

# The Mass Production of Labour

## The exploitation of students in China's vocational school system

More than nine million students graduated from China's vocational schools and colleges in 2010. A similar number of vocational students were employed that year as interns in factories and other workplaces as part of their education.

Vocational schools were set up with the avowed aim of producing a skilled and highly qualified workforce to drive China's economic development. And over the last two decades, they have become an integral part of the country's education and employment system, but there is still a widespread view in China that the quality of the education provided by vocational schools - and the jobs available to graduates - remains low. In many ways, vocational schools are seen as only serving the interests of businesses looking for cheap and disposable labour. Indeed, a [survey](#) by the Ministry of Education in 2011 showed that many secondary vocational school graduates ended up in factories doing work unrelated to their qualifications, nearly one quarter of them earned less than 1,000 yuan per month, and that overall income levels were not much better than those of migrant workers who left middle school with minimal or no qualifications.

In addition to doubts over the quality of the education provided by vocational schools, there is widespread concern in China over the rights of students when they are deployed as interns. Under the current system, interns are not technically "employees" and lack the legal protection guaranteed to those with an employment contract. If interns are injured, forced to work excessively long hours or are cheated out of their pay, they often have no one to turn to. And if they do complain to their school, they run the risk of not getting their diploma.

This China Labour Bulletin study seeks to give a basic introduction to the way the vocational school system works. It examines some of the key issues being discussed in the Chinese media, such as forced internships, employment rates and the mismatch between government regulations and reality. The report also discusses the government's current policy initiatives to improve the system, and offers a series of alternative policy recommendations focusing more on the protection of interns' rights. The study is based on Chinese media reports from the last three years, interviews with students, teachers and school officials conducted by CLB in the summer and autumn of 2011, a detailed examination of government regulations and policies on vocational schools, and official figures from the National Bureau of Statistics.

## An introduction to China's vocational school system

The vocational school system in China is now just as important as the academic school system, in terms of student numbers. About 42 percent of the 18.1 million students who completed their compulsory nine years of education and graduated from middle school in 2010 went on to enrol in a secondary vocational school (中等职业教育) or technical school (技校). Nearly 47 percent enrolled in an academic high school (高中) while only 11 percent (about two million middle school graduates) sought employment directly. At the tertiary level too, there is a roughly equal division between the numbers of students attending higher vocational school (高等职业教育), or getting a diploma-level (专科) education, and those studying for a university undergraduate degree (本科). See Table below.

**Students enrolling in and graduating from different levels of education in 2010 (millions)<sup>1</sup>**

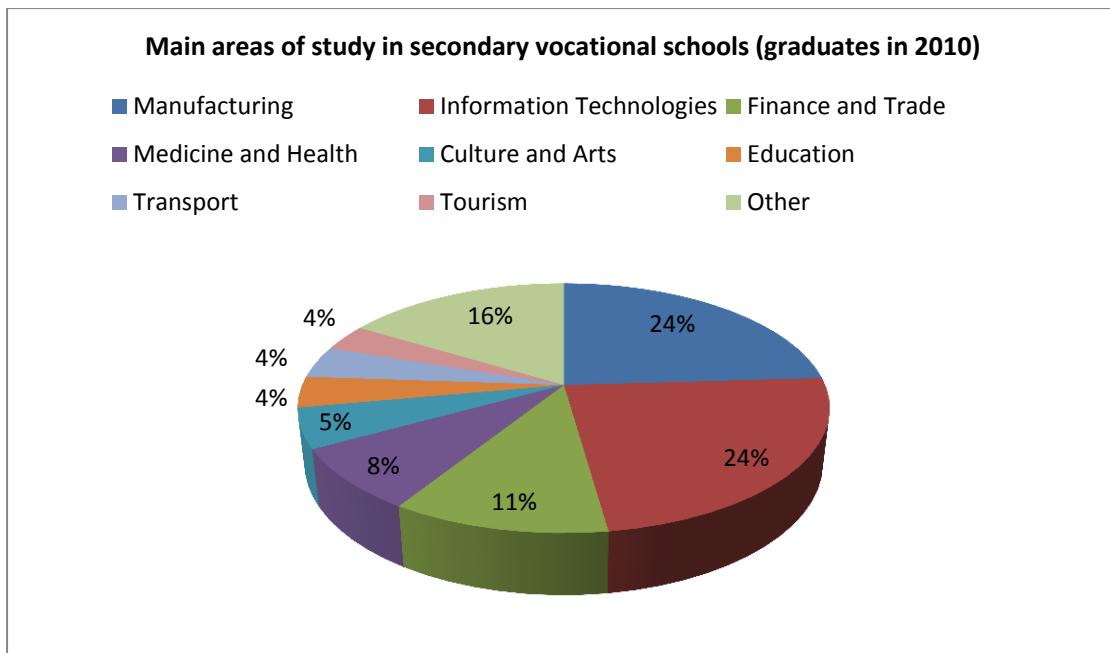
Classification	New Enrolment	Graduates
Primary School	16.9	19.3
Middle School	17.2	18.1
Academic High School	8.4	8.0
Secondary Vocational School	6.0	4.9
Technical School	1.6	1.2
Higher Vocational School	3.1	3.2
University (undergraduate)	3.5	2.6

