

Quarterly Analysis of Employment in China

Employment Situation in the First Quarter of

2011, Based on Data from

zhaopin.com and Suzhou Industrial Park

April 9, 2011

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I. Review of China Employment Situation in the Fourth Quarter of 2010

- ◆ Employment demand and supply in the fourth quarter of 2010 has basically been restored to the level before the financial crisis;
- ◆ In the short term, the structural change in the labor supply was mainly derived from seasonal factors;
- ◆ From the data of the past two years, we can see that the variance in the CIER Index is closely related to macroeconomic development (GDP, CPI), so the CIER Index will probably be used as an indicator in macro analysis in substitution for the registered unemployment rate;
- ◆ The differences in employment situation among industries indicate that the competition for employment in state-owned and monopolized industries is strong while the competition in marketized and competitive industries is relatively weak; but the gap is narrowing;
- ◆ The differences in employment situation among regions indicate that the difference in pressure of employment competition among the eastern, central and western regions is becoming smaller and smaller, as it is in first-tier and second-tier cities;
- ◆ Suzhou Industrial Park is the most attractive area for job seekers, but its CIER Index declined unprecedentedly in the fourth quarter, which possibly indicates that the labor shortage will happen in the eastern regions.

II. Overview of Online Recruiting Data

The study quotes the database of online recruiting and job seeking from zhilianzhaopin.com. By the end of December 2010, 47 million personal resumes were included in this database, of which 13 million were active; 2.28 million enterprises had signed contracts. These had increased by 2.2 million personal resumes and 90,000 enterprises respectively. The job seekers and recruiting agencies covered 46 industries in 30 large and medium-sized cities. The advantages of the sampled data are:

- ◆ Large scale, wide coverage
- ◆ The information is authentic, timely and comprehensive: information from both job seekers and employers is included

II. Overview of Online Recruiting Data

- ◆ Age: over 85% of job seekers are young people aged 22-35 while the percentages of job seekers below the age of 22 or above 35 are lower;
- ◆ Gender: the proportion of males is slightly higher than that of females;
- ◆ Educational background: 84% are highly educated personnel with undergraduate and graduate degrees (MBA included), while 11.4% are job seekers with college level;
- ◆ Region: 50% of online job seekers are in first-tier cities, such as Beijing, Shanghai, Guangzhou and Shenzhen, while the rest are in second-tier cities, such as Xi'an, Chengdu, Tianjin, Wuhan and Nanjing;
- ◆ Industry: most network job seekers are in the industries of Internet, electronic commerce, IT services, consulting, management and so forth, which are basically modern service industries, construction and manufacturing;
- ◆ Enterprise: online recruiting enterprises mainly consist of private enterprises, foreign-funded companies (both exclusively foreign-owned enterprises and joint ventures included) and state-owned enterprises.

III. Overview of Employment in the First Quarter of 2011

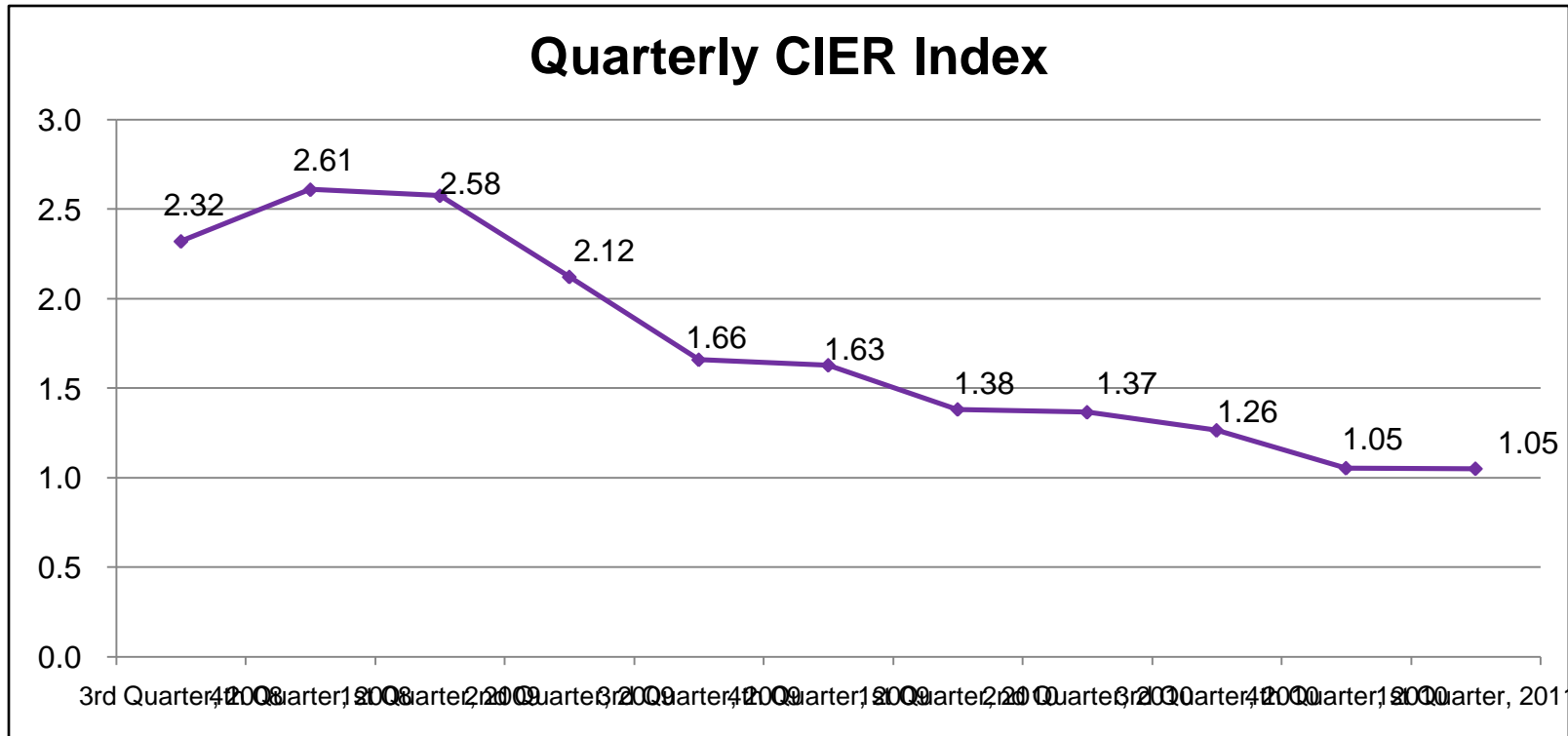
Conclusion 1: In the first quarter, the CIER Index is 1.05, indicating that the status in the first quarter is of a similar level to the fourth quarter in 2010, which reveals that the labor market in China remains in stable balance between supply and demand, with a further fall in the long term.

