

**CHINA'S ATTEMPT TO PROFESSIONALIZE  
ITS CIVIL SERVICE**

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*EAI Background Brief No. 494*

Date of Publication: 16 December 2009

## Executive Summary

1. To ensure an administratively efficient and ideologically correct group of cadre corps, the Chinese government has been using multi-dimensional ways to professionalize its civil service for better governance.
2. Besides measures to make the recruitment, appointment and selection of civil servants more competitive and transparent, the government pays intensive attention to wage reform and in-service training.
3. In response to the long-time criticism of the wage system in China's Civil Service as being egalitarian and insensitive to variations of performance, the government has been making cautious but substantial effort to enlarge wage differentials among civil servants on the basis of administrative ranking and yearly performances.
4. In June 2006, the State Council issued a reform document on the civil service wage system, which further widened the salary gap among civil servants with different job positions (*zhiwu*) and rankings (*jibie*), and institutionalized the one-off bonuses at the end of the year.
5. The new salary system not only follows a strict hierarchical order with widening income gap, but also highlights a salary differentiation between leading and non-leading positions.
6. Influenced by the idea of paying high salaries to foster a clean government, the authorities have increased civil servants' salaries, subsidies and pensions remarkably in recent years.
7. Besides all the monetary remuneration on the payroll, most civil servants today still possess such privileges as buying discounted apartments, almost-free medical care and office cars for personal purposes.

8. The Civil Service Law has made in-service training compulsory, with party schools, administrative colleges and cadre schools becoming the major training venues for all cadres.
9. The curriculum of party and administration schools not only includes ideological and political courses on Marxism-Leninism and Mao Zedong Thought, but also increasingly emphasizes professional and technical courses on world economy, political and legal systems in different countries, finance, trade and general development of science and technology.
10. Training usually takes place before or immediately after the promotion of a civil servant, and such training experiences not only help civil servants update their knowledge and ensure their political correctness, but also provide good chances for them to enlarge their social networks through turning classmates into friends.

# CHINA'S ATTEMPT TO PROFESSIONALIZE ITS CIVIL SERVICE

Kjeld Erik BRØDSGAARD & CHEN Gang\*

## Professionalizing Civil Service through Payment Adjustment and Training

- 1.1 For many years China's civil service system was staffed by cadres who were recruited and promoted on the basis of political criteria and social networks (*guanxi*). This created a public administration characterized by nepotism and inefficiency.
- 1.2 Since early 1990s, the Chinese government has been seeking multi-dimensional ways to professionalize its civil service for better governance. Making the whole process of recruitment, appointment and selection of civil servants more competitive is a crucial aspect in the professionalization effort. The government also pays intensive attention to wage reform and in-service education and training.
- 1.3 Reform of both the pay policy and training system is important to facilitating the development of a professional civil service that is necessary for political stability, economic growth and social harmony. They are key elements in current attempts to professionalize and upgrade the civil service system.
- 1.4 The pay system for the civil service in China has experienced several adjustments in the past decade, with two-fold aims of uplifting wages to match rising living costs and broadening pay differentials to motivate individual performance. Although the wage level is still determined by the state centrally

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and unilaterally, local governments now have a larger say in influencing their staff's total income due to the growth of regional monetary subsidies outside the nominal salary system.

- 1.5 Training becomes an essential means for the government to help its employees broaden horizons of knowledge and update skills. The Civil Service Law has made such in-service training compulsory, with party schools, administrative colleges and cadre schools becoming the major training venues for all cadres. China today is also sending more and more civil servants and other cadres for overseas training in renowned universities.

### **Changing the Egalitarian Mindset on Remuneration**

- 2.1 Wage policy in developing countries tends to be more politically sensitive because of their conditions of scarcity.<sup>1</sup> In response to a long-time criticism of the wage system in China's Civil Service as being egalitarian and insensitive to variations of performance, the government has been making cautious but substantial effort to enlarge wage differentials among civil servants on the basis of administrative ranking and yearly performances.
- 2.2 In June 2006, the State Council issued a reform document on the civil service wage system, which further widened the salary gap among civil servants with different job positions (*zhiwu*) and rankings (*jibie*), and institutionalized the one-off bonuses at the end of the year.<sup>2</sup> The new wage system also introduced a new ranking system with 27 different ranks and a grade (*dangci*) system within each rank (at most 14 grades for each rank) to reflect seniority and performances (See Appendix).

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<sup>1</sup> Fang Lee Cooke, "Public-sector pay in China: 1949-2001," in *Human Resource Management in China Revisited*, edited by Malcolm Warner, London: Routledge, 2005, p. 281.