Secondary vocational schools typically offer three-year courses; two years of study plus a year's internship. Higher vocational school degree courses run for two to three years and include an internship of at least six months. The predominantly privately-run technical schools offer a wide range of one- to four-year courses to middle and high school graduates, as well as to mature students. In the past, technical schools tended to focus more on practical skills training, while secondary vocational schools focused more on theoretical study. In addition, secondary vocational schools had higher entry requirements than technical schools. However, recent government policies have pushed secondary vocational schools to focus more on skills and practical training, rendering the differences between the two institutions less obvious.

Vocational schools advertise a vast range of courses covering just about all occupations and professions in China. One school in Hunan even offers a [three-year course in golf caddying](#). By far the most popular courses, however, are in manufacturing and information technologies, which together produced 2.6 million secondary vocational school graduates in 2010, nearly half of all graduates that year. See Chart below.

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<sup>1</sup> These figures do not include mature students or students enrolled on Internet-based courses. In 2010, as many as 1.1 million students enrolled in Internet-based courses at higher vocational schools, and a total of 2.4 million adults enrolled in courses at secondary and higher vocational schools. Source: 2011 China Statistical Yearbook.



The growth of vocational school education over the last two decades has been rapid but unstable, subject to abrupt policy changes and lacking a comprehensive regulatory framework. According to official statistics, there were 10,864 secondary vocational schools operational in 2010. Of these, 7,700 were administered by local governments and 3,123 were privately-run. Another 41 schools were directly administered by the central government. Some schools come under the jurisdiction of the education department, while others function under the department of human resources and social security. Few local and regional governments have clearly defined policies on the regulation and supervision of vocational schools.

The fee structure for vocational schools is equally chaotic: there are provincial governments that offer free tuition to some secondary vocational school students, and some higher vocational schools charge substantial fees. Some schools use internships as a means of paying for or offsetting students' tuition fees.

### **Forced internships**

One of the most common complaints against vocational schools is that they force students to intern at designated factories. It is alleged that if students refuse to accept the placement, schools threaten to withhold their diploma. Some schools have reportedly charged students with absenteeism, made the designated placement a necessary course credit, or even held exams inside the factory in a bid to ensure students participate in the internship.

The best known examples of forced internships involve the Taiwanese electronics giant [Foxconn](#), but numerous other cases have been reported over the past few years, and it would be safe to assume that there is some degree of force or compulsion in internships at

many vocational schools across China. See CLB's forced internship map ([关注“被实习”的学生工](#)) for more details.

CLB looked in detail at 42 media reports of forced internships from 2008 to 2011, involving 62 schools and factories. The reports came from just about every central and coastal province. The highest concentrations were in Hubei, Guangdong and Shandong, with seven, six and five cases respectively. Most incidents (26 of the 42) occurred in higher vocational schools rather than in secondary vocational schools, and the internships lasted from 40 days to one year.

