



**Social Protection Reform Project**  
**中国-欧盟社会保护改革项目**

**Component One**

# Employment Promotion Plan: Evaluation of the 13th Five-Year Plan and Proposal for the 14th Five-Year Plan

**Yang Weiguo**

**Bai Chen**

School of Labour and Human Resources

Renmin University of China

July 2019

## Contents

Executive Summary .....	1
1 Foreword .....	11
2 Research Methods and Objectives .....	15
2.1 Basis for evaluation .....	15
2.2 Methodology .....	15
2.3 Data source .....	16
Part One Employment Promotion Plan: Evaluation of the “13 <sup>th</sup> Five-Year” .....	17
3 General Evaluation .....	18
3.1 Main indicators in the mid-13 <sup>th</sup> Five-Year .....	18
3.1.1 Employment quantity and quality .....	19
3.1.2 Labour structure .....	22
3.1.3 Entrepreneurship-driven job creation .....	23
4 Thematic Evaluation .....	25
4.1 Employment promotion by the new economy .....	25
4.1.1 Overall effect of new economy on promoting employment .....	25
4.1.2 Institutional support for employment promotion by the new economy .....	31
4.1.3 Social security for new jobs created by the new economy .....	32
4.2 Development of human resources market and service sector .....	34
4.2.1 Human resources market becomes more effective .....	34
4.2.2 Strong development of human resources services .....	35
4.3 Improvement of labour quality .....	43
4.4 Employment support for key social groups .....	47
4.4.1 Rural labour force .....	47
4.4.2 College graduates .....	53
4.4.3 Resettlement of workers laid off in industries with excess capacity .....	55
Part Two Employment Promotion Plan: Proposal for the “14 <sup>th</sup> Five-Year” .....	59
5. Basis of the proposal for the “14 <sup>th</sup> Five-Year” .....	60
5.1 Main challenges and deficiencies .....	60
5.2 New paradigm of domestic employment .....	69
5.3 International experience and reference .....	76
5.3.1 General trends and challenges facing global employment .....	76
5.3.2 International employment promotion policy structure .....	82
5.3.3 Strategic measures for global employment promotion .....	87
5.4 Alignment with the contents of middle-and long-term national strategic plans .....	90
6 Proposals for the “14 <sup>th</sup> Five-Year” .....	93
6.1 Suggestions on the principles and structures of the Employment Promotion Plan for “the 14 <sup>th</sup> Five-Year” .....	93
6.2 Suggestions on the content of the Employment Promotion Plan for “the 14 <sup>th</sup> Five-Year” .....	96
6.2.1 Establish a “structurally optimized” employment promotion policy system .....	96

6.2.2 Establish a human resources development system that supports high quality growth .....	97
6.2.3 Establish a market mechanism that allows the “free and balanced flow” of human resources .....	99
6.2.4 Establish a labour rights protection mechanism favourable to “new forms of employment” .....	100
6.2.5 Improve the fair access to “basic employment and entrepreneurship services”. .	101
6.2.6 Build a human resources development and employment promotion system friendly to the elderly.....	101
6.2.7 Establish a “family-centred” support mechanism .....	102
6.3 Suggestions on the implementation of the Employment Promotion Plan for “the 14th Five-Year” .....	103
References .....	107

## Tables

Table 1-1 Comparison of Employment Promotion Plan for “12th Five-Year” and “13th Five-Year” .....	13
Table 3-1 Main Employment Indicators from the 12th Five-Year to the 13th Five-Year .....	18
Table 4-1 Size of Employment Training Centre and Private Vocational Training Institutions in China, 2011-2016 .....	45
Table 4-2 Percentage of Workers Trained and Qualified .....	47
Table 4-3 Changes in Age Structure of Migrant Workers, 2013-2017 .....	50
Table 4-4 Education Attainment of Migrant Workers, 2016 and 2017 .....	51
Table 4-5 Skills Training for Migrant Workers .....	54
Table 4-6 Measures Taken by Local Enterprises to Resettle Workers Affected by the Removal of Excess Production Capacity .....	57
Table 5-1 Gender, Urban-Rural and Regional Differences in Average Years of Education in China’s Labour Force, 2012, 2014 and 2016 .....	63
Table 5-2 Gender, Urban-Rural and Regional Differences in Average Years of Education in China’s Labour Force, 2016 .....	66
Table 5-3 Policy Recommendations Based on Current Employment Situation .....	88
Table 5-4 List of Middle- and Long-Term Plans and Policies .....	94
Table 6-1 Plan Framework .....	98
Table 6-2 Suggestions on Establishing a Human Resources System Supporting High-quality Development .....	102
Table 6-3 Grassroots Labour Employment and Entrepreneurship Service Projects .....	105

## Figures

Figure 3-1 Newly Added Urban Jobs (in 100 million) and Growth Rate (%), 2011-2018 ...	20
Figure 3-2 Number of Outbound and Local Migrant Workers (in 100 million), 2011-2018 ..	20
Figure 3-3 Percentage (%) of Employment in Tertiary Industry, 2011-2018 .....	21
Figure 3-4 Percentage of Urban and Rural Employment and Wages, 2011-2017 .....	21
Figure 3-5 Score of Labor Rights Index for Chinese Employees, 2012, 2014 and 2016 .....	22
Figure 3-6 Stock of Human Capital, 2011-2016 .....	23
Figure 3-7 Self-employment, employment in Privately-owned and State-owned Enterprises as a Percentage of the Total Employment, 2011-2017 .....	24
Figure 3-8 Number of Newly Registered Privately-owned and Individual-owned Enterprises (in million) and Newly Added Employment in these new enterprises (in 10 million) ...	24
Figure 4-1 Number of Employment and Its Growth Trend among High-tech Enterprises in China, 2011-2016 .....	26
Figure 4-2 Size and Proportion of IT Industry and Digital Economy .....	27
Figure 4-3 Forecast of China’s Digital Economy Size (e-GDP) and Employment Potential from 2015 to 2035 .....	27
Figure 4-4 Digital Economy Jobs in China’s Three Industries .....	28
Figure 4-5 China Online Retail Sales, 2011-2018 .....	30

Figure 4-6 Change in the Distribution of Taobao Villages in China in 2014, 2016 and 2018	31
Figure 4-7 Size of Public Employment Services (in 10,000).....	37
Figure 4-8 Target Groups of Public Employment Services (in 10,000), 2011 and 2016 .....	38
Figure 4-9 Number of People Receiving Public Employment Coaching Services and Coaching Rate, 2011-2016 .....	39
Figure 4-10 Success Rate of Landing a Job Through the Referral of Public Employment Services, 2011-2016 .....	39
Figure 4-11 The Size of China's Human Resources Service Market (in 100 million yuan)...	40
Figure 4-12 Market Size of Headhunting Services for Senior and Experienced Personnel in China (in 100 million yuan), 2013-2022 .....	41
Figure 4-13 Number of Registered Human Resources Service Enterprises in China, 2011-2018 .....	42
Figure 4-14 Provincial Distribution of Human Resources Service Enterprises in China .....	42
Figure 4-15 Distribution of Human Resources Service Industrial Parks in China, 2018 .....	43
Figure 4-16 Number of Various Vocational Training Institutions in China (in 10,000).....	46
Figure 4-17 Average Length of Training in Private Vocational Training Institutions, 2011-2016 .....	48
Figure 4-18 Percentage of Workers Obtaining Qualifications in Private Vocational Training Institutions, 2011 and 2016 .....	49
Figure 4-19 Growth Rate of Total Number of Migrant Workers in China, 2011-2018.....	50
Figure 4-20 Employment Distribution of Migrant Workers, 2014-2017 .....	52
Figure 4-21 Per Capita Monthly Income of Migrant Workers by Sectors (Yuan), 2014-2017	53
Figure 4-22 Number of Colleges Graduates (in 10,000) and Growth Rate (%), 2011-2018 ..	54
Figure 5-1 Aggregate Supply and Demand and Prosperity of Labor Market, 2011Q1-2018Q4 .....	61
Figure 5-2 Demand-Supply Ratio for Senior Engineer and Senior Technician, 2011Q1-2018Q4 .....	62
Figure 5-3 ILO Estimation of China's Overall and Gender-specific Unemployment Rate, 2011-2018.....	62
Figure 5-4 Size of Economically Active Population (in 100 million) and Employed Population (in 100 million), 2011-2017 .....	63
Figure 5-5 Education Attainment of Employees, 2011 and 2016 .....	65
Figure 5-6 Comparison of Human Capital Quality between Urban and Rural China, 2016 ..	67
Figure 5-7 China's Changing Demographic Structure, 1960-2049 .....	76
Figure 5-8 Age Structure and Trend Projection of China's Working Age Population (in 100 million), 1960-2049.....	76
Figure 5-9 Age Distribution of Respondent Laborers, 2014 and 2016 .....	77
Figure 5-10 Share of Flexible Employment in EU Countries Continues to Rise, 2002 and 2016 .....	81
Figure 5-11 Education Attainment of Platform Workers.....	82
Figure 5-12 Types of Services Provided by Platform Workers .....	82



## Executive Summary

### 1. Positioning of “Employment Promotion Plan for the 13th Five-Year”

The “Employment Promotion Plan for the 13th Five-Year” has been formulated and implemented under the strategic background of deepening reforms across the board in the new era. Overall, the plan is marked by the following characteristics: 1) The employment promotion plan is given more important strategic roles in economic regulation and underpins job creation to provide the strongest support to people’s livelihood and the most fundamental support for economic development; 2) The Plan highlights the role of innovation and entrepreneurship in promoting employment; 3) It puts more emphasis on the decisive role of the market in the allocation of human resources and on the need to pivot government functions towards service provision, coordination and regulation; 4) It pays more attention to the overall improvement of labour skills and job quality.

### 2. Targets met and missed

**Employment quantity and quality:** The size of employment has steadily increased with a rebounding growth rate. In 2018, 13.61 million new jobs were created in cities and towns, and a total of 40.26 million new jobs were created in cities and towns since the beginning of the 13th Five-Year (reaching 80.5% of the target of over 50 million); the registered urban unemployment rate fell to 3.8%, below the target of 5%. The employment structure continued to be optimized, with the proportion of employees in the tertiary industry steadily rising to 44.6% in the first three quarters of 2018. The share of employed people in cities and towns has been constantly increasing, reaching 56% in 2018. The quality of employment has been further improved. Among those employed, the percentage of people who signed labour contracts with employers has remained stable at over 90%.

**The structure of human resources and the quality of labour force:** the structure of human resources has been continuously optimized, with 165 million skilled workers (target value: 170 million) and 47.91 million high-skilled talents (target value: 55 million) in 2018, the latter of which accounted for 29% of the total number of skilled workers (target value: 32%). The quality of the labour force has continued to improve, with the average length of education of the working-age population increasing from

9.56 years in 2011 to 10.01 years in 2016. China’s human capital index scored 67.72, ranking 34th out of 130 countries in the world.

**Overall effect of innovation and entrepreneurship on employment promotion:**

innovation-driven job creation through new business models has continued to gain momentum, especially in terms of digital economy represented by “sharing economy platforms” (in 2017, China’s sharing economy hired about 7.16 million employees and 70 million service providers) and “online retail” (Alibaba’s retail platform created 40.82 million job opportunities). The momentum of mass entrepreneurship remains strong. In 2018, there were 10.655 million new privately-owned enterprises and self-employed individuals, equating to 32.479 million employed people.

**Policy framework for energizing labour market:** on one hand, the labour market has become more effective. The government has worked on building institutions and mechanisms to eliminate factors that hinder the free flow and the effective allocation of human resources; on the other hand, the commercialization of human resources services has been increasing. Since the promulgation of the *Opinions on Accelerating the Development of Human Resources Services Industry* by the Ministry of Human Resources and Social Security in 2014, China’s human resources service industry has entered a stage of rapid development, gradually forming an industrial ecosystem featuring players which could provide services diverse in forms and rich in content. The industry has expanded rapidly. The size of China’s human resources service market increased from 158.4 billion yuan in 2013 to 343.6 billion yuan in 2017, with a compound annual growth rate of 21.9%, and the number of employees in this sector reached 583,700 (target value: 600,000) in 2017.

### **3. Main problems in implementing the plan**

**The structural mismatch between the supply and demand of labour remains glaring.** On one hand, the labour shortage increased significantly after the second quarter of 2016, reaching 1.079 million by the first quarter of 2018. In particular, the demand for senior engineers and technicians was twice as much as the supply. On the other hand, the newly released survey urban unemployment rate and the standard unemployment rate estimated by the International Labour Organization (ILO) were both around 5%-6%, exceeding the registered unemployment rate and showing a rising trend of unemployment. Among others, the unemployment among women and



poorly educated groups was more serious, and the underlying causes cannot be ignored.

**At a time of the economy shifting from old growth drivers to new drivers, the shortage of skilled labour has become increasingly prominent.** The proportion of employees with only junior high school education in China is still as high as 43%. Only about 8.5% employees held bachelor's degree or above. Among the employed population aged 25-64, only 11.9% are high-skilled employees, ranking 97th in the world. The employment rate of the population with higher education is 43.4%, ranking 61st in the world. The differences in the quality of the labour forces between urban and rural areas, regions and genders are still very significant. In particular, the differences between urban and rural areas have been constantly widening.

**In the context of digital economy, the labour rights protection and social security systems for workers in new forms of employment need to be improved urgently.** Today there are more and more new employee groups such as “platform-based contract workers” who work outside the “scope of protection” of the current labour rights protection and social security systems. It's imperative to strike a balance between implementing the *Guiding Opinions on Developing Digital Economy to Stabilize and Promote Employment* as a way to enhance the vitality of the digital economy and increase new forms of employment, and establishing a labour rights protection and social security system that adapts to the new employment paradigm.

The supply and efficacy of public employment and training services need to be improved. The scale of public employment services has assumed a downward trend since the 12th Five-Year Plan period when there was no significant drop in the unemployment rate. In terms of efficacy, the number of registered job seekers receiving public employment services decreased from 23.639 million in 2011 to 16.846 million in 2016, accounting for about 40% of all job seekers. The percentage of workers who received training and gained qualifications were at a low level, and the forms of training were still dominated by short-term training (less than six months) and junior and intermediate level qualification training.

**The resettlement and protection of disadvantaged groups, especially workers**

**facing lay-off in sectors with excess capacity, cannot be ignored.** Problems such as the resettlement of middle-age low-skilled workers, poor performance of the recipient enterprises, and inadequate economic prowess and financial resources in resettlement areas have greatly increased the difficulty of resettlement of employees from enterprises that have excess production capacity. In addition, there has been a lack of policy incentives for enterprises to hire workers laid off from sectors with excess capacity (because of the policy’s one-sided emphasis on job security of the affected employees by filling internal vacancies with these people, and because the policy requires that enterprises must first provide jobs for the employees affected by the removal of excess production capacity before they can enjoy social security subsidies). Besides, the policy funds have been hard to access when other roadblocks abounded.

#### **4. The new Plan for the 14th Five-Year should be based on the new trend of domestic employment**

**“One background” refers to the momentous development of digital economy under the rise of digital technology.** China’s digital economy continues to expand. In 2018, the size of the entire digital economy reached 31.3 trillion yuan, accounting for more than a third of China’s GDP, reaching 34.8%, up by 1.9 percentage points year on year. The rapid development of digital economy has incurred far-reaching influence on the job market.

**The “three trends” refer to the elevated positioning of the employment policy, the shift of the leading employer industry, and the changing demographics of the labour force.**

**Employment promotion policy has gained greater significance as it’s defined as a tool to serve macroeconomic regulation.** In March 2019, Premier Li Keqiang put forward in the report on the government work that, for the first time this year, the employment first policy would be placed in the macroeconomic policy toolkit, which meant that the employment target and various signals in the labour market would be considered, decided upon and implemented as part of the macroeconomic policy framework just like fiscal, monetary and financial policies.

**The leading employer industry have been shifting towards the labour-intensive service sector.** From the 12th Five-Year to 13th Five-Year, the service sector added

13.09 million new jobs annually and hired many workers coming from the manufacturing industry. The labour-intensive service sector has really stood out, with an average annual job increase of 4.762 million and 1.741 million respectively in the wholesale & retail and hospitality & catering industries.

**The aging population accelerates the structural transformation of the working population.** The demographic change has been accelerating the depletion of “demographic dividend”. The rapid aging process makes China face the challenges of falling labour supply and more old people to support. Although a shrinking labour force helps to reduce the pressure on employment, the general decline in China’s labour force participation rate has led to the demise of the view that China’s labour force participation rate is significantly higher than that in other parts of the world.

#### **5. The new Plan should be drafted in reference to the latest experience of employment promotion in the world**

“More and better jobs” (employment quantity and quality), “resilience and adaptability” and “labour market inclusiveness” (mobility and openness of the labour market) constitute the basic dimensions for evaluating the design of employment promotion policies in the world.

In addition, topics such as “positive impact (employment promotion) and negative impact (non-standard work challenges labour relations and intensifies job polarization) of the digital economy on employment”, “sluggish wage growth and increasing inequality”, “challenges of aging society on labour supply and labour market”, “strengthening the social security network for employment” and “gender inequality in employment” have attracted great attention from the international community.

#### **6. The new Plan should be made in good alignment with other middle- and long-term strategic plans**

The alignment with other middle- and long-term strategic plans is not only of great significance for identifying the orientation and content of the employment promotion plan for the 14th Five-Year, but also the very foundation for establishing a long-term employment promotion mechanism. A very important part of the national middle- and long-term strategic plans is personnel training and education, which serves as the basis for solving the structural problems and provides human capital support for

economic transformation. Specifically, the approach is to improve the multi-level personnel training system, with the generally planned and stratified training programs for the manufacturing workers at the core, while the more fundamental measures involve deepening the reform of the education system. At the same time, efforts should be made to build a modern education system of lifelong learning for all, forming a new pattern of educational governance in which the whole society participates.

## **7. Suggestions on the framework, content and implementation of the new Plan for the 14th Five-Year**

**Firstly, the suggestions on the principle and framework of the new Plan are as following:**

**Highlight the “macroeconomic” and “long-term” nature of the employment first policy.** There is a need to take into account “the relationship between the short-term employment equilibrium and the long-term development of the labour market”. Policymakers should try to avoid short-sighted behaviours (excessive use of administrative orders) brought about by “target setting” and work to align the employment policies with the national long-term strategic development plans, so as to allow for a greater role of the labour market mechanisms.

**The objectives of the new Plan should be formed around the principle of “employment promotion system supporting high-quality development in the new era”.** Specific measures include encouraging the development of emerging strategic industries and job creation therein, strengthening the support for the strategy of nurturing high-quality talents, building the human resources development system, comprehensively improving the efficiency and accuracy of the labour market in matching the supply and demand of high-skilled workers, and promoting the upgrade of the human resources service industry.

**Add “employment protection and equality” to the new Plan to increase the “sense of attainment at work”.** In the structural design of the plan, it is suggested to add an “employment protection and equality” section (protection of labour rights and interests) when deciding on the plan structure which is centred on the three basic dimensions of “supply, demand and market”.

**Add to the Plan the promotion and protection mechanisms for “new forms of employment” in the digital economy.** More attention should be given to different aspects of employment in the digital economy, including employment promotion (cultivating new business models and growth drivers), labour protection (new forms of employment characterized by non-standard work), and training (talents in the digital tech sector).

**Secondly, the suggestions on the content of the new Plan are as following:**

**Establish a “structurally optimized” employment promotion policy system.** The analysis of the demographic and labour force statistics shows that the labour market in China is no longer facing a shortage of total number of jobs, but plagued by the structural mismatch between the supply and demand of labour. First of all, action should be taken to further develop the labour market where the market force should be given a greater role in allocating human resources. Secondly, accumulation of human capital can be sped up through education and training so as to resolve structural mismatch in the labour market. Finally, basic public employment services should be made more fairly accessible to increase the flexibility and efficiency of the labour market.

**Establish a “high quality development oriented” human resources development system.** First of all, efforts should be made to train innovative, application-minded, high-skilled and high-quality junior college and technical secondary school graduates and skilled workers with international competitiveness, to improve the quality of the new labour supply. Secondly, assistance should be provided to help tap into the potential of workers, enhance their employability and promote the career transformation of rural labour force. Thirdly, there should be across-the-board investment in and accumulation of human capitals, so as to fully unleash the potential of workers. Fourthly, effective use should be made of foreign talents and implement a more active, open and effective policy for training and introducing foreign talents.

**Strengthen the “free and balanced flow” of human resources.** The key to improving labour mobility lies in eliminating various institutional barriers. Work

should be done to deepen reform in related areas and take multi-pronged measures to improve the efficiency of the labour market. Innovative approach should be taken to allocate human resources. Through the establishment of a cross-regional (developed and underdeveloped areas) talent cooperation mechanism between schools and enterprises, high-quality talents will be guided to serve the underdeveloped areas, thus promoting a more balanced distribution of high-quality human resources.

**Make the labour rights protection mechanism more favourable to the “new forms of employment”.** Efforts should be made to promote the construction of more inclusive and flexible labour rights protection and social security systems that are compatible with the development of the digital economy. Attention should be paid to the new trend of the transformation in the world of work driven by the digital economy. According to the requirements of enhancing flexibility of the labour market through prudent and inclusive regulation, the *Guiding Opinions on Developing Digital Economy to Stabilize and Promote Employment* will be earnestly implemented; the labour laws and regulations will be improved; the labour rights policy and social security systems under the new employment paradigm will be improved in a timely manner; and the legitimate rights and interests of workers will be effectively protected. The “national insurance scheme” covering all citizens will be promoted.

**Improve the fair access to “basic employment and entrepreneurship services”.** Efforts should be made to ensure fair access to basic employment and entrepreneurship services, including public employment services, entrepreneurship coaching services, employment assistance, apprentice services, joint recruitment services in large and medium-sized cities, vocational skills training and certification, “12333” hotline for human resources and social security services, coordination of labour relations, mediation and arbitration of labour disputes, and oversight of labour protection.

**Build a human resources development and employment promotion system friendly to the “employment of old people”.** It is suggested to initiate the human capital development programs among elderly workers. In order to adapt to the aging process in China, the government should learn from best practices in the world and encourage unemployed old people to return to the labour market through providing

education and training, health services, employment promotion, etc. Actions should be taken to tap into the human resources of the elderly by highlighting the subjective initiative and positive role of the elderly in participating in economic and social activities. The policy of delayed retirement should come in stages and be improved along the way, so as to effectively tap into the human resources of the elderly. More and better education and training programs should be provided for the old people.

**Build a “family-centred” employment promotion and protection system.** Family is the foundational unit of society. Individual’s employment decisions and labour participation are the result of collaboration and division of labour within a family. Therefore, in the process of building the employment promotion and protection system, especially in face of the declining female labour force participation rate, the protection for families should not be neglected. Synergy between family development policies and employment promotion should be created. It is suggested that the new Plan should pay attention to the relationship between family and employment, implement family-centred employment promotion and protection policies, and provide dual-earner support to encourage female employment.

**At last, as for the implementation of the new Plan, on one hand, given the elevated significance of the employment policy, it is suggested that the importance of establishing and improving the employment promotion coordinating mechanism should be highlighted in the Plan (at the section on labour protection systems and organized implementation).** 1) It’s imperative to highlight the importance and urgency of establishing a comprehensive data collection and indicator monitoring mechanism for the labour market (emphasize the importance of employment statistics as the main target indicators for macroeconomic regulation and control). 2) On the basis of enhanced data monitoring and synchronization, it’s necessary to institutionalize the division of functions between relevant departments, especially the general management departments for macroeconomic control and the labour market operation and management department, and give full play to the role of “inter-departmental meeting on employment” in strengthening coordination among departments. 3) While institutionalizing the division of departmental functions and strengthening their cooperation, attention should be paid to the synergy between the formulation and implementation of employment promotion policies. **On the other**

**hand, it is suggested that the Plan should highlight the establishment of a sensible evaluation mechanism on the effect of employment policies in order to make the implementation of employment policies better targeted.** Firstly, it's necessary to improve the performance evaluation on fiscal expenditure for employment promotion. Secondly, the nature of unemployment and the difference between different unemployed groups must be clearly defined to serve as the basis for classified management, thus making the employment promotion policy better targeted.



## 1 Foreword

In 2017, the State Council issued the *Employment Promotion Plan for the 13th Five-Year Plan Period (2016-2020)* (hereinafter referred to as the Plan). This Plan is the second strategic, comprehensive and foundational plan formulated by the Chinese government specifically for promoting employment since the 18th National Congress of the CPC. The biggest difference between it and the *Employment Promotion Plan for the 12th Five-Year Plan Period (2011-2015)* is that it was formulated and implemented under the background of comprehensively deepening reform in the new era, and it is the ultimate embodiment of the guiding philosophy and overarching strategy of the Chinese government in comprehensively deepening reform in the field of employment promotion (Table 1-1).

First of all, in terms of strategic positioning, the Plan gives employment promotion more important strategic meaning when it comes to people’s livelihood and economic development. From “the foundation of people’s livelihood” in the 12th Five-Year and “the priority objective of economic and social development” to “the most important means whereby people live” and “the most fundamental support for economic development” in the 13th Five-Year, the fundamental role of employment promotion in safeguarding people’s livelihood and promoting economic growth has been continuously elevated. Secondly, in terms of the overarching principle, the Plan assigns a more decisive role to the market while emphasizing government’s role in service provision, coordination, regulation and improving employment conditions. Compared with the employment promotion plan for the 12th Five-Year, the Plan adheres to the principle enshrined in *The Decision of the CPC Central Committee on Major Issues Concerning Comprehensively Deepening Reform*. The role of market has gone from “basic” to “decisive” in every field including “employment promotion” rather than just in “human resources allocation”. Meanwhile, the Plan attempts to promote the transformation of government functions away from “further strengthening the government responsibility in promoting employment, making employment the basic objective in formulating, implementing and adjusting economic and social policies, and mobilizing as many members of society as possible to work” to “improving the environment and mechanisms, accelerating the elimination of policy and institutional barriers, and improving the government’s capacity of public

service provision, coordination and regulation”. Thirdly, in terms of specific objectives and work to be done, the Plan highlights the role of innovation and entrepreneurship in promoting employment and balanced economic development, and also pays more attention to the general improvement of employment quality and labour skills. Compared with the employment promotion plan for the 12th Five-Year, the Plan highlights the development concepts of “innovation, balance, green, openness and sharing” and puts in a more important position the promotion of new business models and sectors, the cultivation of new job growth drivers and the promotion of employment-driving entrepreneurship. At the same time, the Plan puts forward the strategy of giving priority to the development of talents and the construction of an employment protection system, which focuses on improving the quality of workers and achieving the goal of higher quality employment.

In reference to the strategic guidelines, overarching principles and specific actions under the Plan, this project closely follows the strategic guidance, main tasks and policy priorities of the Plan, and evaluate the implementation of the Plan based on the overall effect of its implementation and the materialization of major policies, projects, platforms and actions.

Table 1-1 Comparison of Employment Promotion Plan for “12th Five-Year” and “13th Five-Year”

	13th Five-Year	12th Five-Year
<b>Positioning</b>	1) Implement employment first strategy and prioritize the development of talents 2) Put the implementation of proactive employment policies in a more prominent position 3) Implement the policies involving self-employment, market-regulated employment, government promotion of employment and encouragement of entrepreneurship 4) Continuously improve the labour quality 5) Strengthen policy coordination mechanisms 6) Optimize the mechanism for leveraging private capitals 7) Improve the employment and entrepreneurship services 8) Improve the coordination mechanism for labour relations 9) Establish an integrated monitoring mechanism for employment situation	1) Fully develop and rationally utilize human resources 2) Implement more proactive employment policies 3) Improve the mechanisms involving self-employment, market-regulated employment, government promotion of employment
<b>Guiding Principle</b>	1) Equal weight placed on securing total number of jobs and addressing the structural mismatch of labour supply and demand 2) Work on increasing both labour supply and demand 3) Align employment policies with macroeconomic policies 4) Give full play to the decisive role of the market in employment promotion 5) Maintain a balance between universality and differentiation of employment promotion policies	1) Employment promotion as an approach to economic and social development 2) Human resources development as an approach to employment promotion 3) Highlight the basic role of market mechanism in the allocation of human resources 4) Maintain a balance between corporate development and labour rights protection
<b>Overall Goals</b>	To achieve nearly full and higher quality employment 1) To steadily expand the size of employment and improve the quality of employment 2) To improve the environment for starting businesses and creating more and better jobs 3) To continuously optimize the structure of human resources and significantly improve worker's ability to find jobs or set up their own businesses	To improve the quality of employment and achieve full employment 1) To continuously expand the size of employment and optimize the employment structure 2) To effectively control unemployment and keep the employment conditions stable 3) To significantly improve the human resources development 4) To further improve the quality of

Evaluation of the Employment Promotion Plan for the “13<sup>th</sup> Five-Year” Final Report

		employment
<b>Main Content</b>	1) Enhance growth-driven job creation 2) Enhance entrepreneurship-driven job creation 3) Strengthen the employment security of key social groups 4) Enhance the ability of the labour market to match labor supply and demand 5) Enhance the ability of the labour market to improve the quality of workers 6) Build a more powerful support system for employment security	1) Enhance job creation driven by economic growth 2) Implement more proactive employment policies 3) Coordinated approach to the employment promotion in urban and rural areas and among the key social groups 4) Vigorously develop human resources 5) Improve the functions of the labour market 6) More efforts on unemployment prevention and control 7) Improve the coordination mechanism of labour relations and the wage distribution within enterprises 8) Strengthen the supervision on labour protection and step up efforts on mediating labour disputes

## 2 Research Methods and Objectives

### 2.1 Basis for evaluation

This report is predicated on the general requirements of the *Opinions of the General Office of the State Council on Establishing and Improving the Mechanism for Implementing the National 13th Five-year Plan* and the *Notice of the National Development and Reform Commission on Carrying out the Mid-term Evaluation of the Implementation of the 13th Five-year Plan*. Based on the basic theories and methods of policy evaluation in the international labour market, it is written with reference to the basic style of employment development and evaluation reports of international organizations such as the European Union, the Organization for Economic Cooperation and Development (OECD), and the International Labour Organization (ILO).

