

China Youth Employment Report

**—Analysis Report of China's Survey on School to
Work Transition**

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May 2005

Introduction

It's based on the following considerations that China should pay attention to employment problems facing its young population. First, from a long-term perspective, the growth of China's labor supply is slowing down gradually as the result of the Family Planning Policy that has been in adoption for more than 20 years, while the aging of population is speeding up. And the quantity and quality of future supply of young labor force will play a vital role in the country's economic and social development. Second, taking into consideration the near future, there has been persistent tension between the labor demand and supply and young people of various groups are faced with notable employment problems, which are reflected as high unemployment rate, long duration of unemployment, high percentage of temporary employment and underemployment of young people, increased population engaged in non-economic activities, etc. After the layoff and re-employment issues resulting from the economic system transition and the state-owned enterprise reform have gradually faded out, the youth employment problem will increasingly become a focused challenge that China should pay great effort to resolve. Third, the education and training systems are not closely linked with the labor market demands. The quality of young labor force is unable to satisfy the market needs and it has become another difficulty for China to combine education and training with the needs of labor markets. Fourth, China is in an age of substantial changes and young people's failure to obtain good education and training and to smoothly start their career development will not only lead to waste of human resources, but also trigger serious social problems. Therefore, it is the time for China to pay great attention to the problem of youth employment.

One's youthhood is the starting period of his adult life and time to enter the labor market. The first step he takes in the labor market will have important impacts on his experience in the market throughout the rest of his life. That important step is subject to influence from many factors, such as educational and training experience, personal abilities, family background, trends of labor markets, economic and social conditions, preferences of employers and atmosphere for undertaking enterprises. Therefore, starting with the period of School to Work Transition can provide the knowledge of not only the environment, existing problems and difficulties pertaining to the employment of young people, but also the factors influencing their employment, such as educational and training abilities, family background, and so on, so that employment problems can be analyzed accurately and solutions be identified accordingly in order to develop correct and pertinent policies and countermeasures. The School to Work Transition Survey is the first sizable investigation in China on issues relating to employment of young people that makes use of research methodologies from International Labor Organizations, which will just meet the need of the research on China's youth employment.

Part I: General Situation of Young Population in China

I General Situation of Young Population in China

In general, the youth in China represents a large part of the nation's total population and is keeping expanding.

(I) Young Population

According to data from nation-wide sample survey of population changes, China's total population was 1.259billion at the end of 2002, including 283million young people aged between 15 and 29, representing 23.3% of the total population. Of the young population, people aged between 15 and 19, 20 and 24, 25 and 29 accounts for 35.2%, 30.1% and 34.7% respectively¹.

(II) Urban and Rural Components

As at the end of 2002, urban and rural population respectively represents 38.7% and 61.3% of China's total population. Among young people aged between 15 and 29, 60.5% are in rural areas, of which 64.6%, 59.85 and 57% are aged from 15 to 19, 20 to 24 and 25 to 29. Of total urban young people, population in the three age groups accounts for 32%, 29.8% and 38.2% respectively. The figures of rural young people of the three age groups account for 37.4%, 29.7% and 32.9% respectively¹ of the whole rural youth population.

(III) Types of Young People

In 2002, the number of registered students above junior high school level is approx 37.145 million, representing 13% of the total young population aged between 15 and 29; and the figure would be 20.6% if assuming that 1/3 of junior high school students are aged above 15 years old. Of that population 200.574million young people are employed and 5.427million are unemployed, respectively accounting for 70.8% and 1.9%¹ of the whole young population.

Table 1-1: Registered Students in Above-secondary Schools in 2002

	General Universiti es/College s	Technical Secondary Schools	Senior High Schools	Junior High Schools	Vocational Schools
Students(Million)	9.034	4.564	16.838	66.041	5.115
Percent in Total Young Population	3.2%	1.6%	5.9%	23.3%	1.8%

(IV) Educational Level

Based on comprehensive consideration of the educational levels of registered students and employed population, it's estimated that illiterates, people of primary, junior high school, senior secondary education and higher educational level respectively account for 1%, 12%, 63%, 17% and 7% of the total young population in 2002.

Table 1-2: Educational Levels of Employed Population in 2002

	Illiterate	Primary School	Junior High School	Senior High School	College	University	Post-graduate
Overall	7.8	30	43.2	13.1	4.3	1.6	0.1
16-19	1.8	19	72	6.7	0.5		
20-24	1.8	15.9	58.3	17.9	4.9	1.3	
25-29	2.3	20.7	52.6	15	7	2.4	0.1
Total	2.0%	18.7%	61.2%	12.9%	4.1%	1.2%	0.0%

(V) Marital Status

It can be found in Table 1-3 that young Chinese people generally have their first marriages at about 25 years old. Of young people aged between 20 and 24, 70% are single, while more than 80% of those aged between 25 and 29 are married. They maintain relatively stable marriage in general.

Table 1-3: Marital Status of China's Young Population in 2002

	Single	First Marriage	Remarriage	Divorced	Widowed
15—19	98.6%	1.3%			
20—24	69.1%	30.4%	0.2%	0.2%	0.1%
25—29	18.8%	77.5%	0.7%	0.8%	0.2%

II. China's Educational, Training and Employment Systems and Policies

(I) China's Educational System

China's educational system is sound and rigorous, which provides diverse forms of education with a complete coverage of subjects. See Table 1-4 for details.

Table 1-4: China's Educational System

Type of Education		Educational Level	Length of Schooling	Administrative Authority	Form of Schooling	Type of Diploma	Source of Funding
Compulsory education		Primary school	6 years	Local educational authority	Private schools are available	Formal diploma	Local revenue budget
		Junior high school	3 years				
Secondary education	General secondary education	Senior high school	3 years				
	Vocational secondary education	General technical secondary school	3 years	Local labor administration and industry-specific enterprises	Technical secondary schools for adults are available	Certificate of formal schooling, or professional qualification certificates	Mainly depends on functions of enterprises and public

		Vocational school	3 years			or professional technical title certificates may be obtained	utili coll tuiti mis char
		Technical school	3 years	Local labor administration and industry-specific enterprises			
Higher education	College		2-3 years	Central and provincial (autonomous regional and municipal) educational administrations	Technical education, adult education and private colleges are available	through examinations	Fun cent prov gov tuiti mis char cont from etc.
	Univeristy		4 years (5 years in the case of education in medical sciences and a few industrial sciences)		Adult education is available		
	Post-graduate		3 years				

1. Administrative System

China has implemented the system of running school through joint effort of all circles of society with schools operated by governments as the dominant. At present, local government-run schools dominate primary education, universities and colleges run by central and provincial (autonomous regional and municipal) governments dominate higher education supported by extensive participation of various circles of society, while vocational and adult education mainly depends on joint school running by industries, enterprises, public utility organizations and other circles of society under the overall planning and administration of governments.

2. Source of Funding

Educational funds are dominated by allocations from national finance and supplemented by various financing channels. At present, schools directly under the administration of the central government are funded by central allocations, those subject to local administration are financed by local finance; rural schools run by villages, towns, enterprises and public utilities are mainly funded through

arrangements by the sponsoring organizations plus appropriate amounts of subsidies from the State; sponsors of schools run by social groups and prominent personages are responsible for raising funds for the schools by themselves (through ways including charging students, soliciting contributions from the public, etc.). In addition to the aforesaid sources, the State also advocates all schools to promote work-study programmes and increase income by providing services to the public in order to improve the conditions of the schools.

3. Educational System

China's educational system presently shows the following characters. First, the nine-year compulsory education (primary and junior high school education) is being implemented in a planned manner and in phases, primary school education has been generalized among 91% of the nation's total population. Junior secondary education is being generalized in major cities and some economically developed regions. And higher education, vocational technical education, diverse forms of adult education and national education have seen rapid growth, altogether preliminarily forming an educational system integrating multiple levels, various forms and a basically complete range of subjects of education.

(II) China's Vocational Skill Training System

1. Accesses to and Types of Vocational Skills Training

Chinese laborers obtain vocational skills training through three channels respectively before employment, during employment and during job changes. Pre-employment training refers to long or short-term training offered by professional vocational skill training institutions to labor force before starting employment in order to give them professional skills and make them qualified work force. Pre-employment training includes reserve labor force training and apprentice training. On-the-job training is training to promote working skills of employees after they start employment. Job-changing training is professional skill training to laid-off employees and unemployed people in order to facilitate their re-employment.

Table 1—5: Types of Current Vocational Skill Training in China

		Target	Training Provider	Cost Borne By	Duration	Relevancy to Employment
Pre-employment training	Reserve labor force training	Junior and senior high school graduates in cities and towns that are unable to continue schooling and are prepared to take jobs, junior and senior high school graduates in rural areas that are unable to continue schooling and are prepared to take non-agricultural jobs or go to cities for jobs	Training institutions	Trainees	1-3 years of vocational training and education	Basic skills
	Apprentice training	Young people ready to take jobs in enterprises	Employer	Employees	Depending on the jobs	Highly relevant
	Intern programme for the youth	Yong unemployed people of various levels of formal schooling	Enterprise	Governments	3—12 months	Highly relevant
	Transfer training	Farmers going to cities for jobs	All training force	Shared by governments, employers and farmer laborers.	Depending on the specific training programme	Directive training and vocational skill training
On-the-job training	Enterprise training	Employees of enterprises	Enterprises and all types of social training force	Enterprises and employees	Depending on the specific training project	Not necessarily relevant
Job-changing training		Laid-off and unemployed people	All types of social training force	Governments and laborers	Depending on the specific training project	Relevancy not obvious
Business training		People willing to start enterprises and possessing appropriate criteria	All types of social training force	Supporters from society	Depending on the specific training project	Basic knowledge and skills required for opening a small enterprise or seeking

					self-employment, highly relevant
Distance training	Laid-off, unemployed people and people under the reserve labor force system in western regions	Government	Government	Variable	Relevant

2. Vocational Skill Training Institutions

Vocational skill training providers in China include regular vocational education institutions, governmental training agencies and social training organizations. In addition to such major bases of technical personnel training as technical schools, vocational schools and technical secondary schools, other vocational skill training institutions mainly include employment training centers sponsored by labor and social security authorities and various types of social training organizations. Employment training centers are important bases to train unemployed people, with trainees mainly from young unemployed people and other unemployed staff. The centers organize pre-employment practices and job-changing drills, and focus on practical skills and adaptive training. Social training institutions saw their growth in mid or late 1980s and function as an important supplement to vocational training. As at the end of 2002, there were more than 17000 social training institutions across China, which have played an important role in facilitating re-employment of laid-off personnel, transferring excessive labor force in rural areas, promoting the labor force reserve system and the professional qualification certification system, and enhancing the quality of Chinese labor force.

3. Vocational Skill and Qualification Systems

China has established its own vocational skill identification and vocational qualification systems, requiring general labor force to obtain professional certificates before starting work. China's professional qualification system is composed of 5 levels, respectively junior worker at the bottom level, intermediate worker, senior worker, technician and senior technician at the top level. There are more than 70million skilled laborers in China. Of which junior workers and intermediate workers account for approx 60% and 36% respectively, and skilled workers above senior level, including technicians and senior technicians, exceed 2.8 million, representing about 4% of the total. Young workers are mainly junior and intermediate skilled workers. Accordingly, the Ministry of Labor and Social Security initiated the national project for the training of highly skilled personnel in 2002 and implemented the new technician training plan in 2003 to train "five hundred thousand new technicians in three years", aiming to training 500000 technicians, senior technicians and other high-level professional personnel from occupations with higher professional skill content in manufacturing, service and other related industries in the 3 years from 2004 to 2006, and to drive the echeloned development of senior, intermediate and junior levels of skilled personnel.

(III) China's Employment System and Policies

1. Employment System

Since the establishment of the socialist market economic system in 1990s, China has gradually realized the transition from a planned employment system to a market-oriented employment system. The State plans employment in cities and rural areas as a whole and the system separating urban and rural employment has been broken. The State implements the employment guideline of combining "independent job selection by laborers, employment regulation by markets and employment

promotion by governments”. Directed by the guideline, labor force flows freely and makes employment choices independently; employers determine salary level of their employees at its own discretion, enter into service contracts with their employees in line with applicable laws and regulations and regulate labor relationship according to law; and governments supervise and control illegal employment. The existing employment system mainly comprises three parts as described here below:

The first part is employees in governmental institutions, including civil servants and staff of public utilities. They are governmental employees and are in stable employment.

The second part is some old employees with long-term service contracts with former large or medium-sized State-owned enterprises, who are also in comparatively stable employment.

The third part is other components of labor force, including employees with non-long-term service contracts with State-owned enterprises, employees in institutions of other types of ownership and self-employed people, who are in flexible employment and whose employment are basically market oriented.

2. Government Policy Systems to Facilitate Employment

(1) Active Labor Market Policies to Facilitate Re-employment

The Chinese government has introduced in a series of active labor market policies since 1998 in order to facilitate re-employment of laid-off employees, which aim to push various sectors of society to create more jobs and hire more laid-off workers, encourage people to create their own businesses, provide employment assistance to laid-off and unemployed personnel and strengthen the government’s responsibility of promoting employment. The preferential policies fall into 10 categories, namely ① tax exemption/reduction policy; ② petty loan policy; ③ social security allowance policy; ④ employment support policy; ⑤ primary and secondary employment separation policy; ⑥ employment service policy; ⑦ financial investment policy; ⑧social security policy; ⑨enterprise lay-off policy; ⑩ community platform policy. However, young people are not the main objects of the policies.

(2) Policy System to Facilitate Employment of Young People

a) Policies to Facilitate Employment of College Graduates

First, college graduates are encouraged to take jobs in grassroots areas and regions with tough conditions, and to replenish grassroots units in urban communities and towns in rural areas. The government implements the “Volunteer College Graduates to Serve Western Regions” programme, under which volunteers are selected from college graduates for 2-year service in town-level educational, health, agricultural technology and poverty alleviation institutions in poverty-stricken counties in western regions of China.

Second, enterprises and public utilities, particularly small and medium-sized enterprises and private businesses are encouraged to employ college graduates. In most cities, limits concerning employment status, registered permanent residence and employment quota have been removed in order to help college graduates improve competitiveness in labor market and realize mobile employment.

Third, college graduates are encouraged to start their own business and to seek flexible employment. Preferential tax treatment and petty loans are provided and services like business training, business start-up guidance, policy consultation, project demonstration and follow-up assistance are offered to them.

Fourth, proper employment instructions and services are provided. The college graduate employment service information network has been established and improved to recommend jobs and provide employment directions.

