

Mercuri Urval (MU) and Swedish Chamber of Commerce

# Survey-Human Resources China 2023

## Julia Larsen-Disney, Director Mercuri Urval China and Inclusion & Diversity Lead

More than 15 years ' experience working in international environments, supporting global companies with market access-, business advisory- and business support services.

Experienced in management functions and consultancy in Europe, Southeast Asia and China with Industry expertise within Advanced Industrial Technology (mostly Automotive/ Energy) and the Services Sector (Facilities/Property, Hospitality).

Human resources professional in both consultancy and in-house with an MBA (special focus on 'Human Resources Management in Global Markets') from Heriot-Watt University UK (Edinburgh Business School EBS). Psychology/ Macro-Economics Degree from the University of Hamburg, Germany.



## Simon Forsgren, SwedCham China Scholar

SwedCham Scholar for the period 2023/2024. Simon has worked for the Chamber since 2022, beginning as an intern working remotely from Sweden, and coming to Shanghai in mid-2023.

Background studying mainly political science, and work experience as an analyst in fund management, and with project management for international NGOs. Responsible for all white papers and surveys produced by SwedCham China.



**Human capital is companies' most valuable resource but managing and attracting talent is becoming increasingly challenging. To support our member companies and their businesses in China, the Swedish Chamber of Commerce in China together with Mercuri Urval (MU) have conducted this nationwide survey of HR trends and developments for corporate members in China.**

The survey has been answered by around 60 companies, representing the Swedish business community in China. We have highly appreciated your contribution and attendance and are now pleased to invite you to this launch event for the nationwide salary survey report. We hope the survey outcomes will help managers be competitive when setting the work environment and conditions to attract talent.



# Introduction

The Human Resources China 2023 survey saw largely foreign-owned companies in the Machinery and Industrial Manufacturing (incl. Automotive) sector take part.

It also saw participation from a variety of other sectors such as Autonomous Driving and EV, Chemicals, Environmental Protection, Management Consulting, Medical, Metal and more, all of which ranged from having less than 50 employees to some having over 500.

The companies were largely located in Shanghai and the surrounding provinces of Zhejiang and Jiangsu, as well as in Beijing and Tianjin, and both executives and human resources personnel took part in the survey.

Considering the comparatively small and relatively homogenous target group when issuing the survey to members of the Swedish Chamber only, we decided on a relatively small degree of differentiation between positions when indicating purely salary levels; the focus had shifted to include other impactful HR influencing factors, that are becoming increasingly important in China. Hence the change in title from 'Salary Survey' to 'Human Resources Survey'. (Besides, those detailed salary guides for blue/white collar workers have been published by other organisations with larger survey groups to base the results on).

Many thanks to all representatives of SwedCham Members for your participation!

# Executive Summary

## Part 1 of 2

- Many companies estimated the quality of information exchange with HQ as either ‘good’ or ‘very good’ (70% combined) with a strong trend to improvement compared with previous years
- Respondents saw labour costs rising for both white- and blue-collar employees in 2023 (half of white- and a third of blue-collar workers respectively), but also saw a less than 5% turnover, both voluntary and involuntary, amongst blue- and white-collar employees.
- Retention of white-collar employees was largely affected by salary adjustments, having a career development plan, a bonus system, and flexible working timings.
- For blue collar workers, retention was helped by overtime opportunities, additional compensation and bonuses. Factory location and meal allowances also played a role.
- Online recruitment worked best for finding white-collar staff in 2023, while on-site job fairs were the least preferred.
- Half of white-collar employees stayed for 6-10 years with a company, with nearly 20% staying for between 11-20 years.
- Around 35% of blue-collar employees stayed on for 6-10 years, while 7% employees stayed for more than 20 years
- From an HR perspective, the top three factors having a high impact on business operations were found to be the recruitment and retention of qualified employees, along with rising labour costs.
- Major reasons for companies to be viewed as employer of choice by candidates are viewed to be company culture, feeling valued, salary/welfare.

# Executive Summary

## Part 2 of 2

- Most important factors to determine salary adjustments are company performance and the individual's contribution to it, seniority plays a relatively smaller (only 12% of participants).
- Recruitment difficulties are mostly experienced when hiring qualified staff in the areas of Engineering/RD, Senior Management and Sales Marketing. Finding blue collar staff can be a challenge for companies and is perceived as 'somewhat difficult' by many companies. Obstacles to filling vacancies often are retaining efforts of the current company and the lack of experience within foreign companies.
- For white collar recruitment, widely used channels are local recruitment platforms and referral, headhunting companies, job advertising, social network; blue collar workers are mostly recruited through labour service centers, referrals, and local recruitment platforms.
- Member companies employing foreigners are doing so mostly on local contract (30%), a third of companies are employing foreigners at both model, the other third states not having any foreign nationals employed.
- Localisation in management roles is perceived high by respondents (65%, up by 15% from last year).
- For both blue- and white-collar employees a major part of respondents is expecting an increase between 3-5% for next year.
- Companies consider offering the following extraordinary benefits to retain key personnel: flexible working hours, training and education, mobile phone/ tablet, recognition and rewards systems, etc. A relatively small number of companies offer benefits such as job rotation, health club memberships, pension scheme; over 17 % offer no such additional benefits.
- Employees leaving the companies have stated received a better monetary offer or missing development potential as reasons, organisational changes and interpersonal difficulties are also mentioned regularly as influencing factors. (In contrast with the perceived reasons why employees chose the employer at the first place, see 23).

## Participating Companies

1. Company name
2. Your position
3. Company industry
4. Number of employees (at current location)
5. Company location (city where you are currently located)
6. What is your company's legal structure

## Review 2023-Key Learnings

7. How would you generally describe your company's development in 2023?
8. How would you describe your company's recruitment demand in 2023? Has it been:
9. Estimate of information exchange between China and HQ in 2023.
10. How has the quality of the information exchange developed in 2023?
11. What are your company's labour costs in 2023?
12. Voluntary turnover rate of white-collar employees in 2023?
13. Involuntary turnover rate of white-collar employees in 2023?
14. Voluntary turnover rate of blue-collar employees in 2023?
15. Involuntary turnover rate of blue-collar employees in 2023?
16. What have affected the retention rate of your white-collar employees in 2023?
17. What have affected the retention rate of your blue-collar employees in 2023?
18. What were your primary channels for acquiring white collar staff in 2023?

## HR-Overview and Insights

19. How many years do your employees stay with the company on average?
20. What are the factors that affect the business operations of your company from HR perspective?
21. Is your company considering strategic changes due to rising labour costs in China?
22. What is the importance of the following items for your decision on salary adjustments?
23. What is the importance of the following items for staff in choosing your company?
24. How difficult do you find it to recruit qualified staff in China for the following positions?
25. What are the main reasons why vacancies cannot be filled?
26. Do you have foreign nationals working at your company?  
Locally hired foreigners or expats?
27. Does your company experience localization in management position?
28. Does your company have regional (APAC) roles based in China?

## Recruitment, Selection, Retention

29. How long is your recruiting procedure in general (from search to contract)?  
White vs blue collar
30. Which recruitment channels do you mainly use in China?  
(white vs blue collar)
31. What are the top 3 reasons for your employees to leave your company?
32. Do you also have special retention strategies for key personnel?
33. Please explain what individual retention strategies your company is using

## HR- Remuneration, Employee Benefits and Incentives

34. What is the average salary (CNY) range of your junior and mid-level employees?
35. What is the average salary (CNY) range of your senior employees?
36. What is the average salary (CNY) range of key roles?
37. What is the ratio between fix and variable (bonus) for white-collar employee in average?
38. What salary increase does your company expect for 2023/24 on average?
39. Has your company considering postponing a salary increase?
40. Standard benefit plans offered
41. Does your company offer extraordinary benefits to retain key personnel?

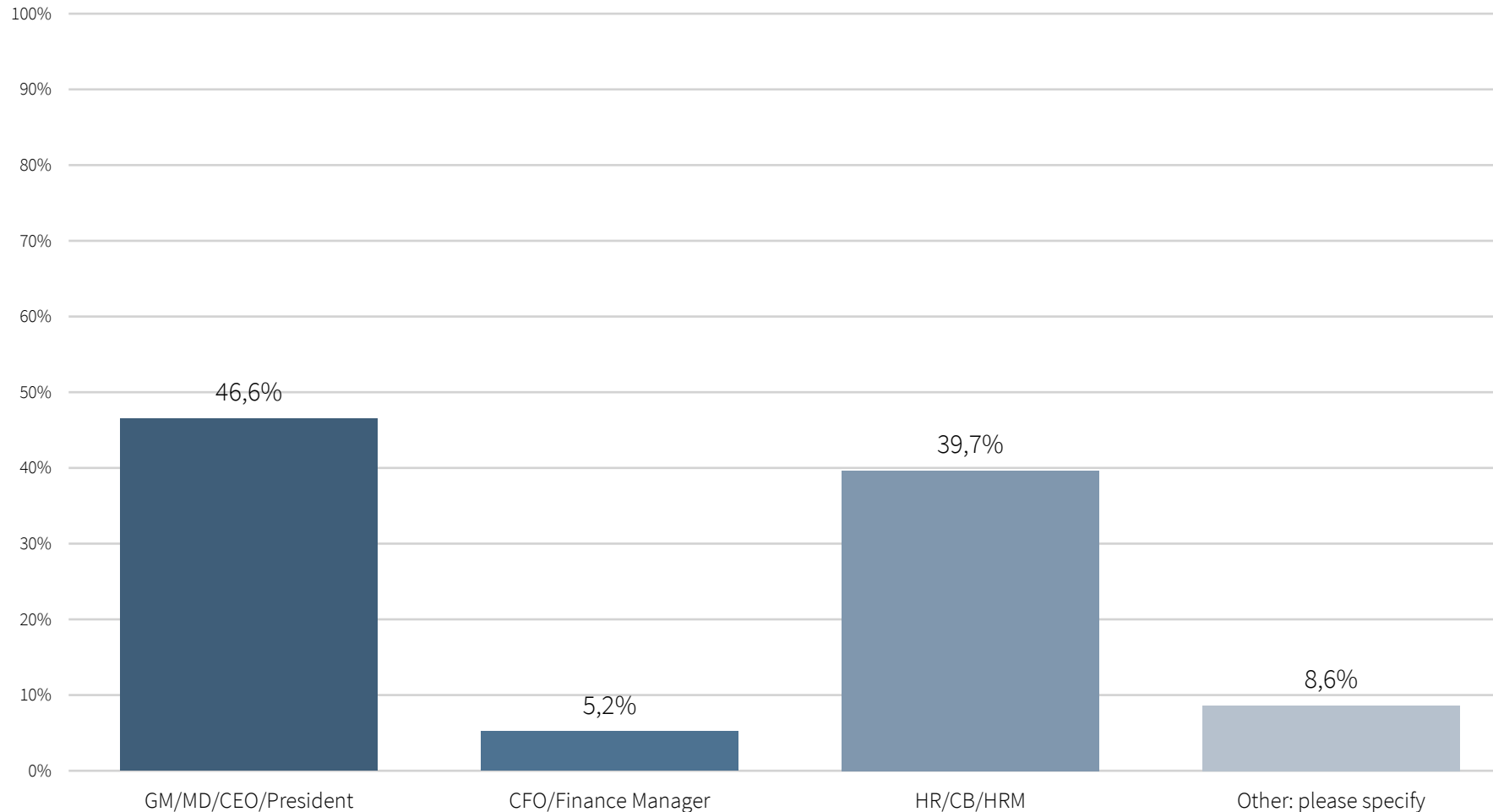


Survey-Human Resources China 2023

# Participating Companies

## 2. Roles of those participating in the Human Resources China 2023 survey

### Participating Companies

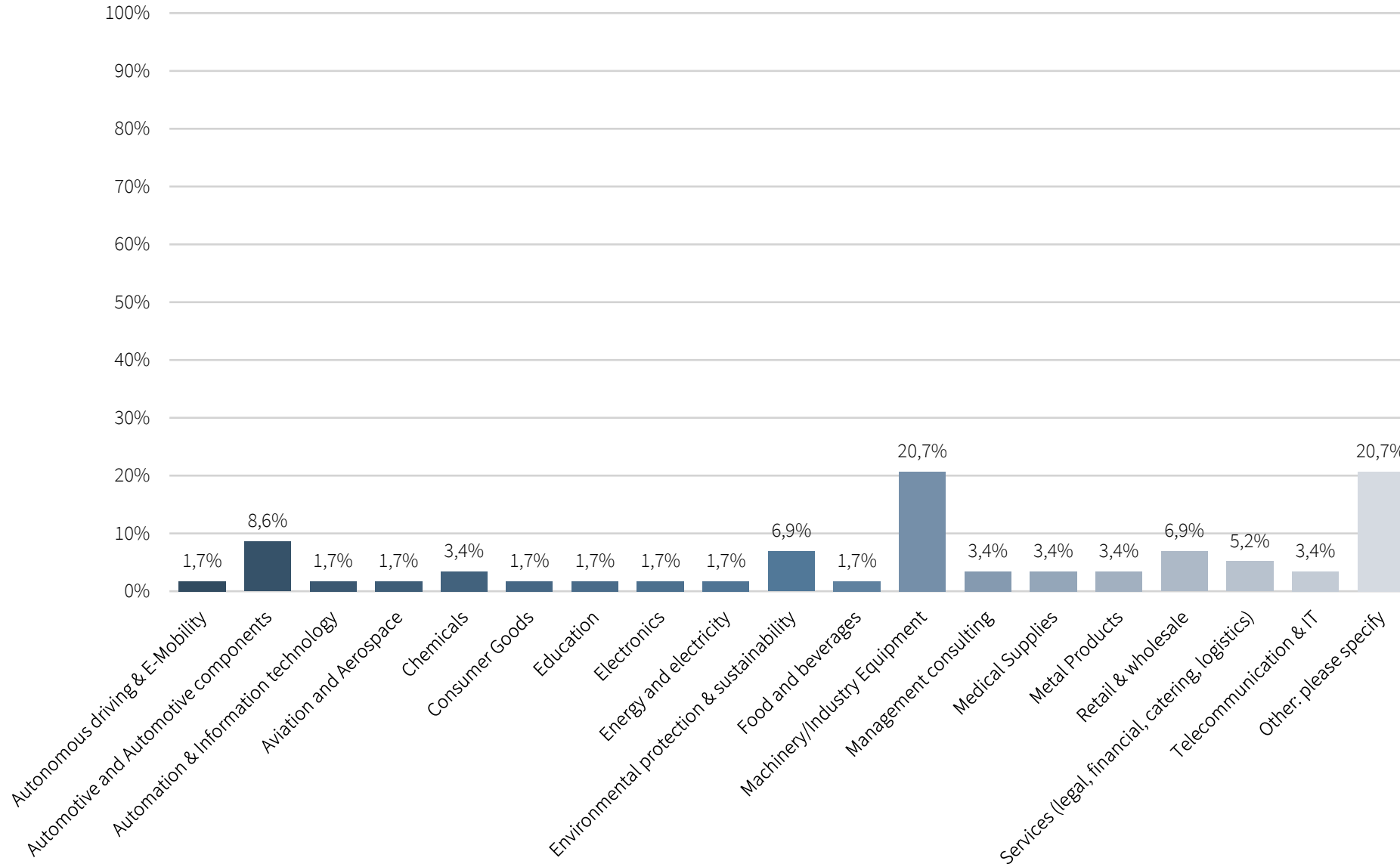


Highest number of participants in the survey were **Executives** (such as General Managers and Chief Executive Officers) and those in **human resources** (such as Human Resources Managers), with 47 % and 40 % participation respectively.

Other participants included Chief Finance Officers, Technical Directors, and Country Managers.

### 3. Industries of companies taking part in the Human Resources China 2023 survey

#### Participating Companies

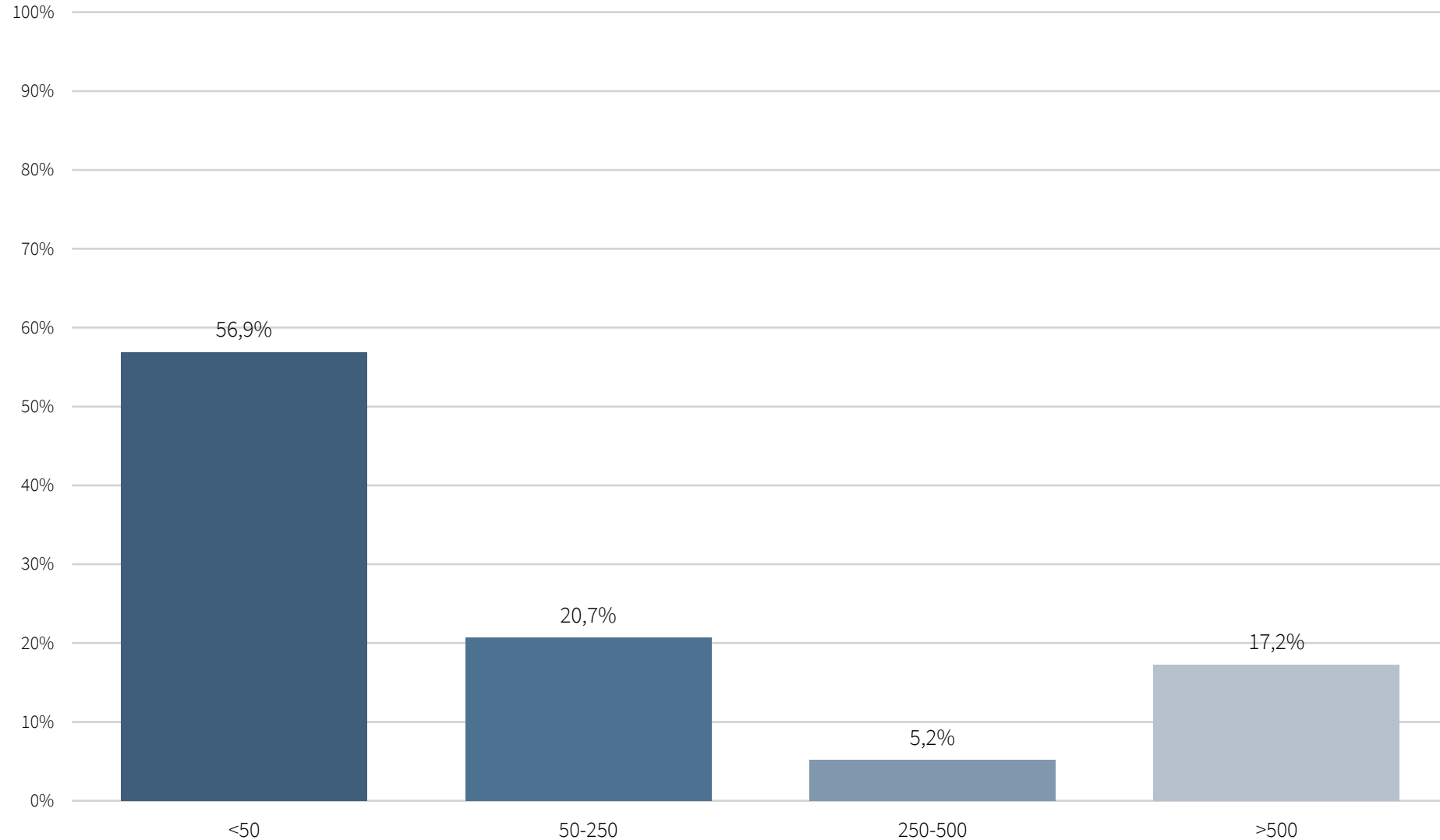


Largely, companies from the **Machinery and Industrial Equipment** industry took part in the survey, making up 20.7 % of the total.

The second highest was the **Automotive and Automotive Components** industry, at 8.6 %, followed by the **Environmental Protection & Sustainability** and **Retails** industries, at 6.9 % each.

# 4. Number of employees at the participating companies' premises

Participating Companies

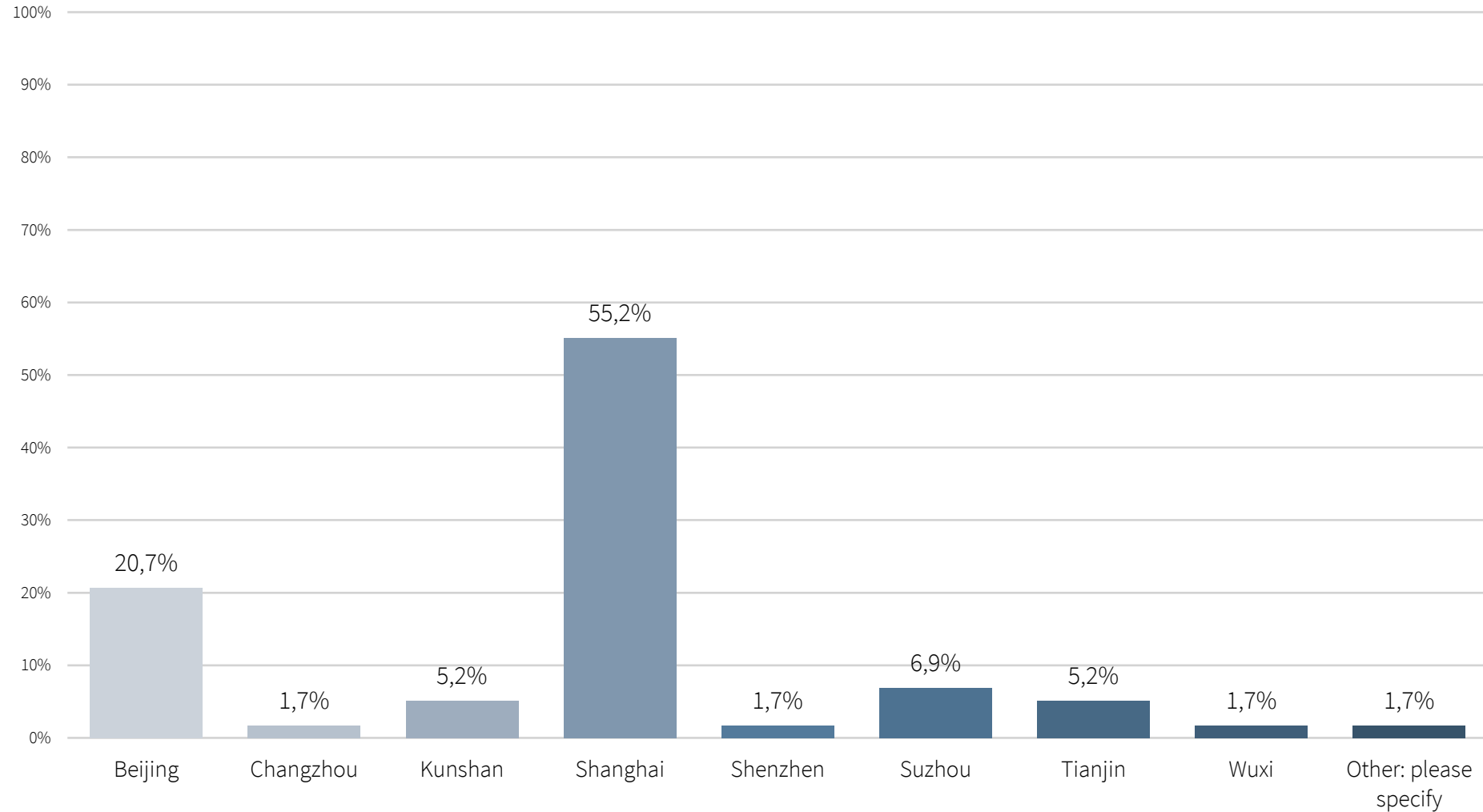


Most (56.9 %) of the companies participating in the survey had less than 50 employees, while 25,9 % had between 51 and 500 employees.

