

# Study on the local employment of Chinese enterprises in Pakistan project

Chen Jun, Associate Professor, Ph.D

Sai Fuding· Ka Deer

Business School of Xinjiang Normal University

Dec.7,2016

# contents

1. The practical significance of the implementation of the localization of employment by Chinese funded enterprises in Pakistan.
2. The main problems in the management of Chinese funded enterprises' labor localization.
3. Construction of the management system of labor localization.

- With the "China Pakistan Economic Corridor construction process, especially on progress in energy and transportation infrastructure projects, Labour force demand of Chinese enterprises in Pakistan increased significantly.
- According to the statistics of Chinese Embassy in Pakistan, by the end of March 2016, in the construction of Pakistan Corridor project directly employs more than 6000 employees, the data do not include indirect employment.

# Major energy funded enterprises in Pakistan have started or are about to start projects (as of June 2016)

Name of Chinese funded enterprises	Project name	Investment scale and project schedule
China Electric Power Construction	Gasim port coal emergency power station	\$285 million ,cooperation with Qatar AMC company.
China Electric Power Construction	Dewood wind power project	\$115 million, is expected to commercial operations in September 2016.
China Nuclear Power	K2/k3 nuclear power project	Total cost of \$9 billion 590 million
China Three Gorges Corporation	Callot Hydropower Station	1 billion 650 million U.S. dollars, started in January 2016, plans to operate in 2020.
ZTE Energy Corporation	900 MW photovoltaic power plant project	\$1 billion 500 million, one of the world's largest photovoltaic power projects.

- The largest road infrastructure Corridor Project - Lahore -Karachi Expressway (Multan - Sukkur section), a total length of 392 kilometers, experts expect the construction period will create 10000 jobs.
- N-J water power project( by Gezhouba group ) has nearly 6000 employees, including 1080 Chinese employees, 4920 Pakistan employees , the proportion of the two employees is 1:5.
- Under the framework of CPEC, there are 16 priority implementation of energy projects, and power generation capacity will reach 10 million 400 thousand kilowatts. Half of these projects have been started.

- According to estimates by the N-J project department, the labor cost of a Chinese employee is about several times as much as that of a Pakistan employee.
- If the proportion of Chinese employees and employees in Pakistan reaches 1:8, then the annual labor cost will save 50 million Yuan, not including travel expenses for Chinese personnel in and out of Pakistan.

