

Tools: [Save](#) | [Print](#) | [E-mail](#) | [Most Read](#)

New labor law changes employment landscape

Adjust font size: [+](#) [-](#)

A new labor contract law was put into effect on Tuesday, following a string of staff-sacking scandals in many companies.

The 98-article law, approved by China's top legislature in June, entitled staff with more than 10 years of service at a company the right to sign contracts that would protect them from dismissal without cause.

It also required employers to contribute to their employees' social security accounts and set wage standards for workers on probation and overtime.

"The law is constructive in protecting the rights of employees, urging companies to improve their management and take up social responsibility, and creating a harmonious relationship between employers and employees," said Professor Chang Kai, dean of the Research Institute of Labor Relations under the Beijing-based Renmin University.

Adoption of the law had met with some backlash, among which the latest was the controversial "voluntary resignation" scheme by the Guangdong-based Huawei Technologies Co. Ltd., China's telecom network equipment giant.

Huawei recently initiated a plan calling for its staff who had worked for eight consecutive years to hand in "voluntary resignations". Staff would have to compete for their posts, and sign new labor contracts with the firm once they were re-employed. Those who lost out would receive compensation.

"Such a move is out of fear over the new law," said Wu Zhenchang, head of the Association of Taiwan Investment Enterprises in Guangzhou, Guangdong's capital.

Many companies tended to interpret the signing of contracts without specific time limits as a rising cost of staff redundancies, a reduction of labor flow and thus a weakening of enterprise vitality.

"Although employees are the group that the new law aims to protect, many of them are actually harmed before being benefited," Wu said.

Hong Kong University professor Steven N.S. Cheung expressed his anxiety on his blog over the new law. "What's the effect," wrote the renowned economist. "It would protect the lazy people ... and ultimately cripple economic growth."

However, Zhu Shanli, vice president of the Guanghua School of Management under Beijing University, noted such worry was unnecessary.

"Similar laws encouraging labor contracts without specific time limits have been in existence in Western countries since the last century. In Japan, staff could be hired for life, but this doesn't seem to hamper it from becoming the world's second largest economic entity," he said.

Professor Chang added: "It is wrong to equate the law to ensuring permanence of a staff's post if the worker violates company regulations, is not eligible for the post, or the post is no longer necessary."

Although the law raised human resources costs of a company, it would enhance staff loyalty and reduce invisible costs, he said.

The law was welcomed by employees.

Huang Shuiyou, a worker from Shaoguan in Guangdong who has worked at many factories in southern China, believed it "most important to have a stable job".

"Now that we have the new law, the bosses couldn't fire us without reason."

Statistics indicated about 40 percent of private sector employees lacked labor contracts. Critics also

China Archives Year Keyword

Related >>

- New labor law means better image but at higher cost
- Top legislature defends new labor contract law
- 'Sudden dismissal' overruled in Shanghai
- Guangzhou: no mass layoff before new labor law
- Huawei staff shakeup sparks public debate

Most Viewed >>

[Product Directory](#) [Country Search](#)
[China Search](#) [Hot Buys](#)

Statistics indicated about 40 percent of private-sector employees lacked labor contracts. Critics also charged unpaid wages, forced labor and other abuses have accompanied China's economic boom.

But the law was not a universal remedy after all.

"If the boss runs away without paying us, who shall we turn to?" Huang asked.

Cai Zhengfu, vice president of the Association of Taiwan Investment Enterprises in Shenzhen, said an environment for workers to defend their legal rights hadn't taken shape in China's hinterland so far.

"If the intensity of law enforcement varies in regions, it would result in a difference in labor cost," he said.

(Xinhua News Agency January 1, 2008)

Tools: [Save](#) | [Print](#) | [E-mail](#) | [Most Read](#)

Comment

Username Password Anonymous

[View All Comments](#)

[SiteMap](#) | [About Us](#) | [RSS](#) | [Newsletter](#) | [Feedback](#)

 **CHINA.ORG.CN**

Copyright © China.org.cn. All Rights Reserved E-mail: webmaster@china.org.cn Tel: 86-10-88828000 京ICP证 040089号