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**Employment policy implementation
mechanisms in China**

Xiangquan Zeng

Employment
and Labour
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Branch

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Preface

The primary goal of the ILO is to contribute, with member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration 2008 on Social Justice for a Fair Globalization,¹ and which has now been widely adopted by the international community.

The comprehensive and integrated perspective to achieve this goal are embedded in the Employment Policy Convention, 1964 (No. 122), in the Global Employment Agenda (2003) and, in response to the 2008 global economic crisis, in the Global Jobs Pact (2009) and in the Conclusions of the recurrent discussion on Employment (2010).

The Employment Policy Department (EMPLOYMENT) is fully engaged in global advocacy and in supporting countries placing more and better jobs at the centre of economic and social policies and of inclusive growth and development strategies.

Policy research, knowledge generation and dissemination is an essential component of the Employment Policy Department's action. The publications include books, monographs, working papers, country policy reviews and policy briefs.²

The *Employment Policy Working Papers* series is designed to disseminate the main findings of research initiatives on a broad range of topics undertaken by the various branches, units and teams in the Department. The working papers are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.

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¹ See http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf

² See <http://www.ilo.org/employment>.

Foreword

Job creation is a priority for all countries. Yet satisfactory job creation is an uphill battle because today's economic environment and policy circumstances are not necessarily aiding this collective effort. Employment challenges have been mounting, but policymakers are faced with limited, and even reduced, fiscal resources. It means that policy interventions for job creation need to be highly effective.

The ILO assists member states to formulate national employment policies (NEPs) as established in the Employment Policy Convention, 1964 (No.122). For the years 2012-2013 alone, 73 requests for technical assistance by countries seeking advice on and support for the formulation of their national employment policies have been received. This is why the Employment Policy Department is developing a series of tools that will guide and support ILO constituents in prioritizing policies based on informed choices and consultations.

As an independent evaluation in 2012 of the ILO's work on employment policy has pointed out, such NEPs, however well-formulated and well-designed, can remain as abstract entities unless the necessary institutional arrangements are put in place to ensure their timely and effective implementation. This needs to be complemented by coordination, monitoring and evaluation mechanisms to adapt them to changing economic circumstances.

In the light of these concerns, the ILO, with support from technical cooperation funds secured under the ILO-Korean Government Partnership Programme launched a cross-country project entitled "Comparative analysis of employment policy implementation mechanisms across countries" in the first quarter of 2013. The following countries and region are covered by the project: Argentina, Bosnia and Herzegovina, Burkina Faso, Brazil, China, Republic of Korea, South Africa and the European Union (EU) including two of its member states, the United Kingdom and Germany.

This paper discusses NEPs and its implementation in China. It is organized in five sections. The first section introduces the NEPs and their evolution in the ten years since their establishment. The second section describes an inter-ministerial meeting which is responsible for the coordination and implementation of NEPs. The third section analyses the accountability system including indicators, work plan, budget, supervision and evaluation. The fourth section reviews how the public employment services and Labour Market Information System play a role in the implementation of NEPs. The concluding section summarizes lessons learned from Chinese practice in the formulation and implementation of NEPs which may be of interest to policymakers.

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The paper was prepared as part of a project that was managed by Yadong Wang under the overall guidance of Azita Berar Awad and Iyanatul Islam.

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Abbreviations

| | |
|-----------------------|--|
| CPC Central Committee | Central Committee of the Communist Party of China |
| MOHRSS | Ministry of Human Resources and Social Security |
| NDRC | National Development and Reform Committee |
| MOE | Ministry of Education |
| MOS | Ministry of Supervision |
| MOF | Ministry of Finance |
| MOA | Ministry of Agriculture |
| MOC | Ministry of Commerce |
| PBC | the People's Bank of China |
| SASAC | State-owned Assets Supervision and Administration Commission of the State Council |
| SAIC | State Administration for Industry and Commerce |
| NBS | National Bureau of Statistics |
| ACFTU | All-China Federation of Trade Unions |
| CYLC | Communist Youth League Central |
| CWF | China Women's Federation |
| CFIC | China Federation of Industry and Commerce |
| SAT | State Administration of Taxation |
| CFIC | China Federation of Industry and Commerce |

1 China's national employment policy: Active employment policy

From 2003 to 2007, national employment policies showed remarkable achievements. The Central Committee of the Communist Party China (CPC) and the State Council attached importance to employment as the national strategy, carrying out a series of active policy measures to promote employment nationally. In September 2002, the CPC central committee and the State Council issued the document “Notice on Strengthening the Work of Employment and Re-employment [2002]12.” This was followed in November 2005 by the “Notice on the Continuance of Strengthening Employment and Re-employment [2005]16” In April 2007, the Standing Committee of the National People's Congress (NPC) of China adopted the Employment promotion law, which came into force on 1 January 2008. From 2003 to 2007, the State Council held two meetings on re-employment, and seven specialized conferences on national employment and re-employment. It also established the inter-ministerial employment policy mechanism which currently includes nearly 20 ministries. A total of 66.6 billion Yuan were allocated from the central budget to the national employment and re-employment. By 2007, 24.8 million laid-off workers had been re-employed. The urban registered unemployment rate, which does not include surplus rural workers and workers migrating from rural areas to cities, decreased during that period.

From 2008, a more active national employment promotion policy was implemented during the global financial crisis and domestic disasters such as the earthquake in Sichuan province. After the earthquake, the State Council immediately inserted the stabilization of employment into the recovery work plan.

The Standing Committee of the CPC, after assessing the influence of the global financial crisis, adopted a strategy of ensuring economic growth and people's livelihoods in order to maintain stability and security. Employment has a vital bearing on people's livelihoods, so the strategy included a variety of active employment policies such as promoting employment through economic growth, maintaining the stability of enterprises, encouraging entrepreneurship and job skills training, etc.

This series of active policy measures to promote national employment improved China's national employment pattern, adding 109.96 million jobs between 2003 and 2011. Also, the structure of national employment was improved by the migration of surplus rural workers to non-agricultural sectors. At the same time, the public employment service system was established. Market forces play a more important role in the allocation of national human resources.

Table 1 Active employment policies in China

| Policy-making Department | Time | Policy | Type |
|---|------------|--|------------------------------------|
| CPC Central Committee, State Council | Sept. 2002 | Notice on strengthening employment and re-employment [2002]12 | Guiding and central policies |
| State Council | Nov. 2005 | Notice on the continuance of strengthening employment and re-employment, [2005]16 | |
| Standing Committee of the National People's Congress (NPC) of China | Apr. 2007 | Employment promotion law | |
| State Council | Jan. 2008 | Notice on promoting employment, [2008]5 | |
| General Office of the State Council | Oct. 2002 | Notice on preferential policies concerning the fees for the laid-off engaged in self-employment[2002]57 | Preferential fees and tax policies |
| Ministry of Finance (MoF) | May. 2003 | Supplementary notice on the practical implementation of notice on preferential policies concerning the fees for the laid-off engaged in self-employment, [2003]192 | |
| Ministry of Finance, State Administration of Taxation (SAT) | Jan. 2006 | Notice on the taxation policy for laid-off workers' re-employment, [2005]186 | |
| Ministry of Labour and Social Security, State Administration of Taxation | Jan. 2006 | Notice on the implementation of the taxation policy for laid-off workers re-employment, Ministry of Labour and Social Security and SAT, [2006]1 | |
| National Development and Reform Commission, Ministry of Finance | Jan. 2006 | Notice on the implement of preferential fees policies about self-employed laid-off workers and college graduates, [2006]7 | |
| People's Bank of China, Ministry of Labour and Social Security, Ministry of Finance | Jan. 2006 | Notice on the improvement policy for small loans, [2006]8 | Employment Funding Policies |
| Ministry of Labour and Social Security, Ministry of Finance | Jan. 2006 | Notice on appropriate expansion of the range of test points of unemployment insurance funds, [2006]5 | |
| Ministry of Labour and Social Security, Ministry of Finance | Jan. 2006 | Notice on Further Strengthening the Employment and Re-employment Funds Management Ministry of Labour and Social Security and MoF [2006]1 | |
| State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, Ministry of Labour and Social Security, Ministry of Finance, The State Administration of Taxation | July 2003 | Notice on further clarifying the separation of major and secondary industries in state-owned large and medium-sized enterprises, SASAC, MoF, SAT and Ministry of Labour and Social Security, [2003]21. | Comprehensive Supporting Policies |
| State Economic and Trade Commission, Ministry of Labour and Social Security, Ministry of Finance, Ministry of Land and Resources, The People's Bank of China, The State Administration of Taxation, State Administration for Industry and Commerce, All-China Federation of Trade Unions. | Nov. 2002 | Implementation measures of the placement of surplus staff in large and medium-sized state-owned enterprises during the separation of major and secondary industries, [2002]859 | |
| State-owned Assets Supervision and Administration Commission of the State Council, Ministry of Labour and Social Security, Ministry of Finance | Jul. 2003 | Implementation measures of the labour relations of surplus staff in large and medium-sized state-owned enterprises during the separation of major and secondary industries, SASAC, [2003]21. | |
| State-owned Assets Supervision and Administration Commission of the State Council | Apr. 2003 | Implementing the spirit of national re-employment forum and strengthening the work in the separation of major and secondary industries, [2003]46 | |

