



Labour Market Insights China

Updated June 2023

China Labour Market Insights

Overview Of China's Job Market

In 2022, **GDP growth in the country was reported to be 3%**. The low growth rate is the result of pandemic disruptions, weakening demand for exports and the housing market crisis.

The job market in China is facing issues on unemployment, particularly with those who are aged between 16-24. However, the market is slowly recovering, as activities in manufacturing and services were expanding in the beginning of 2023.

Projected economic recovery and increasing sales are pushing the auto manufacturing and luxury industry to hire. Both industries are looking for innovative ways to attract the best candidates from the talent pool.

Flexible and contractual work arrangements are becoming increasingly common in China. With this comes the benefits for employees and companies. However, some issues remain regarding worker exploitation.

Economic Indicators

China's economy is recovering after COVID-19 restrictions have been lifted. There has been a strong rebound in the manufacturing industry, while other industries, such as the service sector, are registering growth at a slower pace. In addition, domestic and foreign investment is strong, indicating high levels of confidence and optimism in the market. Challenges however remain for economic growth. The first being foreign trade, which will continue to slow down overall economic growth in the coming months. Another is youth unemployment, which needs to be mitigated to boost economic activity and domestic demand.

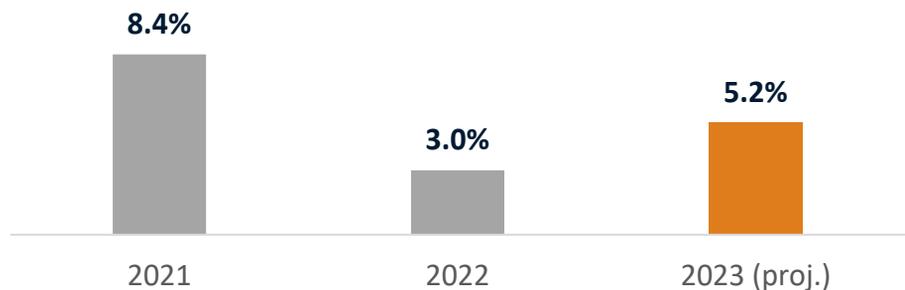
**Total Labour Force
(2023)**

+1.41 Billion

**GDP per Capita
(2022)**

\$12,758

**With increasing demand and investments, China's
GDP growth is projected to increase to 5.2% in
2023.**



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Labour Market Overview

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Economic Indicators

1

**Total Labour Force
(2022)**

+733,500,000

2

**Labour Participation
Rate (2021)**

67%

3

**Job Postings from
LinkedIn**

+2.3M

2022 was marked by slow and constant improvements in the labour market, as 2.5 million unemployed workers found new jobs and 6.54 million new jobs were created in the first half of the year. Numerous challenges remained due to changes in demographics: the number of people aged 16 to 59 was gradually declining, resulting in a significant employment drop. In addition, with the growing unemployment rate, job market competition has been quite fierce, especially for skilled and high salary positions. To be competitive in the job market, aspiring talent are required to have strong educational backgrounds and relevant work experience.

Despite these challenges, many opportunities exist. Industries in the country are continually focused on emerging technologies which include artificial intelligence, robotics and e-commerce. There is also a strong demand from e-commerce, banking and finance, and the IT industries.

Top Industries

IT Service

Internet

Wholesale

Computer
Software

Electrical
& Electronic
Manufacturing

Top Locations of Talent Supply in the Country

Location	Profiles
Guangdong, China	+6,370,000
Beijing, China	+3,370,000
Shanghai, China	+3,370,000
Jiangsu, China	+2,890,000
Zhejiang, China	+2,480,000

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Unemployment Rate in China (Sept. 2022 to Feb. 2023)



Youth unemployment in China remains high. In January and February of 2023, unemployment of those aged 16-24 increased to 18.1% compared to 16.7% in December of the previous year.

Increase in demand for labour despite rise in unemployment rates

Unemployment in China is on the rise since late 2022 even as the country saw an increase in demand for labour from various industries, including the service sector where restaurant revenues increased by 10%. Unemployment remains a key issue, especially for the youth.