Fifth, the “Project of Professional Qualification Training for Senior Vocational School (College) Graduates” is implemented to provide vocational skill training and identification to fresh senior vocational school (college) graduates that need training.

b) Carry out the Young Laid-off Workers Business Operation and China Youth Business Operation to help young people start their own business.

The All-China Youth Federation and the Ministry of Labor and Social Security have initiated the Young Laid-off Workers Business Operation and China Youth Business Operation since the beginning of 1998. The program is intended to support and guide young people to realize employment through starting their own businesses, which focuses on the training of young people with business senses, provides them technical support, skills training and employment assistance. The main purpose is to generate employment and reemployment through creating business and to solve the youth employment problems.

c) Organize and direct young people in rural areas to realize mobile employment.

Employment information networks have been basically established in major large and medium-sized cities across China to provide employment information to job hunters, including many young excessive laborers from rural areas to cities for jobs. Governments of labor export regions have further set specific institutions in the labor importing cities to organize labor export and protect the rights and interests of mobile laborers to cities for jobs. In consideration of the inadequate skills and professional quality of young rural laborers going to cities for jobs, the Chinese government has urged local governments to strengthen the vocational training of such laborers in order to improve their quality and ability to gain employment. Authorities in charge including the Ministry of Labor and Social Security and the Ministry of Agriculture are currently making the best use of their time to develop special plans for the vocational skill training of rural laborers for the purpose of enhancing their employability. Local governments in labor export and import regions are required to fully leverage all types of vocational training institutions to provide rural laborers with diverse forms of training. Governments and employers in labor import areas are further encouraged to provide directional training and labor export regions are

supported as focused areas to supply vocational skill training to rural laborers before they leave for jobs.

Part II: Design and Implementation Instructions of the School to Work Transition Survey

The Survey on School to Work Transition takes the form of questionnaire-based investigation of samples. The survey aims at young people aged between 15 and 29 and their employers.

We have designed two questionnaires, one for household survey of young people aged between 15 and 29 and the other for employers of young people. Main questions contained in the two questionnaires cover aspects including basic personal and family information of the young individuals surveyed (family condition, personal ideals and goals, etc.), details of education and training received, activities of the young individuals in the labor market (job hunting process, attitude to employment and self-employment, employment or unemployment status, barriers confronted and support provided when entering the labor market, employer's attitude, etc.).

Due to a lack of detailed statistics concerning composition of the youth, we have adopted the layer-based typical sampling method in order to make samples more representative. Four cities are selected for conduct of the survey and districts, counties and subordinated neighborhoods, villages in each city to be covered by the survey are then determined. Sampling is done in two of the cities in accordance with the sample composition requirements and based on full knowledge of the young population in the surveyed communities and villages, while random sampling is performed in selected neighborhoods in the other two cities in accordance with the required sample size.

There are 34 provinces, autonomous regions and municipalities in China. In consideration of different conditions for survey in different areas, we have selected four cities from the north to the south of China with the expectation to reflect as fully as possible the overall situation of Chinese youth, namely Dalian in Liaoning Province, Tianjin Municipality, Changsha in Hunan Province and Liuzhou in Guangxi Zhuang Autonomous Regions. The four cities are of different characteristics.

I. Dalian in Liaoning Province

(I) General Situation

Dalian is the second largest city in Liaoning Province, which is located in Northeast China, a part of the economically developed coastal area in East China. The city is among the better ones in China in terms of economic development level, educational level and quality of citizens and situation of labor markets.

GDP of the city was RMB¥196.18billion in 2004, per-capita GDP based on registered average population was US\$4226.3 and government revenue in 2004 was RMB¥11.72billion. Bottom salary level in the city was RMB¥400 and minimum guaranteed living expense of citizens was RMB¥221.

The city has well developed educational facilities. There are 18 higher-education colleges and universities of various types, which currently accommodate more than

170,000 student. 18 adult higher-education colleges are available and currently have approx 70,000 students. There are 10 private higher-education institutions that are of the nature of further education, which presently accommodate nearly 10,000 students. Non-local colleges and universities have set nearly 30 correspondence schools and Internet-based educational centers, which have approx 20,000 students. The city has 118 vocational secondary schools, 18 technical secondary schools under provincial governance, 52 vocational secondary schools and vocational schools, and 48 technical schools. There are more than 87,000 enrolled students, and over 30,000 students are graduated from school each year. There are 4257 full-time teachers.

In 2003, enrollment rate of children at school age was 99.2% for primary schools, 99.9% for junior high schools and 80% for senior high schools (that of general senior high schools, general technical secondary schools, vocational secondary schools, technical schools and adult technical secondary schools was 47.3%, 7.3%, 12.9%, 11.18% and 1.2% respectively), and that of higher-education colleges and universities was 40%.

The city has a population of 2.8million, more than 80% of which are urban citizens. There are 1.363million employees in all types of enterprises and the registered unemployment rate in cities and towns is 4.4%.

(II) Basic Information of Neighborhoods Surveyed

Four urban districts and one agricultural district in the city have been selected for the survey. Three streets under each of the four urban districts and 3 neighborhoods under each of the streets have been further chosen, totaling 36 neighborhoods. The neighborhoods are of different characteristics in terms of location, type of economic function (business/industrial/school/government/agricultural area, etc.) and citizens' income level. 6 villages under a town in the agricultural district have been selected for the survey. Basic information of the surveyed neighborhoods are shown in Table 2-1.

Table 2-1: Basic Information of Surveyed Neighborhoods in Dalian

Title		Total Population	Total Young Population	Age Composition of Young Population			Type of Young Population		
				15-19	20-24	25-29	Student	Employed	Unemployed
Urban Districts	Total	384623	68254	16963	23049	25300	37013	26955	15105
	%			25	34	37	54	39	22
All Districts	Total	756840	99240	29733	36785	33573	43833	37540	20076
	%			30	37	34	44	38	20

(III) Statistics of Final Samples

Table 2-2: Statistics of Young Samples Surveyed in Dalian

Unit	Employed (Persons)	Unemployed (Persons)	Non-economic Population (Persons)	Students (Persons)	Subtotal (Samples)	Enterprises (Samples)
City	577	116	83	382	1158	48
Rural Area	193	31	30	120	374	6
Total	770	147	113	502	1532	54
Percent	50%	10%	7%	33%		
Share in Total Young Population	1.1%	0.2%	0.17%	0.7%	2.5%	

It can be found through comparison between the young samples surveyed and the overall situation of young population in Dalian that the samples are able to reflect the basic situation in the neighborhoods. As the neighborhoods are typical in Dalian, the samples are hence able to reflect the basic situation of young people in the city.

II. Tianjin Municipality

(I) General Situation

Located in the northeast part of the North China Plain, Tianjin is the largest open coastal city in North China, the economic center in the round-Bohai area, and one of the human resource-intensive regions in North China.

In 2003, the municipality had 15 districts and 3 counties, with registered permanent residents of 9.26 million; of which 7.5878million are in districts within jurisdiction of the municipality and more than 80% are urban residents. In the same year, per-capita GDP was RMB ¥26532, per-capita discretionary income of citizens was RMB ¥10313 and per-capita consumption spending was RMB ¥7868.

The municipality has well developed educational and cultural utilities. In 2003, there were 2070 schools in the city enrolling 1.632million students, including 37 higher-education colleges and universities with 245000 students, and 664 general middle schools with 615000 students, and the enrollment rate of children at school age reached 100%.

(II) Basic Information of Neighborhoods Surveyed

Two districts were selected for the survey (namely Hebei and Baodi Districts). Hebei District is one of the six urban districts in Tianjin, an old industrial district located in northeast part of the city, a district joining the urban and the rural areas. There are 10 sub-district offices governing 233 neighborhood committees (neighborhoods) in the district, with each neighborhood committee administering 2 to 3 residential zones. Baodi District is an agricultural district.

In Hebei District, a typical neighborhood was selected under each street, which then determined samples according to the number of samples (150 samples) allotted to it and the sample composition requirements. Being typical is that the neighborhood is selected depending on its location of residential zones, type of economic function, citizens' income level and housing type, including 4 publicly governed residential buildings, 2 buildings for residents moving back after rebuilding of dangerous housing, 2 commercial residential zones and 2 old single-story houses. In Baodi District, a village was chosen and then samples were determined from selected locations based on the number of samples allotted to the District and the sample composition requirements. Finally, 10 neighborhoods and 1 village were selected for the survey. Details and the survey findings are as follows:

Table 2-3: Basic Information of Surveyed Neighborhoods and Statistics of Final Samples in Tianjin

Indicator	Total		%	
	Hebei District	Baodi District	Hebei District	Baodi District
Total Population	37600		Accounting for 0.4% of the city's total population	
Total Young Population	7860		Accounting for 21% of the district's total population	
Total Young Population Finally Surveyed	1500	441	Accounting for 19% of young population in the surveyed region	
Of which: 15—19	423	250	28.7	56.7
20—24	650	106	43.3	24
25—29	427	85	28.5	19.3
Students	495	214	33	48.5
Employed Population	715	27	47.7	35.8
Unemployed Population	214	158	14.3	6.1
Population Engaged in Non-economic Activities	76	42	5	9.5
Male	761	221	50.7	50.1
Female	739	220	49.3	49.9

As the sample composition is controlled, the final sample composition may not necessarily reflect the real composition of young population.

(III) Changsha in Hunan Province

(I) General Situation

Changsha is the capital city of Hunan Province, which is located in the middle reaches of the Yangtze River and is an important economic and cultural city in Central China. It has more ties with Guangdong Province in terms of economic development and employment and is a major labor export city.

In 2004, gross product of the city was RMB¥110.807billion, local revenue was RMB¥10.436billion, per-capita discretionary income of citizens and rural residents was RMB¥11021 and RMB¥4154 respectively, average salary level was RMB¥1415/month, minimum salary was RMB¥460/month and guaranteed minimum living cost of citizens was RMB¥200/month, and the city ranked the 16th among the top one hundred cities in China in terms of comprehensive strength.

In the jurisdiction of the city are 5 districts and 4 counties (cities), which further govern 81 towns, 38 villages and 54 neighborhood offices. Under the governance of the towns, villages and neighborhood committees are 2677 villagers' committees and 523 neighborhood residents' committees. The city has a population of 6.02 million, of which 2million are in urban areas.

The city currently has 2432 schools of all types that accommodate 1.383million students at present. There are 37 colleges and universities, 7 higher functional colleges for adults, 47 other private higher educational institutions, 105 vocational secondary schools, 358 general middle schools and 1580 primary schools. The enrollment rate of children at school age is 99.9% in primary schools. The rate of admission into high schools is 99.9% for primary schools and 80.5% for junior high schools. The completion rate of 9-year compulsory education is 99%.

In 2004, the city had an increase in employed population by 82000 persons and its registered unemployment rate in towns and cities was 4.2%.

(II) Basic Information of Neighborhoods Surveyed

The survey covered all the 5 districts and 2 counties in Changsha. Two neighborhoods were selected from each district and 10 villages from each county, and typical samples were then chosen based on the sampling scale and requirements of the survey and the statistics of the young people in the neighborhoods/villages. Totally 1430 young people were surveyed, including 48% employed, 37% students, 9.2% unemployed and 5.7% engaged in non-economic activities.

Table 2-4: Basic Information of Neighborhoods Surveyed in Changsha

Title	Total Population	Total Young Population	Age Composition of Young Population			Type of Young Population			
			15-19	20-24				15-19	20-24
Urban neighborhoods	35683	3045	485	519	642	1336	1456	221	33
%		9%	29%	32%	39%	44%	48%	7%	1%

Rural neighborhoods	10177	3420	1443	1283	694	1023	2054	171	171
%		34%	42%	38%	20%	30%	60%	5%	5%
Total	45860	6465	1928	1802	1336	2359	3510	392	204
%		14%				36%	54%	6%	3%

(III) Statistics of Final Young Samples

The young samples surveyed in Changsha are basically able to reflect the overall situation of young people in the surveyed neighborhoods. The details are shown in Table 2-5.

Table 2-5: Statistics of Young Samples Surveyed in Changsha

Unit	Employed (Persons)	Unemployed (Persons)	Non-economic Population (Persons)	Students (Persons)	Subtotal (Samples)	Percent	Enterprises (Samples)
Cities and towns	476	132	18	530	1156	81%	
Rural areas	209		63	0	272	19%	
Total	685	132	81	530	1428		50
Percent	48%	9.2%	5.7%	37.1%			

(IV) Liuzhou in Guangxi Zhuang Autonomous Region

(I) General Situation

Liuzhou is the second largest city in Guangxi Zhuang Autonomous Region, which is located in the northeast part of the central area of the Region and governs 4 districts, 6 counties, 22 streets, 98 towns, 220 neighborhoods and 932 villages. The city has a total population of 3.5126million, of which 958900 are urban citizens.

In 2003, the city's GDP reached RMB¥32.667billion, local revenue was RMB¥2.71billion, employed population was 1.88million and registered unemployment rate in cities and towns was 4%. Annual salary of employees in service was RMB¥13832 averagely, per-capita discretionary income of citizens was RMB¥8370 and per-capita income of farmers was RMB¥2072.

The city has 237 general middle schools accommodating 164000 junior and 38800 senior high school students, and 1205 primary schools with 315000 students. The enrollment rate of primary schools is 99.1%. There are 43 vocational secondary schools with 40600 students and 6 general higher-education colleges/universities with

27700 students. There are 24000 people receiving higher adult education.

(II) Sampling Details

All of the four districts and 20 neighborhoods, villages of one county in Liuzhou were selected for the survey. The sampling takes the method of layer-based random sampling among households with young members, that is, rank households' sequence numbers recorded with neighborhood committees in a natural order, determine the group interval for equal interval-based sampling, identify random starting households for the sampling, and finally adjust the actual sampling results in accordance with the predetermined sampling requirements. Details of the final samples are as follows:

Table 2-6: Liuzhou City Youth Employment Sample Questionnaire Statistics

Type	Samples	Percent
Employed	707	39.74%
Unemployed	347	19.51%
Students	666	37.44%
People Engaged in Non-economic Activities	59	3.32%
Total	1779	

V. General Information of Samples

According to the purpose of the survey and the actual distribution layout of young population, we have totally selected 7000 young people and 220 enterprises as samples, actually recovered and entered 6676 valid questionnaires from the young people and 209 from the enterprises. Details are as follows:

Table 2-7: Scale and Composition of Samples

	Tianjin	Dalian	Changsha	Liuzhou
Estimated Sample Enterprises	60	55	50	55
Actual Sample Enterprises	55	52	50	52
Estimated Young Samples	2000	1532	1500	1800
Actual Young Samples	1941	1528	1426	1778
Percent of Young Samples Working/Living in Rural Areas	22.7%	25%	19.3%	16.4%
Gender Composition	Approx 51.1% are young females.			
Age Composition	Samples aged between 15—19, 20—24 and 25—29 respectively account for 32.4%, 35.6% and 32%.			