➤ The CIER Index is defined by the China Institute for Employment Research as a measure of the degree of tension of the matching between supply and demand in the labor market. It is calculated as follows:

$$\text{CIER Index} = \frac{\text{number of job applicants}}{\text{number of job vacancies}}$$

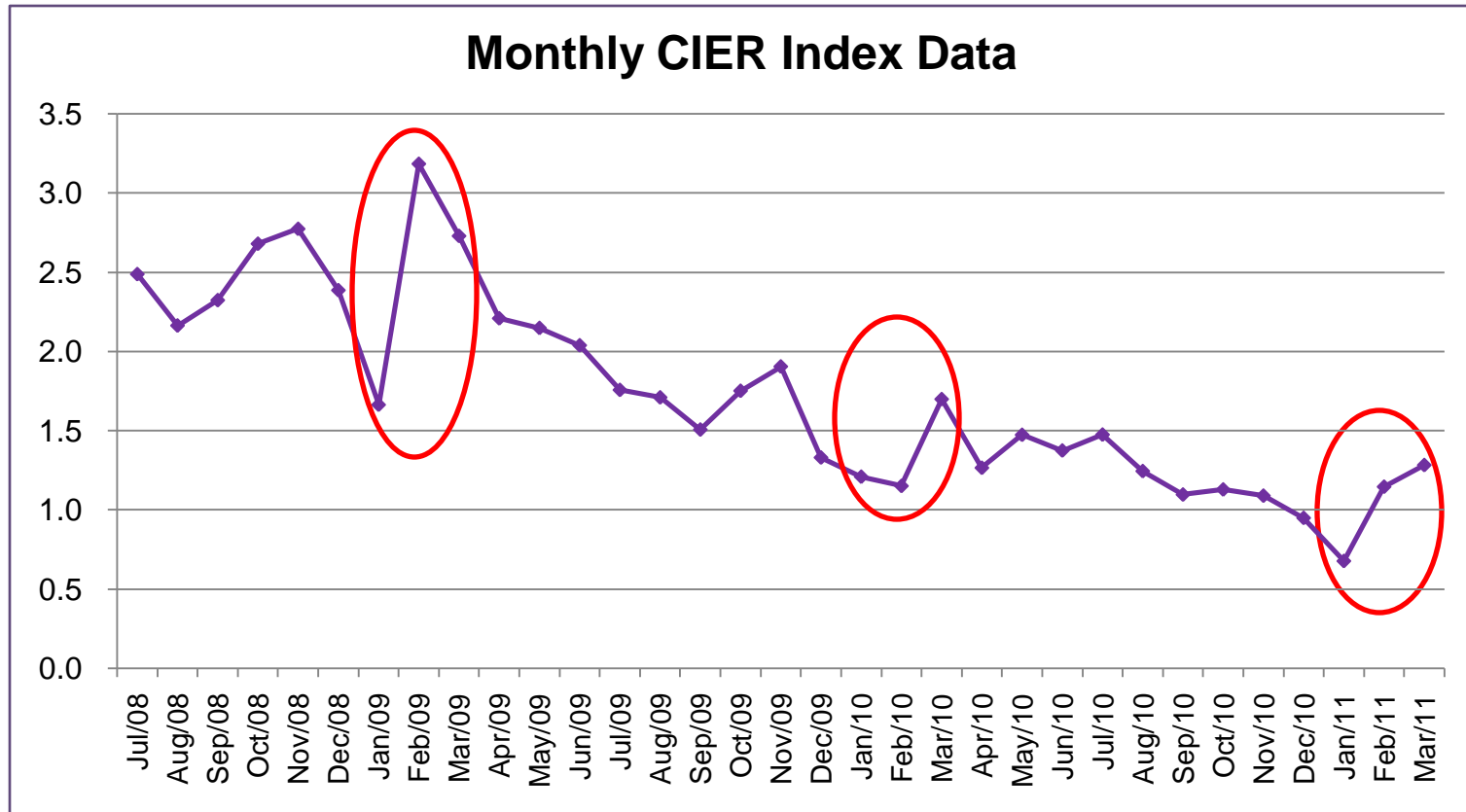
The larger the CIER Index is, the more competitors there are for job vacancies and the more intensive the labor market is. The changes in the CIER Index are affected by the number both of job seekers and job vacancies.

1. Quarterly CIER Index Data



➤ The first quarter is the peak time for job applications, so there is high pressure on the labor market. However, the supply and demand in the first quarter of 2011 is about the same as that of the fourth quarter in 2010. Compared with the first quarter of 2010, the CIER index of 2011's first quarter has decreased notably; and compared with the first quarter of 2009, it has witnessed a drastic drop.

