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their grass is greener! Pay conflict at yuanbo education group

Professors Ann Peng, Hongling Jiang, and Bing Qian Liang wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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It was the end of December 2017. Alex Gao, the human resources (HR) director of Yuanbo Education Group, a fast-growing educational service enterprise located in Shanghai, was struggling to calm down the managers who were complaining about their salaries. Managers of the old business units were paid a relatively lower base salary but often with a sizable bonus tied to a revenue target. In contrast, the new hires for the recently established business units were paid a much higher base pay but with little or no bonus. Both veteran and new managers were dissatisfied with their pay. Shirley Bai, the manager in the Educational Platform Department, commented, “Even the newly hired managers at a lower level in the organization were offered a higher base salary than mine. All in all, the base pay reflects the company’s recognition of one’s contribution.” Yet, Bright Wang, the manager of the Suyang Education Department, complained, “The new business required a significant upfront investment before it could be profitable. While we didn’t achieve last year’s revenue target, we had worked extremely hard and increased our sales by 150 per cent. Yet, we got zero bonus.” Gao knew that he had to do something soon before this issue escalated. “But what should I do and where to start?” he wondered. Gao plunged into deep contemplation.

COMPANY BACKGROUND

Headquartered in Shanghai, China, Yuanbo Education Group (Yuanbo), which was founded in 2007, had 15 branches and offices in China and overseas, with a total of 389 full-time employees by the end of 2017. Yuanbo had three business units: the International Education Department, the Educational Platform Department, and the Suyang[[1]](#footnote-1) Education Department. Besides these business departments, Yuanbo had five major functional departments: the Sales and Marketing Department, the Strategic Investment Department, the Internet Technology Department, the Finance Department, and the HR Department (see Exhibit 1).

The Educational Platform was the first business at Yuanbo. It mainly focused on helping educational institutes recruit students. As this recruiting business grew, Yuanbo founded its own career development research institute, and started offering educational products such as those developed in the Suyang Education Department and the Gaokao Department. The International Education Department focused on serving students who wanted to study abroad, by providing both consulting and training services. In November 2015, Yuanbo established the Education Research Institute, whose main research areas were career and literacy education and education evaluation. Yuanbo’s Education Research Institute gathered well-known education scholars at home and abroad to conduct research for education authorities, schools, and families.

More recently, Yuanbo had extended its business scope to educational practices. Yuanbo opened its first international high school in early 2017 in Shanghai, successfully recruiting more than 60 students in its first year of establishment. The tuition for international schools in large cities such as Beijing and Shanghai was approximately US$20,000 per year. Yuanbo subsequently opened its second international school in Weihai, Shandong Province.

On August 18, 2016, Yuanbo was listed on China’s New Third Board Market, a financing platform for high-tech, high-growth, and high-innovation enterprises during their early establishment.

THE FOUNDER AND PRESIDENT: LI XIA

In her mid-50s, Li Xia was a sweet-natured and approachable woman. She described herself as being shy, and had often avoided social networking events such as drinking parties when she was obtaining her master’s of business administration at Shanghai Jiao Tong University. She had one daughter, who was studying at the Rhode Island School of Design in the United States.

After Li resigned from a technology company she had co-founded 10 years earlier, she and her family immigrated to Canada. She found that the Canadian schools took a whole-person approach toward student development and that her daughter’s talents were fully recognized. As a mother, Li was inspired to start a company that provided top-notch education services to Chinese students. She hoped that her company could help more children in China to receive quality education that suited their unique personal development.

Li’s core leadership values included equal treatment of all employees and transparency in decision-making. At Yuanbo, she had a zero-tolerance policy for corruption and clan culture (i.e., small-group mentality). She stressed, “Stealing a penny from the group is a corrupt behaviour.” She viewed leadership as artistically balancing subordinate autonomy and managerial control. As she put it, “Leading people is like flying the kite—you let it freely fly [autonomy and creativity] but pull in when it deviates too far from the company goal.”

Li held regular meetings with middle and senior managers. She deeply believed that a manager should strive to hire subordinates who had strong competence. Besides professional expertise and qualifications, she assessed the candidates on three important qualities: conscientiousness, openness, and capability of developing subordinates.