17,2 % had more than 500 employees.

# 5. Cities in which participating companies are located

## Participating Companies

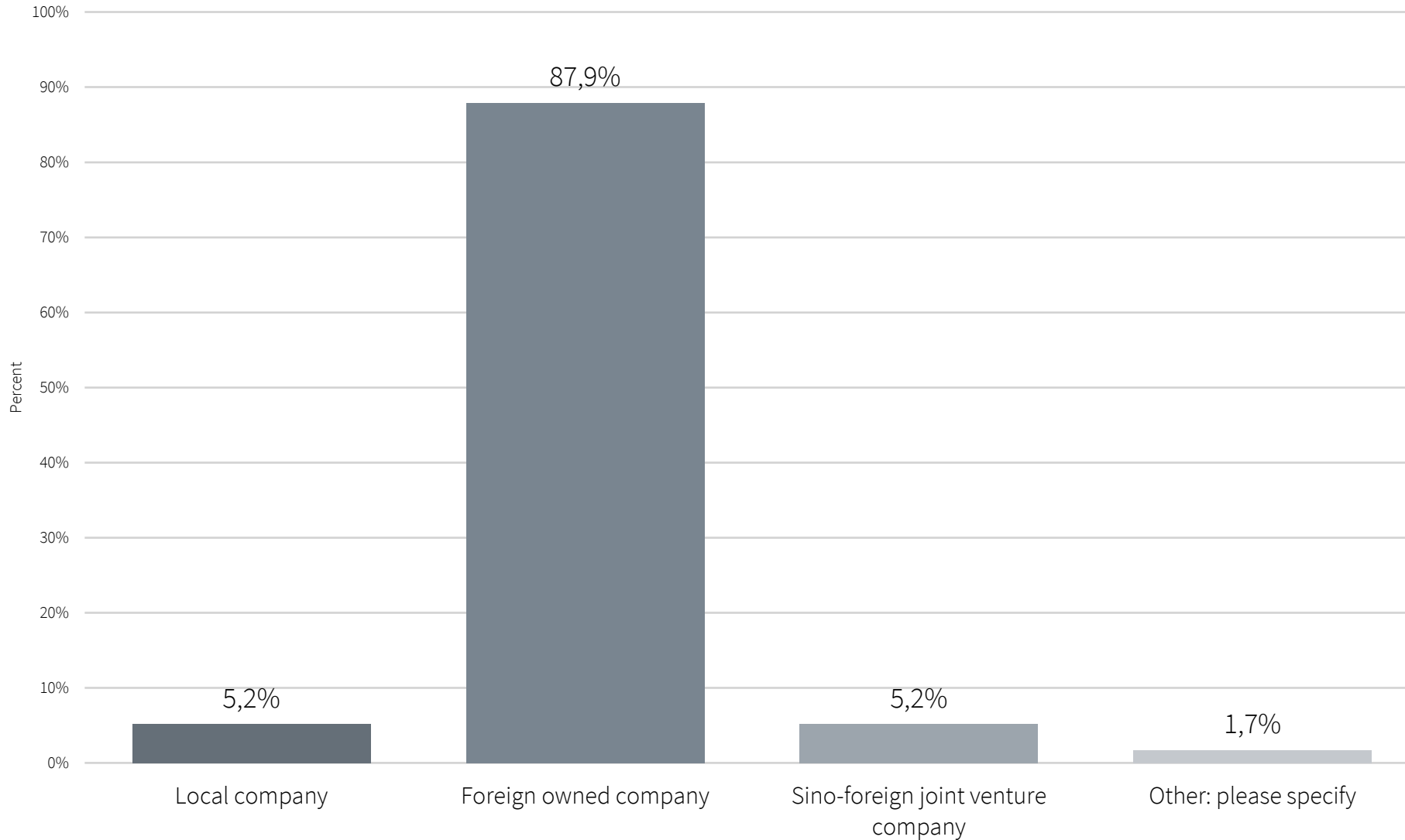


Over half (55.2 %) of the companies were located in **Shanghai**, followed by 20.7 % in **Beijing** and 6.9 % in **Suzhou**.



## 6. Legal structure of participating companies

### Participating Companies



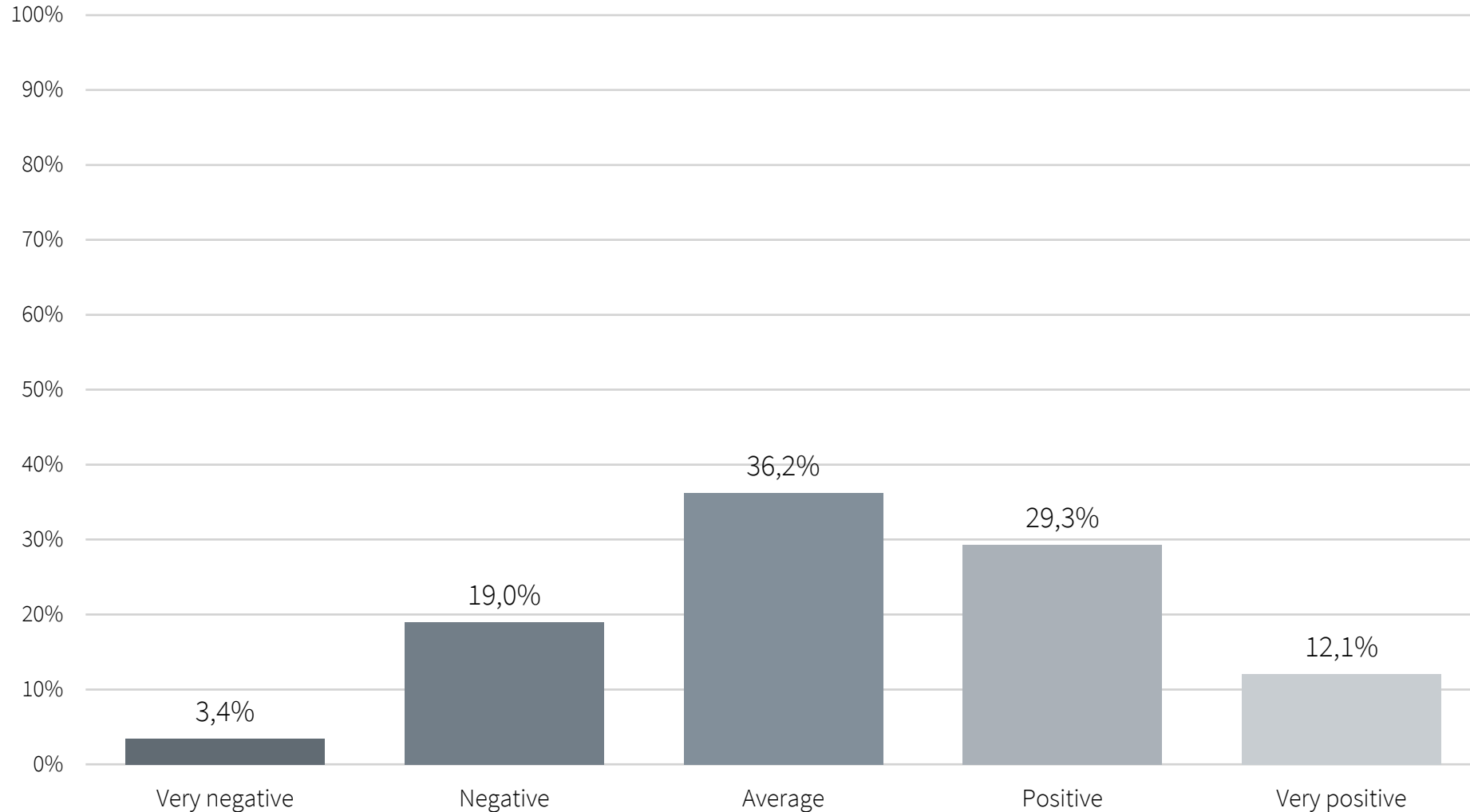
The majority of companies (87.9 %) were **foreign-owned**, while the rest were either local companies, or Sino-international joint venture companies, or had head offices in China.

Survey-Human Resources China 2024

# Review 2023 - Key Learnings

# 7. Estimate of company's (business) development in 2023

Review 2023 - Key Learnings

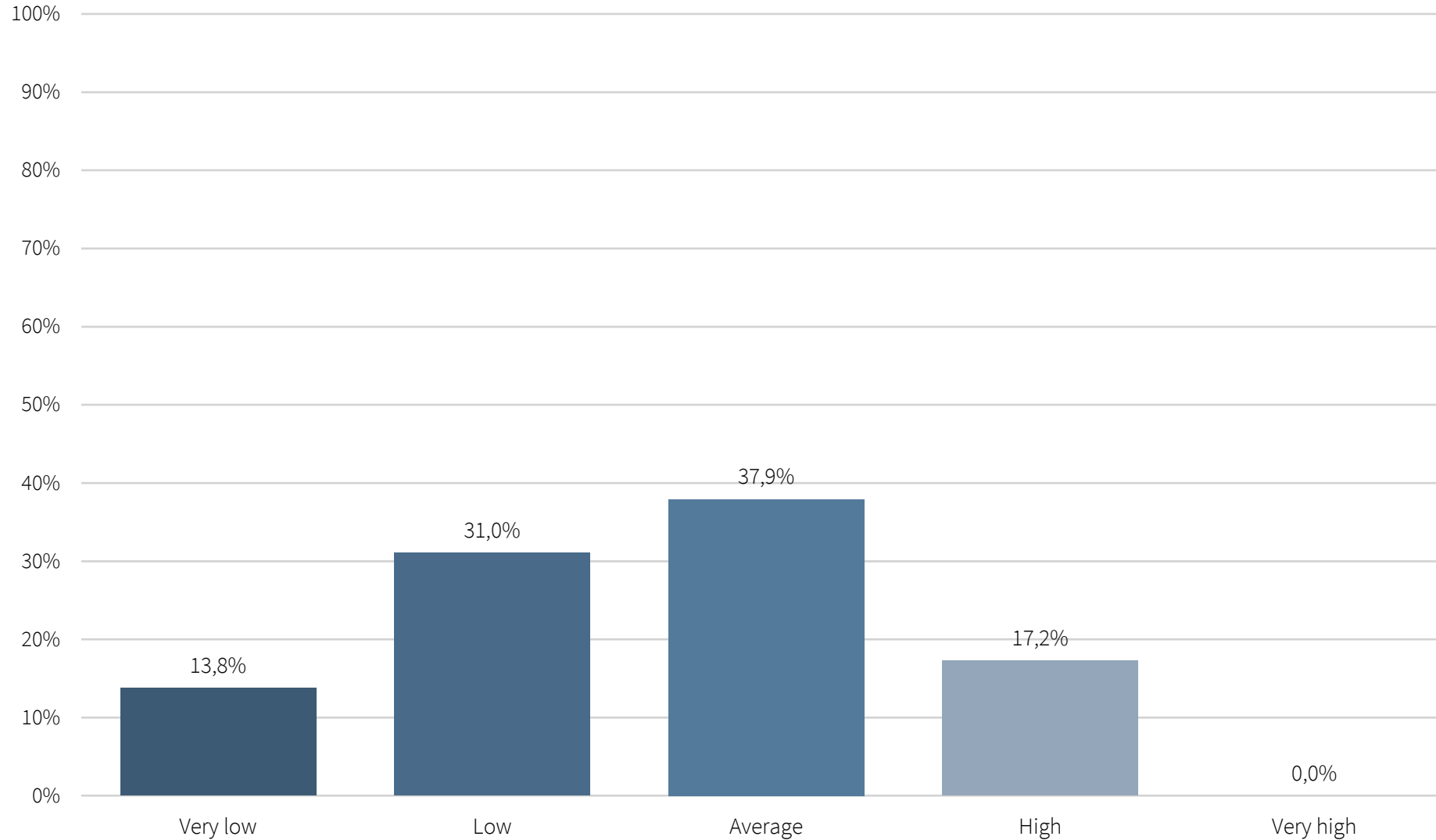


Companies were largely split between **average** and **positive** in describing their development in 2023, with most (36.2%) leaning towards average and 29.3% calling it positive.

While 19,0 % had a **negative** estimate, only 3.4% described their business development as **very negative**.

# 8. Estimate of company's recruitment demand in 2023

Review 2023 - Key Learnings

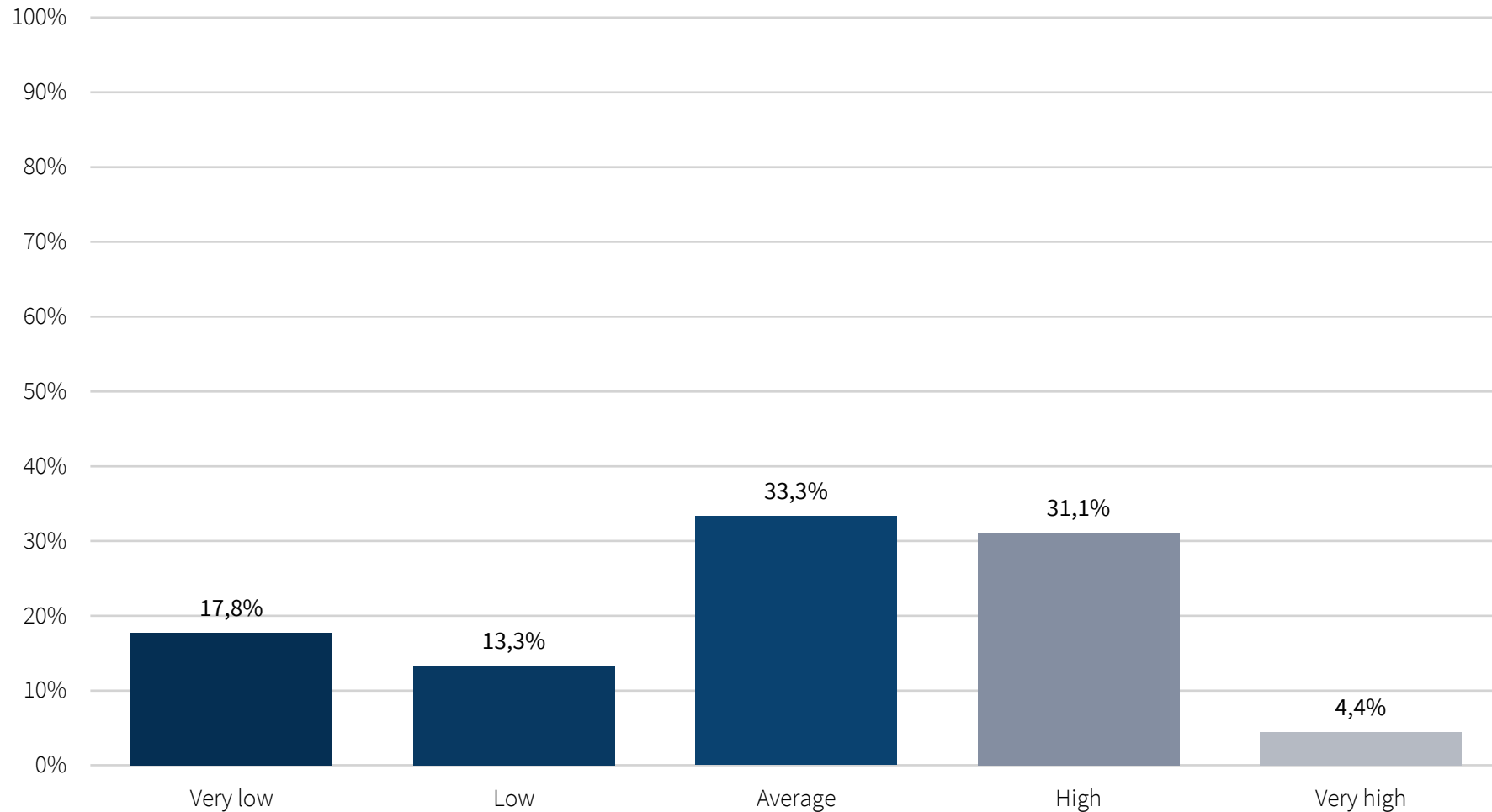


37.9% described recruitment demand at their company as **average**, while 31.0% described it as **low** for 2023.

Less than 15% described it as **very low**, while no respondent saw a high demand.

# 8.1 Estimate of company's recruitment demand in 2022

Review 2023 - Key Learnings

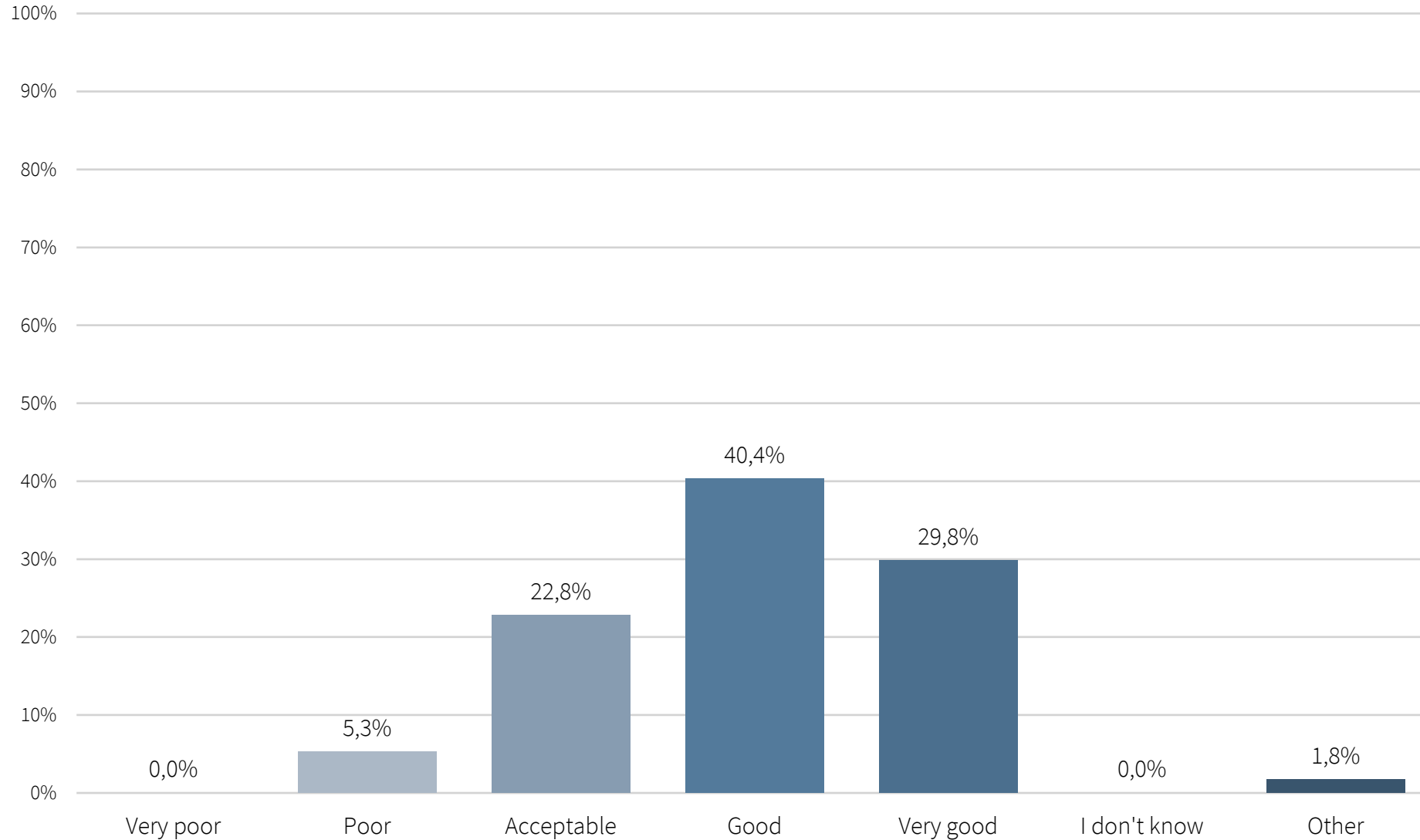


This page shows the result from the previous year from comparison.



# 9. Estimate of information exchange between China and HQ in 2023

Review 2023 - Key Learnings

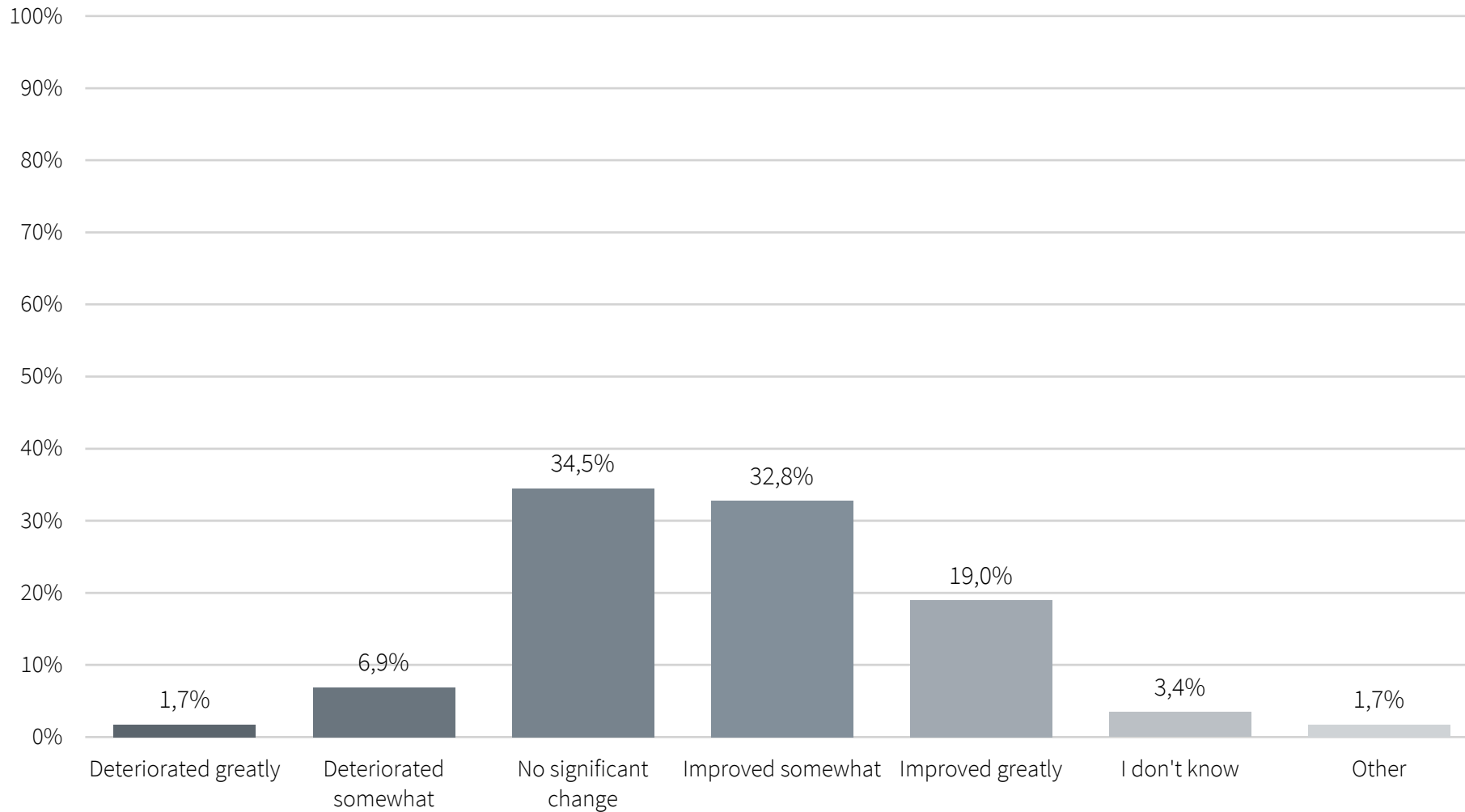


40.4 % of respondents estimated the quality of information exchange with HQ as **good** for 2023, while 29.8 % described it as **very good**.

