Salary Survey 2015

Roberto Dona’

27th March 2015

Roberto.dona@xjtlu.edu.cn

International
Business School
Suzhou at XJTLU
西浦国际商学院

Roberto Dona’ (roberto.dona@xjtlu.edu.cn)

Camera di Commercio Italiana in Cina
中国意大利商会
China–Italy Chamber of Commerce

Introduction

- This survey has been promoted by the Suzhou Working Group (SWG) of the China Italy Chamber of Commerce (CICC) with the patronage of the CICC itself
- Roberto Dona’ (International Business School Suzhou) has conducted the data analysis
- The long term goal of this survey is to have a permanent observatory to support the decision making process of the Italian companies

Goals and Limitations

- The goals of the survey are several and among the others the most important are:
  A. Analyze the cost of the labour, the HR related policies and their impact on the business of the Italian companies in China
  B. Provide to the managers of the Italian companies a benchmarking tools to make effective decisions in term of HR
  C. Identify the major HR trends and issues for the incoming months.
- The survey has three very clear limitations:
  1. The structure of the questionnaire is designed for small/medium size companies and to mainly collect data about the local workers.
  2. The categorization of the different job profiles is too small to really understand the trends in the people management policies
  3. The small number of respondents has not allowed a more sophisticated level of analysis

Methodology

- A questionnaire designed around the professional roles of a medium size company and basically divided in two parts: Compensation and HR Management.
- No specific theory on HR Management but implicitly the model is based on functional areas of a very traditional value chain
- Categorization of the professional roles which mix together seniority and job description.
- The questionnaire has been delivered and collected by the CICC which also provided the consolidation of all data in a unified, anonymized data set.
- The data set has been analyzed in an anonymous form to avoid the distribution to third party of sensitive data.
- The data analysis used very simple mathematical functions because of the purpose of the research which is to provide a tool for making decision and not a sophisticated analysis of past events and transactions.

The Annex Documents

1. The questionnaire
2. The analysis of compensation
3. The analysis of the HR policies

The Sample

Total Number of Respondents	24

Geographical Distribution	
Huzhou	1
Jiangsu	1
Jinshan	1
Shanghai Pu Dong	1
Suzhou Changshu	2
Suzhou SIP	11
Suzhou SND	4
Suzhou Wujiang	1
Suzhou Wuzhong	2

Legal Structure	
Holding	2
WOFE	22

Total Number of Empolyees	2,774
Average	116
Min	24
Max	394

Primary Industry	# of Companies	Employees
Automotive	2	160
Machinery/Industrial Equipment	12	1385
Medical supplies	3	522
Chemicals	1	100
Plastic/Metal Products	4	445
Other	2	162

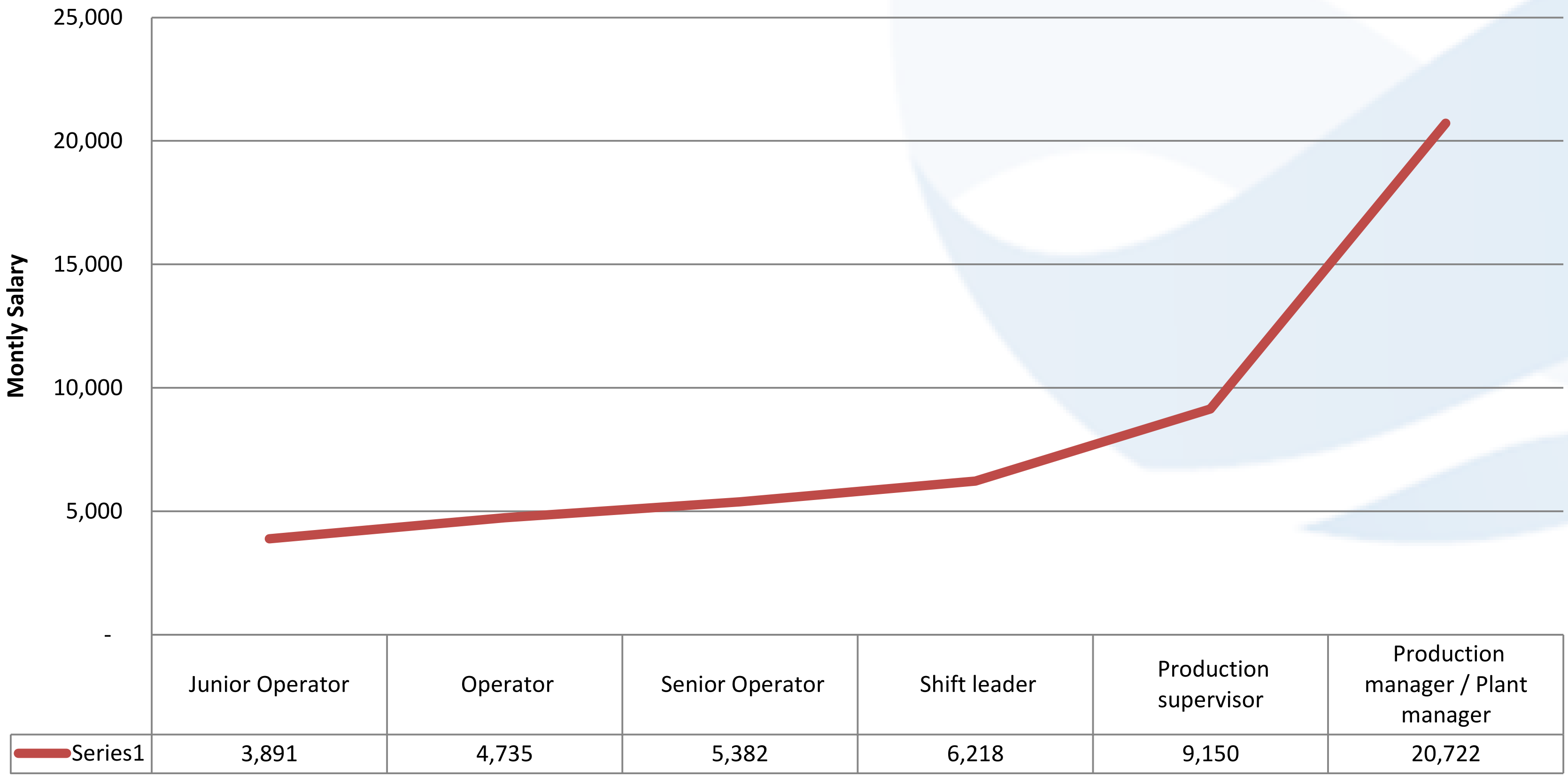
Business Purpose	
Respondents	20
Production	14
Sales/Marketing	13
Trading	7
Sourcing/Procurement	10
Services	8
Production related engineering	11
R&D	4
Other	4

