

Influence of Zhejiang Free Trade Zone Expansion on the Supply and Demand of Cross-border E-commerce Talents in Yiwu

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Abstract

The expansion plan of the Zhejiang Pilot Free Trade Zone will not only double the area of the free trade zone, but also further expand the functions of the free trade zone. Among them, the function positioning of Yiwu area is to build the capital of small commodity all over the world; Building an international center for free trade of small goods; Setting up a key platform for opening and cooperation on "One Belt and One Road". Therefore, the cross-border E-commerce industry of Yiwu faced the key development opportunities, the healthy development of each industry is inseparable from the talent support. However, huge talent gap, imbalance of the personnel training structure, high cost of personnel training in Yiwu lead to extremely lack of integrated talents in the cross-border E-commerce industry. In this paper, the opportunities, and challenges of the development of cross-border E-commerce in the free trade zone were theoretically studied, as well as the layout and function division of the plan of Zhejiang area expansion. Then the cross-border e-commerce enterprises in Yiwu were investigated, their demand for talents were analyzed and summarized, measures and strategies were suggested for introduction and cultivation of talents matching with the development of companies, to provide reference for high-quality development of cross-border E-commerce in Yiwu.

Keywords: Free Trade Zone, Cross-border E-commerce, Talents.

1. Introduction

With the acceleration of economic globalization and regional integration, countries in the world are increasingly connected economically. Under the background of "Internet +" and big data, China has also increased the development of cross-border e-commerce industry. In recent years, China has successively established 21 free trade zones (Table 1), providing a platform for cross-border e-commerce enterprises to develop, and cross-border e-commerce has become a new force in China's foreign trade transformation [1-2].

On August 30, 2020, the State Council issued a notice on "Overall plan of Beijing, Hunan, Anhui free trade area and the expansion of free trade area in Zhejiang area" (hereinafter referred to as "plan"). According to the plan, the expansion of the free trade zone in Zhejiang province include the implementation area of 119.5 square kilometers, covering Ningbo, Hangzhou and Jinyi (east Jinhua and Yiwu) area. Among the Jinyi area, Yiwu Comprehensive Bonded Zone has an expanded area of 1.34 square kilometers, while

Jinyi Bonded Zone has an expanded area of 1.26 square kilometers. In addition, the plan also includes the functional division of each zone in the expanded zone of Zhejiang Free Trade Zone. Among them, regarding Yiwu's functional positioning, the government will support Yiwu Commodity City and other relevant markets to strengthen import business; Allow Yiwu to establish emerging import markets, simplify commodity trading process, and build a trade service platform; The cross-border e-commerce enterprises in Yiwu can settle with settlement banks or legally payment institutions with the RMB pricing method. The government hopes to expand the cross-border RMB settlement channel by exploring the goods trade mode combining small commodity trade and bulk commodity trade. And the "One Belt and One Road" countries and regions were selected as the key regions, to establish overseas warehouses and other globally oriented supply chain service system and supply chain barter transaction service platform.

The cross-border e-commerce industry in Yiwu has attracted key development opportunities due to the expansion plan of Zhejiang Free Trade Zone. However, with the rapid development of cross-border e-commerce in Yiwu under the background of Free Trade Zone, the gap of high-quality complex e-commerce talents in Yiwu has become bigger. In this paper, to solve the problem of short supply in cross-border e-commerce talents in Yiwu, previous studies on talent training, policies, and location advantages of the plan were summarized, to study the current development status of Yiwu cross-border e-commerce industry; survey on the employment needs of cross-border e-commerce enterprises in Yiwu was conducted and analyzed, to provide reference for the training mode and personnel training strategy matching the development of cross-border e-commerce in Yiwu, to provide a new direction for the healthy and rapid development of cross-border e-commerce enterprises in Yiwu, so as to promote the prosperous development of cross-border e-commerce enterprises.

2. The expansion plan of Zhejiang Free Trade Zone

The purpose of establishment of Zhejiang free-trade test zone is focused on the national energy security, to promote full industry chain of oils as the core for investment facilitation and trade liberalization of bulk commodity, to improve global allocation capacity of bulk commodity, so as to become an important maritime open portal demonstration area of eastern China, a prior area of international trade liberalization for bulk commodity, and a resource allocation base with international influence, and thus build a pilot zone for free trade port area.