<sup>2</sup> State Council: "Reform Plan on Civil Service Salary System," (公务员工资制度改革方案), June 2006, [http://www.hydjnet.gov.cn/News\\_View.asp?NewsID=3803](http://www.hydjnet.gov.cn/News_View.asp?NewsID=3803)

- 2.3 In general, the 2006 reform increased the average salary level of China's civil servants by large margins. Taking the Chinese President (or the Premier)<sup>3</sup> as an example, he/she could earn almost 2,890 yuan (US\$ 425 according to current exchange rate) per month (excluding monetary subsidies and non-monetary benefits) according to the salary standard set by the government in 2001.<sup>4</sup> In 2006, however, the President's monthly salary was more than doubled to 7,820 yuan (US\$ 1,150 according to current exchange rate), excluding monetary subsidies and non-monetary benefits.
- 2.4 According to the 2006 reform plan, the present salary system for civil servants in China consists of a "position and ranking system" with two parts: position salary (*zhiwu gongzi*) and ranking salary (*jibie gongzi*). Compared with previous salary systems before 2006, another two components, namely basic salary and seniority salary, have been abolished because these two parts were almost the same for any civil servant and reflected the egalitarian mindset.
- 2.5 The new salary system is based on a classification of 12-level job positions and a 27-level ranking system with regard to nature of work, level of responsibility and qualification, capability, and seniority. The job positions and their ranking are given on the following page.<sup>5</sup>

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<sup>3</sup> According to China's Civil Service Law (2005), leaders of the state such as China's President or the Premier are also civil servants.

<sup>4</sup> Just like other civil servants, the State President's salary in year 2001 consisted of four components: position salary (1,450 yuan), ranking salary (1,166 yuan), basic salary (230 yuan) and seniority salary (roughly 44 yuan). See *Implementation Draft Concerning Adjusting the Wage Salary System of Working Personnel in Administrative Organs* (关于调整机关工作人员工资标准的实施方案), 7 September 2001, in *Selected Documents on Personnel Work* (人事工作文件选编), Vol. 24, Beijing: Ministry of Personnel, 2002, p. 404

<sup>5</sup> State Council: "Reform Plan on Civil Service Salary System," (公务员工资制度改革方案), June 2006, [http://www.hydjnet.gov.cn/News\\_View.asp?NewsID=3803](http://www.hydjnet.gov.cn/News_View.asp?NewsID=3803)

1. State-Leader level: rank 1-3
2. Vice-State-Leader level: rank 4-6
3. Ministerial (Provincial)-level: rank 7-8
4. Vice-Ministerial (Provincial)-level: rank 9-10
5. Bureau-Director-level: rank 11-12
6. Deputy-Bureau-Director-level: rank 13-14
7. Division-Head-level: rank 15-16
8. Deputy-Division-Head-level: rank 17-18
9. Section-Head-level: rank 19-20
10. Deputy-Section-Head-level: rank 21-22
11. Section member: rank 23-24
12. Office worker: rank 25-27

2.6 The new salary system follows a strict hierarchical order with widening income gaps. The President tops the salary scale with an earning of 7,820 yuan per month while a junior clerk's beginning salary only reaches 630 yuan, less than one tenth of the President. According to the 2001 salary scheme, the junior clerk's beginning salary was about one sixth of the President's.

2.7 There is also a salary differentiation between leading and non-leading positions (See Appendix). An in-power bureau director (*juzhang*) is expected to earn 1,410 yuan per month as his/her position salary, while an inspector with the same ranking can only get 1,290 yuan per month because he/she does not head a bureau and therefore has no leadership and personnel responsibilities.

2.8 Besides the position and ranking salary, almost all the civil servants now receive some monetary subsidies (*butie*) that usually range from 2,000 yuan to 5,000 yuan per month. Such subsidies are usually related to local GDP performances, fiscal revenues, price levels and geographic conditions. Civil servants in metropolises like Shanghai and Beijing and coastal provinces like Guangdong and Jiangsu get much more subsidies due to the high living standards there. Officials working in Tibet and Xinjiang are also given hardship allowances for the harsh natural environment and geographic remoteness.

- 2.9 All civil servants are supposed to receive year-end bonuses worth one month's salary if they do not make serious mistakes. Regular salary increases are given to officials every two or three years upon passing an evaluation or performance appraisal. Hence even without promotion, a civil servant will still witness steady salary increase in the long run.
- 2.10 Besides all the monetary remuneration on the payroll, most civil servants today are still able to purchase their apartments at highly subsidized prices in convenient locations. This is not an option open to urban workers. The kind of housing a civil servant is entitled to buy reflects his position and ranking. A cadre at county or division level is entitled to buy a three-bedroom apartment, whereas a section head would only be allocated a two-bedroom apartment. In Beijing leading cadres at vice-ministerial level and above are allocated an apartment measuring at least 220 square meters. Such privilege could mean fringe benefits worth hundreds of thousands of yuan in big cities like Beijing and Shanghai where the housing prices have rocketed in recent years.
- 2.11 In addition, higher level cadres are given a car with a driver at their disposal. A vice-minister, for example, can have a car worth 350,000 yuan. Lower level officials without such a privilege often draw on these benefits by using the office car for their own personal purposes. In some places, the authorities have tried to solve the problem by giving officials a transportation allowance. This should also be considered part of their total income.<sup>6</sup>
- 2.12 Civil servants are entitled to have almost free medical care and access to special hospitals. Cadres at Deputy-Bureau-Director level or above have access to the well-equipped Senior Cadre Wards (*gaogan bingfang*) when receiving in-patient treatment. Unlike other urban workers in private sectors or state-owned enterprises, civil servants do not need to contribute part of their wages to a social security fund on a monthly basis, yet they can enjoy the government-paid life-long pension that is much higher than that of a retiree relying on social security fund.