2. Monthly CIER Index Data

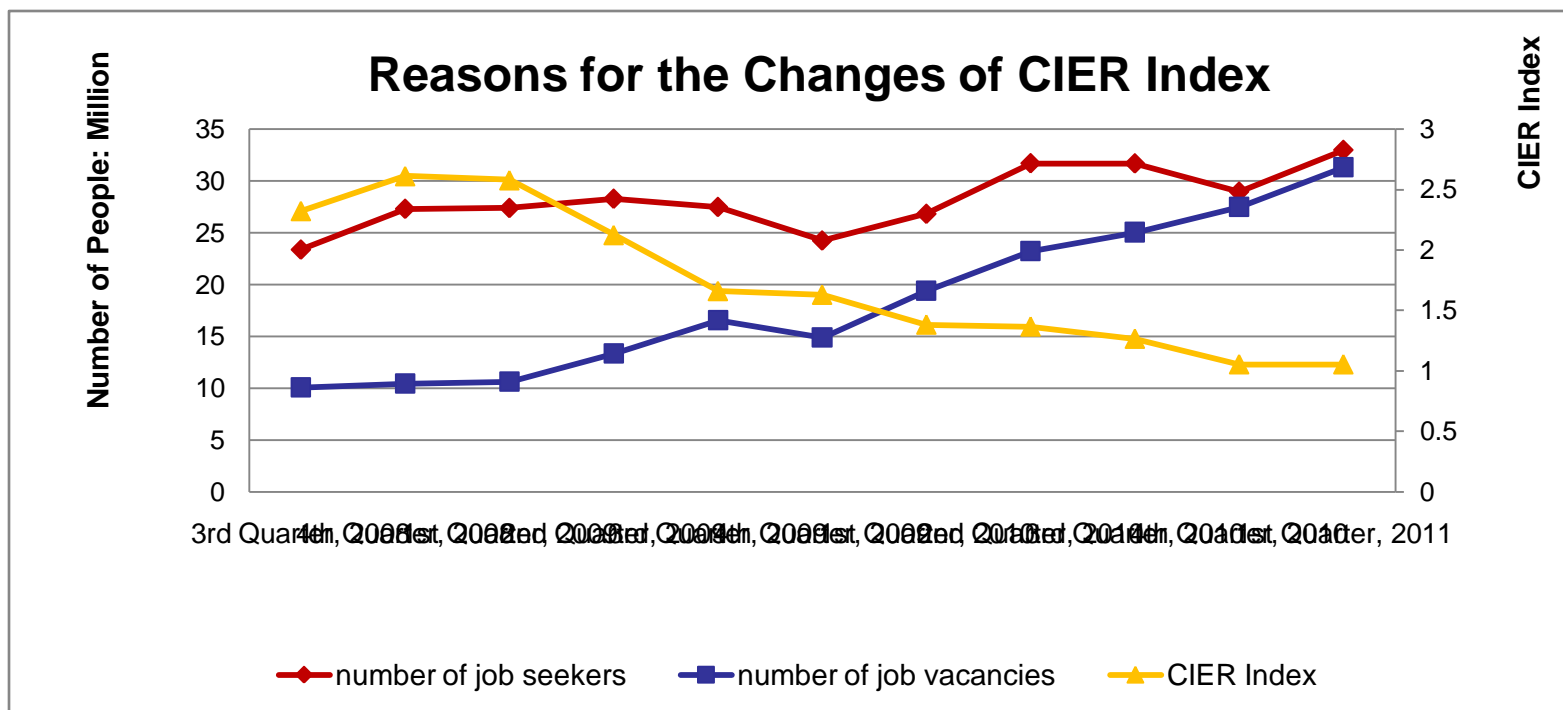


- The above shows that the seasonal fluctuation in the first quarter is similar to that of previous years; the index declined markedly in January 2011 (just before the Spring Festival); in February (after the Spring Festival), the CIER Index rebounded to some extent, and the index of March is slightly higher than that of February.

IV. Reasons for CIER Index Changes


Conclusion 2: During the first quarter of 2011, recruiting demands grew in sync with the number of applicants, which is the direct cause of the CIER Index maintaining the same level as the previous year. The CIER Index is 1.05, which indicates there is a coordinated relationship between supply and demand in the labor market.

Quarterly CIER Index Data Changes

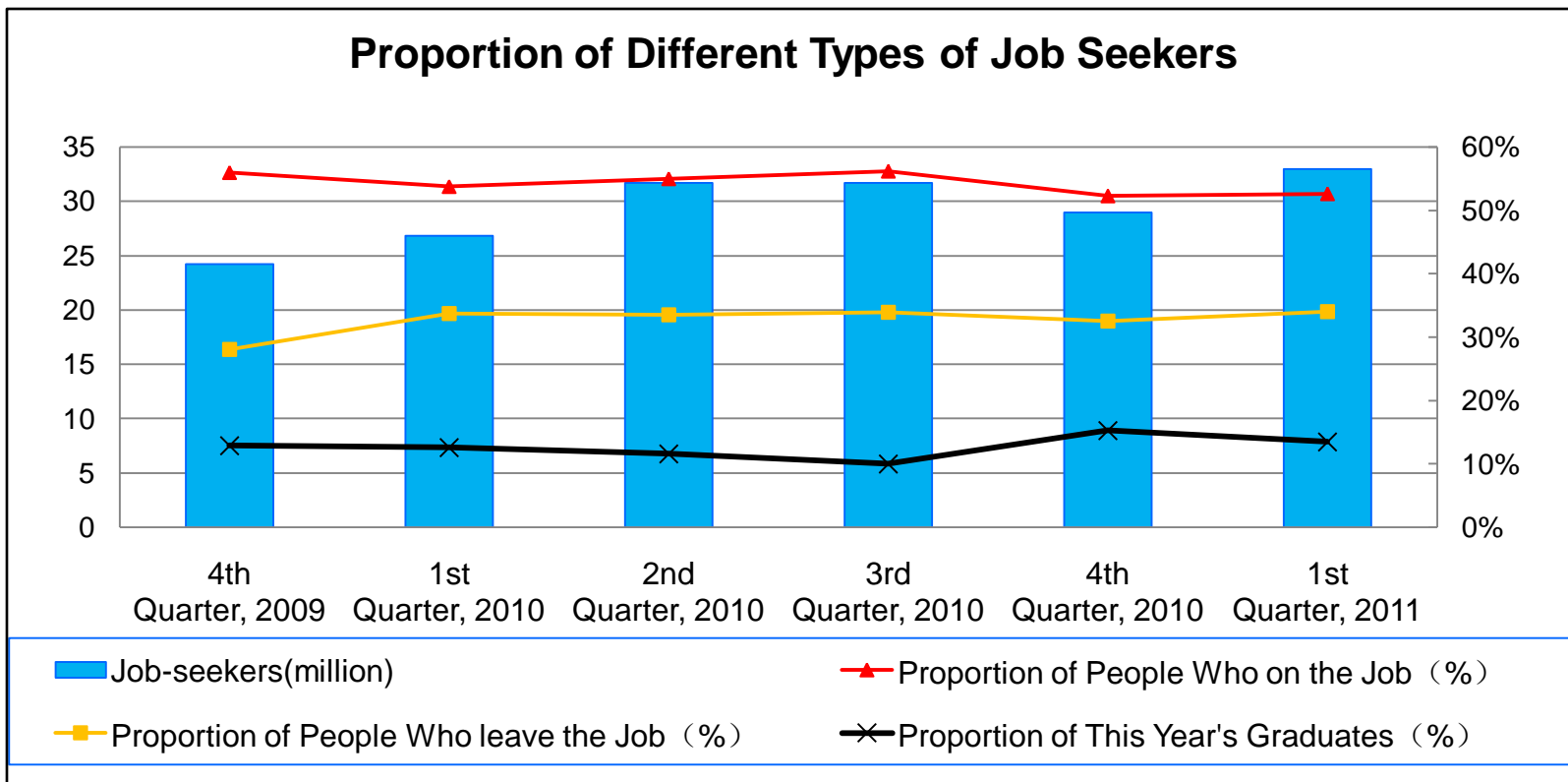


➤ The figure indicates the reason why the CIER Index of the first quarter of 2011 sustained a similar level to the previous quarter; that is, the market demand for recruitment had synchronous growth with the number of job applicants, which brings a stable status for the labor supply and labor demand. The CIER Index is close to 1, which means a stable balance of labor supply and labor demand in the labor market.

V. Structural Changes in Labor Supply




Conclusion 3: In the first quarter of 2011, the proportion of on-the-job seekers increased by 1.5 percentage points, while the proportion of people who left their job increased by 0.3 percentage points, and the proportion of graduates fell by 1.8 percentage points. This mainly reflects changes due to seasonal factors.