Source: own elaboration

The central government is making every effort to create jobs for workers laid off due to economic changes or reorganization, restructuring, closure or bankruptcy of companies. At the same time, the CPC central committee and the State Council are focusing on the employment of college graduates, surplus agricultural labour, people with disabilities and other special groups who have difficulty in finding jobs. In 2003, 2004, and 2007, the secretariat of the State Council issued three documents concerning the employment of college graduates', encouraging college graduates to seek jobs at the grassroots and relevant preferential policies. In 2006, the State Council issued the document "Opinions on Solving the Problems of Migrant Workers (2006)/5", with a view to finding urgent solutions to the problems of exploitation and wages arrears of migrant workers. The document pointed out that government at all levels should manage rural or migrant workers on the basis of law, provide them with employment services and vocational training, and solve the problems surrounding migrant workers' social security. In 2006, the Ministry of Labour and Social Security, together with the NDRC, the MOF, and the MOA, started pilot schemes in cities to promote a balance between rural and urban employment. For disabled people, in May 2007, the State Council issued "Regulations on the Employment of Persons with Disabilities, [2007]488" to protect the interests and rights of disabled persons in employment. Thanks to these recent efforts, the employment of college graduates, retired soldiers, migrant workers, and people with disabilities has shown significant improvement.

The main target of employment varies from year to year. For example, in 2003, the main goal was to implement the policy of re-employment and development of the public employment service, and expand the budget allocation to groups with difficulty seeking employment. In 2005, the main target shifted to solving the problems of redundant workers, and providing assistance for re-employment. In 2008, the employment goal of the new era took shape gradually. The central government placed emphasis on college graduates, balancing rural and urban employment, finding a mechanism to coordinate social security and employment promotion, the target responsibility system to be introduced into the coordination system.

There are three pillars of China's active national employment promotion policy. The first focuses on re-employment as much as dealing with unemployment. The second encourages learning new skills as well as adding new jobs. The last is the promotion of both employment and self-employment.

Table 2 Employment work statistic

| year | Urban New Jobs (10 thousand) | Re-employment of laid-off urban workers (10 thousand) | Employment of groups with employment difficulty (10 thousand) | Registered unemployment people in urban areas (10 thousand) | Urban registered unemployment rate (percentages) |
|------|---------------------------------|--|---|---|---|
| 2003 | 850 | 440 | 120 | 800 | 4.3 |
| 2004 | 980 | 510 | 140 | 827 | 4.2 |
| 2005 | 970 | 515 | 130 | 839 | 4.2 |
| 2006 | 1184 | 505 | 147 | 847 | 4.1 |
| 2007 | 1204 | 515 | 153 | 830 | 4.0 |
| 2008 | 1113 | 500 | 143 | 886 | 4.2 |
| 2009 | 1102 | 514 | 164 | 921 | 4.3 |
| 2010 | 1168 | 547 | 165 | 908 | 4.1 |
| 2011 | 1221 | 553 | 180 | 922 | 4.1 |

Source: Ministry of Human Resources and Social Security (MOHRSS) website

Figure 1 The number of urban new jobs from 2003 to 2011

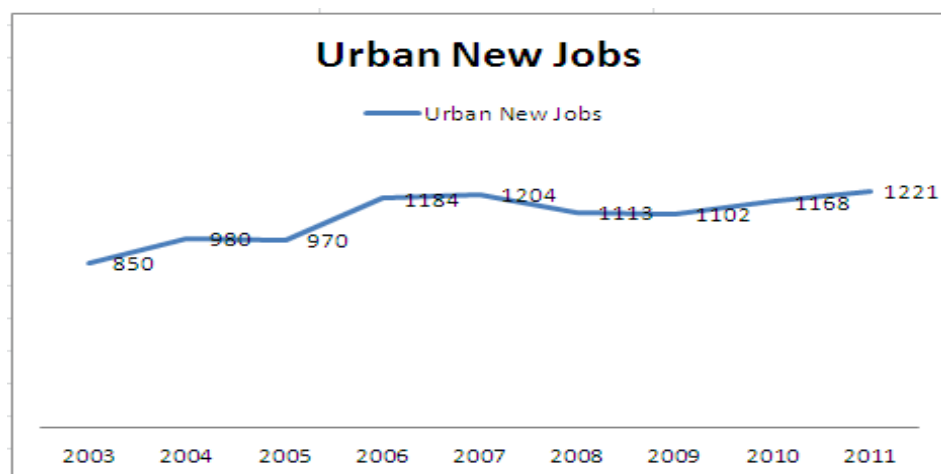
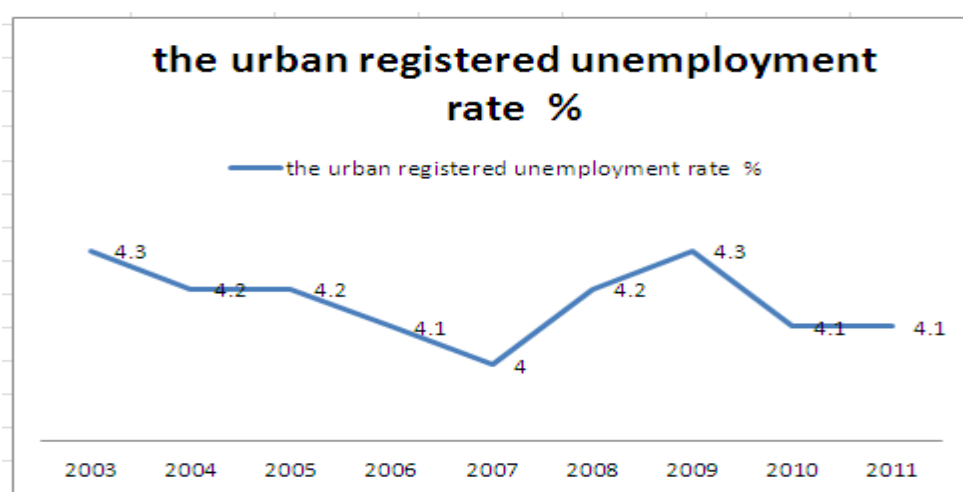


Figure 2 Urban registered unemployment rate from 2003 to 2011



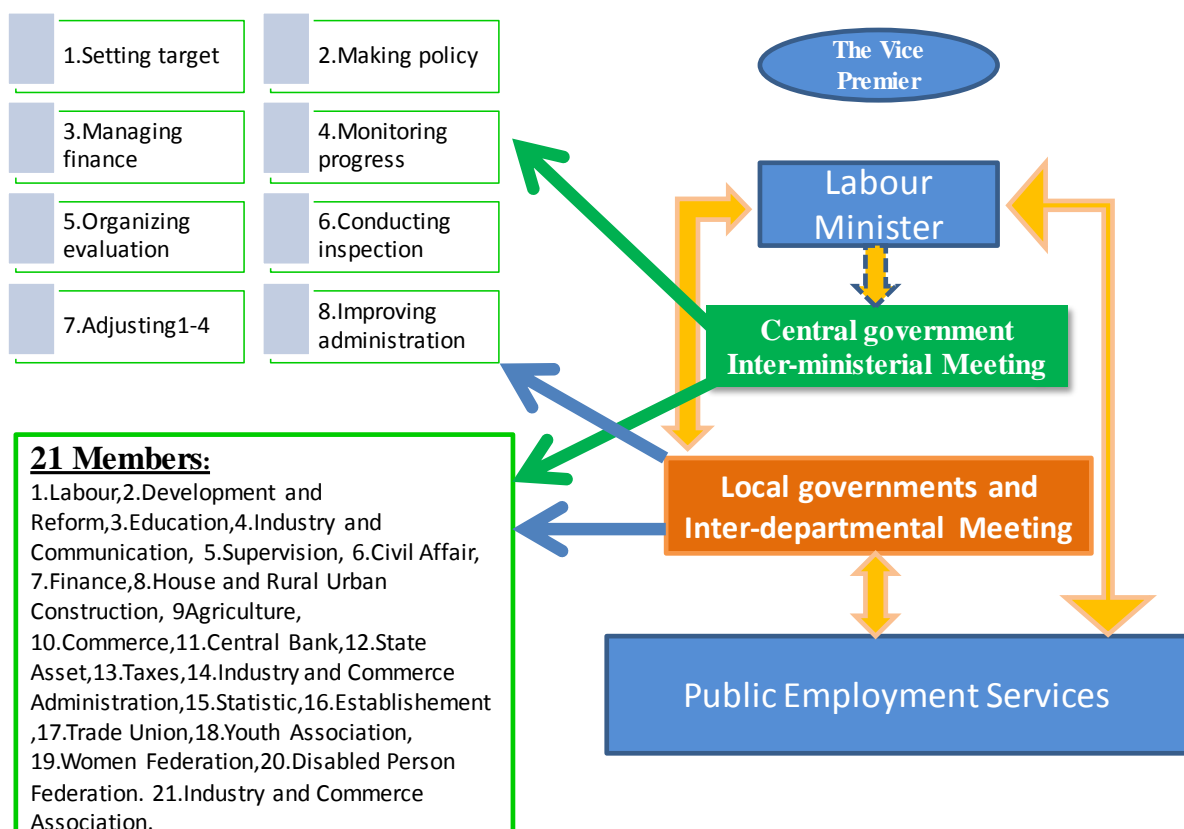
Source: MOHRSS website

2 Coordination System

Four things are critical for the efficient operation of the coordination system based on China's experience:

- (a) The coordination system is coordinated by the Minister of Labour, but it is important for the Minister of Finance to play a key role. It is also important that the President's or Prime Minister's office supervises the system. Otherwise the efficiency of the operation could be low if the Ministry of Labour is the sole voice.
- (b) The members of the inter-ministerial coordination system at national level include not only the relevant ministries, workers and employers, but also local governments. The employment policies are rooted and implemented at local level.
- (c) The inter-departmental coordination system at local level has the same function as at the national level. It plays a pivotal role in the whole coordination system, and is crucial to implementing, monitoring and evaluating employment policies.
- (d) The functions and tasks of each member within the coordination system should be clearly defined in order to avoid low efficiency caused by overlapping responsibilities across ministries.

Figure 3 Employment coordination mechanism in China



Source: Yadong Wang

2.1 Inter-ministerial coordination system at national level

The inter-ministerial meeting mechanism

In the spring of 2003, many industries in all areas of China were under attack by SARS. At that time, the re-employment of laid-off workers was an important task for the Government. The State Council issued the “Notice on strengthening the re-employment of the laid-off workers [2002]12),” expressing confidence in solving the re-employment problem. The notice requested that government at all levels should deal well with the relationship between eliminating SARS and development of the social economy, in which the re-employment of laid-off workers was one of the most important goals. In the spring of 2003, the inter-ministerial re-employment policy meeting mechanism came into being.

In May 2003, the State Council established the inter-ministerial re-employment policy meeting mechanism, to strengthen the coordination and organization of national employment policy making. The State Council issued “Notice of the State Council secretariat on accelerating the work of re-employment [2003]40” Under the leadership of the State Council, nearly 20 national ministries communicate their progress or share their problems with each other, forcing policy making in one direction. In 2005, with the Notice on the Continuance of Strengthening Employment and Re-employment, [2005]36, the State Council changed the name of the inter-ministerial re-employment policy meeting mechanism to the inter-ministerial meeting mechanism. According to the Employment promotion law, adopted in April 2007, the State Council must establish a mechanism to promote and coordinate national employment measures in order to analyse problems in the area. In February 2008, the State Council drew up the Notice of the State Council on implementing employment measures [2008]5”, recommending that government at local or regional level should establish inter-departmental coordination systems.

In 2003, the inter-ministerial meeting had 13 members, which increased to 19 in 2007. In 2008, the membership grew to 21, including the Ministry of Human Resources and Social Security (MOHRSS), National Development and Reform Committee (NDRC), Ministry of Education (MOE), Ministry of Supervision (MOS), Ministry of Civil Affairs (MOCS), Ministry of Industry and Information Technology (MOIIT), Ministry of Finance (MOF), Ministry of Housing and Urban-Rural Development (HURD), Ministry of Agriculture (MOA), Ministry of Commerce (MOC), the People's Bank of China (PBC), State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the State Administration of Taxation (SAT), Trade and Industry Bureau (TIB), State Administration for Industry and Commerce (SAIC), National Bureau of Statistics (NBS), State Commission Office for Public Sector Reform (SCOPSR), the All-China Federation of Trade Unions (ACFTU), Communist Youth League Central (CYLC), China Women's Federation (CWF), China Federation of Industry and Commerce (CFIC), China Disabled Persons' Federation (CDPF).

The inter-ministerial meeting is led by the MOHRSS, with the Minister of MOHRSS acting as convener. The vice ministers of other ministries concerned with employment also attend the inter-ministerial meeting. The secretary of the employment-related office in these ministries acts as liaison officer. The vice premier in charge of employment, the deputy secretary-general together with the State Council secretariat also attend the meeting.

In recent years, the inter-ministerial meeting has become an important part of the national employment policy coordination system. Each member of the inter-ministerial meeting would contribute to the employment policy making. Ministers communicate progress of their work or discuss difficulties with each other, driving policy making in the same direction. The inter-ministerial meeting plays a huge role in national policy making, planning, monitoring of the employment fund and employment project evaluation.

Table 3 Function of main ministries in the inter-ministerial meeting mechanism

| Ministry | Functions |
|---|---|
| Ministry of Human Resources and Social Security | <ol style="list-style-type: none"> 1. Implement the strategy of employment as a priority and proactive employment policy 2. Coordinate the employment of all groups 3. Improve the system of public employment and human resources services, promote the development of the labour market 4. Strengthen vocational training 5. Strengthen the coordination of labour relations, promote the labour dispute mediation and arbitration and occupational safety and health inspection |
| National Development and Reform Committee | <ol style="list-style-type: none"> 1. Accelerate the implementation of the strategy of employment as a priority 2. Promote employment of college graduates and re-training and employment of rural labour 3. Improve the public employment service 4. Promote the development of the urban and rural employment system |
| Ministry of Finance | <ol style="list-style-type: none"> 1. Actively implement existing employment tax policy and tax incentives to expand employment, track policy implementation, research and support the promotion of an employment-related tax policy 2. Supervise the implementation of the employment fee waiver policy, optimize the business environment 3. Continue provision of small secured loan interest subsidies , improve relevant policies 4. Support the employment of college graduates 5. Increase financial support for small and medium-sized enterprises, improve support methods and relevant policies, encourage small and medium-sized enterprises and international service outsourcing enterprises to actively promote employment 6. Strengthen vocational training 7. Strengthen the special employment funds management 8. Establish and improve the employment early warning system |
| The People's Bank of China | <ol style="list-style-type: none"> 1. Continue prudent monetary policies, make comprehensive use of various monetary policy tools and strengthen macro-credit policy guidance 2. Make integrated use of a variety of policy resources 3. Focus on special groups and their financial services, especially credit support for those who have difficulty finding employment , women , college graduates, retired soldiers , migrant workers , people with disabilities and other special groups 4. Advocacy and entrepreneurship training |
| State-owned Assets Supervision and Administration Commission of the State Council | <ol style="list-style-type: none"> 1. Improve the central enterprises employment- related policies and work systems, ensure the stability of the central and local state-owned enterprises 2. Encourage central enterprises to actively increase recruit of college graduates and the range of graduate jobs 3. Make recruitment of college graduates a priority activity of the central enterprises of Tibet, Qinghai , Xinjiang 4. Ensure that central enterprises generally establish an open, transparent and fair employment permit system |
| The State Administration of Taxation | <p>On the basis of analysis and further study, evaluate the effect of policy implementation, and improve tax policies to promote employment and entrepreneurship, expand the coverage of preferential tax incentives for enterprises to absorb employment, and intensify preferential policies</p> |
| State Administration for Industry and Commerce | <ol style="list-style-type: none"> 1. Carry out a wide range of policy advocacy, further improve policies and measures to support business ownership and employment 2. Encourage employment and entrepreneurship, support and provide services for those who have difficulty finding employment, women , college graduates, retired soldiers, migrant workers, people with disabilities and other special groups, as well as employment and entrepreneurship among the self-employed and the private sector, continue to promote the employment of internships for college graduates 3. Carry out vocational skills training, entrepreneurship training, organize meetings to help job seeking, exchange successful experience 4. Strengthen market supervision and regulation, investigate and combat the informal employment agencies and a variety of activities that harm workers' legitimate rights and interests |
| Ministry of Education | <ol style="list-style-type: none"> 1. Cooperate with relevant departments to broaden the channels of employment of college graduates, encourage grass-roots entrepreneurship, strengthen apprenticeships, and provide employment services 2. Create more jobs for college graduates 3. Adapt the work environment to national strategic needs and local economic development 4. Encourage local colleges and universities to undertake special recruitment activities 5. Strengthen ideological education and strive to protect stable employment |
| Ministry of Industry and Information Technology | <ol style="list-style-type: none"> 1. Implement policies and measures to support small business and micro-enterprise development 2. Support for small and micro enterprises 3. Implement the Twelfth Five-Year growth plan 4. Accelerate the small and micro enterprises service 5. Carry out the "National SME online recruitment target for college graduates for Hundred Days" |
| Ministry of Agriculture, | <ol style="list-style-type: none"> 1. Increase rural workforce training 2. Increase support to rural entrepreneurs 3. Improve the system of transfer of land leases and management rights , harmonized system of land ownership disputes arbitration 4. Ensure an effective rural employment monitoring system |

Source: Interview with Ms Zhang Ying.