THE HR DIRECTOR: ALEX GAO

Gaowas in his late 30s, extraverted, optimistic, and had a good sense of humour that was characteristic of people from Northeast China. He received a bachelor’s degree in science from Tongji University in Shanghai in 2000 and a master’s degree in business administration from Fudan University in 2015. He had been the HR director at Yuanbo for three years. Before joining Yuanbo, Gao had worked nearly four years as general manager of the overseas unit at Beijing Rising Technology Co. Ltd., which specialized in exporting information technology (IT) products to Africa and Southeast Asia. His previous job had required him to travel overseas two-thirds of the year, but he was drawn to the booming education business in China. After he became father to a baby girl in 2010, Gao joined Yuanbo so he could settle down with his young family in Shanghai.

High Turnover Rate

Yuanbo’s rapid expansion put hiring under pressure. On average, Yuanbo hired 15–20 people per month, which amounted to approximately 200 new hires each year. The newly hired employees typically signed a three-year contract with six months’ internship for further assessment of the person–organization fit. The aggressive hiring was in part a response to Yuanbo’s high turnover rate of 20 per cent. Compared to non-managerial employees, the turnover rate of managers was 10 per cent.

The low stability of the workforce not only increased operational costs but also created other challenges. In Yuanbo’s 2016 employee engagement survey, 28 per cent of employees reported knowing little about the strategic direction of the company, compared with 7 per cent shown in the 2015 survey. In 2016, only 63 per cent believed the performance evaluation was fair, compared with 76 per cent in 2015. The perceived unfairness was largely due to a lack of communication between the supervisors and their direct reports, as 26 per cent of employees reported having little or no performance feedback from their supervisors. As a result, in 2016, 72 per cent of employees reported knowing how their performance was evaluated, compared with 88 per cent in 2015.

In an attempt to reduce the turnover rate, Gao developed a practice of interviewing employees who had voluntarily quit the company (see Exhibit 2). Gao aimed to understand the reasons behind their resignation and to learn which HR practices could be improved. The two most frequently mentioned reasons for employees’ departure were (1) a mismatch between the job position and personal abilities, and (2) pay dissatisfaction. This finding was in line with the 2016 employee engagement survey results (see Exhibit 3). Gao knew employee compensation was a tricky issue.

Compensation Practices

The labour cost (i.e., employee compensation) at Yuanbo was fairly high, contributing approximately 60 per cent of the operational costs (see Exhibit 4). Senior managers (i.e., managers of the nine departments) and company executives were evaluated annually, and a significant portion (i.e., 15 per cent) of their compensation was based on their performance, such as the gross profit generated by their departments. Middle managers and project managers also received a variable pay that was contingent on the performance of the region or the project they led. Managers who had worked at Yuanbo for three years or longer were entitled to stock ownership.

Non-managerial employees were evaluated monthly by their direct managers, with independent auditing by the HR department. Each month, Gao, often accompanied by the direct supervisor, met with the new hires to discuss their performance and to identify areas for development. Those who performed below par over three or more consecutive months were transferred to a different position.

While jobs in the Educational Platform Department required only a university/college degree, jobs in the Suyang Education Department and the Education Research Institute typically required a master’s degree and a doctorate degree, and a degree from an Ivy League school was preferred. The education degree requirements inevitably resulted in different levels of pay across departments. In the Educational Platform Department, senior managers were paid at a lower base salary of ¥15,000–¥20,000[[2]](#footnote-2) per month, but they could earn an attractive bonus when meeting the revenue targets. The total compensation, which included bonus, housing stipend, and other employee benefits, was around ¥30,000–¥40,000. In contrast, senior managers of the Suyang Education Department were offered a significantly higher monthly base pay of ¥25,000–¥35,000; however, they often earned little or no bonus.

Overall, managers at Yuanbo considered their pay to be acceptable compared with the industry standards; however, tension existed across departments. Although salary information was meant to be confidential, employees quickly learned how much others made. Consequently, employees raised their concerns to Gao regarding the pay gaps between themselves and others holding a similar position in other departments.