# Population, Labour Force and Employment in Pakistan

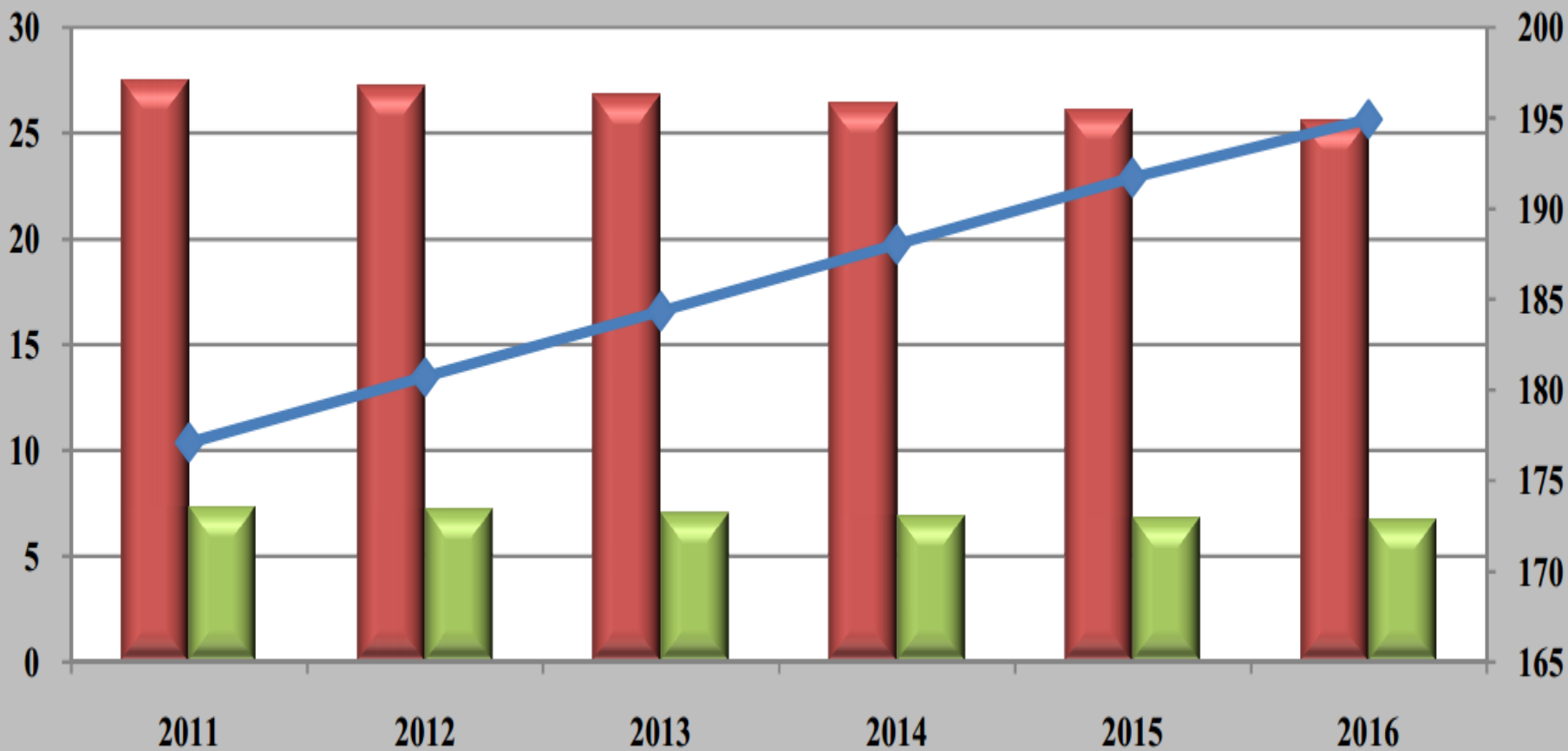
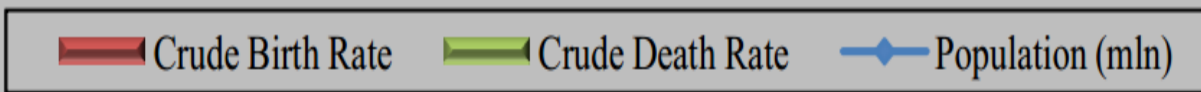
**Table 12.1: Selected Demographic Indicators**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Population (Million)	188.02	191.71	195.4
Urban Population (Million)	72.50	75.19	77.93
Rural Population (Million)	115.52	116.52	117.48
Total Fertility Rate (TFR)	3.2	3.2	3.1
Crude Birth Rate (Per thousand)	26.4	26.1	25.6
Crude Death Rate (Per thousand)	6.90	6.80	6.70
Population Growth Rate (Percent)	1.95	1.92	1.89
Life Expectancy (Year)			
- Females	66.9	67.3	67.7
- Males	64.9	65.2	65.5

Source: Ministry of Planning, Development and Reforms (Population Projections For the Year 2007-2030)