It is expected that 20 million seniors are expected to retire every year until 2033. This will cause a shortage in labour in manufacturing due to younger workers being reluctant to work in factories. This is further aggravated by the ageism in workplaces, with a preference for hiring workers below 30.

The issue of labour supply and demand mismatch is prominent. This is due to differences between expectations of university graduates and the needs of employers. Another cause is attributed to urbanisation, as workers no longer move to rural areas during slumps in the labour market, increasing urban unemployment.



Johnny Sheng

Head of Recruitment Operations, AGS

In the post-pandemic era, many organisations had to “right-size” due to the slow recovery of the global markets. Due to the global economic uncertainty, we have observed two conflicting market behaviours:

1. Some organisations used to look at the top 15%-20% of the market's talent, but now, they are shifting their focus to the top 3-5% of the available talent in market. Looking at such a limited range of talent means organisations are limiting themselves in their search for high potential employees with the right skillsets. This also impacts organisations in achieving their DEI goals as the talent pool is considerably narrower. Additionally, hiring high value talents means organisations need to offer competitive remuneration to attract and retain talent.
2. On the other hand, some organisations think that there are unlimited talents available in the market and they can fill positions easily. As such, they do not believe in having a strategy in attracting talents. This approach affects their talent attraction as there is no clarity on their talent needs. With this approach, organisations might end up wasting valuable resources in trying to get the right talent.

Regardless of the approach, companies should still try to deliver a good candidate experience that can boost their Employer Value Proposition (EVP). In today's uncertain environment, organisations that create a strong EVP will aid organisations in attracting talent.

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Measures To Stabilise Job Market

In 2022, apart from creating 10.01 million jobs, the government also provided subsidies, training and employment assistance for individual entrepreneurs and college graduates. Particularly in Beijing, businesses and companies received benefits in the form of tax rebates and direct subsidies to retain workers, while in Guangdong, 10,000 yuan was given as subsidies for graduates who started a business in the region.

For 2023, the government plans to increase economic development with an "employment-first" strategy and increased its target to create more urban jobs (from 11 million in 2022 to 12 million in 2023) and aims to have an unemployment rate of around 5.5%. The government launched recruitment drives in large and midsized cities such as Shanghai, where more than 30,000 graduates attended the event.

In addition to government initiatives, people are applying for civil service jobs. Up to

7.7 million youths

applied for tests to secure 200,000 government jobs for 2023.

Guangdong's Rural Development Initiative

Apart from providing training and assistance to college graduates, the Chinese government is also planning a major undertaking, which is to mobilise 300,000 youths to Guangdong and to train 30,000 rural-based youth to engage in digital commerce, farming, and cooperatives.



10,000 college graduates will be sent to less developed parts of Guangdong for two years. These graduates will be in charge of rural rejuvenation to help underdeveloped areas.

1,000 volunteer vocational school students will go to the countryside during summer to provide technological know-how and help train local rural enterprises, startups, and government key projects.

1,000 young entrepreneurs from within and outside of the province will be recruited to participate in the development of towns and villages.

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Lily Ye

General Manager, AGS China

China's economy was thriving and vibrant even as the pandemic hit global markets in 2020-2021. China created domestic ecosystems that supported their economy and invested heavily into the growth of emerging industries such as new energy vehicles and artificial intelligence.

In 2023, as global economies started declining, China also started facing challenges due to weakened demand in the domestic market.

This led the Chinese government to look at innovative and creative ways to kickstart the domestic economy. The government started implementing measures to promote economic development, such as funding infrastructure construction and promoting technological innovation.

With 18% of the global consumers based in China, there is optimism towards China's economic growth returning.



Contract Workers On The Rise

Looking at contract work in the country, there is rapid development and demand from both the manufacturing and the services industries. As a result, companies are increasingly hiring contractual workers in place of permanent workers. These temporary workers have more freedom and flexibility to leave their company, and at the same time, take on multiple contracts. However, contract work also comes at a considerable cost, as companies may potentially exploit their workers with high quotas in exchange for benefits and rebates, or even lack social benefits altogether.