The Overall Results

Area	Junior Operator	Change	Operator	Change	Senior Operator	Change
Production Blue Collar	3,891	7%	4,735	10%	5,382	7%
Driver	4,545	4%				

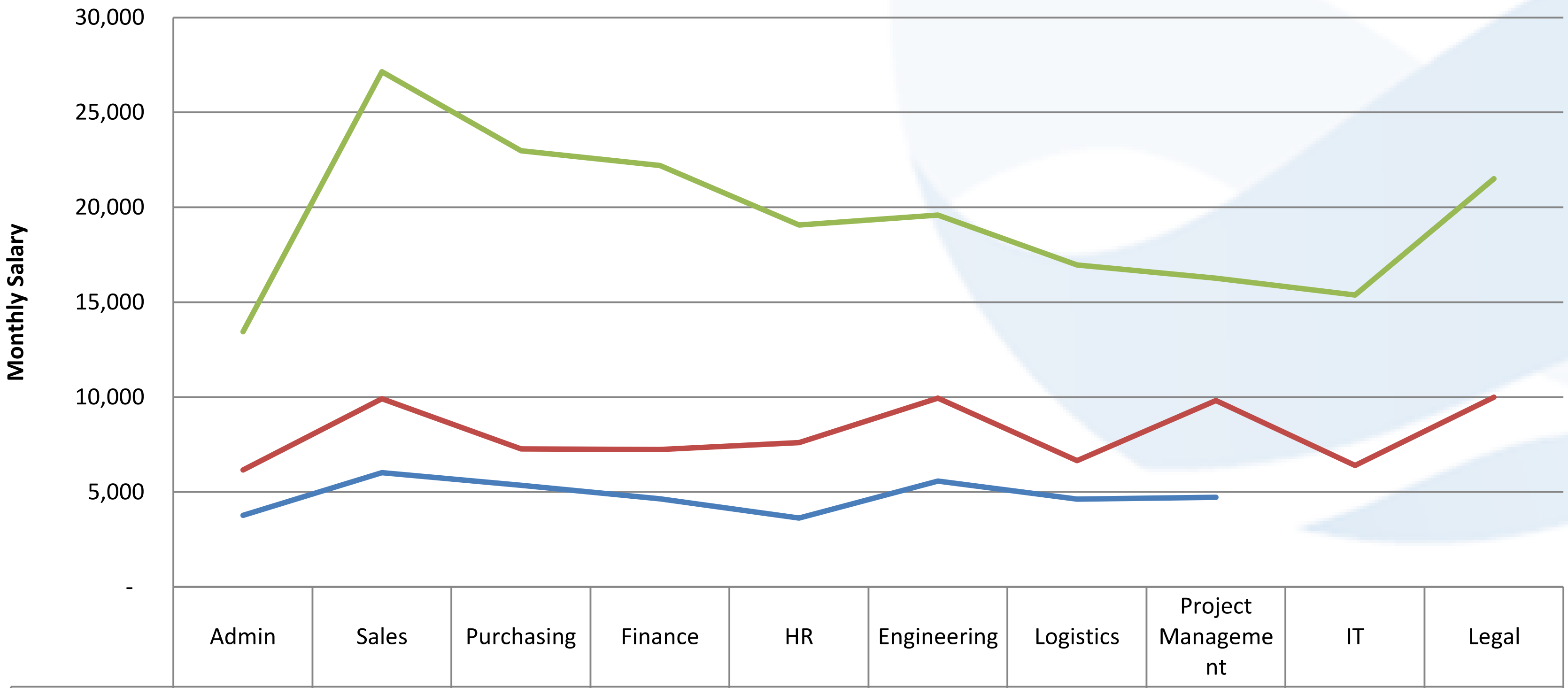
Area	Junior	Change	Specialist	Change	Manager	Change
Operations	6,218	8%	9,150	7%	20,722	6%
Admin	3,769	8%	6,167	7%	13,443	7%
Sales	6,028	6%	9,913	7%	27,144	6%
Purchasing	5,350	10%	7,269	7%	22,978	7%
Finance	4,646	8%	7,235	6%	22,196	9%
HR	3,630	7%	7,602	8%	19,060	9%
Engineering	5,572	8%	9,954	8%	19,584	6%
Logistics	4,620	12%	6,662	7%	16,959	4%
Project Management	4,719	8%	9,826	13%	16,270	8%
IT			6,395	9%	15,386	9%
Legal			10,000	6%	21,500	5%

The Overall Results - Production



	Junior Operator	Operator	Senior Operator	Shift leader	Production supervisor	Production manager / Plant manager
Series1	3,891	4,735	5,382	6,218	9,150	20,722

The Overall Results – White Collars



	Admin	Sales	Purchasing	Finance	HR	Engineering	Logistics	Project Management	IT	Legal
Staff	3,769	6,028	5,350	4,646	3,630	5,572	4,620	4,719		
Specialist	6,167	9,913	7,269	7,235	7,602	9,954	6,662	9,826	6,395	10,000
Manager	13,443	27,144	22,978	22,196	19,060	19,584	16,959	16,270	15,386	21,500

