

Labour Market Evolvement in Metropolitans of China (Shanghai for Specific Studies)

Zhen Liu

Shanghai Art & Design Academy, No.851, Jiahang Road, Jiading District, Shanghai, China, 200438

120207354@qq.com

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Abstract: This essay explains and demonstrates how the Shanghai labor market evolves, especially with the mix of non-native and local workforce.

Introduction

Since the 1990s, significant changes have taken place in Shanghai's labor market with the constant rapid development of reform and open policy and economic society. On the one hand, the native laborers who is laid off and unemployment are increasing, meanwhile millions of non-native laborers rushing in and being employed. The coexistence of laid off SOE staff and unemployed local residents and employed non-native laborers forms an important characteristic in Shanghai's labour market since the 1990s.

Being the largest metropolitan of China, Shanghai also poses with a very unique and special labour market when compared with the rest of the country.

How Labour Market Evolves in Shanghai. Ever since the Reform and Opening, and especially following President Deng Xiaoping's south inspection tour speech of "Develop and open Pudong" in 1992, there has been an accelerated development for urbanization in Pudong district, which also consequently extended to the rest of the city. The fast-pace constructions in Shanghai has created unprecedented demand on labour workers (Shen, 1999)

First of all, the urbanization constructions in Shanghai, has triggered increasing demand for traditional labor market (Zhang, 1998). So it all started with construction related job functions, which were mostly demanded and required throughout the urbanization process. But gradually, other traditional industries such as processing and manufacturing also catch up and create a lot of new job opportunities as well.

Secondly, the reshuffle of traditional vs new and emerging industries, which were un-reversible as a result of the development of information technology and service economy in Shanghai, have pushed for the expansion of the tertiary industry quantity and create hug amount of demand on a new and modern labour market. (Such as information consultation, networking, fast food, chain supermarket and groceries, experience based shopping centre, delivery services, community services, housekeeping services, etc)

A more layered labour market has been development with Shanghai's economy development. Firstly, key talents labor market. This layer of the labor market is mainly consisted of managerial and technological talents. It is sitting on top of the pyramid and poses with the special characteristics of a modern metropolitan.

Secondly, the middle layer, which targets at the general market. Here in Shanghai, this level of labour market demand is of the largest in amount and scale (for both local and non-local residents to have equal access). It is with comparatively lower threshold, and helps greatly to create job opportunities and also maintain the stabilization of the general labour market (Zhang, 1998).

Thirdly, the lower-level market with is labour intensive. The layer of the labour market is mainly to offer labour workers for various industries and also highly liquid. (very typical example would be the highly labour consuming job functions in the construction industries and manufacturing lines

etc.)

The Evolvement of Shanghai’s Native Laborers

The size of local labours. The size of Shanghai’s laborers who are local residents are greatly influenced by the accelerating increasing amount of household register population, demographic structure and working participation rate locally (Lu, 1996). For a long period of time, deeply rooted in the one-child policy by the China government, the birth rate of Shanghai has been showing a shrinking trend every year. Fast decline of birth rate has also resulted in negative growth of household register population since 1993. In the meantime, the improvement of medical and sanitary condition and living standard all helped to turn mortality rate greatly to the positive side. The only downward trend we see in the process is that gradually as a result of “one-child” policy, the proportion of local residents aged above 65 has risen up to 12.45% in 1996. (Wang, 2000)

Table 1. The evolving trend of Shanghai’s local labourers (Year 1996-2030)

Year		1996	2000	2005	2010	2015	2020	2025	2030
Labor (ten thousands of people)		775.63	808.82	854.21	857.19	805.82	729.09	660.25	606.17
Structu re Of age	total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	15-34	35.47	30.62	32.43	35.19	33.31	25.97	16.39	12.38
	35-49	50.98	52.70	43.69	33.84	33.15	43.87	57.44	57.12
	50-64	13.56	16.68	23.89	30.97	33.54	30.16	26.17	30.51

The rapid development of “few sons” and advanced age has been already obviously influenced the growth and size of Shanghai native labor day by day. The number of Shanghai native laborers fluctuated and reached the peak at 8,512,100 people in 1996 but has begun to reduce continuously promptly since 1997. Mainly influenced by it, the growth and supply of Shanghai native labor have already difficult to meet the demand of rapid urban construction and economic development. The large amount of non-native labor rushing in Shanghai and being employed since the 1990s has clearly proved it. With the development of “few sons”, the size of Shanghai native labor will also reduce further. According to the prediction, the size of Shanghai native labor will roughly reduces continuously since 2010, by 2030, it may have 3 over 50 years old “advanced age”labors in every 10 Shanghai native labors (see table 1). Therefore, non-native labor has played an important role in solving the scarcity of Shanghai native labor. In the future, it stills the important way to meet the increasing demand of Shanghai labor market.