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<sup>6</sup> Zhu Guanglei, *Analysis of Social Strata in Contemporary China* (当代中国社会各阶层分析), Tianjin: Tianjin Renmin Publishing House, 1998, p.148



- 2.13 Influenced by the idea of paying high salaries to foster a clean government, the authorities have increased civil servants' salaries, subsidies and pensions remarkably in recent years. If all the non-monetary benefit is accounted, civil servants are definitely much better paid compared to many other groups in society. This explains the fierce competition during the national civil service entrance exam in 2008, when 775,000 people, mostly college-educated, were vying for 13,500 national civil service posts.<sup>7</sup>
- 2.14 In recent years the authorities have pushed for a so-called "Sunshine Project" (*yangguang gongcheng*) which aims to make salaries and benefits of civil servants more transparent. Associated with the "Sunshine Project" is the "3-5-8-1 Project" in Beijing which sets annual income ceilings for various levels of the civil service corps in the capital. These ceilings were 30,000 yuan in annual salary for sections heads; 50,000 yuan for division heads; 80,000 for bureau heads; and 100,000 for ministers.<sup>8</sup> However in many localities the "Sunshine Project" has met with opposition as it has reduced bonus payments.

### **Training and Career Development**

- 3.1 According to Article 61 of China's Civil Servant Law, newly recruited or just-promoted civil servants should be trained for their new posts, while those in special work should be trained for special expertise. All civil servants are required to undergo regular in-service training to renew knowledge and promote working capability.
- 3.2 According to Article 62, the performance and score of civil servant trainees will influence their assumption of posts or promotion in the future. Civil servants at the division-(county) level or above should have at least three

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<sup>7</sup> "770,000 sit exams for government jobs," *China Daily*, 1 Dec. 2008, [http://www.chinadaily.com.cn/china/2008-12/01/content\\_7255820.htm](http://www.chinadaily.com.cn/china/2008-12/01/content_7255820.htm)

<sup>8</sup> <http://chinadigitaltimes.net/2007/03/a-ministers-salary-8000-yuan-a-month> (accessed on May 7, 2009)

months of training in a five-year period in party schools, administrative colleges or other cadre schools.<sup>9</sup>

- 3.3 With the establishment of the civil service system in the 1990s, the central and local governments at all levels started to establish administration schools in particular for training civil servants. Aimed at training high and mid-ranking (above Deputy-Division-Head-level) civil servants, the China National School of Administration (CNSA, 国家行政学院) was established in 1994 after six years of preparation.<sup>10</sup>
- 3.4 The Chinese political elites including civil servants are actually trained in two parallel national systems, namely the Party School system and the Administration School system. Although there is some overlap in the cadres and students trained in the two systems, the Central Party School (CPS) in Beijing and its local branches focus on Party cadres while the Beijing-based CNSA, together with its more than 2,000 affiliated administrative academies in all provinces, mainly targets the training of state cadres.<sup>11</sup> As China's Civil Service includes both party cadres and state cadres, both party schools and administration schools engage in civil servant training in the country.
- 3.5 There is a substantial difference in the curriculum between CPS and CNSA. CPS has a much more political and ideological content, whereas the CNSA focuses almost exclusively on economics and applied skills. Besides the two systems, the less well-known nationwide system of about 1,000 "colleges of socialism" (*shehuizhuyi xueyuan*), sponsored by the CCP United Front Work Department, trains ethnic minorities and other social groups targeted for "united front" work.

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<sup>9</sup> See Article 7 of the Interim Regulation on Civil Servants' Appointment, Dismissal, Promotion and Demotion (2008).