Percent of Each Type	Students: 36%, Employed: 35%, Self-employed: 10%, Unemployed: 13%, Population Engaged in Non-economic Activities: 6%.
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VI. Sample Enterprises

We adopted the rules of typical sampling for enterprises. The districts surveyed respectively selected units in different industries and of different ownership types and size, such as State-owned enterprises, collective enterprises, multinational companies, private businesses, township enterprises, non-profit organizations, family enterprises, and so on. We then conducted questionnaire-based interviews with managers of the enterprises.

VII. Implementation of Survey

The survey was conducted during January 24, 2005 to March 4, 2005. The base point of time for the survey is December 31, 2004.

PART III: Main Findings from the Survey

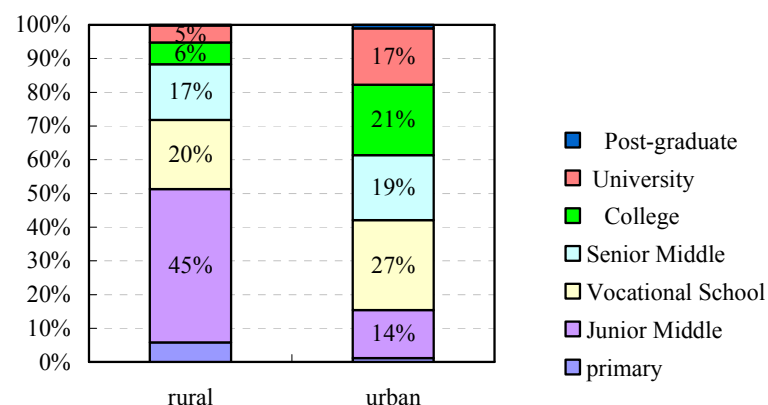
3.1 General Characteristics of the Young Population

3.1.1 Education

1. There is a significant gap in the education level between urban and rural area.

In the population between 15 and 29 years old, the composition of education levels is as follows: primary education 2.2%, junior high education 20.7%, senior high education 44.1% and higher education 33.1%. The gap between urban and rural area is huge. In the urban area, the above proportion is 1%, 14%, 46% and 39% respectively, while in the rural area proportion is 6%, 45%, 37% and 12% (Figure 3-1-1).

Figure 3-1-1: The differences of education level between rural and urban young population



The main differences of education level between rural and urban young population are as follows.

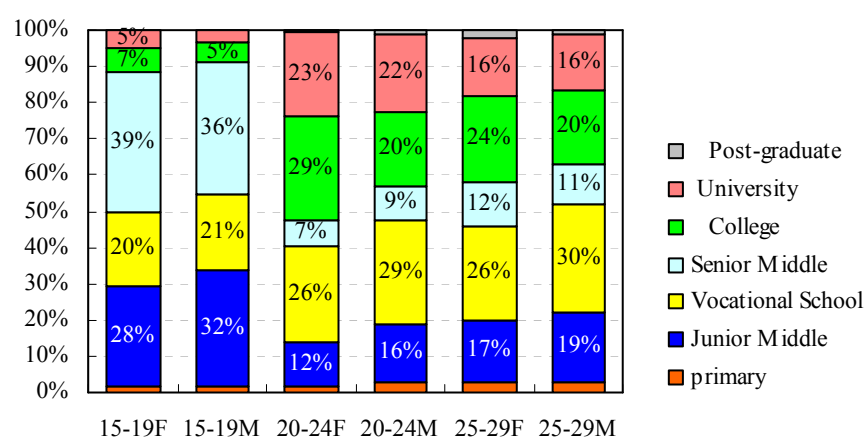
(1). About 50% of the rural young population only have a junior high or bellow education, and the proportion of people who have higher education is only less than one third of the urban population, while most of the urban young population have a senior high or above education.

(2). While the proportion of senior high educated population is bellow the urban area, the proportion of vocational education in the rural area is also far bellow the urban level.

2. The average education level of female is higher than male.

The compositions of the education level by sex and age reveal that in the young population, the average education level of female is higher than male in all of the age groups (Figure 3-1-2). The reasons for this may lie in that women have a lower economic burden for their family than men in the young population, thus have a higher desirability for further education; and the employment opportunity for women is narrower than men, so they prefer to continue their study when possible.

Figure 3-1-2: The composition of education level by age and sex



3. The educational requirement of the labor market to the young population is increased, thus most of the young people feel that their education level is not enough for a grace job.

About 46.7% of young population think that a bachelor or above degree is necessary to find a grace job, 28% think that a college education is enough, while 14.2% think a vocational education is sufficient (Table 3-1).

Table 3-1: The necessary education level to find a grace job

education level for a grace work	count	percent
primary	22	0.3%
Junior high	218	3.3%
Vocational School	950	14.2%
Senior high	425	6.4%
College	1888	28.3%
University	2522	37.8%
Post-graduate	579	8.7%
Other	46	0.7%

These results have the following implications.

(1). The basic educational requirement of the formal labor market to young population has increased to a higher education level, and it is hard to find a grace formal work for young people without higher education.

(2). There is also a demand for vocational education in the formal labor market. Young people with a suitable vocational education can also find a grace work without many difficult.

(3). It will be very difficult for a young people with only an ordinary middle education to find a decent work.

4. Economic reasons and lack of educational resources supply are the main causes for young to stop their study.

In the young people who stop their study with junior high education or below, 34% of them are because of economic hardship, 27% of them are because of failure in the examination for further education, 19% stop study because of they do not enjoy schooling, and 12% of them stop their study for work. At least part of the last two categories stops study to work for economic reasons. Thus, the actual influence of family economic hardship and insufficient supply of higher education resources is even higher.

Table 3-2 Reasons for young people with junior high or below education to stop their education

reason for leaving school	rural	urban	Total	%
Failed examinations	205	86	291	26.9%
Economic reasons	193	173	366	33.8%
Parents did not want you continue	3	4	7	0.6%
Did not enjoy schooling	104	105	209	19.3%
Wanted to start working	43	90	133	12.3%
To get married		5	5	0.5%
Other	3	58	61	5.6%

5. There is a strong relationship between the young people's economic activity status and the education level of their parents.

In about 40% families the parents' highest education level is junior high education, 28% is ordinary senior high education, 11% is college, and 9% is vocational education (Table 3-3).

Table 3-3. The highest education level of the responders' parents

Education	primary	Junior	Vocational	Senior	College	University	Post-graduate	primary
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level		high	School	high				
count	43	422	2610	585	1830	723	379	47
%	0.6%	6.4%	39.3%	8.8%	27.6%	10.9%	5.7%	0.7%

There is a strong correlation between the young people's economic activity status and the education level of their parents:

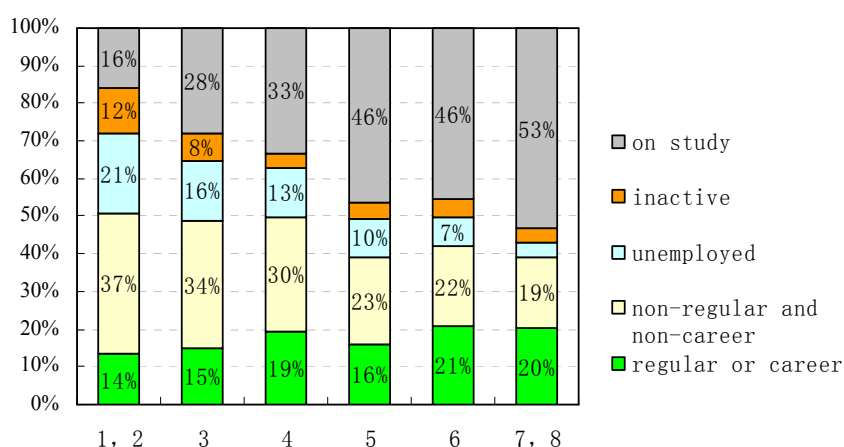
(1) The higher the parents' education level, the higher proportion of the young population in education (vary from 16% to 53%), the lower the proportion of employment (from 51% to 39%), and the higher the proportion with career or regular job (from 27% to 52%).

(2) The higher the parents' education level, the lower the proportion of unemployed and inactive, vary from 21% to 4%, and 12% to 3% respectively.

(3) The distribution of the economic activities of the young population whose parents' education level are senior high is better than those whose parents are with vocational education, though at present the employment situation for the ordinal middle school graduates is more difficult than those with vocational education.

(4) The proportion of the young population whose parents' education level is junior high or below is about 50% of the responders, which is the most problematic group and thus should attract more policy attention.

Figure 3-1-3 the relationship between the young people's economic activity status and their parents' education level
1,2 Illiterate and Elementary, 3 Junior high, 4 Vocational, 5 Senior high, 6 College,7,8 University and post-graduate



6. The education level of the young population has important influence to the goals in their lives.

The higher the education level is, the richer the life goals of the young population are, and the higher the ability to fulfill their life goals will be (Table 3-4). Only the young people with certain education can change their life with their knowledge and do their contribution to the society at the same time.

Table 3-4 the relationship of education level and their life goals of young population

Goal	First	Second	Third	Fourth	Fifth	Sixth
primary	family life	Have lots of money	contribution to society			
Junior high	successful in work	family life	contribution to society	Have lots of money		
Vocational School	successful in work	family life	Have lots of money	contribution to society		
Senior high	successful in work	family life	contribution to society	knowledge	personal fulfillment	Have lots of money
College	successful in work	family life	contribution to society	knowledge	personal fulfillment	Have lots of money
University	successful in work	contribution to society	family life	personal fulfillment	knowledge	Have lots of money
Post-graduate	contribution to society	successful in work	personal fulfillment	family life	knowledge	

7. The education level of the young population has important influence to their ideal business type.

Yong people with different education level have different ideal business type. For the people with lower the education level, their will to start their own business is stronger, which demonstrated in the form of self-employment when there are not enough employment opportunities. For the people with vocational education, they prefer to work in all kinds of enterprises, especially the formal sector. The young people with higher education level are more apt to work in the public sector, and would not like to work in private companies.

Table 3-5 the relationship of education level and their ideal business type

ideal	First	second	third	fourth	fifth
Junior high	Start own business	State owned Enterprises	private company	government/pub lic sector	
Vocational School	State owned Enterprises	Start own business	private company	government/pub lic sector	
Senior high	government/	Start own	State	multinational	private

	public sector	business	owned Enterprise s	corporation	company
College	government/ public sector	multination al corporation	Start own business	State owned Enterprises	

3.1.2 The life goals, ideal business and industry of the young population

1. The life goals of the young population are various, and becoming practical in the process of growing up.

The life goals of the young population are various, such as being successful in work (46.2%), having a good family life (36.4%), making a contribution to society (28.7%), having lots of money (21.4%), having lots of knowledge (19.2%), finding personal fulfilment (17.4%), finding purpose and meaning in life (10.1%), having a lot of different experiences (9.5%), participating in local community affairs (3.8%), being famous (3.2%), having leisure time (2.9%), and so on. In a word, most of the young people have practical and positive life goals, i.e. have a good family life and social recognition through the successful work with their own knowledge and ability. The life goals of the young population are becoming practical with their growing up. And young man has stronger will to participate in society than young woman.

2. In general, the ideal business type of the young population is conservative.

(1) Most of the young population want to work in the government/public sector (21%) and state-owned enterprises (22%), some want to start their own business (20%), and some want to work in the private company (10%) or multinational corporations (9%).

(2) The will to start their own business in man is stronger than in woman, and is increasing with their age.

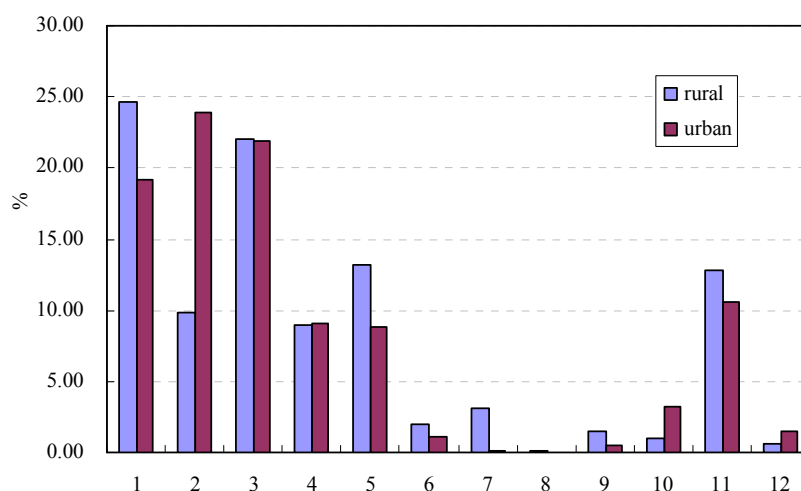
(3) The ideal business type of the rural young people is to start their own business, state-owned enterprises, private companies, government/public sector and multinational corporations in turn, while for urban young population the sequence is government/public sector, state-owned enterprises, to start their own business, multinational corporations, and private companies.

(4) About 10% of the young population is not sure about their ideal business type. The lower the education level is, the higher the uncertainty level is. And part of the young population does not want to work, mainly those with junior high or below education, which is a group worthy of more policy concerns.

Figure 3-1-4 the differences of ideal business type between rural and urban

young people

1 Start your own business, 2 Work for the government/public sector, 3 Work for State-owned enterprises, 4 Work for a multinational corporation, 5 Work for a private company, 6 Work for a non-profit organization, 7 Work for own/family farm, 8 Work for someone else's farm, 9 Work for family business, 10 Other, 11 Not sure, 12 Don't wish to work.



3. The ideal industry of the young population is passive and spontaneous.

(1) The young people mainly choose his ideal industry according the demand of the industry and his own ability. The corresponding characteristics are as follows.

1) Both of the supply and demand of the new service industries is prosperous. The ideal industry of the young people mainly concentrates in the industry of communication, computer service and software (21%) and finance (12%). These industries are new and developing industries that can provide more employment opportunities, while the young people are willing to choose these areas for their study and training.

2) The supply and demand of the traditional industries is stable. The traditional industries, such as manufacturing (8%), wholesale and retail trade, public administration and social organization, transport, storage and post, and education are the secondly ideal industries for the young people.