### 2.2 Methodology

In Part One, the report follows the principle of general evaluation and thematic evaluation, goal-oriented and problem-oriented analysis, process-oriented and effect-oriented evaluation, and takes 2011-2018 (from the 12th Five-Year to the mid-13th Five-Year) as the main time line for evaluation. Based on the policy tool theory and the contents of the Plan, the report mainly focuses on the four dimensions of “demand”, “supply”, “market” and “key social groups eligible for more employment protection”, and conducts analysis and discussion with an eye on both “indicators (quantitative)” and “policy institutions/actions taken (qualitative)”. In the choice of specific methods, on one hand, it uses comparative analysis. Through the longitudinal comparison between the employment promotion plans for the 12th Five-Year and the 13th Five-Year Plan and the horizontal comparison between China and the international community, it examines the effect and progress achieved under the Plan during the 13th Five-Year. On the other hand, attention is paid to combing policy texts. By systematically examining the correlation, alteration and diffusion of the policies in related fields made by ministries and commissions at the central government before and after the implementation of the Plan, an insight will be open into the implementation and promotion of key projects under the Plan.

On top of the conclusion on the main challenges and inadequacies in the

implementation of the Plan for the 13th Five-Year, the Part Two of the report puts forward corresponding suggestions on the three dimensions of “Plan Framework”, “Plan Content” and “Plan Implementation (Organization and Implementation)” in reference to the shifting employment paradigm in China, new experience in employment abroad, and the contents and key directions of the China’s middle- and long-term development strategic plans.

### **2.3 Data source**

The data cited in this report mainly come from, on one hand, official statistics, including that from the database of National Bureau of Statistics, statistical bulletins of national economic and social development over the years and related yearbooks (such as “China Labour Statistical Yearbook”), census and data of governing authorities; on the other hand, the report uses the survey and research data from research institutions including international ones (World Bank, ILO, Boston Consulting Group etc.) and domestic ones (Renmin University “Longitudinal Survey on Matched Employer-Employee Data in China”, Sun Yat-sen University “China Labour Force Dynamics Survey Report” and Central University of Finance and Economics “China Human Capital Index Report”).

# **Part One   Employment Promotion Plan: Evaluation of the “13th Five-Year”**

### 3 General Evaluation

#### 3.1 Main indicators in the mid-13th Five-Year

Since the beginning of the 12th Five-Year Plan period, employment in China has been generally stable. Entering the 13th Five-Year, the total employment has continued to expand when the unemployment rate has declined steadily. The proportion of employment in the service sector has increased rapidly, leading to an optimized employment structure. The improving employment quality has been obvious as is reflected by rising percentage of employees signing labour contracts and getting covered by the social insurance scheme. The quality of the labour force has been constantly improving, and the share of high-skilled workers is increasing. The number of newly registered enterprises has been rising significantly, and entrepreneurship has been contributing to a growing amount of jobs.

Table 3-1 Main Employment Indicators from the 12th Five-Year to the 13th Five-Year

No.	Indicators	2011	2012	2013	2014	2015	2016	2017	2018
1	Newly added urban jobs (in 100 million)	1.22	1.27	1.31	1.32	1.31	1.31	1.35	1.36
2	Registered Urban Unemployment Rate (%)	4.1	4.1	4.05	4.09	4.05	4.02	3.90	3.8
3	Urban survey unemployment rate (%)	--	--	--	--	--	--	--	4.9
4	Re-employment of the disadvantaged groups (in 100 million)	--	--	--	--	--	0.17	0.18	0.26
5	Percentage of employees signing labour contracts (%)	86.4	88.4	88.2	88	90	>90	>90	--
6	Per capita disposable income growth (%)	--	--	8.1	8	7.4	6.3	7.3	6.5
7	Employees covered by the urban pension scheme (in 100 million)	28.39	30.43	32.23	34.12	35.36	37.93	40.29	41.85
8	Employees covered by the urban medical insurance scheme (in 100 million)	25.23	26.49	27.44	28.30	28.89	29.53	30.32	31.67
9	Share of tertiary industry (%)	36	36	39	41	42	42	44	45



10	Average length of education of the working age population (Year)	9.56	9.66	9.75	9.84	9.94	10.01	--	--
11	Length of education of the newly employed population (Year)	--	--	--	--	--	13.3	--	--
12	Percentage of high-skilled workers (%)	--	--	--	--	--	11.9	--	--
13	Number of entrepreneurs supported (in 10,000)	--	--	--	--	--	--	--	--
14	Number of newly registered enterprises (in 10,000)	--	--	250.27	365.1	443.9	552.8	607.4	670.0

Sources: China Statistical Yearbook, Statistical Bulletin on National Economic and Social Development (2011-2018), China Human Capital Report (2018), Statistical Bulletin on Human Resources and Social Security Development (2011-2017), SAIC National Market Entity Development Report (2013-2018), and China Labour Statistical Yearbook (2012-2018)

### 3.1.1 Employment quantity and quality

Since the 12th Five-Year Plan period, China has seen steady growth in employment. The newly added urban employment has trended upwards despite occasional fluctuations (Figure 3-1), growing from 12.21 million in 2011 to 13.61 million in 2018. During the 13th Five-Year (mid-term), a total of 40.26 million new jobs have been created in cities and towns (reaching 80.5% of the target value of over 50 million). The growth rate has obviously picked up compared with the 12th Five-Year. However, it fell again in 2018. The registered unemployment rate in cities and towns remains low. According to the *China Labour Force Dynamics Survey Report*, the unemployment rate in 2016 was estimated to be between 5% and 6%, which was significantly lower than that in 2014. By 2018, the registered unemployment rate fell to 3.8%, below the target of 5%.

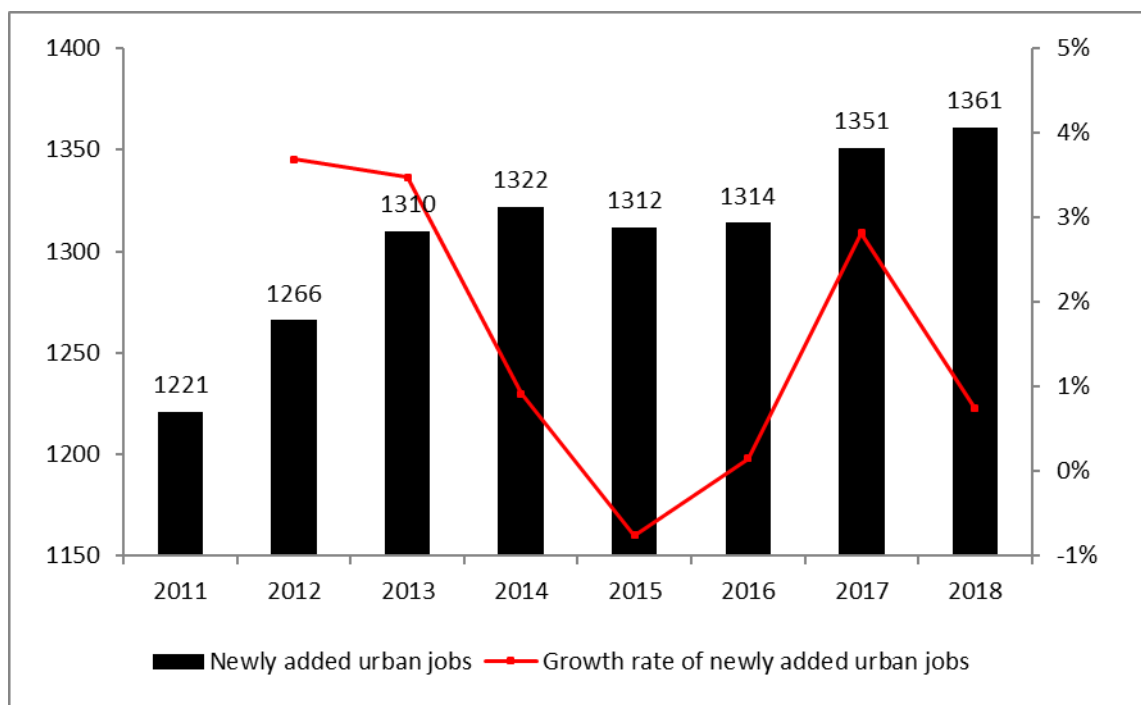


Figure 3-1 Newly Added Urban Jobs (in 100 million) and Growth Rate (%), 2011-2018

(Source: National Bureau of Statistics)

The employment conditions of college graduates, migrant workers and other key social groups was basically stable. The total number of migrant workers increased steadily (Figure 3-2) with a slower growth rate. The number of local migrant workers grew rapidly, reaching 116 million by 2018, accounting for 40.3% of the total number of migrant workers (288 million).

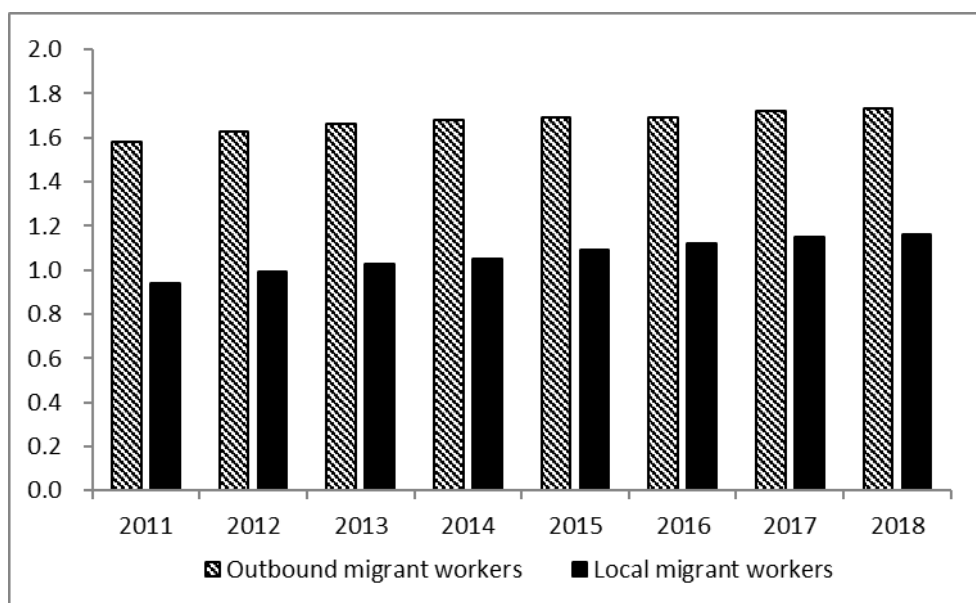


Figure 3-2 Number of Outbound and Local Migrant Workers (in 100 million), 2011-2018

(Source: Statistical Bulletin of National Economic and Social Development)

The share of employees in the tertiary industry (service sector) rose steadily, reaching 44.6% in the first three quarters of 2018 (Figure 3-3).

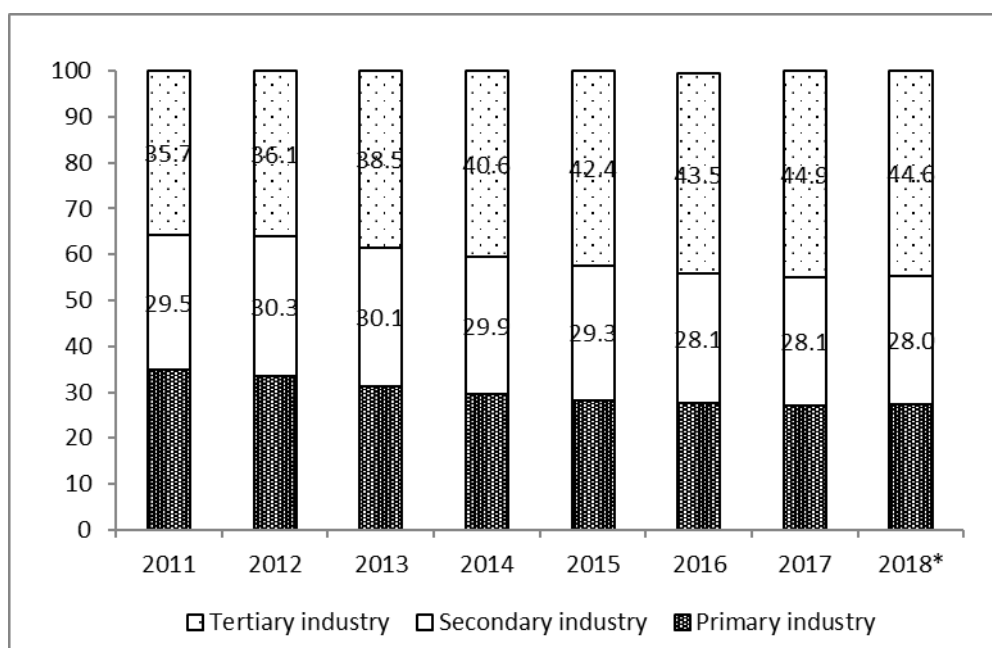


Figure 3-3 Percentage (%) of Employment in Tertiary Industry, 2011-2018

(Source: National Bureau of Statistics: Data of the First Three Quarters of 2018)

The share of employees in cities and towns kept rising, reaching 56% in 2017 (Figure 3-4), which showed a continuously improved employment structure. The annual average income of employees in urban areas increased from 41,800 yuan in 2011 to 74,300 in 2017, up by 77.8%.

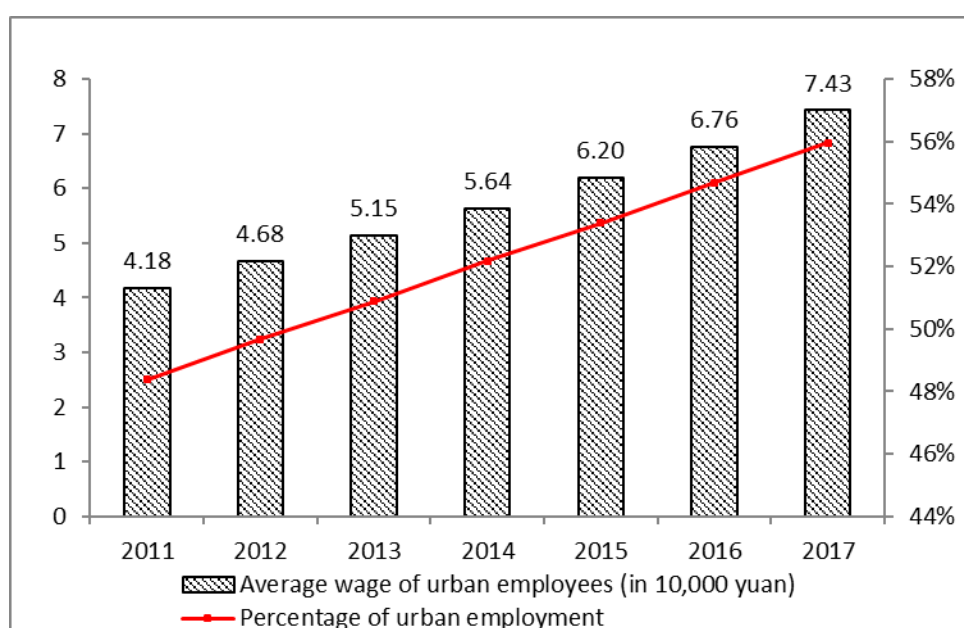


Figure 3-4 Percentage of Urban and Rural Employment and Wages, 2011-2017

(Source: National Bureau of Statistics)

The labour rights protection system has been improving. The percentage of employees signing labour contracts with enterprises has remained stable at over 90% since 2015, and the quality of employment has been further improved. According to the Labour Rights Index for Chinese Employees on *China Labour Force Dynamics Survey Report*, the protection of labour rights of the employees in China as a whole was “satisfying”. In particular, the protection of labour rights concerning occupational health, environmental safety and labour disputes has been significantly improved (Figure 3-5).

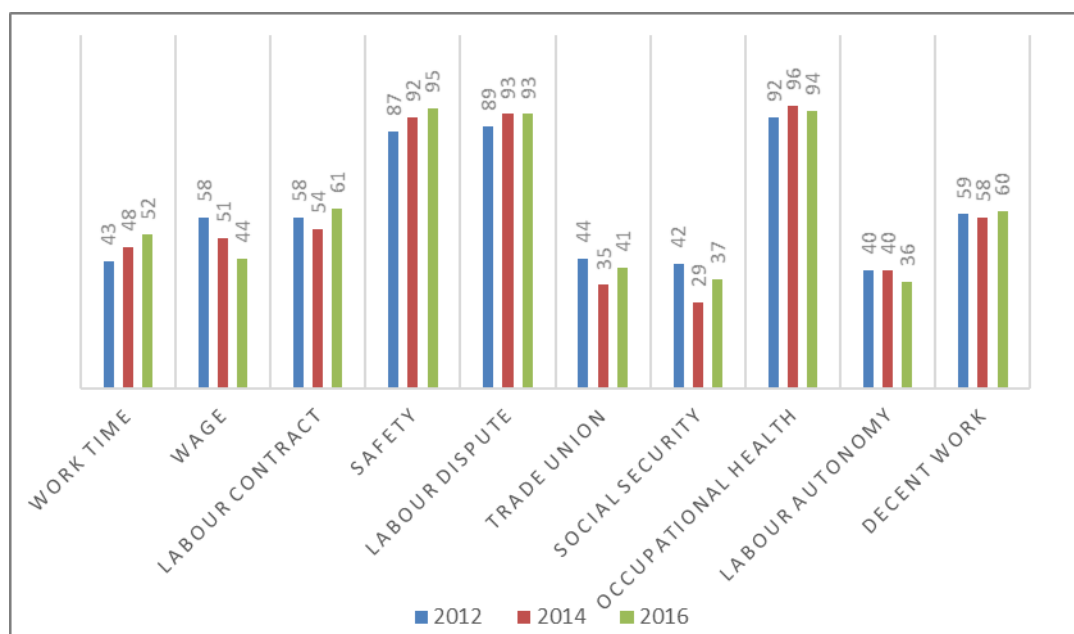


Figure 3-5 Score of Labor Rights Index for Chinese Employees, 2012, 2014 and 2016

(Source: China Labour Force Dynamics Survey Report)

### 3.1.2 Labour structure

The labour structure has been continuously optimized. The tertiary industry has accounted for the highest share of employment among all three major industries and its growth rate has been very fast, rising from 35.7% in 2011 to 44.9% in 2017. The quality of workers has been improving, which means they have become more resilient to adapt to changes in the job market. According to the *2017 Global Human Capital Report* released by the World Economic Forum, China’s human capital index scored at 67.72, ranking 34th out of 130 countries in the world. The share of people with high school education or above in the total labour force rose from 28.7% in 2011 to 34.1%

in 2016.

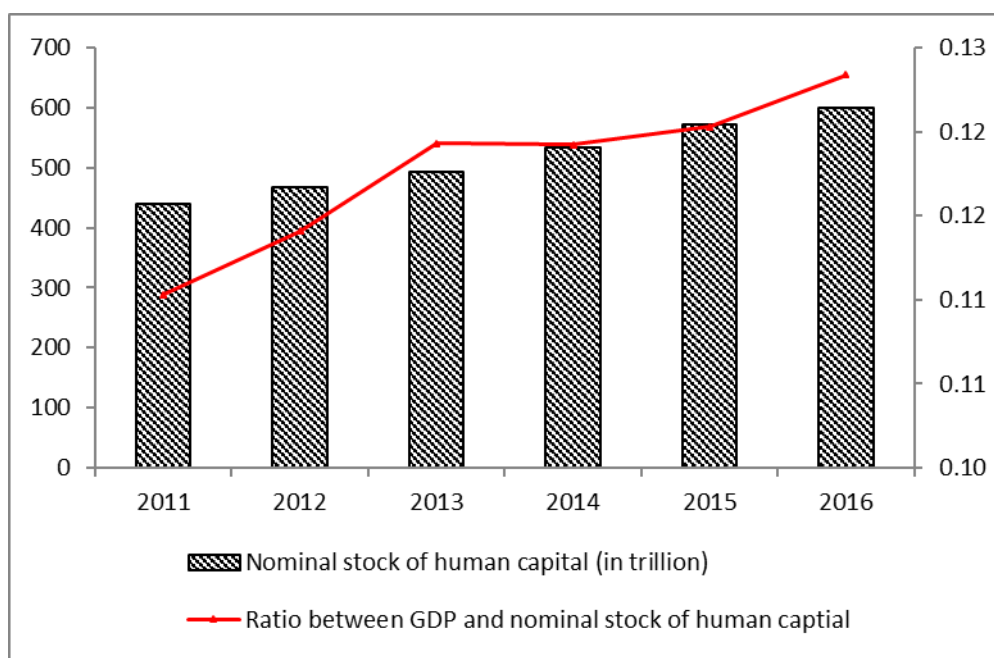


Figure 3-6 Stock of Human Capital, 2011-2016

(Source: China Human Capital Index Report 2017, Central University of Finance and Economics)

### 3.1.3 Entrepreneurship-driven job creation

The incentive and support mechanism for entrepreneurship has been continuously improved, leading to more and better public services for entrepreneurs. There is rising enthusiasm of the whole society in supporting and participating in entrepreneurship, and the survival rate of start-ups has increased significantly. The number of newly registered companies has increased significantly, from 2,502,700 in 2013 to 6.7 million in 2018. The proportion of self-employment and employment at privately-owned and individual-owned enterprises has steadily increased, reaching 22.0% and 31.4% in 2017 respectively in urban areas from 14.6% and 19.2% in 2011. The number of newly added self-employment and employment at privately-owned and individual-owned enterprises grew from 3.609 million and 12.328 million in 2011 to 10.665 million and 32.479 million in 2017.

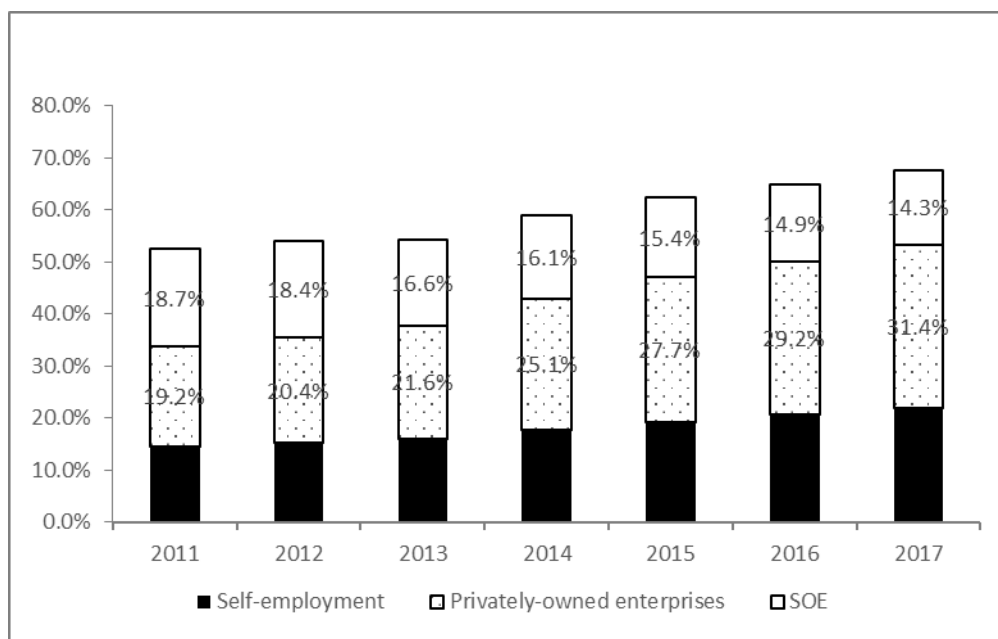


Figure 3-7 Self-employment, employment in Privately-owned and State-owned Enterprises as a Percentage of the Total Employment, 2011-2017  
(Source: National Bureau of Statistics)

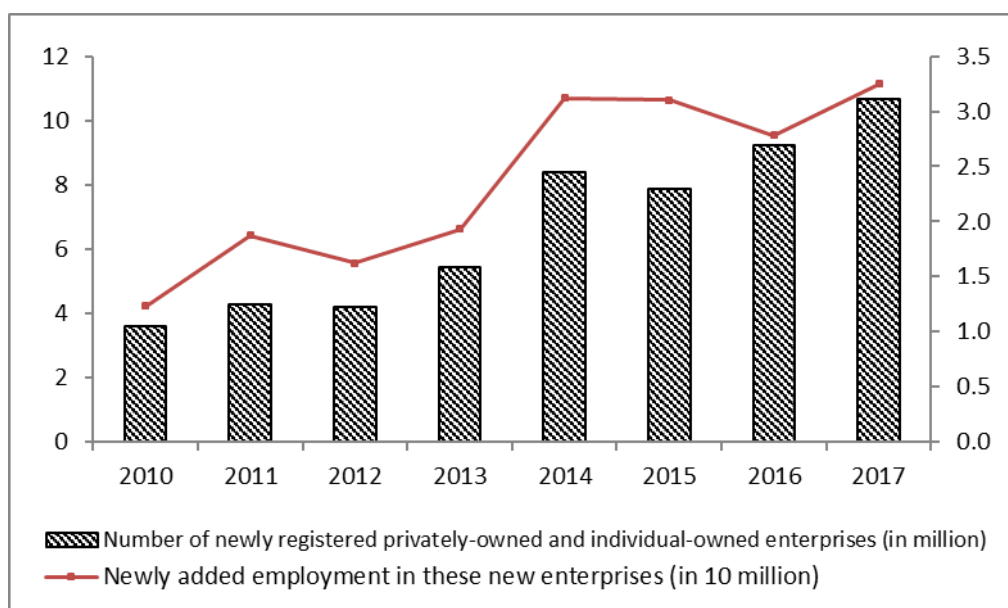


Figure 3-8 Number of Newly Registered Privately-owned and Individual-owned Enterprises (in million) and Newly Added Employment in these new enterprises (in 10 million)  
(Source: National Bureau of Statistics)

## 4 Thematic Evaluation

### 4.1 Employment promotion by the new economy

#### 4.1.1 Overall effect of new economy on promoting employment

During the 13th Five-Year, China's new growth drivers, new industries and new business models have been gaining momentum. Data from the National Bureau of Statistics show that in 2018, the value added of strategic emerging industries<sup>1</sup> increased by 8.9% over the previous year. The value added of high-tech manufacturing industries<sup>2</sup> increased by 11.7%, accounting for 13.9% of the total value added of the industrial enterprises above designated size, up by 1.2 percentage points from 2017. Among service enterprises above designated size, the business income of enterprises in strategic emerging service sector increased by 14.6% over the previous year. Online retail sales reached 9006.5 billion yuan, up by 23.9% over the previous year.

The rapid development of the new economy has played a positive role in promoting employment. Take employment in high-tech industries as an example (Figure 4-1), it has grown from 11.47 million (1.933 million in small and micro-sized enterprises and 9.537 million in large and medium-sized enterprises) in 2011 to 13.42 million (2.7 million in small and micro-sized enterprises and 10.72 million in large and medium-sized enterprises) in 2016.

---

<sup>1</sup> Industrial strategic emerging industries include energy-saving and environmental protection, next generation information technology, biology, advanced equipment manufacturing, renewable energy, new materials, new energy vehicle.

<sup>2</sup> High-tech manufacturing industries includes pharmaceutical manufacturing, aviation, spacecraft and equipment manufacturing, electronic and communication equipment manufacturing, computer and office equipment manufacturing, medical equipment and instrumentation manufacturing, and electronic chemicals manufacturing.