Just over than 20 % described it as **acceptable**, while only 5.3 % described it as **poor**.

# 10. How has the quality of the information exchange developed in 2023?

Review 2023 - Key Learnings

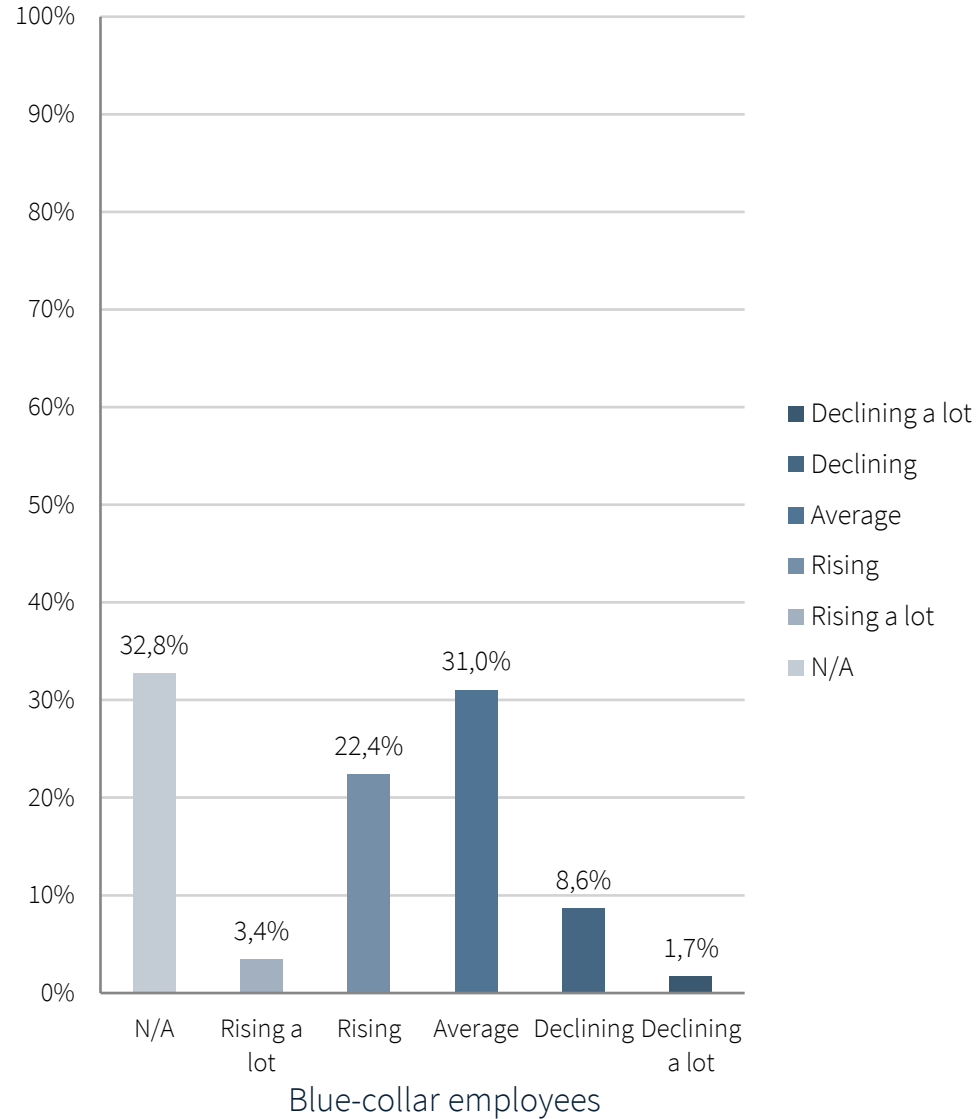
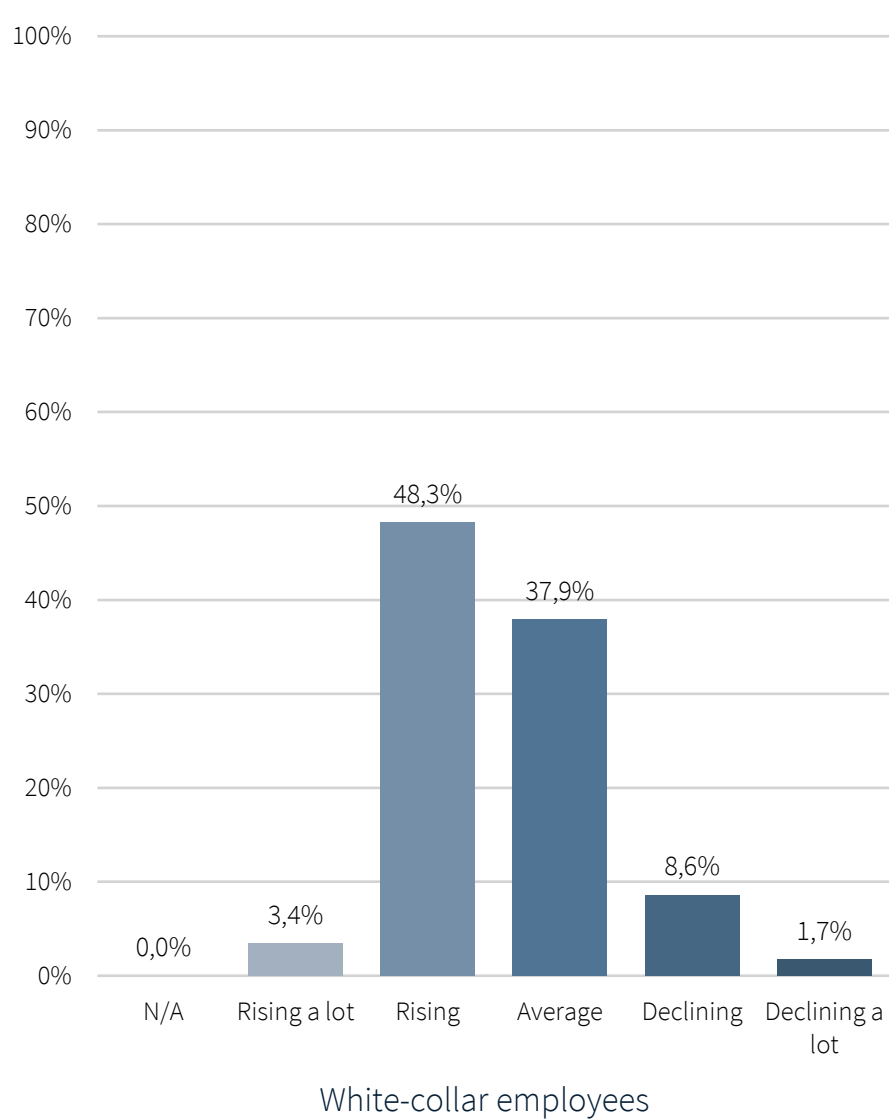


Most respondents, **34.5 %**, estimated that there had been **no significant change** in the quality of information exchange with HQ during 2023, while **32.8 %** described the development as **very good**.

About **20 %** described it as having **improved greatly**, while only **6.9 %** described it as having **deteriorated somewhat**.

# 11. Estimate of company's labour costs in 2024 for white- and blue-collar employees

## Review 2023 - Key Learnings



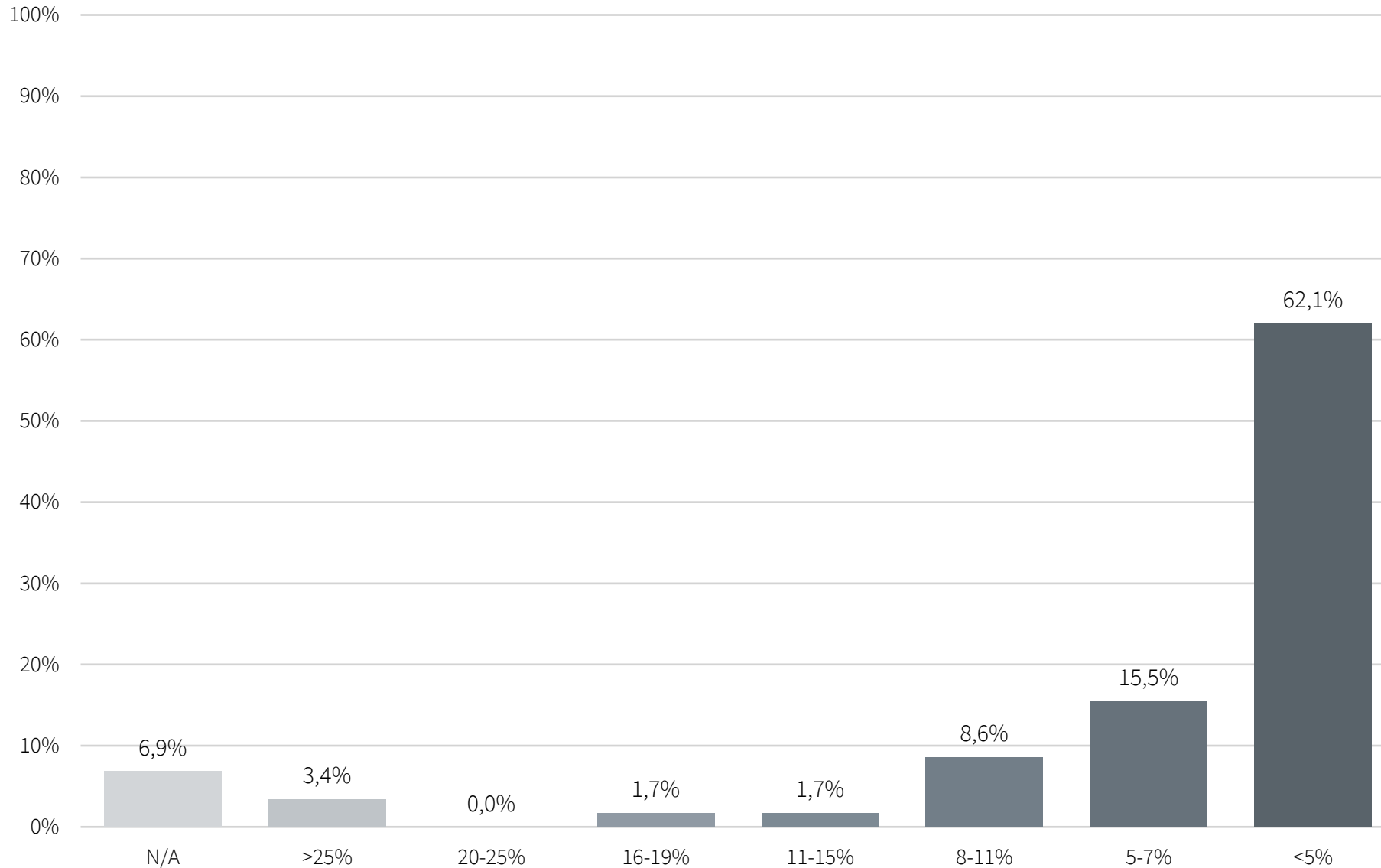
Half of the companies expect **rising** labour costs for both white- and blue-collar employees in 2024.

Pay for **white-collar** employees was largely estimated to be **rising** (48.3 %). 37.9 % estimated white-collar labour costs to be **average**.

A third of companies (31.0 %) estimate wages to remain **average** for **blue-collar** employees, while 22.4 % estimated costs to be **rising**. A substantial 32.8 % of respondents don't employ blue-collar workers.

# 12. Voluntary turnover rate for white-collar employees in 2023

Review 2023 - Key Learnings



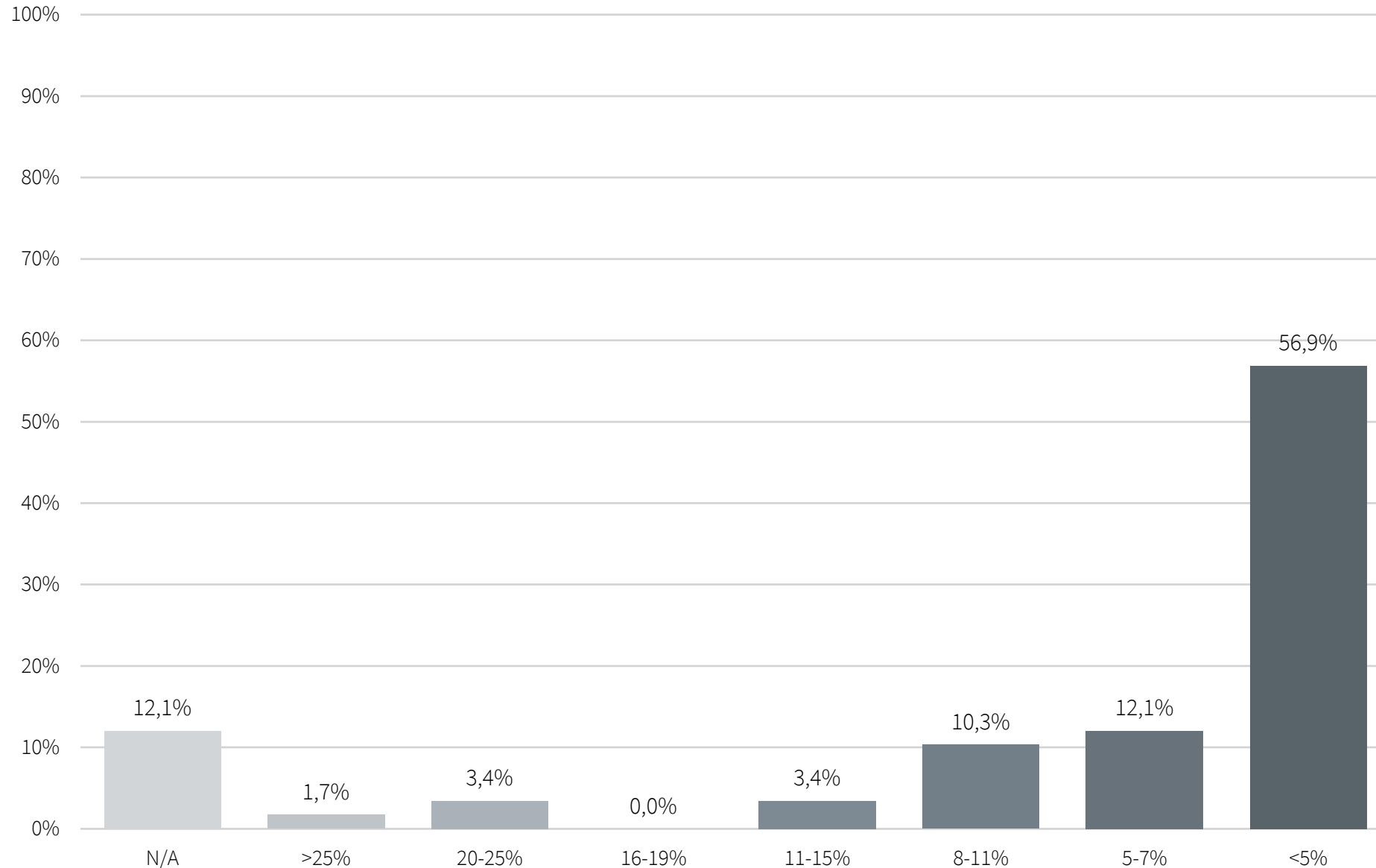
Most companies (62.1 %) saw **voluntary** turnovers of white-collar employees **being less than 5 %**.

About 85 % of companies had a voluntary turnover rate of white-collar employee at **less than 11 %**.

Only 3,4 % of respondent companies had a voluntary turnover rate of **25 % or higher**.

# 13. Involuntary turnover rate for white-collar employees in 2023

Review 2023 - Key Learnings



Most companies (62.1 %) saw **involuntary** turnovers of white-collar employees **being less than 5 %**.

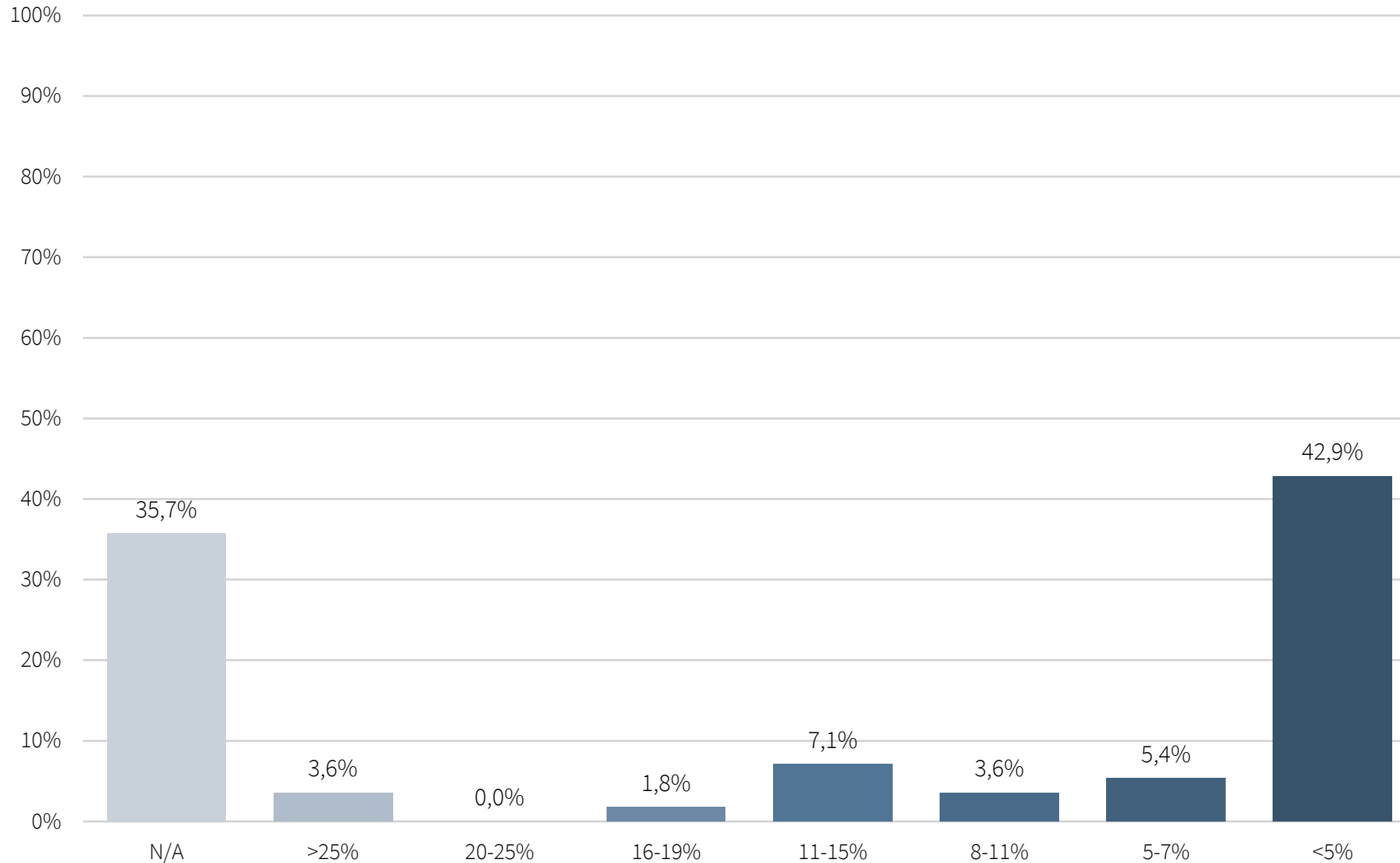
About 92 % of companies had an involuntary turnover rate of white-collar employee at **0 or less than 11 %**.

Only 1,7 % of respondent companies had a voluntary turnover rate of **25 % or higher**.



# 14. Voluntary turnover rate for blue-collar employees in 2023

Review 2023 - Key Learnings



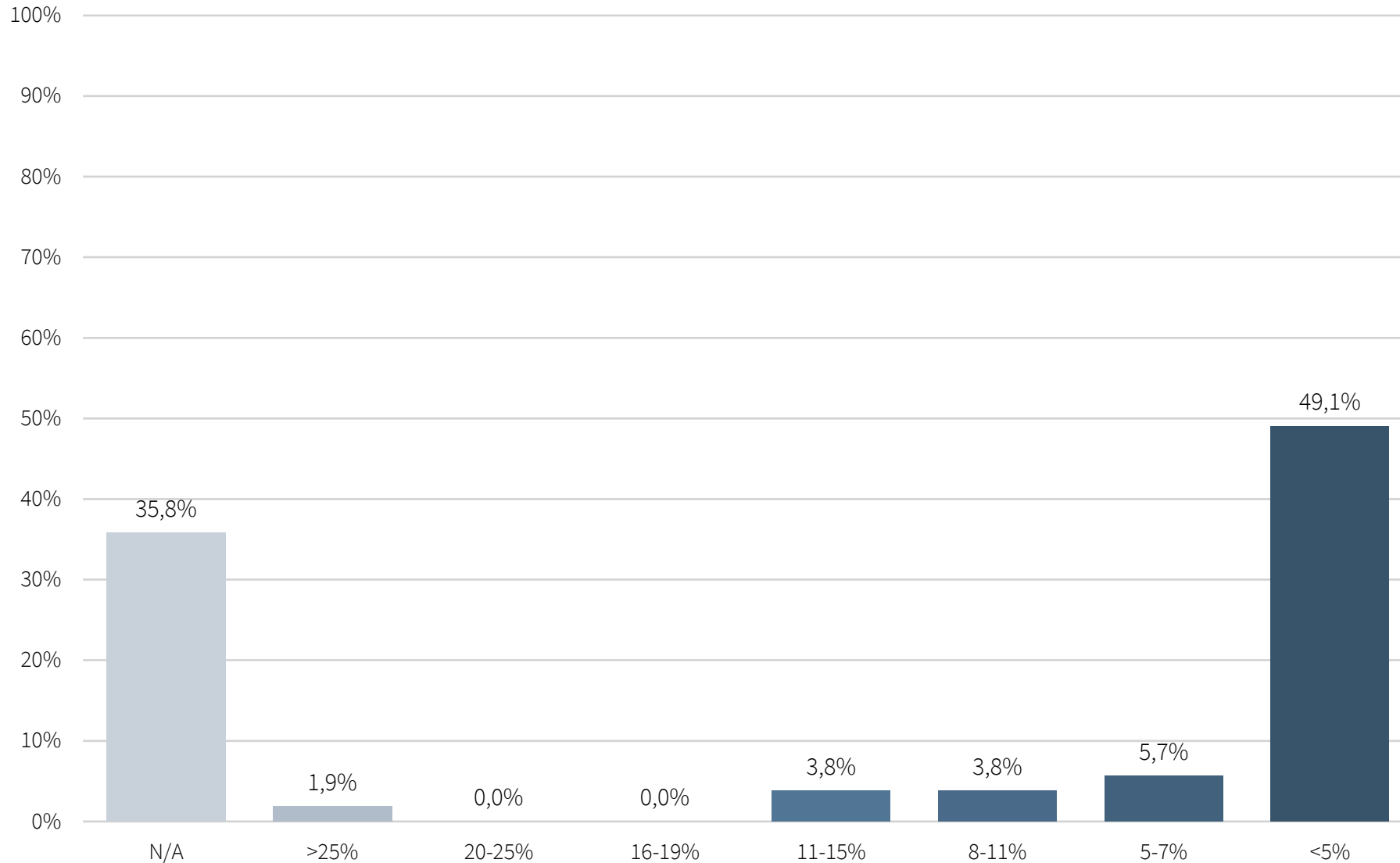
Most companies (42.9 %) saw **voluntary** turnovers of blue-collar employees **being less than 5 %**.