By far the most common complaints of students were excessive working hours and poor pay. But another well documented complaint, clearly stated by students from 16 of the schools examined, was that their internships bore no relationship to their field of study. For example, some who were studying road and bridge construction and maintenance were told to [help with security checks](#) in Shenzhen subway stations during the University Games in August 2011. A group of pharmacy students from Liaoning were told to package lighters in Jiangsu, while a detailed [research report](#) by Students and Scholars Against Corporate Misbehaviour (SACOM) showed that interns working on the factory floor at Foxconn had been studying several different majors, many unrelated to their work.

The key issue in forced internships appears to be the entrenched relationship between schools and businesses, a relationship actively encouraged by the Chinese government. CLB talked directly to 22 schools and ascertained that nearly half of them had a well-established partnership with local businesses or factories in other provinces. In these cases it was not unusual for schools to deduct a “commission” from the interns’ salary or get paid directly by factories for providing cheap labour. Such deductions were in direct violation of Article 8 of the *Administrative Measures for Internships at Secondary Vocational Schools* ([中等职业学校学生实习管理办法](#)) issued by the Ministries of Education and Finance in 2007, which states that “schools and employers must not withhold (扣发) or pay in arrears (拖欠) students’ internship remuneration.”

The *Administrative Measures* also state that interns should be paid a “reasonable” salary but few students that CLB talked to considered their remuneration to be “reasonable.” One student from Fuzhou told CLB that his class were only paid 300 yuan a month, just one-fifth of the 1,450-yuan starting salary of regular workers at that factory. Another student from Guiyang got even less; 50 to 100 yuan a month in “living expenses” (生活费) while the rest of her salary went straight to the school as tuition fees. Other students also complained of having to pay tuition fees while working on the factory floor.

Article 5 of the *Measures* states that interns should not work more than eight hours a day, however in practice interns do the same shifts as regular workers (up to 12 hours a day) but get no overtime payment.

Article 5 also states that secondary vocational schools cannot place first year students on internships. However, where the demand for labour is great, vocational schools have been known to send first year students to work in factories. Given that first year students could be just 15 years old, such factories would technically be employing child labour in some cases.

However, students have little or no legal recourse when they are cheated out of their pay or forced to work long hours in hazardous conditions. Interns are classified as students rather than workers and, as a result, are not protected by the *Labour Contract Law* or other labour laws in China, merely regulations and guidelines issued by the Ministry of Education and other government departments, which do not necessarily carry the weight of law. See appendix for a summary of the government regulations related to student interns and vocational schools. Interns find it difficult to file a complaint with the courts and local labour dispute arbitration committees because these bodies argue that the students do not have a labour relationship with the enterprise they are assigned too.

### **Labour shortages creating additional pressures**

The declining numbers of young workers entering the workforce, high economic growth and increased employment opportunities across China over the last few years have combined with low wages to create severe labour shortages in several regions and industries. The shortages have in turn placed additional pressure on vocational schools to meet businesses' demand for labour.

This pressure has been one of the key reasons why incidences of forced internships have increased. And it seems that many local governments have been complicit in urging vocational schools to provide local businesses with a steady stream of interns to make up for the shortfall in their intake of regular employees. The official *China Daily* newspaper reported in 2010 that the provincial government of Henan played a key role in sourcing up to [100,000 interns for Foxconn](#), and that some 119 vocational schools in Chongqing had also pledged a steady supply of interns to the company. SACOM estimated that up to one third of the workforce at some Foxconn facilities were interns, a claim [countered](#) by the company, which said the proportion of interns had never exceeded 15 percent.