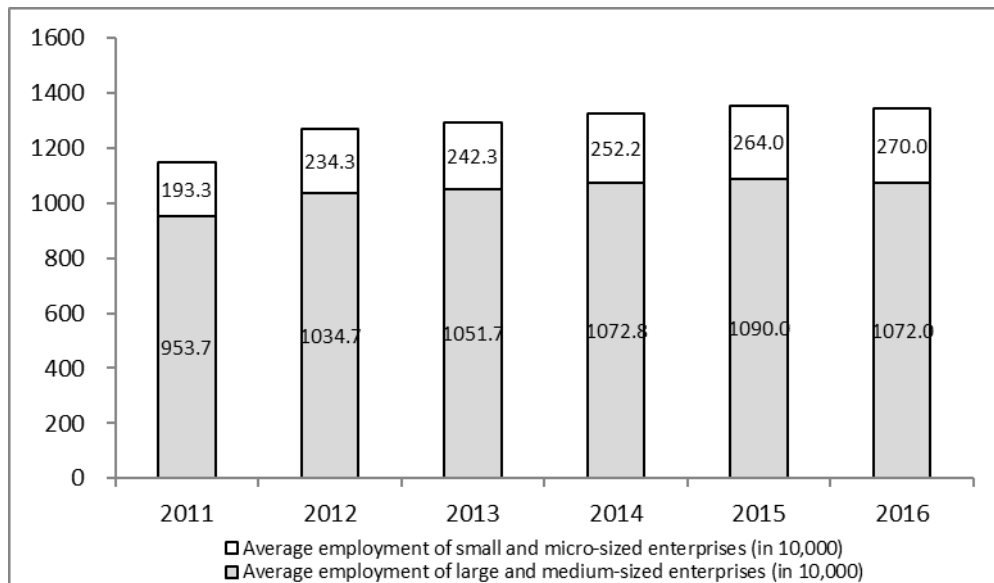


Figure 4-1 Number of Employment and Its Growth Trend among High-tech Enterprises in China, 2011-2016

(Source: China Statistics Yearbook on High Technology Industry)

**In particular, the new economy represented by "digital economy" is playing an increasingly important role in promoting employment.**

According to the estimation of China Academy of Information and Communications Technology (hereinafter referred to as “CAICT”), in 2017, the size of China’s digital economy reached 27.2 trillion yuan (including 21.02 trillion yuan worth of additional output of traditional industries thanks to digital application), representing a nominal growth of more than 20.3% year on year, accounting for 25.4% of GDP, second only to the United States in the world (Figure 4-2). According to Boston Consulting Group’s estimation, the total employment in the digital economy is expected to reach 415 million and the market size will reach 16 trillion US dollars by 2035. (Figure 4-3)



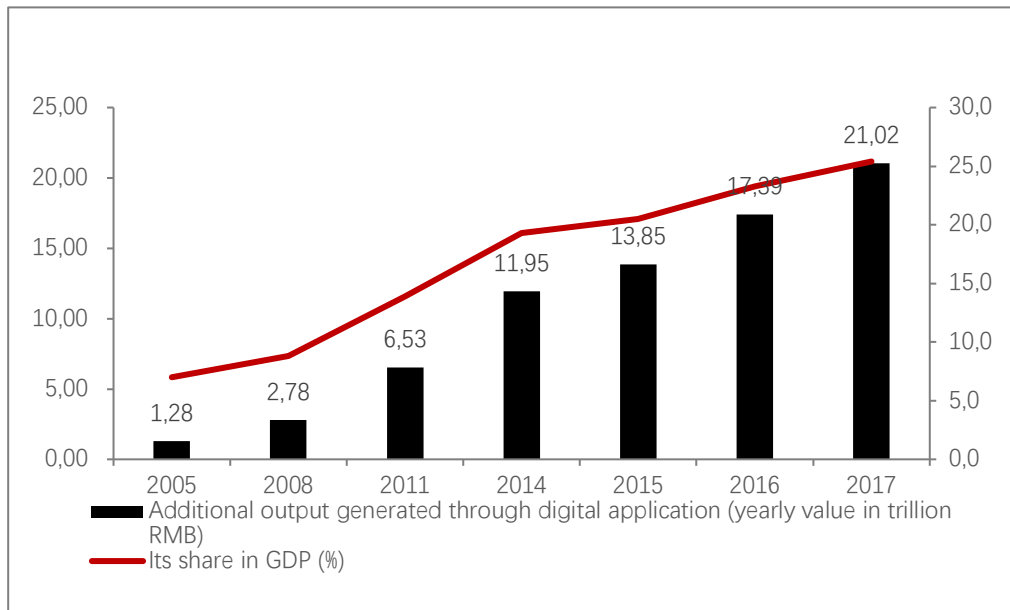


Figure 4-2 Size and Proportion of IT Industry and Digital Economy  
(Source: China Academy of Information and Communications Technology)

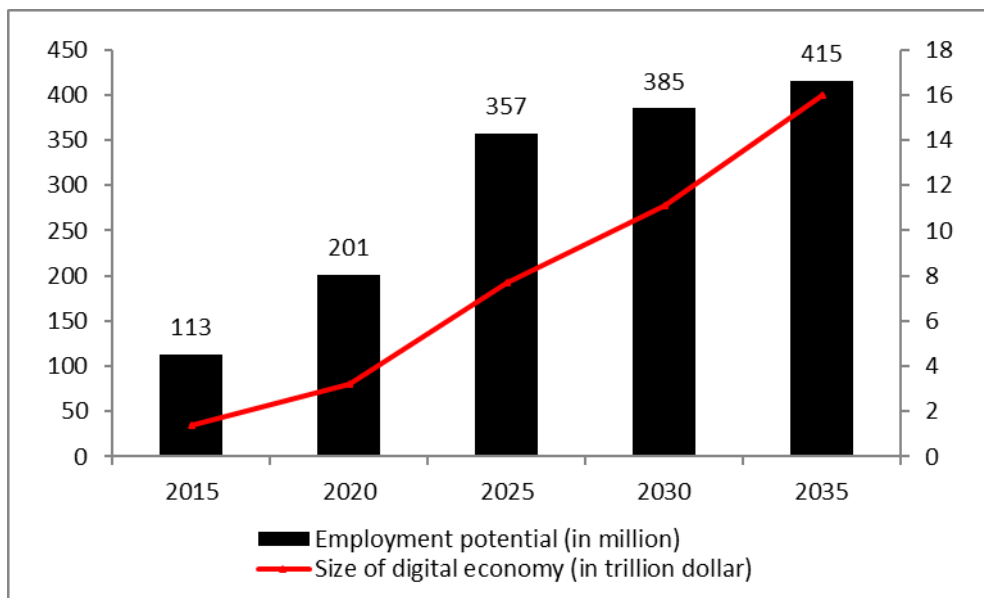


Figure 4-3 Forecast of China's Digital Economy Size (e-GDP) and Employment Potential from 2015 to 2035

(Source: Boston Consulting Group, 2017)

**The rapid development of digital economy has a profound impact on employment: on one hand, digital economy has led to new business models and more new jobs.** *The White Paper on the Development and Employment of China's Digital Economy (2018)* shows that in 2017, the number of people employed in China's digital economy reached 171 million, accounting for 22.1% of the total employment in that year, up by 2.5 percentage points year on year. In 2018, with a slight decrease in the total employment nationwide, 191 million jobs were created in

China’s digital economy, accounting for 24.6% of the total employment in the whole year, up by 11.5% year on year. It is estimated that the total employment of China’s digital economy will reach 415 million by 2035.

In view of the distribution of jobs across industries, the application of digital technology to the service sector has become the main driver of job creation in the digital economy. The contribution of digital economy to employment is manifested as both direct and indirect. The direct contribution mainly derives from the development of industries directly related to the digital economy (information technology industry), while the indirect contribution comes from the digital transformation of traditional industries under the influence of the digital economy. In 2018, there were about 134.26 million jobs added through digital transformation in the tertiary industry, accounting for 37.2% of the total number of jobs in the tertiary industry (Figure 4-4). The “digital transformation/integration of industries” has driven strong employment. This is particularly true among the service businesses with relatively low technical barriers, where digital transformation has led to the largest number of new jobs and the fastest employment growth. It has become an important means to stabilizing employment in China.

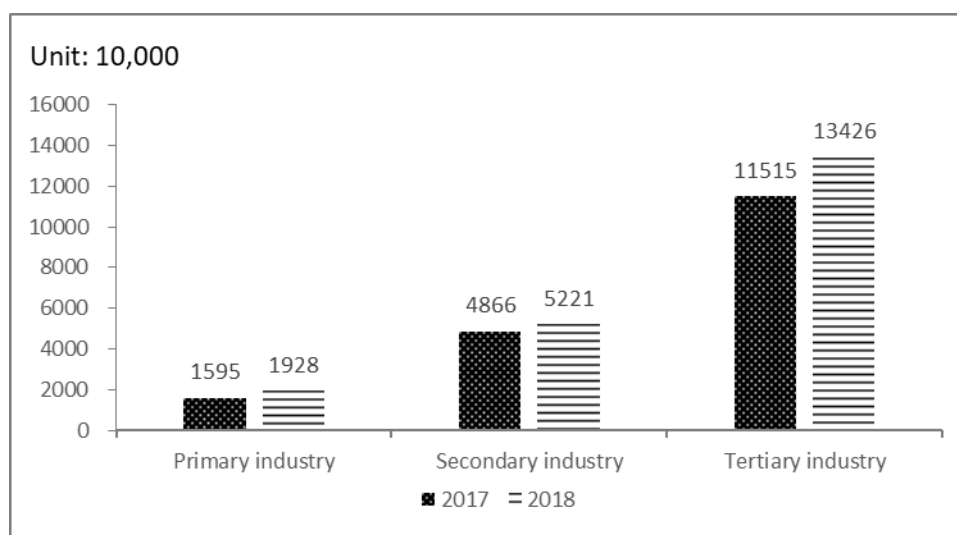


Figure 4-4 Digital Economy Jobs in China's Three Industries  
(Source: China Academy of Information and Communications Technology)

**In view of the forms of employment, the digital economy has given rise to more flexible employment.** The rapid development of new business models such as

platform economy, sharing economy, “crowdsourcing” and “crowd innovation”, has led to not only more dependent jobs, but also flexible employment modes including self-employment, freelancing, part-time employment etc., which have become an important way of job creation.

Among them, the sharing economy and online retail platforms stood out in their ability to create jobs.

**Sharing economy platform:** *The Annual Report on China's Sharing Economy (2019)* shows that in 2018 the total transaction volume of China's sharing economy reached 294.2 billion yuan, up by 41.6% over the previous year. The number of participants in the sharing economy reached 760 million, with about 75 million participating in the provision of services, up by 7.1% year on year. The number of employees working on these platforms reached 5.98 million, up by 7.5% year on year.

According to *Urban Youth: 2018 Food Deliverymen Employment Research Report* by the Meituan-Dianping Research Institute, the transaction volume at food delivery platforms reached 296.9 billion yuan in 2017, more than double that of 2015 (134.8 billion yuan). In 2018, 2.7 million food deliverymen earned money by delivering food ordered through Meituan platform, an increase of 500,000 over 2017. According to Didi Labs' *2017 Employment Report on Didi Platform*, from June 2016 to June 2017, a total of 21.08 million people (including premium chauffeurs services, social ride hailing and car pooling services) earned money on Didi platform. Besides, the sharing economy platforms also provided employment opportunities for disadvantaged social groups. For example, as of 2017, 6.7% of chauffeurs registered at Didi platform used to be low-income people, including 3.93 million former employees of enterprises with excess production capacity, more than 1.78 million demobilized veterans, 1.33 million unemployed people and 1.37 million people who came from families where no one had a job. In 2018, 77% of Meituan deliverymen came from rural areas and 670,000 from poor counties. (*Report on the Alternative Employment of China's Online Car Hailing Services*, China Academy of Labour and Social Security)

**Online retail platform:** In 2018, China maintained its position as the world's largest online retail market. Since the 12th Five-Year Plan period, China's online retail sales

have increased significantly, from less than 1 trillion yuan in 2011 to 9.01 trillion yuan in 2018, up by 23.9% year on year.

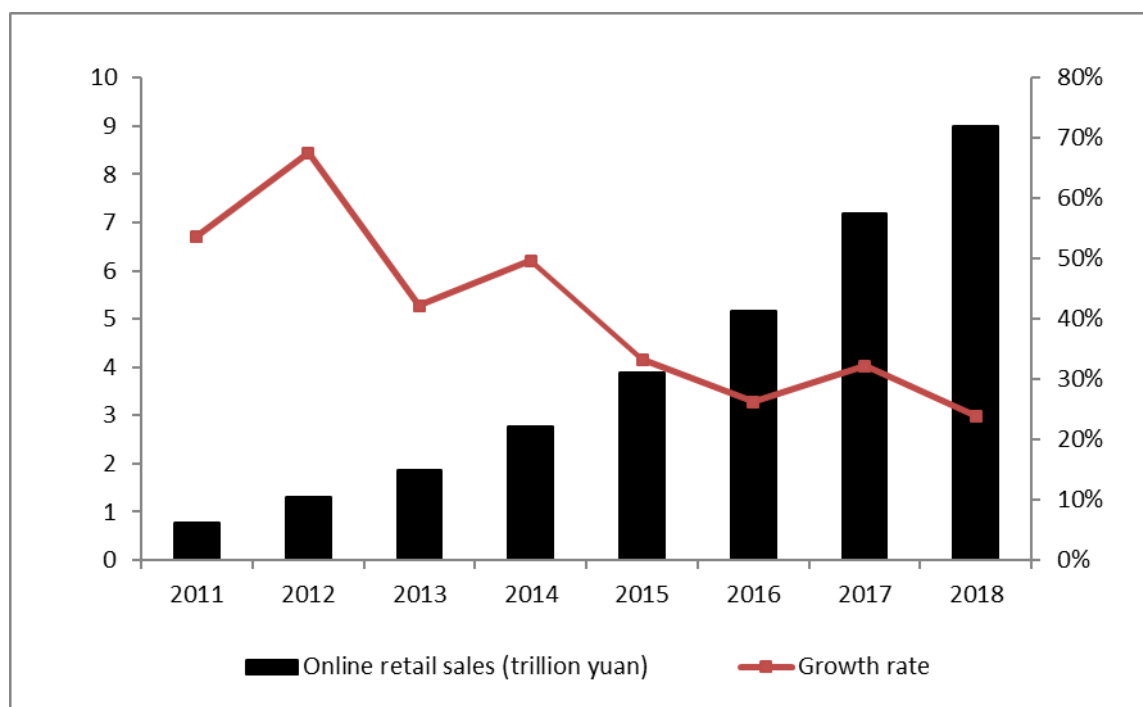


Figure 4-5 China Online Retail Sales, 2011-2018

(Source: China Retail Industry Development Report by the Ministry of Commerce, Statistical Bulletin on National Economic and Social Development in 2018)

Thanks to the systematic development of online retail platforms, a large number of employment opportunities have been created at the consumer end, when job creation also got a boost in manufacturing, circulation and retail. Taking Alibaba, China’s largest online retail platform, as an example, according to the estimation of *Measurement of Employment Opportunities Derived from Alibaba Retail Platform and a Study on Platform Employment System*, Alibaba retail platform created 40.82 million jobs in China in 2018, including 15.58 million direct transaction-related jobs and 25.24 million indirect jobs. Of the 26 business categories on the platform, the top three business categories – clothing, shoes, hats & textiles; daily commodities; and home appliances & audio-visual equipment – accounted for 4.09 million, 2.84 million and 1.62 million direct jobs respectively. In the rural areas in 2018, there were 3202 Taobao Villages in China with annual sales of 220 billion yuan, 660,000 active online shops run by merchants from Taobao Villages, creating 1.8 million job opportunities (Figure 4-6).

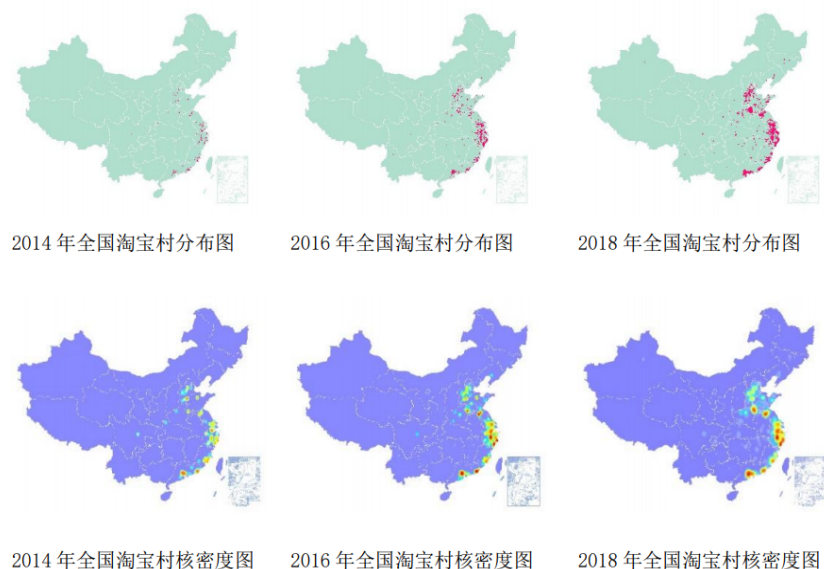


Figure 4-6 Change in the Distribution of Taobao Villages in China in 2014, 2016 and 2018  
(Photo Quoted from “Measurement of Employment Opportunities Derived from Alibaba Retail Platform and a Study on Platform Employment System” )

#### 4.1.2 Institutional support for employment promotion by the new economy

During the 13th Five-Year, the central and local governments, in accordance with the overall arrangement of the Plan, have introduced a series of supportive policies and regulations aimed at supporting the new economy, promoting employment driven by innovation and entrepreneurship, and improving the framework of institutions and measures (see Tables 4-1 and 4-2 for details). On one hand, targeted policies for industrial promotion and corporate development are formulated in relation to the “new trends” (mobile internet, information technology, advanced equipment manufacturing, new materials, biology, new energy vehicles, renewable energy, energy conservation and environmental protection, digital creativity and other strategic emerging industries as well as modern manufacturing, service and agriculture industries) and the “new players” (small and micro-sized enterprises), with special emphasis on optimizing the business environment through the provision of better public services and more favourable policies on financing, taxation and property rights. On the other hand, a number of incentives and support measures were provided for high-skilled talents to better guide them towards innovation and entrepreneurship.

In particular, the rapid development of China’s digital economy could be attributed to

the continuous optimization and improvement of the policy environment during this period. From “Internet Plus”, “digital economy” to “Intelligence Plus”, the Chinese government attaches great importance to promoting the sustainable development of digital economy through the application of Internet technology, cloud computing, big data, Internet of Things and artificial intelligence. With increasing number of economic entities participating in the “digital economy”, employment in this sector has witnessed accelerated growth while new forms of employment constantly prop up. The State Council and the National Development and Reform Commission have issued documents such as *Opinions on Promoting Innovation and Transformation of Offline Retail* (Guo Ban Fa [2016] No.78) and *Guiding Opinions on Promoting Development of the Sharing Economy* (NDRC [2017] No.1245) to give strong impetus to the rapid development of the digital economy and strengthen its positive role in stabilizing and expanding employment.

The positive impact of “digital economy” on China’s employment, the increasingly daunting challenges including insufficient supply of digital talents, the lack of employment services that are adapted to workers’ need for mobility and diversified employment modes, and the absence of labour rights protection measures have all come under the radar of the Chinese government. In 2018, the Department of Employment of NDRC issued the *Guiding Opinion on Stabilizing and Expanding Employment Through Developing the Digital Economy* (NDRC Employment Dept. [2018] No.1363), which focused on demand (accelerating the cultivation of new employment opportunities in the digital economy), supply (continuously improving the digital literacy of workers), environment (service environment: promoting the digital transformation of employment and entrepreneurship services; policy and legal environment: labour rights protection, social insurance, salary incentives, etc.) and other aspects to promote the formation of an employment policy framework which could adapt to the development of the digital economy, enhance employment and entrepreneurship services needed for the promotion of digital, Internet, intelligent technologies, and explore new room for job creation and entrepreneurship.

#### **4.1.3 Social security for new jobs created by the new economy**

The momentous development of digital economy has not only accelerated technological innovation, but also had a profound impact on the organization,

coordination and management of labour resources. Especially in recent years, the rise of service-oriented sharing platforms represented by Didi Chuxing and Meituan Takeout, albeit they can promote employment, new forms of employment such as cloud work and online work have also brought new challenges to the current labour rights protection and social security systems. (Wu Qingjun, Yang Weiguo, 2018)

In view of international experience, the negative impact of the rapid growth of the platform economy on the rights and interests of workers can be summarized as follows: Firstly, the pay is too low. According to the relevant survey of the ILO, very few platforms follow the minimum wage policy, which has resulted in the damage to the rights and interests of most platform workers in terms of remuneration. Secondly, the boundary between working time and rest time is blurred. When “freedom of labour” and “labour control” coexist in the platform work, once platform workers accept tasks, they must follow the rules of the platform, and their working hours must be determined according to the needs of customers, resulting in overtime and night work. The vague boundary between work and life will to some extent damage the rights of platform workers to rest and vacation. Thirdly, the occupational health problems of platform workers are becoming more serious. There are many cases of occupational health problems in areas with strong presence of Internet platforms, and mental illness is the most prevalent type of health problems (Nizami & Prasad, 2013; Siegrist & Wahrendorf, 2016)。

At present, the rapid development of China’s platform economy brings serious challenges to the labour rights protection and social security system which is largely based on traditional employment relations. Therefore, urgent actions are needed to ensure platform worker’s access to various types of social insurance schemes as well as labour rights protection in cases of labour disputes or tort liability.

## 4.2 Development of human resources market and service sector

### 4.2.1 Human resources market becomes more effective

From the 12th Five-Year to the 13th Five-Year, the central government has formulated a series of policies and regulations to promote the development of the labour market. During the 12th Five-Year, the Ministry of Human Resources and Social Security issued the *Notice on Strengthening Centralized Management and Maintaining A Good Order in the Human Resources Market*, *Notice on Strengthening the Construction of A Credit System in Human Resources Service Institutions* and *Opinions on Accelerating the Integration of the Human Resources Market*, in order to promote the development of an open and orderly labour market under centralized management, drive the establishment of an honest service system and a framework of standards in the labour market, and strengthen legal supervision. Entering the 13th Five-Year, the promulgation of the *Provisional Regulations on Human Resources Market* in 2018 has further improved the legislative status of regulations pertaining to human resources market development. As the first administrative regulation concerning China's human resources market since the reform and opening up, it mainly focuses on addressing the five issues in the market: the uniformity of the market systems, the mobility of human resources, the effectiveness of market operation, the fairness for market participants and the mandatory supervision of the market. It is of great significance to improve the labour market system, drive the sustainable development of the human resources service industry, and promote the free and orderly flow and optimal allocation of human resources. Moreover, in order to implement the CPC Central Committee's *Opinions on Deepening the Reform of Human Resources Development System and Mechanism*, in 2019, the Ministry of Human Resources and Social Security issued the *Opinions on Giving Full Play to the Role of the Market in Promoting the Smooth and Orderly Flow of Human Resources* to improve the human resources flow and allocation mechanism from the following three dimensions: unclogging the channels of labour flow, ensuring orderly labour flow and improving the supportive services for labour flow. The policy gives full play to the decisive role of the market and giving better play to the role of the government, and can accelerate the establishment of a new paradigm of human resources flow and allocation mechanism featuring macro-regulation by the government, fair competition in the market, independent hiring decisions by employers, self-employment by individuals,



and honest services provided by human resources service institutions.

#### **4.2.2 Strong development of human resources services**

The human resources service industry is a specialized industry that provides services for the employment and career development of workers and the management and development of human resources for employers, mainly including employee recruitment, career coaching, agency services in handling procedures related to human resources and social security, human resources training, personnel evaluation, labour dispatch, senior personnel hunting, labour outsourcing, human resources management consulting, human resources information software services and more.

In 2014, the Ministry of Human Resources and Social Security issued the first-of-its-kind *Opinions on Accelerating the Development of Human Resources Service Industry*, proposing to establish and improve a professional, information-based, industrially scalable and internationalized human resources service system by 2020, and to achieve the development target of 500,000 employees and an industrial Size of over 2 trillion yuan. In 2017, the Ministry of Human Resources and Social Security issued the “Action Plan for the Development of Human resources service industry”, which not only proposed to implement a series of action plans such as cultivation of backbone enterprises, training of leading talents, construction of industrial parks and "Internet Plus" human resources service programs, campaign programs themed on building labour integrity, and human resources service programs under the “Belt and Road” Initiative, but also raised the development target to 600,000 employees in the industry, 10,000 leading talents by 2020, and 100 industry-leading enterprises which can serve as inspiring examples in the country.

According to the latest bulletin issued by the Ministry of Human Resources and Social Security, by the end of 2017, a total of 30,200 human resources service institutions had been established nationwide, employing 583,700 people, with an annual income of 1.44 trillion yuan, and providing human resources services for more than 200 million cases of employment assistance, entrepreneurship and labour mobility.

##### **(1) Public employment services**

Given its mundane performance in recent years, public employment services need to

be improved in both quantity and quality.

On one hand, the size of public employment services has continued to shrink since the 12th Five-Year Plan period, with the number of registered job openings and registered job seekers falling from 71.16 million and 51.25 million respectively in 2011 to 53.01 million and 40.43 million in 2016. The difference between the number of registered vacancies and the number of job seekers showed that labour was in short supply. Although the gap between supply and demand had decreased, it still remained at 12.58 million in 2016.

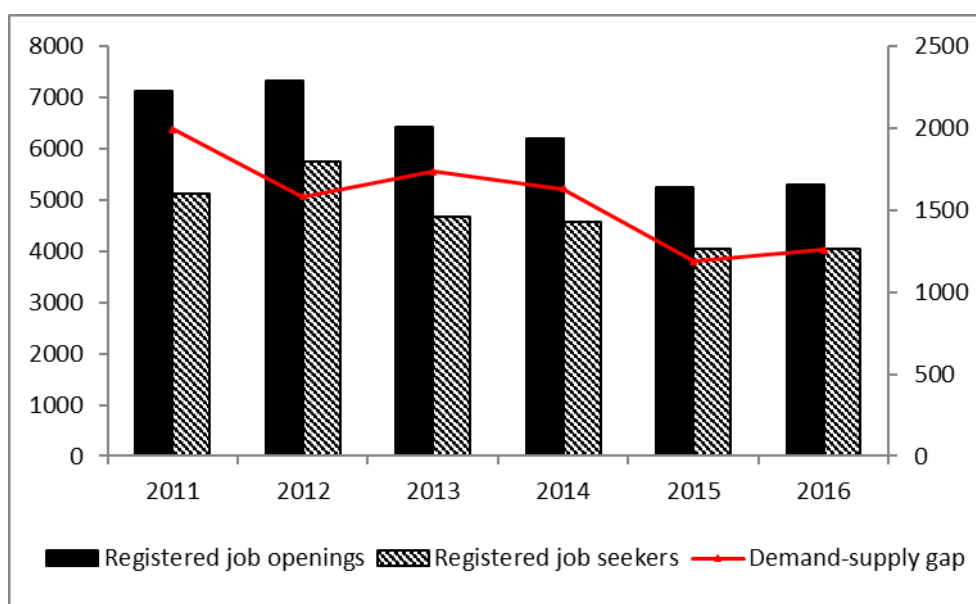


Figure 4-7 Size of Public Employment Services (in 10,000)

(Source: China Labour Statistical Yearbook)

Public employment services are mainly provided to registered jobless people in urban areas and rural workers, accounting for 25% and 39% of all people receiving public employment services. It is worth noting that the number of rural workers receiving public employment services had fallen considerably to 14.7 million in 2016, down by 7.2 million from 2011. In contrast, the number of entrepreneurs receiving the services had increased rapidly, reaching 4.09 million in 2016.

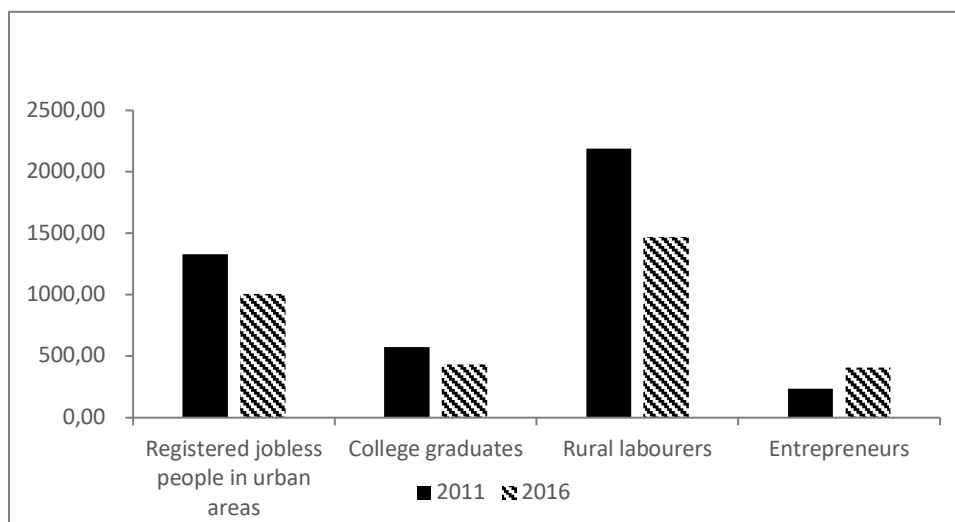


Figure 4-8 Target Groups of Public Employment Services (in 10,000), 2011 and 2016

(Source: China Labour Statistical Yearbook)

On the other hand, judging from the effect of public employment services, the number of registered job seekers receiving public employment coaching services decreased from 23.639 million in 2011 to 16.846 million in 2016. On average, the proportion of registered job seekers receiving public employment coaching services was about 40% (Figure 4-8). The overall success rate of the assisted in landing a job remained at a moderate level, with 41.7% in 2016. The success rates of landing a job among registered jobless people in urban areas and rural workers were 50% and 48% respectively. After a brief decline before 2015, the success rate among college graduates increased to 43.9% in 2016 (Figure 4-9).