About 10 % of companies had a voluntary turnover rate of blue-collar employee at **between 8 to 15 %**.

Around 35 % either had a voluntary turnover rate of 0 %, or don't employ blue-collar employees.

# 15. Involuntary turnover rate for blue-collar employees in 2023

Review 2023 - Key Learnings



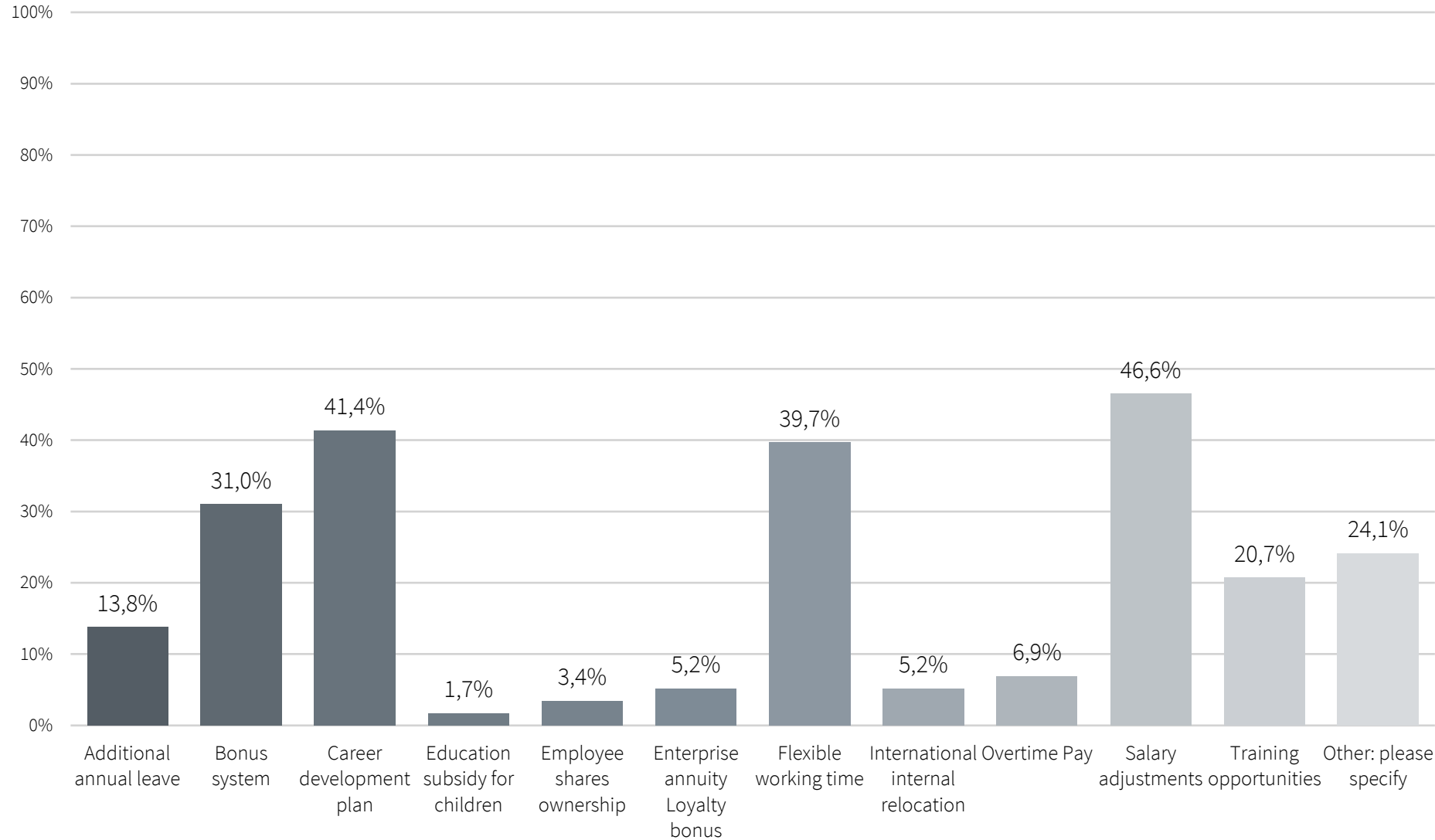
Most companies (49.1 %) saw **involuntary** turnovers of blue-collar employees **being less than 5 %**.

About 13 % of companies had a voluntary turnover rate of blue-collar employee at **between 5 to 15 %**.

Around 36 % either had an involuntary turnover rate of 0 %, or don't employ blue-collar employees.

# 16. Aspects affecting retention of white-collar employees

Review 2023 - Key Learnings

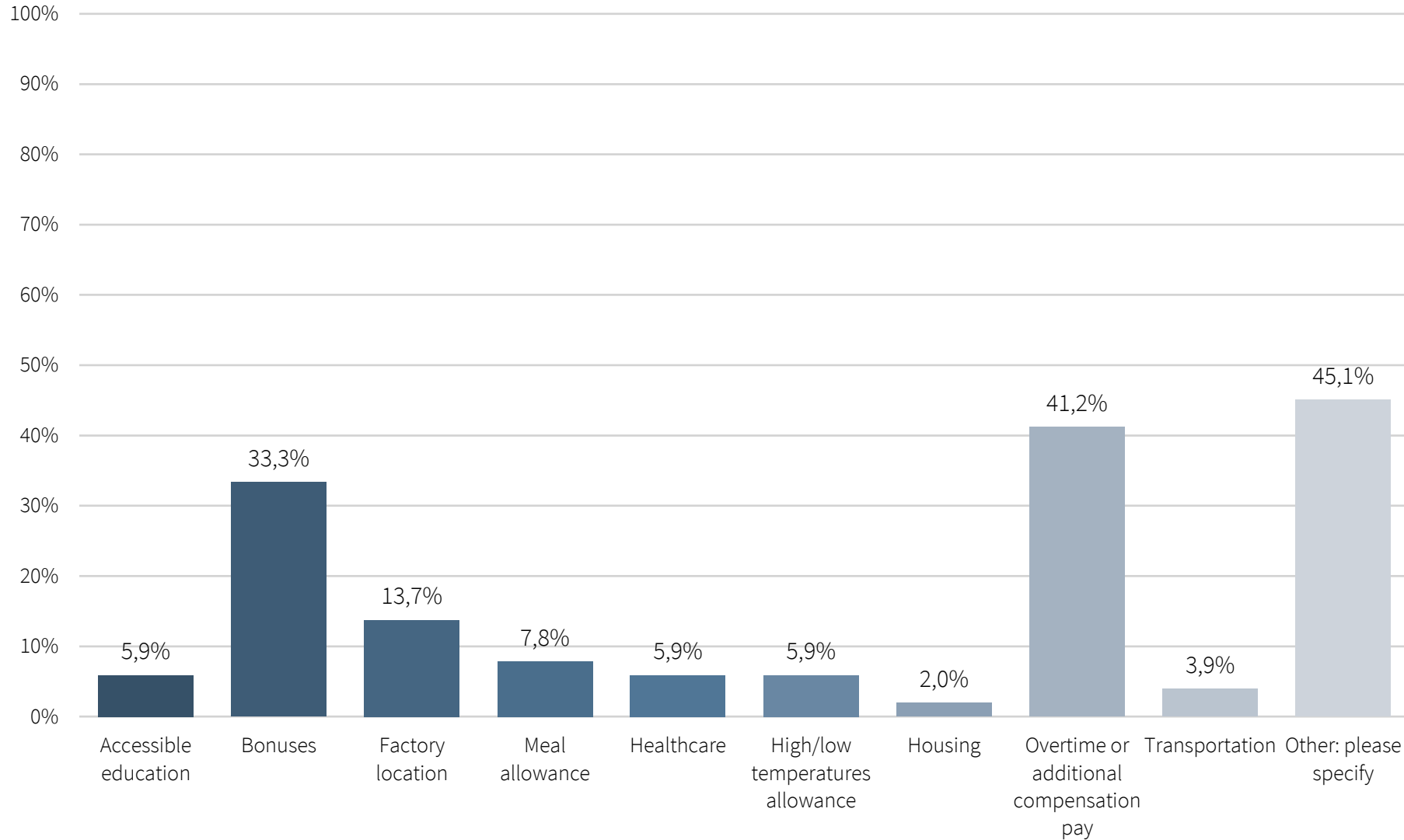


Largely **salary adjustments** affected retention rate among white-collar employees the most, followed closely by a **career development plan**.

**Flexible working time** (39.7 %) along with **Bonus systems** (31 %) also affected retention.

# 17. Aspects affecting retention of blue-collar employees

Review 2023 - Key Learnings

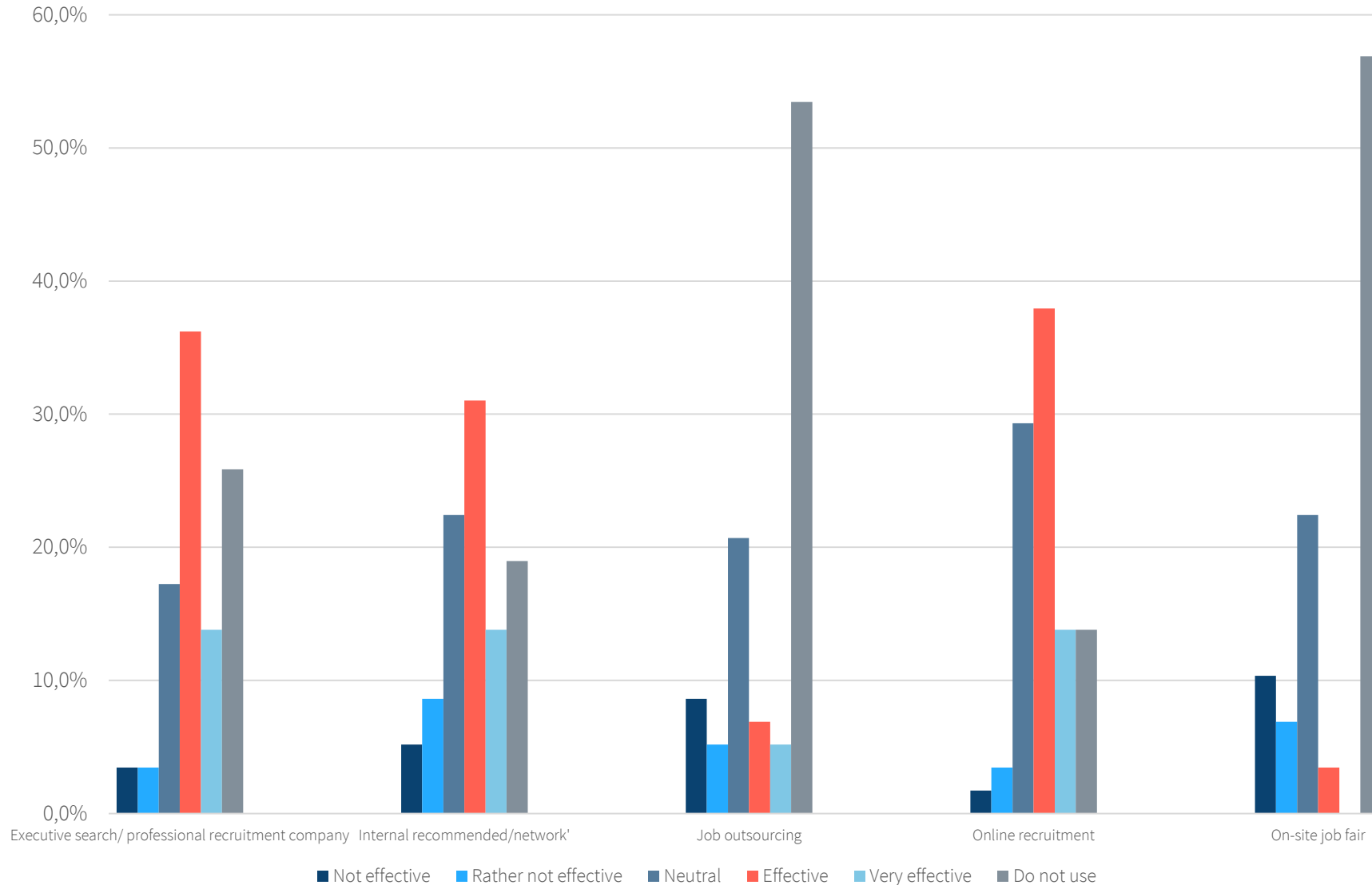


Overtime and compensation pay affected retention rates among blue-collar workers the most (41.2 %). A combination of other factors like **bonuses**, **factory location** and **meal allowance** also altered retention rates.

**45 %** of respondents have no blue-collar employees reportedly

# 18. Use of primary channels for recruiting white-collar staff in 2023

Review 2023 - Key Learnings



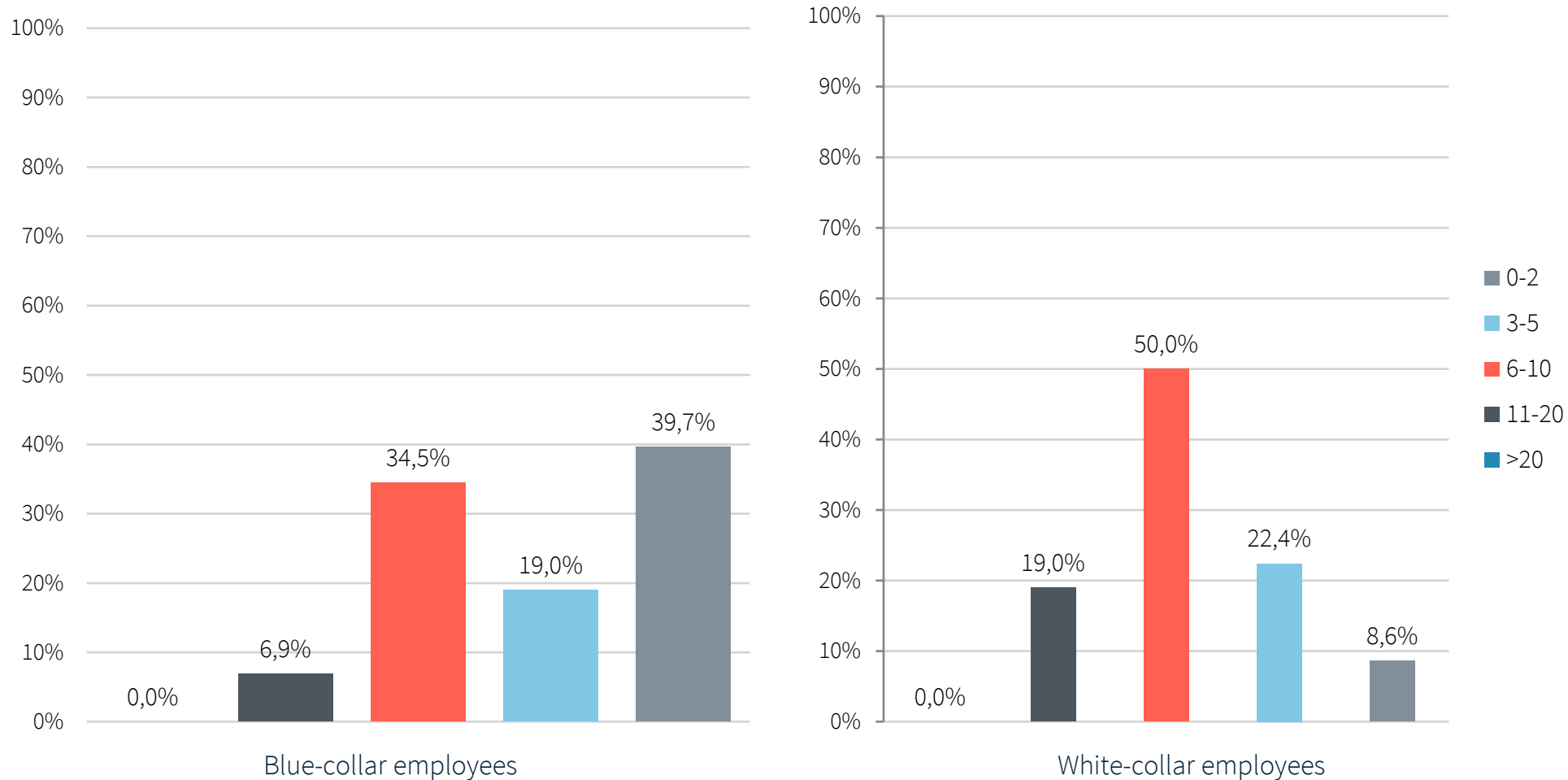
Out of all the methods listed, most companies preferred **online recruitment** to find white-collar workers, while **on-site job fairs** were the least preferred.

Survey-Human Resources China 2023

# HR - Overview and Insights

# 19. How many years do your employees stay with the company on average?

HR - Overview and Insights



Over 70% of white-collar employees stayed with the company anywhere between 3-10 years, while almost 40 % of blue-collar workers stayed with the company for only 0-2 years. About 53 % of blue-collar workers stayed with the company for 3-10 years.

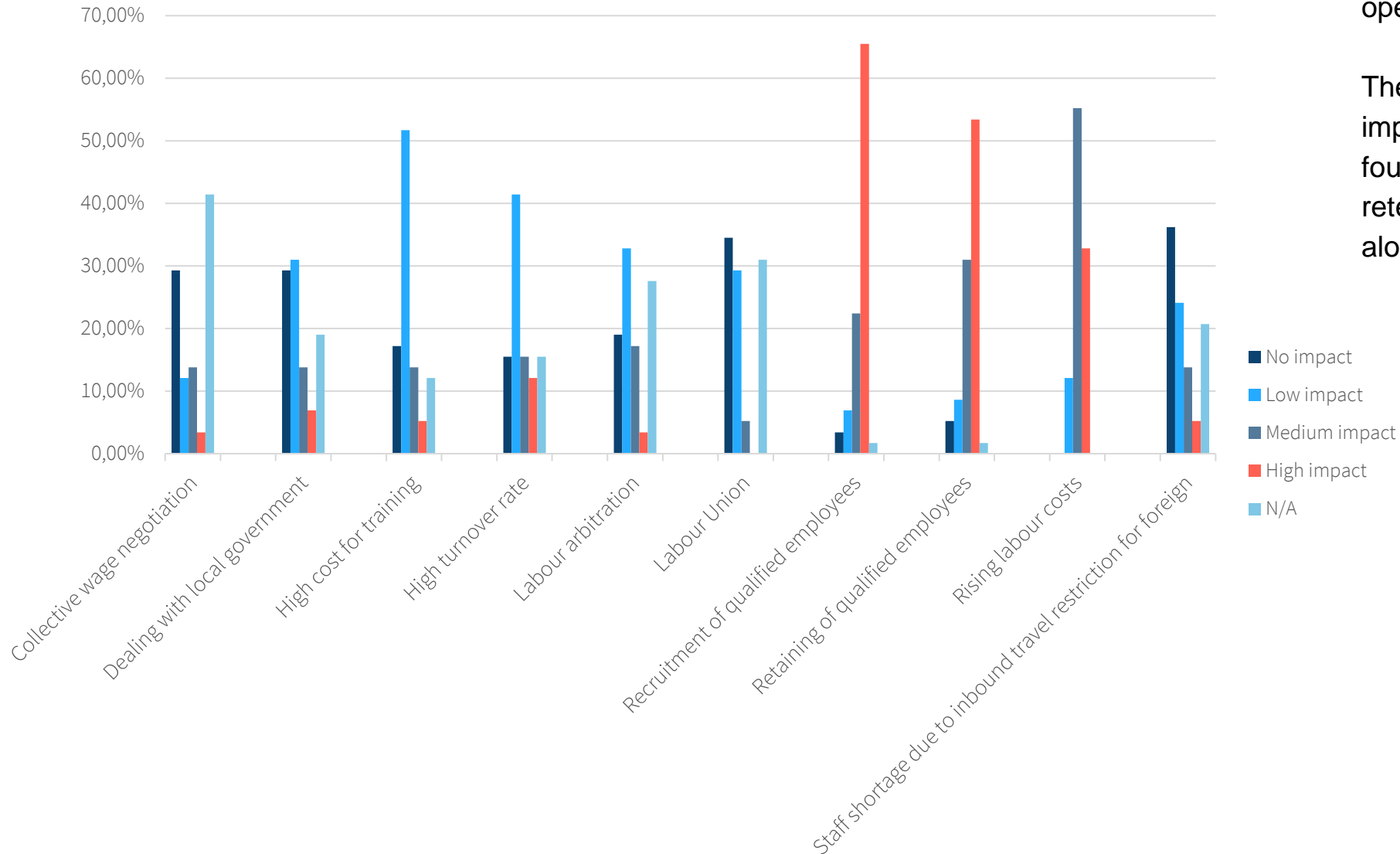


# 20. What are the factors that affect the business operations of your company from HR perspective?

HR - Overview and Insights

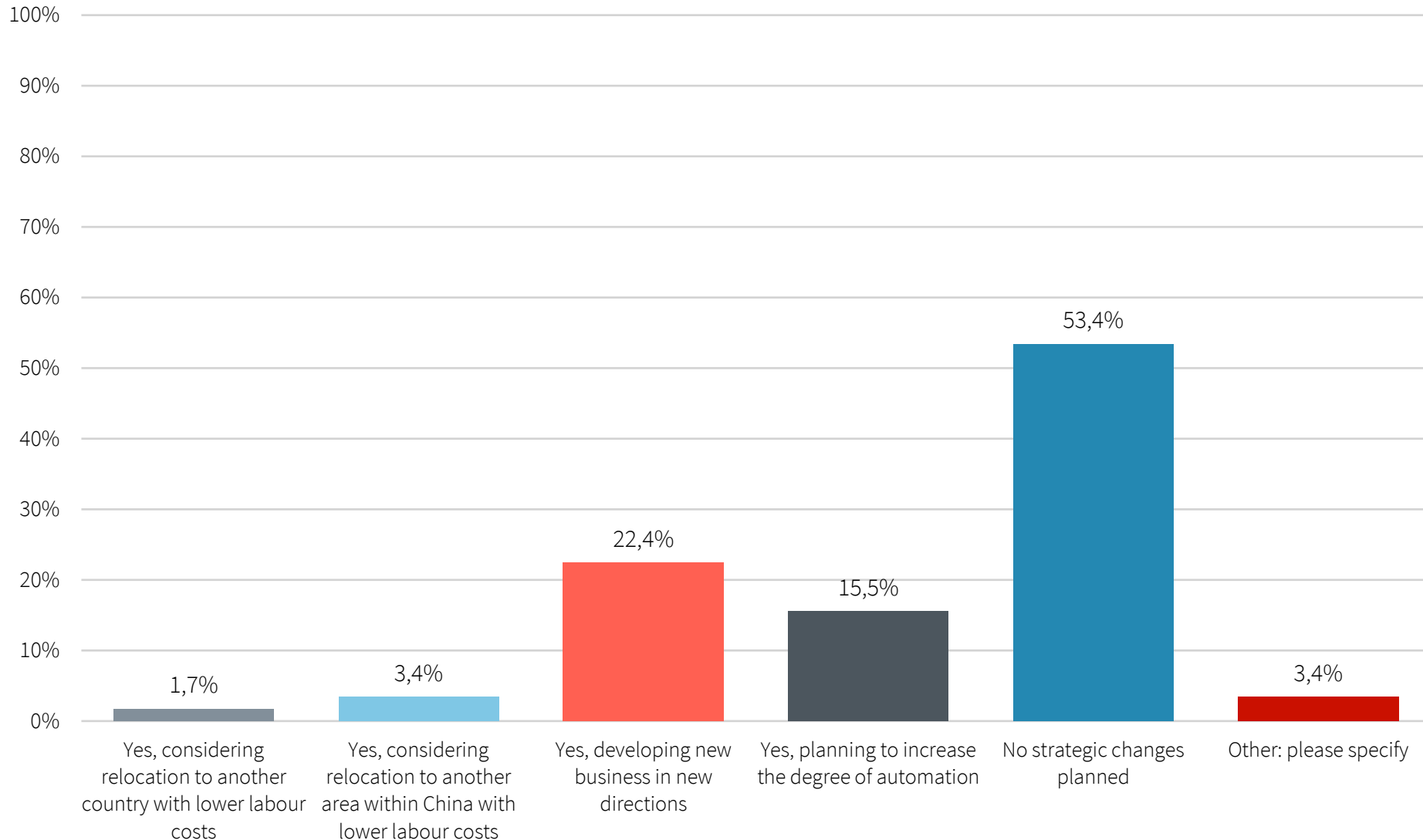
Factors affecting business operations from an HR perspective

The top three factors having a high impact on business operations were found to be the recruitment and retention of qualified employees, along with rising labour costs.