Gao reviewed the 2016 employee engagement survey results, which showed that pay dissatisfaction was not uncommon company-wide (see Exhibit 5). For example, 40 per cent of employees surveyed believed their pay did not match their competencies (see Exhibit 6). While levels of pay satisfaction were the same as in the 2015 engagement survey, employees’ satisfaction with non-salary work benefits had plunged: only 52 per cent of employees reported being satisfied with the non-salary benefits in 2016, compared with 64 per cent in 2015.

Gao wondered, “What could be done to enhance employee pay fairness and satisfaction?” He started reviewing the notes he had taken during the previous week’s meetings with the managers from the Educational Platform Department, the Suyang Education Department, and the International Education Department.

SHIRLEY Bai AND THE EDUCATIONAL PLATFORM DEPARTMENT

Bai was in her early 30s, but many years of hard work and poor sleep had made her age faster than her years. Health problems had forced her to slow down. Bai was, however, ambitious about her career goals and was hoping for a promotion to vice-president of Yuanbo.

Baijoined Yuanbo in 2008, shortly after Yuanbo had been founded. Her exceptional performance record and strong loyalty to the company had earned her deep trust from President Li. In 2010, Bai was promoted to manager of the Educational Platform Department. Bai taught herself to be a manager through trial-and-error and by reading leadership books. She believed that a leader was the one who built a high-performing team. Bai was mindful of developing a collective identity among her people. She set aside a small portion from the department’s annual profit to organize two department retreats, including one domestic tour and one overseas tour. Half of the employees participated in each retreat.

Over the past nine years, Bai had initiated several operational innovations and had broadened substantially the scope of the Educational Platform Department. In 2010, she invented a new payment method that enabled Yuanbo to secure a large amount of cash deposits from big corporate clients such as Disney, EF Education First, Wall Street English, and Longman Schools. This new method helped improve Yuanbo’s cash flow, which was vital for developing new projects. In 2013, she partnered with three international high schools in Shanghai to help with their student recruitment. This business grew rapidly, and the annual revenue increased from ¥500,000 in 2013 to ¥13.8 million in 2014. Since then, Bai had expanded this recruiting service to also offer professional assessments and training to the students. She also extended Yuanbo’s service to international schools located in Beijing in 2015 and to those in Shenzhen in 2017.

Bai’s career high was 2017, when the Educational Platform Department generated a total revenue of ¥65 million, a 50 per cent increase from the prior year. She was optimistic that if things went well, her department might hit ¥100 million in 2018.

Bai’s Challenges and Concerns

The Educational Platform Department employed approximately 130 people, and the staff size was expected to increase to approximately 200. By the end of 2017, the Educational Platform Department was the only profitable unit of the three business departments. The company had put tremendous pressure on Bai and her department to reach the revenue target. In the financial planning and forecasting meeting in early December 2017, Li had set a 2018 revenue target of ¥90 million for Bai’s department, and Bai had negotiated a reduced target of ¥80 million. The revenue target had implications for the earnings of Bai and her managers, as the bonus was paid only to managers whose units met or exceeded their targets.

To meet the revenue target, Bai and her staff constantly worked overtime. Bai herself never took a day off on Saturdays. She had only recently reduced her weekend business trips so that she could spend more time with her two-year-old son; however, her husband, who also worked for Yuanbo, needed to take additional business trips because of Bai’s schedule change.

As one of the most senior employees at Yuanbo, Bai felt uneasy that the newly hired managers, including those who were lower than her in the organizational hierarchy, were offered a significantly higher base salary. She felt underpaid, commenting:

If my people and I want a decent pay, we have to fight tooth and nail to meet the increasingly challenging revenue target. Others in my company seemed to make their money so easily.

I understand that I am eight–nine years younger than managers in the newly established business departments such as the Suyang Education Department. They also tend to have a doctorate degree, which I do not have. Plus, I am the only female executive besides President Li. Nevertheless, the base pay should be based on the quality of work.