Evaluation of the Employment Promotion Plan for the “13<sup>th</sup> Five-Year” Final Report

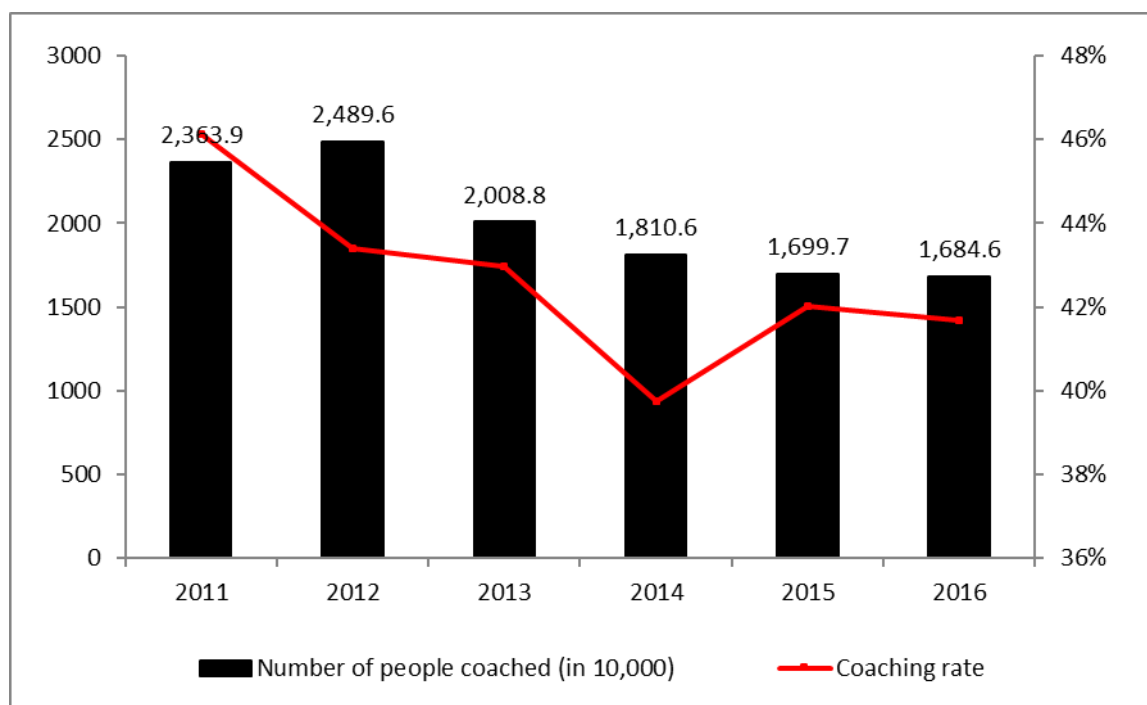


Figure 4-9 Number of People Receiving Public Employment Coaching Services and Coaching Rate, 2011-2016

Note: Coaching Rate = Number of People Receiving Coaching / Number of Registered Job Seekers × 100%

(Source: China Labour Statistical Yearbook)

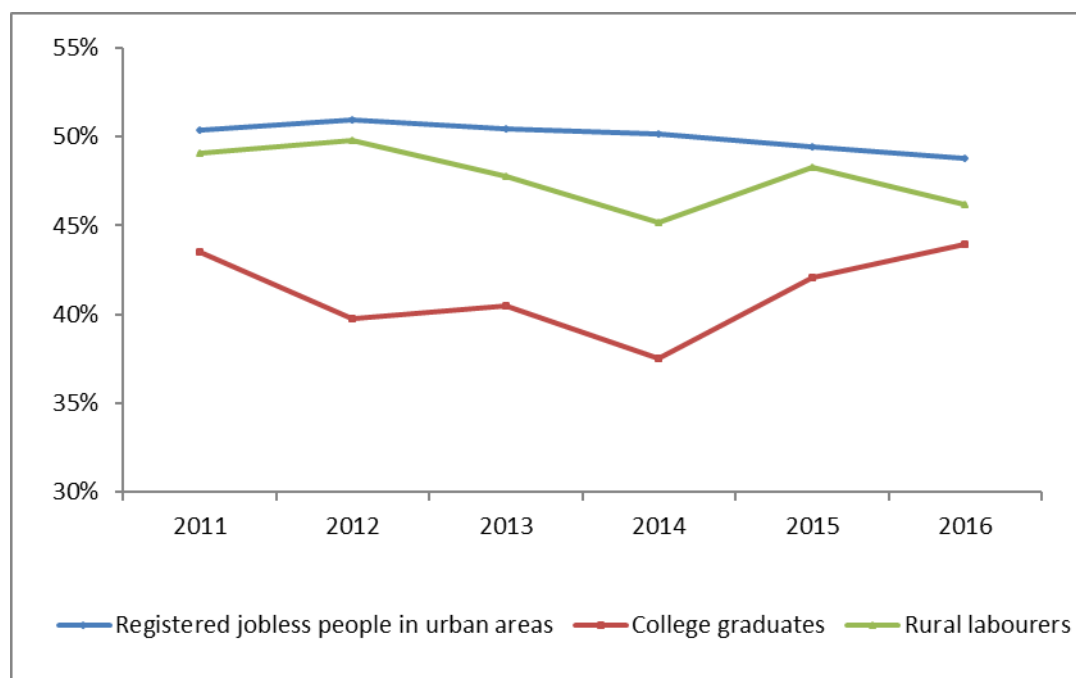


Figure 4-10 Success Rate of Landing a Job Through the Referral of Public Employment Services, 2011-2016

Note: Success Rate = Number of Referrals Leading to Jobs / Number of Registered Job Seekers × 100%

(Source: China Labour Statistical Yearbook)

## (2) Commercialization of human resources services

Since the Ministry of Human Resources and Social Security issued the *Opinions on Accelerating the Development of Human Resources Service Industry* in 2014, China’s human resources service industry has entered a stage of rapid development.

**The size of the industry expanded quickly.** The size of China’s human resources service market increased from 158.4 billion yuan in 2013 to 343.6 billion yuan in 2017, with a compound annual growth rate of 21.9%, and is expected to increase to 842.7 billion yuan in 2022.

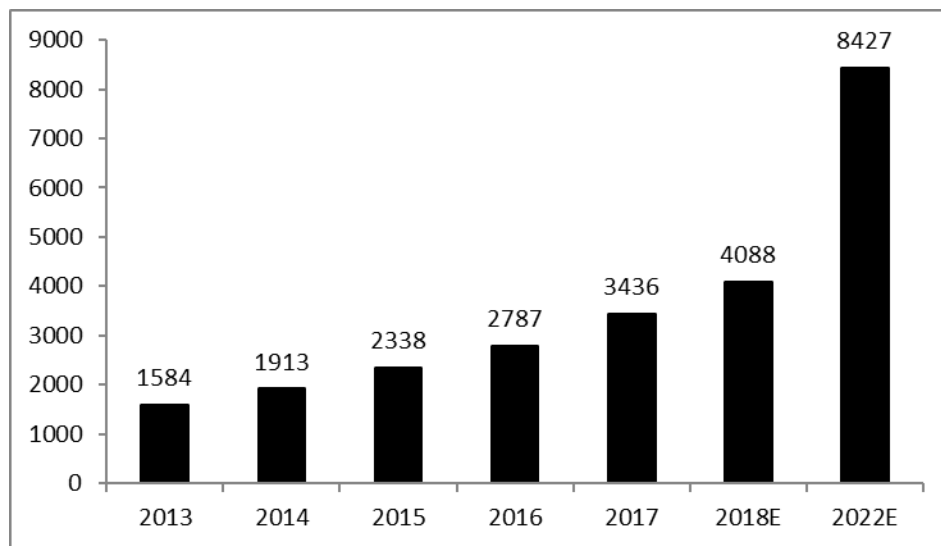


Figure 4-11 The Size of China’s Human Resources Service Market (in 100 million yuan)  
(Source: Database of Askci Corporation)

Among others, the market of senior personnel hunting services has grown rapidly. The market size of headhunting services for senior personnel earning more than 100,000 a year has increased from 40.5 billion yuan in 2013 to 96.9 billion yuan in 2017 and is expected to reach 243.7 billion yuan by 2022.

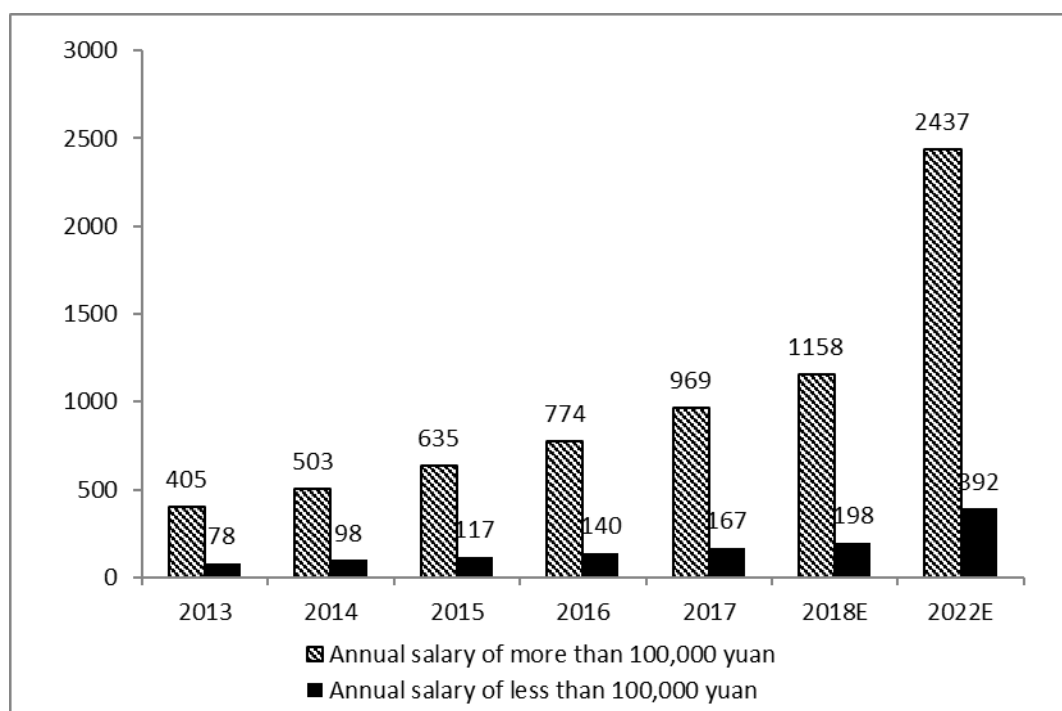


Figure 4-12 Market Size of Headhunting Services for Senior and Experienced Personnel in China (in 100 million yuan), 2013-2022

By the end of 2017, a total of 30,200 human resources service institutions had been established nationwide, with an annual income of 1.44 trillion yuan and 31.9 million service programs provided to employers, providing human resources services for more than 200 million cases of employment assistance, entrepreneurship and labour mobility. Human resources service institutions held more than 220,000 on-site job fairs and matchmaking events, providing more than 100 million direct job leads, attracting more than 110 million job seekers to these events, and publishing or reposting more than 300 million job leads on the Internet.<sup>3</sup> The number of employees in the human resources service industry also increased from 335,000 in 2012 to 583,700 in 2017.

In addition, there are about 300,000 enterprises with “human resources service” as their main business. Especially after the release of *Opinions on Accelerating the Development of Human Resources Service Industry* in 2014, the number of such enterprises has grown rapidly, with an average annual growth rate of over 50%, reaching 96,300 by 2018. In terms of their provincial distribution, Guangdong, Shandong and Jiangsu have the largest number of human resources service enterprises, while the western region lags behind.

<sup>3</sup> [http://www.sohu.com/a/241744250\\_806533](http://www.sohu.com/a/241744250_806533)

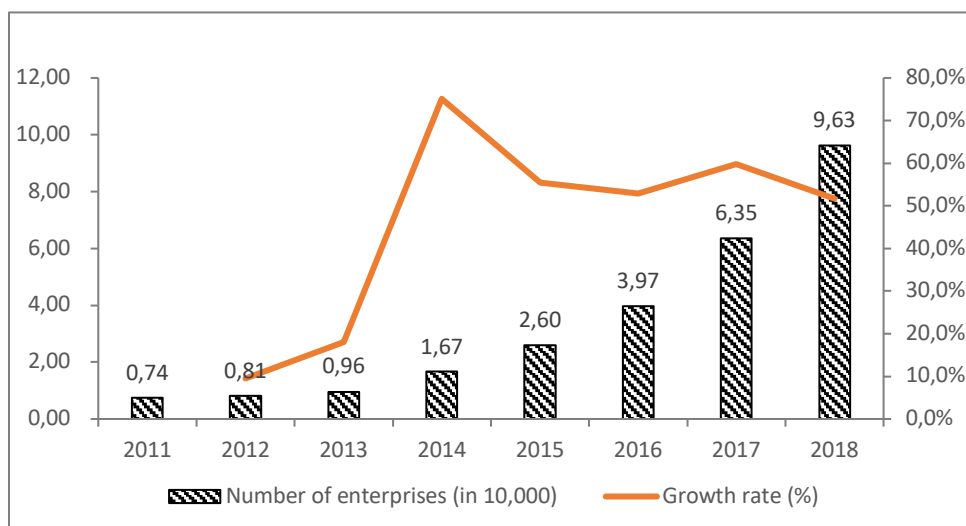


Figure 4-13 Number of Registered Human Resources Service Enterprises in China, 2011-2018  
(Source: <https://www.qichacha.com/>, Collated by Research Team)

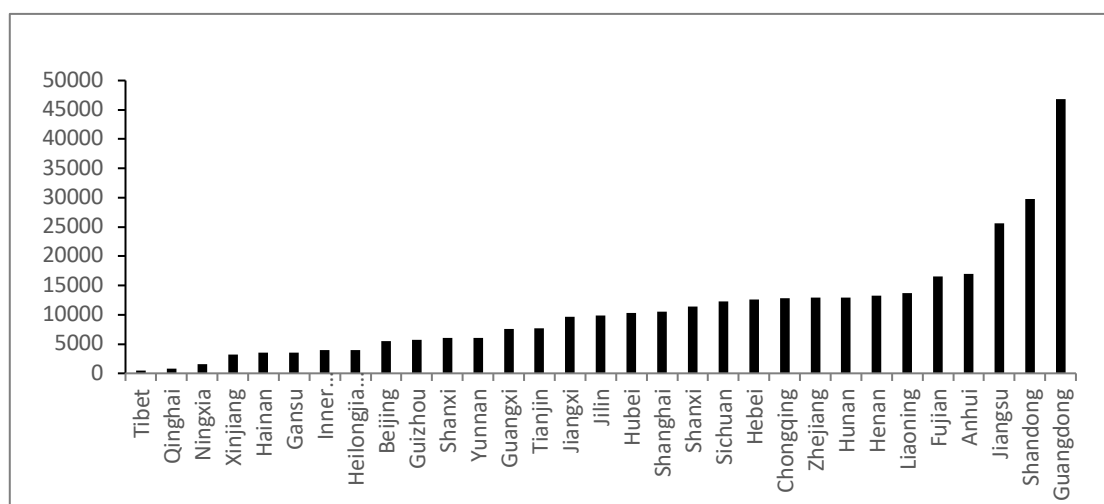


Figure 4-14 Provincial Distribution of Human Resources Service Enterprises in China  
(Source: <https://www.qichacha.com/>, Collated by Research Team)

**The government provides stronger support for the industry and pushes for the establishment of an honest service system.** The central and local governments have been promoting the construction of human resources service industrial parks, strengthen industrial agglomeration and networking effects, and enhance the intensity and effect of the government’s support for the human resources service industry. According to available statistics, as of May 2018, there were 11 (14%) state-level human resources service industrial parks and 35 (31%) provincial-level human resources service industrial parks. More than 80 human resources service industrial parks have been built, are under construction or in the pipeline nationwide (Figure 4-15). At the same time, the supervisory authorities of local human resources service markets have launched campaigns of “building brands through honest services and

promoting development through standardized management.” In 2018, the Ministry of Human Resources and Social Security conducted expert review and selected 128 human resources service institutions which were recommended by provinces (autonomous regions and municipalities) to be “national model institutions of trustworthy human resources services”.



Figure 4-15 Distribution of Human Resources Service Industrial Parks in China, 2018  
(Photo Quoted from 2018 Research Report on China's Human Resources Service Industrial Park)



### 4.3 Improvement of labour quality

The key to easing structural employment problems lies in continuously improving the labour quality and stepping up the training of high-skilled workers. During the 13th Five-Year, the Chinese government has mainly worked on “improving the quality of labour training” and “improving the vocational skills of workers”, both of which are meant to improve the labour quality through efforts spent on the supply side.

First of all, in order to improve the quality of labour training, focus has been on promoting the reform of the education system and building a lifelong learning service system. The focal point of the education system reform is to achieve efficient matching between skills imparted to workers and the needs of the labour market in the new era. Emphasis has been placed on the market demand which should guide higher education institutions to build educational and specialty programs that are in line with the positioning and ethos of these schools. Specialty programs that are in urgent need for economic and social development and livelihood improvement have been added. Efforts have also been made in optimizing the labour training structure, building a legion of application-minded teaching staff, and stepping up the training of high-tech personnel. Moreover, the service system for lifelong learning should be improved to provide all members of the society with lifelong learning opportunities featuring multiple learning choices and pathways. Secondly, in improving workers’ vocational skills, the focus has been put on promoting skills training for workers to make them rich in knowledge, proficient in skills and more innovative. Such endeavour will enhance the quality and efficacy of professional skills training.

During the 13th Five-Year Plan period, relevant departments of the government have issued a number of plans and policies to promote the transformation and upgrading of vocational training and expand the scale of training, including the *13th Five-Year Plan for Technical Education* (the first five-year plan for technical education), the *Guiding Opinions on Improving the Basic Capacity of Public Vocational Skills Training*, the *Opinions on the Full Implementation of the New Apprenticeship System for Enterprises*, the *Implementation Plan for the Development of Skilled Personnel (2018-2020)*, the *Opinions on the Implementation of Lifelong Vocational Skills Training System*, and the *Measures for the Special Administration of Investment*

*within the Central Budget for the Construction of Public Training Bases.* Efforts have been made to establish and improve a training system that is actionable within enterprises, vocational schools and various training institutions, with pre-job skills training, on-the-job skills training and entrepreneurship coaching as the essential programs, thus covering the entire life of those who need training.

In view of the actual effect, vocational training institutions have been booming and expanding, and are predominated by private institutions. Since 2011, employment training centres at all levels sponsored by the government (which came under the supervision of human resources and social security departments at all levels) have been on a downward trend year by year in terms of the number of institutions, teachers and training programs. In 2016, there were about 2,700 employment training centres nationwide, with an annual number of trainees of nearly 4.6 million. In contrast, private vocational training institutions have developed rapidly to a number of 19,500 institutions in 2016, with 196,300 faculty members and 12.21 million trainees in a year.

Table 4-1 Size of Employment Training Centre and Private Vocational Training Institutions in China, 2011-2016

Year	Number of Institutions ( 10,000 )		Number of Full-time Teachers ( 10,000 )		Number of Trainees ( 10,000 )	
	Public	Private	Public	Private	Public	Private
<b>2011</b>	0.41	1.93	4.01	17.63	832.85	1253.78
<b>2012</b>	0.39	1.89	4.01	18.96	850.51	1353.86
<b>2013</b>	0.30	1.90	3.03	17.96	645.02	1244.35
<b>2014</b>	0.26	1.91	2.40	18.15	560.94	1214.06
<b>2015</b>	0.26	1.89	2.48	18.15	476.03	1186.93
<b>2016</b>	0.27	1.95	2.50	19.63	459.71	1212.02

(Source: China Labour Statistical Yearbook)

According to the third-party data provided by an enterprise information website, the number of various vocational training institutions in China was far larger than the official statistics, totalling 134,000. The growth was especially strong from 2014 to 2016, with private institutions accounting for more than 99% of the growth, but the total number dropped considerably in 2018.

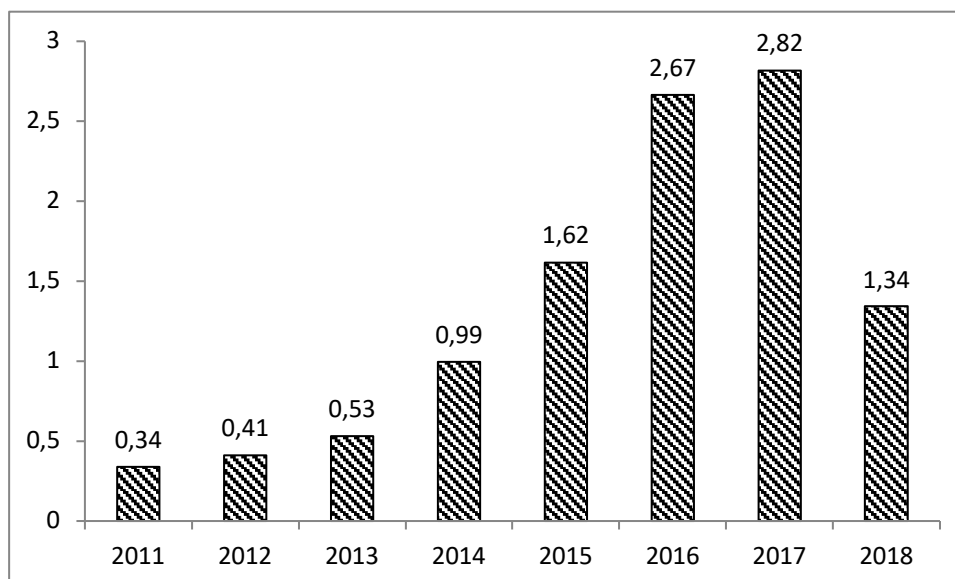


Figure 4-16 Number of Various Vocational Training Institutions in China (in 10,000)

(Source: <https://www.qichacha.com/>, Collated by Research Team)

Despite the rapid development of labour training institutions, the percentage of workers who have received training and gained qualifications are at a low level, and the forms of training are still dominated by short-term training (less than six months) and junior and intermediate level qualification training. Data from the *China Labour Force Dynamics Survey Report* show (Table 4-5) that in 2016, the percentage of Chinese workers who participated in (at least 5 days of) professional and technical training was about 10.5%. Among them, the share of male workers participating in training was 13.1%, while that of female workers was only 7.8%. The percentage of 45-64-year-old workers (6.0%) was significantly lower than that of middle-aged workers (11.9%) and young workers (13.44%). The percentage of workers participating in training in central and western regions (9.0%) was significantly lower than that in the eastern regions (12.6%); the percentage among workers from rural areas (7.5%) was significantly lower than that local workers in the cities (20.2%). The percentage of workers who have obtained professional and technical certificates (qualification to practice in a profession) was 13.2%. Among them, the percentage of

male workers participating in qualification training was 15.7%, while that of female workers was only 10.7%. In terms of receiving qualification training, the percentage among 45-64-year-old workers (9.5%) was significantly lower than that of middle-aged workers (16.5%) and young workers (13.8%); the percentages in central and western regions (9.6%, 9.3%) were significantly lower than that in the eastern region (18.5%); the percentage among workers from rural areas (8.6%) was significantly lower than local workers in the cities (27.8%).

Table 4-2 Percentage of Workers Trained and Qualified

Year	Percentage of workers receiving at least 5 days of professional and technical training	Percentage of workers receiving professional and technical certificates
2012	14.9%	16.9%
2014	9.1%	11.8%
2016	10.5%	13.2%

In terms of the length of training, take private vocational training institutions as an example (similar to public employment training institutions). Since 2011, more than 86% workers have had an average training time of less than six months. The percentage has been rising year by year, reaching 88.1% in 2016. The percentage of workers trained for between six months and one year was less than 6%, and that for more than one year was about 3%. In terms of qualifications obtained, a comparison between 2011 and 2016 shows that the percentage of workers who obtained qualifications for junior and senior technical professionals had increased, while the that for intermediate-level qualifications had decreased. However, generally speaking, a great majority of qualifications obtained by workers remained to be at junior and intermediate level, accounting for 40.3% of the total number in 2016, and the percentage of workers obtaining senior and above qualifications was less than 6%.

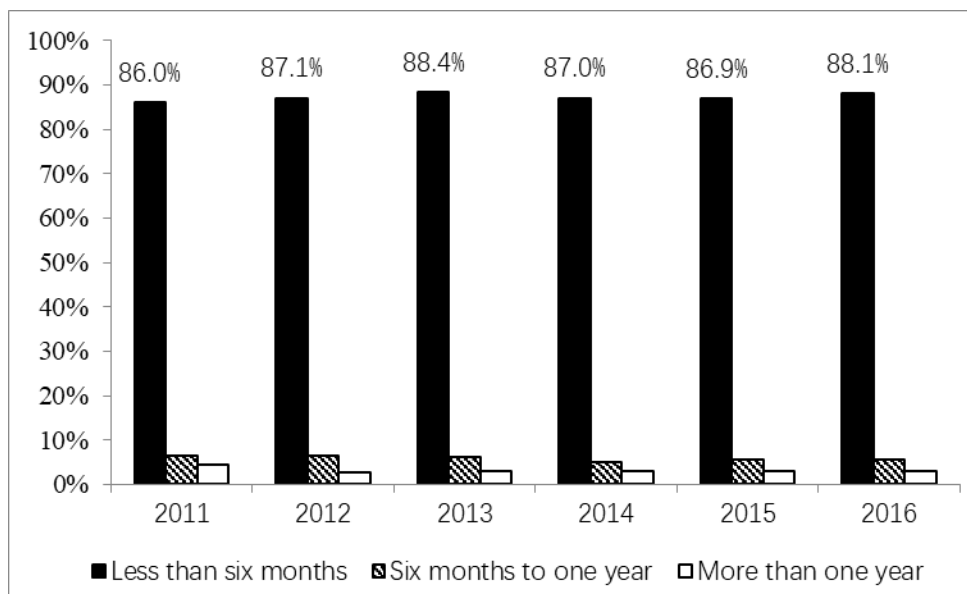


Figure 4-17 Average Length of Training in Private Vocational Training Institutions, 2011-2016  
(Source: China Labour Statistical Yearbook)

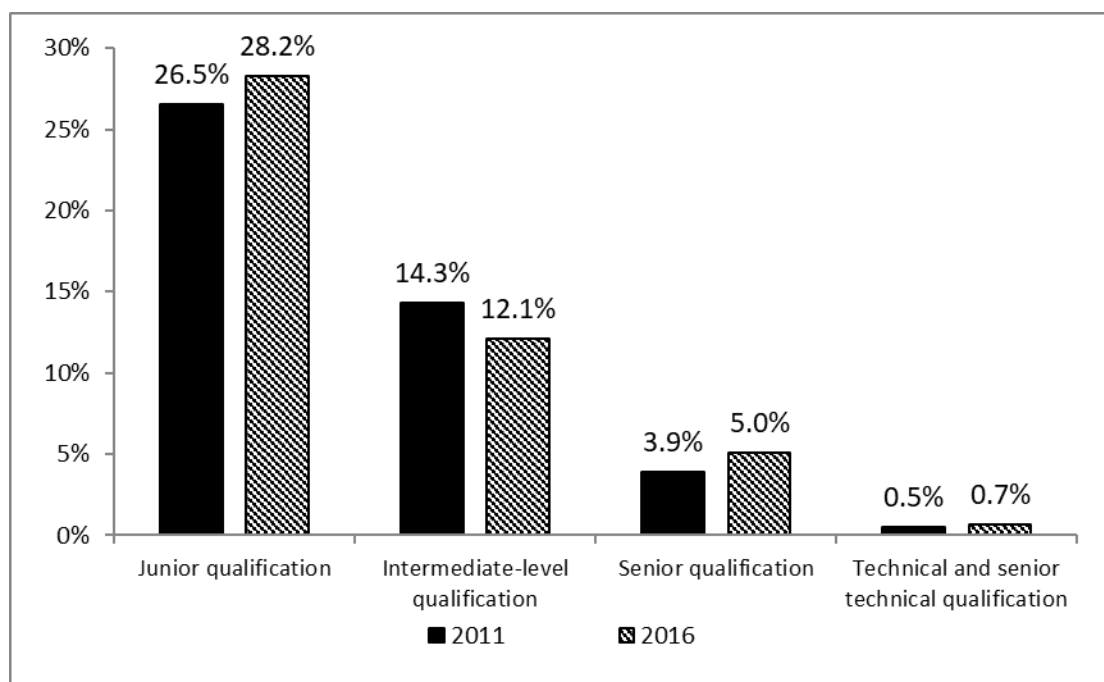


Figure 4-18 Percentage of Workers Obtaining Qualifications in Private Vocational Training Institutions, 2011 and 2016  
(Source: China Labour Statistical Yearbook)

## 4.4 Employment support for key social groups

### 4.4.1 Rural labour force

#### (1) Basic characteristics

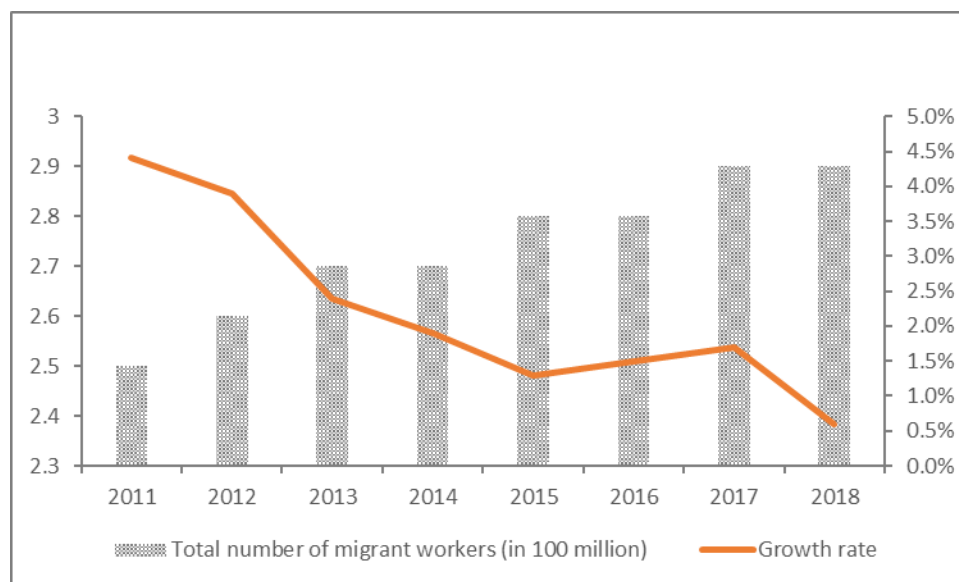
**During the 13th Five-Year Plan period, the growth of the total number of migrant workers in China slows down, with the growth rate falling sharply.** In 2018, the total number of migrant workers nationwide<sup>4</sup> reached 288 million, an increase of 65 million from 2011, but the growth rate slowed down significantly, increasing by only 1.8 million compared with 2017. This is more obvious if we look at the change of growth rate over the years. Since 2011, the growth rate has been falling ever more quickly, hitting only 0.6% in 2018, which was 3.4% lower than the 4.0% growth rate in 2011.