The Overall Results – The Gaps

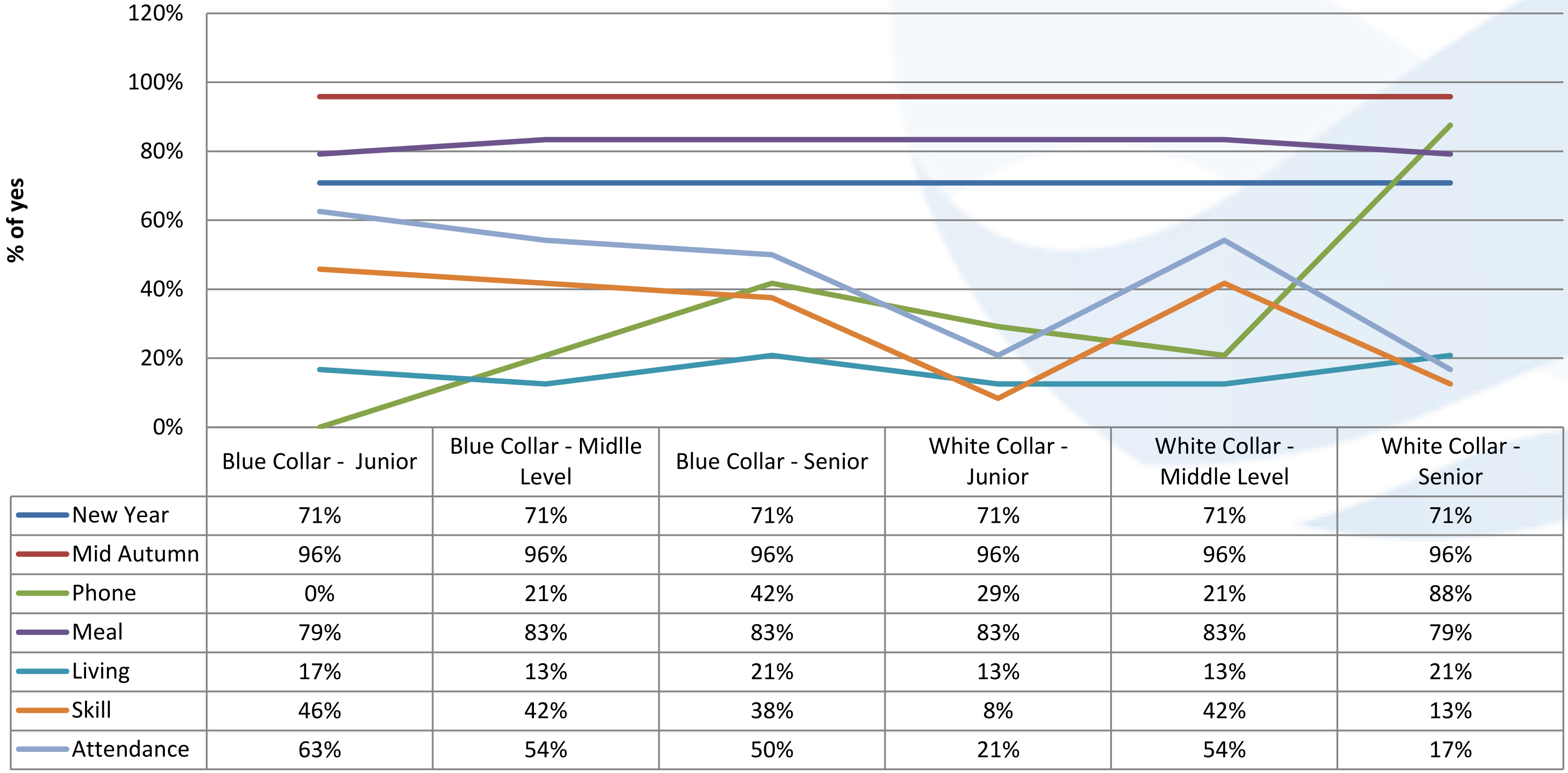
Area	*Specialist vs Junior*	*Change*	*Manager vs Specialist*	*Change*
Operations	2,931	47%	11,572	126%
Admin	2,398	64%	7,276	118%
Sales	3,885	64%	17,231	174%
Purchasing	1,919	36%	15,709	216%
Finance	2,589	56%	14,961	207%
HR	3,972	109%	11,458	151%
Engineering	4,382	79%	9,630	97%
Logistics	2,042	44%	10,297	155%
Project Management	5,107	108%	6,444	66%
IT			8,991	141%
Legal			11,500	115%

The Overall Results – Link to Schools

	Bachelor Level	***Change***	***Graduate or Master level***	***Change***
University	4,806	4%	10,286	3%

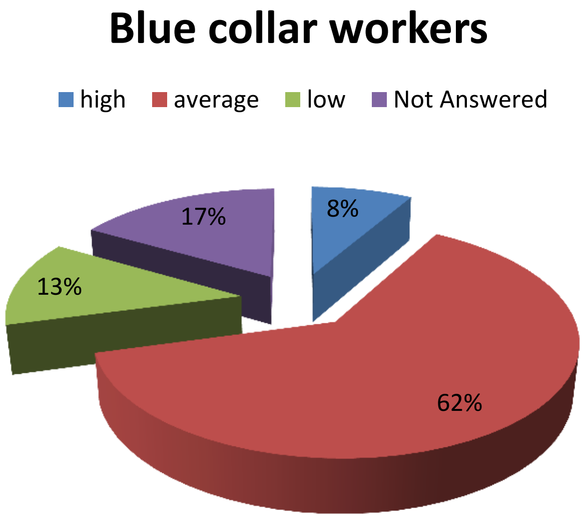
	Foreigner	***Change***	***Chinese***	***Change***
Intern	4,600	3%	1,680	2%

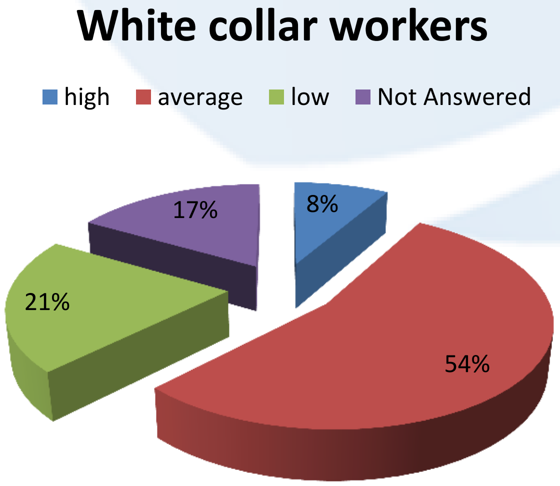
Type of Allowances Paid



	Blue Collar - Junior	Blue Collar - Midlle Level	Blue Collar - Senior	White Collar - Junior	White Collar - Middle Level	White Collar - Senior
New Year	71%	71%	71%	71%	71%	71%
Mid Autumn	96%	96%	96%	96%	96%	96%
Phone	0%	21%	42%	29%	21%	88%
Meal	79%	83%	83%	83%	83%	79%
Living	17%	13%	21%	13%	13%	21%
Skill	46%	42%	38%	8%	42%	13%
Attendance	63%	54%	50%	21%	54%	17%

