



Year of Horse

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Salary Increase Forecasts for 2014

A recent survey by Career International Consulting Ltd suggests that Chinese enterprises are expecting a pay hike of more than 8% on average in the coming year while employees are hoping for a rise of 16%.

According to the survey, enterprises have projected overall pay rises to be around 8.3%, 1.03 percentage points lower than in 2012. Managerial personnel would be in line for a 6.6% boost to their salaries while non-managerial employees seem set for a 10.2% increase. Experts say this was to be expected.

Professional services, culture and education are the sectors that will lead the way in pay hikes this year, with 9.5% going to professional services and 9.3% to the culture and education sectors. However, real estate, autos and electrical appliances, which up to now have all been doing well, will lag behind in 2014.

Career experts believe that compared with other industries, the culture and education sectors are on an upward swing. Enterprises have to dig deep into their pockets if they want to keep hold of their employees. The fact that many enterprises bring in cross-border talent has pushed up the cost of human resources. Conversely, real estate, autos and electrical appliances, which have enjoyed a boom over the years as enterprises offered attractive salaries to lure talent, are starting to fall back to normal.

In addition, private enterprises anticipate an overall pay rise of 8.9% for 2014, the highest among the types of enterprises surveyed. This would break down into 11.3% for non-managerial workers and 6.8% for managerial staff. Career experts believe that these enterprises' expectations, higher than those of foreign-funded or state-owned enterprises, can be put down to their flexible pay adjustment policies and urgent need for talent.

Recent years have seen a big surge in top-notch private enterprises, especially hi-tech companies, which have attracted an endless flow of talent. Yet some sectors have failed to maintain this inflow. Foreign-funded and state-owned enterprises are still the magnets for high-calibre employees. Raising pay and welfare levels has therefore become the most effective strategy for private enterprises to hold on to the staff they have.

2% of employers forecast job cuts

A recent Manpower Employment Outlook survey reveals that Chinese employers expect the pace of hiring to remain steady in the

WRITE TO US

✉ Email: publication@acftu.org.cn

International Liaison Dept.
All-China Federation of Trade Unions
10, Fuxingmenwai Street
Beijing 100865, China

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first quarter of 2014. However, growing numbers of them in the quarter ahead intend to keep their staffing levels as they are. China's net employment outlook of +13% is unchanged quarter-on-quarter and 2 percentage points weaker year-on-year.

14% of employers forecast job gains

Manpower Group interviewed 4,313 employers in mainland China to measure their intentions to increase or decrease the number of employees in their organizations between January and March 2014. In that first quarter, 14% of Chinese employers expect to increase their staffing levels, while only 2% plan to cut the number of employees. According to the research, 53% of Chinese employers report that they don't expect to make any changes to their current workforces in the next three months, which is the highest proportion since the second quarter of 2012. Hiring plans in mainland China remain positive but are still below the more optimistic forecasts of late 2010 and early 2011, adding further evidence that the country's growth track may be levelling off.

Staffing levels are expected to grow by varying degrees in all six industrial sectors in the first quarter of 2014, according to employers. Those in the finance, insurance and real estate and manufacturing sectors anticipate the strongest hiring intentions over the quarter, with a net employment outlook of +14%.

Elsewhere, a positive hiring pace is anticipated in the transport and utilities and wholesale and retail trade sectors, with employers in both sectors reporting outlooks of +13%. A steady hiring pace is expected by employers in both the services and mining and construction sectors, where outlooks stand at +11%. The outlook in mining and construction seems set to increase by 8 percentage points quarter-on-quarter and 10 percentage points year-on-year.

China (Shanghai) Pilot Free Trade Zone attracted investment from top banks and trading and transport companies, which to a certain extent will help to boost employment in these sectors throughout the region. The outlook in the mining and construction sector indicates employer optimism is expanding rapidly. This may be partly due to the government's intentions to further open the mining sector to overseas investors and encourage them to participate in resource exploration and utilization.

Employers in Shenzhen post the strongest regional hiring

intentions among mainland China's nine regions and cities. Of these, employers in four regions all report favourable hiring intentions. And the most upbeat pace of hiring is reported in the South and East Regions, both with outlooks of +13%.

As for cities, employers in Shenzhen anticipate the most optimistic hiring intentions, with an outlook of +16%, 3 percentage points stronger quarter-on-quarter. Meanwhile, employers in Beijing, Guangzhou, Shanghai and Chengdu all report favourable hiring intentions in the quarter ahead.

Shenzhen has been at the forefront of reforms in China, and it has become an important financial centre. Also, the region is benefiting from accelerating growth in six emerging industries, namely biology, new energies, new materials, the Internet, information technology as well as cultural and creative industries. All this will create a need for talent. ■



—A Graduate in a Job Fair with a Sign: How HARD to get a job?