The expansion plan confirmed the function orientation of each area, to achieve a wider range, wider and deeper level of opening to the outside world, to realize domestic circulation for Zhejiang free trade test zone, and domestic and foreign double cycle of strategic hub. The significance of adhering to the new concept of development, is to improve the four comprehensive strategic arrangements; to promote the new economic system of high-level opening to the outside world and adhere to the supply-side structural reform, strive to build Zhejiang Free Trade Zone into a new highland of reform and opening up in the new era.

2.1. Content of expansion plan of Zhejiang Free Trade Zone

According to the plan, the expansion of the free trade zone in Zhejiang province includes the implementation area of 119.5 square kilometers, covering Ningbo, Hangzhou and Jinyi (east Jinhua and Yiwu) area. Among the Ningbo area of 46 square kilometers, which include Meishan Comprehensive Bonded Zone, Beilun port of Comprehensive Bonded Zone, and Ningbo Bonded Zone. The Ningbo area will be built into an international shipping hub linking inside and outside, with multimodal transportation, strong radiation, and chain cluster. It will be built into centers with international influence, for allocation

of oil and gas resource, innovation of international supply chain, global science and innovation of new materials, and a demonstration area for high-quality development of intelligent manufacturing.

Among the Hangzhou area of 37.51 square kilometers, which include Hangzhou Comprehensive Bonded Zone. Hangzhou Area will be built into a national leading pilot area for the innovation and development of the new generation of artificial intelligence, a national pilot area for the innovation and development of financial technology, a world-class demonstration center for cross-border e-commerce, and a demonstration area for high-quality development of digital economy.

Among the Jinyi area, Yiwu Comprehensive Bonded Zone has an expanded area of 1.34 square kilometers, while Jinyi Bonded Zone has an expanded area of 1.26 square kilometers. In addition, the plan also includes the functional division of each zone in the expanded zone of Zhejiang Free Trade Zone. Among them, regarding Yiwu's functional positioning, the government will support Yiwu Commodity City and other relevant markets to strengthen import business; Allow Yiwu to establish emerging import markets, simplify commodity trading process, and build a trade service platform; The cross-border e-commerce enterprises in Yiwu can settle with settlement banks or legally payment institutions with the RMB pricing method. The government hopes to expand the cross-border RMB settlement channel by exploring the goods trade mode combining small commodity trade and bulk commodity trade. And the "One Belt and One Road" countries and regions were selected as the key regions, to establish overseas warehouses and other globally oriented supply chain service system and supply chain barter transaction service platform.

Table 1. The total 21 free trade zones in China

Rank	Location	Year
1	Shanghai	2013
2	Guangdong, Tianjin, Fujian	2015
3	Liaoning, Zhejiang, Henan, Hubei, Chongqing, Sichuan, Shanxi	2017
4	Hainan	2018
5	Shandong, Jiangsu, Guangxi, Hebei, Yuannan, Heilongjiang	2019
6	Beijing, Hunan, Anhui	2020

2.2. Influence of expansion plan of Zhejiang Free Trade Zone on Yiwu

In 2021, the goal of Yiwu area is mainly focused on regime innovation, to build a trade regulatory system with liberalization and facilitation, a digitalized and systematic trade system, a modernized and institutionalized trade system, and an international and law-based business environment at a high speed, so as to strive to be at the forefront of free trade zones in Zhejiang province. By 2025, trade rules and institutional arrangements should be innovated, to achieve the pilot reform zone with theme of small commodity trade; to build a new international trade center, with import-export volume higher than 500 billion yuan, import volume higher than 100 billion yuan, and the trade volume of cross-border e-commerce higher than 200 billion yuan; to build as one of the "One Belt and One Road" hub ports and node cities of dual-cycle strategic; strive to make both the growth rate of total foreign trade import-export and the total amount of utilized foreign investment 3% higher than the provincial average; the cross-border RMB settlement amount reaches 1 trillion yuan, and become the leading pilot zone for high level development of the open economy. By 2035, the vision goal is to fully ensure the free trade center status of global small commodity, basically build Yiwu as a free trade port, with import and export volume higher than 1 trillion yuan, to make Yiwu become the world small commodity capital and model city for "important window".