In 2015, Yuanbo significantly increased the base pay for all middle managers across departments, although the base salary of the senior managers, such as Bai, remained the same. Still, people in her department earned a much lower base salary compared with the new hires in other departments. Bai told Gao that the low base pay made it difficult to retain skilled employees:

Among the middle managers in my department, 70–80 per cent had worked with me for over six years. During those early years when our company had thin profits, they made only [¥]4,000–6,000 per month, a rather meagre pay in Shanghai. Most of us were not locals, and we treated each other as family members. Back then, I could keep my team together because of the emotional bonds we developed over time. But this is impossible with our new younger employees. They often quit for higher-paid jobs. My job stress has gone up year by year.

Bai was also concerned that the current compensation did not account for the differences between new and established projects. She pointed out that a new project took time to be profitable. Developing a new project would add upfront costs and accordingly reduce the department’s gross profit. When managers were motivated by personal pay in the short term, they would not introduce new projects. However, in the long run, new projects were critical for the company to seize business opportunities and to hedge itself against the risks associated with its established businesses. Bai had raised this issue in an annual financial planning meeting, but the company had not shown much interest in pursuing a solution.

At the end of her meeting with Gao, Bai made several recommendations:

* Yuanbo should increase individual responsibility for the new project by linking the individual bonus to the success of the particular project. In this way, employees across the company would be motivated to increase the profit of that project.
* Base pay for the employees of the Educational Platform Department should be increased to improve team morale. For example, the top performers received a 10­–15 per cent base pay raise to reduce the loss of skilled employees. The company should attend to the needs of employees and groups that were significantly underpaid (e.g., the student recruiting office in Beijing) to ensure staff and operational stability.
* Besides managers, star employees should also be entitled to hold company stocks. Stock ownership would be a strong incentive to bond individuals with the company. In fact, 80 per cent of the employees at Yuanbo were interested in purchasing company stocks.
* The company should build connections among employees across different departments. The middle managers, for example, should be known to each other rather than feeling like strangers.

BRIGHT WANG AND THE SUYANG EDUCATION DEPARTMENT

Bright Wang was a gentleman in his mid-40s with a doctoral degree in Education. He had been a teacher at Ningxia University and, prior to joining Yuanbo in May 2017, had worked at General Plan, a successful education enterprise that focused on elite education for high school students. After 12 years there, he felt General Plan was slow in developing new technologies and businesses that were critical for long-term survival. He perceived that Yuanbo’s vision on Suyang (or whole-person) education matched his personal vision of education.

The Suyang Education Department was established in May 2015, in response to China’s national college entrance examination (i.e., Gaokao) reform. This department focused on two main programs: Yishengya (whole career development) and STEAM, which stood for science, technology, engineering, art, and mathematics. The Yishengya program offered high school students advice on university application and career planning in response to the Gaokao reform. The STEAM courses were introduced to primary and secondary schools to enhance students’ scientific literacy. To promote the STEAM courses, Yuanbo also provided training for teachers and corresponding student assessment tools.

The Suyang Education Department hired approximately 70 people, who were stationed in Beijing, Shanghai, and Shenzhen. The majority of these employees had a master’s or a doctorate degree, and some were experts and professors from top universities in China. One big problem Wang needed to address was the marketability of the products. While whole-person education had been championed for years in China, it would take time to popularize it. At the same time, Wang’s people were mostly from colleges and universities and were unfamiliar with the market and the needs of high schools. The former department manager had left Yuanbo. Wang commented:

A significant number of people in my department do not see the urgency of understanding our customers. They are reluctant to learn the customers and to change the products. They also provide little support to our salespeople. For these people, I might have to ask them to leave if they cannot make the necessary changes. We need to make a substantial progress toward our revenue target this coming year.

The Suyang Education Department’s business was still in the exploratory phase and was inherently uncertain. The department was focusing on a tangible goal of developing an IT system that would help the high schools to schedule their courses in response to a recent Gaokao reform. This reform allowed students to take only those courses required by the specific disciplines of the universities where they were interested in pursuing a degree. This reform presented a challenge for the high schools to develop customized schedules for different students. Wang saw this situation as a great business opportunity, as this reform would expand from Shanghai and Zhejiang Province to across the nation.