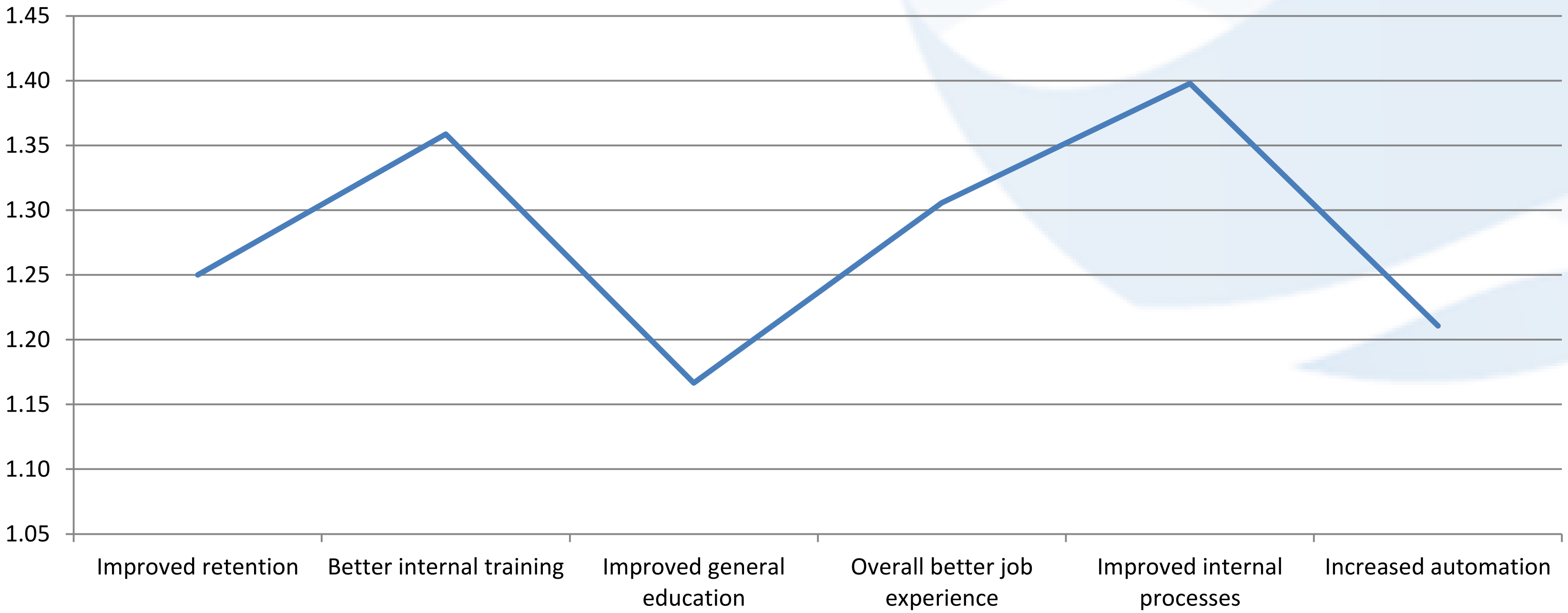
Compared Evaluation



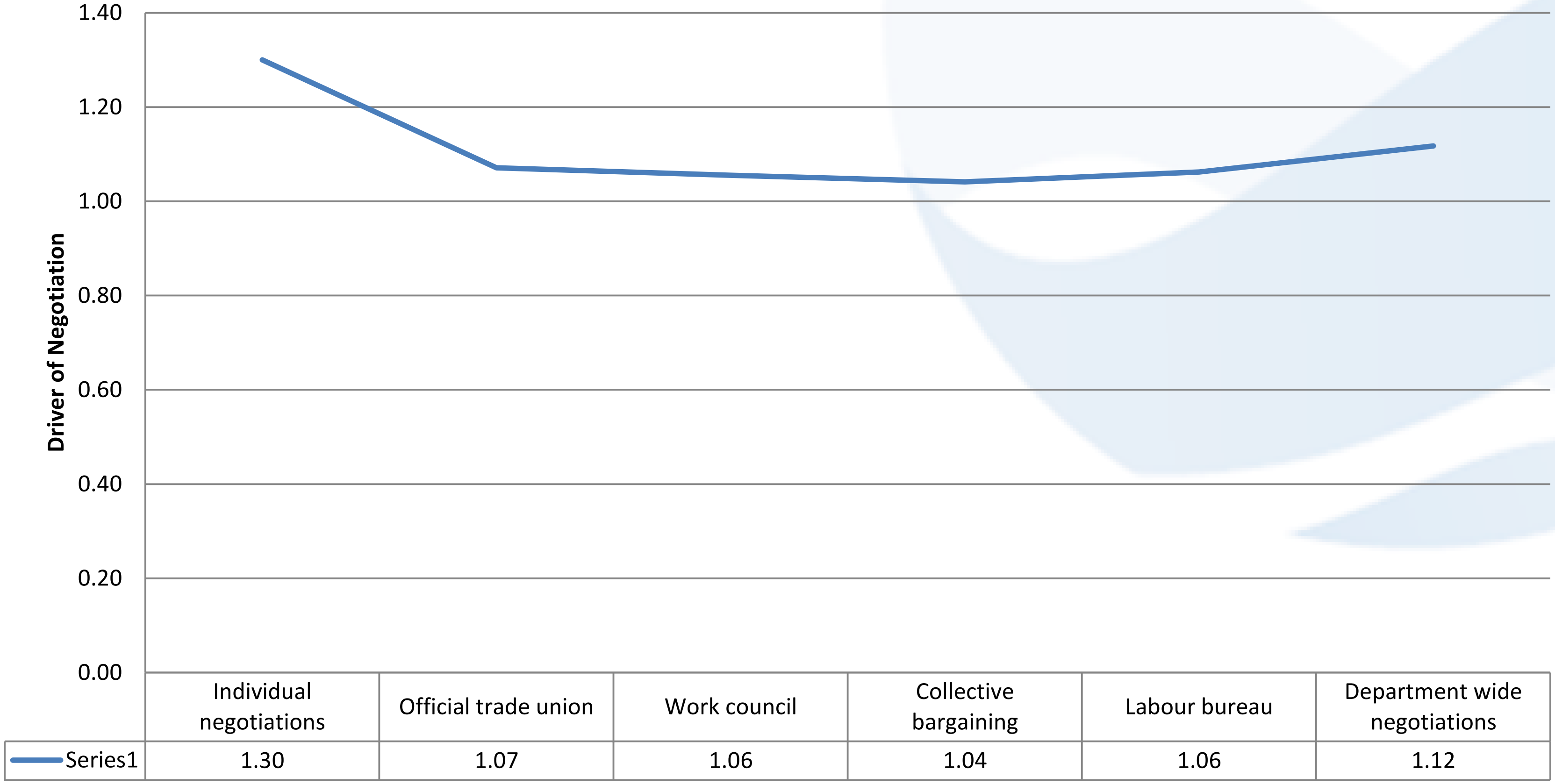


Productivity

Evaluation of productivity increase	1.00
What about the future?	1.17
% of labour cost on total costs	18%

