



Rising labor shortage hits China deltas

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China Daily/Asia News Network--The Chinese economy's twin engines, the Yangtze and Pearl river deltas, are spluttering due to a shortfall of migrant workers, especially in the service and manufacturing industries, amid soaring living costs and stagnant salaries.

"The labor shortage has hit customer services and the home service sectors since spring, and it is becoming more serious recently," said Chen Qian, the manager of a downtown employment agency in Shanghai.

"On average, up to 40 percent of job vacancies in these sectors have not been filled."

According to the latest statistics from the Shanghai Restaurants Association, the shortfall in waitresses currently stands at 20 percent and will double during the Spring Festival period, which falls in early February next year.

"Up to 80 percent of the 40,000 restaurants in the city have been regularly running recruitment notices this year as demand for labor has been much higher than supply," said a male staff member, surnamed Xia, from the association's marketing department.

In order to fill the huge shortage in the customer services sector, many restaurants have to employ part-time workers from universities or previously unpopular middle-aged workers from rural areas in other provinces.

"As more and more migrant workers were born in the 1990s, they are more picky on salaries and work conditions, and it is extremely difficult to find enough hands ahead of the Spring Festival," said Shen Xiaoyan, restaurant supervisor of South Beauty, on Ziyun Road in Shanghai.

Migrant workers make up 95 percent of the workforce of the company, which owns more than 10 restaurants in Shanghai. It has dozens of unfilled vacancies, she said.

Shen added that the restaurant had removed the age-limit requirement for job applicants so that it could employ middle-aged workers and college students.

The main reason for the severe labor shortage is the soaring cost of living coupled with stagnant income growth, experts said.

The average monthly salary for an employee in the service sector in Shanghai is about 1,300 yuan (US\$197), barely enough to cover food costs.

"That has prompted more migrant workers to choose to stay in their hometowns, where they earn a bit lower but also spend less on living costs," said Zhang Zhenning, a senior HR consultant based in Shanghai.

In South China's Pearl River Delta region, labor shortages have already affected companies' expansion plans.

"Some companies have to give up orders because of worker shortages," according to sources with the Guangdong provincial department of human resources.

The Christmas and New Year periods are usually the busiest for production in the Pearl River Delta.

The worker shortfall has been estimated at more than 900,000, according to a recent survey by the province's human resources department.

The delta's major cities of Guangzhou, Shenzhen and Dongguan are experiencing a combined shortfall of about 550,000 workers, according to the survey.

Labor-intensive industries such as garments, shoes, toys, textiles, construction, sales and catering are facing an even worse situation in employing new staff, sources said.

Some factory owners in the Pearl River Delta have been forced to move their production centers to inland regions, where most migrant

workers come from.

"I've already moved two main workshops from Dongguan to rural areas in Hunan and Guangdong provinces, as more migrant workers prefer staying in their hometowns to lower expenses," said Michele Wang, the owner of Dongguan Michele Lingerie Co Ltd.

To address the challenge, Guangdong provincial authorities have raised the minimum salary several times over the past months and lowered the threshold for migrant workers to get the local hukou, or household registration.

Chen Renjun, an official with the Haifu Job Center in Huizhou, a city in Guangdong, said the number of people seeking work at his center has dropped more than 20 percent in the past month from the same period last year.

The situation will be even worse for employers in the first quarter of 2011 as migrant workers leave the city for the lunar new year, he said.

Liu Kaiming, director of the Shenzhen-based Institute of Contemporary Observation, said the labor shortage will continue to exist in Guangdong for years.

"The labor shortage, however, will help coastal areas upgrade their industrial structure," Li said.

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