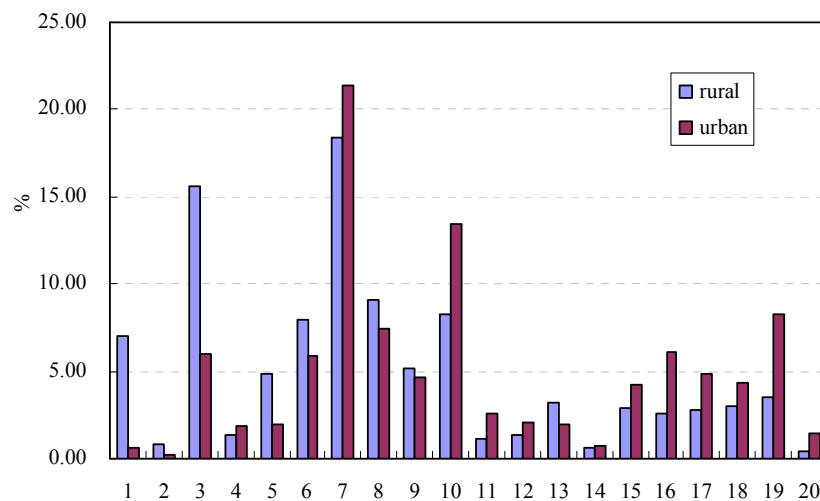
3) There is an imbalance in the demand and supply in some other industries. In the industries of hotels and restaurants, health, social security and social welfare, culture, sports and recreation, community services and other services, construction, real estate, scientific research, technical services and geological prospecting, electricity, gas and water supply, renting and business activities, agriculture, forestry, animal husbandry and fishing, and international organization, there is either a lack of demand or a lack of supply, and are seldom chosen by the young population as their ideal industry.

(2) The differences of ideal industry between rural and urban young people.

Among the urban young people, the ideal industries are communication, computer service and software, finance, public administration and social organization, wholesale and retail trade, education, manufacturing, transport, storage and post, health, social security and social welfare in turn, while in the rural area the sequence is communication, computer service and software, manufacturing, wholesale and retail trade, finance, transport, storage and post, agriculture, forestry, animal husbandry and fishing, construction, and so on.

Figure 3-1-5: The differences of ideal industry between rural and urban young people

1 Agriculture, forestry, animal husbandry and fishing, 2 Mining, 3 Manufacturing, 4 Electricity, gas and water supply, 5 Construction, 6 Transport, storage and post, 7 Communication, computer service and software, 8 Wholesale and retail trade, 9 Hotels and restaurants, 10 Finance, 11, Real estate, 12 Renting and business activities, 13 Scientific research, technical services and geological prospecting, 14 Water environment and public facilities management, 15 Community services and other services, 16 Education, 17 Health, social security and social welfare, 18 Culture, sports and recreation, 19 Public administration and social organization, 20 International organization.



3.1.3 The migration characteristics of the young population.

The migration rate of the young population is rather low. And about half of the migration is for work or study, while others are for settlement. This means that most migrations to the urban area are permanent.

3.2 The characteristics of the youth labor market.

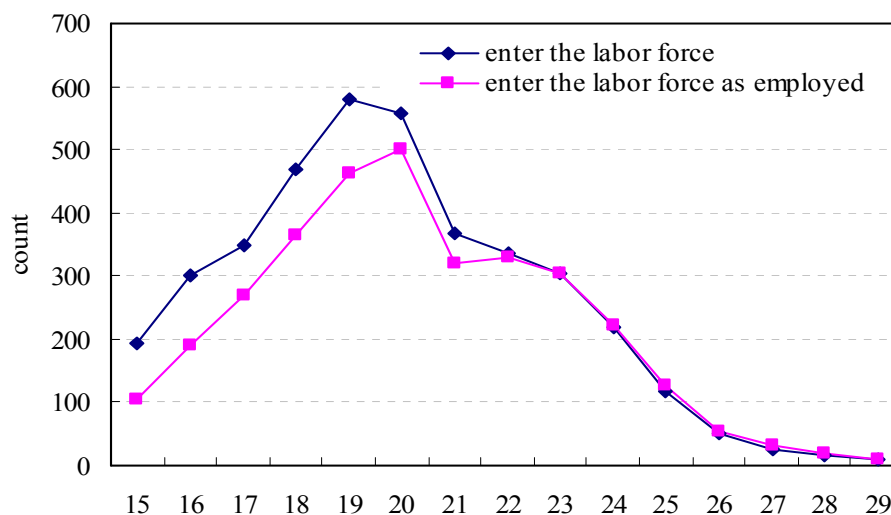
3.2.1 General characteristics.

1. The median age for the young population to first enter the labor market is 20.

(1) About 80% of the young people first entered the labor market during 17 to 23 years old, 13% young before 16 years old, only 2% enter the labor market after the age of 26.

(2) For the people entered the labor market before 22 years old, about 15% of them will first experience a period of unemployment, while almost all of the person aged 22 or older entered the labor market as employed.

Figure 3-2-1 the distribution of the ages for the young population to first enter the labor market and first employed

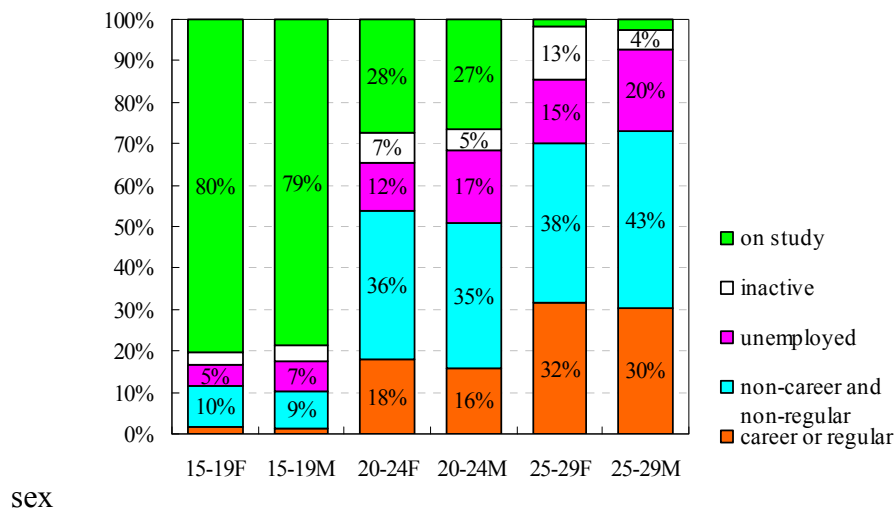


2. The participation rates are higher, and the employment quality is better for people with higher ages.

For the three age groups, 15 to 19, 20-24, and 25-29, the labor market participation rate is 17%, 67% and 89% respectively, the unemployment rate is 36%, 22% and 20% in turn, and the percentage of career or regular job in total employment is 15%, 32% and 43% respectively.

3. Due to their primary responsibilities in child care, the inactive rates for woman in the age of 20 to 29 are relatively higher. There is no other difference in the labor market participation features between man and woman.

Figure 3-2-2. The economic activity status of the young population by age and



4. The education level determines the quality and degree of young people's labor market participation.

Relatively, the education level of the people with a career or regular job is the highest, and the inactive people is the worst, and the education level of the unemployed is worse than the employed. This implies that a person's education level have a direct effect on his employment status.

3.2.2 Characteristics of the employed young people

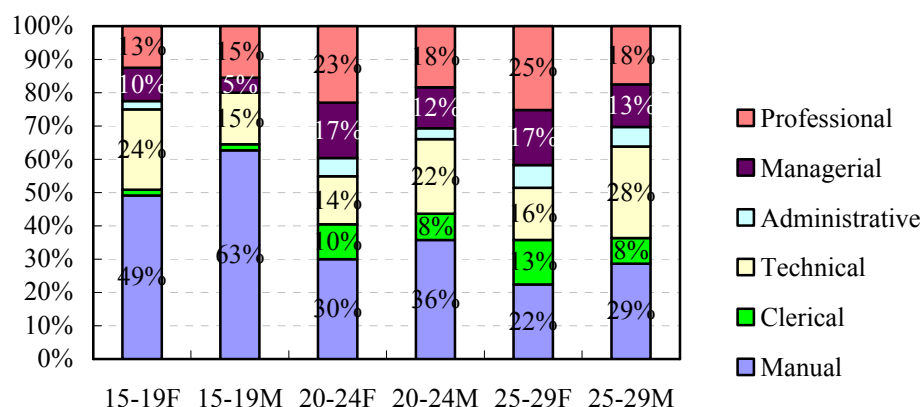
1. The young population's occupation level of the employed is rather low, and there is significant difference between urban and rural area.

(1) Most of the young people investigated are engaged in manual works, most of work only needs ordinary operational techniques, and some work needs professional skills. Most of the jobs concerns goods production, while some jobs are in the service sector. There are only a relatively small amount of people engaged in administrative, managerial, or technical research and development works.

(2) With the growing of their age and work experience, the proportion of people engaged in manual operational works decreased, and the proportion of administrative and managerial works increased.

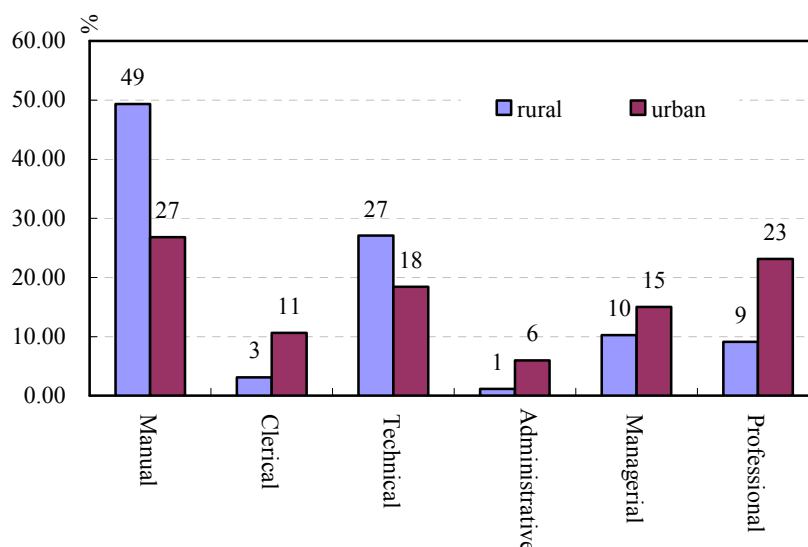
(3) The proportion of manual works in male is higher, and the proportion of administrative and managerial works in female is higher.

Figure 3-2-3: The occupational distribution of the young population



(4) The occupations of the rural young population are mainly manual or technical, while in the urban area the main occupation types are manual, professional, technical and managerial.

Figure 3-2-4 the occupational distribution of the young people in rural and urban area

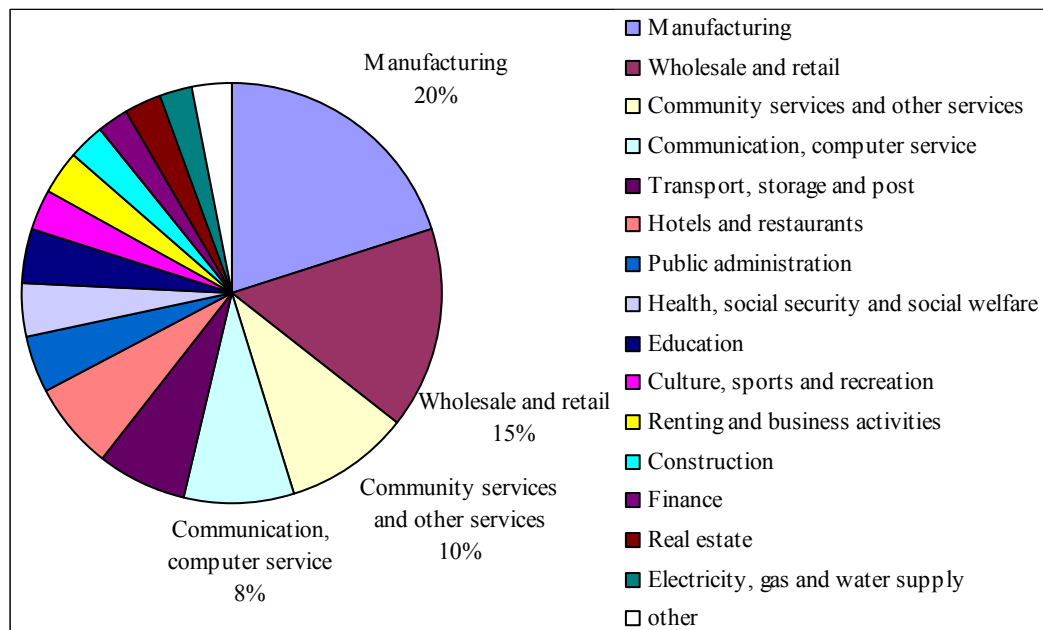


2. Due to the restriction of the whole industrial structure, the industrial distribution of the young employed is relatively traditional.

(1) About 70% of the employed are in two types of industries, one is manufacturing (20%), the other is some low level service industries and certain new and developing industries, such as wholesale and retail trade (15%), community services and other services (10%), communication, computer service and software (8%), transport, storage and post, and hotels and restaurants. The labor demand in these industries is huge, while most of the young people can not enter upper industries due to lack of necessary abilities. At the same time, the total labor demand in other industries is low.

While the competition among the high skilled labor is fierce, most of them do not want to go to the lower industries. Thus, the industries for the young population are rather locked.

Figure 3-2-5 the industrial distribution of the young employed



(2) The employment in the rural area is mainly concentrated in manufacturing, while urban youth employment is mainly in the tertiary sector.

About 46% of the rural youth employment is in manufacturing, 12% in wholesale and retail trade, 8% in community services and other services. For the urban youth employment, 17% is in wholesale and retail trade, 15% is in manufacturing, 11% community services and other services, 8% in communication, computer service and software, and so on.

3. The young people are mainly worked in private enterprises and state owned establishments. The employment opportunities in the rural and urban areas are different.

There are 47% of the young employed worked in private enterprises, and 35% in state-owned enterprises and the government. The differences of the employment situation between the rural and urban area are in several aspects.

(1) Up to 70% of the rural young employed work for private companies, this proportion is much higher than that of the urban area.

(2) The proportion of rural young employed work in state-owned establishments is only about one third of the urban area.

(3) The proportion of rural young employed who start his own business or work for family business is triple of the proportion in urban employed.

(4) The proportion of employed work for multinational corporations is similar in the rural and urban area.