➤ Compared with the 4th quarter of 2010, the proportion of people on the job increased by 1.5 percentage points among total job applicants and the proportion of people who left their job increased by 0.3 percentage points, while that of this year's graduates fell by 1.8 percentage points. All these changes are principally related to seasonal factors.

VI. Employment Situation by Industry



Conclusion 4: During the past several quarters, there has been little change in the list of top ten industries facing the most and least competition in the labor market. However, great change has taken place with regard to the competition among various industries in the first quarter of 2011 .

The ranking of most and least competitive industries in the first quarter of 2011

Rank	Most Competitive Industries	CIER	Least Competitive Industries	CIER
1	Aeronautic/Astronautic	3.47	Hotel/Restaurant	0.43
2	Energy/Minerals/Mining /Smelting	2.79	Real Estate/Construction /Building Materials/Engineering	0.44
3	Academic/Research	2.76	Finance/Banking/Investment/Fund /Securities	0.56
4	Office Supplies and Equipment	2.69	Insurance	0.63
5	Electric/Power/Hydraulic	2.63	Education/Training	0.68
6	Government/Public Affairs/NPO	2.58	Intermediary Service	0.81
7	Cross-field Operation	2.54	Consulting/Management/Law /Accounting	0.82
8	Inspection/Testing/Certification	2.35	Computer Software	0.84
9	Environmental Protection	2.19	Medical/Care/Beauty/Health	0.88
10	Petroleum/Petrochemical /Chemical	2.13	Internet/E-Commerce	0.89

How ranking of CIER Index of industries changed in the first quarter of 2011

Rank	Top Ten Increase in CIER	Increase	Top Ten Decrease in CIER	Decrease
1	Energy/Minerals/Mining/Smelting	44.1%	Computer Games	-29.1%
2	Agriculture/Forestry/Animal Husbandry/fishery	30.1%	Aeronautic/Astronautic	-27.8%
3	Advertising/Exhibition/PR /Marketing	29.2%	Intermediary Service	-25.6%
4	Petroleum/Petrochemical/ Chemical	25.0%	Office Supplies and Equipment	-24.6%
5	Medical/Biological Engineering	24.9%	Traveling/Vacation	-19.6%
6	FMCG(food/beverage/tobacco / cosmetics)	22.9%	Computer software	-17.5%
7	Gifts/Toys/Crafts/Collectibles	20.7%	Finance/Banking/Investment/Fund /Securities	-17.0%
8	Consulting/Management/Law /Accounting	18.6%	Traffic/Transportation/Logistics	-16.4%
9	Processing (raw materials/molds)	14.0%	Internet/E-Commerce	-15.2%
10	Hotel/Restaurant	10.8%	Real Estate/Construction /Building Materials/Engineering	-13.3%

- ◆ During the past several quarters, the list of the ten most and least competitive industries using online recruiting showed little change.
- ◆ The competitive pressure in 17 industries increased compared with the last quarter among the 46 industries using online recruitment, while 29 industries ' competitive pressure decreased.
- ◆ Competitive pressures among various industries are quite different.
- ◆ The result of data analysis shows that the competitive pressure of labor supply and demand in manufacturing, culture and life services, and producer services increased respectively by 22.1%, 18.3% and 9.8% compared with the last quarter, while the pressure of competition in other industries fell by 16.7% .

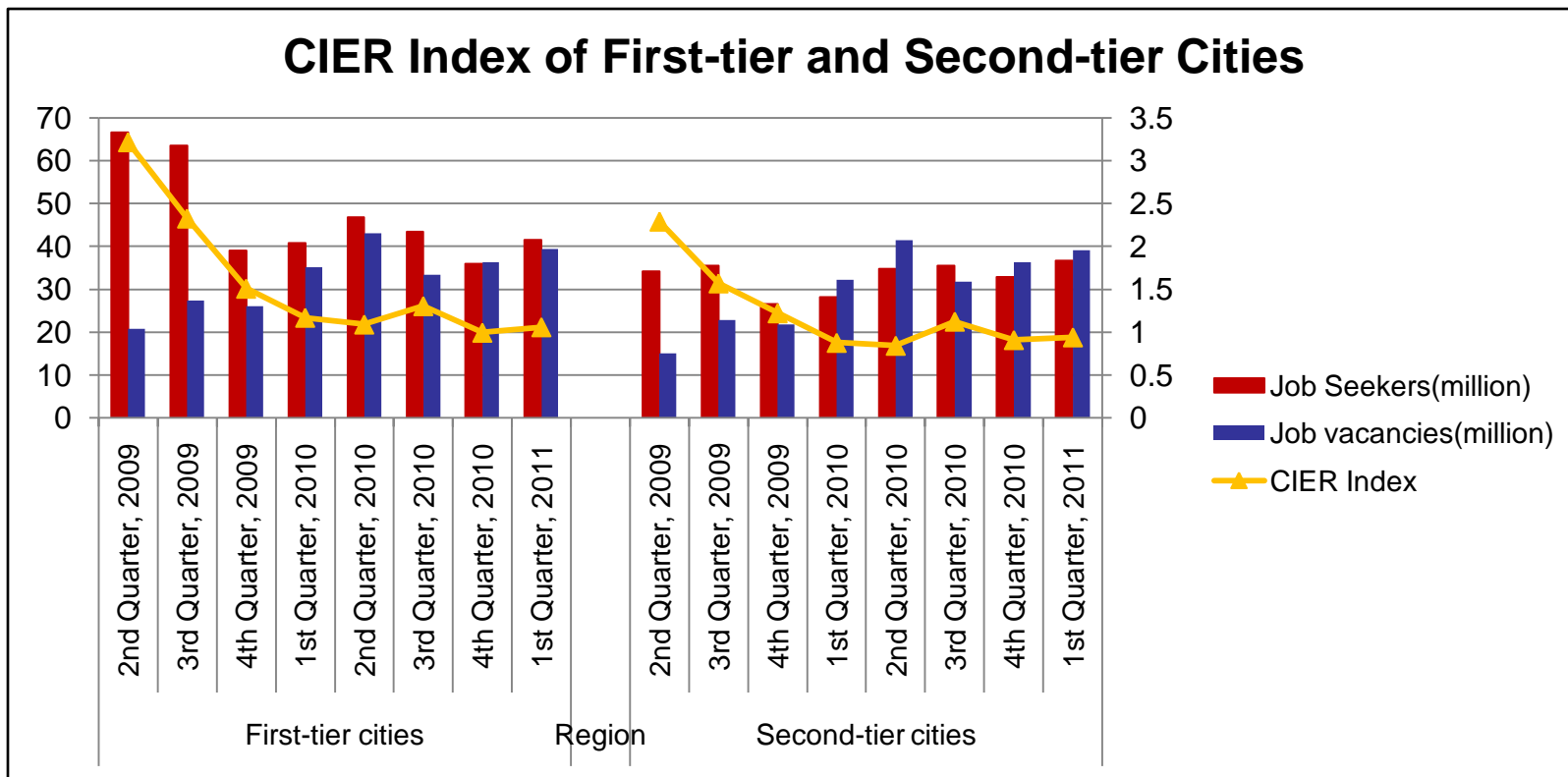
VII. Employment Situation by Region (large and medium-sized cities)