Other Examples of Temporary Workers in the Country Include:

Project Managers	IT Specialists	
Engineers	Retail Clerks	Nurses

In addition to the increasing demand for contractual workers, flexible employment has also increased in the country as an alternative to regular employment. With flexible employment options, employees could work online without having to return to the workplace or are able to find opportunities online. Companies utilizing flexible employment are able to reduce costs and increase efficiency of their workforce. **In addition to these benefits, new roles were created to fill needs in the service and entertainment industries, such roles include:**

Flexible Work as an Alternative

Ride Hailing App Drivers	Takeaway Drivers	Affiliate Marketing Professionals
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With benefits for both employees and companies, the number of contingent workers is expected to grow.

With the benefits such as flexibility and a decrease in onboarding-related expenses, companies are going to continue hiring temporary employees to replace some permanent roles. However, the government may introduce new incentives or regulations due to the risk of employees being exploited through high quotas in exchange of benefits and rebates.



Molly Tam

Executive Director, Service Excellence, AGS

China's changing economic structure, dynamic skillset requirements, and diverse talent demands have a significant impact on how organisations look at their talent strategy. These changes have led to a shift from a conventional employment strategy to a more proactive approach to get work done.

The pain points of a traditional workforce strategy may include controlling scale, quality, and compliance risk. That is why there is an increasing trend for organisations in China to consider other workforce solutions - the contingent workforce - which can help organisations achieve optimal recruitment quality and delivery result within the specified project timeline.

Having a third party for workforce management can help avoid breaches of compliance and regulatory laws. By helping mitigate such risks, the organisation can focus on maximising business utility and remaining flexible to meet future workforce needs.



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China
Luxury Retail

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Luxury Retail Industry

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Employment Landscape

Despite the challenges brought by the outbreak of COVID-19, it is expected that middle and high-income customers will double by the end of 2030, and luxury spending is expected to double in 2023. The growth is driven by young customers who have spending power and are demanding new experiences. The luxury fashion industry is looking into consumers' standards, culture and preferences, such as the following:

Digitalisation is being utilised to win more customers.

For the luxury fashion industry, companies have been building cyber resilience and use digital platforms to win customers.

Sustainability is increasingly becoming important in both China and the rest of the world.

Generation Z consumers in China support green initiatives and pay more for brands that support sustainability.

Digitalisation has thus created a demand for talent in areas that include:

Digital
Marketing

Data
Analysis

Customer
Relations

Social Media
Marketing

Cybersecurity



With increased spending on luxury goods and a need for sustainability, more roles will be required. Apart from the need for more positions related to sales and customer support, it could be seen that supply chain- and sustainability-related jobs will also experience an increase in demand from the industry. In addition, it is expected that other companies will also launch their own initiatives that aim to attract and empower talent, especially from the Gen Z demographic.



Chris Wang
Head of Operations, AGS

In recent years, as part of their brand strategy, many luxury brands have focused on and invested in research on elevating their services for their high-value customers.

The luxury brands industry has always been highly customer-centric, so it is no surprise that delivering a superior customer experience is critical in this industry. In recent years, as part of their brand strategy, many luxury brands have focused on and invested in research on elevating their services for their high-value customers.

To identify the right talent aligned with their brand strategy, brands should ask strategic questions to ascertain if the candidate has a customer-centric mindset instead of checking their past work experience.

Furthermore, in recent years, the millennial generation has driven the new model of luxury brand growth and has greatly influenced the industry. Regarding hiring, luxury brands have increased their efforts in targeting younger candidates with diverse backgrounds or talents who received an education outside of China. This recruitment shift is because this group of candidates is perceived to have a higher understanding of the luxury brand and fashion culture; some might even be regular consumers of luxury goods.

