What are the Causes and Consequences of Graduate Unemployment in China?

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Keywords: Causes Consequences Graduate Unemployment

Abstract. This study is about university graduate unemployment in China. It is seen as presenting the following features: massive educated unemployment in a market economy, whose growth has been up quickly; higher enrollment rates. With the decentralization of the Ministry of Education administration, the universities have been heavily influenced by market forces and have been more flexible and responsible to labor market conditions than a totally state-controlled school system. It is also seen as presenting the use of the policies in education training and the labor market as means to alleviate the problem in China.

Introduction

These observations are discussed in the subsequent sections. Section 1 describes the graduate employment and unemployment during the past few years in China. Section 2 tells how the unemployment situation emerged within both the higher educational system and the socialistic market economy. While Section 3 traces how the unemployment issue might be tackled. The last section comes to the conclusion.

1. Graduate Employment and Unemployment Situation in China

According to official statistics: the graduate employment rate was 65 percent in 2001 and almost half of China’s university students, or about 1 million, couldn’t find jobs after graduating in July in 2002. Of 2.12 million graduates of the year of 2003, who are the first under the new policy of the large-scale expansion of higher education, 630,000 were still unemployed in September, according to government statistics (A Shashank Bengali, 2004). Approximately 800,000 were still jobless before 1st September. Those who do find jobs have to accept salaries 25 percent to 30 percent lower than last year. (Shashank Bengali, 2004) These are historic changes in China compared to the counterpart before the educational reform, when the government assigned all college graduates to jobs, and now as China moves from a planned economy to a market-based one, there is no more automatic placement. University graduates have to find work by themselves, and it is also quite difficult for them to find any work. Yang Changjiang, an economist at Fudan University in Shanghai predicts unemployment of college graduates will be a problem for 10 to 20 years in China. (Shashank Bengali, 2004) Going with the higher university unemployment rate, many graduates are very disappointed in the university education for which they have paid much money, even living without goals, hope and achievement after they have not got any opportunities to hold a job from which to develop their career and realize their ideals. Therefore, the issue of creating job opportunities for university graduates closely concerns higher educational, economical and social stability as well as development. It is evident that how to utilize educated resources for facilitation economic development becomes the effective solution to the problem of graduate employment. Before taking some measures to tackle the problem, it is vital to make clear that what are the reasons for that problem.
2. Reasons for Graduate Unemployment in China

2.1. It is directly related to the huge background in which the contradiction between the supply of and demand for labor force in society is very prominent. The fact is that China is a country with large population, accounting for one fifth of the world. The contradiction concerning more supply of the laborers than demand for them has existed. In the coming 20 years, China’s population above the age of 16 will grow by 5.5 million annually on average. By the year 2020 the total population of working age will reach 940 million. (China issues white paper on employment (26/04/04). What the background is the supply of labor in China has exceeded the demand.

2.2. The whole employment circumstance has not been loose during the recent years in China. As China moves from a planned economy to a market one, one third of the workforce in the stated-owned companies, which were the greatest provider of jobs in China, were got rid of in the past five years, there were about 50 million laid-off workers. (Meng Jianjun, 2002). As well as large number of surplus rural laborers still need to shift to non-agricultural industries and urban areas from a crowded countryside with too little used land and too many farmers, at least 150 million rural people make up the “floating population” of China and this number has growing. Moreover, there are also large quantities of new labors entering the social market every year. All of the three aspects together lead too much more labors than the existing employments.

2.3. The graduate job crisis has also been caused by the growing number of college graduates each year as a result of enlarged college enrollment since 1999. From 1999, China began to implement the policy of expansion of enrollment. In 2001, the number of the university graduates was 1.15 million, 1.45million in 2002, 2.1million in 2003, which is 46.2 percent higher than last year. 2.8 million in 2004 which is more than twice in 1999. (China’s College Graduates to Exceed Two Million in 2003&Next Stop after Graduation). A total of 200 private universities were opened as well.