Conclusion 5: In the first quarter of 2011, the list of ten industries with the most and least competitive labor market pressure in different regions shows no obvious variation. In terms of regional disparity, employment competition differences among eastern, central and western cities are narrowing and the eastern areas have heavier employment pressure than in the last quarter – the opposite of the western areas. The second-tier cities' demand for labor is gradually increasing and they have lower employment pressure than the first-tier cities.

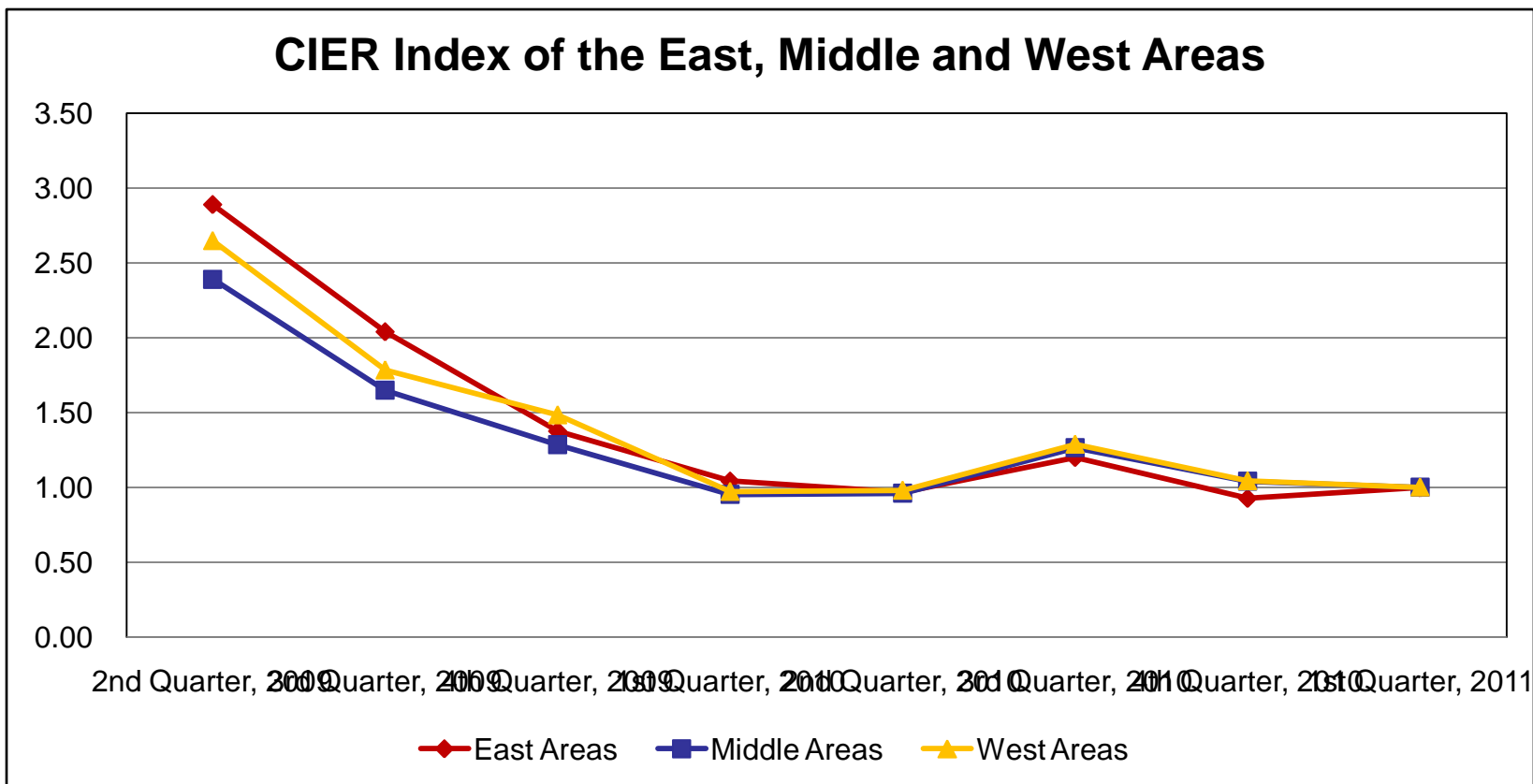
List of ten most and least heavily pressured employment cities

Ten most heavily pressured cities	CIER index	Ten least heavily pressured cities	CIER Index
Suzhou	1.60	Fuzhou	0.63
Shijiazhuang	1.45	Huizhou	0.70
Guangzhou	1.33	Jinan	0.70
Shenzhen	1.31	Tianjin	0.73
Nanjing	1.12	Hangzhou	0.73
Changsha	1.10	Qingdao	0.77
Xi'an	1.08	Harbin	0.81
Wuhan	1.03	Chongqing	0.82
Zhengzhou	1.02	Xiamen	0.87
Changchun	1.01	Dalian	0.93

- In the first quarter of 2011, the list of ten most and least heavily pressured cities in the labor market has not shown any obvious variation.
- CIER Index of 24 cities declined.
- The cities like Chongqing, Changsha, Chengdu, Zhengzhou and Beijing have the most significant drop.



- The labor demand in second-tier cities is gradually increasing and the difference in labor demand with the first-tier cities is narrowing.
- A significant gap in the number of job applicants exists between the first- and second-tier cities.
- The second-tier cities have lower employment competition than the first-tier cities.