The prominent characteristics of Shanghai’s native labor. As a whole, Shanghai native labor has good education and modern job quality. But undeniable, the Shanghai native labor also has many weaknesses even shortcomings. Just like many local workforces in Shanghai have a sense of superiority and amour-propre. These behavior characteristic, make Shanghai local supply of workforce, employment, is mainly flow to choose first and second level’s labor market, only a few low quality workforces may choose the labor market of the third level.

With the declining of birth level in the future, will lead to the fact of the following circumstances appear in the local workforce in Shanghai: First, the young workforce reduces rapidly. Two, the local workforce obtains employment and tends to the well educated, mental labor progressively, cause general workforces to reduce in a large amount. Third, only-child's workforces are almost lack spirit of bearing hardships and stand hard work more. So at present and in the future, these characteristics of Shanghai’s local workforce, will be limiting one kind of choices of their employment field and duty objectively.

The Scale and Behavior Characteristics of Shanghai’s Non-Local Labourers

Outside Workforces is Supplied with the Behavior Characteristic. Whole cultural diathesis is

low, and the alternative of choosing employment field and duty is small. Among the non-native workforces in Shanghai, the proportion of the education degree under junior middle school nearly accounts for 85%. They can participate in the employment field and duty of the competition confining to mainly low levels.

The non-native workforce takes man as the core, account for 70%, young and vigorous. They have the spirit of bearing hardships and stand hard work. The proportion of young workforce under the age of 40 is up to 75%. Secondly, they have gone through more strenuous agriculture work.

Work persevering degree high, easy to manage. The non-native workforce usually needs to obtain the working opportunity through keen competition. This makes them demonstrate very high persevering degree of work.

Highly liquid, have greater flexibility of choosing a job. Among the outside workforces of Shanghai who was investigated in 1997, the proportion within one year of time of living in Shanghai was up to more than 50%. This "mobility" characteristic, influence relative stability that they work and choosing a job.

There is more obvious consciousness of self-job isolates. Much non-native workforce's self inductance of Shanghai are unable to compete with local workforce, engaged in some low paying job voluntarily, The most common self- isolates job of Shanghai, there are mainly free market, street peddler, dustman, etc.

The employment of the outside workforce flows into and the characteristic. Basic characteristic of the outside workforce in Shanghai, with the factor in such respects as the labor market and supply and demand of Shanghai, have determined the characteristic that they are flowing into employment in the labor market of Shanghai.

First of all, outside workforce's employment have the obvious characteristics such as "working and do business", "pick up the neglected and to supply the deficient". They mainly major in the job field of "Construction", "process" With "trade". These three kinds of outside workforces account for 28.8%, 17.4% and 12.6%. Choose to be engaged in "The handicraft industry", "food and beverage service" and "transporting" accounts for more than 5% proportions separately too.

Secondly, the economic department which the outside workforce chooses to obtain employment, concentrate on non-state-owned the economic departments and individual companies. In 1997, the worker of state-owned economy units accounted for 34.6%, the urban self-employed laborer only accounts for 0.9%. Different from this, the outside workforce in Shanghai flows into the state-owned economy unit to obtained employment only accounted for 23.6%, and the outside workforce of flowing into the foreign-invested enterprises, private enterprise, township enterprise or individual companies to obtain employment nearly accounts for 70%.

From above, we can find out that the outside workforce in Shanghai participated in obtaining employments which are mainly the secondary industries (the traditional labor market) such as 'construction' and 'processing', etc and the new developing labor market relying mainly on the tertiary industry especially service industry. The way of employment, duty kind that is engaged in and flowing into all demonstrate obvious arduous, mobility, isolating and diversification, marketization, irregularity.