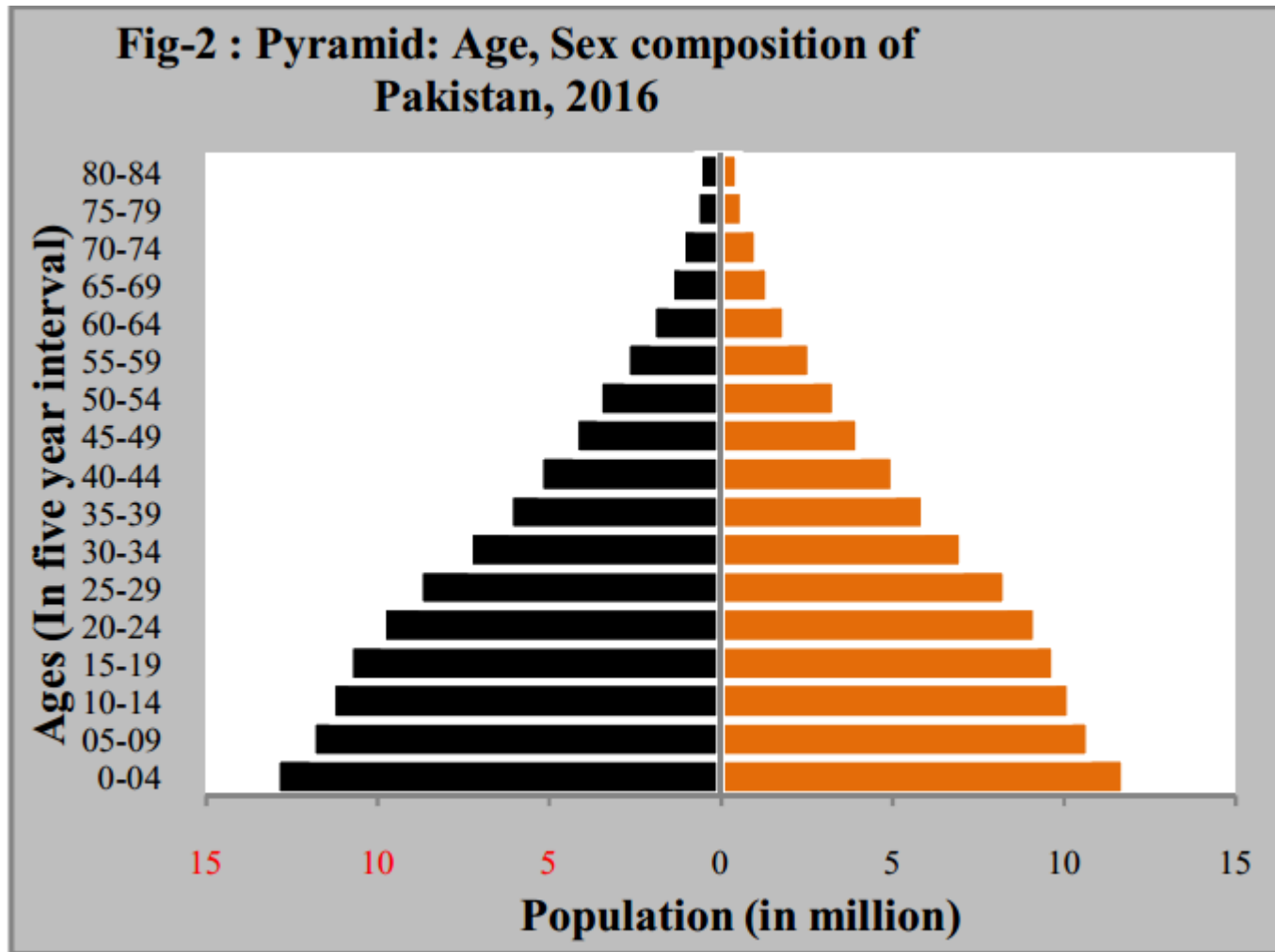
# Population, Labour Force and Employment in Pakistan

**Fig-1: Population Indicators**





# Population, Labour Force and Employment in Pakistan



# Population, Labour Force and Employment in Pakistan

- Population is traditionally divided into three broad age groups: children (0-14 years), adults (15-60 years) and old (more than 60 years).
- In Pakistan 60.4 percent of population is between the ages of 15 to 64 years.
- The dependent population of children under the age of 15 years is 35.4 percent whereas 4.2 percent people are above 65 years.
- The population in rural areas decreased from 61.4 percent in 2014 to 60.1 percent in 2016, whereas, the population in urban areas increased from 38.5 percent in 2014 to 40.0 percent in 2016.

- Due to limited domestic labor demand, a large number of Pakistan labor workers to seek employment opportunities abroad, mainly concentrated in the West Asia.

# Population, Labour Force and Employment in Pakistan

Table-12.6: Crude and Refined Participation Rates (%)								
Indicators	2012-13	2013-14	2014-15		Indicators	2012-13	2013-14	2014-15
Crude Activity (Participation) Rates (%)					Refined Activity (Participation) Rates (%)			
Pakistan					Pakistan			
Total	32.9	32.3	32.3		Total	45.7	45.5	45.2
Male	49.3	48.0	48.1		Male	68.9	68.1	67.8
Female	15.6	15.8	15.8		Female	21.5	22.2	22.0

# Population, Labour Force and Employment in Pakistan

Table-12.6: Crude and Refined Participation Rates								(%)
Indicators	2012-13	2013-14	2014-15	Indicators	2012-13	2013-14	2014-15	
<b>Crude Activity (Participation) Rates (%)</b>				<b>Refined Activity (Participation) Rates (%)</b>				
<b>Pakistan</b>				<b>Pakistan</b>				
<b>Rural</b>				<b>Rural</b>				
Total	34.2	33.8	34.0	Total	49.0	49.2	49.0	
Male	48.5	47.2	47.4	Male	70.3	69.4	69.0	
Female	19.3	20.0	20.2	Female	27.3	28.9	28.8	
<b>Urban</b>				<b>Urban</b>				
Total	30.2	29.4	29.0	Total	39.7	39.0	38.7	
Male	50.7	49.7	49.4	Male	66.4	66.0	65.7	
Female	8.2	7.7	7.5	Female	10.8	10.2	10.0	
Source: Pakistan Bureau of Statistics (Pakistan Labour Force Survey 2014-15)								