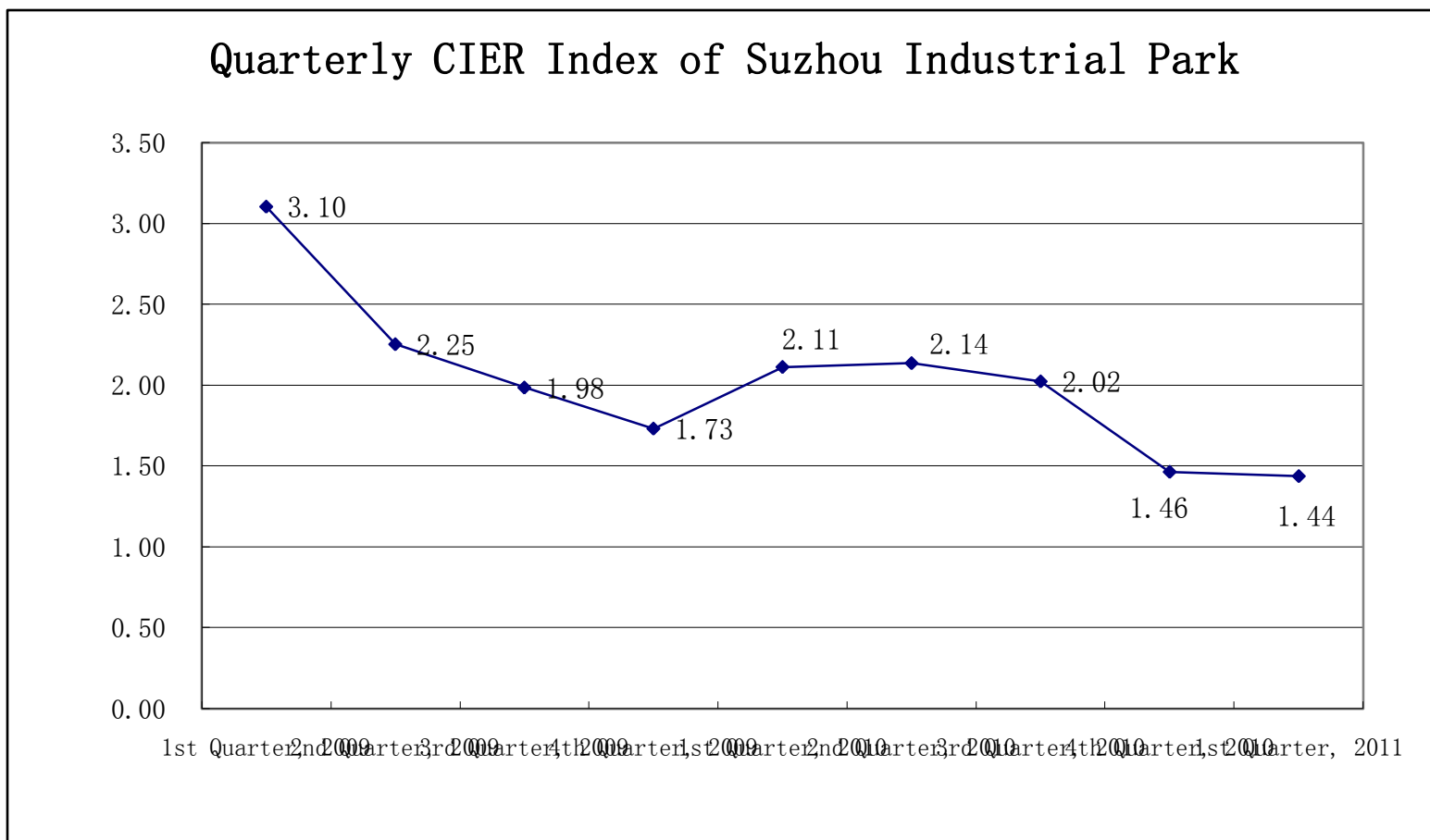
- Under the general trend of a slump in the CIER Index, differences in the pressure of competition for jobs among the eastern, central and western areas are narrowing and the competition pressure equals the first quarter of 2011.
- Eastern areas have heavier employment pressure than in the previous quarter, which is the opposite of the western areas.

VIII. Employment Situation in a Typical Area (Suzhou Industrial Park)

1. General information on the labor market data of the Park

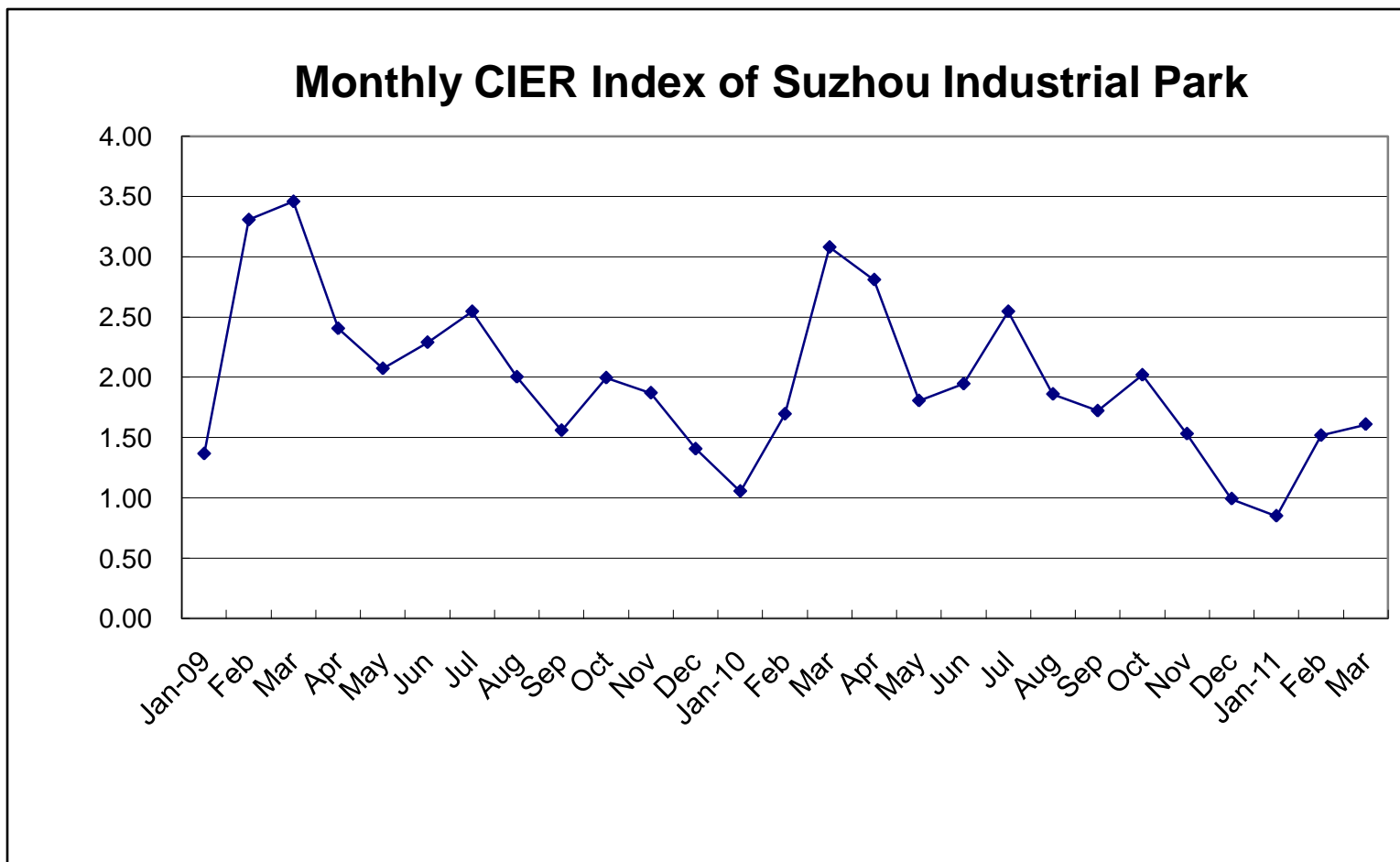
- The Human Resources Development Company of Suzhou Industrial Park is a state-owned employment agency affiliated to the Management Committee of Suzhou Industrial Park (government), which covers over 60% of all recruiting and job-hunting in the labor market of the park. The company includes not only network recruitment but also job fairs and so on.
- The company has a high standard of management and has established a good management, conservation and accumulation system of job-hunting data: labor market data from 2000 onwards is completely integrated.
- Through developing and establishing a human resources index system as from 2004, the Park has built an independent survey system of recruitment and job-hunting, which has a complete and reasonably classified job-hunting data structure constituting the basics of a scientific labor market dynamic analysis.
- Altogether, the system included 400,000 job-seekers and 280,000 job vacancies in the fourth quarter of 2010, which has analytical value.