However, the labour shortage has also meant that vocational school graduates, in theory at least, have more options and greater opportunities when they enter the workforce as full employees. In the Yangtze River Delta job fair in 2011, the nearly 100 vocational schools represented were surrounded by companies eager to hire their graduates. Sun Haifeng, a recruiter from Schaeffer (China)'s Taicang branch was [quoted](#) as saying:

Our company expects to open two factories next year, with around 1,000 job vacancies. Secondary vocational school graduates are our preferred option because on the one hand, they have technical knowledge and internship experience; on the other, the company's partnership with schools makes our management over students relatively easier.

In 2010, the employment rate of secondary vocational schools graduates stood at 96.6 percent, up one percent from the previous year, and noticeably higher than the 91 percent employment rate of graduates from higher education institutes during the same period. And the trend has continued in 2011; [figures](#) from the Labour Market Monitoring Centre showed

that in the second quarter of 2011, there were 136 job openings for every 100 secondary vocational school graduates. By contrast, there are only 85 job vacancies for every 100 Bachelor's degree holders, and 91 job vacancies for every 100 students with a Master's degree.

Over three quarters of secondary vocational schools graduates landed jobs through school recommendations and earned a monthly salary of 1,000 to 2,000 yuan, according to a [survey by the Ministry of Education](#). It found that those who studied transportation had the highest employment rate, exceeding 99 percent, followed by students of manufacturing with a nearly 98 percent employment rate.

The manufacturing sector still has by far [the biggest demand](#) for labour in China, and to meet it, vocational schools are forging even closer links with business. A key theme of the Yangtze River Delta job fair, which concluded late September, was to develop active partnerships between schools and businesses, formulating made-to-order classes, joint education and work placement schemes and setting up school-run factories.

### Rising expectations

It seems unlikely however that these closer ties between schools and businesses will meet the changing demands and expectations of students. Zhu Ting, a career placement officer from a secondary vocational school in Suzhou [explained](#):

Students today mostly focus on their personal development and don't want to end up operating machines their whole life. Therefore, many students choose to pursue higher education after graduation rather than step into the job market directly.

Zhu pointed out that businesses seeking to hire secondary vocational school graduates needed to understand the higher aspirations of young graduates:

For enterprises that have a particular interest in hiring secondary vocational school graduates, aside from offering a competitive remuneration package, they also need to come up with innovative personal development schemes to attract and retain talent and cultivate employees' sense of belonging, such as encouraging and even paying tuition for higher education. Only in this way can students and companies get a win-win result.

However many factory bosses are [reportedly](#) reluctant to encourage employees to improve their skills and qualifications because they fear it will lead to higher wage demands.

Many parents, who had themselves gone to secondary vocational schools when young, want something better for their children. Mr. Liu, a vocational school graduate working at a large petroleum enterprise in Shanghai [told the Xinhua News Agency](#):

Although I have achieved something with the skills I acquired at vocational school, I am still trapped in a low social position and a poor working environment due to my humble educational background.

Those like Mr. Liu who have been through the vocational school system tend to see it as nothing more than a conveyor belt supplying factories with cheap labour, and as such push their children into higher education, even if they initially fail the entrance examinations.

Anecdotal evidence suggests that secondary vocational schools in some areas are now having a hard time recruiting students. The secondary vocational schools in the southwestern city of [Yulin](#), for example, planned to enroll 34,700 students in 2011 but only received 7,000 applications. Meanwhile in [Beijing](#), the enrolment target was 31,000 but just 18,000 registered.

### **Government initiatives**

There is a growing recognition across China that the vocational school system needs to change and adapt to the rapidly evolving needs of both students and employers. Indeed, the government's ten-year *State Education Reform and Development Blueprint* ([国家中长期教育改革和发展规划纲要 2010—2020 年](#)) states that the development of vocational education is now a "national necessity."

The plan listed a series of measures to enhance secondary vocational education, such as making tuition gradually free of charge, developing integrated and employment-oriented curricula, improving the social status and salary of skilled workers, and creating more opportunities for secondary vocational school graduates to obtain additional skills and qualifications.