---

<sup>4</sup> The annual number of migrant workers includes two parts: migrant workers who have worked outside their own villages and towns for 6 months or more and local migrant workers who have worked in non-agricultural industries for 6 months or more in their own villages and towns.

**While the new generation of migrant workers come to the fore, the “aging” demographic structure within this group begins to unfold.** The new generation of migrant workers born in 1980s have gradually become the mainstay, accounting for 50.5% of the total number of migrant workers in the country, an increase of 0.8 percentage points over the previous year. Influenced by the changes in the rural demographic structure, the increase in non-agricultural labour participation of rural workers of all ages, especially those over 50 years old, and the shift of migrant workers to workplaces close to their hometowns, the average age of migrant workers has been continuously rising, and the proportion of migrant workers over 50 years old has increased rapidly. In 2017, the average age of migrant workers was 39.7 years old, up by 0.7 from last year.

Figure 4-19 Growth Rate of Total Number of Migrant Workers in China, 2011-2018



(Source: Monitoring and Investigative Report for Rural Migrant Workers)

Table 4-3 Changes in Age Structure of Migrant Workers, 2013-2017

Unit : %

Age	2013	2014	2015	2016	2017
16-20	4.7	3.5	3.7	3.3	2.6
21-30	30.8	30.2	29.2	28.6	27.3
31-40	22.9	22.8	22.3	22.0	22.5
41-50	26.4	26.4	26.9	27.0	26.3
50 or above	15.2	17.1	17.9	19.1	21.3

(Source: Monitoring and Investigative Report for Rural Migrant Workers)

**Migrant workers with junior high school education still account for the vast majority, and those with junior college education or above have been increasing in number (especially among outbound migrant workers).** In 2017, 58.6% migrant workers had junior high school education; 17.1% had senior high school education; and 10.3% had junior college education or above. The percentage of migrant workers with junior college education or above increased by 0.9 percentage points over the previous year. Among outbound migrant workers, 13.5% had junior college education or above, up by 1.6 percentage points from the previous year. Among the local migrant workers, 7.4% had junior college education or above, an increase of 0.3 percentage points over the previous year.

Table 4-4 Education Attainment of Migrant Workers, 2016 and 2017

Unit : %

	Migrant Workers		Outbound Migrant Workers		Local Migrant Workers	
	2016	2017	2016	2017	2016	2017
No Schooling	1.0	1.0	0.7	0.7	1.3	1.3
Primary School	13.2	13.0	10.0	9.7	16.2	16.0
Junior High	59.4	58.6	60.2	58.8	58.6	58.5
Senior High	17.0	17.1	17.2	17.3	16.8	16.8
Junior College or Above	9.4	10.3	11.9	13.5	7.1	7.4

(Source: Monitoring and Investigative Report for Rural Migrant Workers)

## (2) Employment situation

**The secondary industry remained the biggest employer of migrant workers, but the percentage of migrant workers in this industry has been declining year by year (especially in the construction industry).** In 2017, 51.5% migrant workers worked in the secondary industry, down by 1.4 percentage points from the previous year. Among them, the percentage of migrant workers engaged in manufacturing was 29.9%, down by 0.6 percentage points from the previous year. The share of migrant workers engaged in construction was 18.9%, down by 0.8 percentage points from the previous year. In contrast, the proportion of migrant workers in the tertiary industry, especially the service sector, has increased significantly. In 2017, 48% migrant workers worked in the tertiary industry, an increase of 1.3 percentage points over the



previous year.

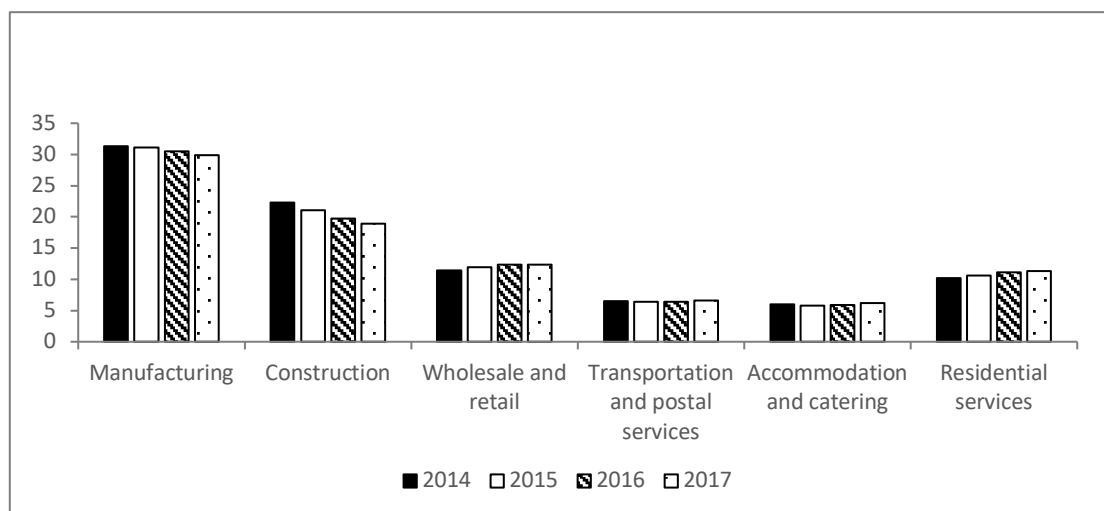


Figure 4-20 Employment Distribution of Migrant Workers, 2014-2017

(Source: Monitoring and Investigative Report for Rural Migrant Workers)

**The income of migrant workers increased steadily, but the absolute increase was small.** In 2017, the average monthly income of migrant workers was 3,485 yuan, up by 6.4% or 210 yuan from the previous year. However, the growth rate dropped by 0.2 percentage points from the previous year. By sector, the growth rate of income in manufacturing, accommodation and catering, residential services, maintenance and other service businesses dropped by 2.4%, 0.4% and 0.1% respectively from the previous year. The growth rate of income in construction, wholesale and retail, transportation, warehousing and postal services increased by 1.2%, 2.9% and 1.0% respectively over the previous year.

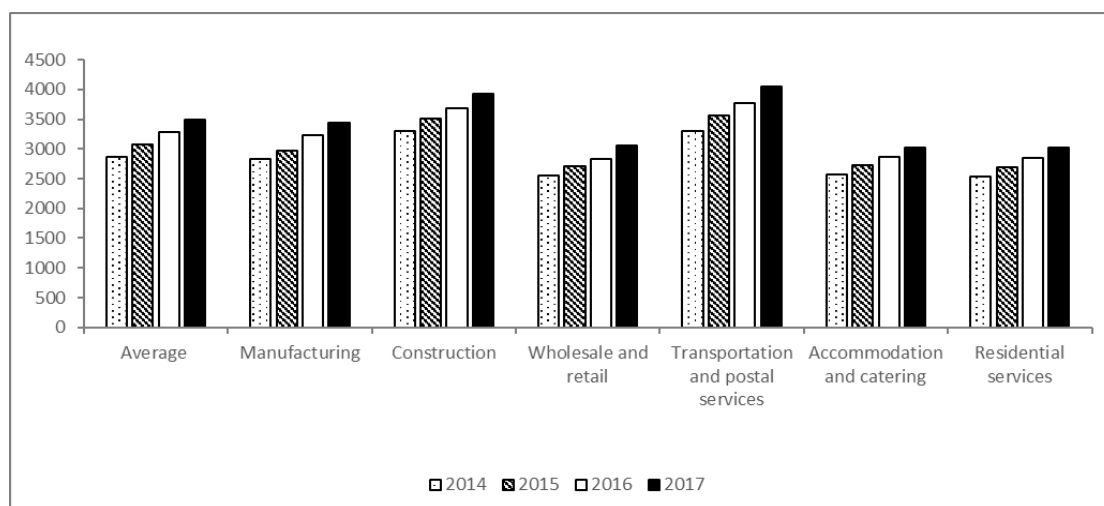


Figure 4-21 Per Capita Monthly Income of Migrant Workers by Sectors (Yuan), 2014-2017

(Source: Monitoring and Investigative Report for Rural Migrant Workers)

**The integration of migrant workers into the local society has been improving, with greater education access to local schools for children migrating with their parents.** In 2017, the admission rate of 3-5-year-old migrant children (including preschool education) was 83.3%, up by 0.6 percentage points over the previous year. Among children aged 3-5 years old in kindergartens, 26.7% attended public kindergartens, an increase of 1.3 percentage points over the previous year. The school attendance rate of migrant children at the age of compulsory education was 98.7%, basically the same as that of the previous year.

**Vocational training for migrant workers needs to be improved.** In 2017, 32.9% of migrant workers received agricultural or non-agricultural vocational skills training, basically the same as the previous year. Among them, 30.6% received non-agricultural vocational skills training, down by 0.1 percentage point from the previous year. 9.5% received agricultural skills training, up by 0.8 percentage points from the previous year. 7.1% received both agricultural and non-agricultural vocational skills training, an increase of 0.6 percentage points over the previous year.

Table 4-5 Skills Training for Migrant Workers

Unit : %

	Agricultural Vocational Training	Non-agricultural Vocational Training	Both Agricultural and Non-agricultural Vocational Training
--	----------------------------------	--------------------------------------	--

	2016	2017	2016	2017	2016	2017
Total	8.7	9.5	30.7	30.6	32.9	32.9
Local Migrant Worker	10.0	10.9	27.8	27.6	30.4	30.6
Outbound Migrant Worker	7.4	8.0	33.8	33.7	35.6	35.5

(Source: Monitoring and Investigative Report for Rural Migrant Workers)

#### 4.4.2 College graduates

##### (1) Employment situation

Since the 12th Five-Year Plan period, the number of college graduates has been increasing year by year at ever higher growth rates. In the early 13th Five-Year, the growth rate of the number of college graduates increased significantly, reaching 4.5% from 2016 to 2017. The total number of graduates reached 7.53 million in 2018. However, the growth rate dropped significantly to 2.4% after 2017.

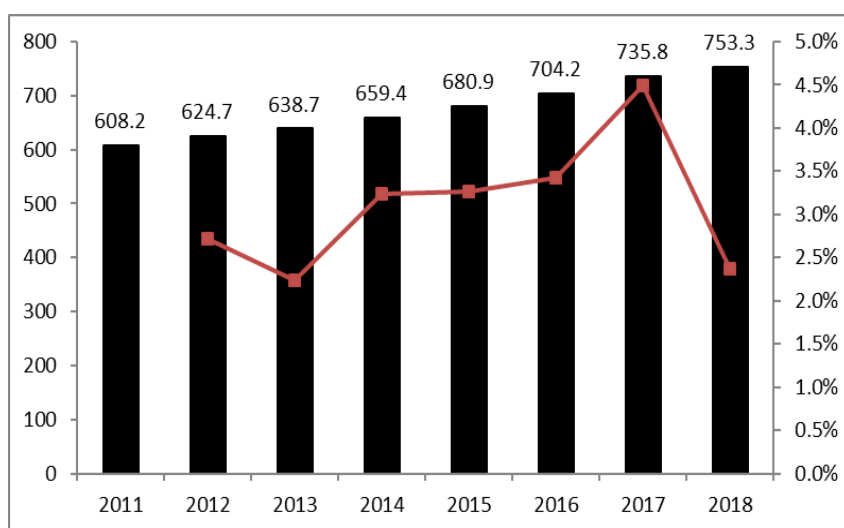


Figure 4-22 Number of Colleges Graduates (in 10,000) and Growth Rate (%), 2011-2018

(Source: National Bureau of Statistics)

During the 13th Five-Year, the employment statistics among college graduates remained stable. The employment rate of college students six months after graduation in 2017 (91.9%) was basically the same as that of 2016 and 2015 (91.6% and 91.7% respectively). Among them, the employment rate of undergraduate students half a year after graduation in 2017 was 91.6%, which was basically the same as 2016 (91.8%) and slightly lower than 2015 (92.2%). In terms of forms of employment, nearly 80% of the graduates were on full-time employment six months after graduation, but the proportion was on the decline. About 3% chose to start their own

businesses. The willingness to continue studying in graduate school was increasing (about 10%). To a certain extent, further education helped to ease pressure on employment and maintain the stability of employment rate among fresh graduates. The unemployment rate of college graduates was about 8% six months after graduation, which was generally stable.

## **(2) Employment distribution by region and sector**

**With many industries shifting from coastal areas to central and western regions, the job availability for graduates in the central and western regions has increased significantly. When the manufacturing industry in the east offers less jobs, the service sector (education, medical care and public administration) in the central and western regions adds many jobs for graduates.** With the continuous urbanization and the development of the central and western regions, the proportion of fresh graduates employed in the central and western regions has been gradually rising, and the central and western regions have become increasingly able to hire fresh graduates.

The education industry has become an important employer for college graduates. Education is the industry with the largest number of employed undergraduate students, and the percentage of fresh graduates working in this industry has been rising continuously from 10.0% in 2013 to 14.7% in 2017. About 60% jobs for fresh graduates came from primary and secondary education institutions. Graduates in this sector were often characterized by “high job satisfaction, high relevance between job and college education, and high stability”.

The digital economy provides new momentum for the employment of college graduates. First of all, the “media, information and communication industries” have been hiring an increasing number of graduates. Graduates in these industries often earn higher salaries and have great room for career development. Specifically, in terms of the number of people employed, the percentage of graduates employed in these sectors rose from 8.7% in 2013 to 10.3% in 2017. In terms of salary, the graduates employed in these sectors were leading their peers in other sectors in the short-term (5,634 yuan per month six months after graduation in 2017) and medium-term (9,019 yuan per month three years after graduation in 2014). In terms of

career development, the proportion of graduates employed in these industries who obtained career promotion within three years after graduation had increased from 57% in 2012 to 61% in 2014.

### (3) Main challenges

**The matching rate between professional education programs and market demand for professional skills still needs to be improved (especially in non-first-class colleges).** Take engineering graduates with strong skills and good employment prospect as an example, the relevance between college education and job requirement had fallen from 73% in 2013 to 71% in 2017, while such relevance among non-engineering graduates had rose from 65% in 2013 to 70% in 2017, so the gap was narrowing. The relevance between college education and job requirement among engineering graduates from first-class science and technology colleges and universities (76% in 2017) was significantly higher than that among engineering graduates from other colleges and universities (69% in 2017). **Innovation and entrepreneurship education needed to be more practical and oriented towards market demand.** In terms of encouraging entrepreneurship among college graduates, the emphasis should shift from quantity to quality and performance of the new businesses created by graduates in the long term. According to the statistics, 2.0% undergraduates started their own businesses in 2014 six months after graduation. The figure rose to 4.1% three years later, which showed that the number of undergraduates starting their own businesses in the intermediate terms after graduation had increased significantly. 46.9% of the undergraduates, who started their own businesses six months after graduation in 2014, continued to do so three years later, that is, more than half of the entrepreneurs exited within three years. The risk of start-up failure could not be ignored. In the process of guiding students to innovate and start their own businesses, it is necessary to pay more attention to the cultivation and promotion of their ability to innovate.

#### 4.4.3 Resettlement of workers laid off in industries with excess capacity

##### (1) Overall effect

According to the State Council's plan to reduce excess capacity, it's estimated that 1.8 million employees will be directly affected by 2020, including about 500,000 in the steel industry and 1.3 million in the coal industry. In 2016, 831,000 employees were

affected in the process, of whom 726,000 were removed from their positions. Among these people, 55.8% were transferred to other posts or put into early retirement. (SDRC and other five departments issued the *Notice on the Work of Eliminating Overcapacity in Key Areas in 2018* (SDRC Operation [2018] No.554).

Policies used by local governments to resettle employees of enterprises with excess production capacity have the following characteristics. Firstly, there is policy assurance which ensures existing employees and laid-off employees of enterprises with excess capacity to access supportive employment policies. Secondly, classified management has been adopted to resettle the affected employees through multiple measures, such as assigning affected employees to internal vacancies of companies with excess capacity, encouraging entrepreneurship, or putting them into early retirement (Table 4-6).

Table 4-6 Measures Taken by Local Enterprises to Resettle Workers Affected by the Removal of Excess Production Capacity

Enterprise	Measures
Kailuan (Group) Ltd.	With the help of funds and policies, the company has been committed to developing businesses such as coal chemicals, modern logistics and cultural tourism, so as to help resettle employees.
HBIS Group Tangsteel Company	The company changed its business strategy and optimized the allocation of its human resources, when speeding up the development of non-steel business which was set to reach more than 60% of its total income in 2014. All these efforts helped to open up new vacancies to fill in employees who were affected by the reduction of excess capacity.
Hangzhou Iron and Steel Group	It followed the principle of “offering monetary compensation to laid-off employees and helping them to find new jobs in the labour market so that they could continue to have decent work”.
WISCO Group	It adopted four-pronged measures, including transfer to other posts within the company, voluntary application for early retirement, encouraging employees to quit and find another way out, and the dissolution of labour relations under acceptable terms. These measures have led to positive results.

## (2) Main challenges

**First of all, in terms of the employees to be resettled, they have some common**

**problems, i.e. middle age, weak education background, inability to learn, unwillingness to find jobs in other regions, single skill, high job expectation, hence big challenge in finding new jobs.** Generally speaking, the employees affected by the removal of excess capacity are in their middle age, with an average age of about 45 years old. In some coal mining enterprises, the average age is close to 50 years old. Many of them have few or no academic qualifications and poor learning ability, and are capable of only a single skill due to long-term engagement in a fixed type of work, thus rendering them unable to fit into new positions. Most of them are born and raised in the locality. Reluctant to leave their families and friends behind, they are unwilling to work in other regions. Taking a state-owned coal enterprise in northeast China as an example, four mines were closed down from 2016-2017. A total of nearly 8,000 employees were resettled, of whom 74% were over 40 years old, 49% over 45 years old, 20% over 50 years old, and 73% had only junior high school education or below (Liu Yanbin et al., 2019). **Secondly, in terms of the geographic distribution of employees to be resettled, most of the key areas with excess production capacity have an inert industrial structure and insufficient growth momentum. There are limited employment options and opportunities when the government and enterprises are facing heavy financial pressure.** 1) Other industries in key areas with excess capacity are also generally depressed. Laid-off workers lack alternative employment opportunities. Some workers are in a state of de facto unemployment within enterprises, making very little money and having difficulties to sustain life at home. 2) The decrease or slower growth of local fiscal revenues have directly affected the public expenditure of local governments, resulting in a decline in the government's ability to resettle affected employees or allocate funds to support the transformation and development of enterprises, the resettlement of affected employees and the provision of skills training programs. 3) Enterprises that had excess production capacity generally face the problems of over-staffing, broken balance sheets, bad cash flow. The enterprises themselves are under too great financial pressure to resettle their employees. **Thirdly, in terms of policy support, there are insufficient policy incentives for enterprises to hire workers laid off from sectors with excess capacity when designated policy funds are often not delivered in time.** The current policy places more emphasis on the “job security” of the affected employees and often tries to place them in other internal job vacancies of enterprises with excess capacity. Although policies encourage enterprises to provide

jobs to affected workers in the process of removing excess capacity, enterprises could only enjoy the corresponding social security subsidies if they hire the employees with employment difficulties among the affected workers, thus undermining the policy incentives to enterprises. In terms of policy funds, the problems of insufficient fund for employee resettlement and difficulty in accessing special funds and subsidies really stand out.



## **Part Two   Employment Promotion Plan: Proposal for the “14th Five-Year”**

## 5 Basis of the proposal for the “14th Five-Year”

### 5.1 Main challenges and deficiencies

#### 5.1.1 The structural mismatch between the supply and demand of labour remains glaring

On one hand, the labour shortage (the number of job openings minus the number of job seekers) increased significantly after the second quarter of 2016, reaching 1.079 million by the first quarter of 2018. Although it has decreased since then, the gap is still over 900,000, much higher than the average during the 12th Five-Year (Figure 5-1). In particular, enterprises are in urgent need of workers with technical qualifications and professional titles. Technicians, skilled workers and new type of talents are in short supply in both coastal, central and western regions. According to the data of the Ministry of Human Resources and Social Security, in recent years, the demand for skilled workers has always been 1.5 time or higher of the supply. During the 13th Five-Year, the demand for senior engineers and senior technicians are 2.20 and 2.05 times of the supply (Figure 5-2).

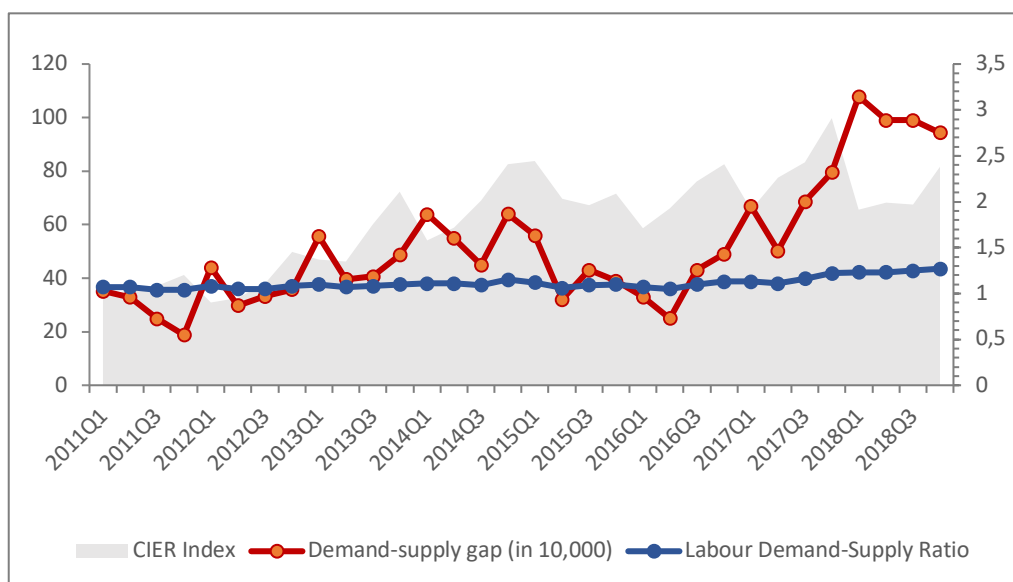


Figure 5-1 Aggregate Supply and Demand and Prosperity of Labor Market, 2011Q1-2018Q4

(Source: China Ministry of Human Resources and Social Security, China Institute for Employment Research)

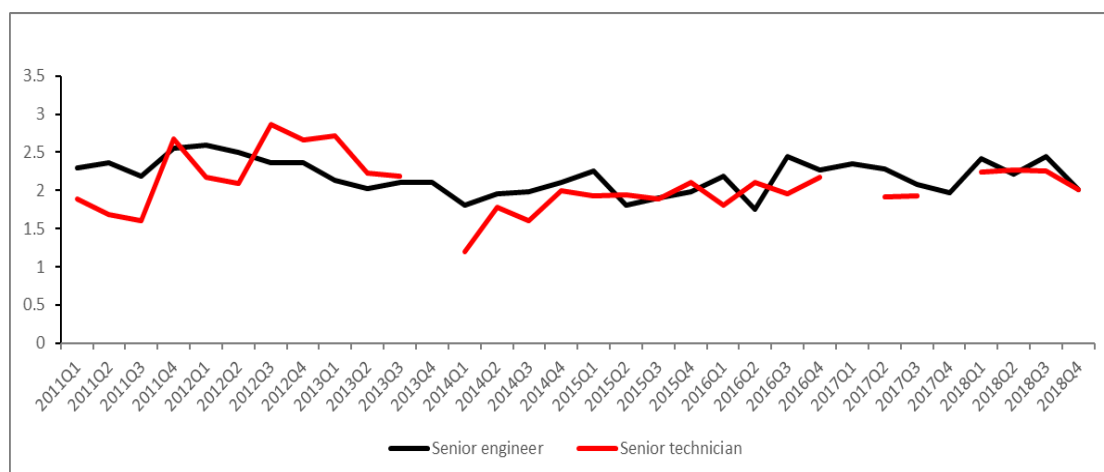


Figure 5-2 Demand-Supply Ratio for Senior Engineer and Senior Technician, 2011Q1-2018Q4  
(Source: China Ministry of Human Resources and Social Security, China Human Resources Market)

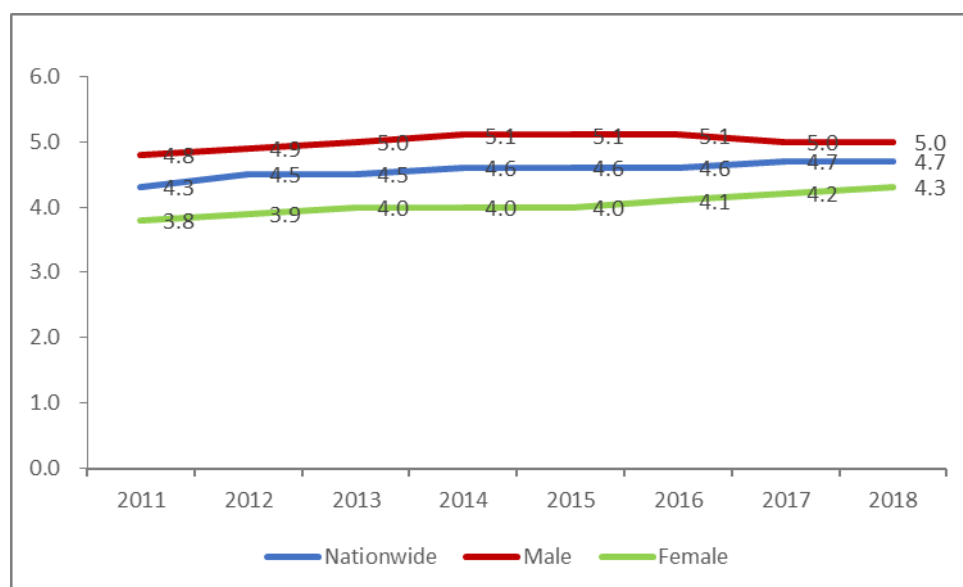


Figure 5-3 ILO Estimation of China's Overall and Gender-specific Unemployment Rate, 2011-2018

(Source : International Labour Organization, ILO STAT database)

On the other hand, although the national registered unemployment rate continues to decline and is below 4%, some caveat should be in place. According to the national urban survey unemployment rate released since 2018, the survey unemployment rate once reached about 5%, rising to 5.1% and 5.3% in January and February 2019. According to the estimation of the International Labour Organization, the unemployment rate in China has been rising since the 12th Five-Year Plan period, especially for women (Figure 5-3). Besides, Figure 5-4 shows that the size of China's

economically active population<sup>5</sup> has continued to expand since 2011, reaching 807 million in 2017. However, in comparison, the growth of the employed population during the 13th Five-Year Plan period has been slow, with a certain decline in 2017 when the unemployed population reaching 30.54 million. According to the estimation of “China Labour Force Dynamics Survey Report”, if the potential unemployed population is also taken into account, the expanded unemployment rate<sup>6</sup> in China would exceed 10% in 2012-2016. The potential unemployment rate among women and low-educated workers is relatively high (Table 5-1).