(5) The proportion of rural young employed work in the primary sector is rather low, about 1%.

The differences above have the following implications. Firstly, most rural young employed are working in non-agricultural industries. Secondly, the employment of the rural labor in the urban area is restricted by the existing industrialization and urbanization methods and other institutions. Thirdly, the multinational corporations in China are mainly labor intensive enterprises rely on the cheap labor input.

Table 3-6 the distribution of business type of the young employed

Business type	rural		urban		Total	
	Count	Col %	Count	Col %	Count	Col %
Family business	22	4.40%	39	1.80%	61	2.30%
own business	11	2.20%	8	0.40%	19	0.70%
Government/public sector	36	7.20%	364	16.60%	400	14.80%
Multinational corporation	31	6.20%	160	7.30%	191	7.10%
Private company	337	67.70%	937	42.60%	1274	47.30%
Farm	3	0.60%			3	0.10%
Non-profit organization	36	7.20%	510	23.20%	546	20.30%
Other	22	4.40%	180	8.20%	202	7.50%
Total	498	100.00%	2198	100.00%	2696	100.00%

4 The quality of the jobs hold by the young population is relatively low. There is no employment protection, and the jobs are unstable, with long working hours and low wages. This is true especially for the young aged or rural youth.

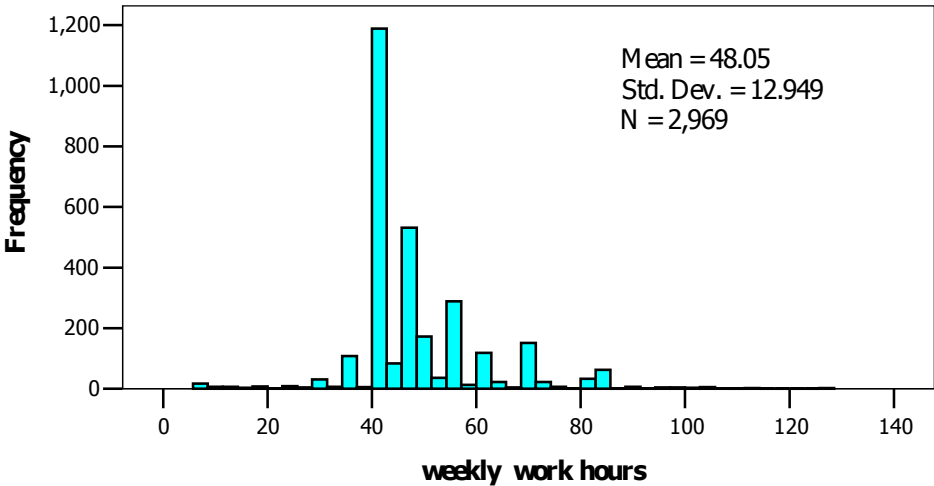
(1) The low proportion of jobs with stable labor contracts indicates that the turnover rate of the young employed is high, and the jobs are unstable.

About 38% of the employed have no labor contract at all, 20% have contract with temporary term of less than 1 year, and 36% have labor contract with fixed term of 1 to 3 years. The proportion of jobs without contract or with temporary contracts reaches 86% in the age group of 15-19, and the proportion of young employed without labor contract or only with temporary contracts is up to 80%.

(2) The weekly work hour for young employed is long.

The average weekly work hour of the employed is 48, and one third of the employed works 50 hours or more per week. In the age group of 15 to 19 and the rural area, the average weekly work hour is 53, and 90% of the employed do not hold second-jobs.

Figure 3-2-6 the distribution of the weekly work hours



There exists a certain amount of under-employment. About 32% of the employed want to work more hours. Among the employed who work less than 40 hours a week, 45% want to have more work, and among the employed who work less than 48 hours a week, 33% want to work more hours.

(3) The wages of the employed young people are low.

The average monthly income for about 60% of the employed is in the range of 600 to 1500 Yuan, and is less than 600 Yuan for 30% of them. More than 10% of the employed have an average monthly income of more than 1500 Yuan. In the age group of 15 to 19, 57% of the employed have a monthly income of less than 600 Yuan and 39% in the range of 600 to 1500 Yuan. The average monthly income in the urban area is 280 Yuan higher than in the rural area.

Table 3-7 the monthly income of the young employed in the rural and urban area

	rural		urban	
	Count	%	Count	%
<600	230	41.00	588	24.27
600-1500	295	52.58	1470	60.67
1500-2500	30	5.35	273	11.27
2500-5000	5	0.89	73	3.01
5000-8000	1	0.18	14	0.58

About 82% of the urban employed and 55% of the rural employed claimed for a reserve wage. The average reserve wages in the urban and the rural area are 673 Yuan and 588 Yuan respectively. The reserve wage for a lot of the young employed is about 1000 Yuan per month.

(4) The employee benefits of the employed are very low.

1) Among all of the employed young people, about 8% have no employee benefits of any kind at all, and the percentage of benefit receivers vary from 4% to 42% for all kinds of the employee benefits. None the percentage is over 50%.

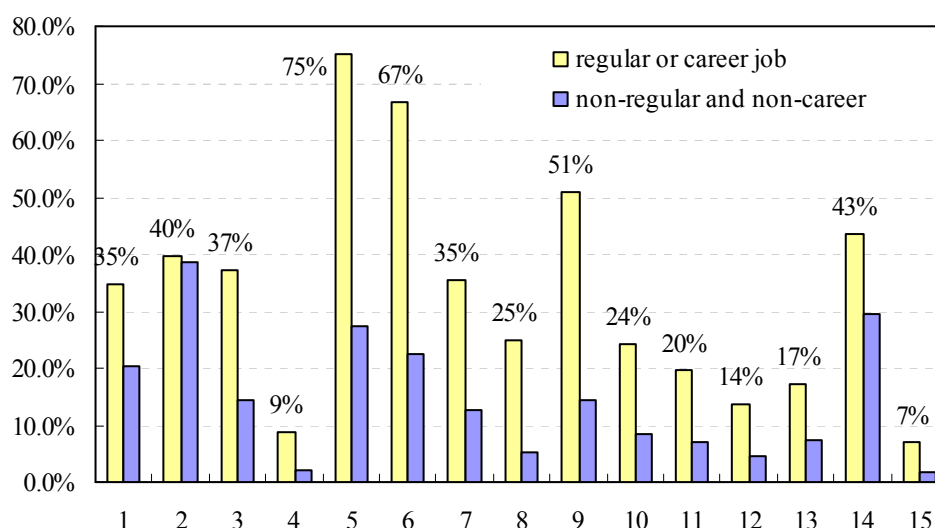
2) The percentage of benefit receivers is 42% for pensions/old-age insurance, 36% for medical insurance, 35% for meals or meal allowance, 32% for bonus/reward for good performance, 26% for unemployment insurance, 24% for transport or transport allowance, 21% for housing or housing allowance, 20% for work-related injury insurance, 14% for occupational safety/protective equipment or clothing, 10% for educational or training courses, 4% for severance/end of service payment. Due to the specialty of the young population, the amount of receivers for childcare facilities (4%), maternity insurance (12%), paid sick leave (8%) and annual paid leave (11%) is relatively small.

3) The employee benefits for the career or regular job holders are much better in the young employed.

For all of the employee benefits, the percentage of receivers in the career or regular job holders is higher than non-career and non-regular employees. The difference is significance except for meals or meal allowance, bonus/reward for good performance, and transport allowance. Most of the career or regular employed are covered by basic social insurance programs, including old-age insurance (75%), medical insurance (67%), and unemployment insurance (51%).

Figure 3-2-7 the difference of employee benefits coverage between career or regular employees and non-career and non-regular employees

1 Transport or transport allowance, 2 Meals or meal allowance, 3 Housing or housing allowance, 4 Childcare facilities, 5 Pensions/Old-age insurance, 6 Medical insurance coverage, 7 Work-related injury insurance, 8 Maternity Insurance, 9 Unemployment insurance, 10 Occupational safety/protective equipment or clothing, 11 Annual paid leave ,12 Paid sick leave, 13 Educational or training courses, 14 Bonus/reward for good performance, 15 Severance/end of service payment.



5. Most of employed young population has not undertaken any kind of training, though most of them think training is very helpful to their employment. The training fees before employment is mainly afford by their family. The training opportunities are rare after their employment, which is mainly financed by their employer.

(1) More than 50% of employed young population has not undertaken any kind of training.

(2) Among those whoever took certain kind of training, 85% thinks that the training was helpful for their employment or their own business. The main training form is on-the-job training with other staff, apprenticeship training, and training in new technologies. Over 50% of the training was provided by the employers, and over 20% were provided by government training institutions. The training was afforded mainly by the trainee's family or his employer.

Table 3-8 the training types of the employed young people

training type	count	%
No training	1576	53%
Apprenticeship training	250	8%
On-the-job training	746	25%
Training in new technologies	211	7%
Business development	48	2%
Foreign language training	34	1%
Accounting/book-keeping	56	2%
Other	61	2%

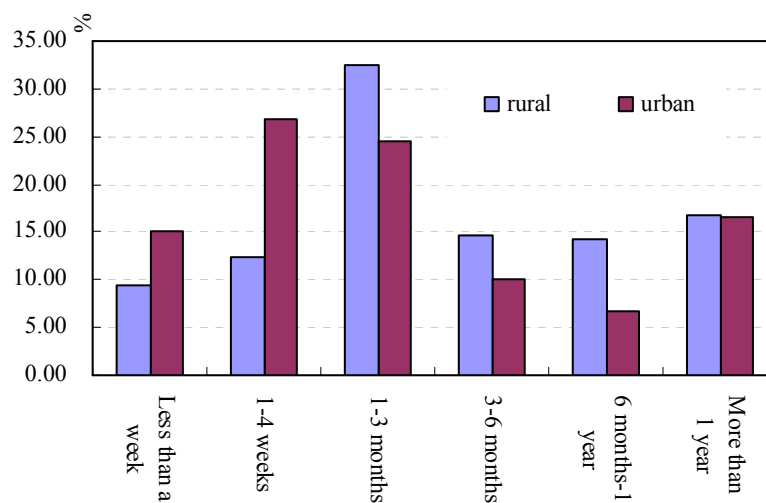
(3) The average training period of the young employed is longer in the rural area than in the urban area, mainly because the training fees are afforded by themselves.

1) The proportion of short period training (less than 1 month) in the urban area is higher than the rural area, while in the rural the proportion of long term training (more than 1 month) is higher.

2) In the rural area, the training fees are mainly afford buy the trainee's family (58%), or their employer (34%), while in the urban area 43% of the training is afforded by their employer, and 32% is afforded by the trainees or their family.

3) The government provides more fund for the training of the urban workers than the rural employed. About 15% of the trainings in the urban area were financed by the government, while this proportion is only 7% in the rural area.

Figure 3-2-8 comparison of the training lengths in the rural and urban area

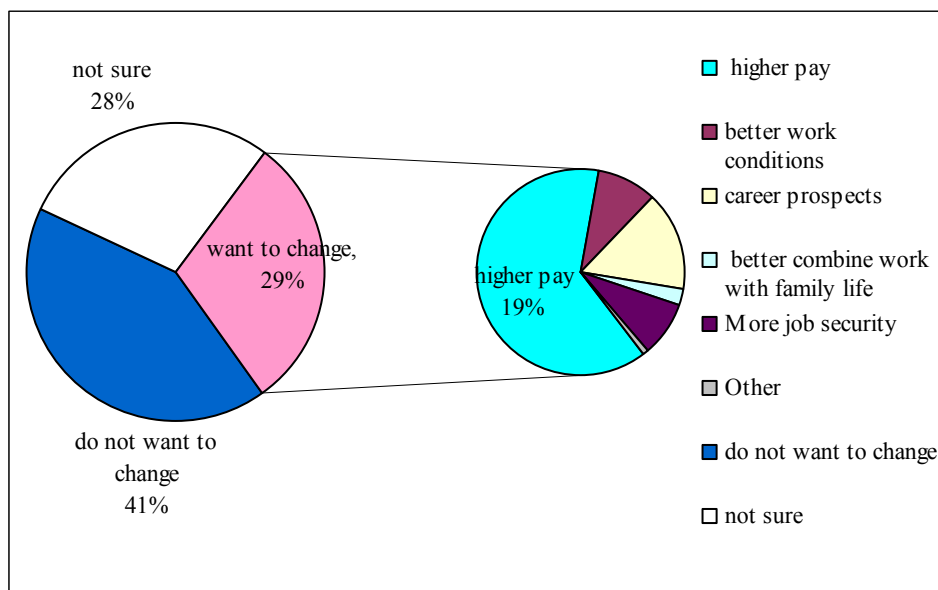


6. Most of the employed are satisfied with their status quo, thus do not want to change their main jobs.

(1) Most of the young employed are not trade union members. Most of them agree that male and female have equal opportunities for being promoted or being successful in their establishment, and men and women doing the same job receive same salary.

(2) Most of the employed are satisfied with their status quo. About 40% of the employed do not want to change their job, 30% is not sure, and 30% plans to change their main job. The degree of satisfaction of the rural employed is higher than the urban young population.

Figure 3-2-9 the composition of the employed by their willingness to change their job, and the reason for change



(3) Among the employed young population who want to change their job, the main reason is for higher pay (63%). And there is 16% plan to change for better career prospects, 9% for better work conditions, and 9% for more job security. About 85% of the rural employed young population who want to change is for higher pay and better work conditions, while this proportion in the urban area is only 69%. The urban employed young people care more about their career prospects in the future.

3.2.3 Characteristics of the self-employed young people.

The situation of the self-employed young population is not too bad. Lacking of experiences in corresponding areas is the main obstacle to the self-employed.

1. The proportion of young population starting their own business is increasing with the growth of their age, and is higher in male than female.
2. There is a co-existence of initiative and passive self-employment.

About 15% of the self-employed are due to failure to find a wage job, thus become passive self-employed, and about one fourth to one third of the self-employed are on their own initiative. They start their own business because of the greater independence, flexible hours of work, or the higher income level of self-employment.

Table 3-9 the reason for choosing to be self-employed for the young population

reason	percentage
Could not find a wage or salary job	15%
Greater independence as self-employed	33%
More flexible hours of work	26%
Higher income level	23%

Other	3%
-------	----

3 Most of the self-employed are engaged in small scale business relying on their own resources.

(1) About 60% of self-employed are either doing their business by themselves, or with some assistance of their family members (averagely 1 person). Only 20% of the self-employed have employees in their business, averagely 3.2 people.

(2) Most of the self-employed have a demand of fund to start their business, and 90% of them rely on the savings of other family members, loan from family or friends, and their own savings.