How Brands in the Industry Differentiate Themselves

With the opening of China's borders and the return of physical stores, luxury brands are making significant investments to enhance their customer's physical shopping experience. They are hiring and expanding their talent pools in the following ways:

DEI

To empower women and be more sustainable, Dior partnered with UNESCO's Global Education Coalition for Women@Dior, where women are given mentorship and education on leadership, diversity and inclusion, and creativity.

Employee Development Plan

Prada Group and OTB Group are also providing training for the next generation of supply chain talents. In March 2023, Prada Group announced that it would recruit 400 employees to increase the production capacity of products in its Tuscany manufacturing plant. OTB is investing in training employees to learn advanced technical skills in 3D design applications and sustainable development.



Roles in demand in the industry include:

Sales Associate

Store Manager

Loss Prevention Specialist

Visual Merchandise

Operations Manager

Supply Chain Professionals

Customer Service Representative

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Luxury Retail Industry – Summary

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Lily Ye

General Manager, AGS China

Chinese consumers these days are very familiar with many international and renowned luxury brands and that's why many global brands are planning more expansion in the China market.

There is an increasing trend of Chinese consumers purchasing luxury goods from various channels. In recent years, more and more luxury boutiques have emerged in tier-2 and tier-3 cities, which was previously unheard of. In tier-1 cities, brands are expanding their store sizes, upgrading service standards and quality for their high net-worth customers, providing stronger exclusivity and privacy, increasing their loyalty.

As a result of these approaches, there is inevitably higher requirements for talents in terms of customer service awareness, product knowledge, higher educational background and other aspects. Brands will also invest more energy in people development to cultivate talents in the industry.

The luxury retail sector will continue to flourish as brands continue to expand and invest in their people.



Labour Market Insights China Automotive Industry

The Industry is Charging Up for Electric Cars

China has seen economic growth in the past three decades, with the automotive sector continuing to grow and improve as of 2023. This is seen through joint ventures and investments which continue to flow from state-owned and international companies. With this, companies are looking to hire further and expand their talent pool to remain competitive.

Electric Cars Industry Indicator

1

**Productions
(2022)**

+7,058,000

2

**Sales
(2022)**

+6,887,000

3

**Market Share
(2022)**

25.6%

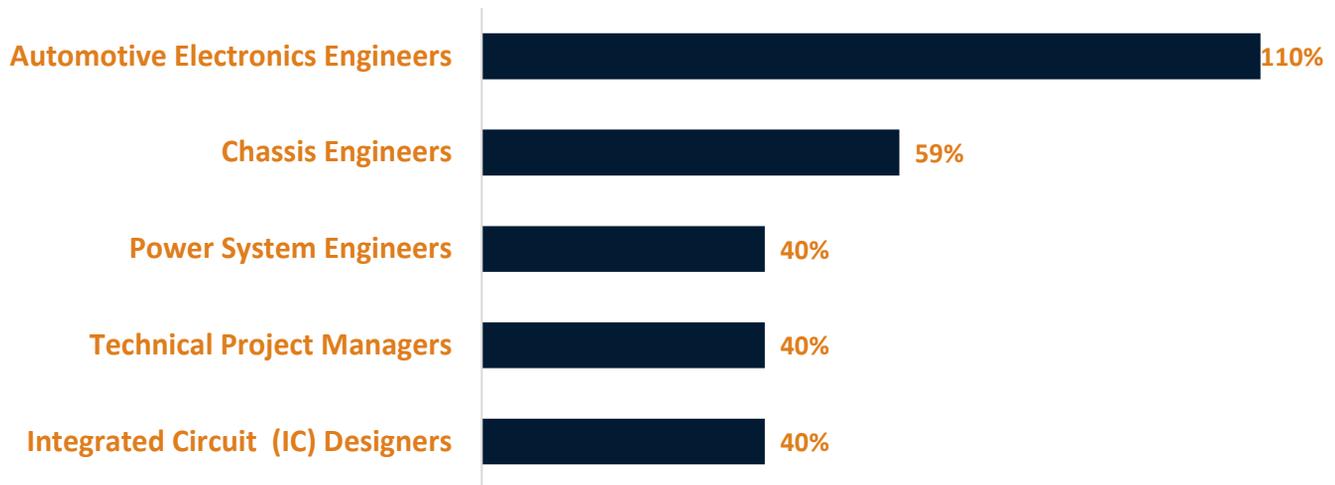
According to data from the China Association of Automobile Manufacturers, in 2022, the production and sales of new energy vehicles in China reached 7.058 million and 6.887 million, respectively, with year-on-year growth of 96.9% and 93.4%, and a market share of 25.6%. In the first five months of 2023, the production and sales of new energy vehicles in China reached 3.05 million and 2.94 million, with year-on-year growth of 45.1% and 46.8%, respectively, and a market share of 27.7%.