Following the publication of the *Reform and Development Blueprint*, the Ministry of Education, Ministry of Finance, Ministry of Human Resources and Social Security, and the National Development and Reform Committee [issued a joint notice](#) stating that from the 2010 autumn semester onwards, students from poor urban families could be exempted from secondary vocational school fees. However, the quota for those eligible would range from just five percent of the student population in eastern China to 15 percent in the west.

Provincial and municipal governments have followed suit and launched their own initiatives. The eastern coastal city of [Ningbo](#) started offering free secondary vocational education to all local students and a certain number of migrant workers' children in 2011. In addition, students in their first and second year of secondary vocational education could claim a national subsidy of 1,500 yuan. Fujian is offering free tuition for the first year of secondary vocational education, and [Yunnan](#) will not charge tuition fees for students majoring in agriculture. The municipality of [Chongqing](#) meanwhile plans to provide free secondary vocational education to all by 2012.

Under the Ministry of Education's *Secondary Vocational Education Reform and Innovation Action Plan* ([中等职业教育改革创新行动计划 2010—2012 年](#)) published in November 2010, schools are required to closely monitor the demand for labour and establish courses and alter curricula accordingly. The central province of Hebei has gone one step further and ordered schools to change or even temporarily discontinue courses that have a low employment rate. Schools are further encouraged to partner with enterprises at both industry and individual levels to keep their courses up-to-date.

Several government notices have ordered schools to be more "flexible" in arranging internships, and in June 2010, the Ministry of Education, the Ministry of Finance and the Ministry of Human Resources and Social Security issued an [opinion](#) on setting up 1,000 model schools between 2010 and 2013 that would lead the reform of secondary vocational education.

The *Opinion* once again revealed that the government's priority was to improve the supply of workers to the labour market, and not necessarily to protect the rights and interests of student interns and workers. It stated:

China has entered a critical moment of economic and social development. Rapid industrialization, information digitalization, urbanization, marketization, internationalization, economic restructuring and industrial upgrading have all posed new challenges to the skilled labour force. However, secondary vocational education, which is supposed to shoulder the responsibility of cultivating China's skilled workers, is still weak. Its quality, structure, scale and efficiency have yet to catch up with social and economic development.

## **Conclusion and recommendations**

Vocational schools will play a key role in the training and acculturation of China's next generation of workers. No one however, not the government, employers nor the students themselves, has much faith in the ability of the current system to meet their needs.

- The government wants vocational schools to forge closer links with businesses and tailor courses more exactly to fit the demands of the labour market.
- Employers want vocational schools to provide both a steady stream of well-trained graduates to meet their long-term development plans, and a regular supply of interns to meet their short-term demands for cheap, flexible labour as and when required.
- Students want vocational schools to provide them with practical training and a useful qualification that will act as a springboard to a productive and rewarding career.

It is highly unlikely, given the current economic reality, that all three parties will be able to satisfy their demands equally. The students and their parents obviously have the weakest voice and it is almost inevitable that business interests will prevail unless the Chinese government takes concrete steps to better protect the rights and interests of vocational school students.

With this in mind, **China Labour Bulletin makes the following recommendations.**

- China's courts and labour dispute arbitration committees should broaden the definition of "labour relationship" specifically to include student interns working at enterprises during their tenure at vocational school. These institutions of redress should recognise that interns have an "actual labour relationship" (事实劳动关系) with their employer and allow them to file a complaint when the terms and conditions of their employment are breached.
- Interns should be paid directly by the enterprise. No salary deductions of any kind should be passed on to the vocational school. Tuition fees should not apply during the internship, unless classroom time is included in this period.
- A "reasonable wage," as stipulated in the *Administrative Measures for Internships at Secondary Vocational Schools*, should be further defined to mean "no lower than the local minimum wage."
- Interns should be allowed to work overtime (within the limits of the *Labour Law*) and should be paid at the same statutory overtime rates as regular workers.
- The employer should have the statutory obligation to provide a safe working environment, and purchase work-related injury insurance for all interns, no matter how long their term of employment. The provision of insurance should not be left to

the school, employer and student's parents to negotiate between themselves, as the current regulations suggest.