First Collective Contract for Auto Parts Industry

Since the financial crisis erupted in 2008, Chinese trade unions have been pushing for collective bargaining at regional and industrial levels. Zhang Jianguo, ACFTU Director in charge of collective contracts, says that pressing ahead with collective wage bargaining will go a long way to establishing a series of mechanisms for wage determination, normal wage growth and wage payment security, as well as for workers to participate in income distribution and supervision. It will also do much to promote the building of a unified, well-regulated and orderly employment market, create a favourable environment for sustained and healthy development of enterprises and build new socialist labour relations based on justice and win-win development.

In 2010, the ACFTU drew up the 2011-13 Work Plan for Further Promoting Collective Wage Bargaining (hereafter referred to as "the plan"). Under the plan, collective wage bargaining will be introduced in all enterprises within three years.

The plan underscores the need to implement regional and industrial collective wage bargaining as well as in the private sector and multinational corporations. In an effort to solve the problem of low pay for workers, particular attention should be given to regional and industrial collective wage bargaining in

areas with a high concentration of industrial clusters, small and medium-sized enterprises and labour-intensive firms. The ACFTU is making an all-out effort to promote the establishment of a collective wage bargaining system in the three years starting from 2011.

According to the plan, the ACFTU would have the system set up in 60% of unionized enterprises by the end of 2011, raise the figure to 70% by the end of 2012 and bring the total number up to 80% by the end of 2013. The plan requires the system to be established in all multinational corporations by the time the three-year plan is completed.

In the meantime, the ACFTU issued the Opinions on Establishing the System of Collective Wage Bargaining in Multinational Corporations Operating in China, calling for the system to be set up at corporations' headquarters and collective wage contracts to be signed that cover their branch companies. A branch company may, if it sees fit, conduct a second round of pay talks based on the contract signed by its parent company and sign a second contract, but its standards should not fall below those of the parent company.

To ensure that things go smoothly, the ACFTU developed the Training Programme for Collective Bargaining Experts. Under the programme, 150,000 union officials will attend training sessions.

On 16 December 2013, six auto parts plants in Beijing signed a collective wage contract at the International Conference Centre of the Beijing Auto Group, signalling that trade unions in Beijing had taken another important step forward in exploring the possibility of introducing collective wage bargaining at the industry level.

Since 2012, the Beijing Trade Union Federation for the Auto Parts Industry has been racking its brains to think of a way to bring in collective wage bargaining. As an experiment, it allowed enterprise trade unions to enter into negotiations with Beijing Hainachuan Automotive Parts Co. Ltd, a leading enterprise in the industry, over income distribution, wage standards, pay levels, education funding and social insurance. The unions worked out a draft agreement after inviting comments from workers and consulting with the company's legal representative over its content. After obtaining recognition from management, they submitted the final agreement to the workers' congress for approval, and it was filed with the local social security and human resources bureau.

The agreement stipulates that the minimum wage standard for the auto parts industry in Beijing shall be set based on the one released by the Beijing Municipal Government for the year and that it shall not fall 1.07 times below the minimum standard set by the government, or 1,498 yuan per month if calculated on the basis of the wage level for

2013.

Among the six enterprises involved in the talks, Yanfeng Visteon Automotive Trim Systems Co. raised its minimum standard by 30%, with an annual increase of 8%.



Workers Signing on a Collective Contract

Zhang Bo, Chair of the Machine-Building, Metallurgical and Building Materials Workers' Union of China, says that what is innovative about this method is that such negotiations are conducted by a trade union federation with unions in leading enterprises playing a leadership role. It allows interest relations in an industrial chain to be adjustable in order to ensure fair income distribution.

Wang Tao, Vice-Chair of the Beijing Trade Union Federation for the Auto Parts Industry, says that the union will accelerate its efforts to introduce collective wage bargaining in all enterprises and expand its contents and range.

Chinese trade unions are currently exploring ways to bring industry-level collective wage bargaining to all businesses in China in the belief that an industry-level wage standard can provide a "second guarantee" for workers in all industries to regulate wage standards. ■

Chinese youth face toughest job market in history

Toughest period

The year 2013 saw 7 million Chinese college graduates jostling for 9 million jobs alongside large numbers of overseas returnees and young people fresh from polytechnic, vocational and high schools. It was so difficult for them to land a job that it was dubbed "the hardest job-hunting season in history".

That year, China's universities had a student body of 6.99 million, up 19% from 2012, hitting another record high and making the employment situation worse for college graduates. Accordingly, the total number of these graduates signing employment contracts was lower than in the previous year. At the same time, battered by a gloomy economy, companies were running down their workforces.

According to a survey by MyCOS, a consulting firm in China, the proportion of polytechnic school graduates who got an employment contract was 35%, 9 percentage points down from the previous year. This was followed by college graduates at 38%, down 8 percentage points, and postgraduate students at 29%, a drop of 7 percentage points.