(3) About 37% of the self-employed doing their business in land rented from someone else, 12% in their own home, 12% in fixed or temporary stall/kiosk in the market/street, and about 5% do not have fixed location for their business.

(4) The goods or services produced by the self-employed are mainly provided to individuals or households (73%), and none of the goods or services is provided to the government sector.

4 The management of the self-employed businesses is rather regular, and performs well.

(1) Most of self-employed have a trade license, only 16% do not have.

(2) About half of the self-employed businesses can break-even, and near half of them can make a profit. Only 2% of the business is making a loss.

5. The self-employed are mainly facing 4 types of problems in their business, among which the first two are the main problems.

(1). The direction of their business, including lacking of business information, product development ability, and access to new technology.

(2). The problem of exploiting the market for their products, including the demand for marketing services.

(3). The problem of financial services.

(4). The problem of lacking necessary abilities in themselves, including business training and skills training.

3.2.4 Characteristics of the unemployed young population

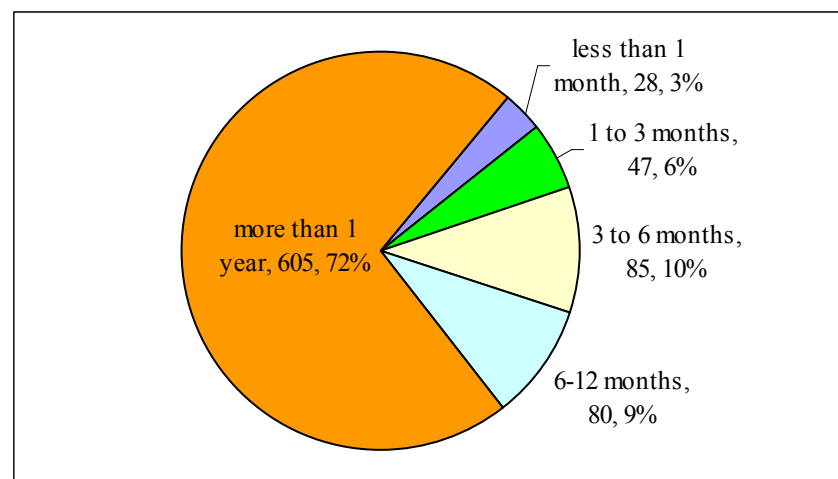
1. Unemployment exists in all the age groups and all of the education level in the young population.

The educational composition of the unemployed is vocational middle education 37%, junior high education 30%, senior high education 13%, college education 13% and university 5%. The unemployment composition of the three age groups is 16%, 40% and 44% respectively. In all of the education levels, the unemployment rates of the vocational, junior and senior high education are higher than the average level.

2. Long term duration is a main characteristic of the youth unemployed.

According to the reported length of their present activity, the composition of the unemployment duration is in figure 3-2-10. The percentage of long term unemployment of more than 1 year is 72%.

Figure3-2-10 the composition of unemployment duration

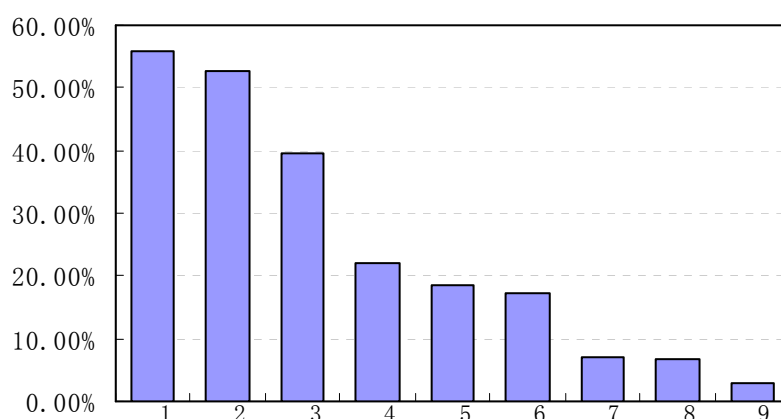


3. Direct application and interview is the main method for the unemployed to find a job.

(1) To search for a job, more than 50% of the unemployed rely on direct application and interview or through friends or relatives, 40% of them have been to job fairs, and 20% have tried the method of advertisements. More over, less than 20% of the unemployed have tried to find a job through public employment services or education/training institutions.

Figure 3-2-11 the main methods for the unemployed to find a job

1 Direct application and interview, 2 friend or relatives, 3 job fairs, 4 advertisements, 5 public employment service, 6 education/training institution, 7 labour contractor, 8 private employment agent, 9 Other



The urban unemployed have better opportunities to use all kinds of job information and facilities than the rural unemployed. The proportions of the unemployed that look for a job through friend or relatives and private employment agents are higher in the rural area. A significant difference is that the proportion of the unemployed look for a job through job fairs is 26 per cent higher in the rural area.

Table 3-10 the methods for the young population to find a job in rural and urban area

method	Rural (%)	Urban (%)
Direct application and interview	50%	58%
Through education/training institution	15%	18%
Through public employment service	11%	20%
Through job fairs	19%	45%
Through private employment agent	10%	6%
Through advertisements	20%	22%
Through friend or relatives	66%	49%
Through labour contractor	6%	7%
Other	2%	3%

Younger unemployed rely more on the help of friend or relatives and job fares, and the proportion of using all kinds of advertisements is lower than relatively older unemployed. There is more blindness in the job searching behaviours in the younger unemployed.

The proportions of job searches through direct application and interview, and advertisements in female are higher, and lower in other job search methods. This may indicates a small degree discrimination to the female in job search.

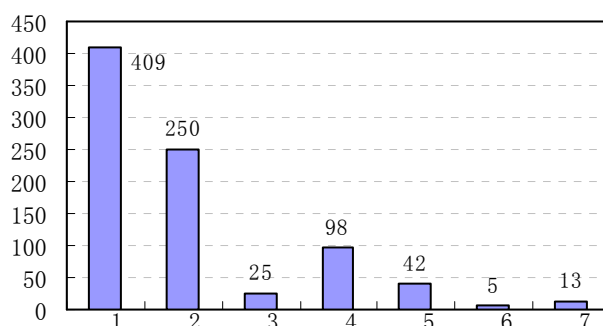
Table 3-11 the methods for the economic active young population to find a job,
by sex

method	Female	Male
Direct application and interview	57%	47%
Through education/training institution	13%	14%
Through public employment service	9%	10%
Through job fairs	22%	23%
Through private employment agent	2%	4%
Through advertisements	13%	12%
Through friend or relatives	40%	45%
Through labour contractor	4%	5%
Other	4%	6%

(2) The average times for an unemployed to find a job is 3, and the average interview times is 2.

(3) the main activities for the unemployed during the unemployed period are staying at home and just look for a job or responsible for some household chores at the same time. About 13% of the unemployed have taken additional education/training courses during the unemployed period.

Figure3-2-12 the activities of the unemployed during the unemployed period
1 stay at home and just look for a job, 2 stay at home and responsible for household chores 3 Help out in family business, 4 take additional education, 5 Spend time with friends, 6 do volunteer work, Other



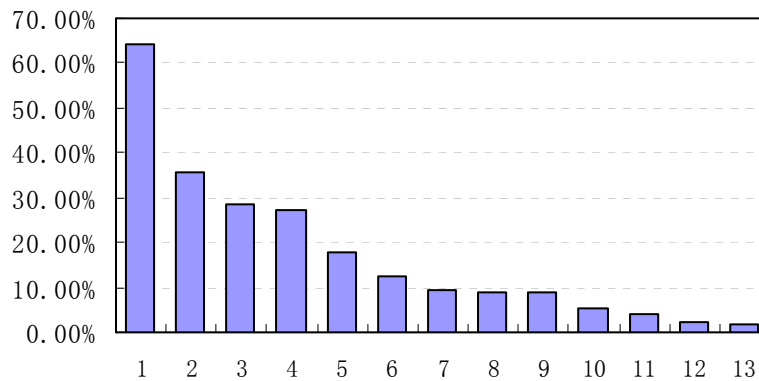
4. Low education level is the main obstacle for the young unemployed to find a job.

(1) More than 60% of unemployed agree that low education level is one of the main causes for their unemployment. The proportion in the rural area reaches 75% in rural area. Elderly unemployed has higher claims to the jobs, while younger unemployed has more requirements to their own abilities.

Figure3-2-13 main obstacles for the unemployed to be re-employed

1 No education, 2 No work experience, 3 Low wages in available jobs, 4

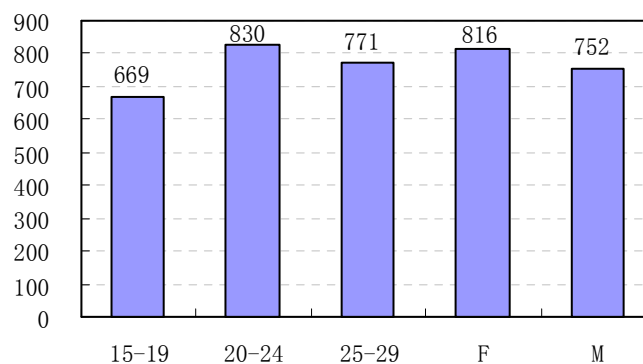
Unsuitable general education, 5 Not enough jobs available, 6 No suitable training opportunities, 7 Unsuitable vocational education, 8 Poor working conditions in available jobs, 9 Working hours too long, 10 Discriminatory prejudices, 11 Working place too far, 12 Being male/female, 13 Other



(2) Most of the unemployed claim for a minimum wage.

About 69% of the unemployed claim for a minimum wage in their job search, and the average minimum wage is 783 Yuan. The wage expectation of the female is higher than male, and is lowest in the 15-19 age group.

Figure3-2-14 minimum wage requirements by age and sex



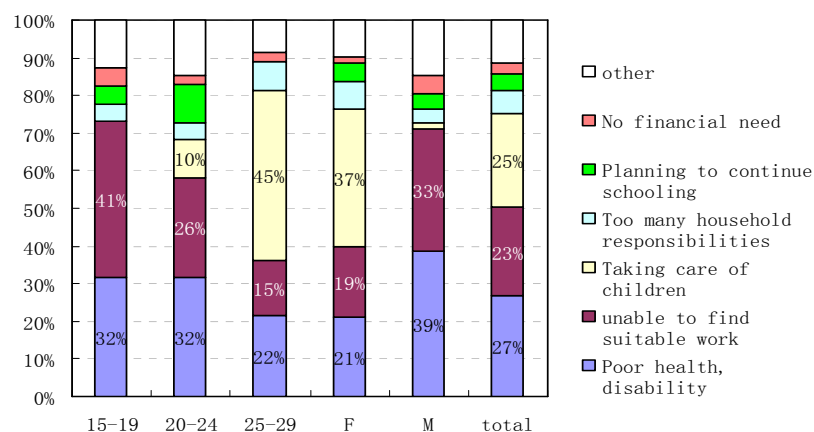
(3) About 50% of the unemployment youth considers professional training as the most helpful training, 22% prefers computer and IT training, and 15% chooses entrepreneurship training to start own business.

3.2.5 The characteristics of the inactive young people

The labor market participate rate of the young people is very high in China. Normally all of the youth are economic active. For the inactive young population, the main reasons for their inactiveness are health reasons (disability), family reasons (taking care of children), and labor market reasons (could not find a job, possibly discouraged worker). Most of the inactive youth plan to work in the future.

1. Taking care of children is the main reason for the inactiveness for the female. In the inactive young female aged 25 to 29, about 50% is for this reason.
2. Unable to find a suitable job is the main reason of inactiveness in the age group of 15 to 19.
3. In the inactive young people, 30% have elementary education, 41% have junior high education, 19% have vocational middle education, and 6% have ordinal senior high education.
4. About 67% of the inactive plan to work in the future, and 33% do not plan to work (about half of them are disabled).

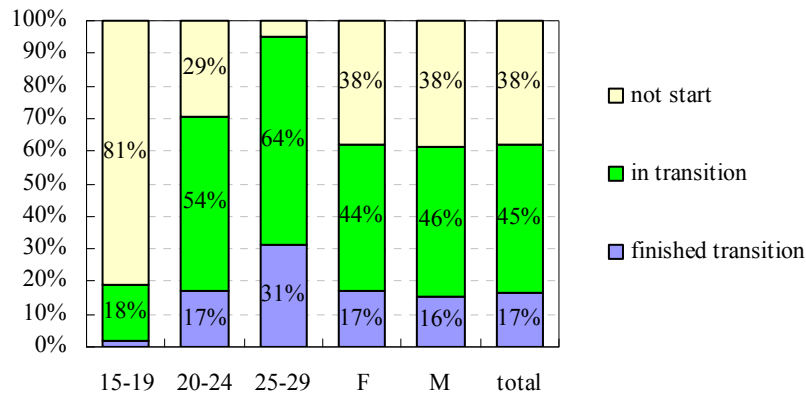
Figure3-2-15 the reasons for being inactive of the youth



3.3 The transitional characteristics of young people from school to work

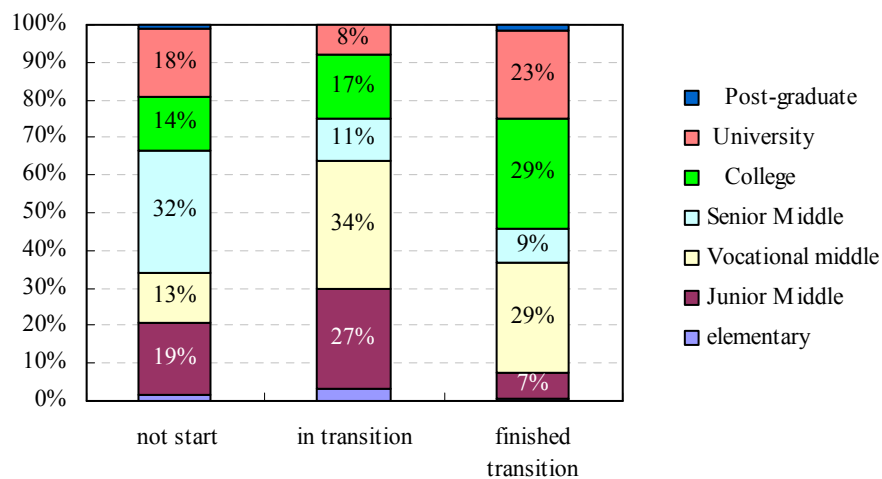
To find out the transitional characteristics of young people is one of the main purposes of this survey. In this survey, 17% of the young people have successfully transitioned from school to formal or career jobs, 45% are in the process of transition (temporary employment, unemployment, and inactive youth plan to work), 38% have not start to transition yet (in school students, inactive people not plan to work).