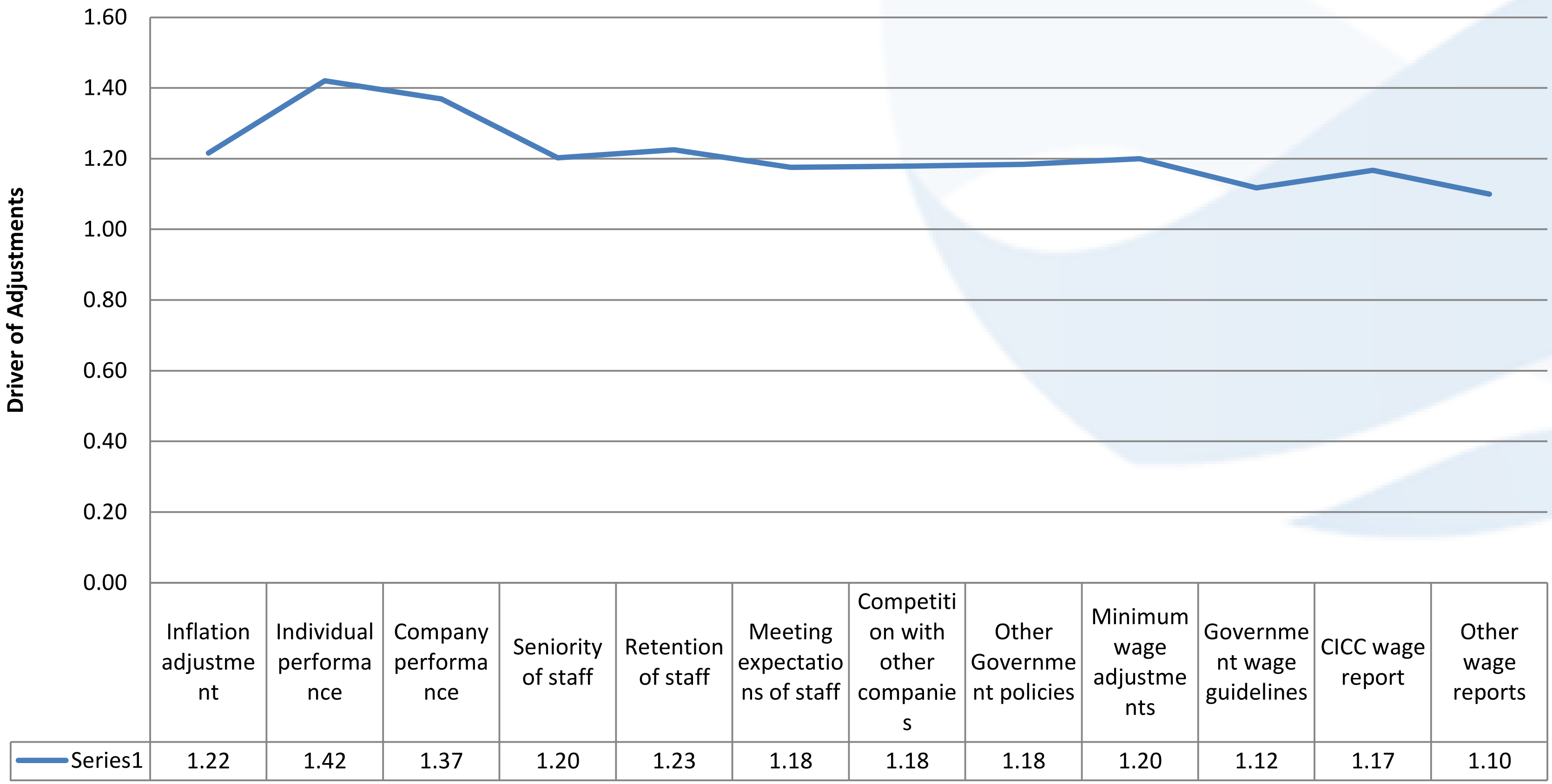


Influencing Factors on Negotiation



	Individual negotiations	Official trade union	Work council	Collective bargaining	Labour bureau	Department wide negotiations
Series1	1.30	1.07	1.06	1.04	1.06	1.12

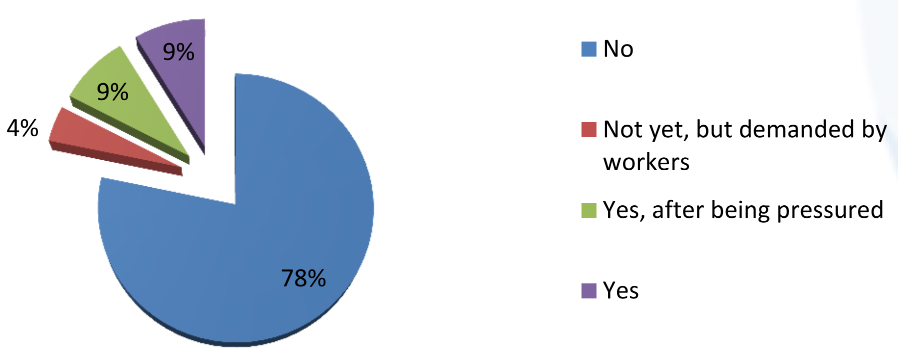
Influencing Factors on Adjustments



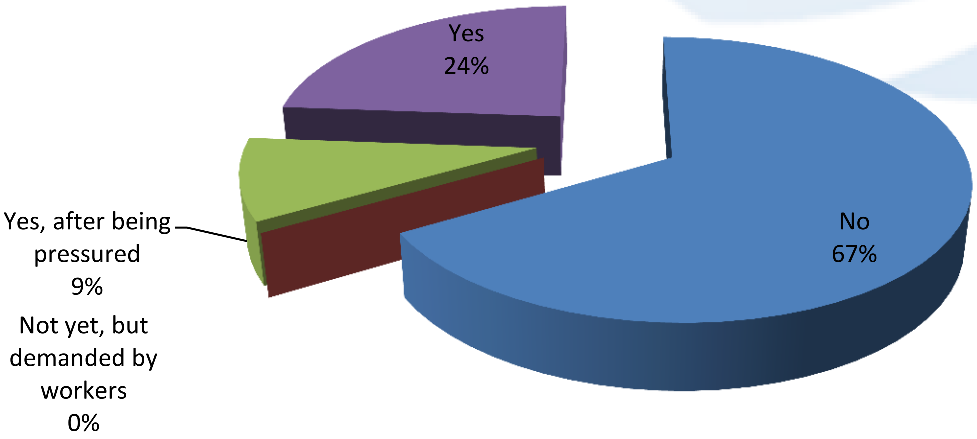
	Inflation adjustment	Individual performance	Company performance	Seniority of staff	Retention of staff	Meeting expectations of staff	Competition with other companies	Other Government policies	Minimum wage adjustments	Government wage guidelines	CICC wage report	Other wage reports
Series1	1.22	1.42	1.37	1.20	1.23	1.18	1.18	1.18	1.20	1.12	1.17	1.10