The inter-ministerial meeting mechanism is under the direct leadership of the State Council. It aims to ensure better communication between ministries, regular exchange of work in progress, organization of surveys, collection of the latest employment information, and solution of the latest employment problems. The meeting formulates policies, allocates budgets and further work in the coming year. It constitutes a forum in which vice ministers and the secretaries of employment-related offices establish the work plan for the following year, make recommendations and report urgent issues to the State Council.

Since its creation, all members of the inter-ministerial employment meeting, under the leadership and close supervision of the State Council, have worked closely together, making an enormous contribution to national employment measures. Thanks to their efforts, the national employment policy has been focussed and proactive. Each ministry made employment a key theme in their work, making full use of monitoring and evaluation systems. The inter-ministerial employment meeting helped accelerate the introduction of employment legislation as well as improving the quality of judiciary, and it has been highly praised by the leaders of the State Council.

The Ministry of Human Resources and Social Security (MOHRSS) will first establish the employment policy framework, and then coordinate with the main ministries including the NDRC, MOF, AOT, SAIC, and PBC. Afterwards, the draft framework will be discussed by the MIIT, the MOA, the MOE, and the SASAC. During the discussion, the FIC speaks on behalf of private enterprises, the SASAC on behalf of state-owned enterprises, and trade unions on behalf of workers in the enterprises.

The main policies in the document will be advised by the ACFTU, the CYLC, and the CWF. Finally, the coordinated result will be taken to the inter-ministerial meeting. The vice premier will attend the meeting and express his opinion about the policy. Ultimately, the policy document will be submitted to the State Council.

On rare occasions when there is a divergence of views, the convener or the meeting secretariat is responsible for coordination. If a consensus still cannot be reached, the divergent views will be submitted to the State Council.

Once a policy has been issued, each member of the inter-ministerial meeting has to discuss the rules for its implementation in the ministry concerned.

The inter-ministerial employment meeting is held every six months. The regular agenda is to study the spirit of the employment and re-employment meeting of the CPC Central Committee and the State Council; report on the progress of work between departments; determine the annual employment and re-employment work plan, tasks and related working arrangements; analyse new situations and new problems in employment and re-employment, propose policy measures and recommendations. Special meetings may be held at any time if necessary.

Members of the inter-ministerial meeting mechanism need to carry out joint research on employment and re-employment on a regular basis, hold special meetings for special studies, and notify research findings in a timely manner to the other members of the inter-ministerial meeting. At the same time, the members provide guidance on supervision and inspection by their own departments and ministries, survey and research work, encourage local governments to speed up the pace of implementation of the policy in various ways, as well as generally promoting employment and re-employment.

The 2013 work plan provides an overview of the inter-ministerial employment meeting. In 2013, its main goal was to implement fully the spirit of the Eighteenth Party Congress, adhere to the policy that calls for the workers to be self-reliant in finding employment, the market to regulate employment, the Government to promote job creation and to encourage business start-ups, implement the employment priority strategy, and

pursue a more active employment policy, improve the urban and rural employment public service, and advance business start-ups to expand employment opportunities. The key focus of national employment actions in 2013 was youth employment including the graduate employment, migrant workers, and urban people with difficulty in finding employment and ex-servicemen. The national employment target is for new urban employment to exceed nine million, and the registered urban unemployment rate to drop below 4.6 per cent. In short, more and higher quality employment.

- To satisfy this annual work plan, the inter-ministerial employment meeting needs to: implement the priority employment strategy and endeavour to expand new jobs. All the departments concerned with employment must set full employment as a higher priority than the development of society and the economy. During the economic transformation of China, government at all levels should help to increase new employment. Basic data collection, statistical work and employment surveys will also be needed.
- implement employment policies that do most to actively increase employment opportunities, while, at the same time, improving public employment services and strengthening the employment fund management.
- make youth employment including graduate employment a top priority and balance the rural and urban employment. Graduates will be supported after they leave school and enter society, especially when they are looking for their first jobs. Also, the Government will encourage surplus rural workers to start undertaking business, help ex-servicemen and others who have difficulties in finding employment.
- improve public employment and skills training services, and promote training programmes. The labour market in China is not as developed as in western countries. The inter-ministerial employment meeting will seek to fill this gap. Pre-employment or on-the-job training can enhance the quality of employment, which is extremely valuable.
- encourage entrepreneurship to expand employment opportunities. The environment around those who start undertaking business must be improved, and entrepreneurship training and services about pioneering must also be improved.
- Last but not least, pay attention to the relationship between capital and labour, protecting labour rights, carry out further work on coordinating labour relations, monitoring labour and social security, and resolving industrial disputes through arbitration.

The inter-ministerial meeting attaches considerable importance to communication and exchange of information. Based on the progress of employment and re-employment work, the meeting secretariat prepares the meeting briefing, which is sent to the State Council leadership, the provincial people's governments and each member. Directly after the meeting, the secretariat prepares the minutes, and sends a copy to every member and delegate present. In addition, the secretariat manages the re-employment information database and data files, publishes a work manual, creates an online work platform connected to various departments, and provides information in a timely manner according to the members' requirements.

Table 4 Conferences held by the inter-ministerial employment meeting

| No. | Date | Theme | Conference content |
|-----|--------------|---|--|
| 1 | 6 May 2003 | Balancing the relationship between SARS prevention and economic development | <ol style="list-style-type: none"> 1. The re-employment of laid-off workers is an important public task. 2. Stable and fast economic development is the basic material condition of employment. 3. Responsibility should be made clear during government activity. |
| 2 | 20 Apr. 2003 | Keys in re-employment Work | <ol style="list-style-type: none"> 1. Leaders of government have to implement re-employment continuously. 2. More jobs would be created in reality during economic development. 3. More funding and services should be allocated to re-employment of laid-off workers. 4. The media should pay more attention to the employment of groups who have difficulties. |
| 3 | 11 Nov 2003 | Adhere to active employment policy | <ol style="list-style-type: none"> 1. Summary and implementation of some advanced working experience. 2. The inter-ministerial meeting should play a more important role. 3. National law on employment should be established. |
| 4 | 30 Nov 2004 | Joint research in employment and re-employment | <ol style="list-style-type: none"> 1. Strengthen the management and supervision of the re-employment fund. 2. The target responsibility system should impact on re-employment work. 3. Strengthen the employment service, employment statistics and surveys. |
| 5 | 20 June 2005 | Strengthen the survey and improve the policy | <ol style="list-style-type: none"> 1. The condition of employment is changing as the international economic situation changes. 2. The human capital should be taken into consideration. 3. Some policies with operational problems should be improved. |
| 6 | 4 Nov 2005 | Further strengthen employment and re-employment | Policy making on fund management, tax incentives, small loans, fee incentives and unemployment insurance, "Notice on further strengthening the employment and re-employment work" issued. |
| 7 | 6 Sept 2006 | Strengthen the organization and fulfil goals | <ol style="list-style-type: none"> 1. Solve historic problems left over re-employment. 2. "Fund, loan, and tax" are the key tasks for the immediate future. 3. College students become one of the important groups. 4. The employment environment should be improved as migrant workers move to the cities. |
| 8 | 28 Feb 2007 | Strengthen policy implementation and complete the re-employment task | <ol style="list-style-type: none"> 1. Unstable economic development creates problems for employment. 2. Strengthen employment training and improve the knowledge and skills of the young. 3. More cooperation in the inter-ministerial meeting. |
| 9 | 10 Sept 2007 | Implementation of Employment Promoting Act | Supporting relevant policy making, since the adoption of the "Employment Promoting Act". |

Source: Xiaojian, Zhang, *Employment: the basis of people's livelihood; Record of China's active employment policy*, 2008

2.2 Inter-departmental coordination system at local level

At local level, the coordination system consists of two main parts, a horizontal part and a vertical part. Horizontally, local government establishes a coordination mechanism similar to the inter-ministerial meeting: the inter-departmental employment meeting. Vertically, the MOHRSS will pass down the spirit of the inter-ministerial employment policy making meeting, and the ministry's local work plan to the provincial department of human resources and social security. The MOHRSS holds an internal conference each year, in which it informs the provincial HR department of the key points for next year's work.