2. CIER Index of Suzhou Industrial Park in the first quarter of 2011



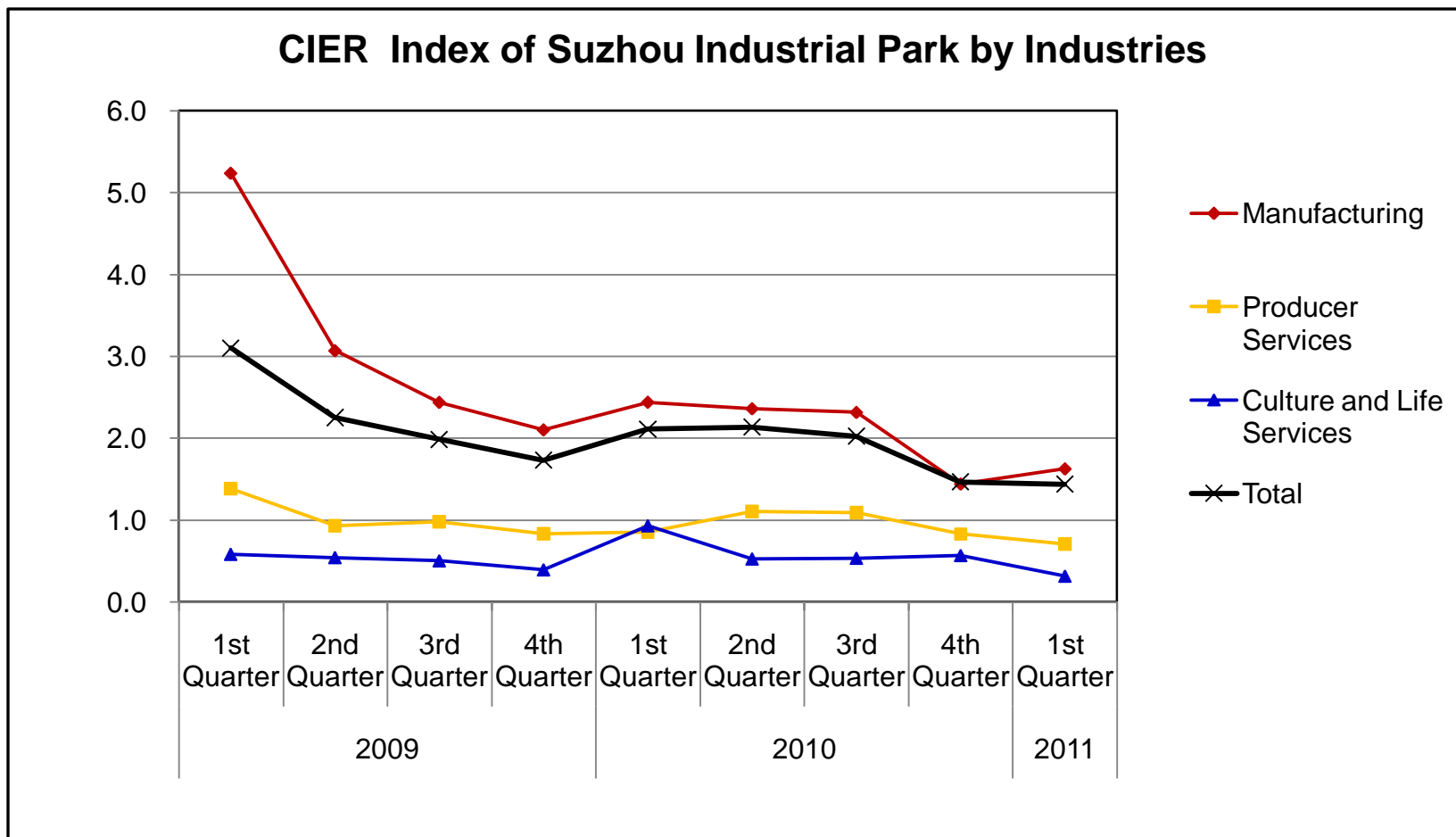
- ◆ The Park's CIER Index in the first quarter is 1.44, descending slightly from 1.46 in the fourth quarter of 2010; it is thought that the descending trend in the Park's CIER Index has been reduced, which means employment pressure is decreasing.
- ◆ Analysis of the reasons for CIER Index changes shows that the numbers of job applicants and vacancies in the first quarter of 2011 have both grown a great deal compared with the fourth quarter of 2010, with job applicants increasing by 44.91% and job vacancies by 47.57%. This indicates that increasing labor demand has contributed to the slight drop in the Park's CIER Index.

