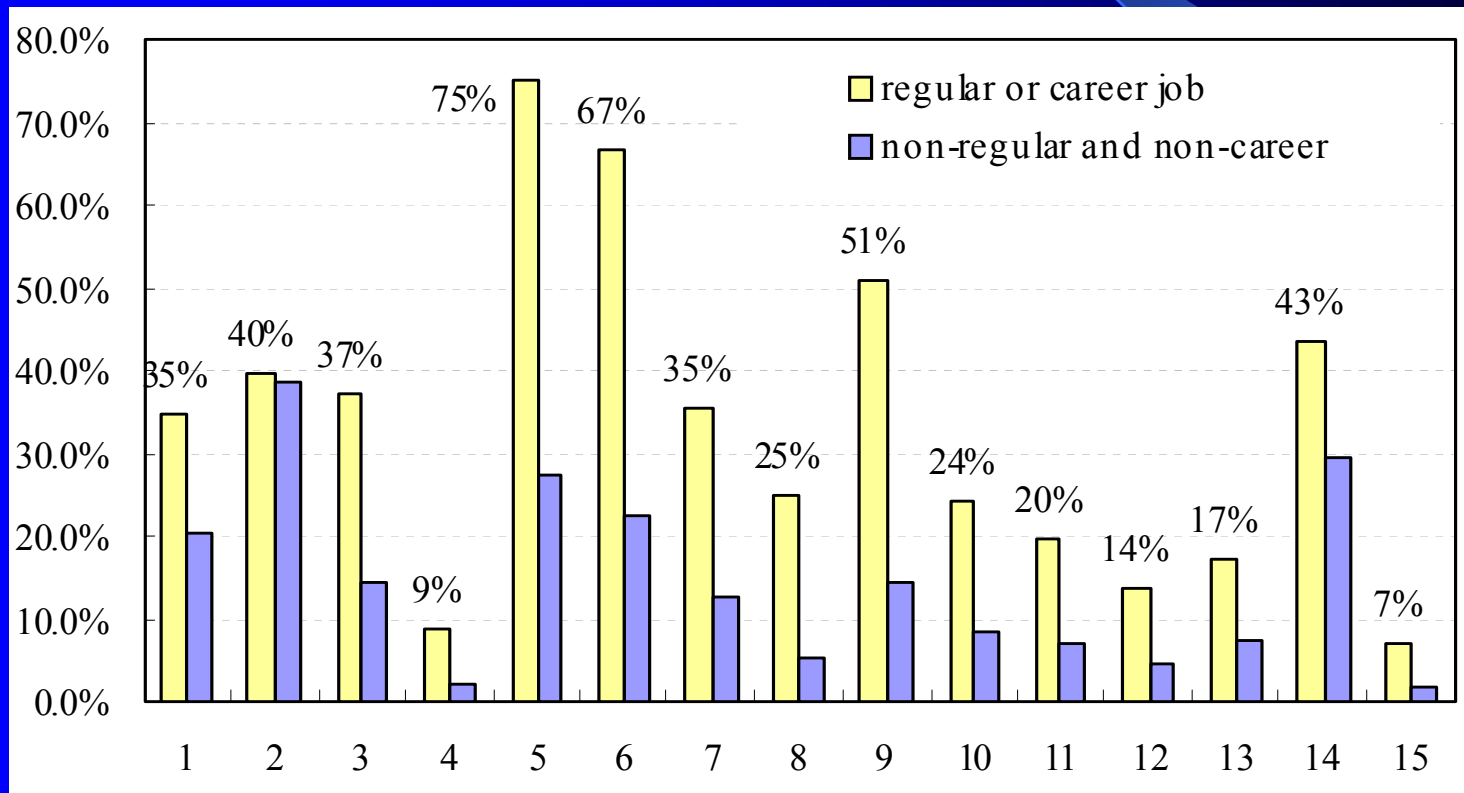
# **Employment Impacts from Globalization: 4**

- **youth human resources has been  
malignantly developed, resulted in  
insufficient supply of young labor force**

# Employment Impacts from Globalization : 4



1 Transport or transport allowance, 2 Meals or meal allowance, 3 Housing or housing allowance, 4 Childcare facilities, 5 Pensions/Old-age insurance, 6 Medical insurance coverage, 7 Work-related injury insurance, 8 Maternity Insurance, 9 Unemployment insurance, 10 Occupational safety/protective equipment or clothing, 11 Annual paid leave, 12 Paid sick leave, 13 Educational or training courses, 14 Bonus/reward for good performance, 15 Severance/end of service payment.



