

China employers adapt to cope with labour pains

Hiring crisis

Factories are providing better on-site services to overcome a worker shortage, writes Rahul Jacob

ulation, defined as being those aged between 15 and 59, fell by 3.5m last year to 937m, a result of the one-child policy of the past three decades.

As the number of available workers falls, factories struggle not only to find new hires but also to retain existing staff. A young and educated workforce demands more from employers. In this context, working conditions matter as much as salary. "We want to give them a sense of belonging and the feeling of being respected," says Mr Liu, referring to the company's efforts that range from better housing for employees to soliciting suggestions from them in the factory.

The past few weeks have made clear how severe the hiring crisis is. The weeks after the lunar new year holidays, which ended in late February this year, are typically peak recruiting season for Chinese workers. But it has been difficult for many smaller employers in Dongguan, a string of satellite cities where factories predominate rather

than housing or office towers. Some are struggling to recruit as many as half of the new workers they need, says Willy Lin, who owns a sweater factory in Dongguan. In this environment, the minimum wage – set to rise to Rmb1,310 (\$21) in May in Dongguan – means little. Already, many employers pay much more than the statutory requirement.

"Workers don't care what the minimum wage is. They expect to be compensated at the market rate," says Mr Lin. "Given the massive

shortages [of labour] we are facing, I am not sure any method will work any more."

David Liu, who owns a handbag manufacturer in Dongguan, offers up to Rmb2,000 per month for new employees and province had a shortage of half a million workers after the lunar new year.

Such is the shortage of staff that when Jane Cheng attended a wedding at a three-star hotel recently, the security guards doubled as waiters. A new generation of better-educated workers demands respect, says Ms Cheng, the human resources manager at TTI, which makes lawnmowers and power tools. It employs 9,000 people in Dongguan. It is not unusual now for workers to turn down jobs they see as being too taxing.

AP

A Dongguan toy factory. Workers are getting choosier

"Nowadays, workers think differently," Mr Liu says. "They want a one-to two-month break before looking for a new job after the new year."

The Guangdong government on Monday said the province had a shortage of 40 per cent of workers because they are far better educated.

Retaining workers is a step towards better productivity, especially in Dongguan where as many as 10 per cent of workers quit their jobs every month. So far, Maisto's strategy has helped it retain and recruit staff, Mr Liu says. This year, it recruited as many as 50 workers a day after the new year hiring period. This compares with just 10 a day last year.

And Maisto's plans do not stop with dormitories. The company plans to introduce a pension system for workers who stay with the company into their thirties and forties. The family dormitories have prompted workers to recommend the factory to jobseekers. In today's Dongguan, employers need all the good references they can get.

Additional reporting by Julie Zhu