◆ Monthly CIER Index of Suzhou Industrial Park



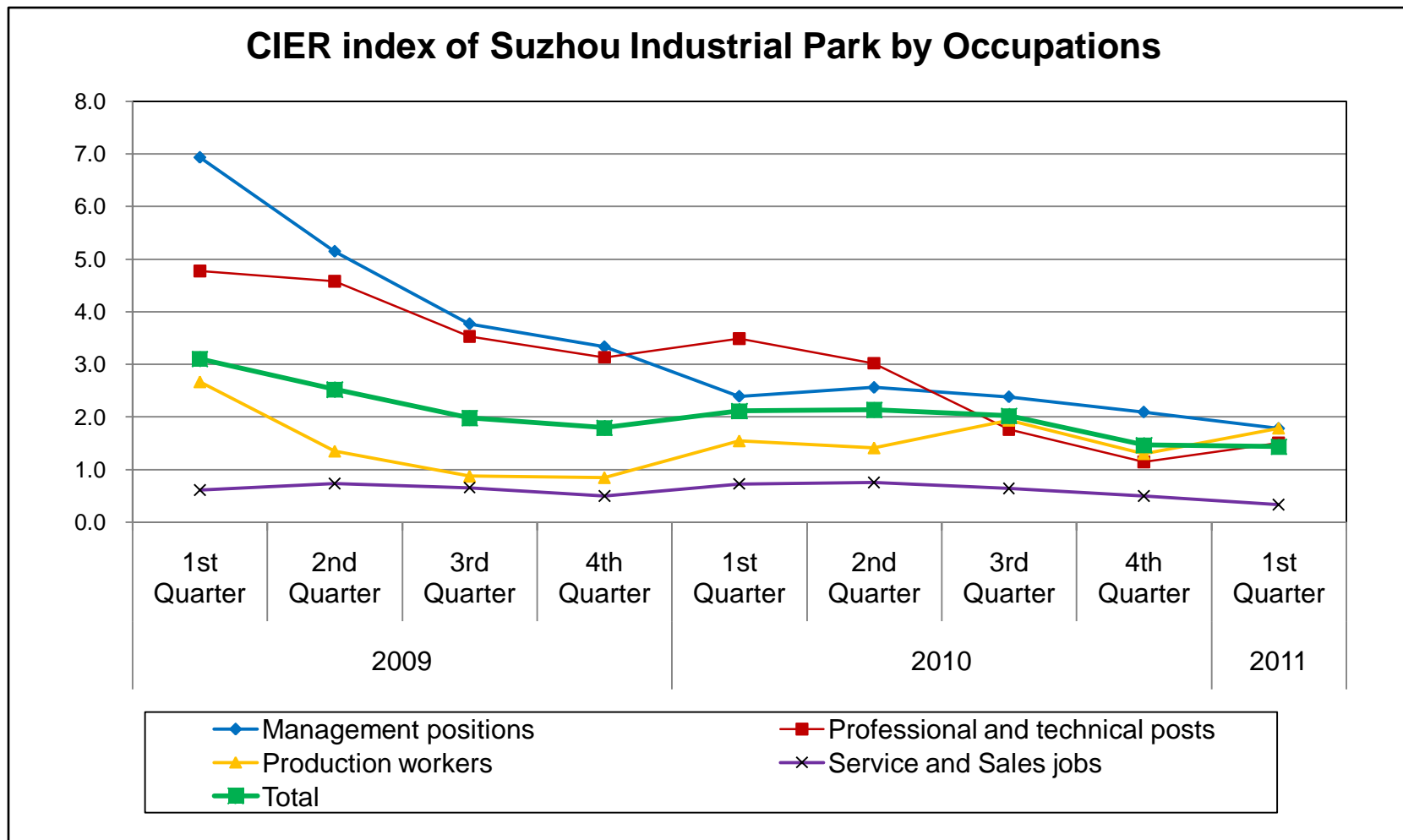
- ◆ Compared with the same period in 2009 and 2010, the monthly CIER index for this quarter maintained the same upward trend, but the extent of this trend was relatively mild, which shows a downward trend in the long term and a slowdown in seasonal fluctuations in the Park's CIER Index.
- ◆ On the basis of 0.99 in December 2010, the CIER Index continued to decline in January 2011, and reached its lowest point of 0.85, which established the downward tendency breaking the equilibrium of supply and demand.
- ◆ After Spring Festival, the CIER Index had a comparatively significant rise in February and the increasing tendency was mild in March, but the phenomenon of the index increasing strongly soon after the festival as in past years did not occur.

3. CIER Index of Suzhou Industrial Park by industry



- ◆ The chart above shows that the employment pressure in manufacturing remains greatest. The CIER Index for this quarter has increased compared with the fourth quarter of 2010, indicating greater pressure of job-hunting. The employment competition pressure of Producer Services and Cultural and Life Services has further slackened.
- ◆ It is noted that the CIER indexes of Producer Services and Cultural and Life Services are both under 1 (supply and demand balance), which demonstrates that service industries have a severe shortage of labor.

4. CIER Index of Suzhou Industrial Park by occupation



- ◆ The chart above indicates a further weakening of the employment pressure in management positions. It is attributed to the increase in labor demand for such positions.
- ◆ After a continuing decline, the employment pressure in professional technical positions and those of production workers has rebounded in this quarter, generated by a sharp increase in job-hunters.
- ◆ The CIER Index for service and sales positions has been under 1 point for quite a long time with a trend of decline. It informs the labor shortage in service industries, identified in the conclusion of the industry index analysis above.

Conclusions

- ◆ The labor supply and demand in the 1st quarter of 2011 maintain the same level as in the 4th quarter of 2010, the employment situation being close to supply and demand balance. In the long term, the CIER Index has a declining trend.
- ◆ In the first quarter of 2011, the number of job vacancies and job applicants increased synchronically, which is the direct cause of the CIER Index for this quarter being the same as that for the last quarter.
- ◆ In the first quarter of 2011, more job applicants are on the job or leave the job. The proportion of this year's graduates decreased by 1.8 percentage points, attributed to seasonal factors principally.

Conclusions

- ◆ During the past several quarters, the list of the ten most and least competitive industries in online recruiting saw little change. However, competition pressure among various industries quite differs.
- ◆ In the aspect of regional disparity, employment competition differences among the eastern, central and western areas are narrowing and the eastern areas have heavier employment pressure than the last quarter, the opposite of the western areas. The second-tier cities' labor demand is gradually increasing and they have lower employment pressure than the first-tier cities.
- ◆ The CIER Index of Suzhou Industrial Park demonstrates a long-term downward trend and a lack of labor supply in service industries.

Acknowledgements

- ◆ Thanks for the data support from zhaopin.com and Suzhou Industrial Park Human Resources Development Company. Hoping for further cooperation in research and development on short-term indicators of the employment situation, to promote the analysis of the short-term employment situation.

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CIER, China Institute for Employment Research

Founded in March 2004, **China Institute for Employment Research** mainly focuses on issues of employment, unemployment and labor markets, both in China and abroad. Research areas include the status of and trends in employment at home and abroad, the economics of employment and unemployment, micro-organizational behavior and effects on employment, macroeconomic policies and the demands of the industrial workforce, investment in human resource capital, employment options, the transformation of Chinese and international employment policies, and so on.

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