

A Mix of Joy and Sorrow

Thoughts on the Impact of the Third Industrial Revolution on the Chinese Labor Market

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The revolution of the Internet and other technological innovations are deeply impacting economies and societies around the world. China, as the largest developing country and economy, is no exception. On the one hand, to meet the challenges of this new technological revolution, the Chinese government is strongly pushing forward the “Internet+” movement to facilitate the adjustment and transformation of China’s industrial structure. On the other hand, Chinese society is also starting to take notice of the impact of the Internet economy on Chinese economy and society, especially on the labor market. “Internet+” will pleasantly surprise the Chinese labor market with its convenience, low-cost and efficiency, but will, at the same time, bring in unforeseeable impacts to China’s employment and income through structural change and creative destruction.

1. The Internet economy has created a great amount of job opportunities, but has also threatened the traditional job market.

2. E-commerce has created a great amount of employment opportunities for young people with good education. The employment of the working-age population in places of poverty is expanded through a low-cost, even zero-cost production knowledge and commercial information. “In China, the employment size directly boosted by Internet startups is approximately 10 million. Among the Internet startup stores, over 90% are individual-owned online stores. These individual-owned online stores have pushed the employment number of Internet startups up to 6 million.”

Touching stories of Internet startups and employment are happening in China every single day. Liu Pengfei graduated from college in 2007 and decided to start a startup in Yiwu, China. He was left with 400 Yuan in his hands after paying the rent with his salary the first month. Liu used these 400 Yuan to wholesale sky lanterns. He would release the supply information online by day and sell the lanterns in parks at night. Liu continued to introduce these “flying Chinese lanterns” to foreign costumers and businesses through Alibaba’s “Export Expert” service and Google’s search engine and gained an enormous amount of foreign fans. Since 2007, Liu has established manufacture bases in Tiantou town, Changsheng town and Huangshi town of

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Ningdu County, Zhejiang Province. He has provided over 1,000 employment opportunities for local elders and women and has benefited over two thousand families in the three towns.

The development of Internet technology has significantly improved the use of automobile resources and has, therefore, enhanced the allocation efficiency of human resources. The emergence of mobile taxi apps has eased the hardship to find taxis and the traffic situation. It reduced the rate of idle cars, satisfied the demands of consumers and increased the rate of full employment for certain workers. This is no doubt good news since it breaks up the monopolies in the taxi industry and improves the efficiency of the usage of China's automobile resources and human resources.

But at the same time the Internet has shown impacts on employment. In recent years, a large number of physical stores across China have experienced difficulties in operations and gone bankrupt due to the prevalence of online shopping. A large number of people in these industries have therefore become unemployed or half-unemployed. Most of these people being impacted are elders with low levels of education, outdated knowledge structures and therefore low competitiveness in the labor market.

The great impact of Didi Dache's² development on the traditional taxi market is growing by the day. In the foreseeable future, the traditional taxi market will face even greater threats from new technologies and might even face extinction. However, there is at the moment a severe tension between the newcomers of this industry with great enthusiasm and the traditional taxi drivers fighting for the job market. The central government, endorsing innovations, is not discouraging Didi Dache; Chinese local governments, however, are faced with great pressure from traditional taxi drivers and have been continuously trying to put an end to this new invention. In 2015, there have been constant strikes and demonstrations by groups of taxi drivers at Chengdu's Tianfu Plaza and train station. These incidents later extended to places such as Changchun, Jinan, Shenyang and Nanchang. The media featured reports of taxi drivers cornering and even assaulting Didi Dache drivers. These facts demonstrate the acute conflicts between new technological revolutions and real social interests.

4. With an Internet economy, the possibility to make a living within one's own home is becoming reality.

The blending of residential and work places has materialized the modern belief of work-life balance. It is reasonable to believe that the human society is bidding farewell to many characteristics of the hired labor system since the first industrial revolution, such as the separation of capital and labor and the inhumane management of work places. It is possible that people will no longer have to spend a great amount of time commuting between home

² One of China's two dominant taxi app firms.

and work. De-organization and the return to life, nature, freedom and independence are the new hopes the third industrial revolution has brought to a better human life.

However, the rising work/life balance is faced with a couple of problems. The dramatic increase in non-standard employment has brought trouble, even crisis, to the traditional definition of employed, unemployed and not in the labor force from labor market. Human resources management concepts and techniques that stemmed from the traditional working place are also facing challenges. Traditionally, we regard human resources management as the management of people in the working place; management of human resources at home is a field rarely touched on. The working space is being assimilated into the private space: the Internet economy has increased the working time at home, and blurred the fine line between work and personal life. Although this independence raised working initiative and reduced the demand of direct evaluation and compensation management and but the economic nature of human beings will not change fundamentally. With an Internet economy, people rely less on companies but more on markets. Nowadays, employees' death in internet companies from overwork often make the news in newspapers. Different in terms of type and characteristics from the traditional industries, workers in the Internet industry have to face a lot of pressure from innovation. This forced workers to sustain high intensity in work. Working pressure, lack of sleep and sunshine, eating disorders have all become a threat to health. The structured mechanism of management and constraint that has evolved in the working space since the Industrial Evolution is not bound to disappear. However, it is still necessary for the management regulation system to meet the modern needs. For examples, the contract system from working place, payment, extra hours, labor dispute and social insurance systems all need to be reconsidered and restructured. For the corporations, it is necessary to reconstruct the system of human resources management; for individuals, it is necessary to face the fact that transition of working space into family might bring an isolation from the society, and to find the limit of work-life balance; for the society, it is necessary to conduct thorough research on how the law and policy based on the traditional labor market can be transformed for the new working context of the new industrialization.