<sup>10</sup> "Basic information about the China National School of Administration." <http://www.nsa.gov.cn/cenep/>

<sup>11</sup> Party cadres are Party members who work in CCP organs and branches. State cadres are not necessarily Party members, and work in administrative departments and agencies at any level of government, e.g. the central level or provincial, municipal, county or township government. So the distinction between Party and state cadres refers to where they work. See David Shambaugh, "Training China's Political Elite: The Party School System," *The China Quarterly*, 196, December 2008, p. 828

- 3.6 What is worth mentioning was the establishment of three new “cadre academies” in Pudong (浦东), Jinggangshan (井冈山) and Yan’an (延安) in 2005. These three high-level academies are under the direct management of the CCP Organization Department, and have become formidable competitors of the CPS and CNSA at the national level for training civil servants and other cadres in state-owned enterprises (SOEs) and state-owned non-profit organizations (*shiye danwei*).
- 3.7 The establishment of the three academies was the brainchild of Zeng Qinghong (曾庆红), then China’s vice-president and president of the CPS, who frequently made inspection tours of the three campuses.<sup>12</sup> Jinggangshan and Yan’an Academies emphasize ideological education and the study of the revolutionary history, while the Pudong Cadre Academy, located in the economic hub of Shanghai, focuses on economics, business and public administration.
- 3.8 China today is sending more and more civil servants and other cadres for overseas training in renowned institutions such as Harvard University’s Kennedy School of Government, Cambridge University, the Nanyang Technological University and the Copenhagen Business School. These overseas studying experiences not only broaden trainees’ international horizon, but also improve their fluency in English.
- 3.9 The curriculum of party and administration schools not only includes ideological and political courses on Marxism-Leninism and Mao Zedong Thought, but also increasingly emphasizes professional and technical courses on world economy, political and legal systems in different countries, finance, trade and general development of science and technology. Many training institutions not only have their own full-time teachers, but also invite professors and research fellows from renowned universities and research institutes to give lectures from time to time on contemporary issues.

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<sup>12</sup> David Shambaugh, “Training China’s Political Elite: The Party School System,” *The China Quarterly*, 196, December 2008, p. 834-835

3.10 Training usually takes place before or immediately after the promotion of a civil servant. Such training experiences not only help civil servants update their knowledge and ensure their political correctness, but also enlarge their social networks through turning classmates into friends.

**APPENDIX: STANDARD TABLE OF NOMINAL SALARY SYSTEM (EXCLUDING MONETARY SUBSIDY AND OTHER BENEFITS) (YUAN/MONTH) (2006)**

		Ranking Salary														Position Salary
<i>Dang Ci (Grade)</i>	Ranking	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
State-Leader level	1	3020	3180	3340	3500	3660	3820									4000
	2	2770	2915	3060	3205	3350	3495	3640								
	3	2530	2670	2810	2950	3090	3230	3370	3510							
Vice-State-Leader level	4	2290	2426	2562	2698	2834	2970	3106	3242	3378						3200
	5	2070	2202	2334	2466	2598	2730	2862	2994	3126	3258					
	6	1870	1996	2122	2248	2374	2500	2626	2752	2878	3004	3130				
Ministerial level	7	1700	1818	1936	2054	2172	2290	2408	2526	2644	2762	2880				2510
	8	1560	1669	1778	1887	1996	2105	2214	2323	2432	2541	2650				
Vice-Ministerial level	9	1438	1538	1638	1738	1838	1938	2038	2138	2238	2338	2438				1900
	10	1324	1416	1508	1600	1692	1784	1876	1968	2060	2152	2244				
Bureau-Director-level	11	1217	1302	1387	1472	1557	1642	1727	1812	1897	1982	2067	2152			1410, 1290*
	12	1117	1196	1275	1354	1433	1512	1591	1670	1749	1828	1907	1986	2065		
Deputy-Bureau-Director level	13	1024	1098	1172	1246	1320	1394	1468	1542	1616	1690	1764	1838	1912	1986	1080,990*
	14	938	1007	1076	1145	1214	1283	1352	1421	1490	1559	1628	1697	1766	1835	
Division-Head level	15	859	924	989	1054	1119	1184	1249	1314	1379	1444	1509	1574	1639	1704	830,760*
	16	786	847	908	969	1030	1091	1152	1213	1274	1335	1396	1457	1518	1579	
Deputy-Division-Head level	17	719	776	833	890	947	1004	1061	1118	1175	1232	1289	1346	1403		640,590*
	18	658	711	764	817	870	923	976	1029	1082	1135	1188	1241	1294		
Section-Head level	19	602	651	700	749	798	847	896	945	994	1043	1092	1141			510,480*
	20	551	596	641	686	731	776	821	866	911	956	1001				
Deputy-Section-Head level	21	504	545	586	627	668	709	750	791	832	873					430,410*
	22	461	498	535	572	609	646	683	720	757						
Section member	23	422	455	488	521	554	587	620	653							380
	24	386	416	446	476	506	536	566	596							
Office worker	25	352	380	408	436	464	492	520								340
	26	320	347	374	401	428	455									
	27	290	316	342	368	394	420									

\* Non-leading positions