Despite the substantial investment it had made in staffing and other operational improvements, the Suyang Education Department remained unprofitable. Wang hoped that the department could take advantage of the college entrance examination reform to achieve breakthrough development and bring value to the company.

Wang’s Concerns

Wang’s department was under considerable pressure to start making a profit, and its assigned revenue target for 2018 was ¥40 million. Wang was hoping to reach 60 per cent of the target. Wang was paid a base salary plus a bonus that was equivalent to 4 per cent of the department profit if the revenue target was met. As his department had failed to meet the target in 2017, no bonus had been offered for that year. He hoped to discuss the pay structure with the company. He believed the pay structure had not taken into consideration the departmental differences in terms of the business stage and the nature of the work. He noted: “While it makes sense to have a portion of performance-based pay, it was difficult in execution. Performance is not easy to quantify. Other than salespeople, standards for high performance were never clear for many employees at Yuanbo.”

He elaborated on the problem associated with the performance-based bonus at Yuanbo:

Some departments, such as Educational Platform, have already an established business model and stable sources of revenue. For those departments, a performance-based bonus is very much a sure thing. But departments in the early investment stage, like ours, are still working toward being profitable. Why should these departments then not be rewarded and recognized? I think [that] they should [be], and [that they] deserve bonuses, as long as they were making good progress.

I do not want to dismiss the importance of revenue targets. But I believe there is more than that. For departments like ours, the company could have set different types of targets and goals that can help these departments move toward being profitable in a few years. Unfortunately, we have only been told a number, the target revenue. This number has also been growing year over year. This has gone a bit too far.

Wang told Gao that the pay level in his department was about the median in the education consulting industry, though it was higher than other departments. Because most of the staff in his department were relatively young and had worked for only one or two years at Yuanbo, they did not have very high expectations for pay. They cared more about the career developmental opportunities at a fast-growing company such as Yuanbo. Wang believed conveying a strong vision was critical to lead this department:

People in my department are mostly young, energetic, and career-driven. They naturally have a strong passion for their jobs and are willing to take challenges and adventures to get the work done. They only need to know that they stand a chance to advance in this company. As their career advances, they would anticipate improvements in salary and other aspects of their jobs. It would thus help retain them if they could see the bright future of themselves, the department and the company.

JOE MIAO AND INTERNATIONAL EDUCATION DEPARTMENT

Joe Miao was in his early 30s. He had joined Yuanbo on March 21, 2014, as a project manager responsible for business in Chongqing City and Guizhou Province. A year later, he took charge of Yuanbo’s international education business in the entire southwest region of China. In December 2016, Miao was promoted to director of the International Education Department (China region), and was accorded the eligibility to own company stocks. He joined Yuanbo for two main reasons: to have a shorter commuting distance to home and to pursue his personal passion in developing educational products and a study centre.

The International Education Department offered a range of services targeting students who planned to study abroad. These services included assistance with school applications, career development counselling, coursework tutorials, and other offline services. This department was founded in 2010 when Yuanbo acquired Vancouver Public Education Association (VPEA). Besides having an overseas office base, the acquisition of VPEA offered Yuanbo the licence to prepare and train students for studying abroad. In 2012, Yuanbo partnered with international high schools in Shanghai and provided services to thousands of students. In 2017, Yuanbo opened its own international high schools, further strengthening the international education business.

By the end of 2017, the department employed approximately 90 people. Among them, 30 worked in four offices, located in New York City and in three Canadian cities—Toronto, Vancouver, and Victoria. The majority of the employees were in their late 20s and had some study-abroad experience. The department planned to hire 20–30 more full-time workers in 2018. Within the next two to three years, Miao aimed to develop more study-abroad products and services both online and offline, while also improving the quality of the existing services. He was also eager to increase the productivity of his team through refining the operations and other work procedures (e.g., daily reports).

Miao strived to develop a collegial and family-like climate in his unit, and he worked hard to avoid small-group mentality. Miao made himself available and was patient in listening to what the staff in his department had to say. He also occasionally organized department retreats and gatherings, which were attended by 80–85 per cent of people in his department. In 2013, he organized a sports competition, the Yuanbo Olympics, which was well received and helped connect employees across departments.

