

**Challenge and Opportunity: The View of Management on
The Employment Problem of China**

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The problem of labor employment is a major problem of global issues. It is also an especially pronounced problem in a country such as ours, with tremendous population and relatively poor background of economy. Under the leadership of the Central Committee and the State Council, and with the coordinated effort of all the localities, departments in society, we have achieved in the area of labor employment a tremendous success that has captured the attention of the entire world. However, owing to some reasons of irrational policies, we have also got the experience of failure in it.

The problem of employment is becoming more and more urgent and serious with the policy of deepening reformation. Showing by the experience and theory, any effort that merely aims at resolving the employment problem can be effective only in a short-term and have less success when it faces new situation.

To resolve the employment problem at present, we must begin with our employment philosophy and set up a system of strategic management in terms of employment, that keeps on defending and promoting the stability and unity of society. The tremendous population of china is both a huge obstacle and a great motive force for the development of our society. We are facing selection— challenge and opportunity— that only depends on our effort and creation.

The problem of labor employment is a major problem of global issues that exist in developed and developing countries. It is an especially pronounced problem for china not only because the successful experience and failure lesson of resolution of employment are doubtlessly beneficial to developing countries that have similar situations with china but also they have the profound effect on the promotion of prosperity

and development of the world economy.

Achievements in Employment in Cities and Towns Over the Last 8 Years

1. In the last 8 years, from 1979 to 1986, 62.43 million people have found job, making up about 47 percent of all existing personnel in cities and towns across the nation. On average, 7.8 million people have been given jobs per year and the rate of people in cities and towns awaiting employment fell from the 5.9 percent of 1979 to 2 percent in 1986. In the large municipalities, which has a relatively major impact on the total national picture, the employment program has already resolved in the main; in some cases a trend toward abatement and resolution has begun to take shape. For a country like ours, with such a poor economic background and great population to begin with, it is indeed tremendous to have achieved the above-described feats in the 8 years following the tremendous devastation of the "Ten Years of Turmoil and Calamity" and it has brought about very major repercussions throughout the world.

2. This has been one of the best periods in history since 1949 as far as the results in the area of employment are concerned.

In these 8 years, we've made arrangement in providing new employment in cities and towns in a sustained way and on a massive scale, and yet we have managed to avoid any major imbalance, disproportion, or maladjustment and have not had to sustain any large-scale sacrifice in the labor productivity and the workers' wage levels have been continuously enhanced. Deducting from that the factor of increase owing to the increase in price index of workers' living expenses from 1978 to 1986, the average wage of workers reached 1,329 yuan per person, representing average increase of 73 percent.

3. We have accumulated some good experience in resolving the problem of employment:

A. The major policies of the party and the state have been correct, leading to a sustained, stable, and balanced development of the economy, thus allowing the work of arranging for expanded employment to be carried out smoothly and effectively.

B. The party and government have paid a great deal of attention and have put this on the agenda of major items to be discussed and resolved.

C. The policy of reforming the labor employment system within the reform of the economic system as a whole has been carefully upheld and maintained in terms of change in the channel, structure, form and means of former employment.

However, the continuously increasing development of economy also accompanies some fault owing to irrational policies.

Policy Fault of Reformation from Over-Load Objective and Impatience for Success

The problem of employment as an issue of microeconomy is closely related to the prosperity and decline of national economy. Concerning this, it is essential for us to begin with national economy— analyses the reasons of its violent fluctuation. From our experience of economy, the violent fluctuation is mainly due to the over-load policy objectives of economy and the impatience for success.

As developing countries, the development of national economy always faces great pressure of politics— they must prove that they can catch up with the developed countries by keeping a high increasing rate of economy, moreover for china, it must keep the rate to demonstrate its advantageous system. Under this pressure, with widespread impulsion in decision makers, the shortage economy forms in the severely controlled system of old economy while inflation produces in the new economic system; the pressure of population and surplus labor of developing countries require more chance for employment and higher income; comparing to developed countries, the idea and consciousness of the public have changed a lot with more and more benefit expectation.

All the facts analysed above make the government draw up too many policies for specific objectives that always conflict with each other and this kind of situation will certainly result in an unstable economy unless it is under effective control. The chaos in the national economy has unavoidably brought some difficulties to employment.

The New Situation of Employment Problem of Contemporary China

1. We estimate that the number of people for whom jobs will have to be arranged will be higher than the originally planned number by about 10 million. The ground are as follows:

A. The number of people who are turning from agriculture to nonagriculture labor for whom new employment must be provided will reach 5 million in 5 years (1986-1990).