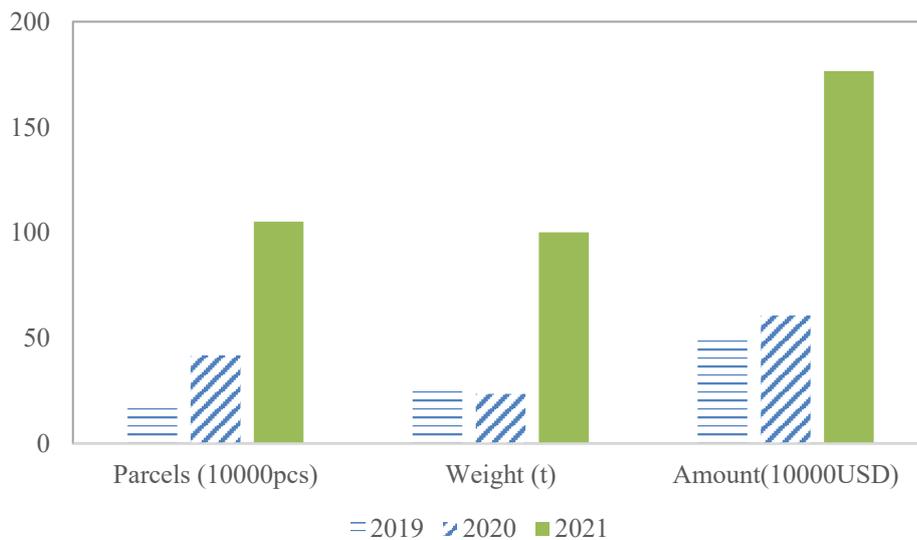


Fig.1 Exporting data of Cross border e-commerce in January of 2019-2021 for Yiwu

For the construction of Yiwu Free Trade Zone, three important days should be remembered. On August 30, 2020, the State Council approved the implementation of the program; On September 24, 2020, the opening ceremony of Zhejiang Free Trade Zone was held; On October 18, 2020, Yiwu comprehensively launched the "Hundred Days of combat" action. These three time points also confirmed that Yiwu has entered the era of free trade zone. In 2021, Yiwu's cross-border export volume was \$1.76 million, with year-on-year growth of 191% (Fig.1), which has already surpassed the total cross-border export volume in the first quarter of last year. The turnover of e-commerce was 312.4 billion yuan in 2020, with year-on-year growth of 12.86%, and online retail sales were 190.9 billion yuan. Even in 2020, the parcels of cross-border e-commerce in Yiwu increased by 141.82%. The development of cross-border e-commerce was accelerated.

Under the impact of COVID-19 in 2020, and facing the increasingly intense international trade situation, Yiwu insists on developing both domestic and international markets, transforming to new retail and cross-border e-commerce as growth points for sales, and thus exceeding the previous total foreign trade volume again by relying on its free trade zone positioning together with the small commodity capital of the world. Last year, the total foreign trade has exceeded 300 billion yuan, ranking the first place among cities in Zhejiang province. Digital reform was taken as the lead in Yiwu, which gives full play to the opening advantage of Yiwu Free Trade Zone and provide a good opportunity for the cross-border e-commerce of Yiwu to achieve high-speed innovative development.

The policy dividend of Yiwu's reform has attracted many domestic and foreign cross-border e-commerce platforms [3], such as Amazon, eBay and other established cross-border e-commerce platforms mainly from European and American countries. In addition, Lazada and Shopee, which are oriented to the Southeast Asian market, have also started to stay in Yiwu. With the simplification of the logistics procedures in the Free Trade Zone, the expansion of the international cargo route network and the reduction of the logistics cost of enterprises [4-6], the Southeast Asian cross-border e-commerce market in Yiwu is gradually entering the era of the whole industrial chain under the policy of the Free Trade Zone [7-9]. Facing the rapid development and transformation of Yiwu cross-border e-commerce, Wentou Group stepped earlier among the cross-border e-commerce enterprises in Yiwu. The company has not only

transformed from the European and American markets to Southeast Asia, but also carried out the "Double 100 Plan" aiming at the talent gap of cross-border e-commerce in Yiwu, training 100 complex e-commerce talents both for domestic transaction and cross-border e-commerce trade.