Work Council and Union

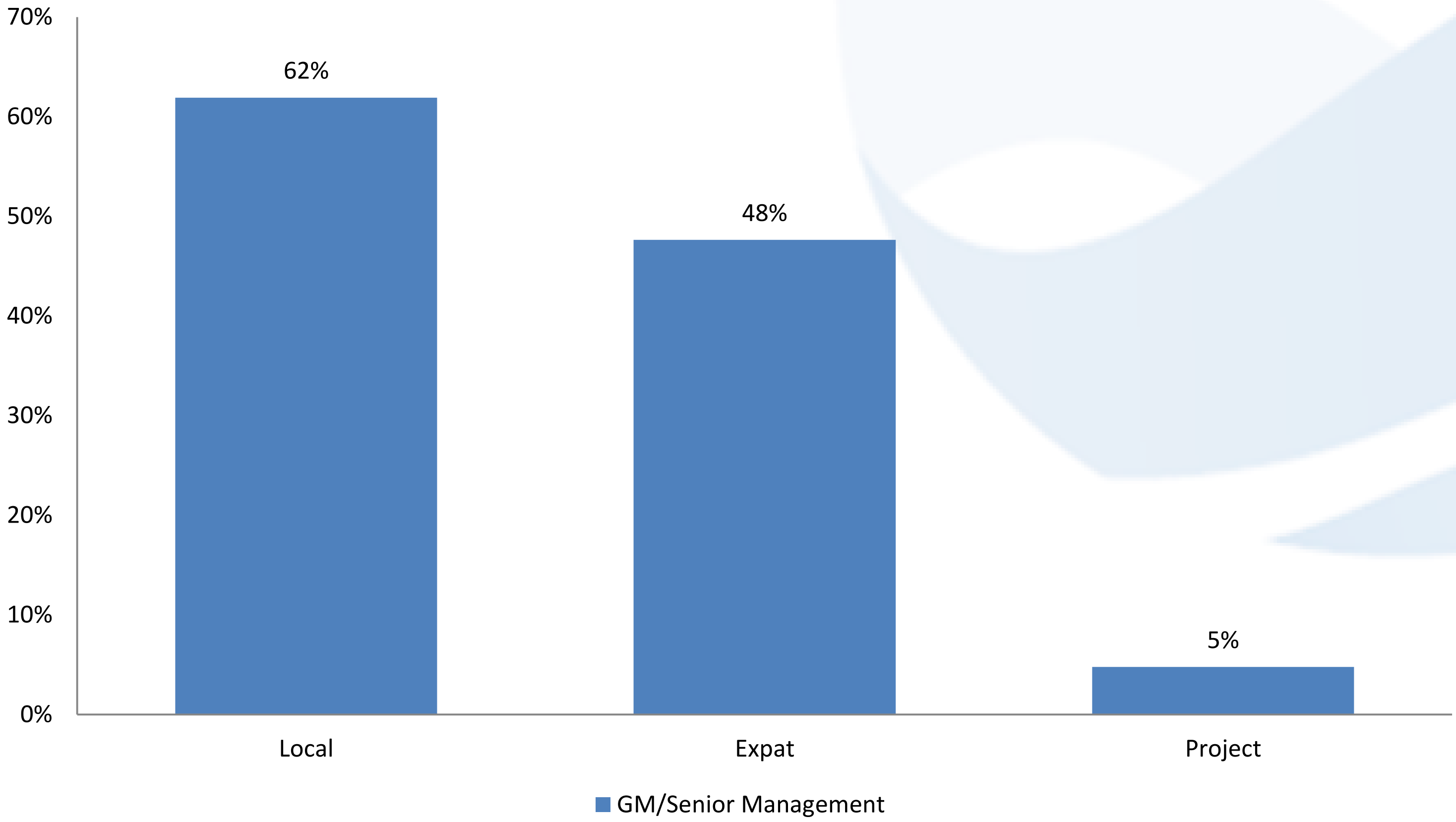
Work Council



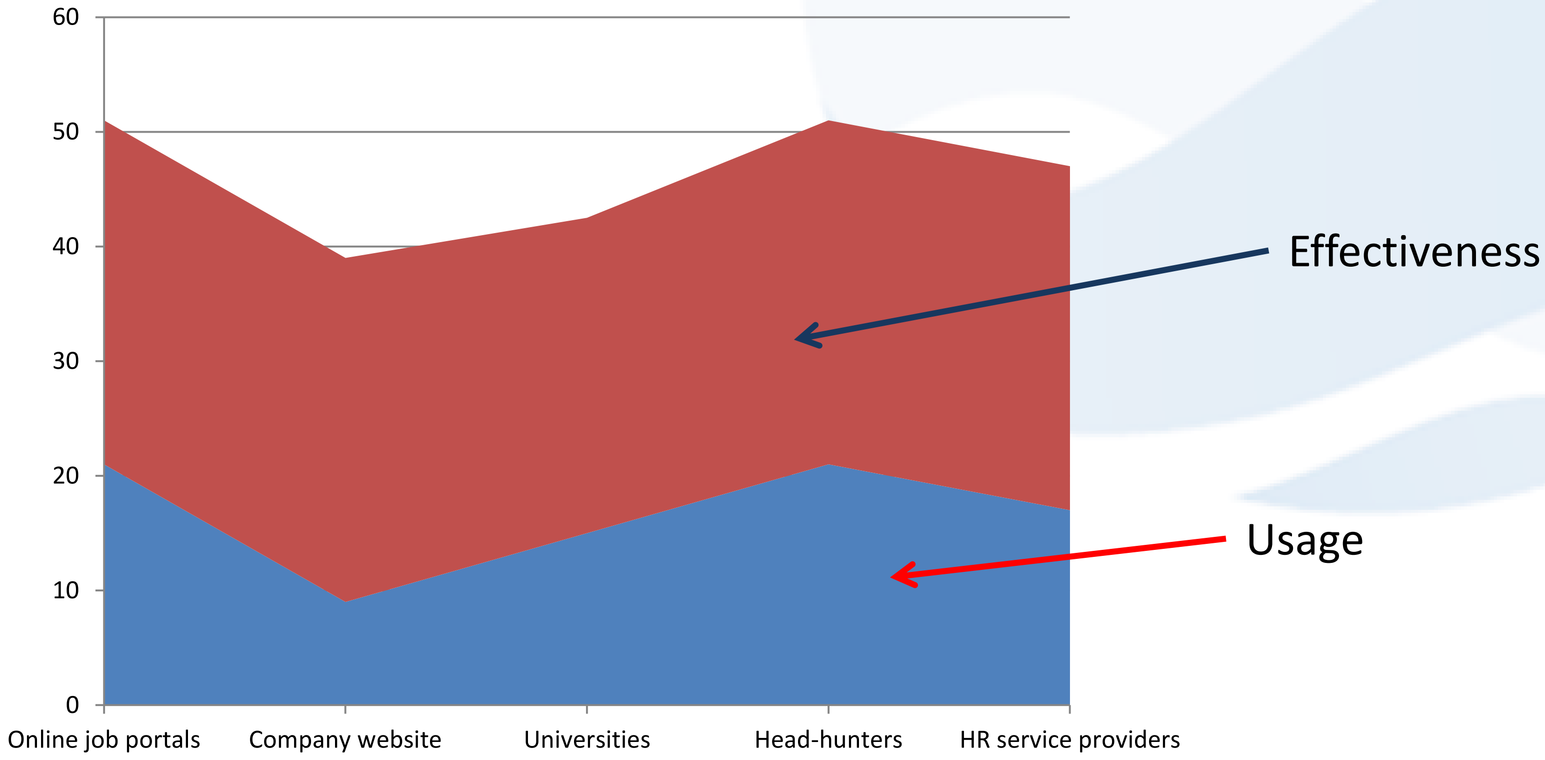
Union



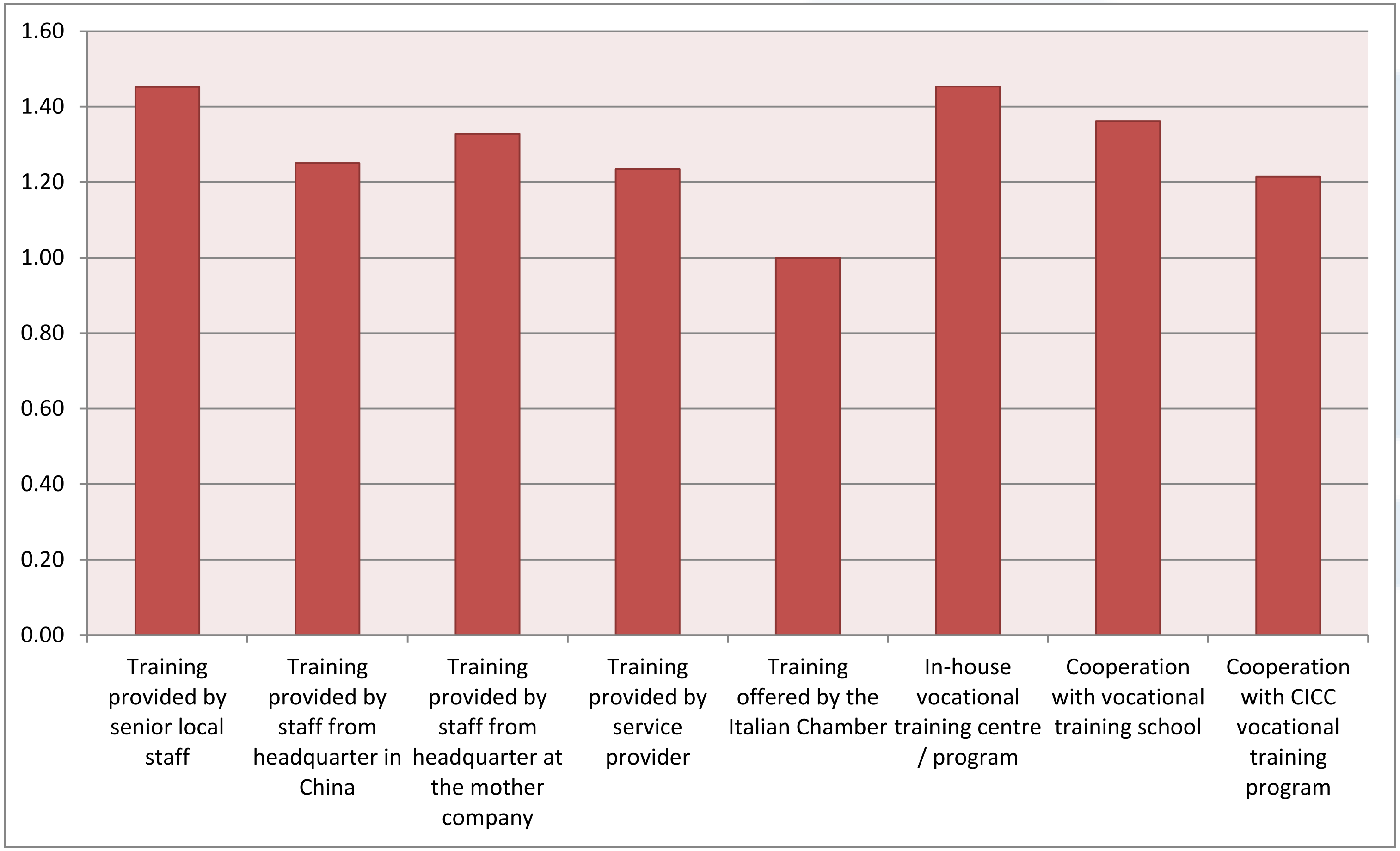
Type of Contract for Foreigners



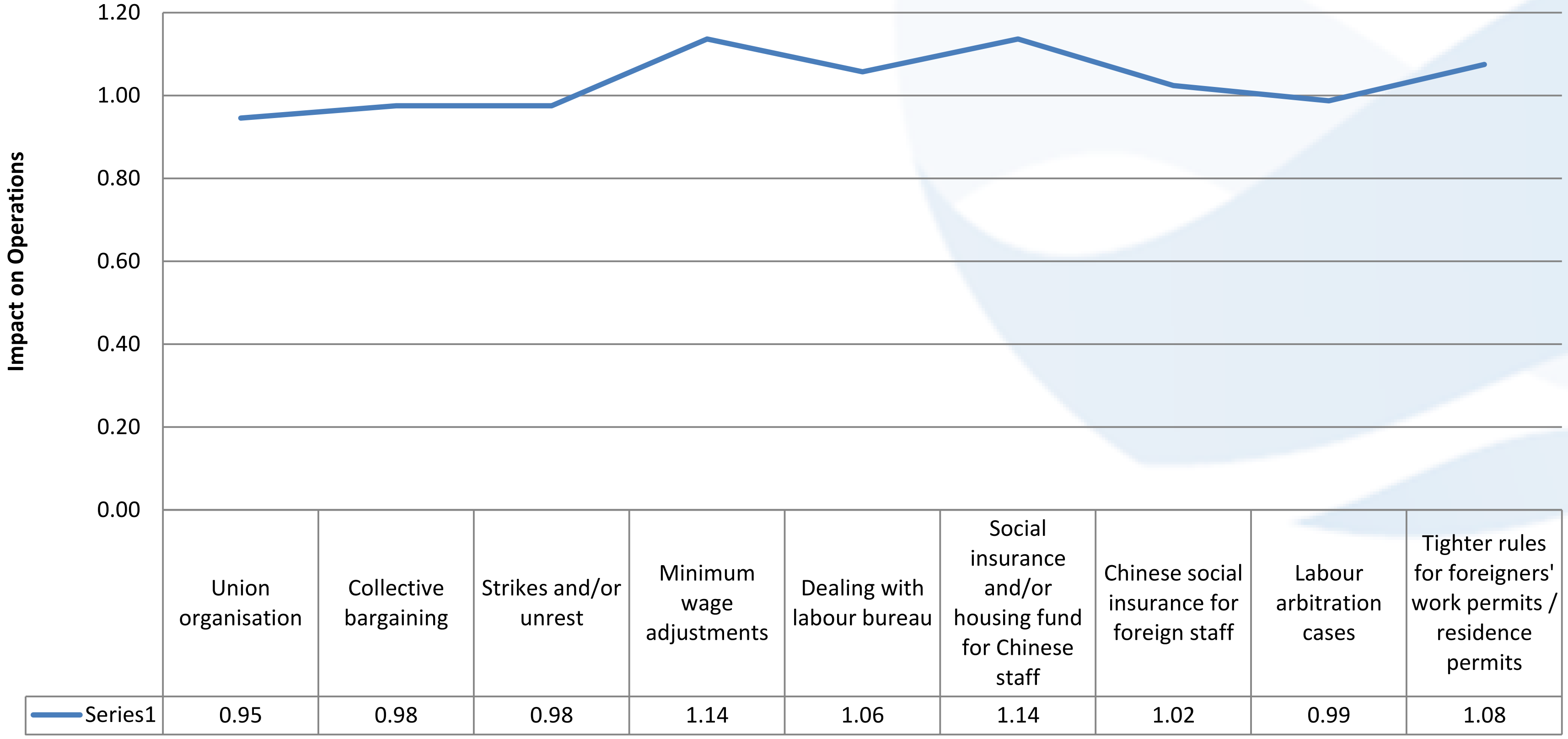
Recruiting


60
50
40
30
20
10
0
Online job portals
Company website
Universities
Head-hunters
HR service providers
Effectiveness
Usage

Training

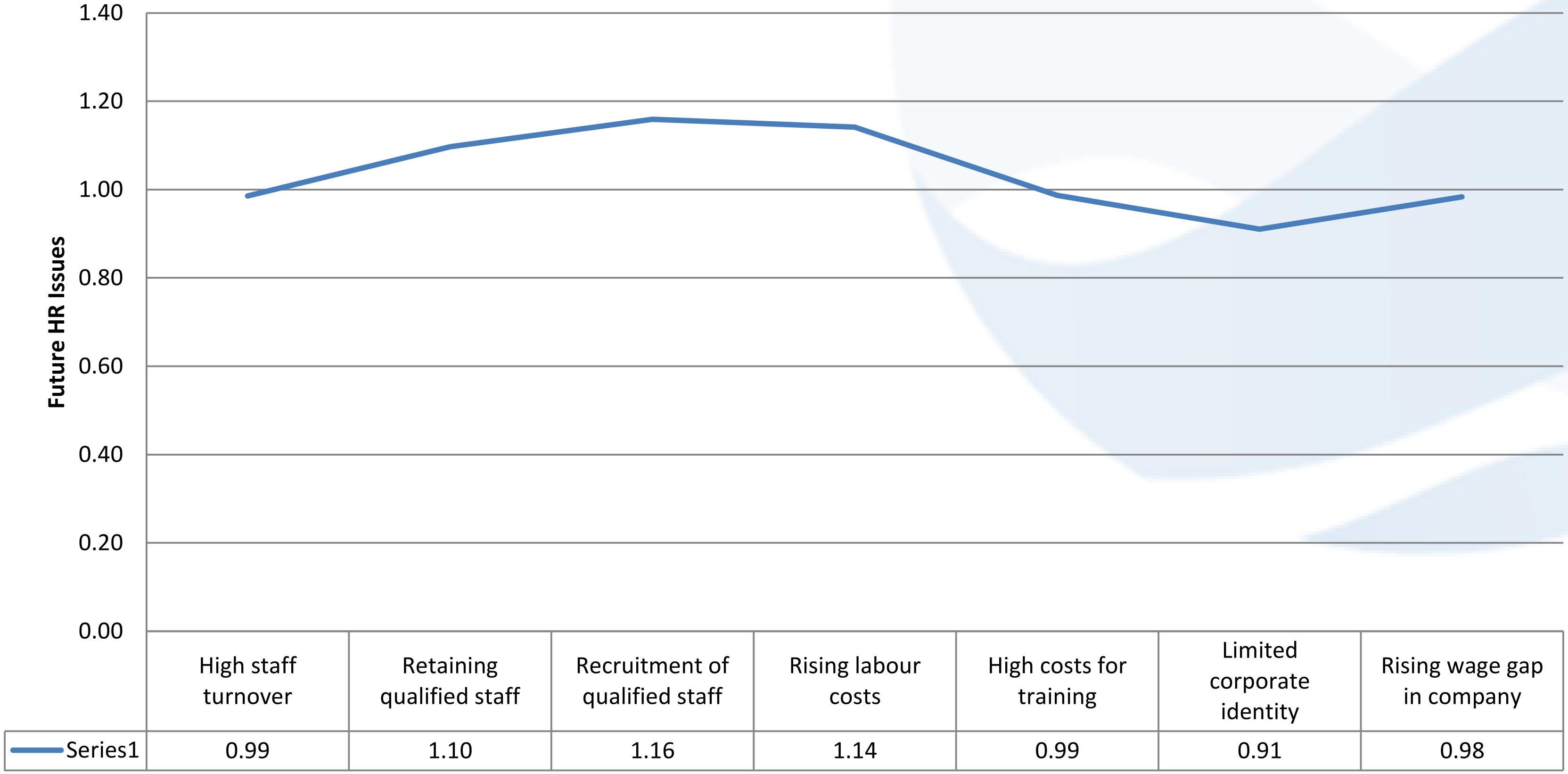

1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0.00
Training provided by senior local staff
Training provided by staff from headquarter in China
Training provided by staff from headquarter at the mother company
Training provided by service provider
Training offered by the Italian Chamber
In-house vocational training centre / program
Cooperation with vocational training school
Cooperation with CICC vocational training program

Impact on Operations



	Union organisation	Collective bargaining	Strikes and/or unrest	Minimum wage adjustments	Dealing with labour bureau	Social insurance and/or housing fund for Chinese staff	Chinese social insurance for foreign staff	Labour arbitration cases	Tighter rules for foreigners' work permits / residence permits
Series1	0.95	0.98	0.98	1.14	1.06	1.14	1.02	0.99	1.08

Future HR Issues



	High staff turnover	Retaining qualified staff	Recruitment of qualified staff	Rising labour costs	High costs for training	Limited corporate identity	Rising wage gap in company
Series1	0.99	1.10	1.16	1.14	0.99	0.91	0.98