In 2008, the Employment promotion law set out the employment policy coordination system at both national and local level. In February 2008, the State Council drew up “Notice of the State Council to Accomplish the Employment Work [2008]5”, urging government at county level or above to establish an inter-departmental coordination system.

After a policy has been issued, each member of the inter-ministerial meeting has to discuss the policy operational guidelines within the ministry. Following that, each province should study and analyse the policy, and establish its own operational guidelines, taking its specific circumstances into consideration. The guidelines should be drawn up within three months after the national policy is issued. These guidelines will set targets and plans that match the province's situation.

Horizontally, the inter-departmental employment meeting and coordinating committee are great examples of local coordination systems. At local level, the meeting or committee has higher standards and usually more members than the national inter-ministerial employment policy meeting. Some cities even have inter-bureau employment meetings. The local coordination system contributes to collaboration on employment issues between local bureaus and departments. It also performs well in evaluating the effects of policies and feedback from society.

A good illustration of the relationship between local and central government is the target responsibility system. After the National People's Congress sets the target, the State Council will sign target contracts with local government. Fulfilment of the employment target becomes one performance indicators for the assessment of governors. Many different cities have their own evaluation mechanism.

Each local government has to take five specific objectives for the performance assessment of governors and relevant departments. They include a net increase in jobs, implementation of the re-employment policy, strengthening re-employment services, increasing re-employment through capital investment and helping the employment of disadvantaged groups. Under the Employment promotion law, local government above county level must set the goal of expanding employment as one of the main targets in social and economic development. Every level of administration should set quarterly goals for the employment and re-employment actions. Each city should work actively to support the implementation of the national policy and implement the policy as soon as possible. For tax relief, social security subsidies, job subsidies, micro-credit, employment services, business registration, venue arrangements and other policies, specific sectors should be clearly responsible. Local governments should also clarify the responsibility of the various departments.

At the end of each year at the request of the CPC Central Committee, and the State Council, together with the NDRC, the MOF, and the NBS, the MOHRSS would judge the economic situation including the growth rate of the economy, the supply of workers in the labour market and employment growth of recent years, and then set the employment target for the coming year. The MOHRSS would discuss the specific goal with each province, and then provide the State Council with the target of new jobs, the registered urban unemployment rate, and the number of laid-off workers re-employed in the next year.

Local departments and media organizations, via various forms of activities, should advocate the employment and re-employment policy to the masses, firms and establishments. Local media should promote the care and support of the Party and Government for laid-off workers and their re-employment. Local media should also promote the successful experience of employment and re-employment by outstanding organizations and individuals, and create a good employment environment.

To implement employment policy, central government, relevant ministries and local government usually introduce a series of policies. For example, in 2002, Report of the CPC

Central Committee and the State Council, “Further improving the re-employment of laid-off workers (Document [2002]12) issued by the Chinese Communist CPC Central Committee and the State Council, and then some ministries, including the MOHRSS, MOF, MOC, PBC, ACFTU, CFIC, SAT, etc., published related documents in support. These supporting documents refined supportive policies in the areas of fund management, tax relief, small loans, separation of major free employment services and vocational training and so on. And then local governments issued further implementing policies. In this way, China can ensure a better implementation of its employment policy.

3 Accountability System

The "Employment promotion law", introduced in 2008, expressly states that the government at all levels and relevant departments should establish a target responsibility system to promote employment, and carry out assessment and supervision. The target responsibility system devolves targets from the central government to provinces and cities. The State Council makes commitments to the National People's Congress (NPC), and the provincial government signs letters of responsibility with prefecture-level cities. Local provincial government and major policy departments also sign letters of responsibility. The completion of the target responsibility is now included in the assessment of managers. Scoring evaluation mechanisms are taken into account in many places.

However, the policy evaluation system is imperfect in China. There are only occasional sample surveys and spot surveys. The survey topics usually include number of trainees, participation in employment programmes, etc. The Government invites an independent third party to evaluate some employment programmes, such as some satisfaction surveys and spot surveys. The China Association of Employment Promotion affiliated to the Ministry of Human Resources and Social Security also does some evaluation. There is an assessment of city entrepreneurial activity, based on job evaluations, public opinion polls, and the data from the SAT and the SAIC.

The accountability system comprises seven parts: Key Indicators in National Development Plan, Annual Work Plan, Financial Management, Inspection and Evaluation, Social Supervision, Statistic and Reporting and Adjustment and Improvement (see Figure 4).

Figure 4 Employment accountability systems in China



Source: Yadong Wang

3.1 Key indicators in the national development plan

There are four key indicators in China's development plan, including new jobs, registered urban unemployment rate, number of laid-off workers re-employed, and number of disadvantaged persons employed, the first two of which were integrated into the annual national economic and social development plan.

3.1.1 New Jobs

The National Bureau of Statistics (NBS) counts the number in employment, the State Administration for Industry and Commerce (SAIC) counts the number of new self-employed, and the Ministry of Human Resources and Social Security (MOHRSS) is in charge of employment in public works and flexible employment.

The number of new employees in urban areas is the indicator that reflects the effectiveness of urban employment, calculated as follows:

Number of new employees in urban areas = Total number of persons employed in urban areas – natural wastage.

The total number of persons employed in urban areas is the sum of the number of new employed persons due to the creation of new jobs and the number of employed persons allowing for natural wastage in the reporting period.

Natural wastage is the number of employed persons who leave the labour market because of retirement or invalidity in the reporting period.

The number of new employees in urban areas is summarized on the basis of the three departments' statistics. (Statistics departments at all levels are responsible for counting the number of employed person in public institutions, business sectors are responsible for counting the number of persons employed in private enterprises or self-employed, social security departments are responsible for reporting the number of employed persons who have community public service jobs and flexible jobs.)

3.1.2 The urban registered unemployment rate

Urban Registered Unemployment refers to those (1) with non-agricultural residence cards, (2) within working age range, 16 to retirement age), (3) able to work but not working, (4) want to work and have registered as jobseekers with the local labour exchange.

Urban Registered Unemployment Rate refers to the ratio of urban registered unemployment to the sum of employment in urban units (excluding those who have agricultural residence cards, re-employed retirees, and those from Hong Kong, Macao, Taiwan or other countries), seconded staff and workers and employment in urban private sectors and self-employed individuals and urban registered unemployment. It is calculated as follows:

$$\frac{\text{urban registered employment}}{\text{employment in urban units} + \text{urban registered unemployment}} \times 100\%$$

3.1.3 *Number of laid-off workers re-employed*

The number of laid-off workers re-employed refers to the number of laid-off workers who are employed again.

3.1.4 *Number of disadvantaged persons in employment*

Disadvantaged persons in employment refers to people who because of factors such as physical condition, skill levels, family factors, loss of land and so on have difficulties in obtaining employment.

In 2003, the unemployment rate and new employment were integrated into the national social and economic development plan.

3.2 Annual work plan

At the request of the CPC Central Committee and the State Council, at the end of the year, the MOHRSS in cooperation with the NDRC, the MOF and the NBS reviews a number of factors. They include the pace of growth in the national economy, the supply of urban labour and employment growth trends in recent years. Based on these factors, they can forecast the new situation and tasks which employment and re-employment will face in the next year. After consultation with the provinces, they put forward four recommended goals of the next year's programme to the State Council: the number of urban employees, the registered unemployment rate in cities and towns, number of laid-off workers re-employed and number of disadvantaged persons in employment. When the State Council approves, two indicators, new urban employment and the urban registered unemployment rate are emphasized in the Central Economic Work Conference. In the following year, the National People's Congress makes a public commitment to the community.

Governments and relevant departments at all levels have promoted the employment target responsibility system, and carried out assessment and supervision. After national objectives have been determined, the objectives are devolved from central government to the provinces, autonomous regions and municipalities. Then, in accordance with the goals set in the central mission, local government determines the target responsibility for employment in the region and define the specific measures. The goals will be important indicators in evaluating the performance of local governments and relevant departments.

3.2.1 *Special employment funds: budget implementation methods and requirements*

Central government allocates employment special funds at two points in time: before the end of September of the previous year and the end of June in the current year.

Provinces should respond within 30 working days after being notified of the budget by the higher authority. They should take note of the budget targets set by financial agencies at the same level in the cities and counties.

3.2.2 *Clear employment and re-employment objectives and tasks should be considered*

The employment and re-employment objectives and tasks should give full consideration to the following: the need of employment; the need to solve historical problems identified by the State Council; the actual current need to solve the problem of re-employment of disadvantaged persons; and establish a long-term mechanism to promote employment.

3.3 Financial management

3.3.1 *Funding arrangements*

Government at or above county level can allocate special funds in their budget. The central government uses special transfer payments to give appropriate assistance to local cities. The Government also gives financial subsidies to the central and western regions and old industrial bases.

