The Labor Market of The Retail Business in Northwest China
---A Case Analysis of the Xi’an Metropolitan Area

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Introduction

This research covers a variety of rarely explored issues related to the labor market of retail sector in P.R.China based on two large scaled surveys. These issues include labor market participation and various employments, labor demand and supply. And also issues related to jobs, such as job matching mechanism, job turnover, and job training. This study provides a fairly complete picture of the Chinese labor market and attempts to find a solution for a sustainable development approach for the retail sector and the improvement of well-being for its employees in Chinese context.

I. Macro Data of Shaanxi Province

1. Retail Business in Shaanxi Province

   Chart 1. Companies & Employees in Retail Business

   Chart 2. A comparison of Sales Growth in the Retail Business (Yuan)

   By the end of 2008, the total wholesale and retail business entity units in Shaanxi province raised to 27,688, which increased 9,281 units compared to the end of 2004, with a growth rate of 56.4%.

   The number of employees went up to 42,096 compared with 64,472 people in 2004, with an increase rate of 17.9%.

   By the end of 2008, the sales of main business in wholesale and retail sector peaked 343,598 billion Yuan, which exceeded 192,907 billion Yuan than the year 2004.

II. Retail Business in Xi’an

   As the marketing economy accelerated from 1990’s, the primary and secondary industries have showed stable growth, which stimulated a dramatic and sound growth in the tertiary industry, esp. wholesale, retail trade and catering services.

   Wealth Created Everyday (Yuan)

   The Sales Growth of the Wholesale and Retail Trade & Catering Services (Yuan)

   Tertiary industry is the largest industry in Xi’an and employs around 42% percent of the total Xi’an workforce by the end of 2009.

   The total industry is expecting to grow strongly over the next 5 years according to the forecast of Xi’an Statistic Bureau.

   The sales of wholesale and retail trade went up to 143,123 billion Yuan by 2010 with a growth rate of 19.4% compared to the same period of 2009.

III. Case Analysis of Company G & Company D

   - Most of the salespersons’ salary is set on a basic salary plus commission base.
   - According to the interview, the average monthly income of salespersons working for large- scaled supermarket in Xi’an is around 2500~3000 Yuan. As figures 5 indicted, 20%~30%of their salary is spent on dining.
   - Figure 6 illustrated that only 1/8 of their salary is used to help the family. Generally, the workers in this sector lives in a self-support way.

   A large majority of workers took induction training, occupations with lower skill levels such as sales workers have the greatest level of up skilling, with the proportions of workers with no high school education attainment expected to decrease under open doors.

   Based on the surveys, salespersons’ working time is longer than the new labor law (amended in 2008) regulated. In addition, they do not have extra pay for over-working according to the interview.

   50% of workers found the working condition is acceptable , and another 30% found that they are satisfied with the current working condition, which reflects that the presence of retail sector looms large in absorbing young labor force than manufacturing industry.

Conclusion

Retail industry plays a significant role as an entry point to the labor market for fresh job hunters for its low requirement of skills and flexible working time.

According to the interview and survey, retail sector becomes the leading industry to absorb laid-off workers and migrant workers in Northwest China.

The sound growth of retail business will open more opportunities for the locals, which will transfer the surplus workforce from the drastic urbanization process.

Proposals for the Development of Retail Sector

Stimulating rural consuming by increasing farmers’ income.
Stabilizing the real estate market to encourage daily item consuming.
Improving medical care, to activate the money flow and slow down saving.
Reforming education system and lessen the burden for tuition expenses.