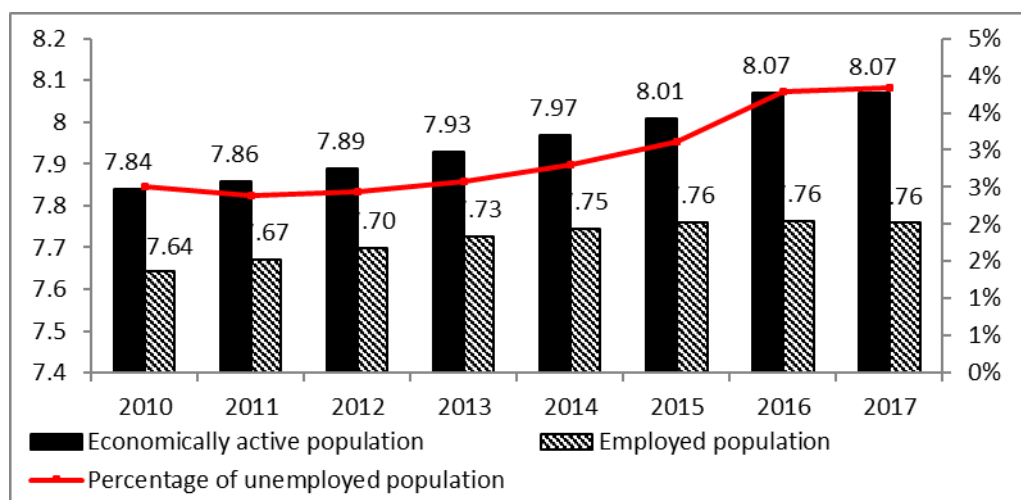


Figure 5-4 Size of Economically Active Population (in 100 million) and Employed Population (in 100 million), 2011-2017

(Source: National Bureau of Statistics)

Table 5-1 Gender, Urban-Rural and Regional Differences in Average Years of Education in China's Labour Force, 2012, 2014 and 2016

Group	Year	Gender Group		Education Attainment				
		Male	Female	Primary School	Junior High	Senior High	Junior College	University
Standard	2012	4.0	7.2	6.66	6.82	4.52	1.63	5.22
Unemployment	2014	5.6	6.4	5.70	7.50	6.99	3.55	2.78

<sup>5</sup> Economically active population refers to the population aged 16 and above who have the ability to work and participate in or demand to participate in social and economic activities, including employed and unemployed persons

<sup>6</sup> Expanding unemployment rate refers to the proportion of standard unemployed population and potential unemployed population in the sum of standard unemployed population, potential unemployed population and working population

Rate	2016	2.9	3.5	2.59	4.52	2.62	1.50	3.79
Expanded Unemployment	2012	6.5	15.2	17.06	12.61	9.62	3.84	6.81
	2014	8.4	14.7	10.91	12.87	11.27	9.12	6.56
Rate	2016	7.7	13.3	13.90	13.32	10.55	5.79	7.06

(Source: Data Derived from China Labour Force Dynamics Survey)

In short, the increase in the size of the unemployed population has come from the mismatch between demand and supply of some college graduates and middle-age low-skilled workers who have accounted for the majority of people with difficulty in finding jobs. It's also caused by the structural adjustments such as removing excess production capacity, shutting down zombie enterprises and job displacement by machines, which “squeeze out” employees in low-end and middle-end industries. Full employment is the primary goal of the state efforts to “stabilize employment”. In 2019, Premier Li Keqiang set the urban survey unemployment rate at about 5.5% as the target of the government's work on employment in his report on government work. In the future, there will still be some pressure to maintain stable employment.

### **5.1.2 With obvious differences between urban and rural areas, regions and gender, the quality of labour force needs to be further improved**

Although the quality of China's labour force is not low from a global perspective, there is still a big gap between China and developed countries. On one hand, the majority of the Chinese labour force only receives secondary education which is not very high. According to official statistics released by the government (Figure 5-5), in 2016, the proportions of workers with senior high school, junior high school, junior college, undergraduate or postgraduate education had all increased compared with 2011, but the overall attainment was still very low, with the percentage of junior high school graduates being 43%, and those with undergraduate education and above accounting for about 8.5%. In the same year, the results of the *China Labour Force Dynamics Survey Report* showed that the percentage of workers with only junior high school education in China was 49%, while those with undergraduate education and above accounted for only 3.94%. In particular, the share of high-skilled employment was very small. The *Global Human Capital Report 2017* shows that in 2016, only 11.9% of the 25-64-year-old employees in China were high-skilled employees, ranking 97th in the world. The employment rate of the population with higher education was 43.4%, ranking 61st in the world. Statistics from the Ministry of

Human Resources and Social Security in 2018 showed that China had 165 million skilled workers, accounting for only 21.3% of the total number of employed people. There were 47.91 million high-skilled personnel, accounting for only 29% of the total number of skilled workers.

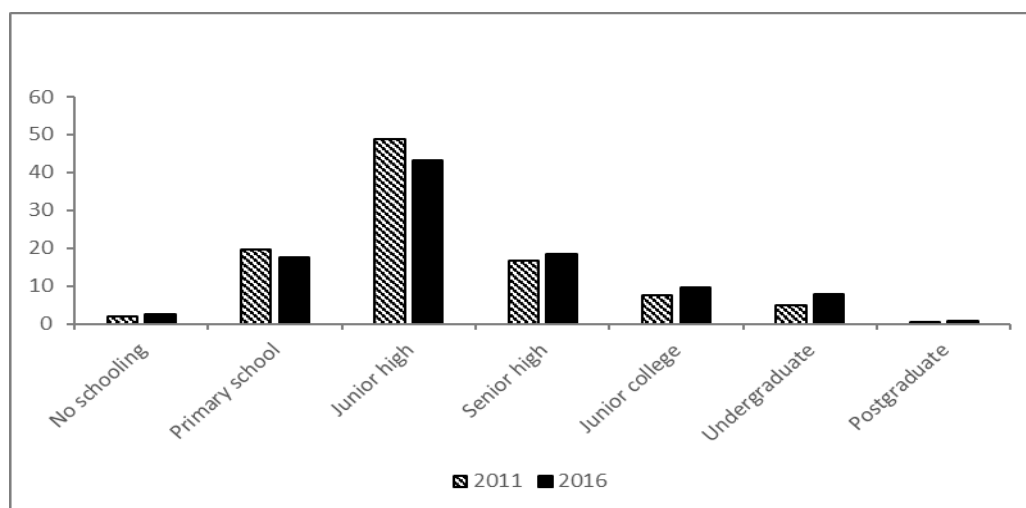


Figure 5-5 Education Attainment of Employees, 2011 and 2016

(Source: China Labour Statistical Yearbook)

On the other hand, the labour quality between genders, urban and rural areas and between regions varies greatly. Statistics from China’s Labour Force Dynamics Survey (Table 5-2) show that in 2016, the average years of education of male, non-farmer individual and the working population in the eastern region were 0.8, 3.1 and 0.9/1.1 years higher than those of female, farmer and the working population in the central and western regions respectively. In particular, the gap between urban and rural areas was particularly glaring. According to the estimation of the China Center for Human Capital and Labor Market Research at the Central University of Finance and Economics, the human capital gap between urban and rural areas in China has been continuously widening since the 12th Five-Year Plan period. Especially in rural areas, the average years of education, the proportion of people with junior college or higher education, the percentage of people with high school education or above, and the per capita human capital have all trended down, and the gap between urban and rural areas has become increasingly prominent. In 2016, the above indicators in cities and towns were 2.7 years, 25%, 37.2% and 300.5 thousand yuan higher than those in rural areas respectively (Figure 5-6).

Table 5-2 Gender, Urban-Rural and Regional Differences in Average Years of Education in China's Labour Force, 2016

Group	Gender Cohort		Rural-Urban Cohort		Regional Cohort		
	Male	Female	Non-farmer	Farmer	Eastern	Central	Western
China Labour Force Dynamics Survey	9.4	8.6	11.3	8.2	9.63	8.65	8.50
China Human Capital Index Report	--	--	11.2	8.5	--	--	--

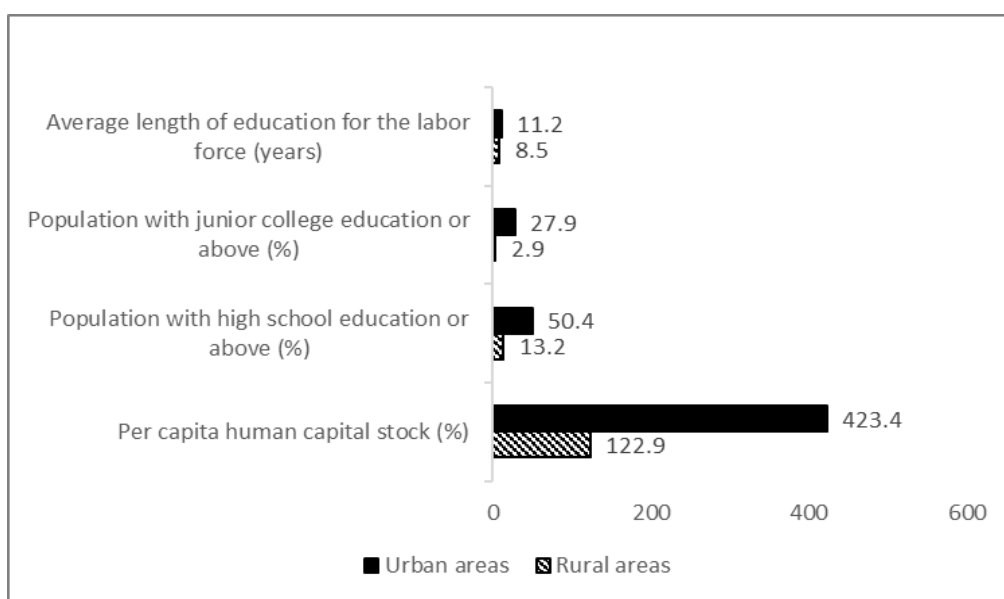


Figure 5-6 Comparison of Human Capital Quality between Urban and Rural China, 2016

(Source: China Labour Force Dynamics Survey Report 2017, China Human Capital Index Report 2018 )

### 5.1.3 Under the new employment pattern, urgent improvement is needed for labour rights protection, judicial relief, social security system and legal framework

The momentous development of digital economy has not only accelerated technological innovation, but also had a profound impact on the organization, coordination and management of labour resources. In recent years, the rise of service-oriented sharing platforms represented by Didi Chuxing and Meituan Takeout, albeit they can promote employment, new forms of employment such as cloud work and online work have also brought new challenges to the current labour rights protection and social security system. (Wu Qingjun, Yang Weiguo, 2018)

The main difference between service-oriented sharing platforms and traditional employment organization lies in the coexistence of “labour control” (that is, platform administrators control the work process of workers on the platform through Internet technologies and algorithms, and issue instructions or even impose punishment on them) and “freedom of labour” (flexible, fragmented, decentralized employment, with a certain degree of autonomy at work)<sup>7</sup>. In this case, although platform workers do not have the status of “employees” recognized in the legal context, platform administrators actually play the role of “employers” through “labour control”. There is an increasingly strong dilemma over the “compatibility” between this new type of labour relationship and various labour standards, social insurance and rights protection systems (including statutory working hours, minimum wage, unemployment insurance eligibility, employee benefits, etc.) formulated and implemented based on the traditional “employer-employee” relationship.

**On one hand, the new form of employment blurs the boundary between dependent labour relations and independent labour relation, making the grey area between the two constantly expanding. The legal determination of labour relations, protection of platform worker’s rights, and judicial relief need to be strengthened urgently.** According to an analysis of 158 cases related to labour relation determination involving 138 service-oriented sharing platforms, the number of cases under this category has increased significantly since 2016. Judging from the types of cases, the vast majority fall into the sub-category of “disputes caused by damages to third parties”, but cases involving the rights of platform-based contract workers, i.e. “injuries to platform workers”, also began to emerge and increase in

---

<sup>7</sup> Sharing Economy and Platform Human Capital Management System—Rethinking Labor Resources and Platform Work, by Wu Qingjun and Yang Weiguo, *China Human Resources Development*, 6<sup>th</sup> edition, 2018



number after 2016. During the trial of these cases, in view of the platform’s claim on labour relations, the platforms in 125 cases did not admit the existence of labour relations, accounting for 79.1% of the total, while less than 20% admitted the existence of labour relations. In terms of the legal determination of labour relations, 61.4% of the courts finally determined that there was no labour relation or employment relation between the platform company and the individual, while 35% of the courts determined that there was labour relation between the two parties. In particular, out of the 8 cases involving injuries to platform workers, in as many as 7 cases, the court determined that there was no labour relation between the two parties.

**Today there are more and more new employee groups such as “platform-based contract workers” who work outside the “scope of protection” of the current labour rights protection and social security system. It’s imperative to strike a balance between increasing new forms of employment and reforming the existing labour rights protection and social security system.** In 2018, the Employment Department of the NDRC issued the *Guiding Opinions on Developing Digital Economy to Stabilize and Promote Employment*, proposing to strengthen labour rights protection, that is, to **“continuously improve the labour rights protection mechanism for new forms of employment”** (in accordance with the requirements of enhancing flexibility of the labour market through prudent and inclusive regulations, the labour laws and regulations will be improved; the labour rights policy and social security system under the new employment paradigm will be improved in a timely manner; and the legitimate rights and interests of workers will be effectively protected.) and social security management, that is, to **“improve the social insurance premium payment policy and service mechanisms to make them adapted to the new employment paradigm”** (The nationwide social insurance scheme covering all citizens will be promoted to include workers opting for alternative employment on the Internet platforms. The role of unemployment insurance is highlighted in ensuring minimum living standards, preventing unemployment and promoting employment, and the coverage of unemployment insurance will be expanded. In adaptation to the new employment paradigm in the digital economy, the management of social insurance handling services will be upgraded through innovative measures such as “Internet-based social insurance services” and by establishing a centralized public service platform for handling social insurance), so as to improve the labour protection

and social security system in the presence of new employment paradigm in the digital economy.

#### **5.1.4 The supply and efficacy of public employment and training services need to be improved**

In recent years, the supply and efficacy of China's public employment services as reflected in statistical data have not improved significantly. On one hand, the size of public employment services has assumed a downward trend since the 12th Five-Year Plan period when there is no significant drop in the unemployment rate. The number of registered job openings and registered job seekers falling from 71.16 million and 51.25 million respectively in 2011 to 53.01 million and 40.43 million in 2016. The difference between the number of registered vacancies and the number of job seekers showed that labour was in short supply. Although the gap between supply and demand has decreased, it still remained at 12.58 million in 2016. In terms of the workers receiving services, the number of rural workers receiving public employment services had fallen considerably to 14.7 million in 2016, down by 7.2 million from 2011. Judging from the effect of public employment services, the number of registered job seekers receiving public employment coaching services decreased from 23.639 million in 2011 to 16.846 million in 2016. On average, the proportion of registered job seekers receiving public employment coaching services was about 40%. The overall success rate of the assisted in landing a job remained at a moderate level, with 41.7% in 2016, which needed further improvement. On the other hand, the percentage of workers who received training and gained qualifications were at a low level, and the forms of training were still dominated by short-term training (less than six months) and junior and intermediate-level qualification training. In 2016, the percentage of Chinese workers who participated in (at least 5 days of) professional and technical training was about 10.5%. Among them, the middle-age workers, women, workers from rural areas and central and western regions lagged far behind in terms of training participation rate and the acquisition of professional and technical certificates (qualification to practice in a profession). Training programs were predominantly short-term. Take private training institutions as an example, the percentage of workers trained for between six months and one year was less than 6%, and that for more than one year was about 3%. In terms of qualifications obtained, a great majority of qualifications obtained by workers remained to be at junior and intermediate level,

accounting for 40.3% of the total number in 2016, and the percentage of workers obtaining senior and above qualifications was less than 6%.

### **5.1.5 The resettlement and employment support for workers laid off in sectors with excess capacity still face great challenges**

Problems such as the resettlement of middle-age low-skilled workers, poor performance of the recipient enterprises, and inadequate economic prowess and financial resources in resettlement areas have greatly increased the difficulty of resettlement of employees of enterprises that have excess production capacity. In terms of the employees to be resettled, they often have some common problems, i.e. middle age, weak education background, inability to learn, unwillingness to find jobs in other regions, single skill, high job expectation, hence big challenge in finding new jobs. In terms of the regions where these troubled enterprises are located, most of the key areas with excess production capacity have an inert industrial structure and insufficient growth momentum due to the bad performances of local enterprises. There are limited employment options and opportunities when the government and enterprises are facing heavy financial pressure. In terms of policy support, there has been a lack of policy incentives for enterprises to hire workers laid off from sectors with excess capacity when designated policy funds are often not delivered in time.

## **5.2 New paradigm of domestic employment**

The new employment paradigm in China can be seen through the prism of “one background” (the rise of digital economy) and “three trends” (elevated positioning of the employment policy, the shift of the leading employer industry, and the changing demographics of the labour force).

**“One background” refers to the momentous development of digital economy under the rise of digital technology.**

**China’s digital economy continues to expand.** Relevant data show that China’s entire digital economy was worth 31.3 trillion yuan in 2018, accounting for more than a third of GDP, reaching 34.8%, up by 1.9 percentage points year on year. **China’s digital economy continues to be structurally optimized.** In view of the internal structure of the digital economy, industrial digitalization is booming, and the integration and penetration of digital technology into various sectors are more and

more commonplace, which promotes economic and social efficiency and improves quality. Statistics show that China's digital industrialization reached 6.4 trillion yuan in 2018, accounting for 7.1% of GDP, while the size of industrial digitalization reached 24.9 trillion yuan, accounting for 27.6% of GDP. In terms of the digital economy, the share of industrial digitalization was higher than that of digital industrialization, which indicated that China's digital technology, products and services were integrating and penetrating into all sectors of the economy, and were exerting positive influence on the output growth and efficiency improvement of other sectors. Industrial digitalization has become the main engine of digital economic growth, when the internal structure of digital economy has been optimized. (*White Paper on the Development of China's Digital Economy and Related Industries*, 2019)

**The strong development of digital economy has brought far-reaching impact on employment. First of all, digital skills have become basic employment skills.** In the context of digital economy, mastering necessary IT skills and being able to use information and Internet technology to solve problems at work have become the must-have ability of a qualified employee. However, from a global perspective, the digital skills of workers are generally insufficient. The differences in digital skills among individuals, industries and regions have also widened the income gap of workers and caused a huge digital chasm. **Secondly, employment is becoming more and more flexible.** In the era of digital economy, more and more corporate operations are carried out on online platforms. On these platforms, workers can overcome the restraint of time and space to obtain job opportunities remotely. The boundary of employment and entrepreneurship is gradually blurred, leading to a new way of employment and entrepreneurship based on the platform. **Thirdly, great changes have taken place in employment opportunities.** The rise of digital technology and digital industry has impacted the traditional industries and jobs. However, digital technology and its application in traditional industries have also spawned many new industries, new business models and ecosystems, which in turn have created a large number of jobs. **Fourthly, the industrial and regional employment structure have been significantly impacted by the rise of digital economy.** With the development of the digital economy, the percentage of employment in the tertiary industry has increased continuously. The share of employed persons in the primary, secondary and tertiary industries has changed from 36.7%, 28.7% and 34.6% in 2010 to 27%, 28.1%

and 44.9% in 2017. The tertiary industry has become the biggest employer. **The development of digital economy has also led to the adjustment of regional employment structure.** According to the *White Paper on the Development of China's Digital Economy and Related Industries (2018)*, the digital economy of 10 provinces and metropolis including Guangdong, Jiangsu, Shandong, Zhejiang and Shanghai exceeded 1 trillion yuan in 2017. Among the top 15 provinces in terms of the size of digital economy, 10 provinces ranked among the top 15 when it came to the number of jobs created by the digital economy, while 13 provinces ranked among the top 15 in terms of the percentage of new jobs created by the digital economy, indicating that the more developed the digital economy in a region, the better the employment. **Fifthly, the quality of employment among non-standard job holders is generally poor while employees are often disadvantaged in labour relations.** The study found that non-standard employment had the following characteristics: low job satisfaction, low wage level, long overtime, patchy social insurance coverage and poor protection of wage rights. The quality of employment among non-standard job holders is generally poor while employees are often disadvantaged in labour relations. (*Green Book on Population and Labour: Report on China's Population and Labour No.19*)

**The “three trends” refer to the elevated positioning of the employment policy, the shift of the leading employer industry, and the changing demographics of the labour force. First of all, the employment promotion policy has gained greater significance as it's defined as a tool to serve macroeconomic regulation rather than just a social policy in a specific area.** In view of the complex situation in the current economy, the central government not only put forward the general requirement of “making comprehensive and correct macroeconomic policies, structural policies and social policies to ensure the economy performs within a reasonable range” at the Central Economic Work Conference held in December 2018, but also further defined the overarching goal as “stabilizing employment, finance, trade, foreign capital, investment and market expectations”. Among them, employment stood out as the No.1 goal for the first time, which highlighted the significance of “employment” as the “most fundamental means to livelihood” and showed that employment promotion policy has gained greater significance as it's defined as a tool to serve macroeconomic regulation rather than just a social policy in a specific area. In March 2019, Premier Li Keqiang put forward in the report on the

government work that, for the first time this year, the employment first policy would be placed in the macroeconomic policy toolkit, which means that the employment target and various signals in the labour market would be considered, decided upon and implemented as part of the macro-economic policy framework just like fiscal, monetary and financial policies.

**Secondly, the leading employer industry has shifted from labour-intensive manufacturing and construction industries towards labour-intensive service industry.** Since China’s accession to the WTO, the employment structure has adjusted three times due to the changing economic structure. **Since 2013, the employment in manufacturing and construction industries began to shrink.** From 2013 to 2017, the employment of manufacturing industry decreased by 8.842 million, and that of construction industry also decreased by 235,000 on average every year. Both industries saw net outflow of employees. During the same period, the transformation of the industrial structures led to the rapid development of the service industry which has played an increasingly important role as a “stabilizer” for employment.

During this period, the service sector added 13.09 million new jobs annually and hired many workers coming from the manufacturing industry. The labour-intensive service sector has really stood out, with an average annual job increase of 4.762 million and 1.741 million respectively in the wholesale & retail and hospitality & catering industries. Their ability to create jobs exceeded that of the manufacturing industry during its peak in 2004-2008. Although declining employment in the manufacturing industry and more jobs created by the service sector have become a common phenomenon in the world (the share of employment in the global manufacturing industry dropped from 15.3% in 2000 to 14.4% in 2017), there are still two things to watch out: first, in places where economy is weak, some caveat should be in place for the premature and rapid decline in manufacturing employment, as it is not conducive to continuously providing physical products and jobs to meet the demand in people’s everyday life. Second, the quality of employment in the service sector is not high as most jobs come from labour-intensive businesses. From 2013 to 2017, of the new jobs created in the service sector, labour-intensive services accounted for 61.2%, public services for 9.1%, high-end services and financial/real estate services accounted for 19.7% and 10% respectively. In particular, the platform economy, which has

developed rapidly in recent years, has created many jobs, but most platforms still can't break even or make profits, so many new jobs created by such platforms may vanish overnight. In addition, most platforms were able to create a large number of jobs due to loose government regulations in the past, but as the regulations tighten up, the employment growth on such platforms may become very uncertain.

**Thirdly, the aging population accelerates the structural transformation of the working population. The demographic change has been accelerating the depletion of “demographic dividend”. The rapid aging process makes China face the challenges of falling labour supply and more old people to support.** China is going through a new round of demographic transition. With the precipitous decline of the total fertility rate and the continuous rise of life expectancy (the average life expectancy in 2015 in China reached 76.3 years, an increase of more than 10 years from the early days of reform and opening up), the aging population will catalyse the irreversible transformation of China's demographic structure from being dominated by “contributors” to being dominated by “pensioners” (the population living on pension is larger than the working population), and the demographic dividend will gradually fade away. According to the latest forecast by China Population and Development Research Centre (Figure 5-7), the demographic transition in the next 30 years will have impacts on China's labour force in two ways: **firstly, the size of working-age population is set to shrink.** During the 13th Five-Year Plan period, the absolute size of China's 15-64-year-old working-age population has been shrinking. It is estimated that from 2018 to 2026, the decline of China's working-age population will be moderate, and the population of the total labour force will remain above 980 million. However, with the advent of the growth peak of the elderly population, the size of the working-age population is expected to plummet from 2027 onwards, shrinking at an annual rate of 7.8 million on average to 800 million in 2049, a decrease of nearly 200 million, accounting for 58.1% of the total population, slightly higher than the average level of developed countries in the same period.



Evaluation of the Employment Promotion Plan for the “13<sup>th</sup> Five-Year” Final Report

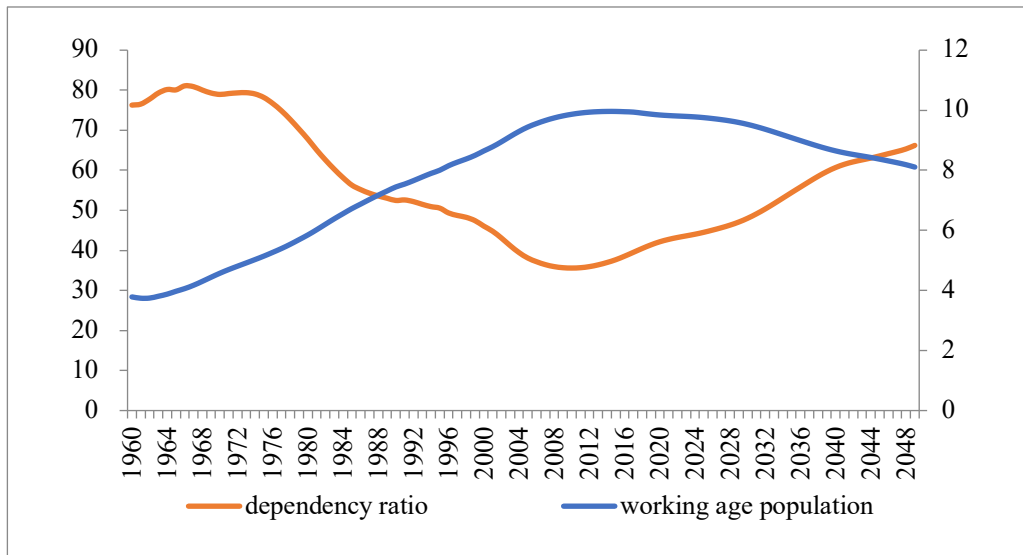


Figure 5-7 China's Changing Demographic Structure, 1960-2049  
(Source : Population Estimates and Projections, World Bank Group)

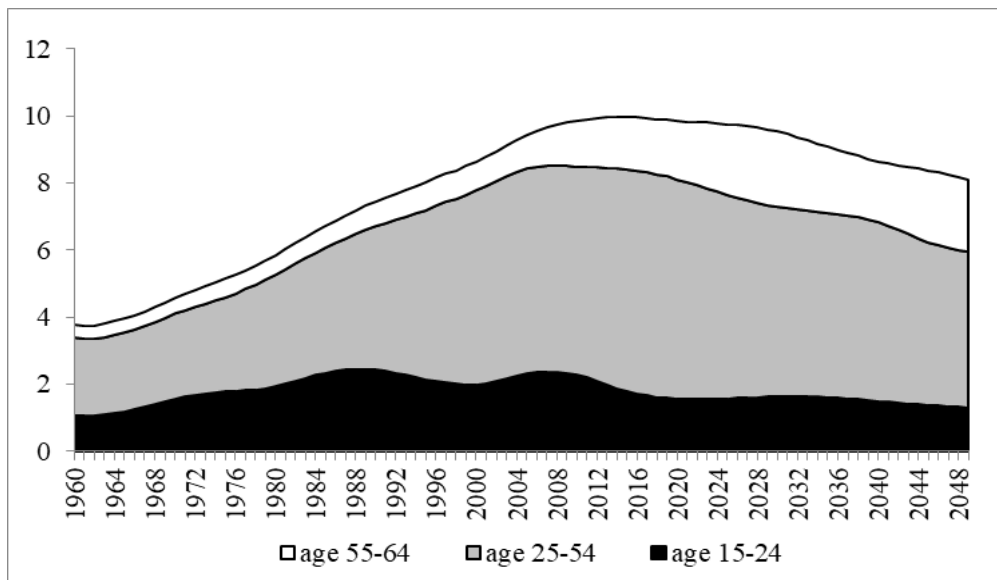


Figure 5-8 Age Structure and Trend Projection of China's Working Age Population (in 100 million), 1960-2049

(Source: 1960-2017 Data from Population Estimates and Projections, World Bank Group)

**Secondly, the working-age population gets older in general.** The median age is expected to rise from 39 in 2017 to 43 in 2049, an increase of about 4 years. As the baby boomers (born in 1970-1990) enter the prime of life, the 45-64-year-old working population as a percentage of the total working age population continues to rise, probably reaching 46.1% in 2045, up by 5.7 percentage points from 2018 (Figure 5-8).

This projection is proved with the data in *China's Labour Force Dynamics Survey*. As



shown in Figure 5-9, the age distribution of the labour force population surveyed in 2016 has shifted to the right by one age group compare with 2014; besides, the proportion of the labour force of the senior age group (over 50 years old) increased significantly compared with 2014.

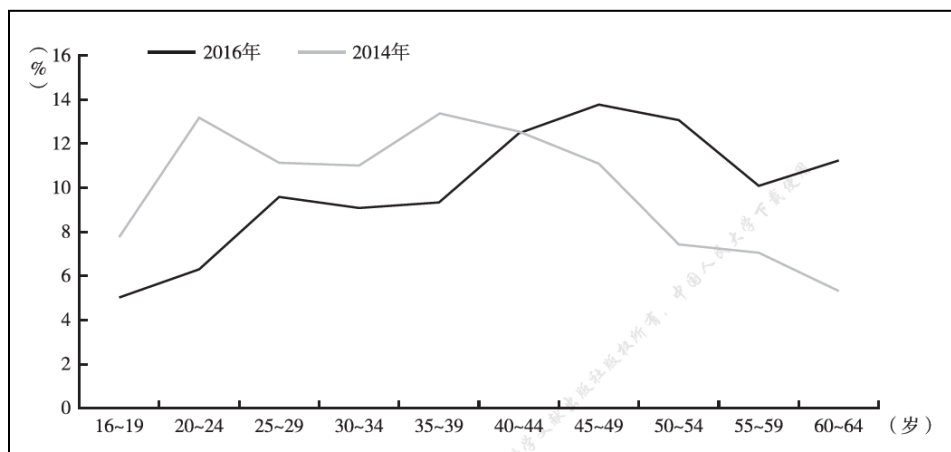


Figure 5-9 Age Distribution of Respondent Laborers, 2014 and 2016

**In addition, although China’s labour market has experienced a relatively rapid wage increase after going beyond the Lewis turning point, the overall labour force participation rate has been on a continuous decline.** According to the ILO data, China’s labour force participation rate (the percentage of the labour force in the working age population aged 15-64) has been on a continuous decline from nearly 85% in the early 1990s to 75.9% in 2018. In particular, the female labour force participation rate was significantly lower than that of men, and its decline was even more precipitous. In 2018, the female labour force participation rate was only 68.6%, 14.2 percentage points lower than that of men. China’s labour force participation rate continues to fall, leading to the demise of the view that China’s labour force participation rate is significantly higher than that in other parts of the world. There are many factors that affect the labour force participation rate. On one hand, it’s related to the age structure of the population. As one ages, the labour force participation rate changes in an inverted U-shape. An aging society will understandably reduce the overall labour participation rate. According to the estimation of Du Yang et al. (2019), the changing age structure contributes to 7% change in China’s labour force participation rate. Besides, institutional barriers to labour mobility, care of family members (children and the elderly), labour market and security arrangements such as

pension scheme, will have an important impact on labour force participation rate.