The number of special employment funds depends on four factors. One is the impact factor, which depends on the increase in funding and employment compared to last year, the reasonable level of expenditure of special employment funds (the proportion of promotion and protection), and the progress of fund budget implementation. The second factor is local financial difficulty factor, and minority areas enjoy special weighting. The third is the employment impact factor, based on the number of new jobs as a ratio of the number of unemployment insurance beneficiaries, and the ratio of local employment financial input in total annual expenditure. The fourth is the vocational training factor which depends on the number of trainees and rises in training fees.

3.3.2 *The application of funds*

Special employment funds can be used to subsidize job placement, vocational training (including training and living subsidies), occupational skills testing, social insurance, public employment, probationary employment, special employment policy grants (policies for the disadvantaged), microcredit and interest subsidy, support for public employment services. Special employment funds cannot be used in other ways, such as travel expenses, conference fees (MOF and MOHRSS, [2011] 64).

3.3.3 *Performance evaluation of special employment funds*

The evaluation of employment funds usually encompasses fund raising, fund applications and configuration, fund expenditure effect and situation of key project expenditures. The evaluation relies on some basic principles concerning methods, subjects, processes, data and results.

The method is scientific. The quantitative evaluation method is used in the performance evaluation of special employment fund applications. It focuses on the scientific approach, economy and effectiveness of the employment expenditure.

The evaluation is independent. The performance evaluation of special employment funds' should be carried out by an independent evaluation agency in order to avoid unnecessary interventions. This ensures the impartiality and objectivity of the performance evaluation results.

The process is open to the public. The evaluation criteria and procedures must be strictly followed to ensure that the procedure is open and transparent. The evaluation team should check the results in a timely manner, record the detailed evaluation on a daily basis, and set up the evaluation file. If the evaluated unit objects to the evaluation results, an evaluation panel of experts should be established to conduct a review.

The evaluation process comprises four steps: formulation and publication of a single standard performance index and the weight coefficients; formulation of evaluation programmes; preparation of the foundation for data; conduct of the investigation and verification.

The data is accessible. The relevant data should be obtained through the formal channels. It must be reliable and accessible. Investigations of the units to be evaluated must be carried out in order to understand the full range of data. This can enhance its reliability.

The result is valuable. Performance evaluation should focus on the specific expenditure and its outputs, the evaluation results should clearly reflect the close correspondence between expenditure and outcomes. By means of the performance evaluation of the special employment funds, government can promote the implementation of employment policy and improve employment policy to achieve the goals of stabilizing and increasing employment.

Nowadays, the Government places its emphasis on policy evaluation by independent third parties. The key system of performance indicators for the evaluation of special employment funds comprises four parts: employment special fund raising index, fund application and configuration index, fund expenditure impact index and key project expenditures index.

The performance evaluation of special employment funds makes use of a percentage system to calculate the performance scores.

Evaluation score = (Employment special fund raising score \times W1) + (Fund application and configuration score \times W2) + (Fund expenditure impact score \times W3) + (Key project expenditures score \times W4) where $W1+W2+W3+W4 = 100\%$.

Employment special fund raising score depends on the ratio of funds mobilized from local financial sources to total employment funds, the percentage of local government funding to total fiscal revenue, and the percentage of employment funding arranged by local government.

Fund application and configuration score depends on the proportion of actual expenditure of special employment funds.

Fund expenditure impact score depends on the number of new jobs promoted by special employment funds and the urban registered unemployment rate.

Key project expenditures score depends on the number of new jobs promoted by job placement subsidies, vocational training subsidies, social insurance subsidies, public job subsidies and microcredit and its interest subsidy.

3.3.4 The central finance special employment funds allocation methods based on performance coefficient estimates

The formula of the financial budget and the assessment standard of local funding for employment are based on the weights of the following 5 coefficients.

- **The coefficient of fund expenditures effectiveness is** weighted 30% (the growth of expenditure, the growth of funds compared to the previous year and the reasonableness of the expenditure pattern).
- **The coefficient of the local financial difficulty degrees is** weighted 20%. Minority areas may have special weights.
- **The coefficient of employment effectiveness is** weighted 15%. The allocation is based on the ratio of the number of new jobs and the number of local unemployment insurance claimants, and the number of people living on the urban minimum subsistence level.

- **The coefficient of vocational training** is weighted 20%, considering how many people have participated in training and the growth in investment in training.
- **The coefficient of labour supply** is weighted 15%. It indicates the working-age population.

The weights will be fine-tuned: fiscal sharing is not limited.

The application of funds depends mainly on the deployment policy, and less on employment indicators. Some special, unconventional means of organizational behaviour may be used in practice when special circumstances arise.

The indices of the government assessment system should be able to be verified and adjusted against each other.

3.4 Supervision, inspection and evaluation

3.4.1 *The employment supervision and inspection system*

According to the Labour Act, the Employment promotion law, the Employment Contract Act and other legal provisions aimed at promoting employment, supervision and inspection and employment promotion consist of three parts: supervision by state authorities, supervision by government departments and social supervision. The State Council submits to the National People's Congress, and provincial governments sign letters of responsibility with prefecture-level cities. Local provincial governments and major policy departments also sign letters of responsibility.

Fulfilment of the target responsibility is now included in the assessment of managers. Evaluation scoring mechanisms are taken into account in many places.

The central government puts forward a policy and local government must develop specific measures and targets within three months. The central government then urges local governments to implement the employment objectives by way of notification. The unemployment rate is taken into account to evaluate the work of government in employment supervision and inspection.

However, the evaluation system is not perfect. The Government uses random sampling or spot surveys (spot survey means taking tens of thousands of samples per province) to inspect implementation of employment policies. These surveys have different targets and contents, such as the entrepreneurship survey, which is conducted by the NBS, covering topics such as small secured, entrepreneurship training, entrepreneurial success, reasons for success and business environment, etc.”

Central government is now starting to assign some investigation and assessment to a third party, such as job evaluation, IRD level entrepreneurial city, etc. The assessment results are the basis for recognizing local government by the State Council.

3.4.2 *Supervision of the implementation of the law by the administration department*

There are four types of employment supervision system.

Top-down inspection. top-down inspection is conducted by the Inter-Ministerial Meeting on behalf of the State Council, or by local inter-departmental teams on behalf of local government to examine government behaviour and progress of implementation by checking performance records and statistical reports.

Bottom-up social supervision. In bottom-up social supervision, government at all levels establish an open tip-off hotline, website, mail box, etc. in order to receive opinions concerning employment issues from all sections of society.

Special inspection. Special inspection organized at all levels of government focuses on slow progress and poorly performing regions to provide guidance and resolve problems, by interviewing different departments, universities, social bodies, enterprises, unemployed people, etc.

Individual supervision. Individual supervision is conducted by trade unions, the China Federation of Industry and Commerce (CFIC), etc.

3.4.3 Funds supervision

The assessment indicators to check the use of employment funds, include the application of funds, validity of local funds, spending of money, commitment of money and work.

The reward in place of subsidy mechanism is used to determine the amount of employment funds for local government. The NPC initially gives 80 per cent of employment funds to local government in year one, and the remaining 20% based on assessment results in the following year. Those local governments whose indicators show better performance are be rewarded, while others which fail to achieve the targets are punished by deducting 20 per cent of the funds.

3.5 Statistics and reporting

There are four main basic monitoring indicators, and some specific indicators.

The main basic monitoring indicators are as follows (see *D. Supporting system* of this report for more information),

Labour market information system. The labour market information system collects basic data, carries out statistical analysis, and inputs information of personnel agencies at all levels into a database.

Provincial and central system. The provincial and central system is responsible for data collection and analysis of labour market supply and demand. It can also support macro decision making.

Monitoring indicator of changes in rural employment. The data monitoring changes in rural employment is collected in 500 counties.

Dynamic monitoring of the unemployed. Dynamic monitoring of unemployed is carried out by the Unemployment Bureau of the MOHRSS. It includes data on nearly ten thousand companies.

The MOHRSS organizes the annual nationwide survey of basic information about human resources and social security, and related results from the annual statistical report.

The report is in seven parts: employment situation; social insurance situation; labour relations; professional technical and vocational skills; penetration of human resources and social security policies and regulations in the country; enterprise migrant workers; conclusions and policy recommendations.