# Population, Labour Force and Employment in Pakistan

**Table-12.7: Age Specific Labour Force Participation Rate (%)**

Age Groups	2012-13			2013-14			2014-15		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
10-14	11.4	14.5	8.0	10.6	12.6	8.4	9.6	11.2	7.7
15-19	35.8	51.2	18.2	35.3	49.7	19.2	33.5	47.6	18.0
20-24	53.1	82.4	24.4	52.3	81.7	25.1	52.6	82.3	25.7
25-29	57.8	95.7	25.1	58.1	95.9	26.1	58.6	96.7	26.6
30-34	60.2	98.0	27.1	60.4	98.1	27.2	60.1	98.1	27.8
35-39	62.5	98.7	28.5	62.4	98.1	29.5	62.6	98.2	29.0
40-44	63.5	98.2	29.0	63.8	98.0	30.8	64.4	98.4	29.9
45-49	64.0	97.5	29.3	64.9	97.8	29.0	65.9	97.8	31.9
50-54	64.7	96.4	28.9	64.9	96.2	29.9	65.3	96.6	29.2
55-59	62.5	92.6	26.6	62.5	92.8	27.5	63.8	93.8	27.3
60+	35.7	52.4	13.6	35.8	53.4	12.8	36.4	55.2	12.0

Source: Pakistan Bureau of Statistics (Pakistan Labour Force Survey 2014-15)

## 2. The main problems in the management of Chinese funded enterprises' labor localization

- Cultural differences between the two countries.
- The level of Labor localization management is low.
- The management of Labor localization in Chinese enterprises is not standardized on the whole.
- Chinese enterprises are not familiar with the legal provisions of Pakistan labor law.

## 2.1 Cultural differences between the two countries

- Pakistan culture is influenced by Islam and Western culture.
- On the one hand, some people like leisure, the pursuit of material is not strong; On the other hand, show the staff to advocate the rights of workers .



## 2.2 The level of Labor localization management is low

- Part of the local staff can not be qualified for the job.
- A serious shortage of Pakistan management personnel at all levels.
- The existing management personnel mainly engaged in the low level management.

## 2.3 Chinese enterprises are not familiar with the legal provisions of Pakistan labor law.

- According to Pakistan constitutional prescription, labor is regarded as a “interdependent whole” ,and means the federal and provincial governments are responsible for it. But the provincial government may formulate the corresponding system according to the actual situation.
- For 14-18 years old boy, Can be employed to engage in non heavy labor, working hours per day shall not exceed 7.5 hours, working hours per week shall not exceed 42 hours, no part time, not the value of the night shift (night time period by the provincial government notice);

- For over 18 years of age, no more than 9 hours of work per day, no more than 48 hours a week.
- Working time should be reduced during Ramadan.
- Employees are entitled to two weeks of paid leave per year (6 weeks for pregnant women) , personal leave(10 days, full pay), Sick leave for 16 days (half pay), public holidays for 13 days (full pay )
- According to the agreement, employees who participate in the Hajj can leave for two months.

### 3. Construction of the labor management system of localization

Cost control target

Project execution site  
condition

Current situation of regional  
talent supply

Overseas talent training plan

(1) Determine the localization  
of employment plans

(2) Select the realization form of the localization of labor

Business subcontracting to Local engineering company

Personnel outsourcing to localization services company

Project department recruit directly

(3) Give necessary training support.

safety education

Training of basic Chinese language

training of technological process & methods

training of technical design

Training of project management knowledge system

## (4) Performance should be appraised timely

- According to the project department's internal organization and management process, the establishment can not only reflect the direct management authority, but also reflects the fair and open performance appraisal relationship.

## (5) Using incentive and restraint lever

Preceding training

performance evaluation

management of labor discipline

setting compensation

reappointment Association

occupation Association recommended



## (6) Cultural transmission runs through

- By working and learning together, Chinese staff can transmit the corporate culture to the local employees.
- By recruitment and training, Chinese enterprises will have a number of excellent Pakistan staff to ensure the smooth implementation of the project in Pakistan.

THANK YOU !

Long live friendship between China and  
Pakistan !