## 5.3 International experience and reference

### 5.3.1 General trends and challenges facing global employment

#### (1) Overview

- **EU (*Employment and Social Developments in Europe Annual Review 2018*)**

The nature of work is changing. The world of work is shaped by the way work is being organised in a more service-oriented, digitalised economy. The impact of new forms of work, such as platform work, on non-standard work contracts is not yet clear. However, one possibility that needs to be factored in is that permanent full-time employment may become less prominent in the future. Non-standard work may lower work satisfaction and be detrimental to workers' financial stability. Furthermore, the design of today's social security insurance is still aligned to dependent standard employment.

EU employment is at an all-time high. In 2017, almost 236 million people were in employment, an increase of 19.5 million since 2002. This is mainly due to a strong increase in female employment (+15.3 million, or 15.3% between 2002 and 2017), population growth and increased employment rate of older workers. The number of employees has increased significantly (+20.2 million people in the same timespan). In addition, workers have become better educated. The young cohorts tend to be better educated than the generation before them.

Atypical work has become more significant. Permanent full-time employment still represents by far the largest share of employment today. However, the rising incidence of non-standard forms of employment has brought with it structural changes in work patterns. The increase in non-standard work has disproportionately affected younger workers, many of whom would prefer not to be in that situation.

Working conditions may suffer. Technological progress and digitalisation led to new possibilities and labour market improvements in terms of autonomy, flexibility, and health and safety conditions. Yet, the structural changes following these trends impacted negatively on the working conditions and the quality of life of the people

who were less equipped to reap the benefits of the changes.

- **OECD (*OECD Employment Outlook 2018*)**

Wage growth remains sluggish despite the fall in unemployment. While the impact of the global financial crisis on job quality and inclusiveness persists, employment rates are historically high in most OECD countries and the average unemployment rate is back to its pre-crisis level. However, the low inflation expectations and productivity slowdown which accompanied the Great Recession have not yet fully recovered, and the increase in the number of low-paid workers have lowered the average wage growth.

Technological progress in the sectors producing equipment goods and the expansion of global value chains have reduced labour shares within firms and increased the share of value added accounted for by firms with lower labour shares (the “superstar” firms).

Collective bargaining institutions play a key role for labour market performance. Wage co-ordination increases solidarity between workers in different sectors and helps ensure that collective bargaining improves employment by taking due account of macroeconomic conditions. However, in centralised systems, lower inequality and higher employment may come at the expense of lower productivity growth.

Most job seekers do not receive unemployment benefits. Fewer than one-in-three jobseekers receive unemployment benefits on average across the OECD, and the longer-term downward trend of benefit coverage has continued in many countries after the financial and economic crisis.

The gap in annual average labour income between men and women has gone down significantly, but the gender gap in labour income widens over the working life.

- **ILO (*World Employment Social Outlook : Trends 2018*)**

Structural transformation has a significant impact on the employment share of the service sector. Generally speaking, the employment share in agriculture is set to continue its long-term downward trend, with the largest decline expected to be in lower middle-income countries. Developing and lower middle-income countries show

signs of premature deindustrialization, since their manufacturing employment share is not projected to increase. Service sector jobs are the principal driver of future employment growth. Going forward, the employment share of market services is projected to expand by around 2 percentage points in developing countries, and by around 5 percentage points in upper middle- and lower middle-income countries.

Structural transformation has an impact on future job quality. Vulnerable and informal forms of employment are prevalent both in declining sectors and in growing sectors. Across all levels of development, informal employment tends to be most common in agriculture and construction. Part-time work tends to be common in agriculture and education, especially in developing and emerging countries. In contrast to temporary employment, the incidence of part-time work is more equally distributed across sectors. In sectors with widespread vulnerable and informal forms of employment, the incidence of poor working conditions is high.

An ageing population will add further pressure to future labour market challenges. As the labour force growth decelerates, the number of potential retirees per active person is expected to increase markedly. Meanwhile, the average age of those in the labour force is set to gradually increase, with important labour market implications. These dynamics pose the dual challenges of keeping retirees out of poverty and reversing inequalities while promoting decent work outcomes for those in the labour force.

## **(2) Challenges brought by digital economy to employment and countermeasures**

The increasingly significant impact of the digital economy on employment has attracted the attention of the international community. Taking the EU as an example, EU countries attach great importance to new forms of employment in the digital economy, especially non-standard work represented by platform work. According to the EU, the collaborative economy has been described as an interaction of business models “where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services. Those services are usually provided online, by both professional service providers and private individuals.

Take the EU as an example, the overall size and number of digital labour platforms are growing. One reason is the rising demand for market coordination services.

Platforms coordinate market supply and consumers' demand of specific goods and services, providing through their algorithms an immediate price for each transaction, and take a share of it as a fee for the transaction management. They offer an alternative form of market coordination. As a result, platforms may reduce asymmetric information between buyers and sellers and thereby reduce the risk of market failure; and improve global resource allocation and increase productivity. Firstly, platform work within the EU comes with the following characteristics:

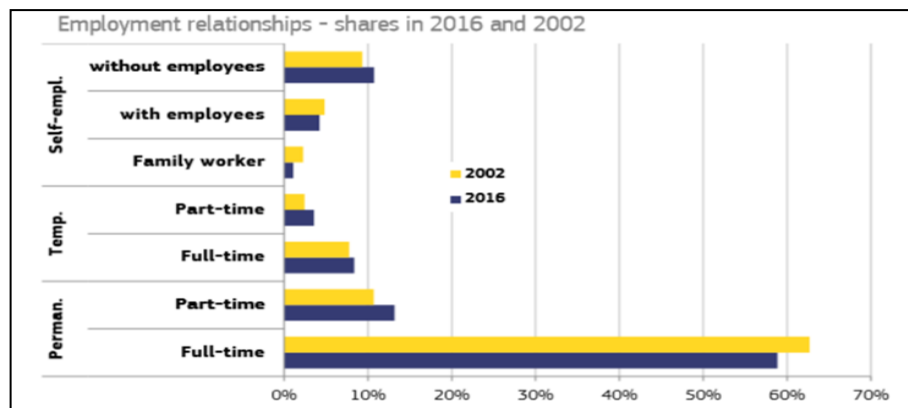


Figure 5-10 Share of Flexible Employment in EU Countries Continues to Rise, 2002 and 2016  
(Source: Employment and Social Developments in Europe Annual Review 2018)

Platform work experience has become more and more common, with one in ten adults having platform work experience. The platform workers tend to be well educated and are often male who are over age 35, and the gender gap is gradually widening.

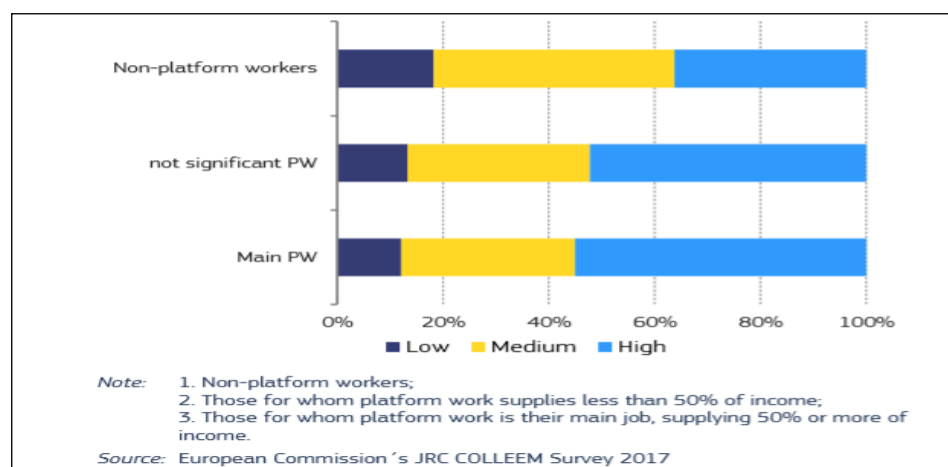


Figure 5-11 Education Attainment of Platform Workers  
(Source: Employment and Social Developments in Europe Annual Review 2018)

Platform workers provide a wide range of services, typically performing a limited number of tasks. The tasks most commonly performed are clerical (including data entry, transcriptions and customer services), professional (including accounting, legal services and project management), sales and creative tasks.

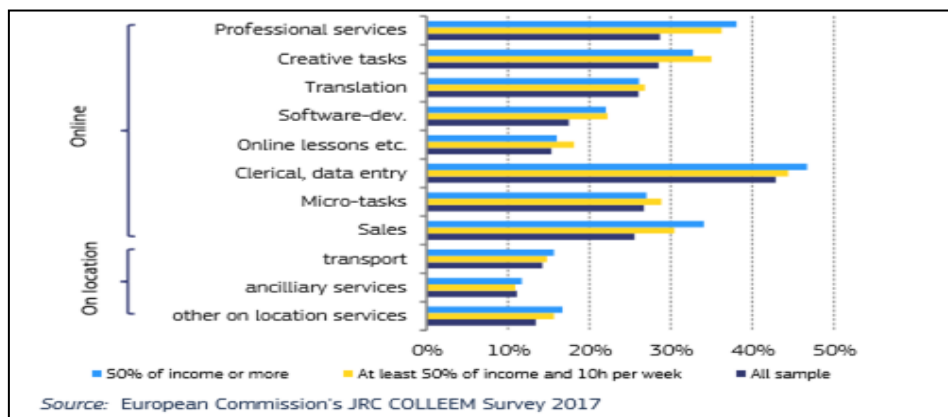


Figure 5-12 Types of Services Provided by Platform Workers

(Source: Employment and Social Developments in Europe Annual Review 2018)

Many platform workers work part time. Only a minority of platform workers make a living from that work, and very few people draw more than half of their income from such activity. Platform workers may feel the pressure of global competition and may often accept low prices for their services, hence earning less than traditional employees for the same work done.

**Second, the impact of the digital economy on employment is mainly reflected in:**

**The “two-way effect” of digital economy on employment.** Automation and digitalisation enabled these tasks to be performed more efficiently, while the price difference between labour and capital continued to increase. The result was more substitution of capital for labour. The number of robots keeps growing. The markets for robotic technologies and Artificial Intelligence (AI) are growing fast. Job losses due to robots have mainly occurred in manufacturing. Nonetheless, digitalisation may also create new jobs. Displacement of workers by machines is only the first-round effect on the labour market. Digitalisation affects the economy, not only through its potential to automate routines, but also because it can yield significant cost savings and induce demand-side economies of scale through network effects. New technologies, even when displacing workers in the first instance, can create jobs in the

medium term by expanding demand for new machines and related services.

**Digital economy accelerates job polarisation.** The increasing use of labour platforms could lead to greater polarisation of wages. The proportion of workers in mid-paid occupations is shrinking while the proportion of low-paying and high-paying jobs increase. There is an increasing demand for highly educated workers, even in low-paying jobs. Workers tend to be concentrated at the extremes of the wage distribution.

**The digital economy is challenging the traditional labour rights protection system.** Many platform workers are self-employed. It is difficult to classify platform workers by their employment status. As a result, many platform workers may not be covered by social protection systems as they are now constituted. protection systems as they are now constituted. Platform workers are often not considered as employees, the lack of social protection systems and low wage may make platform workers the most vulnerable group in the labour market.

In face of the impact and challenges brought about by the digital economy, the EU has the following coping strategy.

**Recent forms of employment call for more flexibility:** facing the new employment paradigm, more flexible institutional arrangements need to be introduced social protection, health and safety, income, bonus and fringe benefits, length of working time, work-life balance, stress and work intensity, career development, training and skill development. In terms of the disadvantageous working conditions in the new forms of employment, it may be worth considering providing new legal frameworks (or strengthening existing ones) for some of these new forms of employment, in order to shield the side of the employment relationship with less bargaining power from unwanted and/or excessive risks.

**The structural change calls for more investment in material and human capital:** new types of business, such as collaborative internet platforms, have yet to show their full potential. The net employment effect of structural change remains uncertain. Investment in education helps Member States develop their human capital so as to

complement new technologies and improved processes. As well as investing appropriately in physical and human capital, Member States also need to ensure that the benefits from new technologies and new ways of working are fairly shared between their citizens.

### 5.3.2 International employment promotion policy structure

#### (1) Policy Advice of International Organizations

- EU (*Employment and Social Developments in Europe Annual Review 2018*)

**Reorient education policies** and improve the efficiency of public spending to ensure that the working-age population has appropriate skills to fully benefit from the structural change.

**Greater and more effective investment in both formal education and the development of skills** (through training) will improve workers’ productivity and labour market outcomes while also ensuring the sustainability of Europe’s growth model and ensuring that that education and training provide people with the knowledge and skills they need to thrive personally, socially and professionally.

**Promote the development of life-long learning capabilities.** The adoption of the Council Recommendation on Key Competences for Lifelong Learning in May 2018 will further foster literacy, languages and entrepreneurship, among others, as a way to face the challenges of the future.

**Provide fund support for skills development. The European Commission supports skills development in Europe through EU funds** (e.g. the European Structural and Investment Funds, Horizon 2020 and the forthcoming Horizon Europe, the Employment and Social Innovation programme and the “Erasmus+” programme).

**Compensate for the impact of social disadvantage on someone’s educational attainment and labour market performance (such as poor education of parents).** The “Council Recommendation on High Quality Early Childhood Education and Care” is adopted to promote early childhood education all to establish a level playing field that reduces inequalities at an early stage in the life and work cycle.



**Strengthen social dialogue to cope with a changing world of work.** Employers and trade unions need to reflect on their roles and whether these roles need to evolve. It is the task of social partners to use their room for manoeuvre to uphold their autonomy.

- **OECD (*Good Jobs for All in a Changing World of Work*)**

**Foster the development of suitable skills and promote the use of these skills.** To improve the relevance of worker skills for labour market needs, it is important to develop stronger links between the world of education and the world of work in an age of technological transformation. Therefore, governments should develop high-quality technical education and training services; promote fair access to new skills training and educational services; improve the monitoring and projection system of new skill demand; and improve the efficiency of skill matching in the labour market.

**Strengthen legal supervision and protection.** Firstly, governments should focus on helping employees and employers to better determine the employment relationship by increasing the publicity of laws and regulations on labour relations, providing guidance and information services on the signing of labour contracts, etc. Secondly, by shifting the burden of proof (from employees to employers), simplifying arbitration and judicial procedures, and reducing arbitration and judicial costs, employees are encouraged to ask for rights relief through active and effective arbitration or judicial procedures when their rights and interests are infringed, thus protecting their legitimate rights and interests. Thirdly, by redefining the employment relationship, asking employers to make up for unpaid taxes and social security contributions, and increasing the punishment of recidivist enterprises, the government can extend the scope of application of court decisions to all employees in similar situations other than plaintiffs. Besides, the labour monitoring, judicial supervision and punishment of non-compliant firms will be strengthened.

**Strengthen the management and service for new forms of employment.** Another policy response is to attempt to regulate the use of new forms of work (in the same way as temporary work agency work and temporary contracts have been regulated in the past). Firstly, governments can run public information campaigns and/or require firms to provide workers with written statements on their employment status and the

associated rights and protections. Secondly, revisit each major labour law and policy individually (even those which, at first, seem more difficult to extend to non-standard workers) and carefully assess how it might be tailored to broaden coverage, where appropriate (Kennedy, 2016). Thirdly, adjust the system of social dialogue and collective bargaining. Facing the rise of flexible employment, governments can promote the inclusiveness of the employment environment and flexible work patterns, and establish a more flexible and efficient social dialogue and collective bargaining mechanism through collaboration with broad-based social partners and organized power delegation, to fully protect the labour rights of non-standard labour groups and reduce labour disputes. Fourthly, strengthen labour relations and strengthen worker's voice. Find innovative ways of representing workers in new forms of work and strengthening their voice. New technologies can help organise workers' voice, e.g. by enabling peer-to-peer exchange, sharing information, rating employers/clients, etc.

**Improve social protection for the self-employed.** Governments should try to ensure that the package of benefits and protection to which self-employed persons are entitled are commensurate with their tax and social security contributions. In cases where self-employed workers already have statutory access, effective access could be improved through parametric changes (e.g. adjusting rules of existing schemes/programmes and thresholds such as the earnings/hours/minimum contribution thresholds). Another option which countries may wish to consider is to enhance the portability of benefits so that entitlements are not lost when individuals move across social security systems or change employment status. One way of operationalising this would be to tie entitlements to individuals rather than to jobs.

**Strengthen the protection of women in employment.** By optimizing family-oriented welfare guarantees, encouraging fathers and mothers to take up more part-time and flexible working time arrangement and accept more diverse and appropriate workplace arrangements, women can be helped to successfully go through the key stages of their career, such as childbirth, thus encouraging women to maintain their attachment to the labour market and seize the same employment opportunities as men.

**Strengthen decision-making based on employment data and data supervision.**

Efforts should be made to improve the data provided to decision makers, including clarifying definitions (for example, what is the definition of platform worker?); update existing family and workforce surveys (e.g. add and/or change questions); use administrative data sources (such as tax and social security data) and link them to survey data where possible; work with the private sector to obtain and analyse platform/employer data; and developing new ways of data collection (e.g. through special surveys or data capture)

## **(2) Evaluation framework of global employment promotion**

In recent years, efforts have been made to promote economic growth and high-quality employment (a fairer wage system, a safer working environment, and a protection mechanism that is more conducive to the improvement of personal skills) in tandem. The continuous improvement of people’s well-being at work under inclusive growth has increasingly become a fundamental goal for the design and evaluation of the “jobs strategy” framework of international organizations including the EU and the OECD. This report focuses on the analysis and evaluation framework on jobs strategy proposed by the OECD in its 2018 *Good Jobs for All in A Changing World of Work*. The framework is called the “New OECD Jobs Strategy dashboard” and **mainly includes three basic dimensions (Table 5-4):**

**More and better jobs.** This captures the labour market situation in terms of both the quantity of jobs (e.g. unemployment, labour force participation, working time) as well the quality of jobs by taking account of the three dimensions of the OECD Job Quality Framework that are key for worker well-being: 1) earnings quality: average income and its distribution in the labour force can reflect the extent to which income promotes the welfare of workers; 2) Labour market security, which includes economic security aspects related to unemployment risks and their economic costs to workers. It is determined according to unemployment risks and benefits received under unemployment conditions; 3) Quality of the working environment, which reflects the non-economic aspects of the work, including the nature and content of the work done, the working time arrangement and workplace relations.

**Labour market inclusiveness.** This dimension focuses on the distribution of opportunities and outcomes across individuals. Ensuring equal opportunities to

succeed and share the fruit of economic growth in the labour market for all reduces the risk that people are excluded from fully participating in the labour market and fall into poverty. Labour market inclusiveness therefore relates to both dynamic aspects of inequality such as the prospects for social mobility and career advancement, as well as static ones such as the distribution of individual earnings and household incomes, and differences in access to quality jobs between different socio-economic groups.

**Adaptability and resilience.** This dimension relates to the effectiveness with which individuals, institutions and societies absorb, adapt to, and make the most out of shocks and new opportunities, which arise as a result of megatrends (e.g. technological change, including automation and digitalisation, climate and demographic change and globalisation).

Table 5-3 Policy Recommendations Based on Current Employment Situation

Dimensions	Measures
<b>Promote an environment in which high-quality jobs can flourish</b>	1) Implement a sound macroeconomic policy framework that ensures price stability and fiscal sustainability 2) Promote growth and quality job creation by removing barriers to the creation and growth of new businesses, the restructuring or exit of underperforming ones, and by creating an entrepreneurship-friendly environment 3) Facilitate the adoption of flexible working-time arrangements to help firms adjust to temporary changes in business conditions, while helping workers to reconcile work and personal life 4) Consider using a statutory minimum wage set at a moderate level as a tool to raise wages at the bottom of the wage ladder, while avoiding that it prices low-skilled workers out of jobs 5) Promote the inclusiveness of collective bargaining systems while providing sufficient flexibility for firms to adapt to aggregate shocks and structural change 6) Foster the development of suitable skills for labour market needs, while promoting the use of these skills and their adaptation during the working life to respond to evolving skills needs

<b>Prevent labour market exclusion and protect individuals against labour market risks</b>	1) Promote equal opportunities to avoid that socio-economic background determines opportunities in the labour market through its role for the acquisition of relevant labour market skills or as a source of discrimination 2) Adopt a life course perspective to prevent that individual disadvantages cumulate over time, requiring interventions at a later stage, which are usually less effective and involve larger fiscal costs 3) Develop a comprehensive strategy to activate and protect workers, by combining adequate and widely accessible out-of-work benefits with active programmes in a mutual-obligations framework
<b>Build a more inclusive labour market (Prepare for future opportunities and challenges in a rapidly changing labour market)</b>	1) Enable displaced workers to move quickly into jobs, using a mixture of general and targeted income support and re-employment assistance, combined with prevention and early intervention measures 2) Accompany innovation in new forms of employment with policies to safeguard job quality by avoiding abuse, creating a level-playing field between firms, and providing adequate protection for all workers regardless of employment contract

### 5.3.3 Strategic measures for global employment promotion

According to the EU experience, the international community has implemented the following measures to promote employment:

#### **(1) Improve the quantity and quality of jobs (more and better jobs)**

**On one hand, the European Commission attaches importance to working with member states to improve the labour supply and efficiency. The EU will:**

- 1) Define and implement the flexicurity agenda to identify ways to better manage economic transitions and to fight unemployment and raise activity rates;
- 2) Adapt the legislative framework, in line with “SMART” regulation principles,

to evolving work patterns (e.g. working time, posting of workers) and new risks for health and safety at work;

3) Facilitate and promote intra-EU labour mobility and better match labour supply with demand with appropriate financial support from the structural funds, notably the European Social Fund (ESF), and to promote a forward-looking and comprehensive labour migration policy which would respond in a flexible way to the priorities and needs of labour markets.

**In terms of improving the quality of employment, the EU give a strong impetus to the strategic framework for cooperation in education and training involving all stakeholders.**

1) Implement life-long learning principles including through flexible learning pathways between different education and training sectors and levels and by reinforcing the attractiveness of vocational education and training. Social partners at European level should be consulted in view of developing an initiative of their own in this area. Ensure that the competences required to engage in further learning and the labour market are acquired and recognised throughout general, vocational, higher and adult education and to develop a common language and operational tool for education/training and work: a European Skills, Competences and Occupations framework (ESCO).

2) Integrate and enhance the EU's mobility, university and researchers' programmes and link them up with national programmes and resources; step up the modernisation agenda of higher education (curricula, governance and financing) including by benchmarking university performance and educational outcomes in a global context; explore ways of promoting entrepreneurship through mobility programmes for young professionals; promote the recognition of non-formal and informal learning; launch a Youth employment framework outlining policies aimed at reducing youth unemployment rates.

**On the other hand, the EU places special emphasis on improving the quality of employment. The member states should:**

1) Review and regularly monitor the efficiency of tax and benefit systems so to make work pay with a particular focus on the low skilled, whilst removing measures that discourage self-employment; promote new forms of work-life balance and active ageing policies and increase gender equality;

2) Give a strong impetus to the implementation of the European Qualifications Framework, through the establishment of national qualification frameworks; ensure that the competences required to engage in further learning and the labour market are acquired and recognised throughout general, vocational, higher and adult education, including non formal and informal learning;

3) Develop partnerships between the worlds of education/training and work, in particular by involving social partners in the planning of education and training provision; strengthen labour market operation and the effectiveness of social dialogue; ensure efficient investment in education and training systems at all levels (pre-school to tertiary); improve educational outcomes, addressing each segment (pre-school, primary, secondary, vocational and tertiary) within an integrated approach, encompassing key competences and aiming at reducing early school leaving; enhance the openness and relevance of education systems; improve young people's entry into the labour market through integrated action covering i.e. guidance, counselling and apprenticeships.

4) Improve access to work-life balance arrangements, such as vacation and flexible work arrangements; increase men's use of family-related holidays and flexible work arrangements; in the context of the European Pillar of Social Rights, the Commission recommends to update the current EU rules so that workers can benefit from the new and updated minimum standards. (*European Commission : Europe 2020 Strategy*)

## **(2) Promote the inclusiveness of the labour market and eliminate employment inequalities**

**On one hand, the European Commission is committed to eliminating gender inequality in employment.** The Commission will: 1) support the promotion of gender equality in the implementation of all aspects and flagship initiatives of the

Europe 2020 strategy; promote female entrepreneurship and self-employment; assess remaining gaps in entitlement to family-related leave, notably paternity leave and carers' leave, and the options for addressing them. 2) equal pay for equal work for men and women: with the European social partners, and respecting the autonomy of the social dialogue, explore possible ways to improve the transparency of pay as well as the impact on equal pay of arrangements such as part-time work and fixed-term contracts; support equal pay initiatives at the workplace such as equality labels and awards, as well as the development of tools for employers to correct unjustified gender pay gaps; institute a European Equal Pay Day to be held each year to increase awareness on how much longer women need to work than men to earn the same; seek to encourage women to enter non-traditional professions, for example in “green” and innovative sectors. 3) gender equality in decision-making: consider targeted initiatives to improve the gender balance in decision making; monitor the 25% target for women in top level decision-making positions in research; monitor progress towards the aim of 40% of members of one sex in committees and expert groups established by the Commission; support efforts to promote greater participation by women in European Parliament elections including as candidates. (*Strategy for Equality between Women and Men (2010—2015)* )

**On the other hand, the European Commission is committed to eliminating employment inequality faced by disadvantaged groups:** design and execute programmes to promote social innovation among the most disadvantaged groups, especially by providing innovative education, training and employment opportunities for poor communities, to combat discrimination (such as the disabled), and to formulate a new agenda for the integration of immigrants into society so that they can make full use of their potential; promote equal opportunities for all, social inclusion and poverty eradication; support the improvement of the skills of low-skilled and ill-educated personnel in the context of the “New Skills Agenda for Europe”. In terms of policies strengthening integration, member states are encouraged to: provide teachers and school staff with the skills needed to manage diversity and promote the recruitment of teachers with immigrant backgrounds.

#### **5.4 Alignment with the contents of middle-and long-term national strategic plans**

The Alignment of the employment promotion strategy with the middle- and long-term



national strategic plans is not only of great significance for identifying the orientation and contents of the 14th Five-Year Plan, but also the fundamental basis for establishing a long-term mechanism for employment promotion. In view of the middle- and long-term national strategic plans, the most important content is personnel training and education, which is the ultimate solution to the structural challenges of employment and provides human capital for economic transformation.

Specifically (Table 5-4), the approach is to improve the multi-level personnel training system, with the generally planned and stratified training programs for the manufacturing workers at the core, especially by organizing and implementing the manufacturing personnel training plan, stepping up the training of professional and technical personnel, management personnel and skilled workers, and improving the labour training system covering research and development, commercialisation, production and management. The more fundamental measures involve deepening the reform of the education system, especially by increasing investment in vocational and technical education or taking other measures to improve the quality of workers (average years of education) and by increasing the supply of skilled workers. At the same time, efforts should be made to build a modern education system of lifelong learning for all by popularizing high-quality pre-school education, realizing high-quality and balanced compulsory education, providing universal access to high school education, improving the provision of vocational education and the competitiveness of higher education, thus forming a new pattern of educational governance in which the whole society participates.