3.6 Adjustment and improvement

In order to improve employment, the Chinese Government has adopted an active employment policy approach in the last decade. It includes a policy making, legal and institutional framework and employment services system to actively promote employment. The policy was launched in 2002, and has since gone through several stages. In September 2002, the Report of the CPC Central Committee and the State Council, “Further improving the re-employment of laid-off workers (Document 2002/12 issued by the Chinese Communist CPC Central Committee and the State Council) set out an active employment policy, marking the Government’s shift of focus from protecting life to promoting employment. In 2005, the State Council issued Document 2005/ 36, which revised and extended, adapted and improved the active employment policy. In August 2007, the NPC promulgated the Act of the People's Republic of China on the Promotion of Employment which enshrined employment policies, systems and mechanisms in law. Then, in May 2008, the State Council issued Document 2008/ 5 to incorporate existing employment policies into the legal framework organically. After the Wenchuan Earthquake in 2008, the central government introduced a counterpart employment assistance policy, and explored the establishment of a mechanism for emergency employment. In 2009, in order to cope with the Financial Crisis, the State Council formulated a package of economic stimulus, employment promotion and business support measures, and implemented further active employment policies. Based on these policies, employment in China has made great strides, and the employment situation has been significantly improved.

4 Support system

Employment policy implementation, monitoring and evaluation mechanism is supported by two systems: the public employment services system, and the labour market information system. Both systems are inseparable parts of the mechanism.

4.1 Public employment services system

The public employment service is funded by the Government, providing non-profit employment services to employees. It provides employment assistance to disadvantaged groups, social support for employment and the unemployed, employment agency services and social security for employers and the workers.

In the early 1990s, employment agencies organized by the labour department, gradually replaced labour service companies and became the principal part of the public employment system. The State promulgated a series of laws and regulations to regulate employment agencies. By the end of 1994, China had 25,000 employment agencies, including 20,000 agencies organized by the labour department which successfully dealt with over 13 million applications from jobseekers in 1994 alone, helping them to find employment or re-employment. At the same time, employment agencies organized by the personnel department also developed rapidly. Since 1998, the number of national government personnel service agencies has been stable at around 3000.

In the new century, the Labour Department employment agencies and Personnel Department personnel services agencies continue to develop steadily, and provide the bulk of employment services agencies in China. With the development of the world economy and economic interaction, as well as the rapid development of China's market economy, employment agencies under various forms of ownership have grown rapidly. Foreign and private agencies have entered this sector because of its operating flexibility and keen market sense, competing with the public employment service agencies.

Internet technology has had a broad impact on employment services and labour market intermediation. Moreover, China's accession to the WTO and the gradual opening up of the human resources market generated fierce competition in this sector between an increasingly diversified set of actors.

In addition, the Human Resources Market Information Monitoring Centre also publishes quarterly information about the supply and demand for labour in the public employment services. The information includes:

- Number recruited,
- Number of applicants,
- Vacancy to applicant ratio,
- Changes compared with the last quarter,
- Changes compared with the same period last year.

The following table gives the data of 2012, for example:

Table 5 Total demand for labour in 2012

| | No. recruited | No. of applicants | Vacancy to applicant ratio | Changes Compared with last quarter | Changes compared with the same period last year |
|-------------|---------------|-------------------|----------------------------|------------------------------------|---|
| 1st quarter | 5902890 | 5462857 | 1.08 | +0.04 | +0.01 |
| 2nd quarter | 6335394 | 6037377 | 1.05 | -0.03 | -0.02 |
| 3rd quarter | 6432960 | 6099993 | 1.05 | - | +0.01 |
| 4th quarter | 5088751 | 4730839 | 1.08 | 0.03 | 0.04 |

In the first quarter, employers recruited 5.9 million people through public employment service agencies, while 5.5 million applicants entered the labour market. The vacancy to applicant ratio is 1.08, 0.04 higher than the previous quarter, and 0.01 higher compared with the same period last year.

In the second quarter, employers recruited some 6.4 million people through the public employment service agencies. About 6.0 million applicants entered the labour market. The vacancy to applicant ratio is about 1.05, a fall of 0.03 compared with last quarter, and 0.02 compared with the same period last year.

In the third quarter, employers recruited 6.4 million people through the public employment service agencies. Some 6.1million applicants entered the labour market. The vacancy to applicant ratio is 1.05, the same as the previous quarter and up by 0.01 over the same period last year.

In the fourth quarter, employers recruited 5.1 million people through the public employment service agencies. Some 4.7 million applicants entered the labour market. The vacancy to applicant ratio is 1.08, a rise of 0.03 compared to the last quarter , compared to the same period last year rose by 0.04.

As well as information on labour demand at national level, the Human Resources Market Information Monitoring Centre also collects demand for labour in different industries (see Table 6).

Table 6 Demand for labour in different industries in 2012

| Quarter | Industry Type | No. recruited | Percentage of total (%) | Demand changes compared with last quarter (%) | Demand changes compared with the same period last year (%) |
|---------|---------------|---------------|-------------------------|---|--|
| 1st | Primary | 111 378 | 1.9 | +0.6 | +0.1 |
| | Secondary | 2 565 468 | 43.5 | +3.1 | +4.4 |
| | Tertiary | 3 226 044 | 54.6 | -3.7 | -4.5 |
| 2nd | Primary | 110 064 | 1.8 | -0.1 | -0.1 |
| | Secondary | 2 642 956 | 41.7 | -1.8 | +4.8 |
| | Tertiary | 3 582 374 | 56.5 | +1.9 | -4.7 |
| 3rd | Primary | 104 489 | 1.6 | -0.2 | -0.3 |
| | Secondary | 2 502 232 | 38.9 | -2.8 | -2.2 |
| | Tertiary | 3 826 239 | 59.5 | 3.0 | +2.5 |
| 4th | Primary | 80 455 | 1.6 | 0 | 0.3 |
| | Secondary | 2 074 986 | 40.8 | 1.9 | 0.4 |
| | Tertiary | 2 933 310 | 57.6 | -1.9 | -0.7 |

In the first quarter, the number recruited the in primary, secondary and tertiary sectors accounted for 1.9%, 43.5% and 54.6% respectively. Compared with the previous quarter, the proportion of secondary sector demand rose by 3.1%. The proportion of tertiary sector

demand decreased by 3.7 percentage points, compared with the same period last year, while the proportion of demand for labour in the secondary sector increased by 4.4 per cent. Tertiary sector demand fell by 4.5 percentage points. Compared with the same period last year, demand in the second sector rose by 4.4% while in the tertiary sector, it fell by 4.5%.

In the second quarter, the primary, second and tertiary sectors accounted for 1.8%, 41.7% and 56.5% respectively. Compared with the previous quarter, the proportion of demand in the secondary sector dropped by 1.8 percentage points while the share of the tertiary sector increased by 1.9 per cent. Compared with the same period last year, the share of demand in the secondary sector increased by 4.8 percentage points, but then fell by 4.7 percentage points in the tertiary sector.

In the third quarter, the share of the primary, secondary and tertiary sectors was of the order of 1.6%, 38.9% and 59.5% respectively. Compared with the previous quarter, the proportion of demand in the secondary sector dropped by 2.8 percentage points, and by 2.2 per cent when compared with the same period last year. However, the tertiary sector share increased by 3 percentage points compared with the previous quarter and by 2.5 percentage points over the year.

In the fourth quarter, the number recruited in the primary, secondary and tertiary sectors accounted 1.6%, 40.8% and 57.6% respectively. Compared with the previous quarter, the share of demand in the secondary sector increased by 1.9 percentage points but the proportion of tertiary sector needs decreased by 1.9 percentage points. When compared with the same period last year, the share of demand in the secondary sector increased by 0.4 percentage points but in the tertiary sector it fell by 0.7 per cent.

In addition, Chinese public employment services agencies also take the responsibility of monitoring and reporting the implementation of employment policies.

In 2006, the Ministry of Labour and Social Security issued a “Circular on making regular reports on employment and re-employment”, for the purpose of monitoring and reporting the implementation of national employment policy. With the cooperation of the NBS, the Ministry of Labour and Social Security issued five reports:

- Report on the re-employment subject to the preferential re-employment license,
- Report on the implementation of subsidies for job placement, vocational training and occupational skills testing,
- Report on the implementation of the social insurance subsidy,
- Report on the use of employment and re-employment funds, and
- Report on the implementation of the work-months of employment scheme.

Among the five reports, the first four are quarterly and the last monthly. The five reports are prepared at province government level by provincial labour and social security departments and sent to the Ministry of Labour and Social Security.

The national employment service work experience exchange meeting was held in November 2012. The following is the experience of Hunan Province.

Public employment service policies of Hunan Province

Hunan Province has adopted the following policies:

1. Introduce policies and systems to standardize institution-building
2. Pursuant to Article 35 of the Employment promotion law, government above county level should establish and improve the public employment service system and establish public employment service agencies. Hunan Province took advantage of the favourable conditions and collaborated actively with the documentation and financial sector. The departments carried out research studies to help establish a standardized and unified public employment service system. On this basis, in March 2009, the three departments jointly introduced the policy of "Implementation Measures of the Public Employment Service System Construction in Hunan Province ". This policy provided institutional guarantees for the construction and long-term development of standards in public service organizations. Standardize services to improve service levels

In September 2009, Hunan Province formulated the Standards and Norms of Public Employment Service System in Hunan". This law aims to standardize the hardware configuration, service processes and service standards of the public employment service agencies. It began with the construction of standardized service establishments, followed by standardized service standards and business processes, and lastly by standardized monitoring and evaluation.