Analysis relationship of non-native workforce and local workforce in Shanghai ---'prosthesis' and 'substitute'. Overall analysis. 'Two alternative hypotheses might be used to conceptualize current pressures on the relationship between the local union and other levels of the union structure in this new context, first, increasing isolation from other levels of union activity as the firm becomes a sufficient universe for the local union. Second, increasing integration into the larger union structure as locals rely more and more on regional, federal and confederal structures, policies and services to deal with changes taking place' (Jeremy, 1999)

This point should be useful to explain the relationship between native and non-native labor forces in Shanghai labor market.

First of all, the employment of outside workforce and local workforce of Shanghai is shown the relation just like filled a vacancy (prosthesis) on the whole. First, the local workforce's supply can't meet the total demand, need filling a vacancy of outside workforce; Second, by the influence of

industrial structure adjustment, it made some industry fields in Shanghai and duty kind take shape structurally insufficiently, need filling a vacancy by outside workforce; Third, the restriction of system in urban and rural areas for employment, the local labor force protective policy make Shanghai outside workforce and local labor forces' employment field, duty kind are different to some extents.

Secondly, the employment of outside workforce and local workforce of Shanghai has certain substituting relations. Some low educated local workforce will compete for the employment which is in low level labor market with outside workforce together. The outside workforce of the strong competition advantages can obtain a employment in the labor market on the senior level. So Shanghai outside workforce is unavoidable to influence the local labor market.

The field of main industry and duty kind which the outside workforce may influenced and substitute. First, "Processing and manufacturing" & "handicraft industry". Since the 1990s, under the trend of local worker's numbers reducing in construction, processing and manufacturing, etc, People thought it may be substituted and influenced by the outside workforce most possibly, but the worker's number in this type shows a tendency to increase instead. This proves indirectly, the outside workforce that obtains employment in these fields of industries, has not formed the obvious substitution influenced in the local workforce in Shanghai.

Second, transportation services, engagement in trade and food and beverage service trade, etc, the field of the tertiary industry may form and substitute influences to the local workforce's employment in Shanghai. According to the tertiary industry's characteristics of engagement with trade, such labor markets such as transporting, food and beverage service and street peddler, etc. to the local workforce in Shanghai, the outside workforce is generally suitable for, relatively like to be engaged in these economic activities too.

To sum up, the external workforces who flow into the traditional labor market, engaged in construction and flow into the new emerging labor market, such as housekeeping, street peddler, rubbish collection and so on, generally can't influence the substitute transform in Shanghai local employment. The employment chains such as process manufacturing industry, transportation, shift assign and so on may influence the substitute (Wang, 2000).

Although there is a demand for labor structure adjustment among industries in Shanghai, the actual adjustment results are not satisfactory. Objectively, it is not conducive to the development of the industry itself, but brings many disadvantages to the employment problem that Shanghai is trying to resolve. At present, especially due to the existence of institutional factors, the labor market has been heavily segmented, making the labor flow more difficult. Objectively speaking, compared with other factors of production, the labor force has its own subjective interests and demands, and will play a dynamic role in the process of flow, which will ultimately be detrimental to the sustainable development of Shanghai's economy. Shanghai, as the most developed labor market in China, apparently has the characteristics of operating with this market as the center. The inflow of foreign labor force also plays a key role in the formation of labor market in Shanghai. In fact, labor mobility is by nature based on migration.

Conclusions

In the labor market, the government is the maker and defender of the rules, and the supply and demand sides only make rational choices within the scope of the rules that meet their respective interests. On the other hand, under the influence of institutional factors, although the subjects of labor supply and demand make rational choices in line with their own interests, their behaviors objectively form some external economic effects and have a negative impact on the development of the overall economy. For example, the existence of "hidden employment" phenomenon caused by institutional segmentation has a negative impact on the overall labor market, in spite that it has a reasonable effect on both individual workers and enterprises. Since the external economic effect is where the market itself fails, the government is also needed to reduce the worst external economic effect caused by the market mechanism. In the process of labor marketization, the government's institutional reform is the key to eliminate labor market segmentation.

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