Figure3-3-1 the composition of transitional status of the young population



Consistence with the above analysis, education level has important influences to the transition of the youth from school to work.

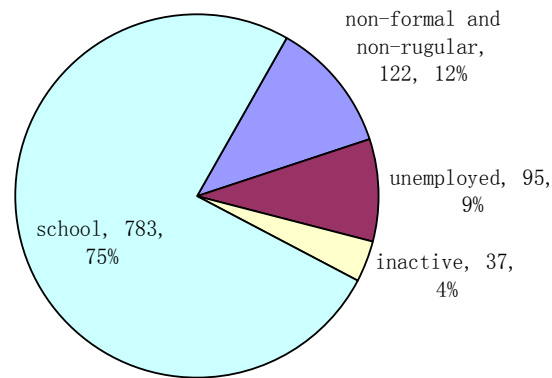
Figure3-3-2 the composition of the education level of different transition types



3.3.1 Characteristics of the people successfully transited from school to work.

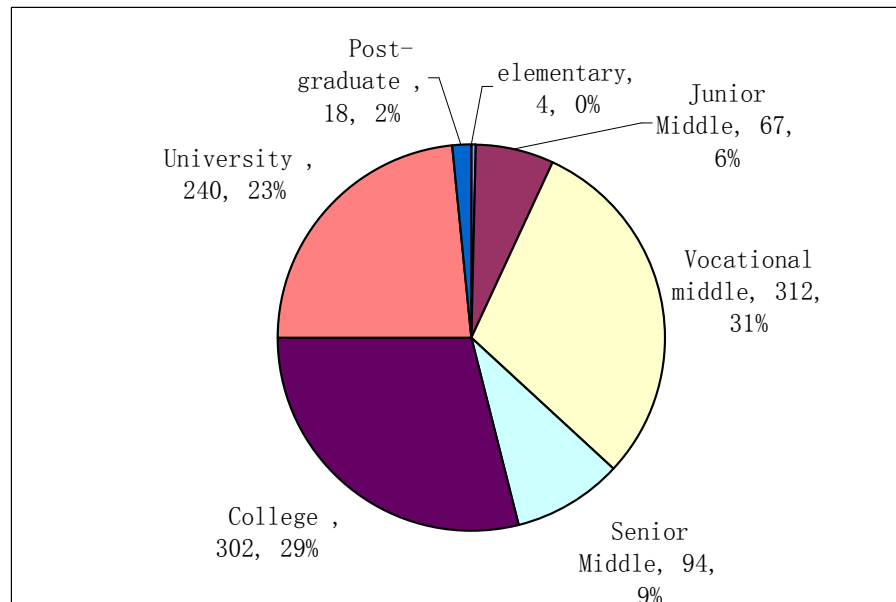
Most of the successfully transited people (75%) are transited direct from school to formal or career work. The others are transited indirectly, i.e. find a career or formal job after some periods of non- career and nom-formal work, unemployment or economic inactive. The transition duration is more than a year for more than 70% of the indirectly transited youth.

Figure3-3-3 the transition type of the transited youth



1. In the successfully transited young population, the percentages of vocational middle education, college education and university education are higher. This indicates high labor market demand for these education levels.

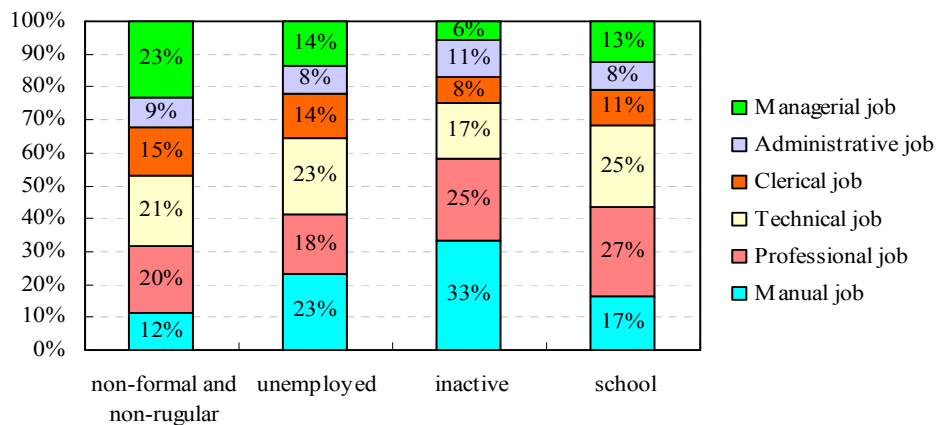
Figure3-3-4 the education level of the successfully transited youth



2. The occupation compositions of the formal or career employment transited from different activity status are different.

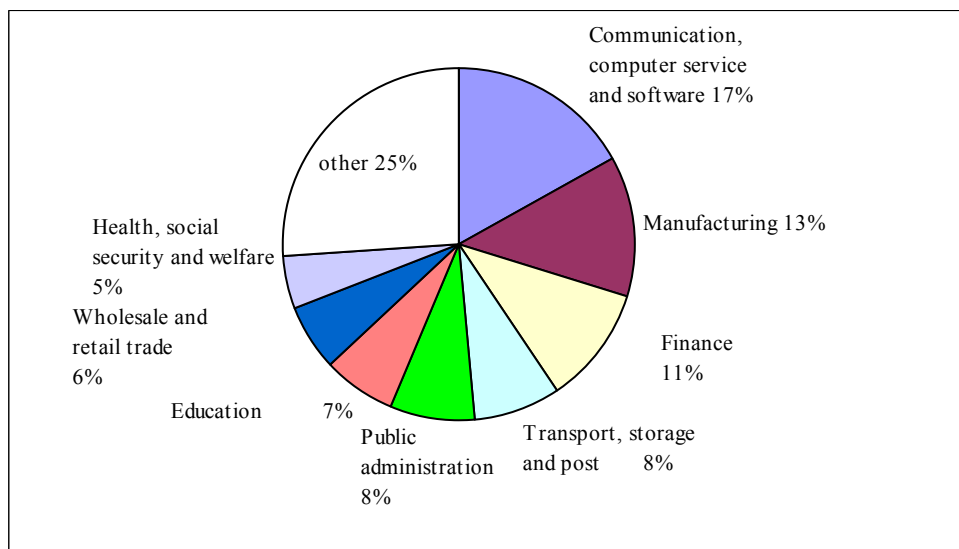
In the formal employment transited from informal employment, the proportions of administrative and managerial jobs are higher. In the formal employment transited directly from school, the proportions of professional and technical jobs are higher. This indicates that formal vocational education as well as higher education is welcome in the formal labor market, and the labor market for administrative and managerial jobs prefers people with some work experiences.

Figure3-3-5 occupation composition of the formal employment by transition type



3. The proportions of transited youth in the industries with better prospect and high new labor demand are higher, such as communication, computer service and software, manufacturing and finance. This implies that the degree of the formality in the industries with better development potentials is higher, and provides higher protection to the workers, thus more attractive to the labor force.

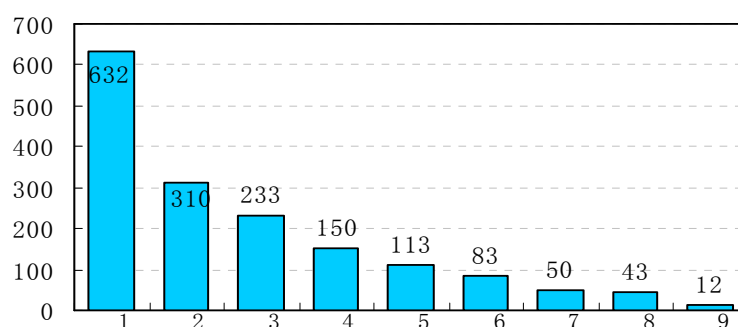
Figure3-3-6 industry composition of the formal or career employment



4. As for the job search methods for the transited formal employed, they rely more on the education/training institution and labour contractor, and less on friend or relatives comparing to the youth in transition.

Figure3-3-7 job search methods for the formal or career employed

1 Direct application and interview, 2 friend or relatives, 3 Through job fairs, 4 Through education/training institution, 5 Through advertisements, 6 Through public employment service, 7 Through labour contractor, 8 Other, 9 Through private employment agent



3.3.2 Characteristics of the people in transition from school to work

Most of the youth in transition are non-formal and non-career employed (64%), and 28% are unemployed, 8% are inactive people plan to work. The education level of the youth in transition is significantly lower than the transited people. The education level of the non-formal and non-career employed is higher than the unemployed, and the education level of the unemployed is higher than the inactive. For 75% of the youth in transition, the duration of their present activity is more than 1 year.

1. The youth in transition rely more on friends or relatives in their job search, and less on education/training institution on labour contractor than the transited people.
2. Most of the youth in transition do not use any type of the services from the employment service institutions.
3. More than 60% of the unemployed are reluctant to migrate. About 35% of the non-formal and non-career employed want to change their jobs, among which 44% do not want to migrate, and others mainly want to migrate to big cities.

Table 3-12 the migration intentions of the unemployed and the non-career and non-formal employment

Migration intention	unemployed	Temporary employed intend to change job
Do not want to move	59%	44%
big cities	24%	31%
small or medium-size cities	5%	6%
Small town	1%	
Other countries		7%
No preference	11%	12%

3.3.3 Characteristics of the youth not start transition.

1. Most of the youth that not start their transition are in school students (95%).
2. Table 3-13 shows the composition of the education levels of these people.

Table 3-13. Educational level of the youth not start transition

elementary	Junior high	Vocational middle	Senior high	College	University	Post-graduate
2%	19%	13%	32%	14%	18%	1%

3.4. The characteristics of the employers of youth population in the employers' survey

3.4.1 Basic description of the survey

In this survey, various types of employers of young population were investigated (Figure 3-14 to 3-16).

Table 3-14 the scale distribution of the employers

Scale (number of employees)	enterprises	percentage
<20	26	12%
20-99	58	28%
100-199	34	16%
200-499	43	21%
500-999	21	10%
>=1000	27	13%
total	209	

Table 3-15 the industry distribution of the enterprises surveyed

industry	number of enterprises
Agriculture, forestry, animal husbandry and fishing	2
Mining	
Manufacturing	76
Electricity, gas and water supply	2
Construction	8
Transport, storage and post	7
Communication, computer service and software	4
Wholesale and retail trade	21
Hotels and restaurants	22

Finance	2
Real estate	4
Renting and business activities	10
Scientific research, technical services and geological prospecting	2
Water environment and public facilities management	1
Community services and other services	21
Education	7
Health, social security and social welfare	9
Culture, sports and recreation	2
Public administration and social organization	9

Table 3-16 the type distribution of the enterprises

type	number of enterprises
State-owned Enterprise	41
Collective-owned enterprise	21
Multinational Company	4
Private company	82
Township and Village Enterprise	2
Non-profit organization	12
Other	46
Total	209

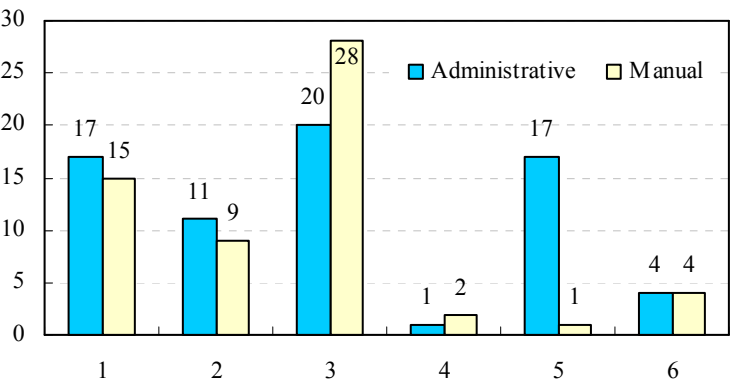
3.4.2 The employers' attitude to the young population

1. For the 8 abilities investigated, the general opinion of the employers is that most of the youth are lack of enough writing skills. Youth employees with broad educational training and strong ability to apply knowledge learned in school to work are also relatively scarce. To sum up, these are the requirements to the education level of the youth.

2. The enterprise hires administrative/professional workers through many channels, mainly through public employment services, promoting employees who are already in the enterprise, and education/training institutions. For manual/ production jobs, the main channels are public employment services, advertisements and education/training institutions. None of the vacancies are filled through relatives or friends. This implies the enterprises surveyed are relatively regular.

Figure3-4-1 the channels for the employers' hiring practice
1 advertisements, 2 from education/training institutions, 3 from public employment services, 4 relatives or friends, 5 promoting

employees who are already in the enterprise, 6 other.



Part IV: Estimation and Analysis on the General Situation of the China School-to-Work Transition

I Overview

Through the survey conducted among the youth in four provinces, we make the following basic points concerning the working condition and situation of Chinese youth:

1 Under similar system and background, youth individual enjoys similar opportunity.

To begin with, the youth enjoy similar chance in education. They have equal opportunities in education in spite of different economic condition and social status. Take the youth with college education as an instance, this group of people come from different family background in terms of educational level, career and income: 46% of the families' annual income fall below 20,000 Yuan, 70% of the families come under 30,000 Yuan, 85% below 50,000 Yuan; retired parents constitute more than 22%, families of managers and professional technicians take up 16%, peasants family make up 4%, there are 9% people without parents.

Second, the youth enjoy equal employment opportunity. Under the market economy, employment is market-oriented. The labor force is highly mobile. Young people can find their jobs based on their own competence. The educational level, to a great extent, determines their working profession, industry, unit and their employment status.

2 Young people have unequal opportunity in education, training and employment, this can be found mainly between the urban and the rural areas, due to objective causes, e.g. history, economic development and social system.

First of all, young people in rural area have less opportunity in education than those in the city, 50% of the rural youth have only received primary middle level education or lower, while most of the urban youth have advanced middle level education or higher.

Second, young people in rural area have less opportunity in professional training than those in the city.

Third, urban youth have more access to employment and employment aid than rural youth.

3 Generally speaking, Chinese youth are positive, practical and progressive.

To begin with, most young people hope to rely on their own efforts to lead a good life and make due contribution to the society. At the same time, they actively participate in the labor market with their own ability and judgment, and adopt a practical attitude in the pursuit of employment, and progress to their dreams step by step.

4 Generally speaking, the educational level of Chinese youth remains at the middle level, but the rural area is left far behind the city. The level of technical skills of

Chinese youth is relatively low. There is relatively fewer young people received vocational education, and more received junior high school education.