2.4. The development of higher education is not accorded with the development of employment market, which leads to a mismatch between the quality of the university graduates and job requirements. The great changes of economy have different needs. Many universities cannot adjust the curriculum, the structure of disciplines and specialties to meet the demand for the development of economy and labor market. What the fact is that some specialties are under shortage, while others are over full. Therefore, that also results in the decrease of the employment.

2.5. The concept of employment also effected graduate employment. The traditional employment conception is to be a national cadre or to be a ‘white collar’ after graduation. This kind of prejudice to the social value make the graduates not like to take hard work or go to enterprises. Some employers say students who are rejected for their first-choice jobs turn up their noses at lesser positions, even those requiring college degrees (Shashank Bengali, 2004). That is to say, graduates’ ideals are far from the social reality.

2.6. Deficiency in actual ability and employment attitude, absences of the specialty in width and depth as well as especially lack of sociable and cooperative abilities, to some extent effect university graduate employment. Many graduates keep on interviewing with companies, some reasons for them to be rejected are that they don’t have the skills and abilities that companies require for fitting the jobs.

2.7. Largely swarming into enormous cities for jobs also has an indispensable influence on graduate unemployment. As China is a country with quite large and broad territory, the development of economy in each region is very unbalance, which results in a large quantity of graduates to seek for jobs in the more developed areas. According to the social survey, more than 85%of the graduates from the non-developed areas like to work in eastern and southern areas; over 97% of the graduates from more developed areas do not like to leave for others; (Miao Qianping 2000). Therefore, the pressure on employment is becoming much greater and situation of employment is becoming more and more rigorous in these areas than other places.

2.8. In addition, the unbalanced development of different levels of universities has led to more local graduates unemployed than those from well-knowns. During the severe employment competition, the popularity and brand of the universities has become precious intangible treasure.
These famous universities are in the ascendant contrast to the counterparts. In general, during this period severe graduate employment problem is due to various factors, such as the huge population base, population migration, higher educational development itself and the process of social and economic development.

3. Suggested Solutions to the Graduate Unemployment Problem

3.1. To solve the graduate employment well, firstly the higher educational mode should be gradually transferred from 'supply-oriented' to 'demand-oriented', to make sure that universities readjust the specialties according to the need for job market and the development of the economy. The number of planned recruitment students should be cut down, even canceled due to the lower quality of teaching and irrational specialties, which lead to the poor employment rate. Concerning the teaching plan, what emphasize on should be basic and comprehensive educations as well as the training of the practical capabilities.

3.2. It is urgent to speed up the reform of graduate employment system according to employment marketization: breaking the limitations of the graduates identity and ‘hukou’ index; canceling the limitations of dispatch index and employment persons index between universities and receiving units; abolishing those policies of the irrational fees, such as construction fees of movement to other provinces and city etc. All of them can effectively promote graduates to mobile at liberty as well as provide more flexible employment choices for graduates.

3.3. Consummate graduate employment market and employment service. It is urgently necessary to build the network of graduate employment information national-widely, which provides seasonal, analytical information on supply and demand of the labor market by different categories of jobs, exerting the graduates’ advantage of looking for jobs online and developing all kinds of self-employment service on network. In addition, announcement system periodically about the number of graduates from different specialties, employment rate and income after graduation etc. index should be built and perfected in universities all over the country.

3.4. Instructing graduates actively to change employment concept Engaging propaganda for employment in campus and society Can hell; university students spurn those out-dated, gentle and simple employment concepts and give up the traditional concept of which only formal stable employment is the job as well as simultaneously help them build up the employment concept of which different types of jobs, such as part-time: temporary, seasonal jobs are also jobs.

3.5 Absorbing graduates to devote to the western part construction by implementation of some relevant excellent actual policies, which not only can alleviate the pressure on employment in more developed areas but also Can make up the extreme lack of the graduates in the wide open western areas. But it is not enough to solve the problem only through the inside elements of universities, education is a part of the society and closely related to economy, which is the development of economy promotes the educational development, in the opposite direction, educational development can service economy better. Development is an absolute truth. Therefore, the rooted pathway to solve the graduate employment problem relies on the economic development.