3. Strengthen efficiency in line with local conditions.

On the basis of the full implementation of the two documents, Hunan Province promoted the institutional system and service system through real reform of local institutions.

Changsha set up an integrated service platform which combines employment, social security, housing security, comprehensive management and other functions. Hengyang paid staff wages and benefits fully compliant with the rules of the funding institutions. In Changde, urban counties took 20 per cent of the special annual employment grant as a grass-roots platform of ring-fenced special funds.

4.2 Labour market information system

The public employment service division of the employment promotion bureau of the MOHRSS, has produced the public employment recruitment website. The website shares job recruiting information among 29 provinces. It can absorb employment-related information into the database where the MOHRSS department has been formally involved. The data is used to analyse the employment situation, monitor labour market trends, and obtain information concerning certain special groups.

The 2012 statistical report analyses the data for four quarters of supply and demand in the national and local labour market. There are nearly 600 local reports. The reports can provide authoritative, comprehensive and detailed data, so that the latest occupational supply and demand analysis and other related results can be accessed by people across the country as well as overseas. The information can help the departments concerned to adjust the progress of work in real time and to complete the target for the year in full. This labour market information provides a detailed basis for the relevant departments and helps them determine the 2013 work objectives.

Generally speaking, there are four main basic monitoring systems which provide the Government with labour market information.

4.2.1 Labour market management information systems

This information system collects basic data, allows statistical analysis, and inputs information about employment agencies at all levels into the database. In 1999, the Ministry of Labour and Social Security established this information system which was used to forecast the needs of employment services and unemployment insurance. The system has been applied in more than 170 prefecture-level cities throughout the country. It is designed to guide and standardize the construction of labour market information nationwide.

The Information Management System includes the following functions:

Basic information management

This section collects basic information about employers and individuals. It is beneficial to the Government for unified management.

Employment management

This section is used to register and maintain employment information about urban residents, local and migrant workers, workers in Hong Kong, Macao and Taiwan, foreign nationals, and others. In addition, the system also manages the amendment of employment contracts.

Unemployment management

The unemployed management module includes records of dismissals of unemployed persons, unemployment registration, file conversion and registration of new workers and the tracking of unemployed workers.

Re-employment concession management

This section concerns the service for laid-off and unemployed persons. It helps them enjoy the preferential policies for re-employment. Re-employment concession management includes the issue of the re-employment concession card and how the re-employment of preferential treatment can benefit employers and individuals.

Employment placement

Employment placement is the core service of public employment service agencies for the jobseekers and employers. It provides management of the two forms of recruitment, commissioned recruitment and job fairs. It helps to ensure that information gathered through the two forms is shared.

Vocational training

The employment training system has two main functions: management of training institutions and training project approval. The function includes granting of initial approval, re-employment training funds management and skills identification.

Workforce management services

This section includes the management of employee personnel relations, personnel recruitment; personnel file hosting, social security and wages distribution agency service.

4.2.2 Employment monitoring system

The Ministry of Labour and Social Security established the employment information monitoring system to ensure full implementation of employment policies,. The aim is to help workers in different regions to enjoy employment- related support policies and provide guidance to all districts and departments on basic data collection and employment monitoring reporting. The system monitors labour market information of 110 key cities, and its sample data covers more than 90 cities nationwide..

Under the system, all districts and departments collect comprehensive underlying employment monitoring data to support macro policy making.

The provincial and central systems are responsible for data collection and analysis of labour market supply and demand. They also support macro decision making. The deadline for data reporting is the 15th of each month.

4.2.3 Monitoring system for changes in rural employment

This monitoring system was newly introduced in the Ministry of Labour and Social Security during the Twelfth Five-Year Plan. It helps the Government to identify changes of the rural workforce and make changes in rural employment. It is important to allow the Government to formulate and refine relevant policies accurately and in a timely manner.

The data in the monitoring system for changes in rural employment is collected in 500 counties. The monitoring content includes the number of out-of-work rural workers, the rural workers returning home and the situation of local non-farm employment.

The statistical indicators consist of the population of administrative villages, the total workforce, the number of migrant workers and non-farm employees during the reporting period, the number of employing enterprises and self-employed.

4.2.4 Unemployment dynamic monitoring system

The dynamic monitoring of the unemployed carried out by the unemployment promotion bureau of the MOHRSS includes data on nearly ten thousand companies.

Purpose of dynamic monitoring work

The Government can address situations which cause the changes in the workforce of the company. The main reasons of unemployment are bankruptcy and restructuring of the business, major technological innovation or adjustment operations and so on. It helps and supports the Government in monitoring changes in the position of companies during periods of economic uncertainty and fluctuation, and taking steps to prevent and control unemployment. This system also lays the foundation for the establishment of an unemployment early warning system.

Methods and procedures

Firstly, the cities to be monitored are selected. Each of the selected cities should include no less than 30 enterprises to be monitored. Selected municipalities should include no less than 90 enterprises.

Secondly, establish basic data files. Every monitored enterprise should establish an underlying data file for practitioners.

Thirdly, the monitoring must be carried out at regular intervals. In principle, surveys of the movements of employees in the monitored enterprise should be conducted on a monthly basis.

Finally, the unemployment trend monitoring report is prepared. The MOHRSS finalizes the national unemployment trends monitoring report based on an analysis of the pooled provincial reports, with reference to the relevant macro-economic and employment data.

In addition, there are three recruitment websites in China: “Zhilian Zhao pin” (<http://www.zhaopin.com>), “51 job” (<http://www.51job.com>) and “China HR” (<http://www.chinahr.com>). These websites provide the Government with a wealth of recruitment and labour market information. They serve as a bridge between jobseekers and employers.

5 Conclusion

Based on interviews with government officials responsible for employment, reviews of the literature, etc., this case study on employment policy implementation mechanisms has analysed the employment policy coordination, accountability and support systems in China. On the basis of these in-depth analyses, we can come to a number of conclusions.

In the past decade, employment has become more and more important for the Chinese Government, which has consequently been giving priority to employment policy, and making employment improvement a national strategy.

The Chinese Government emphasizes the depth of decision-making in employment. Employment policy making needs not only the central government, but also local government. Even at central level, many ministries are involved.

In the coordination system, the Chinese Government works through the inter-ministerial employment policymaking meeting mechanism established by the State Council in 2003 to strengthen the coordination and organization of national employment policy making. Under the leadership of the State Council, 21 national ministries report on their progress and share their problems with each other, driving policy making in one direction. China's coordination system is coordinated by the Minister of Labour, but the Minister of Finance also plays a key role and this is important. It is also important that the President's or Prime Minister's office supervises the system, otherwise the efficiency of the operation might be impaired if it relied in the single voice of the Ministry of Labour.

China is so vast that it needs local government to play an important role in employment. The inter-departmental coordination system at local level has the same function as at national level. It plays a pivotal role in the whole coordination system, and is indispensable to implementing, monitoring and evaluating employment policies.

China also emphasizes the legalization of employment. In the past decade, China unveiled an Employment Contract Act, and Employment promotion law and other laws, which provide statutory guarantees of continuity of employment.

In the accountability system, China emphasizes the scientific basis of employment. The Employment promotion law introduced in 2008 expressly states that the people's governments at all levels and relevant departments should establish a target responsibility system to promote employment, and carry out supervision, monitoring and evaluation.

Taking fully into consideration the status and history of employment, the central government sets clear objectives and tasks for employment and reemployment, and then devolves targets to provinces and cities. Then, the Government allocates the special employment fund in the budget which is financed jointly by central and local government.

In order to safeguard the smooth development of employment and efficient use of employment funds, the Chinese Government apply some important evaluation methods. First, it takes some key indicators as the basis of employment implementation, monitoring and evaluation. Secondly, it uses a system of percentage weights to calculate the scores on which the performance evaluation of Special Employment Funds is made. In addition, the Chinese Government also carries out occasional sample surveys and spot surveys, as well as using third party evaluation to assess selected employment policies and programmes.

The support system provides a wealth of information and data for employment policy making. In China, the support system has two components: the public employment services system and labour market information system. The public employment services system collects basic data and carries out statistical analysis, which is taken as the basis for

assessing the employment situation. The data from Labour Market Information System is used to analyse the employment situation, monitor labour market trends, and obtain information concerning about special groups. Both play an important role in providing employment information for policy making.

Although China has made great progress in the employment sphere, there are still many shortcomings, especially in the evaluation of employment policy. China should learn from some other countries, and vigorously pursue the task of employment promotion.

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