5 The life of the youth is determined by the level of their education and technical skills.

Education and skill not only determines the working opportunity of the youth, but it affects the life of their family and children.

6 China's economy still remains at a moderate level, which limits young people's access to education, training and employment. Many students drop out because of economic difficulties. Many others have to work for a living at a very early stage.

7 China has insufficient resources in education and training. This is even worse in rural area. Many students give up their schooling because they failed in the entrance examination for college. The 9-year compulsory education system cannot even be implemented in some rural areas.

8 Chinese labor market is flexible, but the stability and guarantee for employment is less promising. To the young people, it is mainly the problems concerning the employment structure.

There is a big demand in the youth labor market, and it is not difficult for young people to find a job. However, it is very difficult for them to find a regular job due to lack of education, skills and experiences. This can be illustrated that there remains a number of long-term unemployed youth, and the proportion of temporary employment is high, the transition of the youth from school to work is fairly long.

II Causes

The present youth employment situation is the result of a mixture of causes in population, economy, education and labor market system, etc. The moderate economic level and limited financial strength of the state has determined the limited supply of the educational resources which cannot satisfy the needs for learning of the youth. Due to the historical division between the city and the suburb, a gap remains in the level of economic and social development between the rural and the urban area, which in return, lead to the unequal opportunities in various fields among the young people. In the wake of economic reform, young people have equal opportunity in fair competition and, the national economy develops rapidly. However, it also enlarges the gap between the rich and the poor and increases social polarization. As the Chinese population is still on the fast rise, this further increases the burden of the national finance and the pressure in the labor market. To sum up, the present situation is the consequence of various factors and causes. Below sets out detailed analysis:

(1) Low level of economic development is the main cause to the restrains of young people's competence development.

China's economy has been growing at a high rate for the past 20 years, which continually increases the national strength, and continuously creates new jobs for the young people. Also, the state has repeatedly invested more into education and training projects which in return provides more and more opportunities to the young people. However, China's economy still remains at a low level, and there is a severe insufficiency in the resources supply to education, which constitutes the main cause that restrains competence development of the young people. This could be illustrated as follows:

- 1 The general output of senior high is insufficient. Almost half of the junior high students cannot proceed to senior high each year;
- 2 The general output of higher education is insufficient. Almost half of the senior high students cannot proceed to college each year;
- 3 Many young people have no chance to receive training. 30% of the newly developed work force in the urban area has never been trained. Of the off-farm workers who come to work in the city in 2001, only 18.6% has received vocational training. Most training programs are low in quality. Due to the lack of training source and investment, the programs are mostly short-termed, mediocre and rush. And the quality can not always be guaranteed.
- 4 The development of vocational education is insufficient. As for the general vocational education, the vocational skills training remains at low level and, therefore, cannot satisfy the demand.
- 5 As the cost of primary education is born by the local government, there is a severe investment shortage in the rural area. Even junior high education could not be made available in some places.
- 6 The policy of "training before employment" cannot be carried out thoroughly.

Table 4-1: Financial Sources for Education in 2003

Source	Description		
	total (million Yuan)	percentage (%)	Proportion in GDP (%)
National finance	349140.48	63.7%	3.3%
Public organization and private sources	17255.49	3.1%	0.2%
Public donation and funds	12727.91	2.3%	0.1%
Tuition and other fees	92277.92	16.8%	0.9%
Other sources	76600.99	14.0%	0.7%

Data source: *China Statistical Yearbook 2004*

Table 4-2: Enrollment Rates in Schools of All Levels in 2003

Enrollment of	Primary school	Junior high to senior high	Senior high to higher
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school-age children	to middle school			education
98.7%	97.9%	59.6%		83.4%
		63.05% to senior high	36.95% to vocational school	

Data source: *China Education Statistical Yearbook 2003*

Table 4-3: Statistics of General Secondary Vocational School, Technical School and Vocational School in 2003

Category	Number of schools	Admission (million)	Number of students in school (million, %)		
			total	percentage	Proportion in total population
Secondary	3065	1.839	5.023	41.1%	0.4%
Vocational School					
Vocational School	6843	2.221	4.557	37.2%	0.4%
Technical School	2970	0.916	1.931	15.8%	0.1%

Data source: *China Statistical Yearbook 2004*

Table 4-4: Statistics of Higher Education in 2003

Category	total (million)	<i>Number of students in school</i>	
		percentage (%)	Proportion in total population (%)
college	4.793553	40.4%	0.4%
university	6.292089	53.1%	0.5%
Postgraduate	0.65126	5.5%	0.1%
Study abroad	0.117307	1.0%	

Data source: *China Statistical Yearbook 2004*

(2) In the process of social transition, the government's regulation over default system and phenomena has been inefficient.

1 Public and vocational training have been separated. Vocational training has yet to be society-driven. At present, the Ministry of Education is mainly responsible for the pre-employment training offered by formal vocational school. The Ministry of Agriculture is mainly responsible for the pre-employment training in rural area, and the Ministry of Labor and Social Security is largely responsible for further vocational training. This system has restricted the overall planning and development of human resources and caused much waste in the resources of vocational training. As it is a public cause, the inefficient social participation leads to the general insufficiency in vocational training.

2 Enterprises, which stresses more on working than on training, played an inactive role in training.

The Chinese government maintains that enterprises shall spend 1.5% of the total wages paid to personnel on training, this sum of money should be planned and drawn by enterprises. However, many enterprises have not done accordingly. A number of enterprises have conducted training, but they have not spent sufficiently on vocational training for their employees.

3 Unhealthy development in vocational certificate system

On the one hand, the certificate awarding system is not scientific, normalized or authentic, on the other, many companies do not require any vocational qualification. Thus, the phenomenon that workers hold no relevant certificates in workplace is common, and the employment admittance system exists in name only.

4 Much has been invested in education and training in cities while the rural area has long been ignored. Youth from low-income families have not received sufficient assistance and aid.

(3) Large population increases the burden in education and employment

China has a big population. Apart from the aftermath effect of the baby boom in 1950s and 1960s, in the last 20 years of 20th century, the birth rate of the entire country maintains at a peak level. Every year, about 20 million labors are produced. In contrast to the limited educational capacity, the number of the newly developed labor force who need employment is between 10 million to 16 million. On the other hand, as the young people lack working experiences, they are considered as uncompetitive in the labor market. Under the background that supply exceeds demand, the problem of youth employment becomes more and more serious, and the unemployment rate goes higher than the average level.

(4) On the one hand, reform in labor market is insufficient. On the other, regulation over the labor market is inefficient.

1 The population base in China is huge, which makes it difficult to create enough jobs.

In 2003, the employment population in China is 744.320 million, of which, 256.39 million are from the cities, 487.93million from the suburb. First, second and third industrial employments are, respectively, 49%, 21% and 30%. The registered unemployed population in cities is 7.8million, and the registered unemployment rate is 4.2%. The estimated unemployment rate is 6.1%, of which, the estimated unemployment rate of the young people is 7.4%. The statistics for the three age groups are, respectively, 11.9%, 8.4% and 5.7%.

Table 4-5: Employment in 2003 by Gender and Age (million persons, %)

Sex	Employment	Age Subsection										
		16-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
Total	744.32	4.8	9.3	11.9	15.8	15.9	11.5	11.3	8.7	5.2	2.9	2.8

Male	407.14	4.5	8.6	11.5	15.4	15.4	11.4	11.5	9.2	5.8	3.3	3.5
Female	337.18	5.2	10.1	12.4	16.4	16.5	11.6	11.0	8.0	4.4	2.4	2.0

Data Source: *China Labor Statistical Yearbook*, 2004.

Table 4-6: Causes of Unemployment of the Registered Unemployed Population in Cities in 2002

	Registered unemployed population(Million)	Layoffs	Lose jobs	No jobs after graduation	Other
General	7.7	42.7%	29.7%	21.0%	6.7%
15-19	0.508		6.4%	88.3%	5.3%
20-24	1.047	5.3%	19.9%	68.8%	6.0%
25-29	1.024	31.1%	34.3%	25.8%	

Data Source: *China Labor Statistical Yearbook 2003*

2 Reform inside the system is insufficient, while labor market outside the system lacks regulation.

People prefer formal labor market, with state-owned units as representative. However, these units have accumulated a number of redundant personnel during years of operation, so they can only provide limited number of new jobs. Therefore, only a few young people can find jobs in those units.

New jobs are offered mainly in irregular labor market with private companies as representative. Large number of young people have to work in irregular labor market. Under the market economy, the government has not an efficient control over these private companies, and the workers in these places are highly mobilized, and with poor stability and security.

This trend in labor market leads to a low employment rate and a long transition period for youth from school to work.

(5) Youth with lower education are less organized and represented.

At present, college students receive the most concern among all youth. They spread their voice to the society with the help of their colleges and universities and have generated much impact. On the other hand, colleges and universities upgrade their status through their students. Among all sorts of education, higher education enjoys absolute advantages in terms of educational resources and policies. This helps them obtain a series of favorable policies in education, training and entrance into labor market in recent years.

On the contrary, young people with lower education, who constitutes the larger segment of the young population, have no sound organizations to represent their rights and interests. They have not been well organized, they are on their own, they

have little influence on the society, nor do they have a strong voice, and their problems have not evoked sufficient concern from the society.

Part V: Viewpoints, Thoughts and Suggestions

In relation to the young people's condition, problems and causes reflected in the survey, this paper put forward the following viewpoints and suggestions:

I Viewpoints

1 Pay attention to the youth problems from the historical and development perspective

Young people are the future and hope of society, and they constitute a valuable resource. The quality of the youth determines the economic and social development of a country, particularly China, in the future. As China gradually comes to an aging society, youth labor will become more and more precious. Under the current demographic policies of China, the number of young labors will stop growing dozens of years later. At present in some regions, the supply of young workers falls below the demand, and young workers will become scarce in the future. Hence, this problem should be considered from the historical and development perspective.

2 Education deserves priority in settling the youth problems.

Education determines the life of the young people, and the strength in human resources in a country. Therefore, education deserves priority in dealing with the youth problems for the sake of both the young people and the state. The following problems should be emphasized in Chinese education:

- a. Equality in education
 - i. Increase the input to education in rural area. First, practically carry out the 9-year compulsory education; second, extensively promote advanced senior high education; third, increase the efforts in the training for rural youth, generally raise the education level of rural youth and postpone the entrance age into the labor market, and improve employment.
 - ii. Through extensive development of vocational education, while increasing the capacity of junior and senior high school, improve the vocational quality of the young people and help them transit to the market in a faster and better manner.
- b. Increase investment to education and improve the investment structure for education.
- c. Improve the quality of all sorts of educations.

II Thoughts and Suggestions

According to the results and conclusions of the survey, this paper raises the following thoughts and suggestions:

1 Give full play to youth organization in an up-to-down manner.

Under the current situation, the key is to improve the operation of youth organizations in communities. On the one hand, it shall see to the implementation of the aid and assistance to the disadvantaged youth group. At the same time, let the voice of the youth, especially those with poor education, be heard.

At national and local level, give more powers to the youth organizations so as to overall plan and coordinate the youth problems.

2 Design family-oriented policies.

Taking into consideration of the intergenerational influence of the economic activities of the youth, policies oriented at poor families (with low educational level and low income) should be designed, with a view to improve the youth education, training and employment through aid and assistance to families.

Under the current situation, low-income welfare should be improved so as to consider the youth issues under the background of welfare and security.

3 Develop policies to help youth business grow.

The goal of the policy is to help young people set up their own business, and promote employment through the youth business.

- a. At present, it is mainly to promote technical measures for business, e.g. business training, and the size of the training should be enlarged.
- b. The existing preferable re-employment policies should be expanded to young business people. At the same time, new assistance like business venue should be provided for youth business development.
- c. To help youth set up their own business is a complicated issues and the aid of various social circles is needed. For example, the government can purchase the products and services of the youth business.

4 Develop policies to formalize youth employment.

- a. To formalize youth employment doesn't mean to restrict the development of the irregular labor market. Irregular labor market is helpful for the transition from school to formal employment. Therefore, social security should be provided to youth in irregular labor market. Meanwhile, other measures can also be taken.
- b. Encourage the elder personnel in some industries to retire from the labor market at an earlier stage to provide more regular jobs to the young people.

- c. Through the improved protection for the irregular employment to facilitate the transition from irregular to regular employment.
- i. Improve employment administration. For example, manage the youth employment through “Employment Certificate” system, and based on this, develop administrative measures such as labor contract, social security, etc.
- ii. Social security policies. Most young people are still in irregular employment, they are virtually covered by no social security, and no security now means heavy burden that the society has to shoulder in the future. Therefore, a complete set of social security policies that fit in with the needs of the young people have to be designed to provide insurance and guarantee to prevent future risks.
- d. Raise minimal wage standard to protect the rights and interests for youth employment.

5 Design policies relevant to low educational level, laid off and non-economic youth.

- a. This group of people may become factors leading to social instability, in view of that they have difficulty in finding jobs in the labor market and continuously remains unemployed, they should be organized to receive formal training.
- b. It is better to improve the skills of the unemployed youth than simply provide them more job subsidies.

6 Make relevant training programs based on in-depth study.

Research and study must be stressed to better manage the training market. Research includes the present situation and prospect of the training market classified by industries and professions, and make training policies based on detailed analysis and projection.

- a. For industries with a big demand of labors, e.g. information communication, computer and software, finance, etc. the number of young people to receive training should be increased. Meanwhile, upgrade the training level to ensure sustainable development; for traditional industries with a big employment base and stable demand, training quality and levels should be upgraded.
- b. Guidance and organization should be provided to youth training according to the demand and supply in various training.
- c. In view of that most young people are engaged in labor-intensive jobs with simple skills, the skill training should be improved into formalized and systematic programs.
- d. In view of that most employed youth have long working hours, low income, limited spare time, limited financial resource for training, policies like “training coupon” is suggested, or provide training allowance to employers so as to

implement the youth training programs practically.

- e. Government should conduct research and study to make training plan, publish regular information in demand and supply of training programs and provide guidance to the training market.
- f. It is unadvisable to match training directly with employment rate, but with training objective. Otherwise it would result in government shifting its responsibility to training institutes.
- g. Government must bear certain amount of training cost. Meanwhile, increase the awareness of training obligations in enterprises through compulsory measures.

7 Conduct research and study to make policies addressing mobile youth population.

8 Priority should be given to the promotion of public employment service in rural areas.

9 Develop labor dispatch programs to facilitate transition from school to work.

10 Sufficient connection between educational training market and labor market should be considered in policy making. Policies and measures should be carried out in a practical manner.

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