## Employment Impacts from Globalization : 4

- nearly 70% young people work in private enterprises.
- First, private enterprises only employ “golden” section of age labor force.
- Second, they only use young employees but never provide training to them.
- Third, the youth lack employment protection and social security.
- led to insufficiency of effective supply of young labor force, turned today’s labor force into tomorrow’s burden of society.

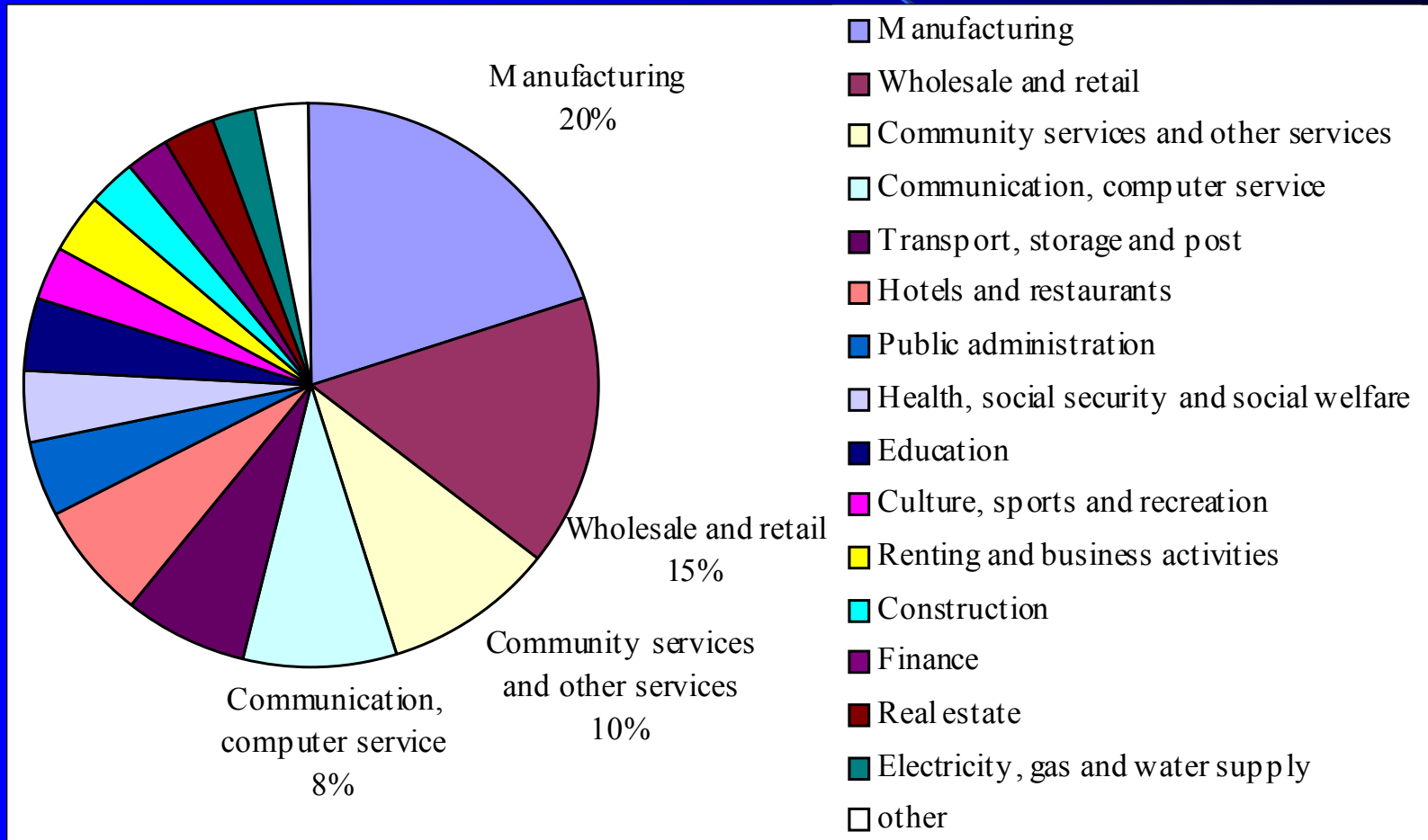
## **Employment Impacts from Globalization : 4**