Li Yang, director of the China Agricultural University, says that there were only 9 million new job openings, a far cry from what college graduates had expected.

Contributing factors

Li Yang recalls that back in 2003, the number of college graduates around the country totaled 2.12 million, while 8.50 million jobs were available, four times as many. With China's GDP growing at 9.3%, the employment situation was fairly good.

In 2009, the number of college graduates soared to 6.10 million. To make matters worse, the financial crisis erupted. Thanks to the stimulus package and employment measures launched by the government, the country achieved 8.7% GDP growth and created 11.02 million jobs, twice as many as the total number of college graduates, thus helping them ride through an employment crisis that might otherwise have been sparked by the economic slide.

In 2013, with their numbers surging to 6.99 million, the country's economy grew about 7.5% and added 9 million jobs, only 1.28 times the total number of college graduates, an all-time low. Meanwhile, the burgeoning ranks of prospective employees are further swollen by overseas returnees, as well as graduates from polytechnic, vocational and high schools, all joining the competition for limited jobs each year.

Slump in demand

In 2013, there were 25 million urban residents who were desperate for a job. The employment pressure further mounted with the total number of college graduates having grown by 1 million compared with 2009. As the economic slowdown spread, demand for labour was diminishing, most notably in the auto, machinery, electricity and financial industries. Auto and machinery manufacturers, banks and insurance companies that had previously flocked to recruit students from their college campuses dwindled to a trickle last year. Some even put their hiring plans on hold altogether.

"Demand for engineering students is obviously shrinking," says Li Kai, chief of the student employment office of Shenzhen Vocational School. "Take our printing department for example. In previous years, students were snapped up as soon as they completed their courses, but this year they have started feeling pressure." No doubt a major factor is that new orders received by employers are plummeting. An official of the career centre of Shenzhen University says that about 10,000 enterprises are registered

with the university's online employment system. Yet beginning last October, the number of hiring employers and jobs available has slipped 10% from the same period in the preceding year.

In 2013, the international economic environment went through complex changes amid restructuring, and the global economy did not see any significant pickup, prompting worries over the job prospects of college graduates.

Divorce between education and labour market

With China's social and economic transition speeding up, demand for high-calibre, skilled and application-oriented talent in strategic new industries and the modern services industry is growing, exacerbating the contradictions in labour supply and demand. The country's industrial restructuring and innovation-driven development strategy have further worsened this imbalance.

However, riddled with irrationalities, China's higher education sector is obsessed with turning out knowledge- and research-type talent rather than skilled and application-oriented personnel. Worse, there seems to be a lack of coordination between the talent being cultivated and the talent that is actually in demand.

A recent survey of 1,044 employers around the country conducted by China Youth Daily found that 51.7% of them turned down candidates on the pretext of "having no practical experience", 43.3% cited "poor skills or inability to learn" and 40.4% mentioned "jobs-skills mismatch". As a result, employers could not find the people they need while college graduates could not find jobs.

Misguided employment concept

Some college graduates develop significant misconceptions about employment, or rather hold high expectations for jobs. The majority of them wish to stay in metropolises and coastal cities or work for foreign-funded enterprises and government departments. Few are interested in basic vacancies which are available in large numbers. Jobs that meet their expectations are so scarce and coveted that there are not enough to go round.

Yet things are different for graduates from secondary technical schools, who are "looked down on" but find jobs easily. "All our 2013 students found jobs half a year before they graduated," Li Deliang, president of Shenzhen Academy of Technicians, points out in an interview. "It is no exaggeration to say we cannot meet the demand." Wang Hailong, President of Shenzhen No. 2 Technical High School, says that his students feel no pressure at all, and "graduates in the fields of automotive and engineering moulding are most sought after".

Many employers believe that technical schools tailor their courses to the needs of society. As demand is soaring for

skilled talent, their graduates are more likely to be employed, because they are clever with their hands and hardworking. And the salary for entry-level technicians is not low. Statistics show that the average monthly pay for skilled workers is 3,500 yuan, no less than that for college graduates. Some jobs such as auto and lift repairs may well bring in 10,000 yuan a month within a few years. ■

Union Employment Assistance Month kicks off

On 10 February 2014, the ACFTU staged a job fair in Hefei, capital city of Anhui province, with an eye to improving employment access and quality for job hunters. Some 600 companies set up stands at the fair, offering 100,000 jobs. At the end of the day, 12,000 people had signed up.

Meanwhile, trade unions across the country launched Union Employment Assistance Month in an effort to help find jobs for migrant workers, laid-off workers and college graduates.

Established in 2011, Union Employment Assistance Month has run for three years. During this period, trade unions hosted 26,842 job fairs, finding jobs for 4.37 million people. In addition, they offered training to 2.5 million people and handed out 1.5 billion yuan in small loans. ■