3. Survey on supply against demand of cross-border e-commerce talents in Yiwu

3.1. Supply of cross-border e-commerce talents in Yiwu

The local supply for cross-border e-commerce talents in Yiwu is mainly from Yiwu Industrial & Commercial College. As one of the first members of Alibaba Global Cross-border E-commerce Education Alliance, the college has set up the China-Europe (Spain) Cross-border E-commerce Training Institute and China-Spain Cross-border E-commerce Training Base and has undertaken the training programs for young entrepreneurs from Sweden and the United States. Meanwhile, Yiwu government have held many times of cross-border E-commerce training camp for international youth students, to select outstanding students with interest in cross-border E-commerce to enter the school for further training, to cultivate a group of strong international e-commerce forces that can broadcast imported products to the domestic market as well as introducing Chinese products to the markets of target foreign countries.

3.1.1. Talents from college

By 2020, more than 1,000 multilingual talents have been trained on campus and more than 200 students have been trained off campus. In 2016, to better accept the business opportunities and dividends brought by Yiwu "Yi-Xin-Europe" freight train in the market, the school successfully declared the application of Spanish major. Currently, there are nearly 120 students in the school who speak Spanish and 60 have graduated. In 2020, a new English-Portuguese bilingual class has been set up for Applied English majors, to cultivate English-Portuguese bilingual talents for the Brazilian market. The school has been steadily promoting the cultivation of applied talents in minority languages, specializing in Spanish and other languages. The teaching of minority languages and cross-cultural communication can be integrated into the teaching system of various majors related to cross-border e-commerce, and the cultivation model of "minority languages +" cross-border e-commerce talents can be deeply implemented.

Other supply for cross-border e-commerce talents in Yiwu is from graduates from University in and out Zhejiang. For example, students from Zhejiang International Studies University, Zhejiang Industry and Commerce University, Alibaba Business School of Hangzhou Normal University, Zhejiang Wanli College, Zhejiang Yuexiu University of Foreign Languages, Ningbo Vocational and Technical College, Zhejiang Economic and Trade Vocational and Technical College. But according to the survey, there is still a gap of more than 8000 talents in Yiwu.

3.1.2. High cost for talents cultivation

Cross-border e-commerce is an emerging specialty. Therefore, the professional training programs are diversified, including technical direction, management direction, or a combination of the two. The course for this specialty refers to a wide range, including e-commerce, supply chain, website production, code, etc., but most of them cannot be fully used in practical work. The e-commerce major of Yiwu Industrial and Commercial College has done a particularly good job in the practice part for cultivating students, opening online-shops while learning and teaching, learn in practice, and guide practice with study.

Due to the rapid development of e-commerce and various favorable policies, smallest commodities on the cross-border e-commerce platforms in Yiwu market have been transformed from the blue sea market to

the red sea market, with fierce competition and reduced profit margins. However, the cost of employing people is increasing day by day, mainly because the shortage of talents in the cross-border e-commerce industry, the rate of talent loss is high, due to attractions from big cities against Yiwu.

3.2. Demand of cross-border e-commerce talents in Yiwu

On July 24, 2018, Yiwu successfully obtained the approval of the third batch of cross-border e-commerce comprehensive pilot zones. In accordance with the principle of "do it first", the comprehensive pilot office accelerated the implementation of various work. There are 145,000 accounts in all kinds of third-party platforms of cross-border e-commerce in Yiwu, 156,300 registered e-commerce operators (more than 40% of them are engaged in cross-border e-commerce business), ranked second highest density of foreign trade online merchants in China. 4,700 newly cross-border e-commerce sellers were cultivated in 2020. For example, the number of sellers in Yiwu of Alibaba International increased from 4,000 at the beginning of the year to 8,000. Cross-border e-commerce has helped more than 2,000 manufacturing enterprises and 37,000 market operators provide their products and services and created nearly 58,000 jobs, giving a strong boost to the implementation of the strategy of "Widespread entrepreneurship and innovation". In 2020, the city's e-commerce transaction volume is expected to reach 310 billion yuan, among which cross-border e-commerce transaction volume is expected to exceed 85 billion yuan. The development of cross-border e-commerce has enhanced the economic vitality of Yiwu and provided a good opportunity for Yiwu to integrate into the world economy.



Fig.2 Data for recruitment needs of companies in 2021.