- **accession to globalization will often cause developing countries to pursue economic growth at the cost of inefficient resource utilization in the context of low economic development level in order to solve the problems of employment and survival, which will ultimately lead to waste of valuable resources, including young human resources.**

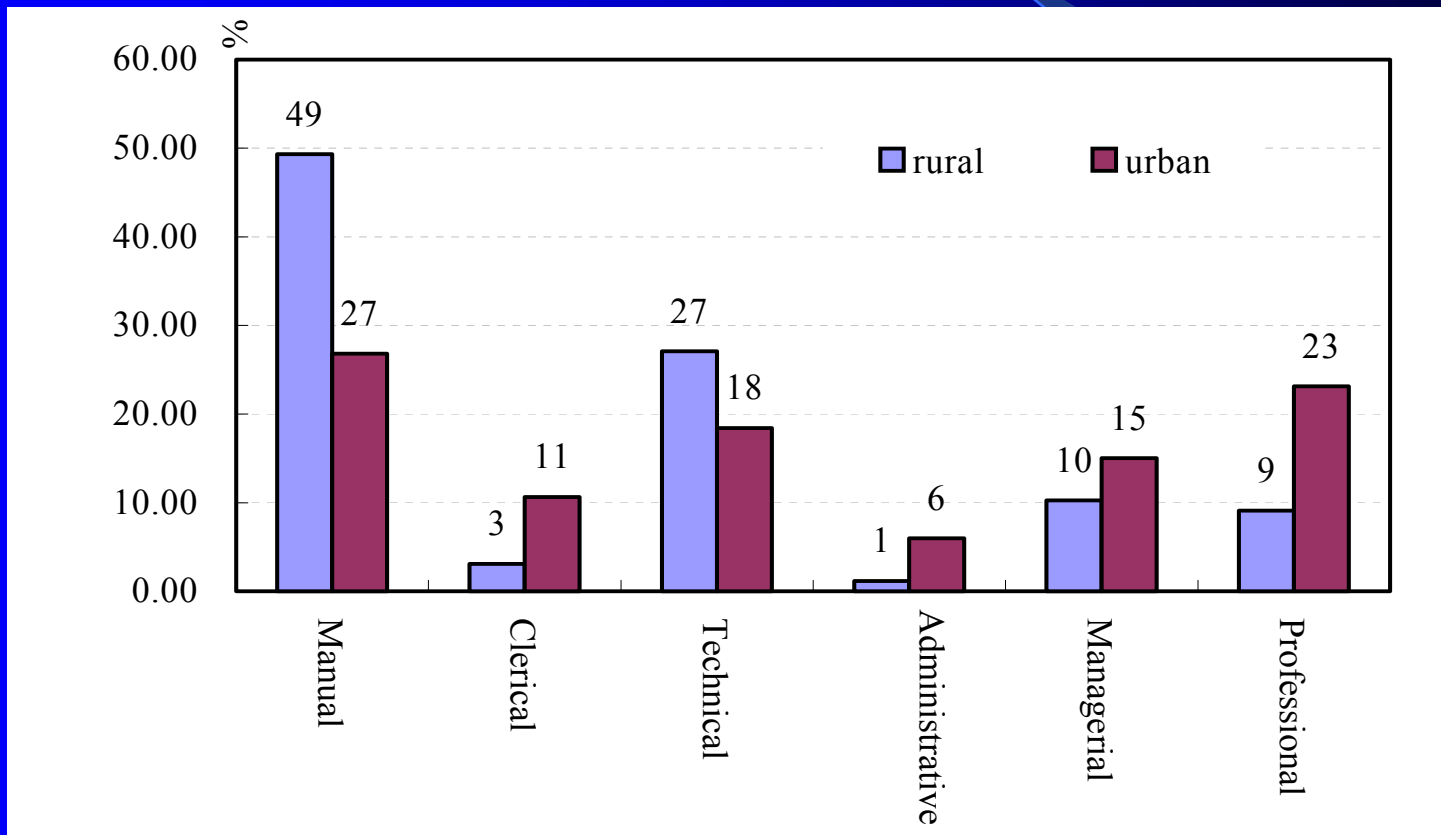
# Employment Impacts from Globalization : 5

- youth are difficult to adapt to faster changes of technologies and ways of production arise from Globalization