# 21. Is your company considering strategic changes due to rising labour costs in China?

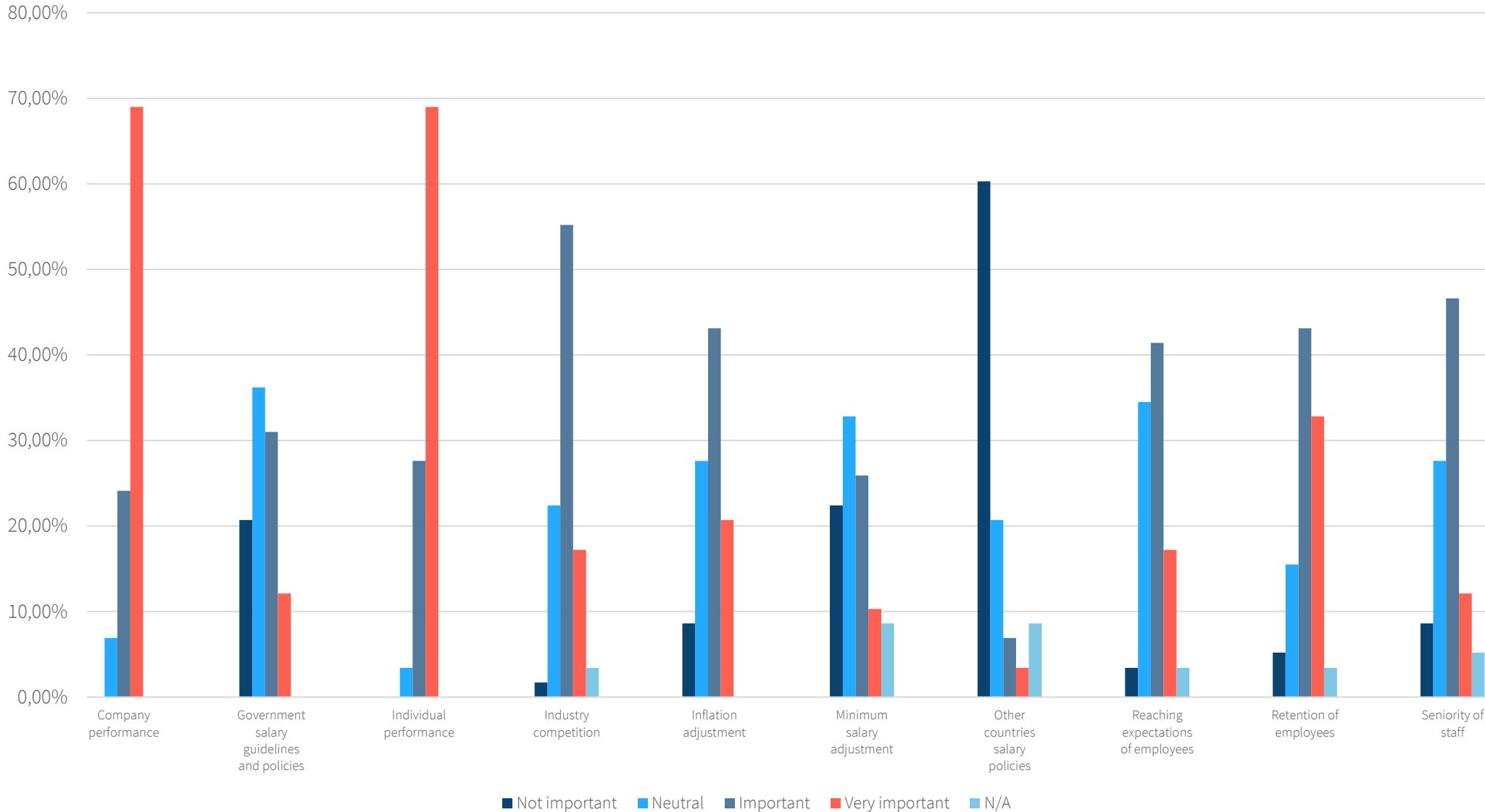
HR - Overview and Insights



A majority of respondents (**53,4%**) are not considering strategic changes due to the rising labour costs in China. Over one third of the participants are considering automation (**15,5%**) or changes in direction of business development (**22,4%**) as a consequence.

# 22. What is the importance of the following items for your decision on salary adjustments?

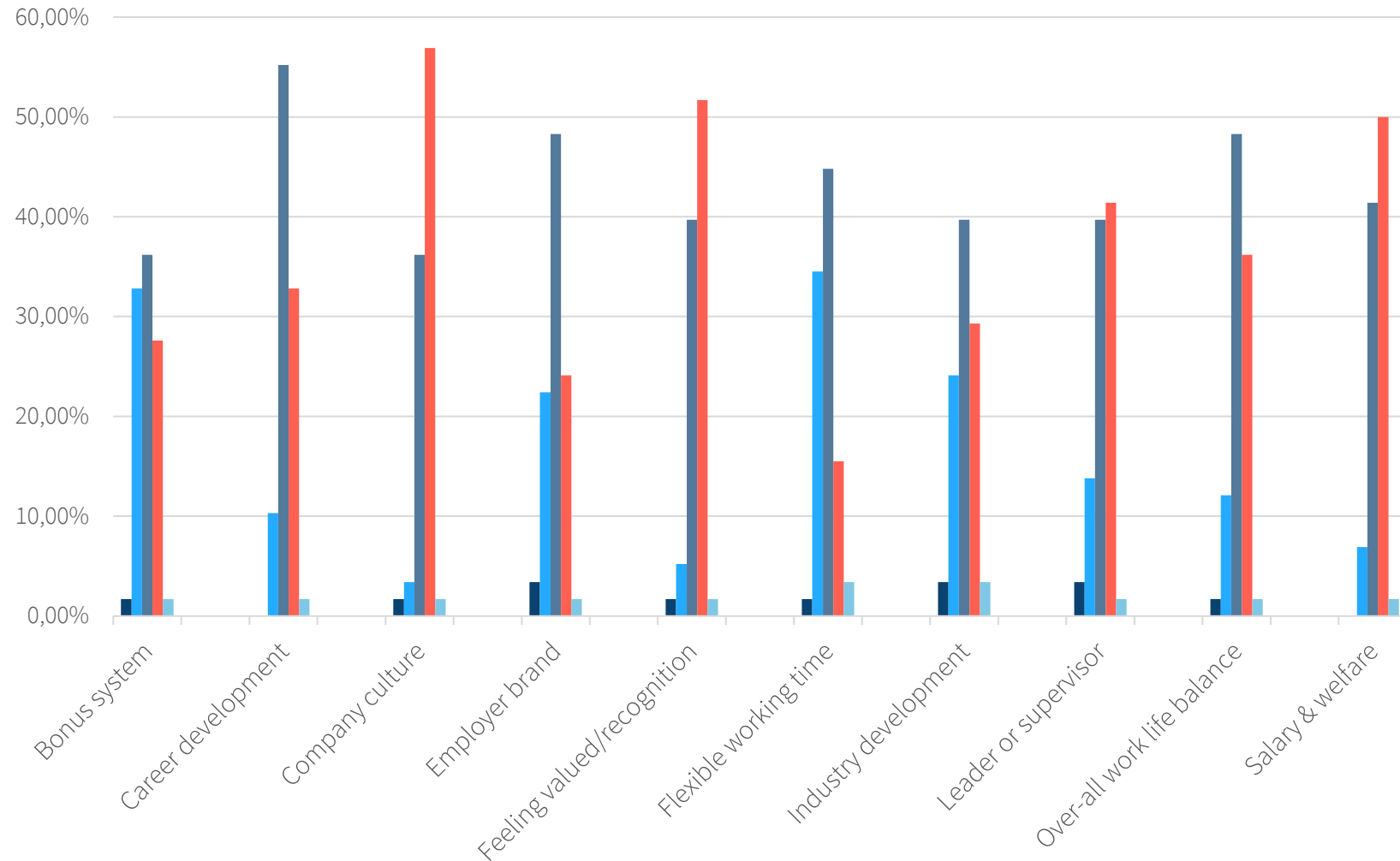
HR - Overview and Insights



The individual's performance as well as company performance are the two main factors affecting decision-making when it comes to salary adjustments.

# 23. What is the importance of the following items for staff in choosing your company?

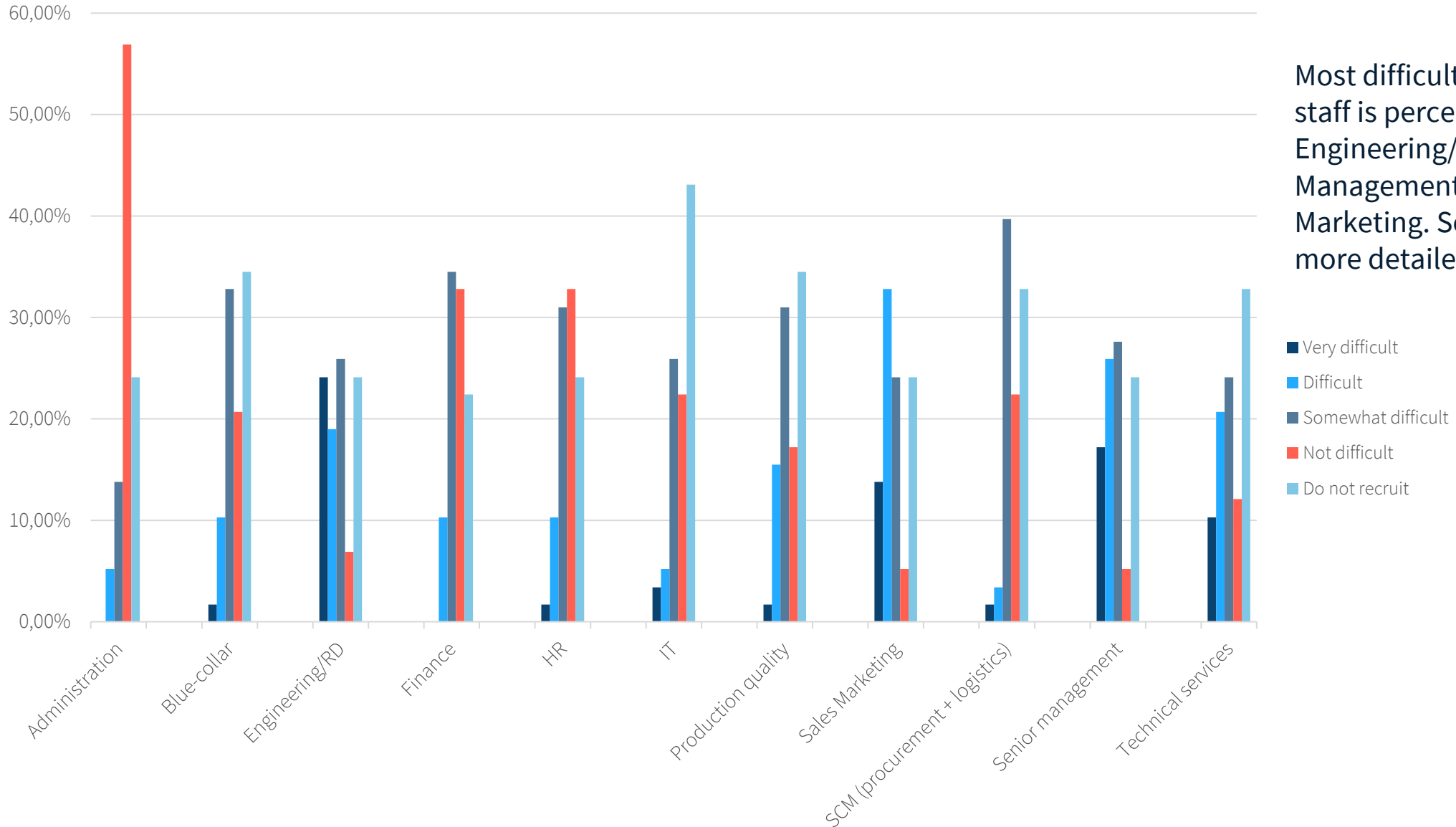
HR - Overview and Insights



Most important factors to be 'employer of choice' are Company Culture, Feeling Valued/Recognized, and Salary & Welfare.

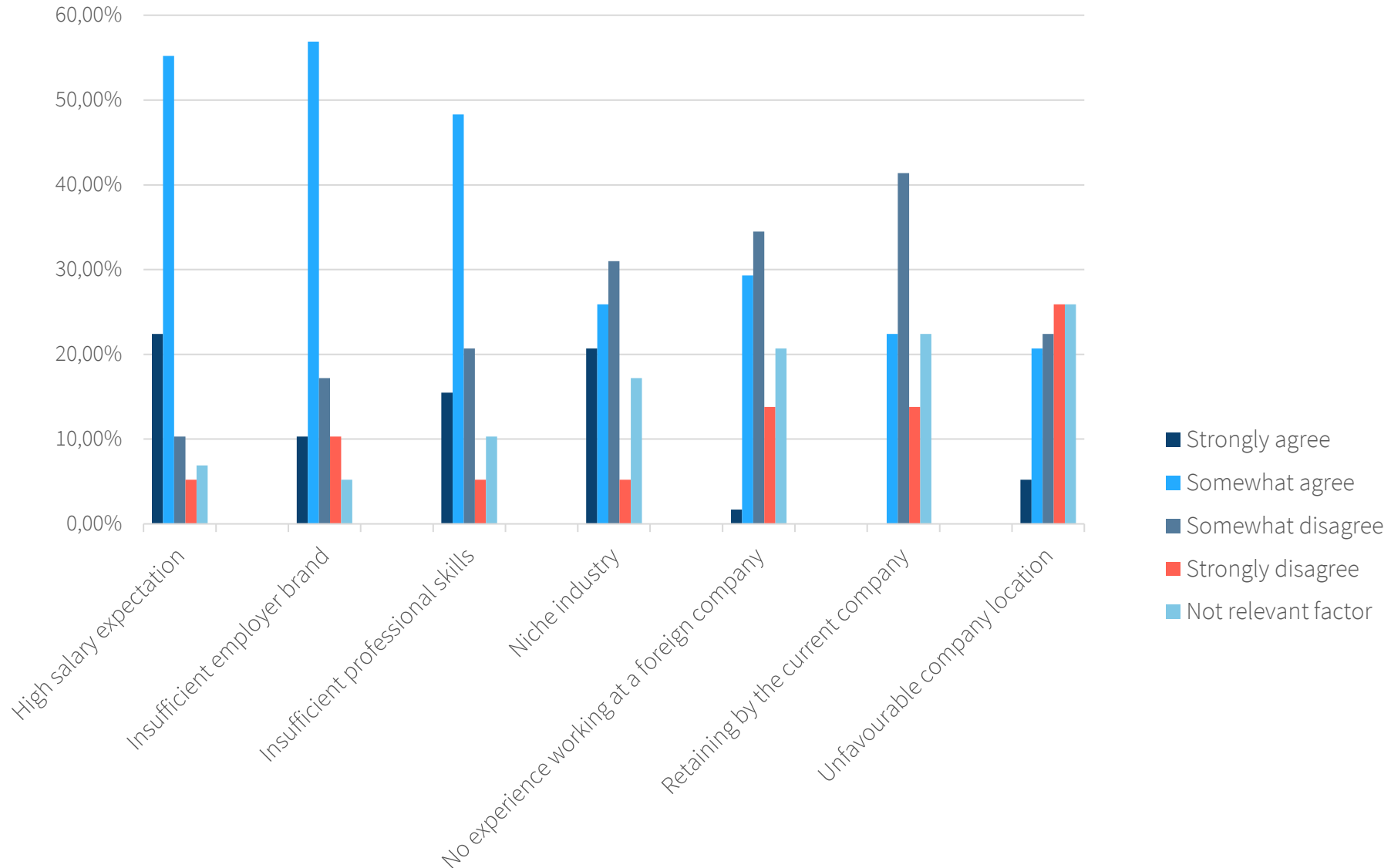
# 24. How difficult do you find it to recruit qualified staff in China for the following positions?

HR - Overview and Insights



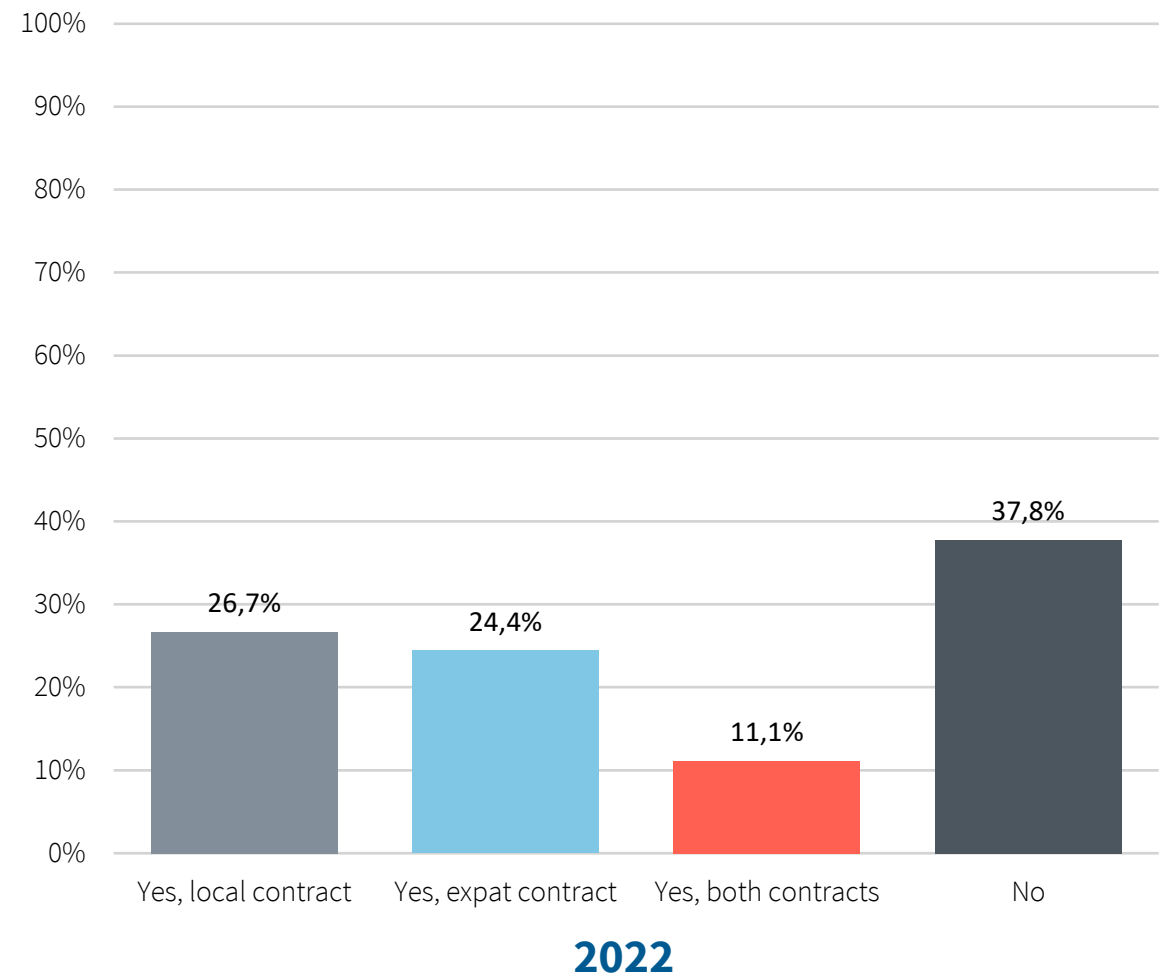
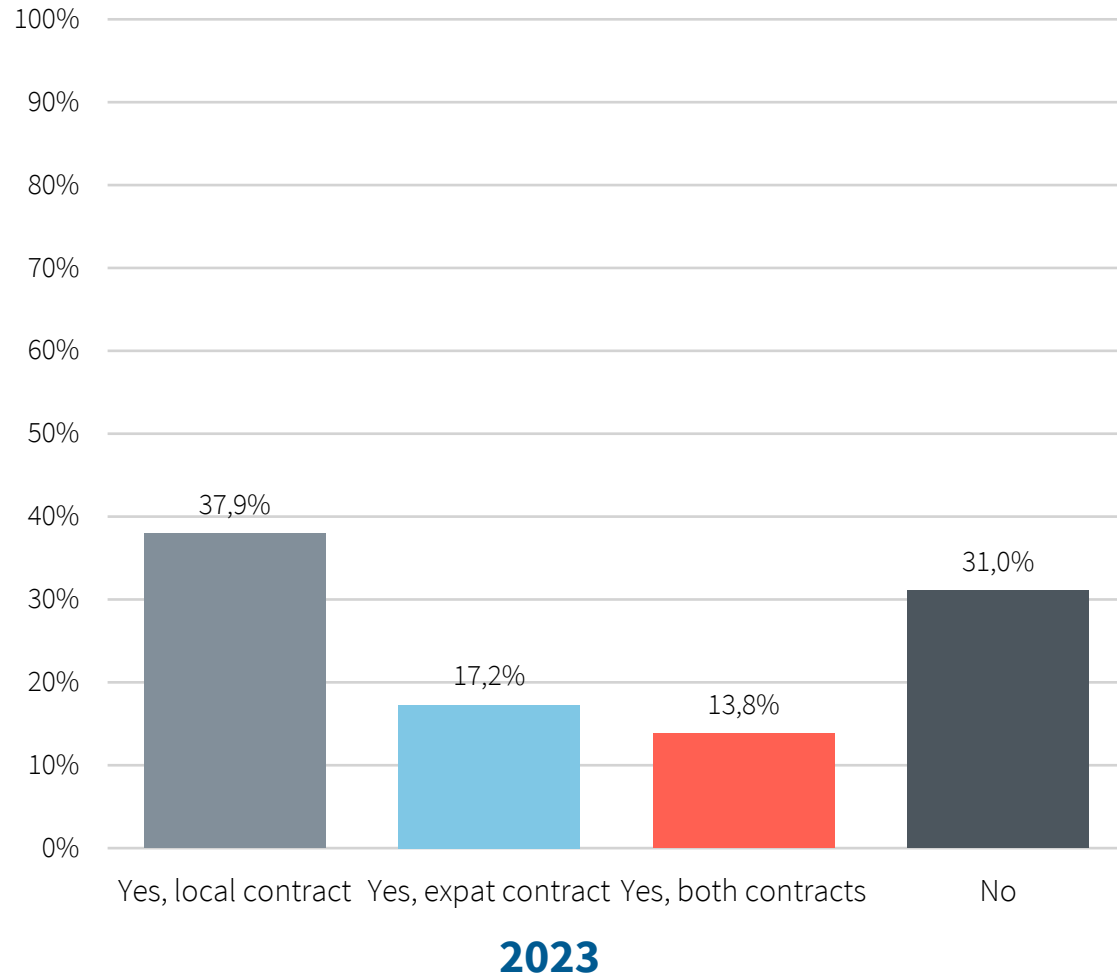
# 25. What are the main reasons why vacancies cannot be filled?