B. From 1988-1990, the number of people who will shift from employed to awaiting employment will reach 5 million for the reason of stop production, bankrupt of some state-run and many collective and individual enterprises which are the results of impatience for success— under the requirement of policy" putting the economic environment in order,

reorganizing the economic system".

C. There are other surplus workers who have been terminated, whose contracts would have been dissolved and those simply are discharged.

2. There will be increased difficulty in job placement.

A. With the deepening of the reform of the economic system which is focused on strengthening the dynamism of the enterprises and with rejuvenating of the system of fixed labor, the more than 15 million workers in the state-run enterprises throughout the country will have to step down from their position, and this will call for the opening up of new avenues of employment.

B. Owing to the fact that our country is expensive in territory but extremely uneven in economic development and is additionally burdened by difficulties in transportation, an interregional crossover fluidity of labor for arranging employment is difficult to resolve.

C. It is also a more complicated problem to manage employment in the county seats, townships and market towns than that of the municipalities.

D. There are new changes in the framework of supply and the demand of labor and our traditional methods of hiring are not suitable for new environment.

E. Under the influence of the fluctuation of national economy, some decision makers could not pay enough attention to employment or change some effective policies for quick environment change.

We are facing great challenge.

Resolution Suggestion: Strategic Management of Employment Policy

As S. Paul stated in his book "Strategic Management of Development Programs": there are various development programs among the developing countries.. traditionally, people always focus their attention on the technology and economy of the program while pay little attention on management of it, some of our economy development policies are similar to this stated situation: we used to make plans only for "money" and "materials" resources and not for labor and its management when we formulated our development programs. As a result, actually, the solutions to the employment are always independently with programs. According to the experience garnered with regard to the work of arranging employment over the last years and with the analysis of new situation we confronts, we suggest that in studying and formulating the policy of employment in the future, we must set up a strategic management in terms of employment that closely relates with social develop-

-ment program (the five-year plan) other than the independent employment plan. Referring to S. Paul's idea, the program of employment should include 5 points: the environment, strategy, structure of organization, procedure of organization and supervision of execution.

We now carefully demonstrate our suggestion in detail:

1. Environment defines as the external power of creation and the restrictive condition. We must have a full awareness that in the near future at least, we'll simply not be able to change the fundamental reality of our country— a large population and poor economic background. We must fully realize that to resolve the employment problem is a long-range strategic mission for our country—that is our program "environment".

2. Strategy— a series of long-range selection according to objective, program, policy and plan that should fit with the environment.

Our new "strategy" should begin with:

A. Since the fluctuation of economy decides the policy of employment, it is essential for us to keep a continuously healthy circulation of economy. that only by maintaining a stable and relaxed economic environment— keep proper increasing rate and create a market that the public requirement is slightly lower than supply.

B. All kinds of policies and plans for the employment problem depend on their own philosophy— understanding and evaluation of employment and the grasp as a whole. Facing the new situation, we must change our old employment philosophy as employment is simply the arrangement of job which has political significance and social important implication that must emphasize on fullness of scale, stability and security.

C. The spirit of strategic management is that the employment of labor must be planned and arranged in a unified way and the labor force must be systematically managed. We should also form a concept of the integration of economic interests and social interests with regard to employment.

D. We must continuously execute those effective employment policies that meet our reality.

3. Structure of organization— long-range arrangement for program objectives.

We must establish an "open-mode", "dynamic" model of employment other than the former rigid one:

A. The policy of multichannel of employment and high employment-low wages.

B. Letting the people who are waiting employment flow in a horizontal way.

C. Within and outside the enterprises, the labor force must be competitive in the selection of jobs and fluidity of employment.

D. Setting up labor service employment in which there is much fluidity and changeability in the positions of employment.

E. Pre-training program.

4. Procedure of organization is a chain of microeconomy policies in terms of our employment program and its execution.

5. The stability and development of our society are not the responsibility only for the government but for the public as well. Since doing a good job of arranging employment will have on defending and promoting the stability and unity of society, both the government and the public should make a strict supervision of the execution of employment program. It is necessary to emphasize that only these 5 points are in a very good coordinate state, can we reach the objectives we expected.

As Peter F. Drucker said: change is chance (Peter F. Drucker, *The Frontiers of Management*, NY 1986), the tremendous population of China is both a huge obstacle and a great motive force for the development of our society. The issue of employment is only the embodiment of the interrestriction between population and the society. Effective resolution on employment has not only an immediate influence on the progress of the realization of Chinese modernization but also an effect on the prosperity and development of the world economy. We are facing selection: challenge and opportunity that only depends on our effort and creation.

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