# the industrial distribution of the young employed



# the occupational distribution of the young people in rural and urban area



## **Employment Impacts from Globalization: 5**

- **less than 20% have successfully got employed soon after leaving school.**

# **Employment Impacts from Globalization : 5**

- **globalization with information technology as the feature will make it difficult for youth in developing countries to adapt to quality requirements of the new economy and cause an ever-expanding gap between them and other parts of the world if without artificially driven communication and transfer of technologies and knowledge to the countries.**
- **Lack of knowledge and technologies is worse than scarcity of materials.**

## **Social Partners' Measures**

- **Special preferential policies aiming at college graduates.**
- **Provide unemployed youth with help and support based on neighborhoods as the platforms**
- **Education and Training for Youth**
- **Constantly strengthen labor market protection**
- **Provide unique public employment services**

# Special preferential policies aiming at college graduates

- *divert high-quality labor force to jobs in western, grassroots and hard-condition regions*
- *encourage college graduates to work for private employers*
- *encourage college graduates to carve out their own business and self-employed*

# **Provide unemployed youth with help and support based on neighborhoods platforms**

- *Obtain a full knowledge of conditions of youth not in employment*
- *Provide youth with living relief and help through diversified channels*
- *Organize and develop new jobs in diversified forms*
- *Permit unemployment registration and access to employment services*

# Education and Training for Youth

- *Youth “Vocational Internship” Programme*
- *public training bases*
- *entrepreneurship training*
- *Provide rural labor force with internal-migrant employment training and training of technologies applicable in rural areas*
- *Improve vocational education*
- *Training in Enterprises*

# Constantly strengthen labor market protection

- *Speed up legislative process, strengthen law enforcement, and improve protection of workers' rights through enhancing the legal system*
- *Other Measures*

# unique public employment services

- provide young people with free-of-charge employment directions, job referrals, one-off training allowance, etc.
- Employment offices are set up in schools of all types to provide young students with employment guidance.
- Information networks of labor markets are linked with vocational education and training institutions to improve the guiding and service roles of job information in vocational education and training.
- Provide special services to young people in internal migrant employment that are from rural labor force.

# Challenges Facing Social Partners

- **Problem of ideology Change**
- **Labor Market Segmentation Problem**
- **Globalization Pressure on Developing Countries**
- **Integration of Policies and Measures**

- **governments, social partners, young people and their families are faced with the problem of incorrect positioning when dealing with the impacts from globalization.**
- **joint effort of all members of society is required to solve the employment problem of Chinese youth.**

**labor market segmentations and inequalities are important factors limiting job opportunities to youth.**

- Rural and urban labor market
- Formal and informal LM
- Developed and developing countries

**public and private sectors see significant gap between them in terms of employment protection and social security, and that unequal system has caused unreasonable allocation of resources and artificially limited job opportunities to young labor force.**

**the most serious one is the segmentation between urban and rural areas, and the huge differences between the areas in terms of educational resources, public facilities and development level have led to tremendous inequality in the regard of job opportunities to rural young people.**

- **the inequalities or market segmentations between developed and developing nations have limited job opportunities to youth in the latter.**
- **Therefore, global effort is required to solve the employment problem of youth.**

# **Countermeasures against Globalization Impacts**

- **Set up a dedicated social inclusion department to plan youth education, training, employment services, employment and social security as a whole**
- **The United Nations should make greater effort to promote global resolution of youth problems**
- **Reform the public education system to strengthen its connection with labor market needs**
- **Formulate employment-promoting policies benefiting all young people**

- **practical and effective vocational education and guidance should be implemented since primary school education to provide clear occupation directions.**
- **common education as a way of offering knowledge and cultivating the ability to acquire knowledge should play the role of occupation guiding.**

- **public policies for promoting youth employment are required to be global and national.**
- **All countries, particularly the developed ones, should review, reconsider and adjust old policies and implement new policies to pursue social development benefiting all people, and to ensure the sustainability of the global economy, society and environment. In that regard, global strategies must be mandatory to some extent and may not exclude consideration of the actual conditions of developing nations.**

**Global policies for promoting youth employment should place focus particularly on the communication and development of knowledge and technologies to and among young people in developing countries.**

The background is a dark blue gradient. A thin, light blue curved line starts from the top left and arcs towards the right. On the right side, there is a blue shape that looks like a quarter of a circle or a similar curved form, extending from the top right towards the bottom right.

**Thanks!**