So firstly, developing economy, and actively creating job opportunities should be put the first place. Keeping the long-term, continuous, stable increase in economy can provide a large number of employment positions. At the beginning of the open-door and reform, for example, during the period from 1979 to 1981, every one percent point of economic increase can draw 0.44 percent point of employment increase, corresponding with about 1.8 million employment opportunities. (Xin Meng 2000). So the government should consider the employment issue when studying and establishing the programme of economic, social developments in order to both promote employment through developing economy and economic development through expansion of employment.

Secondly, adjusting industry structure and actively developing tertiary industry to create employment positions through dealing with the relationship between the adjustment of the industry structure and the expansion employment. The main potential to solve the employment rests with tertiary industry, especially the traditional service. According to the related statistics, in 2001, the
percentage of the employers engaging with tertiary industry of all the employers is only 27.7% in China, while the percentage of that is very high in developed countries. The figures above indicates the problem of employment structure at the present in China, simultaneously it also shows the large employment potential is in the tertiary industry.

Thirdly, further broaden avenue to employment through energetically developing non-state economy and labor-intensive enterprises. With the further adjustment of the economic structure and ownership structure, there have been great changes in the industry structure. Individual private--non-stated economy has been becoming the main avenue to provide new employments, compared to the counterpart, the state-owned enterprises who used to arrange a large number of new laborer’s hardly provide more jobs to employment personnel than before. According to statistics, from 1992 to 2000, individual private enterprises provided 6 million employment positions annually at average. In 2000, of 3.6 million laid-offs and reemploys, there were 2.5 million working in individual private economy field, accounting for 60% of the total reemploys. (CSLS Research Report, 2003).

Fourthly, further perfecting, and carrying out the policies of employment assistance should be paid more attentions. Market should play a fundamental role in the allocation of labor resources. Both reemployment of the laid-offs and employment of graduates must follow the market-oriented employment mechanism to choose employments as well as to carve out at liberty by labor market. In addition, the government should establish and consummate a series of assistance policy to enhance the policy support. First, instituting the supportive policies of reducing and exempting taxes and administrative charges, and extending small security-backed loans. Second, government should raise funds in varieties ways to increasingly invest in employment and make sure that some money is used in employment training, employment consultancy, commonweal expenditure and social insurance allowance, sponsor funds of small-loan as well as the construction of labor market, improving employment service for graduates and laid-offs.

Lastly, further perfecting employment service system. First, building uptraining-emphasized service mechanism. To improve pertinence, practicability and employment rate of the training, various trainings must be made according to the demand of the talented market and practical characteristics, practical situations of university graduates. Second, improving employment service level through exerting the roles of the talented market and labor market. All the big or small cities should strengthen the construction of the two markets, integrate information resources as well as improve the quality and effectiveness of the employment service in order to facilitate the specializations of the two markets in the aspects of personnel, operations, and management and put up an efficiency employment information bridge for job-seekers as well as graduates. Simultaneously, it is quite vital to provide good quality service for graduate employment and self-employment through the ways to develop service function and to intensify management.

Conclusions

As the preceding sections have shown, open unemployment of college or university graduates has become a major problem in China. The analysis of the graduate unemployment problem is made in the contexts of a labor surplus condition, large-scale university expansion and new market-oriented economy. This situation reflected interactive relationship of three aspects in society...—talent-education market, colleges/universities and economy. The root cause of the problem is reliable on market forces in a situation of large population and abundant personnel. Moreover the responsibility of the colleges/universities in the unemployment problem lies in the lack of readjustment in specialties and curriculum that meet the skill requirements of the economy. Furthermore, government policy did not seem to help much in improving the functioning of the talent market. Finally, analyzed suggestions on alleviating the problem are stated, involving the transition in educational mode and employment concept, construction of market-oriented mechanism as well as adjustment of industry structure to help with graduate employment.
References