Miao’s View on Compensation

Miao understood that managers’ salaries often included a base pay, a merit pay, and performance-based bonus. Overall, Miao considered his pay to be satisfactory. He believed that people who were hired for the same position, regardless of which department, should be paid more or less the same.

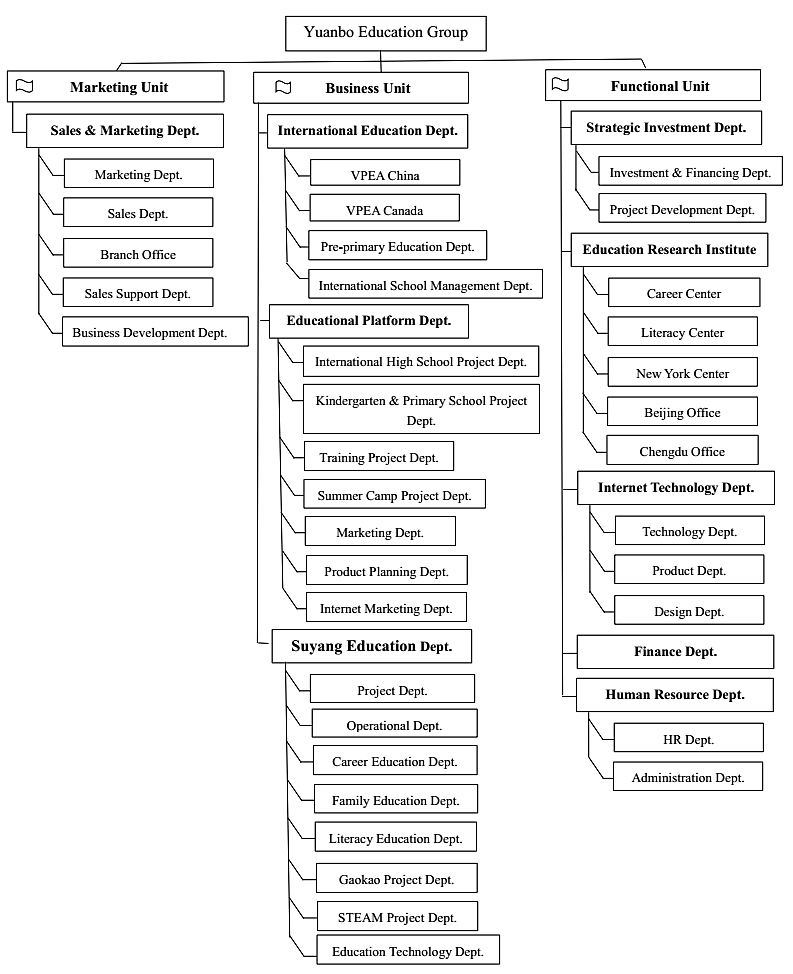
One problem Miao saw in the current compensation structure was its potential to hinder the initiation of new projects. Starting a new project often reduced the gross profit of the department in the first several years, and thus managers were demotivated to start new projects. He suggested that a process-based pay structure might alleviate this problem. He believed managers who started a new project or a novel business should be evaluated based on a set of processes, not on pure profit generated. For instance, the managers could be evaluated on personal investments, revenue forecasting, and other positive impacts of the new initiative.

Miao also believed that many employees at Yuanbo did not possess the skills to negotiate a pay raise. He told Gao a story about one of his top employees who, earlier in the year, had suddenly announced his resignation. Miao had learned that this employee was unhappy with his salary, which did not meet his financial needs. This employee had recently married and was being pressured by his wife’s family to purchase an apartment in Shanghai. Because he believed that a request for a pay raise would not be granted, he chose to quit. After discussing this situation with HR personnel, Miao managed to raise the salary of this experienced employee and retain him. This incident made Miao think that some of the people who quit could have been retained, if they had been aware that they could negotiate their salaries with the company.

WHAT’S NEXT

It was close to 10:00 p.m. Gao wrote a few quick notes on a piece of scratch paper, and then raced toward the subway station to catch the last train home. He could not help thinking about the problems in the current pay structure. The rapid expansion of business at Yuanbo had led to substantial number of new hires, which had resulted in noticeable pay discrepancies between the new hires and the older employees. How should the company balance its need to attract new talent for the new businesses with the need to retain experienced workers? Gao did not have an answer but wondered whether he might find one in the near future.