Table 5-4 List of Middle- and Long-Term Plans and Policies

Document Name	Related Content
May 19, 2015- Circular of the State Council on Issuing the <i>Made in China 2025</i> (Guo Fa [2015] No.28)	Improve the multi-level personnel training system
January 25, 2017-State Council-Notice on Issuing National Population Development Plan (2016-2030) Guo Fa [2016] No.87	Development goal for 2030: The average years of education for the working-age population will rise from 10.23 in 2015 to 10.8 in 2020 and 11.8 in 2030. Increase the effective labour supply (improve the quality of labour, unleash the potential of labour force, actively develop human resources among the senior population, and effectively utilize

	international human resources)
April 13, 2017-CPC Central Committee and State Council-Middle- and Long-term Youth Development Plan (2016-2025)	<p>The average years of education for the newly-added workforce will reach more than 13.5 years, and the gross enrolment rate in higher education will reach more than 50%.</p> <p>1. Improve the policy system to promote youth employment and entrepreneurship. 2. Strengthen youth employment services. 3. Encourage young people to start their own business. 4. Strengthen the protection of labour rights of young people.</p>
June 13, 2017-NDRC-Outline of Service Industry Innovation and Development (2017-2025)	<p>1) The service sector will have more robust systems and more diverse products. The service supply and demand will become better matched. The added value of service sector will increase to 60% of GDP and its employment will increase to 55% of the total employment in the economy.</p> <p>2) Encourage the development of human resources service such as recruitment, HR service outsourcing and management consulting and senior talent hunting, and promote orderly development of HR agency services, personnel evaluation and skill appraisal, human resources training, labour dispatch and other services. Develop professional and international human resources service institutions.</p> <p>3) Step up personnel training. Strengthen the training of high-end professionals, practical and skilled talents, and personnel with multiple specialized skills in the service sector.</p>
February 11, 2019-Ministry of Agriculture and Rural Affairs, NDRC, Ministry of Science and Technology, etc.-Notice on Issuing the National Strategic Plan for Agricultural Revitalization through Quality Enhancement (2018-2022)	<p>Development goal: improve the quality of workers. The number of high-quality farmers who love agriculture, understand technology and are good at operations grows steadily. The proportion of young professional farmers increases significantly. More than 5 million new-generation professional farmers will be trained. The proportion of professional farmers with high school education and above reaches 35%.</p> <p>Key task: Building a team of high-quality agricultural talents</p>
2019- CPC Central Committee and State Council- <i>China Education Modernization 2035</i>	<p>The main development goal for 2035: build a modern education system that offers lifelong learning for all and significantly improve the service capacity of vocational education.</p>

## 6 Proposals for the “14th Five-Year”

### 6.1 Suggestions on the principles and structures of the Employment Promotion Plan for “the 14th Five-Year”

**(1) It is suggested that employment first policies should be in line with macroeconomic policies in order to have a long-term impact**

Employment first policies should not only be coordinated with macroeconomic policies, they should also be given fully play as part of the macroeconomic policy toolkit. While improving the balance between “quality and quantity”, “supply and demand” and “government and market”, more attention should be paid to balancing short-term employment and long-term development of the labour market. It is necessary not only to avoid short-sighted local behaviour driven by “target setting” (excessive use of administrative orders), but also to create synergy between local efforts and national long-term development strategies and give greater play to the labour market mechanism.

The central government has highlighted the macro-control nature of the proactive employment policies by regarding them as part of the macroeconomic policy toolkit. On one hand, the new Plan should acknowledge that some employment promotion policies are designed as expediency to boost short-term demand. They are unable to resolve the structural conflicts of the labour market and are unfit to replace structural reforms. Therefore, emphasis should be given to employment promotion efforts that unleash the long-term potential of the labour market such as HR investment (improving the skills of workers) and removal of institutional barriers to the free flow of workers. On the other, efforts should be made to avoid turning short-term expediency to middle- and long-term norm and preventing local governments from damaging the long-term performance of the labour market mechanism by excessive and short-sighted use of administrative orders to meet targets.

In this regard, on one hand, the new Plan should make proactive employment policies more targeted and responsive to market changes so as to launch and withdraw policies in a timely and sensible manner, avoiding a one-size-fits-all solution to all market

situations. For example, the proactive employment policy should be more of a short-term management nature when dealing with the cyclical unemployment caused by demand shortage. It should closely follow the changes in the gap between the actual unemployment rate and the natural unemployment rate, launch policies quickly when the gap increases, and withdraw them when the actual unemployment rate gets close to natural unemployment rate. The policy response to frictional unemployment should emphasize more on service provision. At the height of frictional unemployment, the government should increase the supply of employment and training services and provide job information in a timely and effective way to alleviate employment friction. Moreover, the new Plan should avoid trading long-term efficiency of the labour market for short-term employment balance. For example, a prosperous labour market is ideally one with high labour participation rate and low unemployment rate while a combination of low participation rate and low unemployment rate, although meets the short-term regulatory goal to some extent, reflects inefficiency in the labour market and in the utilization of human resources. Therefore, the new Plan should pay more attention to improving the efficiency and environment of the labour market while seeking to meet short-term employment goals.

**(2) It is suggested that the objectives of the new Plan should be formed around the principle of “employment promotion system supporting high-quality development in the new era”.**

Employment promotion policies should support high-quality development in the new era. On the demand side, the new Plan should pay more attention to the role of innovation and entrepreneurship in promoting employment and encourage development of and job creation in strategic emerging industries. On the supply side, the new Plan should strengthen the high-calibre talent support strategy and establish a human resources development system so as to increase the supply of high-tech labour, and create multi-tier talent training and reserve systems. In addition, the new Plan should comprehensively improve the efficiency and accuracy of the labour market in matching the supply and demand of high-skilled talents and contribute to the upgrading of the human resources service industry.

**(3) It is suggested to add “employment protection and equality” to the new Plan to increase the “sense of attainment at work”.**

In the structural design of the Plan, the new Plan is suggested to add an “employment protection and equality” section (protection of employment rights and interests) on the basis of further clarified plan structure which is centred on the three basic dimensions of “supply, demand and market”. Compared with the Employment Promotion Plan for the 12th Five-Year, the Plan for the 13th Five-Year focuses on “job demand” (further translating economic development and entrepreneurship into job creation), “labour supply” (enhancing the ability to improve the skills of workers) and “labour market” (improving its ability to match supply with demand), with a stronger structure. Based on the results of the research team and the international framework on employment promotion and evaluation, the report suggests enhancing the employment protection and equity plan, making regulatory plans and setting targets for an integrated employment protection policy applicable to all workers (including groups prioritized by the employment protection program), and ensuring that the employment protection and equality programs benefit all workers while adopting different approaches to different groups.

Table 6-1 Plan Framework

Employment Promotion Plan for the 13th Five-Year	International organizations	Suggestions of the research team of Renmin University
Enhance job creation driven by economic growth	More and better jobs	<b>Strategic employment policies</b> Legal and political protection of property rights Stimulate entrepreneurship Market access Administrative costs Easier financing Tax policies
Further translate economic development and entrepreneurship into job creation		
Enhance the ability to improve the skills of workers	Labour market inclusiveness	<b>Policies on employment market</b> Labour supply (Improve employability) Labour demand Labour market process (Employment intermediary service)
Improve the ability of the labour market to match supply with demand		

Improve the ability to offer employment protection to key groups	Adaptability and resilience	Equal opportunity and rights to employment
Build a stronger support system		Rights to fair employment conditions Rights to unemployment benefits Balance employment rights protection and self-reliance

**(4) It is suggested that the objectives of the new Plan should include promotion and protection plans for “new forms of employment” in the digital economy.**

In terms of reflecting and predicting new situations and trends, it is suggested that attention should be paid to the employment promotion (i.e., fostering new business models and forms), employment security (for new types employment and non-standard work) and training (for digital technology talents) in the “digital economy”.

Changes in the labour market have posed challenges for policymakers. The government should adapt to new technological and commercial development and engage in institutional innovations accordingly under the guidance of existing targets and principles. First of all, policymakers should consider strengthening the coordination between general and occupational education, between private and public education, as well as between online and offline education. A life-long learning strategy should be developed. Secondly, policymakers should explore with greater urgency the development of a work-based basic income scheme and a new social security system based on labour transactions as labour and employments relations become looser and the current social security system fails to reflect such changes.<sup>8</sup>

## **6.2 Suggestions on the content of the Employment Promotion Plan for “the 14th Five-Year”**

### **6.2.1 Establish a “structurally optimized” employment promotion policy system**

**The analysis of the demographic and labour force statistics shows that the labour**

<sup>8</sup> Yang Weiguo: Development Trends of Employment and Social Relations [EB/OL].  
<https://mp.weixin.qq.com/s/cU2RSNGS7fpR7JKSXNsdjQ>.

**market in China is no longer facing a shortage of total number of jobs, but plagued by the structural mismatch between the supply and demand of labour.** In the meantime, the actual economic growth rate is consistent with the potential growth rate; therefore, cyclical unemployment is not prominent currently. Using traditional stimulus measures aiming at expand the total number of jobs may cause more hidden harms than solving the underlying employment issues. They may aggravate labour shortage and create negative incentives for the accumulation of human capital. Therefore, when the total supply of labour is decreasing and the actual growth rate is no lower than the potential growth rate, **the focus of policies and their implementation should be addressing the core issue of structural unemployment.**

First of all, the new Plan should further develop the labour market and allow the market to play a greater role in the allocation of human resources. Secondly, the Plan should help speed up the accumulation of human capital through education and training to resolve the structural mismatch in the labour market. Report data shows that China's labour force has not yet met the needs of rapidly changing industries, both in terms of education and skills. Therefore, the accumulation of human capital should not only be regarded as a long-term vision, but also an urgent priority. Thirdly, to adapt to the disruptive innovation in the labour market, employment statistics should reflect not only the creation of new jobs but also the destruction of old jobs as fragmented employment information is unable to demonstrate the realities in the labour market and the new economic norm. Finally, the new Plan should ensure fairer provision of basic public services and offer social policies to support the development of a flexible and efficient labour market. A transition from improving the efficiency of resource allocation to improving the total factor productivity is the only way to maintain high-speed and sustained economic growth in the new stage of development, which requires disruptive innovation.<sup>9</sup>

### **6.2.2 Establish a human resources development system that supports high quality growth**

**First of all, efforts should be made to produce innovative, application-minded, high-skilled and high-quality graduates of junior college and technical secondary**

---

<sup>9</sup> Cai Fang: From Number Shortage to Structural Conflicts: Explaining China's Labour Market [J]. China Economist, 2016, 11(01): 92-111.

**school as well as skilled workers with international competitiveness, improving the quality of newly supplied labour. (Table 6-2)** The government should also improve the public education system and ensure that basic public education service is distributed more and more equally. The new Plan should comprehensively enhance the quality of education and improve the entrepreneurial skills of graduates of junior colleges and technical secondary schools. It should also improve the talent training mechanism and create synergy among education institutions, industries and innovators. Collaborations should be stepped up between schools and companies to produce technicians and talents with applied skills. **Secondly, assistance should be provided to help tap the potential of workers, enhance their employability and promote the transformation of rural labour force.** The new Plan should contribute to the development of modern agriculture and a team of high-quality agricultural producers and operators by building a new and effective training system to help traditional farmers become professional farmers. The new Plan should also assist surplus rural workers in finding jobs and taking root in cities by implementing support policies for migrant workers, launching professional training programs for new generations of farmers and improving the working mechanism for vocational training, employment service and labour protection. The new Plan should also create favourable conditions for migrant workers who want to return to their home towns and start their own businesses by stepping up cooperation between the government and the private sector, improving business environment, issuing supportive policies and establishing a number of start-up hubs and distinctive industry zones at the country or township level. **Thirdly, there should be across-the-board investment in and accumulation of the human capitals, which can fully unleash the potential of workers.** The new Plan should contribute to the continued improvement of worker skills and productivity by stepping up efforts to develop further education, highlighting the leading role of companies in personnel training, and establishing a sound training system that focuses on employability, professional competency and entrepreneurship. It should also improve the occupational health of workers by offering comprehensive health service, implementing an occupational health check-up system and strengthening prevention and treatment of occupational diseases. It should also step up safety training for workers. **Fourthly, the new Plan should make effective use of foreign talents and implement a more active, open and effective policy for training and introducing foreign talents.** The new Plan is suggested to



formulate robust policies regarding exit and entry, residency, taxation, insurance, housing, health care, education and family to attract more high-calibre talents to return or come to China to innovate or start their own businesses. The Plan should improve the permanent residency system for foreigners, make it easier for high-skilled technical workers to obtain permanent residency, and explore the development of an effective policy system for skilled worker immigration.

Table 6-2 Suggestions on Establishing A Human Resources System Supporting High-quality Development

Name	Content
<b>Life-long learning strategy</b>	Emphasize the life-long nature of learning cycles, pay attention to the diversity of learning settings and methods (life-wide), and pursue the advancement of learning results (life-deep).
<b>Digital learning strategy</b>	Actively promote the “digital learning” programs in public education, build “digital learning” cities, enhance awareness of the importance of digital skills among citizens, and foster a good environment for digital learning.
<b>Global talent development strategy</b>	Attract high-quality overseas returnees, attract high-calibre foreign talents, and increase the international exposure of the talent pool.

### 6.2.3 Establish a market mechanism that allows the “free and balanced flow” of human resources

It is advisable for the new Plan to further remove institutional barriers to labour mobility. Existing research shows that free flow of workers can effectively expand the size of labour market, increase employment and propel economic growth (DU Yang, 2014). Multiple measures are needed to promote the free and balanced flow of labour. First of all, the new Plan should promote the reform of the household registration system with a focus on big cities, open up the labour market and eliminate the discriminatory effects of the household registration system in employment. Secondly, the new Plan should establish a labour market mechanism conducive to mobility, provide workers with employment information in a timely manner and make it easier for job hunters to apply for jobs. Last but not least, the new Plan should speed up the establishment of social security system that allows the fund to be paid and withdrawn in different jurisdictions so as to improve mobility and provide a strong social safety net for migrant labour. The establishment of a market mechanism

conducive to mobility and the reduction of institutional barriers to the free movement of labour will contribute to a balanced and dynamic labour market.

#### **6.2.4 Establish a labour rights protection mechanism favourable to “new forms of employment”**

The emergence of alternative employment has brought about profound changes in the employment and organization patterns of the labour market. The advent of a large number of e-commerce and internet-based (especially mobile internet-based) shared economy platforms has greatly reduced the transaction costs for workers and consumers, improved the match between labour demand and supply, diversified the employment choices for workers and increased the varieties of employment.<sup>10</sup> However, relevant surveys show that workers of alternative employment are less likely to be satisfied with their jobs which tend to have poorer working conditions and longer hours. Therefore, their legitimate labour rights and interests need urgent protection.

First of all, the new Plan should establish a flexible mechanism for workers to pay for insurances and benefits. Workers with flexible employment arrangement sometimes do not work in offices and therefore unable to pay for insurances and benefits in the same way as full-time workers. Therefore, the establishment of a flexible and convenient policy mechanism for insurances and other payment will facilitate the expansion of the social insurance coverage for alternative employment workers. Secondly, the new Plan should highlight the responsibility of platform-owning companies. Platform-based workers account for the vast majority of alternative employment workers. Therefore, relevant regulations should be established to highlight the responsibility of platform owners for platform-based workers, encourage platform-owning companies to establish safety training mechanisms, sensible task allocation mechanisms, and performance evaluation mechanisms, etc. for platform-based workers, and safeguard their legitimate rights and interests. Thirdly, the new Plan should improve the public employment service system. For example, set up a reward mechanism for employment cooperation between public service providers and platform companies and develop new varieties of public employment services for flexible workers by taking advantage of the information technology of platform

---

<sup>10</sup> Zhang Chenggang, Category Features and Development Strategies of New Types of Employment, Learning and Practise, 2018(03):14-20.

enterprises. Through a sound public employment service system, labour rights can be better protected in an age of alternative employment.

### 6.2.5 Improve the fair access to “basic employment and entrepreneurship services”

Efforts should be made to ensure fair access to basic employment and entrepreneurship services, including public employment services, entrepreneurship services, employment assistance, apprentice services, joint recruitment services in large and medium-sized cities, vocational skills training and certification, “12333” hotline for human resources and social security services, coordination of labour relations, mediation and arbitration of labour disputes, and oversight of labour protection (Table 6-3). The new Plan should improve public employment service and training capacity, strengthen vocational education and skills training for farmers, and encourage human resources service providers to enter rural markets, so as to narrow the human capital gap between urban and rural areas. Modern mobile internet technology should be made full use of to improve the accessibility of vocational education and training and narrow the regional human capital gap.

Table 6-3 Grassroots Labour Employment and Entrepreneurship Service Projects

Name	Content
<b>Grassroots employment and social security service platform</b>	Improve facilities for employment and social security services at the county and township levels, promote full coverage of comprehensive services at the grassroots level, and ensure access to employment, entrepreneurship, social insurance and other services at the grassroots level.
<b>Public vocational training base</b>	Build a number of large-scale regional public training bases, municipal comprehensive public training bases and county-level public training bases featuring local industries.
<b>Information service platform</b>	Build public employment and entrepreneurship service platforms that are open for everyone, promote full digitalization of public employment services, and monitor all types of employment information and release them in an organized manner.

### 6.2.6 Build a human resources development and employment promotion system friendly to the elderly

The new Plan is suggested to initiate the human capital development programs among elderly workers. In order to adapt to the aging process in China, the government should learn from best practices in the world and encourage unemployed seniors to return to the labour market through education and training, health services, and employment promotion, etc. The new Plan should explore the establishment of a contribution-based pension system that incentivizes longer-term employment. It should also strengthen on-the-job training and continuing education for older workers, and implement and improve policies regarding vocational training subsidies and vocational skill appraisal subsidies, etc., to help older workers upgrade their skills. It is advisable to strengthen occupational health services to improve the health of older workers. It is also suggested to implement tax incentives, social insurance subsidies, venture guarantee loans and other support policies to encourage all kinds of enterprises to hire older unemployed people. The new Plan should strengthen the development of public employment service network platforms and provide more personalized career guidance, policy advice and other public services for the unemployed elderly. Based on the characteristics of the older unemployed, more part-time jobs, voluntary service and community work should be provided.

Actions should be taken to tap into the human resources of the elderly by highlighting the subjective initiative and positive role of the elderly in participating in economic and social activities. The policy of delayed retirement should come in stages and be improved along the way, so as to effectively tap into the human resources of the elderly. More and better education and training programs should be provided for the elderly. The new Plan should encourage professionals and technicians to extend their working life and play an active role in scientific research, academic exchanges and consultation. It should encourage the elderly to actively participate in family development, mutual elderly care support, community governance, social welfare and other activities, continuing to play their part in society as a valuable citizen.

#### **6.2.7 Establish a “family-centred” support mechanism**

Family is the foundational unit of society. Individual’s employment decisions and labour participation are the result of collaboration and division of labour within a family. Therefore, in the process of building the employment promotion and protection system, especially in face of the declining female labour participation rate,

the protection for families should not be neglected. It is suggested that the new Plan should pay attention to the relationship between family and employment, implement family-centred employment promotion and protection policies, and provide dual-earner support to encourage female employment. The new Plan should add or improve family development policies including birth support, child care, youth development, elderly support, disability care, and aftercare services, etc. It should also improve policies on taxation, upbringing, education, social security and housing to reduce the burden on families with children. The new Plan is suggested to improve the paternity leave system and the family planning-based childbearing leave mechanism. Employers are encouraged to provide flexible working hours and necessary conveniences for pregnant and nursing women. Support should be given to women who return to work after giving birth. The government should enhance the capacity of community childcare, elderly care and senior home care services, including public care services for the elderly and young children. At present, the supply of such services, especially public day care for children aged 0-3 years old, is far from meeting the demand, resulting in expensive private care providers stepping in to fill the gap. To solve this problem, the government needs to increase its investment in and supply of public care centres.

### **6.3 Suggestions on the implementation of the Employment Promotion Plan for “the 14th Five-Year”**

**On one hand, given the elevated significance of the employment policy (they are regarded as important tools for macroeconomic regulation, together with fiscal, tax, monetary and other policies) , it is suggested that the importance of establishing and improving the employment promotion coordinating mechanism should be highlighted in the plan (at the section on employment protection system and organized implementation).**

**First of all, it's imperative to highlight the importance and urgency of establishing a comprehensive data collection and indicator monitoring mechanism for the labour market (emphasize the importance of employment indicators as the main target indicators for macroeconomic regulation and control).** Developed countries usually regard labour market indicators as direct targets for monetary and other macroeconomic policies. This approach relies on one labour

policy being more responsive to changes of another. Therefore, it is necessary to develop a multi-dimensional labour market monitoring and early warning system that tracks employment/unemployment, social security, wages and other information reflecting labour supply and demand and market efficiency on the basis of the existing three-tier employment-monitoring database. At the same time, it is also necessary to strengthen the cooperation among departments, research institutions and market analysis institutions, establish a cross-reference mechanism among employment, macroeconomic, industry and other data as well as relevant data of social institutions, so as to effectively improve the overall capability of monitoring and analysing the labour market.

**Secondly, on the basis of enhanced data monitoring and synchronization, it's necessary to institutionalize the division of functions among relevant departments, especially macroeconomic general management departments and labour market operation and management departments, and give full play to the role of “inter-departmental meeting on employment” in strengthening coordination among departments.** Clear and proactive employment policy is more than a simple labour market policy; it is an important part of economic and social policies. “Stabilizing employment” refers to not only better operation and management of the labour market, but also maintaining steady economic growth and optimizing economic structure. Therefore, when it comes to division of functions, the macro-economic regulator is responsible for making overall arrangement for macro-control policies and balancing fiscal and monetary policies based on their impact and direction. It manages the fluctuations of the labour market from the demand side, and alleviates unemployment caused by cyclical economic fluctuations and changes in economic structure. Authorities in charge of labour market operation and management (Ministry of Human Resources and Social Security) should devote itself to improving public employment services, continuously strengthening the function of the labour market in allocating resources, and reducing frictional unemployment by improving the efficiency of labour market.

Thirdly, while institutionalizing the division of departmental functions and strengthening their cooperation, attention should be paid to the synergy between the formulation and implementation of employment promotion policies. The following

approaches to policy coordination are suggested. Firstly, employment promotion and protection (social security) policies should be coordinated. Support for flexible employment and new forms of employment should be strengthened to encourage the development of platform economy and support small and micro enterprises. At the same time, policymakers should prepare in advance for the potential violation of rights and interests of alternative employment workers. Secondly, the new Plan should strike a balance between promoting employment and controlling the risk of market opening. Given the long-term nature and risks of China-US trade frictions, government of areas with a high concentration of export-oriented enterprises and industries should pay more attention to providing transitional support to hard-hit SMEs that are transforming their business structures to whether the external shock, so as to prevent large-scale local unemployment. Thirdly, a balance should be stricken between employment promotion and industrial structure transformation and upgrading. Part of the structural unemployment is a result of normal adjustment of the industrial structure. The government should follow the principle of “protecting workers but not excess production capacity” and focus on giving more employment assistance to individuals rather than enterprises.

**It is suggested that the Plan should highlight the establishment of a sensible evaluation mechanism on the effect of employment policies in order to make the implementation of employment policies better targeted.**

**Firstly, it's necessary to improve the performance evaluation on fiscal expenditure for employment promotion.** In recent years, the government has continuously increased public spending in the field of employment promotion. According to statistics, from 2010 to 2016, the average annual compound growth rate of fiscal expenditure for employment promotion is 7.6%, which is roughly equivalent to the economic growth rate in the same period, accounting for about 2% of GDP (public spending on employment and related administrative services in OECD countries account for about 0.02%-0.40% of GDP). Therefore, a scientific performance management and evaluation system should be established to gauge the results of public spending on employment, employment service and proactive employment policy. By measuring the costs and benefits of proactive employment policy, the government can make its policies better targeted and more effective.



**Secondly, the nature of unemployment and the difference between different unemployed groups must be clearly defined to serve as the basis for classified management, thus making the employment promotion policy better targeted.**

According to its contributing factors, unemployment can be divided into cyclical unemployment caused by insufficient demand, structural unemployment caused by economic restructuring and frictional unemployment caused by sluggish labour market. According to estimations by scholars such as Du Yang, currently China's potential economic growth rate is about 6.2%, which is close to the actual growth rate. Supply and demand is balanced in the labour market, and actual unemployment rate is close to the natural unemployment rate. Generally speaking, there is no obvious cyclical unemployment (except some local cyclical unemployment), so the government should be cautious about adopting employment promotion policies designed to stimulate short-term demand and maintain the balance of the labour market.

Current unemployment is still mainly structural unemployment and frictional unemployment with structural unemployment being the most prominent issue. Given China's economic reality, there are two main causes of structural unemployment. The first one is the supply-side structural reforms aimed to promote the transformation and upgrading of the economic and industrial structure, close down outdated production facilities, and generate local or regional structural unemployment. The second reason for structural unemployment is the impact of external environment and the increase of uncertainty, which has affected the production and operation of some enterprises and industries, resulting in job losses. Therefore, when developing employment promotion policies, the government should on one hand focus on addressing structural unemployment by improving the quality of the labour force and creating a long-term mechanism to maintain the supply of high-tech talents. On the other, it is necessary to make the labour market more efficient in matching supply with demand and reduce the risk of frictional unemployment by strengthening the labour market mechanism, reducing mobility barriers and actively supporting the human resources service industry. Meanwhile, the use of macroeconomic policies, including fiscal and monetary policies, can play a positive role in stimulating demand and coping with cyclical employment.



## References

- [1] Cai He, China Labour Force Dynamic Survey Report (2013, 2015, 2017), Beijing: Social Sciences Academic Press
- [2] Cai Fang and Zhang Chewei, Green Paper on Population and Labour: Report on China's Population and Labour No.19 (2019), Beijing: Social Sciences Academic Press, 2019
- [3] Caixin Shulian, China Digital Economic Index Report (January 2019), <http://www.199it.com/archives/760101.html>
- [4] DiDi Research, Research Report on Employment of Didi Chuxing Platform in 2017, <http://www.199it.com/archives/646093.html>
- [5] State Information Center, Annual Report on China's Shared Economy (2019), <https://max.book118.com/html/2019/0305/5314204140002014.shtm>
- [6] Gunter Schmid et al., Trans. Yang Weiguo and Chen Huajuan et al., International Manual on Labour Market Policy Evaluation, Beijing: China Renmin University Press, 2014.
- [7] Meituan Research, Urban Youth: 2018 Employment Study Report on Couriers
- [8] Yang Weiguo, China's Employment Policy in Transition, Beijing: China Human Resources and Social Security Publishing Group, 2007.
- [9] National Bureau of Statistics, Migrant Workers Monitoring Survey Report (2011-2017), [http://www.stats.gov.cn/tjsj/zxfb/201804/t20180427\\_1596389.html](http://www.stats.gov.cn/tjsj/zxfb/201804/t20180427_1596389.html).
- [10] China Institute for Employment Research, China Employment Market Prosperity Report (2017-2019), <http://www.cier.org.cn/>
- [11] China Center for Human Capital and Labour Market Research, China Human Capital Index Report (2011-2018), <http://humancapital.cufe.edu.cn/rlzbzxm.htm>
- [12] China Academy of Labour and Social Security, Report on the Development of New Employment Forms of China's Ride Hailing Industry (2019), <http://www.chinajob.gov.cn/h5/c/2019-02-03/91180.shtml>
- [13] Ministry of Commerce of China, China Retail Industry Development Report (2017-2018), <http://www.199it.com/archives/790485.html>
- [14] China Academy of Information and Communications Technology, White Paper on the Development and Employment of China's Digital Economy (2018-2019), <http://www.199it.com/archives/862928.html>

- [15] China Human Resources Market Information Monitoring Center, Analysis of Market Supply and Demand of Public Employment Service Institutions in Some Cities (2011-2018), see [http://www.mohrss.gov.cn/syrzyhshbzb/jiuye/gzdt/201711/t20171106\\_280779.html](http://www.mohrss.gov.cn/syrzyhshbzb/jiuye/gzdt/201711/t20171106_280779.html)
- [16] Liu Yanbin, Meng Xuduo and Huang Xiangmin, Study on Employment Policy for Reducing Overcapacity, Beijing: Social Sciences Academic Press, 2019.
- [17] Du Yang, New Connotation of Proactive Employment Policy [J]. Labour Economy Research, 2019,7(01):3-8.
- [18] Du Yang, Target and Policy Choice of Stabilizing Employment in 2019 [J], China Labour, 2019(03):30-40.
- [19] Cai Fang, From number shortage to structural conflicts: explaining China's labour market [J].China Economist,2016,11(01):92-111.
- [20] Du Yang, Characteristics and Adjustment Direction of Employment Policy [J], Labour Economy Research, 2016,4(04):53-72.
- [21] Du Yang and Jia Peng, Labour Supply and Economic Growth [J], Labour Economic Research, 2018,6(03):3-21.
- [22] Du Yang, Two Goals of Labour Market Reform [J], Journal of CPC Central Committee Party School, 2016,20(05):102-107.
- [23] Cai Fang, Development of Employment First Strategy Since the 18th National Congress of the CPC [J], China Employment, 2017(04):10-12.
- [24] Cai Fang, Policy Priorities and Implementation Principles for Stabilizing Employment [J], Northern Economy, 2019,(4):4-9.
- [25] Du Yang, Characteristics and Changes of China's Current Employment Policy [J], Trade Union Expo, 2017,(13):21-22.
- [26] Du Yang, Power the Development of the New Era with a Greater Human Capital [J], Labour Economy Research, 2017,5(6).
- [27] International Labour Organisation. *World Employment Social Outlook : Trends 2018*, from <https://www.ilo.org/global/research/global-reports/weso/2018/lang--en/index.htm>
- [28] European Commission. *Employment and Social Developments in Europe Annual Review 2018*, from [http://europa.eu/rapid/press-release\\_IP-18-4395\\_en.htm](http://europa.eu/rapid/press-release_IP-18-4395_en.htm)
- [29] European Commission. *Europe 2020 Strategy, 2018*, from <https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-s>

- emester/framework/europe-2020-strategy\_en
- [30] European Commission. *Strategy for Equality between Women and Men (2010—2015)* , 2016, from  
<https://publications.europa.eu/en/publication-detail/-/publication/c58de824-e42a-48ce-8d36-a16f30ef701b/language-en>
- [31] OECD. *Good Jobs for All in a Changing World of Work*, 2018, from  
<http://www.oecd.org/employment/good-jobs-for-all-in-a-changing-world-of-work-9789264308817-en.htm>
- [32] OECD. *OECD Employment Outlook 2018*, July 04, 2018, from  
<http://www.oecd.org/social/oecd-employment-outlook-19991266.htm>
- [33] World Economic Forum. *The Global Human Capital Report 2017*, 2018, from  
<https://www.weforum.org/reports/the-global-human-capital-report-2017>
- [34] World Bank Group. *World Development Report 2019: The Changing Nature of work*, from <https://www.worldbank.org/en/publication/wdr2019>