

Selected Papers of Beijing Forum 2009

A Study on the Employment of Graduates of Higher Education in the Context of the Financial Crisis

Ding Xiaohao, Yue Changjun

Professor, Peking University
Professor, Peking University

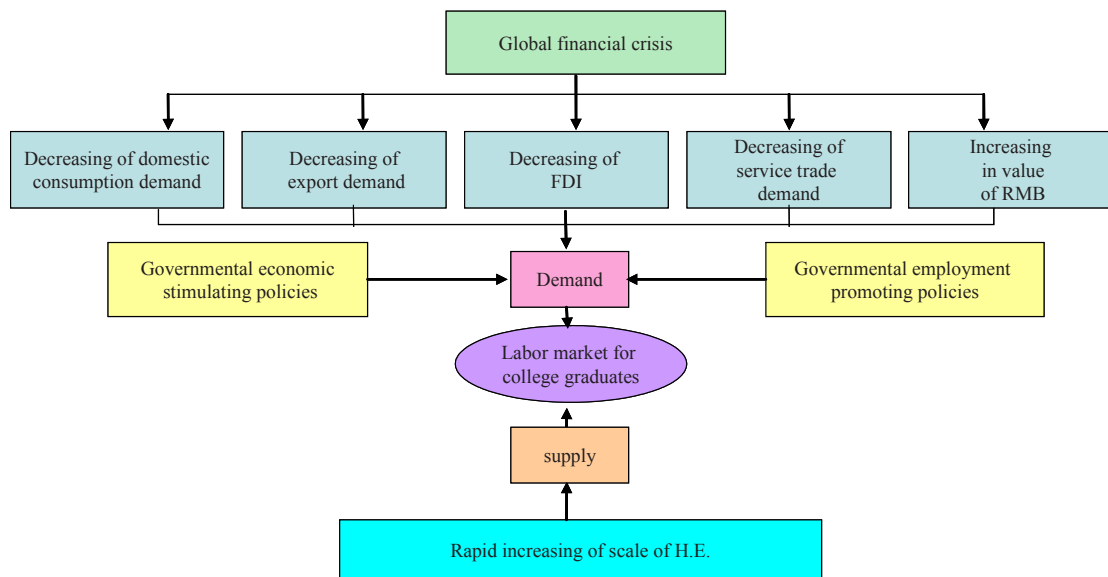
Abstract

Based on analysis of four surveys conducted during the time period of 2003-2009, this paper examines basic characters and changes in college student employment trends under new circumstances triggered by the current global financial crisis. The data shows that the crisis has negatively influenced the growth of student employment and has aggravated the already serious imbalance of supply and demand in the Chinese job market for university graduates. Shifts in economic growth structures caused by the financial crisis have decreased demands in the job market for university graduates. Although Chinese government carried out a series of reforms aimed at promoting employment for university graduates, their individual preferences about work options and tendencies of choosing location have not been noticeably changed. This is due to the significant imbalance of socioeconomic development among geographical regions, urban and rural regions, as well as labour market segmentation.

© 2013 The Authors. Published by Elsevier Ltd. Open access under [CC BY-NC-ND license](https://creativecommons.org/licenses/by-nc-nd/4.0/).
Selection and/or peer-review under responsibility of Beijing Forum

Lastly, this paper highlights a number of policy considerations based on the findings, including 1) reducing vast gaps of incomes and social security among various industries, occupations, regions, labour markets, and systems will diversify graduates' work options regarding location; 2) Given the facts that private returns to higher education has reduced and that employment risks have increased in recent years, personal enthusiasm (especially that of socially vulnerable groups) to invest on higher education might be declined in future. In order to ensure a high quality of higher education and to make preparation for an economic recovery, policy makers should consider 1) increasing proportions of monetary investment to higher education and to add financial aid to students from socially vulnerable backgrounds; 2) encouraging diversification by offering more autonomy to higher education institutions so as to promote higher teaching quality and to reduce the crowding-out effect and the substitution effect among various groups of graduates. 3) allowing higher education institutions to redesign their academic programs and curriculum based on shifts of demands in the job market, to encourage coordinated efforts between university and industries, and to foster a growth in practice opportunities for students by institutionalizing college student internships.

Since 2008, a worldwide financial crisis has aggravated the already serious problems in the Chinese job market for college graduates. The financial crisis has exerted profound impacts on economy and employment in China. As is described in the figure below, we can make a basic analysis about demand and supply in the labor market facing college graduates. On the demand side, economics growth rate has slowed down for lowered domestic demand, export demand, international trade and FDI scale, and trade in services, as well as the appreciation of Chinese currency due to the financial crisis. As a result, labor demand decreased not only in manufacturing and export-oriented entities, but also in the service sector, reducing the employment opportunities for college graduates. On the supply side, the number of college graduates in China has been growing rapidly because of continuously enlarged enrollment of higher education institutions since the late 1990s. Statistics show that, China's college graduates reached 6.10 million in 2009 and above 8 million college graduates including those who did not get employed in the past years would compete for employment opportunities provided that year. At the same time, the government has issued series of policies to stimulate economic growth and expand employment in order to narrow the great gaps between supply and demand in the labor market.



As employment of college graduate becoming a focus concerned by the whole society, what was the employment situation of college graduates in 2009? Based on analysis of four surveys¹, this paper examines the employment of college graduates in China in the context of the financial crisis.

1. Initial Employment Rate and Starting Salary

A Significant Decline in Initial Employment Rate

Initial employment rate is defined as the percentage of those, among all college graduates, who have already signed labor contracts, have confirmed employers, will start up their own enterprises, attend graduate schools, or work or study abroad. (This definition is different from the one in labor economics.) Initial employment rate appears reversed U-shape, starting at 59.8% in 2003, increasing to 69.9% in 2005 and then 71.1% in 2007, and declined to 67.1% in 2009. Based on statistical analysis, the proportions of college graduates who “have already signed labor contracts” when they graduate are generally below 50%, reported as 40.4%, 47.2% and 40.4% in 2003, 2005 and 2007 respectively. In 2009, this rate hit its low point of 34.5%, the first time below 40% since 2003, illustrating the negative influences of the financial crisis on college graduates.

Download English Version:

<https://daneshyari.com/en/article/1119247>

Download Persian Version:

<https://daneshyari.com/article/1119247>

[Daneshyari.com](https://daneshyari.com)