3.2.1. Large-scale demand for talents

During the epidemic period, 1,070 e-commerce enterprises were investigated, 78.7% of the companies have recruitment needs in 2020 (Fig.2), and 9,663 posts were urgently needed. The gap of cross-border e-commerce talents in Yiwu was still huge. Since the job of cross-border e-commerce is quite comprehensive, the demand of companies with recruitment need varied accordingly (Fig.3). 60.59% of the companies have demand of operating talents, followed by 44.12% of marketing talents.

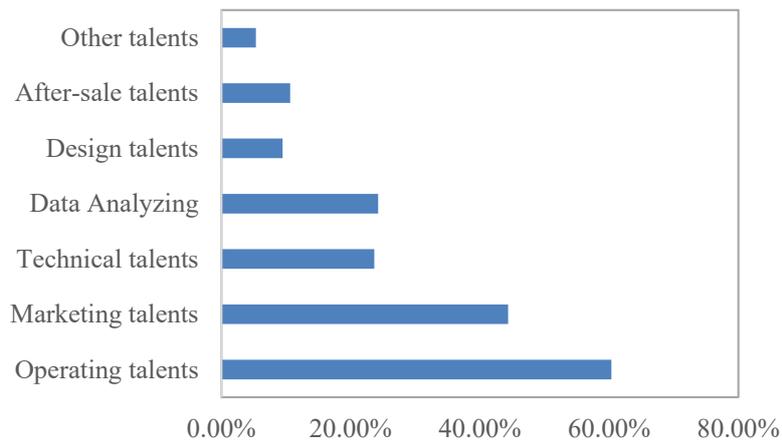


Fig.3 Data for talents demand of companies in 2021

3.2.2. Challenge for talent recruitment and management

In the cross-border e-commerce industry of Yiwu, the free trade zone has just been developed. However, most e-commerce enterprises in Yiwu were of small and micro level, which leads to the lack of long-term plan for operators, as well as deficiencies in employee welfare and training mode.

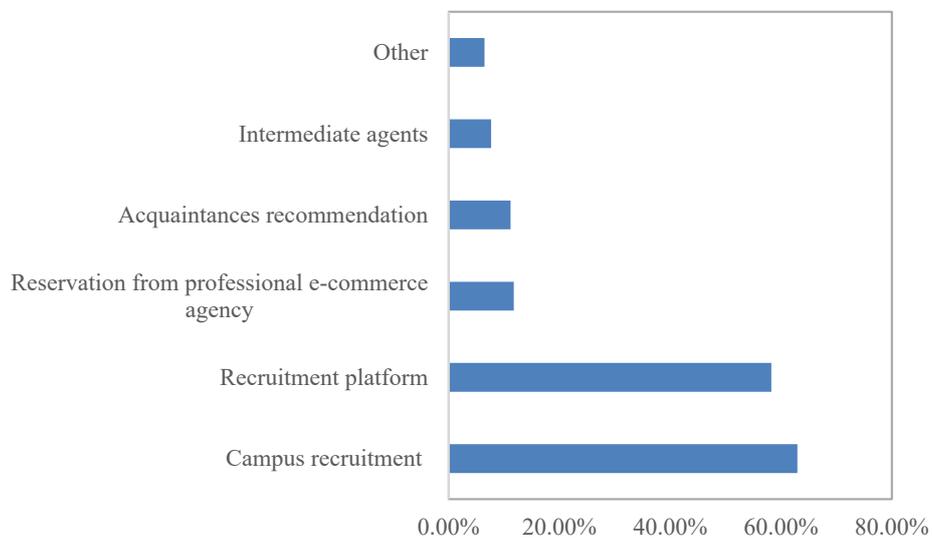


Fig.4 Various recruitment means of companies in Yiwu

First, the number of employees is few compared to the workload, so the working hours are long, and the task is heavy. Besides, there is no corresponding employee benefits and subsidies and other incentive policies, resulting in a high talent turnover rate. Secondly, the staff reserve is insufficient and lack of long-term plan. the recruitment channels will be considered Only when there is an obvious shortage of staff. 62.94% of the companies recruit the new talents by campus recruitment, followed by 58.24% by recruitment platforms with high cost (Fig.4). Finally, due to the positioning and speed of development of Yiwu itself that there is a strong entrepreneurial atmosphere in Yiwu. More and more talents with operational skills of

e-commerce and language skills are more willing to embark on the road of entrepreneurship. From Fig.5, we can see the highest concern for the managers of the e-commerce company was long term stability of the talents.