EXHIBIT 1 yuanbo education group’s COMPANY STRUCTURE



Note: Dept. = department; VPEA = Vancouver Public Education Association; HR = human resources: STEAM = science, technology, engineering, art, and mathematics

Source: Company files.

EXHIBIT 2: EMPLOYEE EXIT INTERVIEW EXAMPLEs from Yuanbo education Group

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | Zhou Ying | **Department** | Educational Platform Department – Training |
| **Direct supervisor** | Liang Rui | **Position** | Business Manager |
| **Entry date** | May 23, 2017 | **Exit date** | November 24, 2017 |
| 1. **Please explain in detail why you decided to leave. (Are you satisfied with your job? Are there problems?)**   My supervisor informed me that my performance was not satisfactory during the probation period and that I would unlikely be hired at Yuanbo. I subsequently resigned also for personal reasons.   1. **Are you clear about your job responsibilities? If it is not clear, what do you think is the cause?**   I was hired as the platform project deputy manager. I was mainly responsible for business management, customer service and online marketing. Despite the variety of responsibilities, I was accorded limited administration authority. I had to report every matter to my supervisor, Liang Rui. I was even not timely informed of the department meeting. Although my position was the deputy manager, I did not have the actual power.   1. **Are the working processes of the department smooth? How about coordination across positions?**   I offered a few recommendations on this issue: 1) We should prioritize the educational institutions we collaborate with; 2) We should seek partnership with leading institutes across different fields; and 3) We should avoid partnering with small institutes, as some better-known institutions had refused to work with us because they knew that our existing partners were small.   1. **Is the work arrangement of the direct supervisor reasonable? Do you have suggestions on the management of your department?**   The standards set by the superior emphasize quantity rather than quality. For example, I preferred working with organizations that paid service fees, over those that did not. Because of my emphasis on the quality of the partnership, I did meet the standard set by my supervisor. However, quality of partnership is more important than quantity. I had suggested to my supervisor that we should categorize and prioritize our partnering institutes. While my supervisor agreed with this idea, he never implemented it.   1. **Do you understand the regulations of the company? Is there anything wrong regarding implementing the regulations? Please give an example.**   The company regulations are relatively rigorous, but some people executed them in an inflexible way that hurts work progress.   1. **Are you satisfied with your salary? Are you satisfied with the work benefits? Any suggestions?**   When I joined Yuanbo, the salary offer was not the highest one among the job offers I received. But the prospect of Yuanbo and the job stability attracted me. Nevertheless, more training should be provided, as well as other benefits.   1. **Others**   To be frank, I have feelings toward Yuanbo, and I was shocked that I would not be hired as a formal employee at Yuanbo. Earlier last October, I was happy with my position, and was not looking for other employment opportunities. Then, I was transferred to a different position after communication with my supervisor. I thought that my job at Yuanbo was secured . . . But on November 20, only five days before the expiration of my probationary contract, I was informed that my employment ended. This left me little time to look for a new job. | | | |
|  | | | |

Source: Company files.

EXHIBIT 3: Yuanbo education group employees’ REASONS for resigning

Source: Company files.

EXHIBIT 4: MEDIan MONTHLY PAY LEVELS ACROSS JOBS at yuanbo education group

(in ¥)

Note: ¥ = RMB = Chinese renminbi; US$1 = ¥6.51 on December 29, 2017.

Source: Company files.

EXHIBIT 5: Yuanbo Education group’s EMPLOYEE PAY SATISFACTION

Source: Company files.

EXHIBIT 6: employee-identified PROBLEMS WITH THE COMPENSATION STRUCTURE at Yuanbo education group

Source: Company files.

1. *Suyang* translated as “whole person development.” [↑](#footnote-ref-1)
2. ¥ = RMB = Chinese renminbi; all currency amounts are in ¥ unless otherwise specified; US$1 = 5.91 on December 29, 2017. [↑](#footnote-ref-2)