HR - Overview and Insights



# 26. Do you have foreign nationals working at your company? Locally hired foreigners or expats? - Comparison of 2023 & 2022

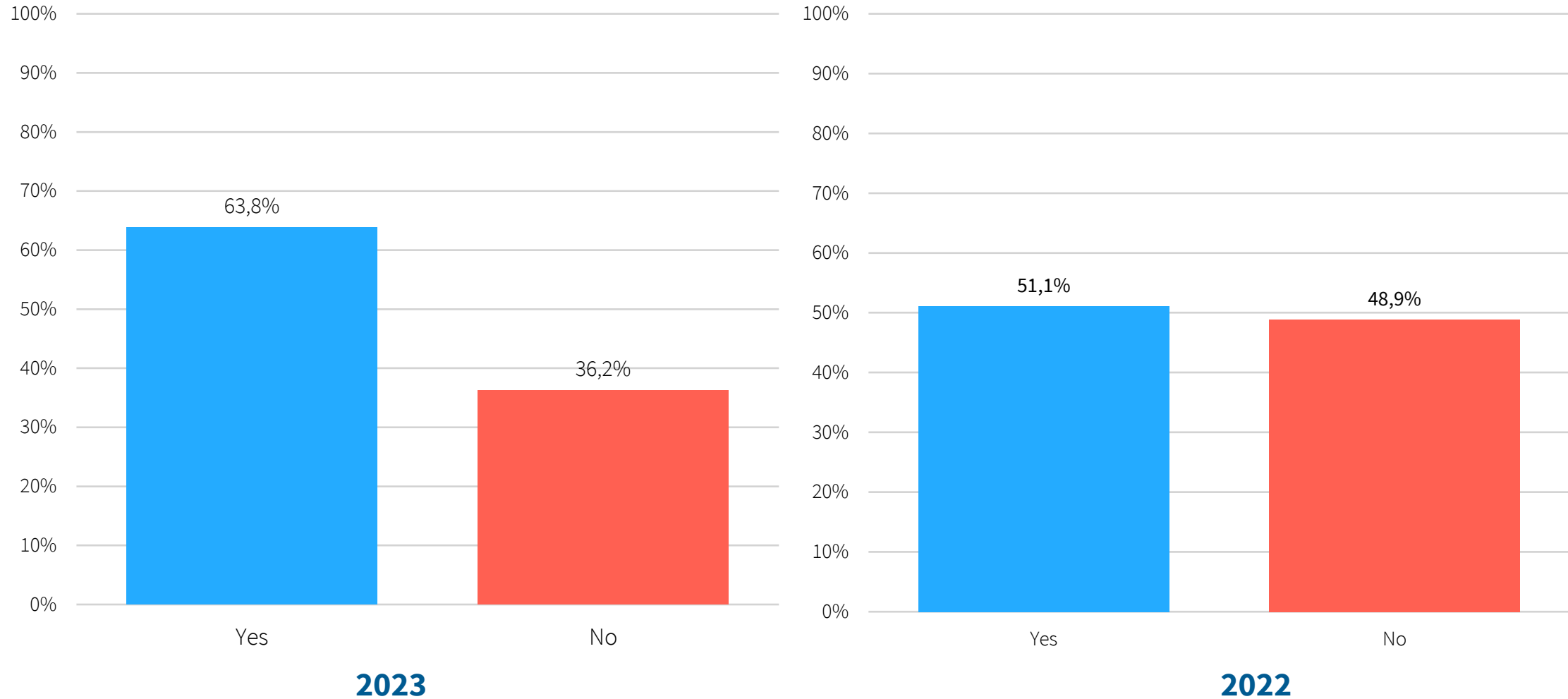
HR - Overview and Insights





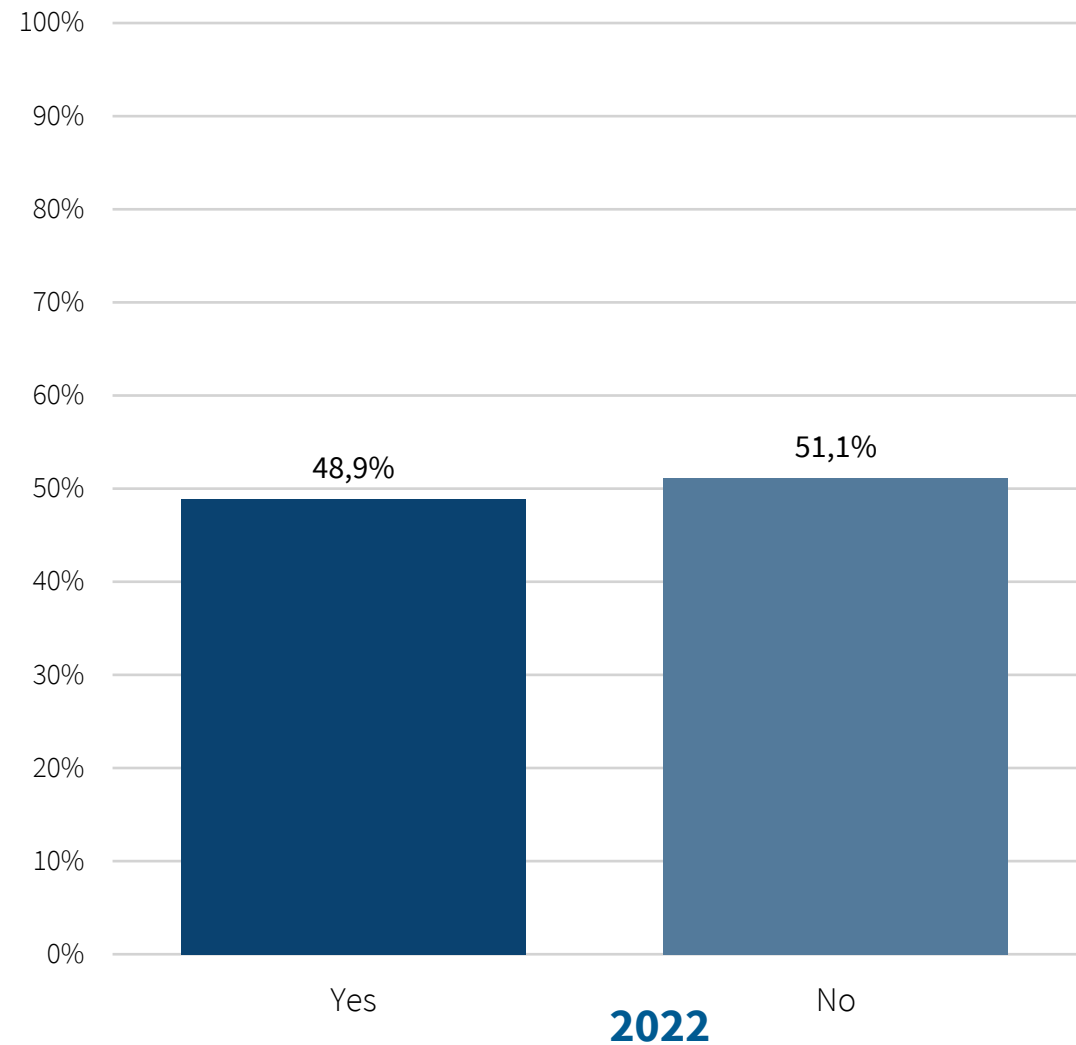
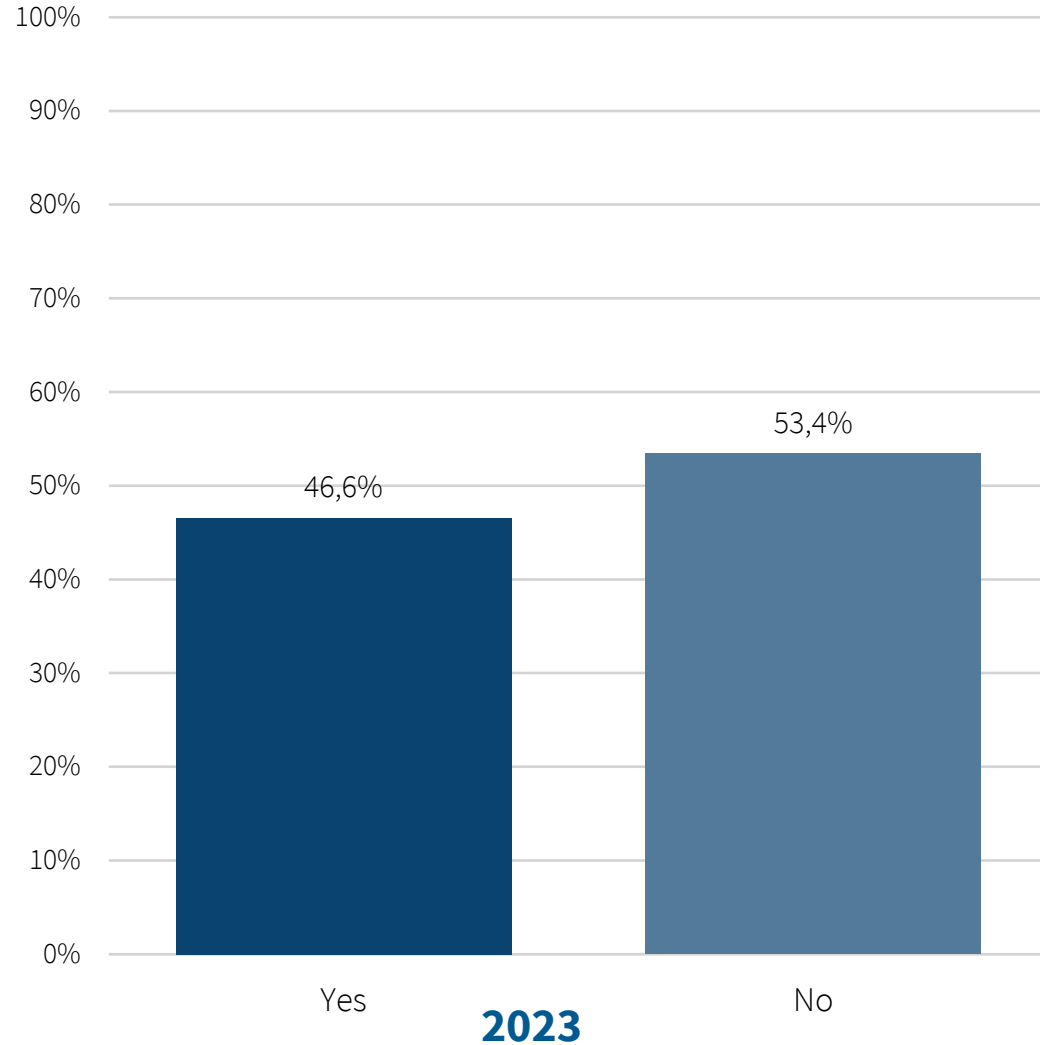
## 27. Does your company experience localisation in management position? - Comparison 2022 & 2023

HR - Overview and Insights



## 28. Does your company have regional (APAC) roles based in China? – Comparison 2022 & 2023

HR - Overview and Insights

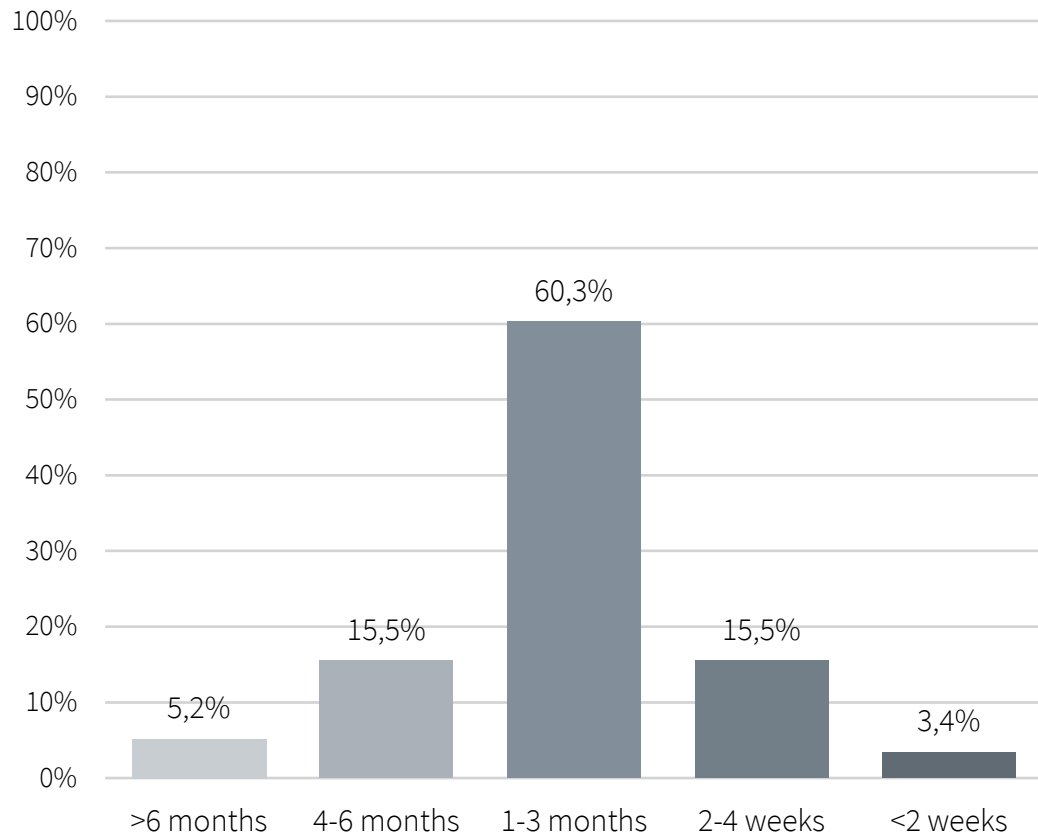


Survey-Human Resources China 2023

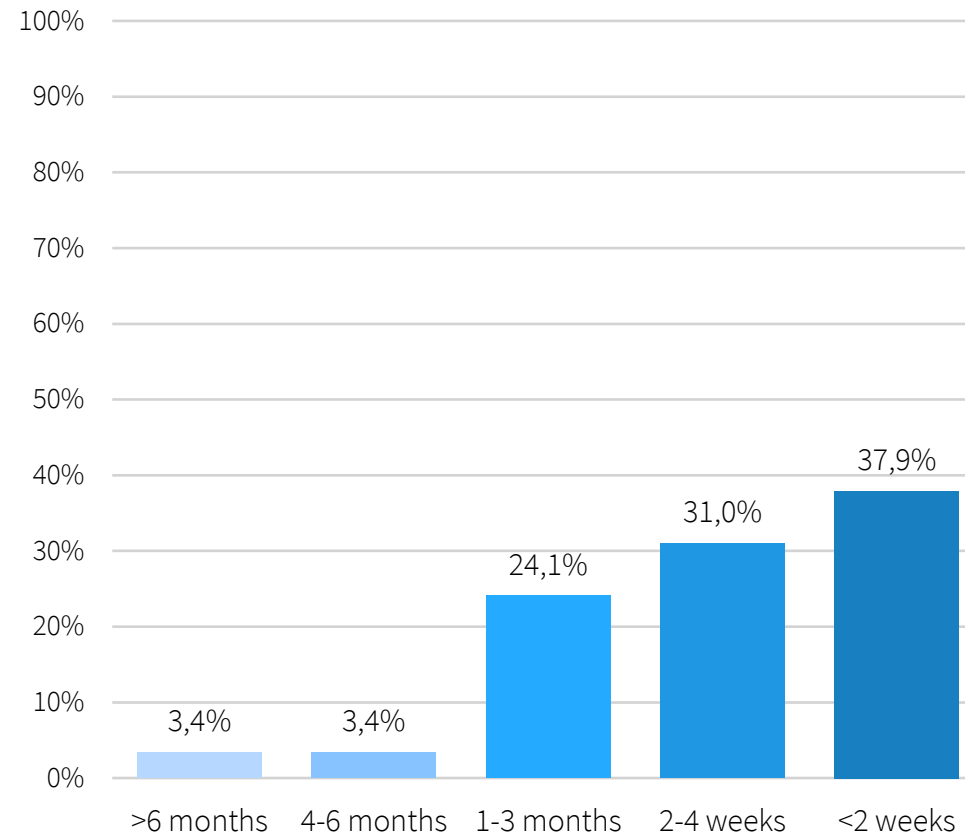
# Recruitment, Selection, Retention

# 29. How long is your recruiting procedure in general (from search to contract)?

Recruitment, Selection, Retention



White-collar

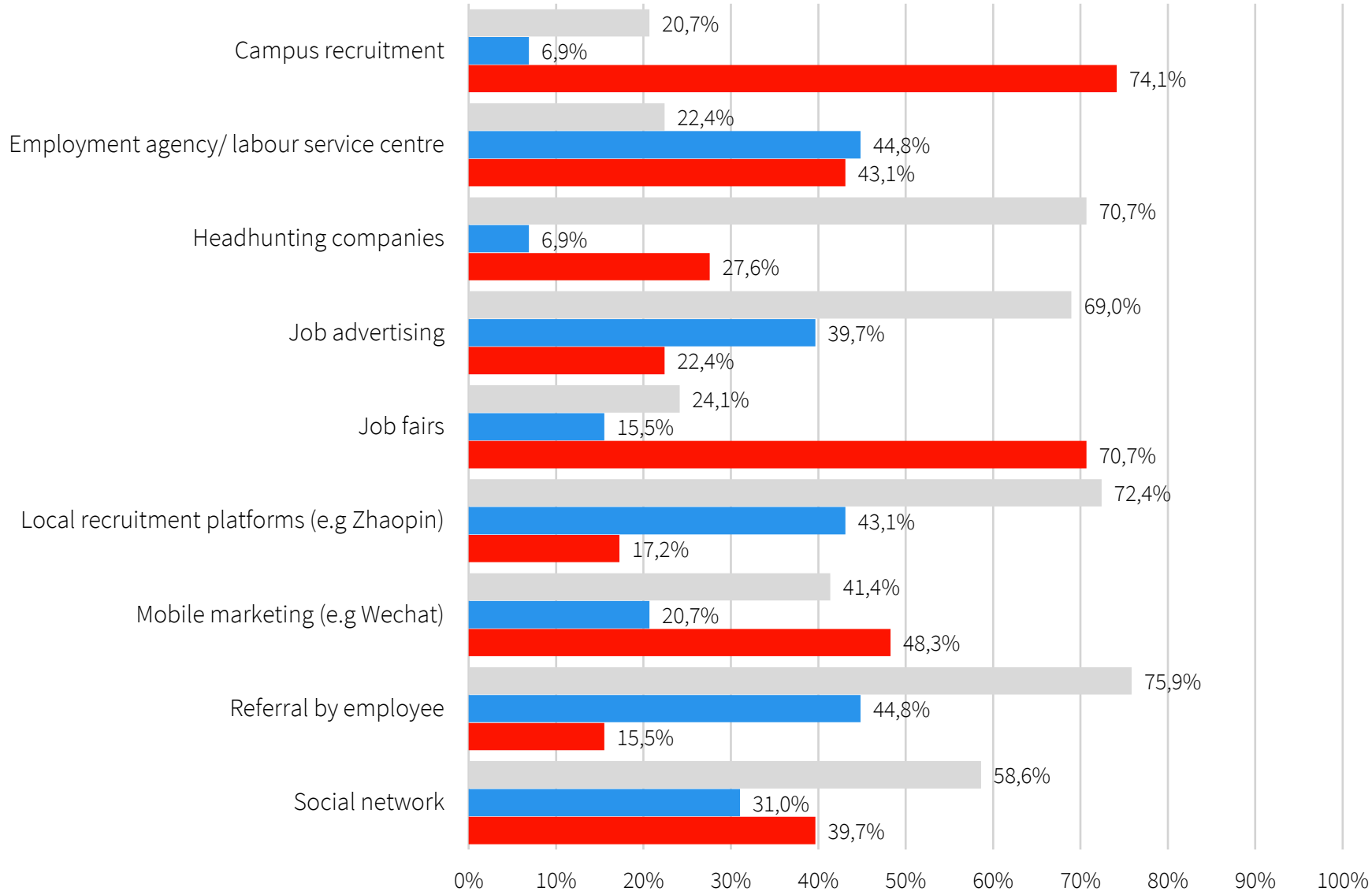


Blue-collar

**The clear majority of companies experience a recruitment process of 1-3months for white-collar employees, whereas blue collar ranges from under 2 weeks up to 3 months.**