Employment Landscape

With soaring demand for “new energy” or electric vehicles in both the country and the rest of the world since 2018, competition for talent is stiff between local and international companies. Even with a continuous year-on-year hiring growth trend of 12%, talent supply remains tight, as companies continue to hire and grow.

With this, **high salaries are used as a method to attract talent**. A further look shows that positions with the **highest expected salary growth** in 2023 include the following:

Expected Salary Growth of New Energy Vehicle Manufacturing Professionals for 2023



According to a local source,
one-third of talent in the new energy vehicle
sector will achieve income growth by 2023.

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Automotive Manufacturing Industry – Summary

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With an increase in electric vehicle demand, an increase in labour demand is expected.

With the continuously increasing demand for electric cars from both the domestic and the international market, companies in China will continue to demand and compete for specialised roles.

Companies are also expected to utilise new methods to attract talent and utilise high salaries, incentives and benefits to remain competitive. More companies are expected to enter the market, tightening job competition further.



Josie Huang

Head of Operations, AGS

In a tight talent market, offering higher salary and welfare incentives can increase competitiveness but it might not be what the talents are looking for. Talents do look at the future of organisations, the technology investments, and the people development approaches before they decide to join an organisation.

For organisations to attract the right talent, they must show an employer brand that talents can connect with as talents will want to work for organisations that takes care of their development. A strong employer brand can also help organisations stand out in the market.

When organisations shows the potential and opportunities for sustainable career development, talents will be eager to work for these organisations. Once talents hit milestones on their journey with the organisation, they will enjoy the sense of achievement.

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Conclusion

As we continue to navigate this period of economic uncertainty, it is imperative that companies remain focused on identifying the right skills to recruit the right people. With current inflationary pressures, companies might be better suited to consider alternative talent pools. Organisations should also review their employer value proposition (EVP) as it is a non-negotiable ethos for companies to stand out in a tight labour market.

Partnering with a workforce specialist that can help with the above will be beneficial for companies to develop workforce strategies that are aligned with the current market forces.



If you have any questions on the insights shared or want to continue the conversation as to how these workforce trends may impact your workforce strategy journey, please reach out to your AGS representative.

This report was prepared by the Allegis Global Solutions' Market Insights team.

The Market Insights team provides actionable insights based on market and competitor intelligence reports that enable our clients and recruitment teams globally to navigate the talent market, build employment strategies and make informed workforce decisions to hire the best available talent.

The team of experienced researchers specialise in quantitative and qualitative secondary research across industries, sectors and geographies. Their goal is to provide multidimensional insights that help our clients formulate strategies to build workforces that transform their people into a competitive advantage.



The Human Enterprise™

At Allegis Global Solutions (AGS), we're in the human enterprise business. We help companies all over the world transform their people into a competitive advantage. It's not about filling seats. It's about designing workforces to meet missions. With services in 100+ countries, we have a point of view on the future of work that enables us to be a transformative partner in the way work gets done.

Meeting clients where they are, we design a plan that makes sense for their organization and guide them along a transformational journey, applying bold actions and diverse minds to solve the most complex challenges - from permanent and extended workforce management to services procurement, consulting, direct sourcing and the Universal Workforce Model. Because we believe that when you build a workforce that's designed to harness human enterprise, you design a workforce that's built for impact.

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