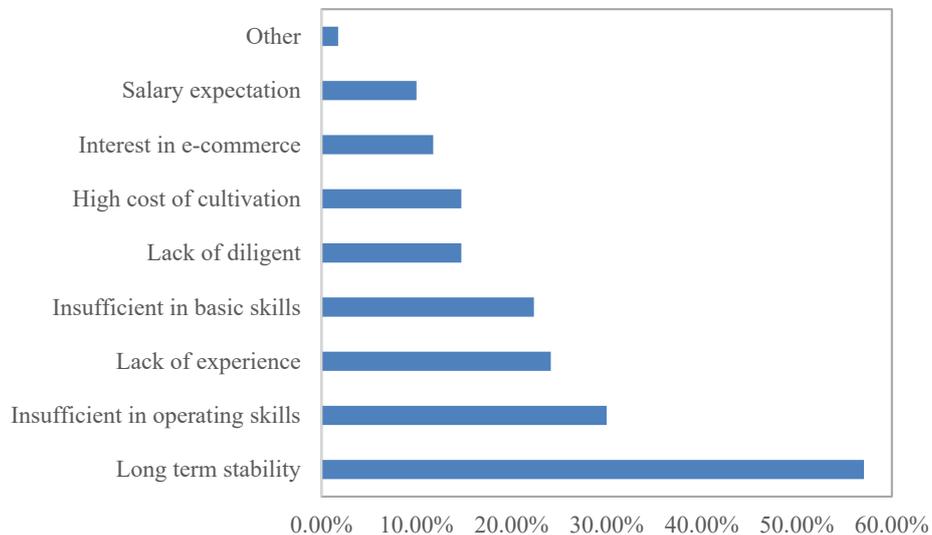


Fig.5 Concerns of companies for talents in Yiwu

3.3. Strategy for talents development of cross-border e-commerce in Yiwu

3.3.1. Integration among "government, school and enterprise"

A collaborative education mechanism for the deep integration of "government, school and enterprise" should be constructed. Yiwu Industrial and Commercial Vocational and Technical College is the only vocational college in Yiwu. Its students have a strong sense of entrepreneurship, which further aggravates the shortage of middle-high level cross-border e-commerce and minority language talents in Yiwu. It should cooperate with key e-commerce enterprises and actively interact with universities inside and outside the province to hire teachers, build bases and jointly cultivate talents, to create a university-government and enterprise community of "co-education of talents, co-management of processes and sharing of achievements".

The Yiwu government has also issued a reward for high-end talents in short supply to have individual income tax return of greater than 15%. The policy should be widely propaganda to graduates among universities and e-commerce companies, to introduce more and more talents come and stay in Yiwu.

3.3.2. Promote integrated training between school and enterprises

The training mechanism of "government-led, school-enterprise cooperation" should be emphasized. Talent cultivation offers the wisdom of power. Talent is the source power for enterprise development. The talents related to cross-border e-commerce and minority language talents in short supply in Yiwu need to be introduced to the outside world and cultivated by themselves, to inject continuous energy into the development of enterprises. In the form of project training, e-commerce training institutions can be guided to focus on the field of cross-border e-commerce from the perspective of policy, pay attention to classroom teaching and actual operation, and cultivate reserve talents who is qualified for the posts directly. At present, there are nearly 50 e-commerce enterprises with volume of more than 100 million yuan in Yiwu, which are mainly outsiders. How to keep these high-end talents in Yiwu is an especially important subject. It is

suggested to further improve the talent policy, and give preference to children's enrollment, housing security, talents with minority languages, etc.

4. Conclusions

The cross-border E-commerce industry of Yiwu faced the key development opportunities, the healthy development of each industry is inseparable from the talent support. However, huge talent gap, imbalance of the personnel training structure, high cost of personnel training in Yiwu lead to extremely lack of integrated talents in the cross-border E-commerce industry. A collaborative education mechanism for the deep integration of "government, school and enterprise" suggested to be constructed. The training mechanism of "government-led, school-enterprise cooperation" should be emphasized.

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