# 30. Which recruitment channels do you mainly use in China?

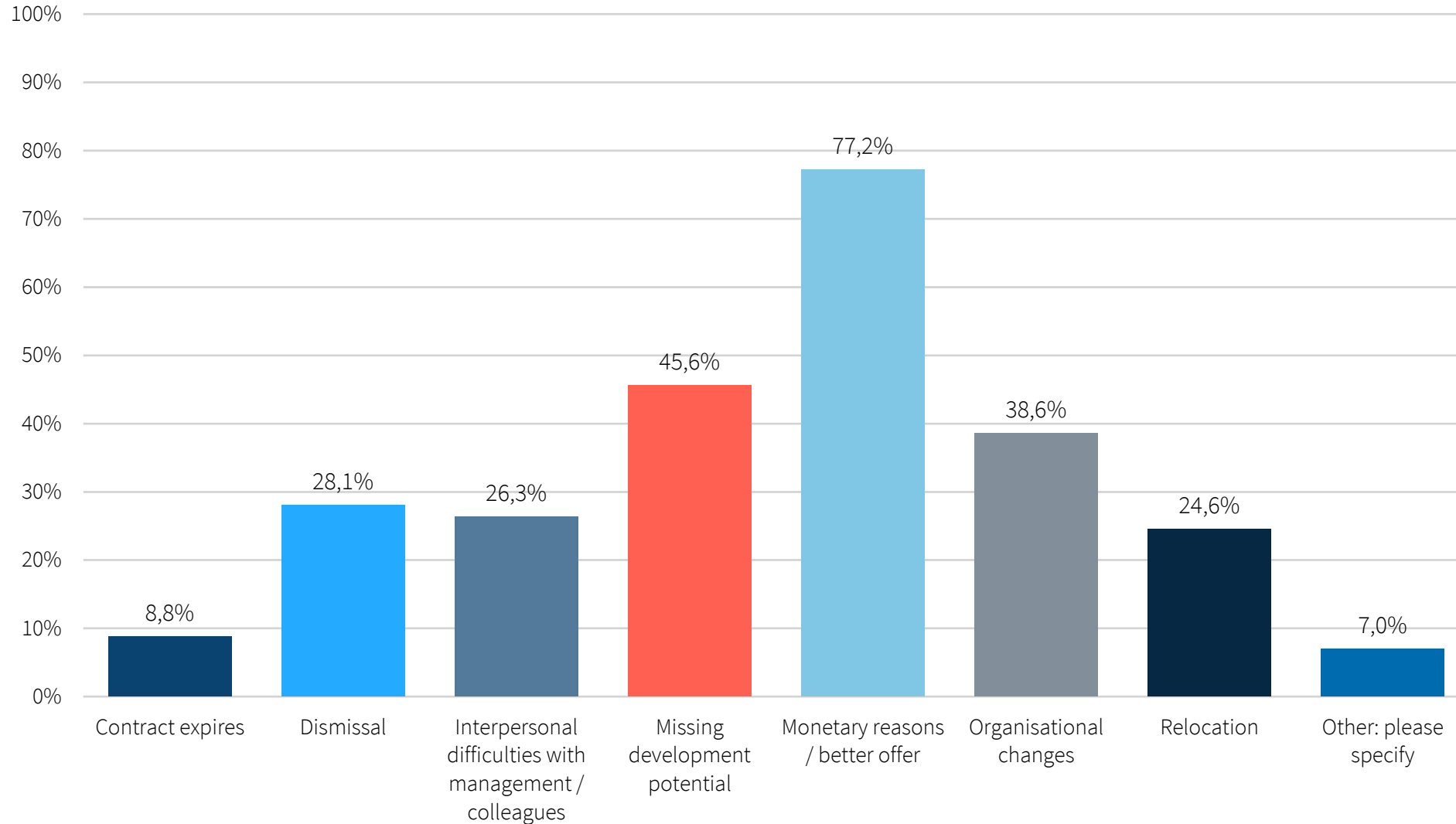
Recruitment, Selection, Retention



**For white collar recruitment, widely used channels are local recruitment platforms and referral, headhunting companies, job advertising, social network; blue collar workers are mostly recruited through labour service centers, referrals, and local recruitment platforms.**

# 31. What are the top 3 reasons for your employees to leave your company?

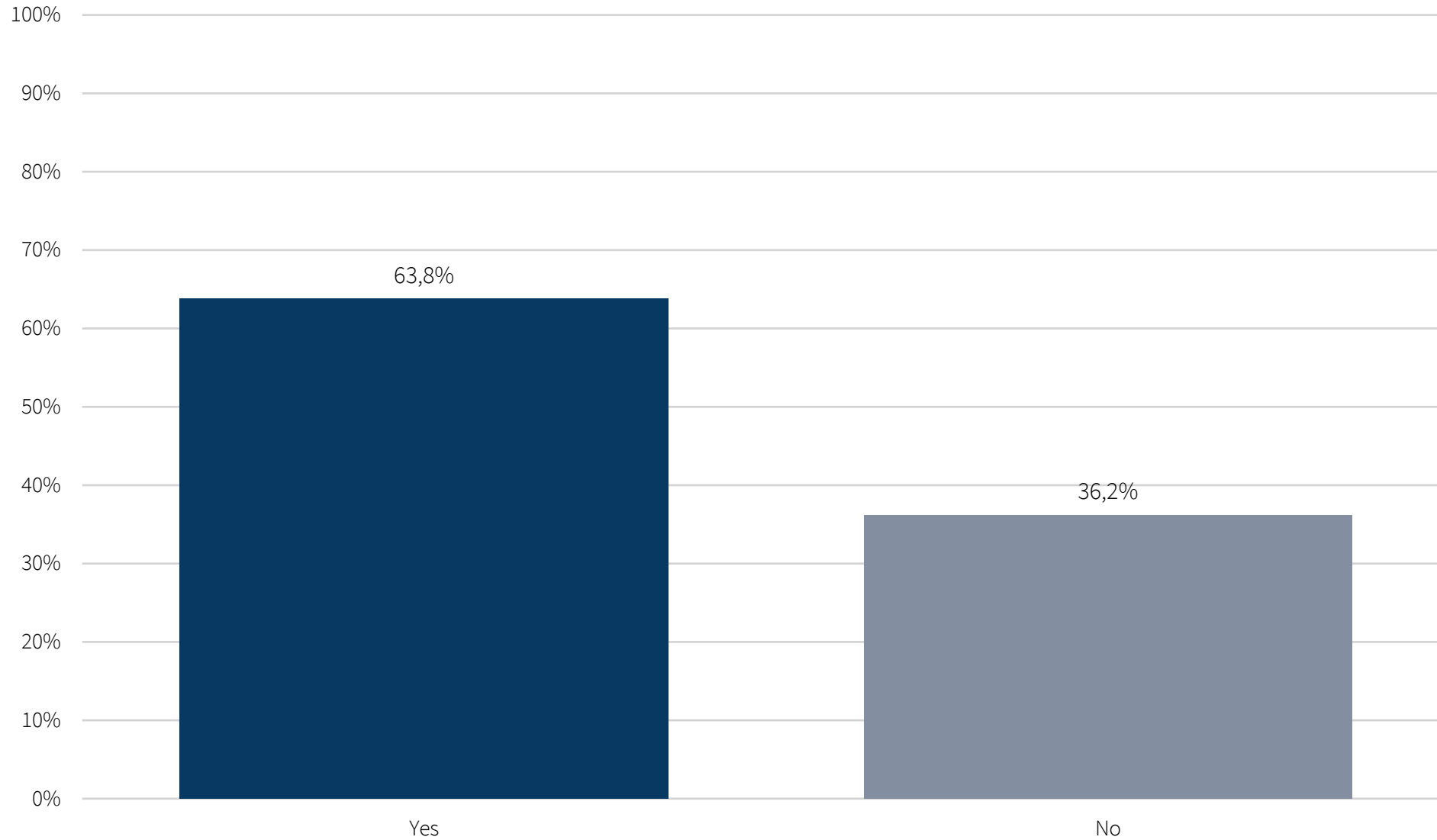
Recruitment, Selection, Retention



**Employees leaving the companies have stated received a better monetary offer or missing development potential as reasons, organisational changes and interpersonal difficulties are also mentioned regularly as influencing factors. (In contrast with the perceived reasons why employees chose the employer at the first place, see 23).**

# 32. Do you also have special retention strategies for key personnel?

HR- Remuneration, Employee Benefits and Incentives





## 33. Please explain what individual retention strategies your company is using (open ended question)

Recruitment, Selection, Retention

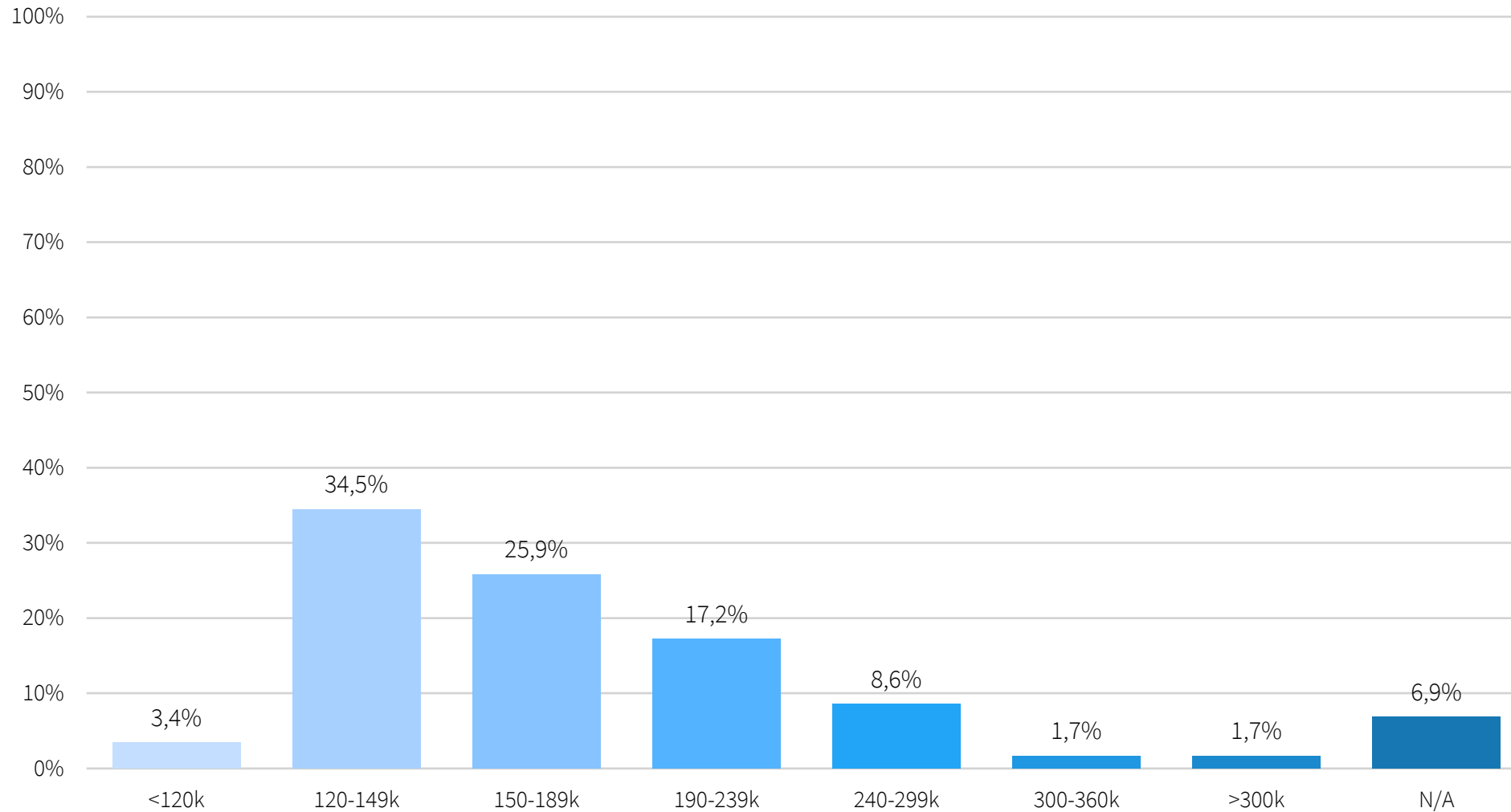
- Career opportunities
- Talent management
- Extra benefits
- VIP Medical Insurances
- Home flight tickets
- Managerial position
- Housing and transportation allowances
- Allow Relocation
- Cultural Integration Programs: Implementing programs to help foreign employees integrate into the local culture, both within the workplace and the community.
- Offering subsidies to foreign employees in terms of housing rental, children education, and transportation.

Survey-Human Resources China 2023

# HR - Remuneration, Employee Benefits and Incentives

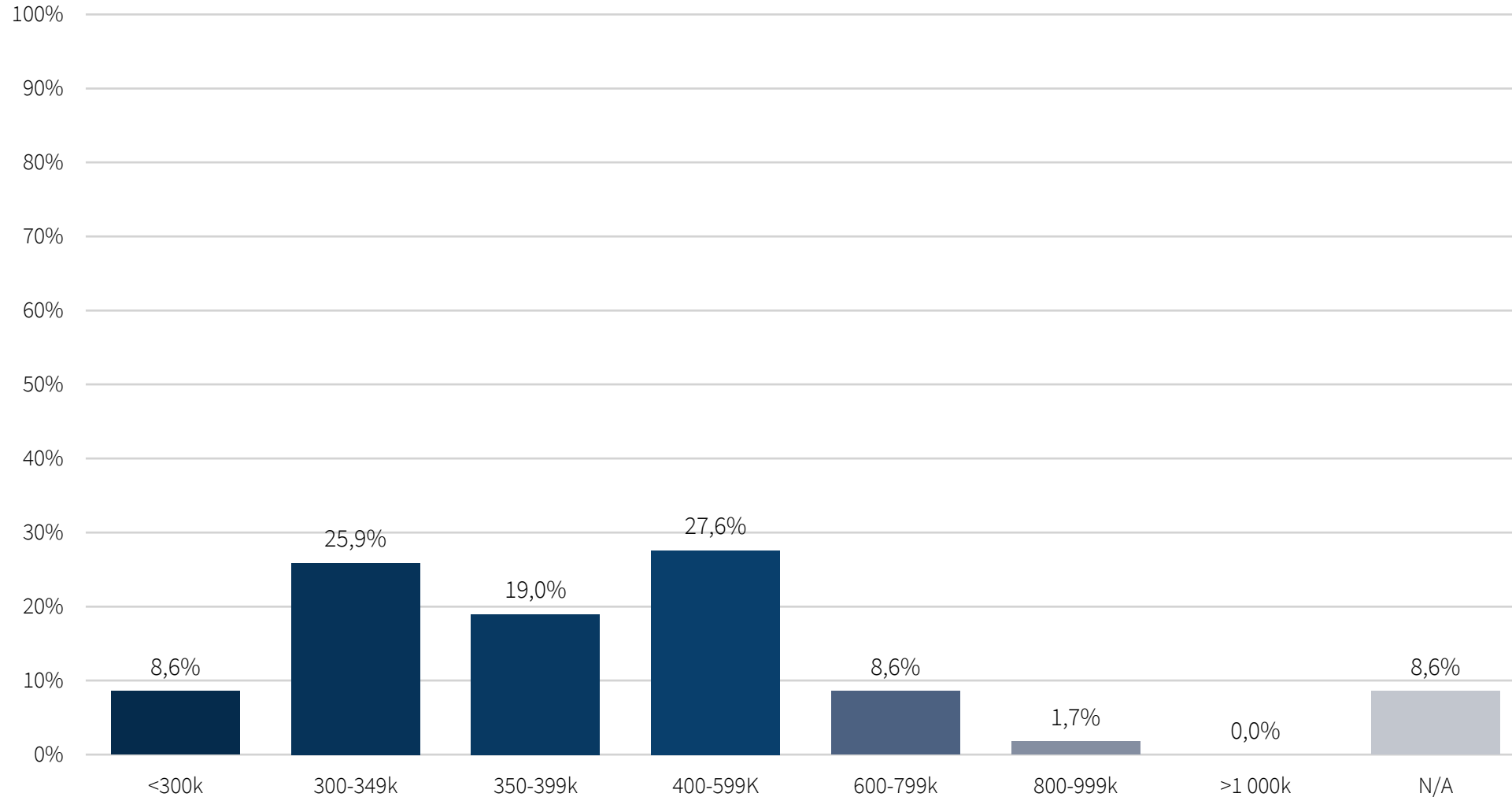
## 34. What is the average salary (CNY) range of your junior and mid-level employees? (e.g. clerk, engineer, supervisor, assistant manager annually in RMB)

HR- Remuneration, Employee Benefits and Incentives



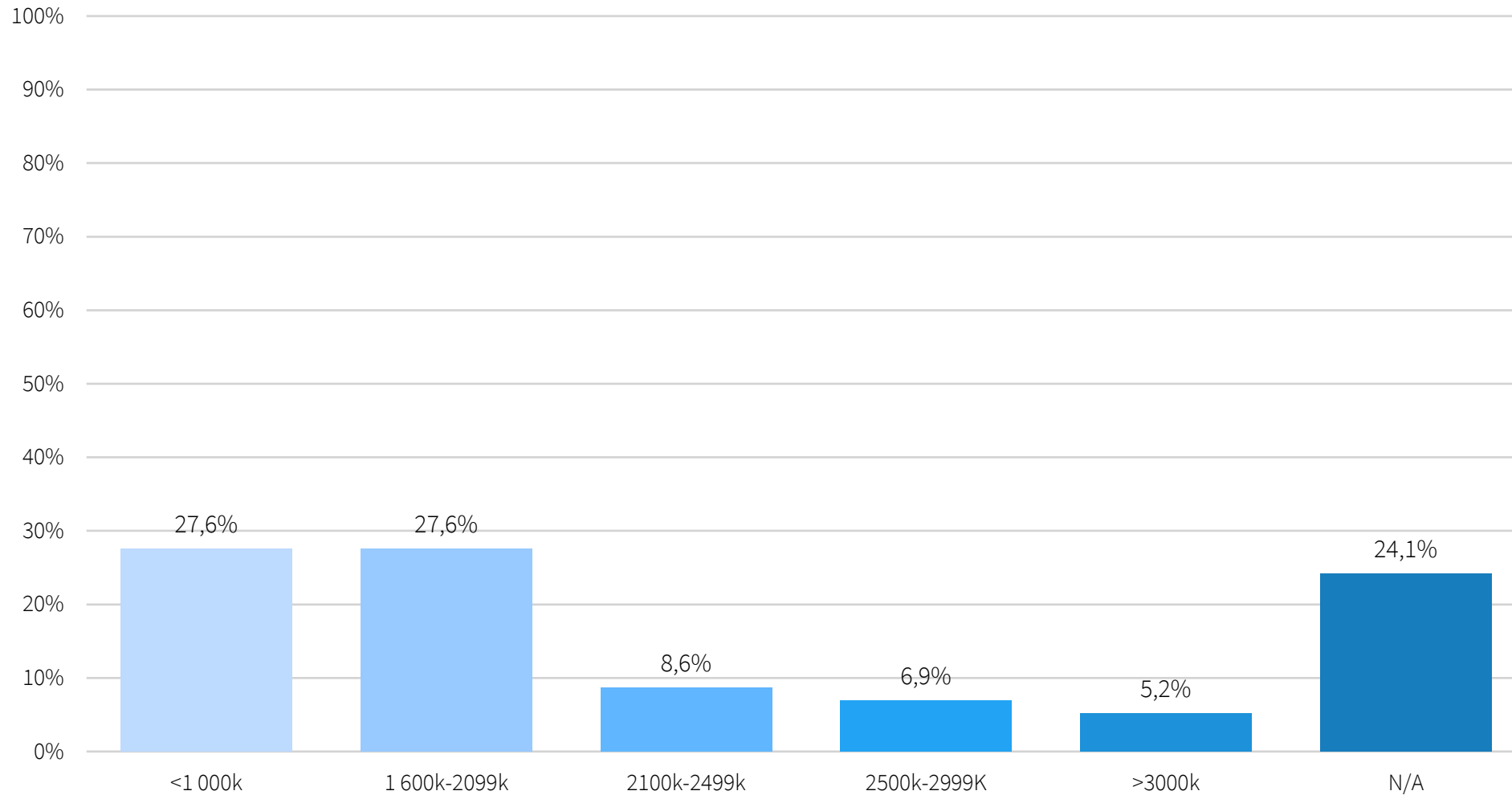
# 35. What is the average salary (CNY) range of your senior employees? (e.g. senior professional, senior manager or above) Note: Definition of salary: (Yearly fixed salary + bonus or commission + welfare subsidy)

HR- Remuneration, Employee Benefits and Incentives



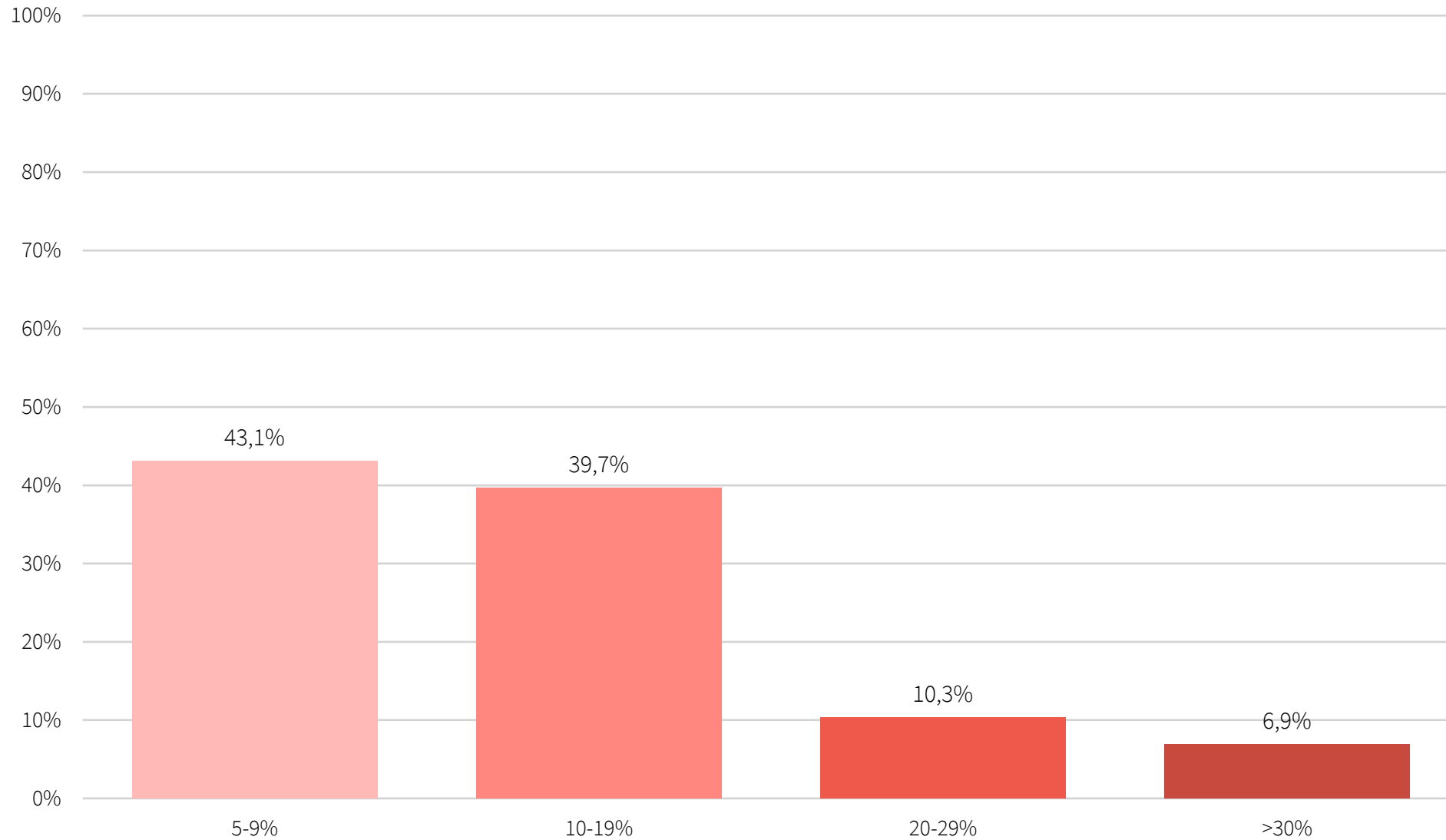
# 36. What is the average salary (CNY) range of key roles also, CxO, General Manager, Managing Director, APAC Senior Executives

HR- Remuneration, Employee Benefits and Incentives



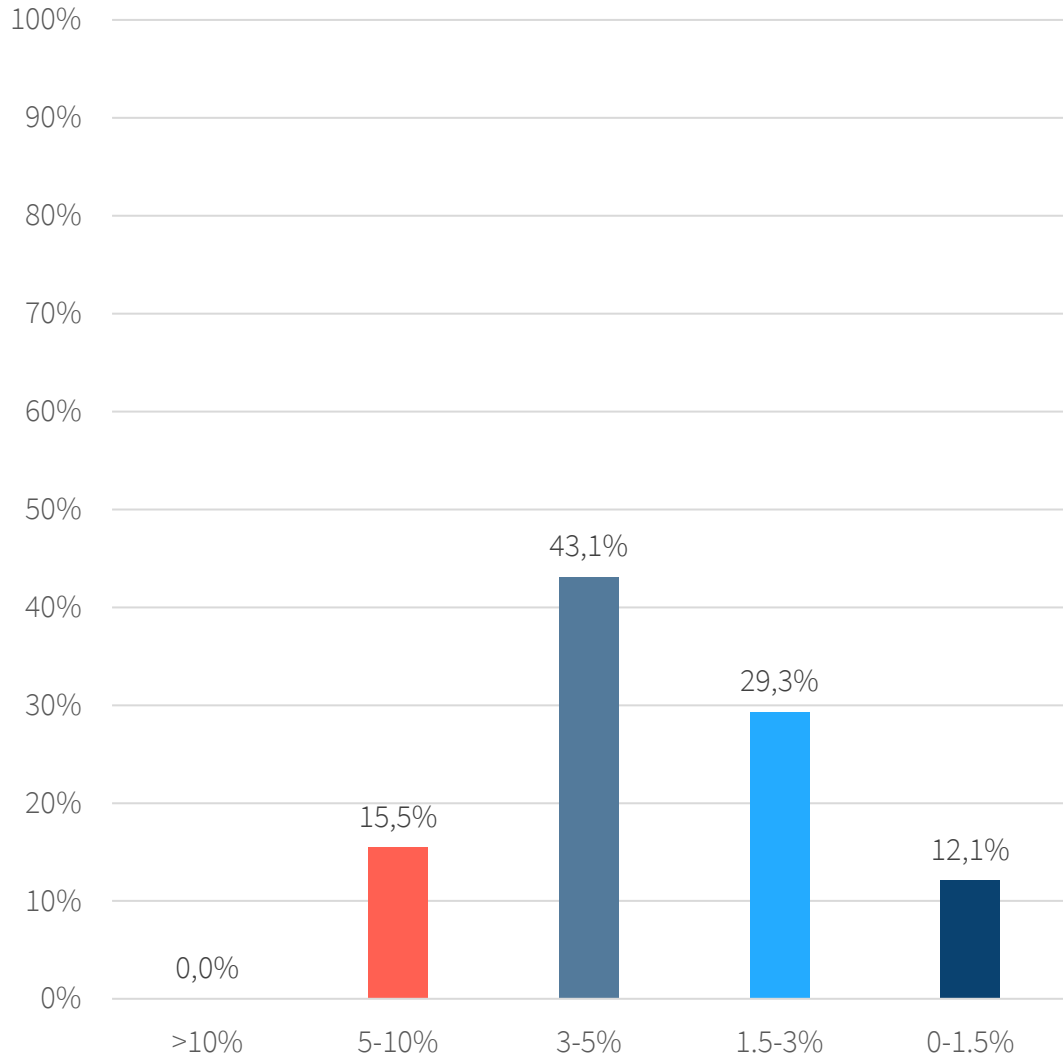
# 37. What is the ratio between fix and variable (bonus) for white-collar employee in average?