- There should be strict limits on the number of interns employed at any one enterprise. At no point should interns comprise more than ten percent of the workforce. Moreover, the employer should ensure that there are always sufficient numbers of full-time staff on-hand to supervise and train the interns.
- Students should only intern at enterprises that have a direct relevance to their studies. They should have the right to challenge placement at an inappropriate enterprise and demand a more fitting placement.

In short, the government should recognise that the interests of China's next generation of workers are just as important as the interests of the enterprises who will employ them. The government went some way towards improving the rights of current workers when it implemented the *Labour Contract Law* in 2008, and it should now give similar consideration to those who will follow.

It is equally important however that workers be encouraged and empowered to monitor compliance and ensure that any new legislation or regulations designed to protect interns are actually enforced in the workplace. Currently there are few formal mechanisms by which regular workers, let alone interns, can protect their legal rights and economic interests. It is critical therefore for workers to be given an effective voice in the workplace, as well as the means and ability to guarantee legal compliance and resolve grievances through equal and constructive dialogue with management.

## **Appendix: Key government documents on vocational schools and internships**

*The Ministry of Education's Opinion on the Trial Efforts of Vocational Colleges and Institutes to Combine Work and Study* (教育部关于职业院校试行工学结合、半工半读的意见).

*Administrative Measures for Internships at Secondary Vocational Schools* (中等职业学校学生实习管理办法).

*Principles and Ideas of the Ministry of Education on Devising a Teaching Plan for Secondary Vocational Schools* (教育部关于制定中等职业学校教学计划的原则意见).

*Office of the Ministry of Education's Notice on Addressing the Shortage of Skilled Labour in Enterprises by Improving Student Internships at Secondary Vocational Schools* (教育部办公厅关于应对企业技工荒进一步做好中等职业学校学生实习工作的通知).

*Office of the Ministry of Education's Urgent Notice on Further Strengthening Risk Management Work for Student Interns at Secondary Vocational Schools* (教育部办公厅关于进一步加强中等职业学校学生实习风险管理工作的紧急通知 ).

### **Main provisions related to internships**

#### **- Time period**

Final-year students in secondary vocational schools must undertake an internship in work units such as enterprises.

Students in higher vocational schools must intern for at least 6 months.

Sending a first-year student on an internship is not permitted.

#### **- Remuneration**

The work unit should provide reasonable remuneration to the student intern.

The school and work unit must not deduct or withhold this remuneration from the student.

This remuneration must be clearly agreed on before the start of the internship, with a "triparty agreement" signed by the work unit, school and the student, or the student's parents.

#### **- Safety**

It is not permitted to post students to work units that are considered risky, unrelated to their field of study or unsuitable for them. This means work involving great heights, mining, radiation, toxins, flammable substances, work classified by the State as heavy physical labour, and entertainment businesses such as nightclubs, bars, lounges and massage parlours.

Compensation for personal injuries sustained during the internship should be dealt with according to the *Procedure for Handling Student Injuries* and related regulations.

Accident insurance etc. should be procured for the student interns. The matter is to be dealt with concretely through consultation by both the school and work unit.

Secondary vocational schools, parents and work units must jointly realize their responsibility towards student interns. They must purchase personal injury insurance and intern liability insurance for the students. This can be listed as a cost in the school fees collected, or shouldered by the work unit through an internship agreement.

Ensure proper training and safety education for the students before they begin their internships at the work unit, and protect the legitimate rights of the trainee students.

All secondary vocational schools in various regions must appoint a person to manage the risks of student interns i.e. to develop a risk management system whereby students have specialised training before they start their internships, with oversight during the interning period, and prompt compensation when an accident occurs.

#### **- Working conditions**

It is not permitted to make students interns work more than eight hours a day.

It is not permitted to organise, arrange and manage internships through intermediary organisations.

It is not permitted to make students work overtime.

#### **- Other rights**

Before students begin their internships at the work unit, the school, work unit and the students (or their parents) ought to sign a written agreement, making clear each side's responsibilities, rights and duties.