HR- Remuneration, Employee Benefits and Incentives

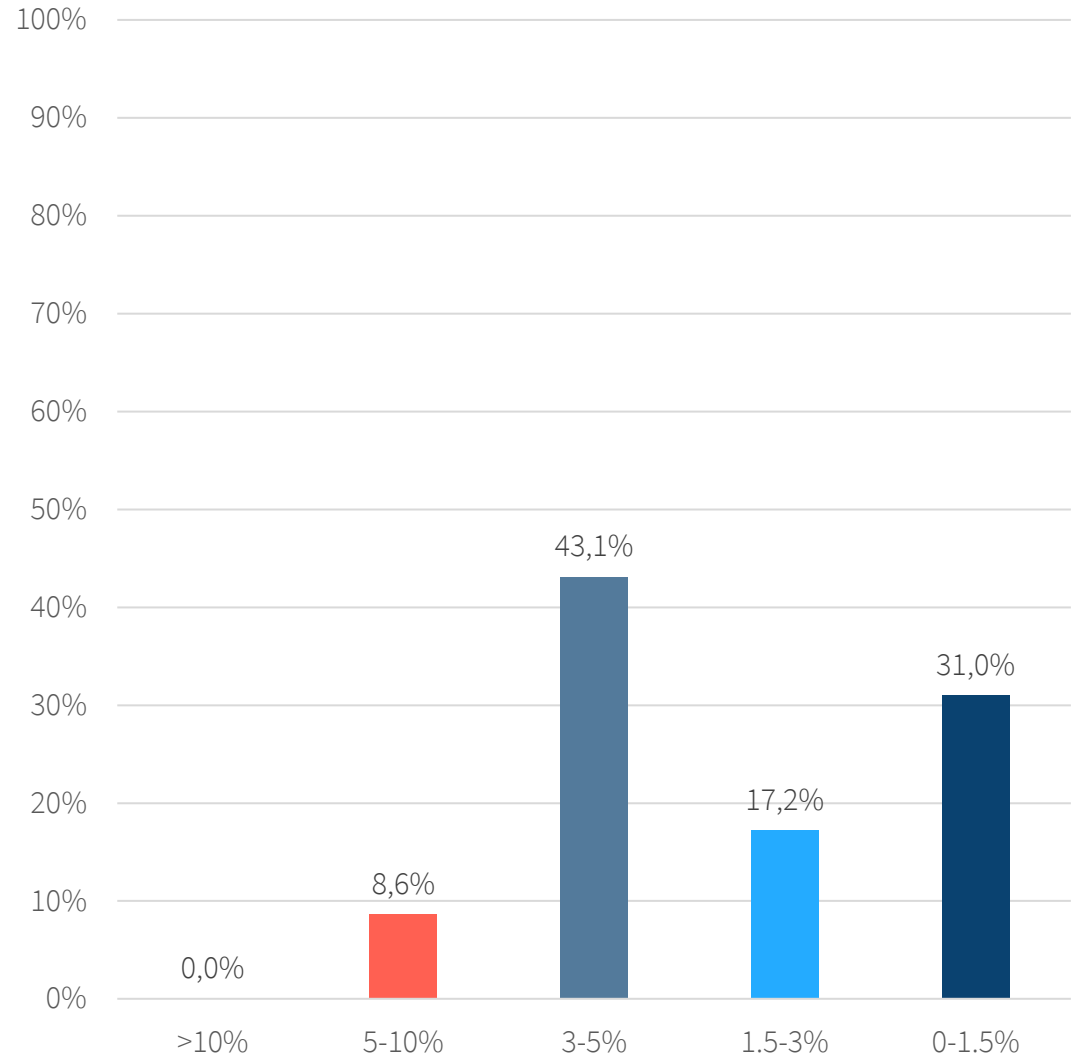


# 38. What salary increase does your company expect for 2023/24 on average?

HR- Remuneration, Employee Benefits and Incentives



White-collar

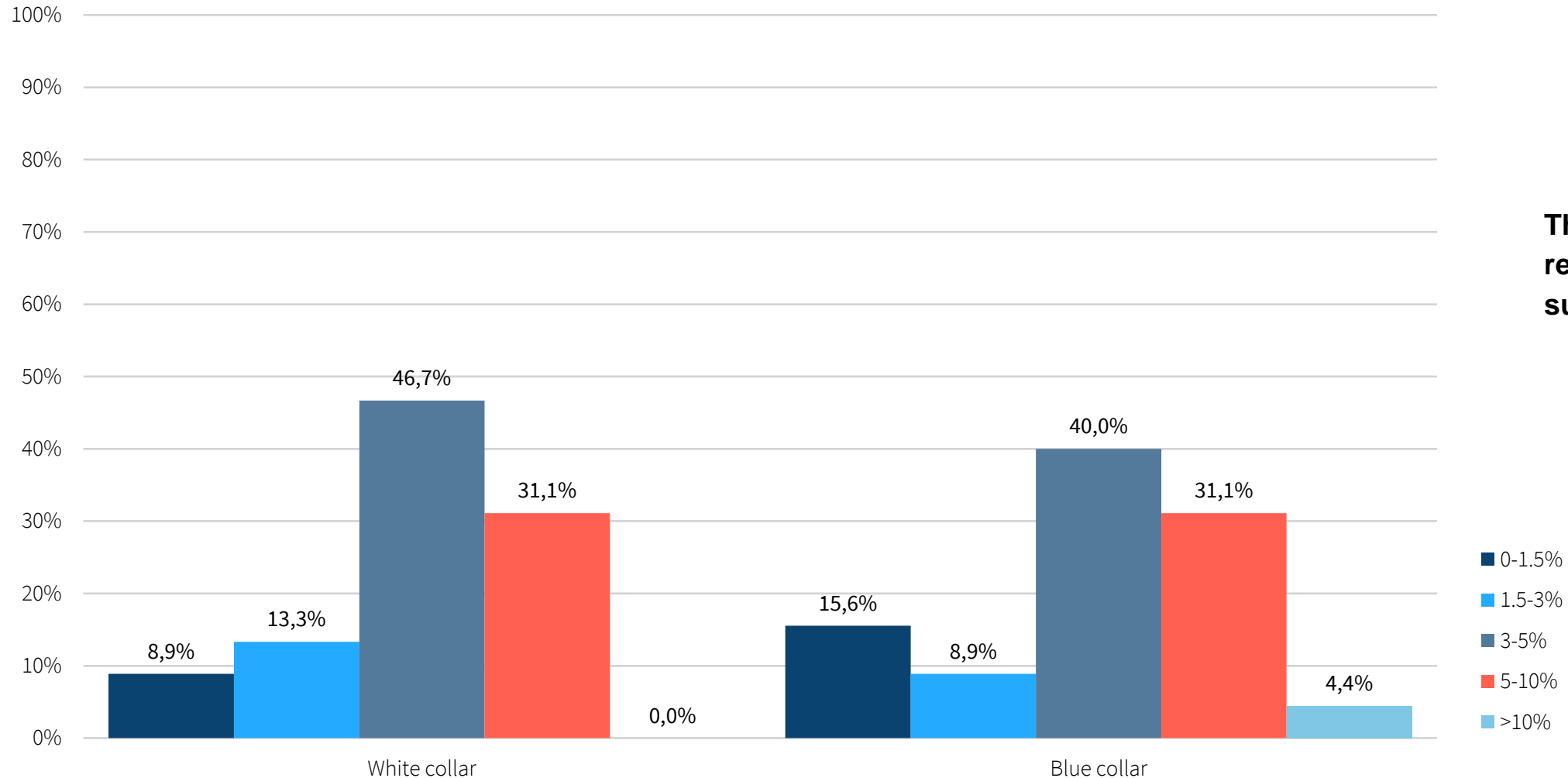


Blue-collar



# 38.1 What salary increase does your company expect for 2022/23 on average?

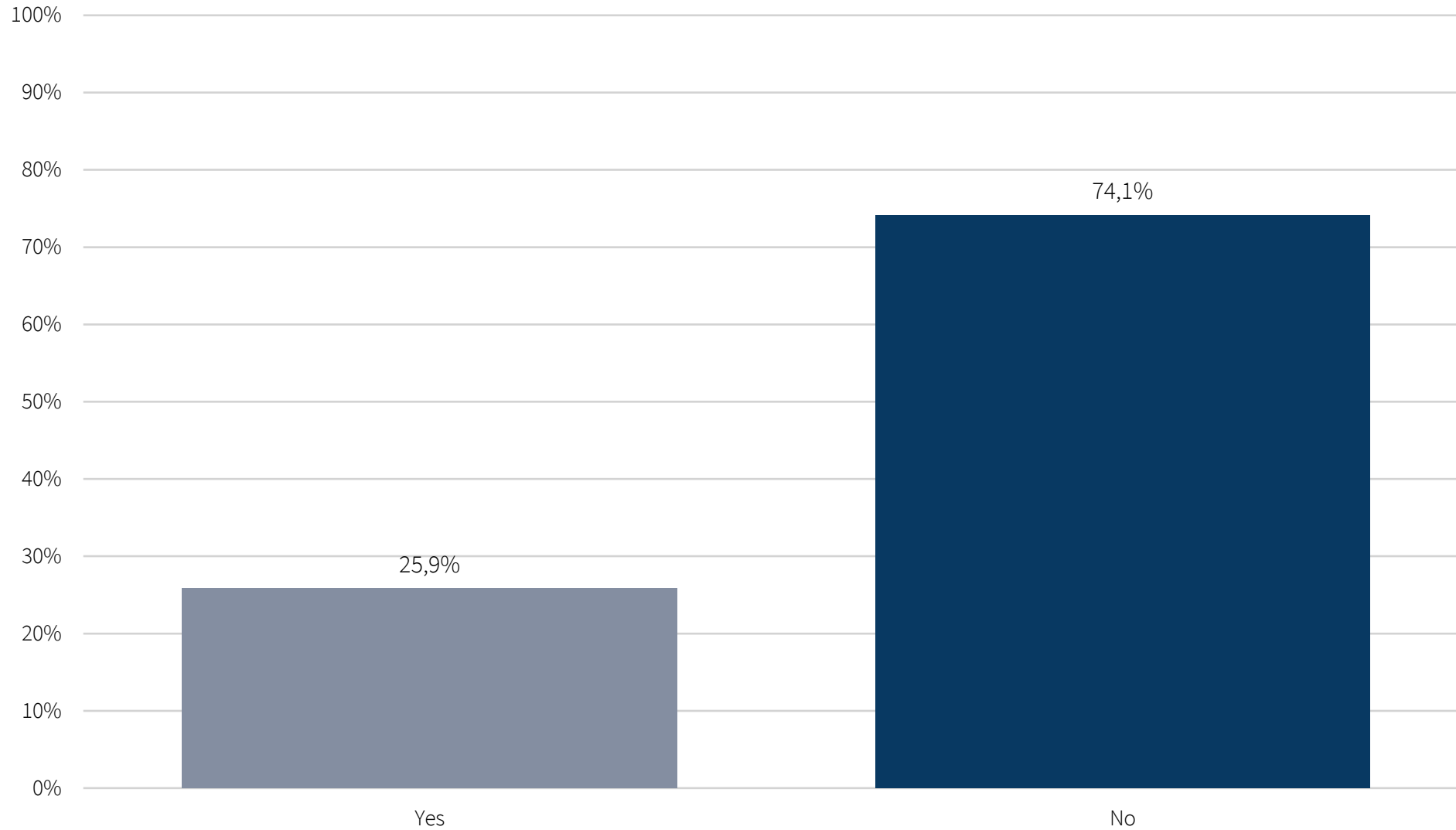
HR- Remuneration, Employee Benefits and Incentives



**This page shows the results from last years survey for comparison.**

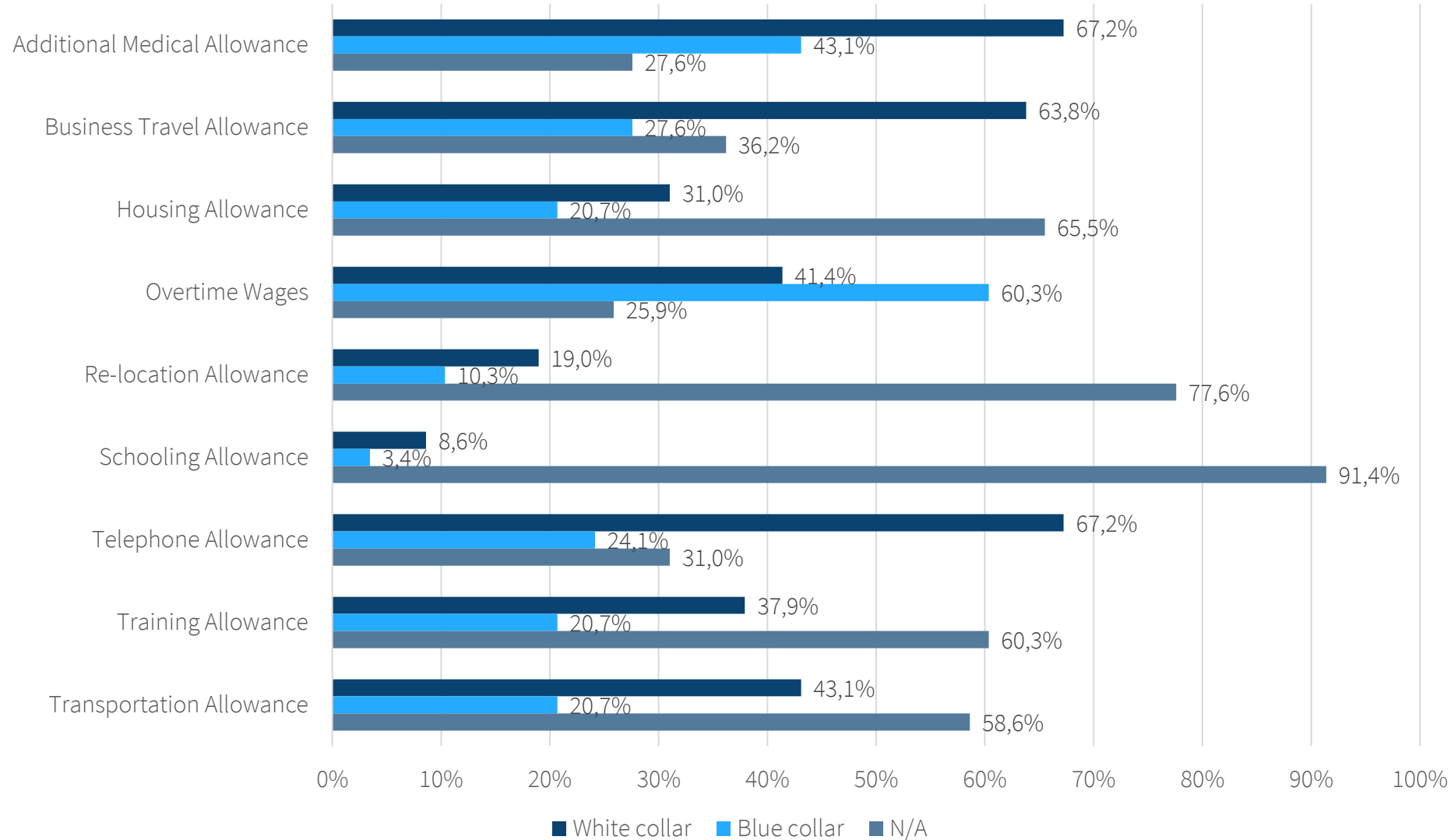
# 39. Has your company considering postponing a salary increase for 2023/24?

HR- Remuneration, Employee Benefits and Incentives



# 40. Please mark the standard benefit plans offered to your employees

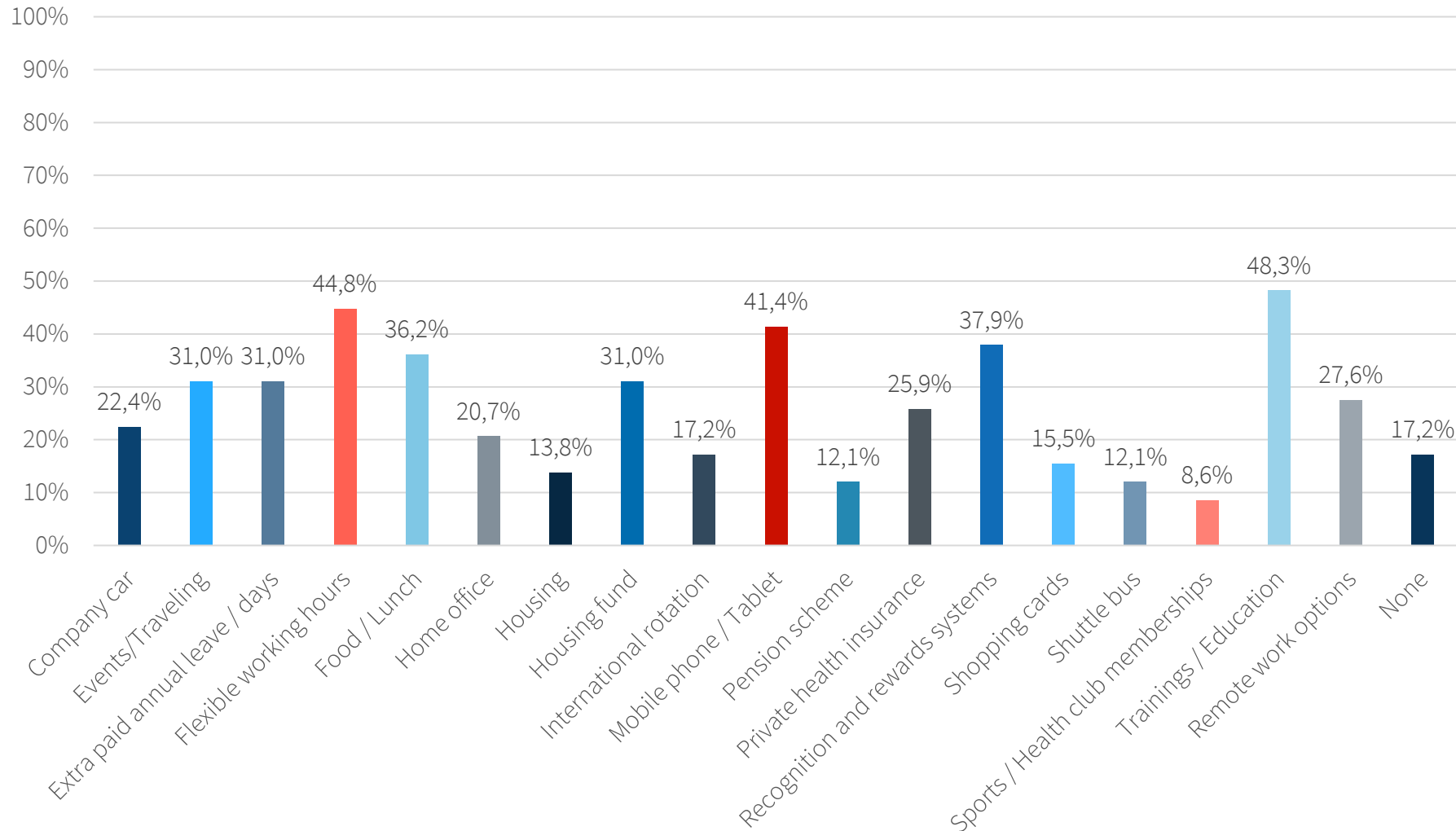
HR- Remuneration, Employee Benefits and Incentives



**Widely offered benefits to white collar employees are medical insurance, business travel allowances, housing allowance, mobile phone; blue collar workers are benefitted mostly by additional overtime pay, medical allowances, and travel allowances.**

# 41. Does your company offer extraordinary benefits to retain key personnel? If so, please select all that apply.

HR- Remuneration, Employee Benefits and Incentives



Frequently offered benefits to key personnel are flexible working hours, training and education, Mobile phone / tablet, recognition and rewards systems, etc.

A relatively small number of companies offer benefits such as job rotation, health club memberships, pension scheme; over 17 % offer no such additional benefits.

**Thank you for your attention!**