



KORN FERRY China 2023 Reward Trends Survey

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Foreword



Foreword

The global macroeconomic climate is constantly under change from inflationary pressures, labor supply and demand imbalances and expectations of a recession. As a result of nearly three years of adapting and evolving, organizations have chartered new business and talent strategies, and this has had a significant impact on the direction of their reward programs.

In such an ever-changing environment, many organizations look for robust market data to help them derive insights and enable them to make better-informed decisions aligned with their reward programs. To keep you up to date with insights on the reward landscape, we conduct periodic spot surveys globally and regionally and share the findings which have been used by several firms for their reward decisions.

Currently, most countries are truly past the pandemic and moving into a new normal, which in the workspace includes a hybrid work environment and contract workers with specialized skills. In this current report, we ran a study from February 7th to March 10th and had 362 participants in China, and it gives you an overview of how reward is changing but also a perspective on how organizations are adapting to the gig worker economy.

The report tries to capture certain challenges and the responses of organizations to these challenges and their reactions to the changing environment. We hope you find the insights in our reports useful, and we remain open to your suggestions and inputs for future initiatives.

Before we move into the main findings, I would like to take this opportunity once again to thank you for your support towards our research and providing us with the information for your organization, which we are able to use and draw insights that can be shared widely in a statistically consistent format with similar organizations that work with us.



Warren D'Cruz

Vice President

APAC Total Rewards & Organizational Strategy Delivery Services

Korn Ferry Digital





Executive Summary



Executive Summary

We are now living in a world with changes happening every day. As most countries have passed the Covid-19 pandemic, we are facing both new opportunities and new challenges. Reward management has been always playing an important role in company human resource management, and good human resource management will lead company to be more competitive. We are looking forward to finding out what most organizations have done in 2022 and will be doing in their reward management in 2023.

In this report, you will find information about salary increment and variable payment, employee turnover, talent attraction and retention, and gig workers, which is a very popular style of working after Covid-19.

This report shows data collected in the month of March 2023, and Korn Ferry will continue to analyse the reward trend through our trend surveys in the following months of this year.

What the data in this report shows:

Salary increment seems to be stable in China. 22% of companies claimed that they have applied a rate of 5.1% to 6.0% in their salary increase in the last 12 months, and 32% of companies stated they will apply a rate of 5.1% to 6.0% in salary increase in the next 12 months, which is most likely happening within 2023. The nationwide median of salary increase in the last 12 months was 5.8%, and the projected figure for next 12 months is 6.0%. Meanwhile, although high inflation was a global topic in 2022, less than 30% of companies in China claimed they will take consideration of it into salary increment in 2023.

In the last 12 months, voluntary employee turnover in China was 10.6% and the total turnover was 13.8%. These two figures have slightly changed compared to last year's result (13% and 16%, respectively).

In talent attraction and retention, sales function was voted to be the top one job function of both greatest hiring and retention challenges. According to the result, 43% of companies claimed that sales function brings the greatest hiring challenges, and 38% of companies said it is the function with greatest retention challenges.

Gig workers have become a popular style of employment for both job seekers and employers globally, but in China this situation seemed to be neutral. Although 28% of companies claimed they have increased the percentage of gig workers compared to 2-3 years ago, 34% of companies believe it has not changed. 76% of companies claimed they use gig worker for short-term projects and 68% said for cost savings.



Salary Increment & Variable Bonus Payout



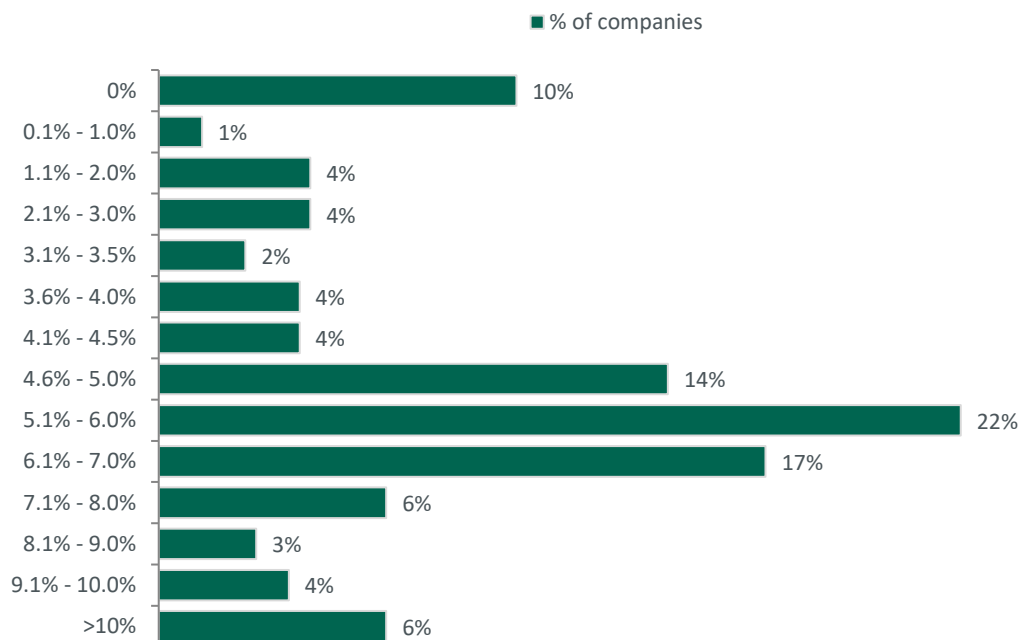
Salary Increment and Variable Bonus Payout

What is your organization's average **actual salary increase** for each of the following employee groups in previous 12 months?

Actual salary increase %	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
75th percentile	6.5%	7.0%	7.0%	7.0%
50th percentile	5.0%	5.5%	5.8%	5.8%
25th percentile	2.0%	4.1%	4.6%	4.0%
Average	5.1%	5.9%	5.9%	5.9%

Reported figures exclude salary freezes.

The salary incremental ranges (% increase) distribution in the last annual cycle



Salary movements per sector

Actual salary increase %	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
Automotive	4.0%	5.0%	5.0%	5.0%
Chemicals	5.5%	6.0%	6.0%	6.0%
Construction & Building Materials	0.0%	3.5%	4.5%	3.5%
FMCG	5.0%	5.0%	5.0%	6.0%
High Technology	5.0%	6.0%	6.0%	6.0%
Industrial Goods	5.0%	5.0%	5.5%	5.5%
Pharmaceutical & Healthcare	6.4%	6.5%	6.6%	6.5%
Retail	3.0%	4.0%	4.3%	3.5%

Reported figures represent median values and exclude salary freezes.

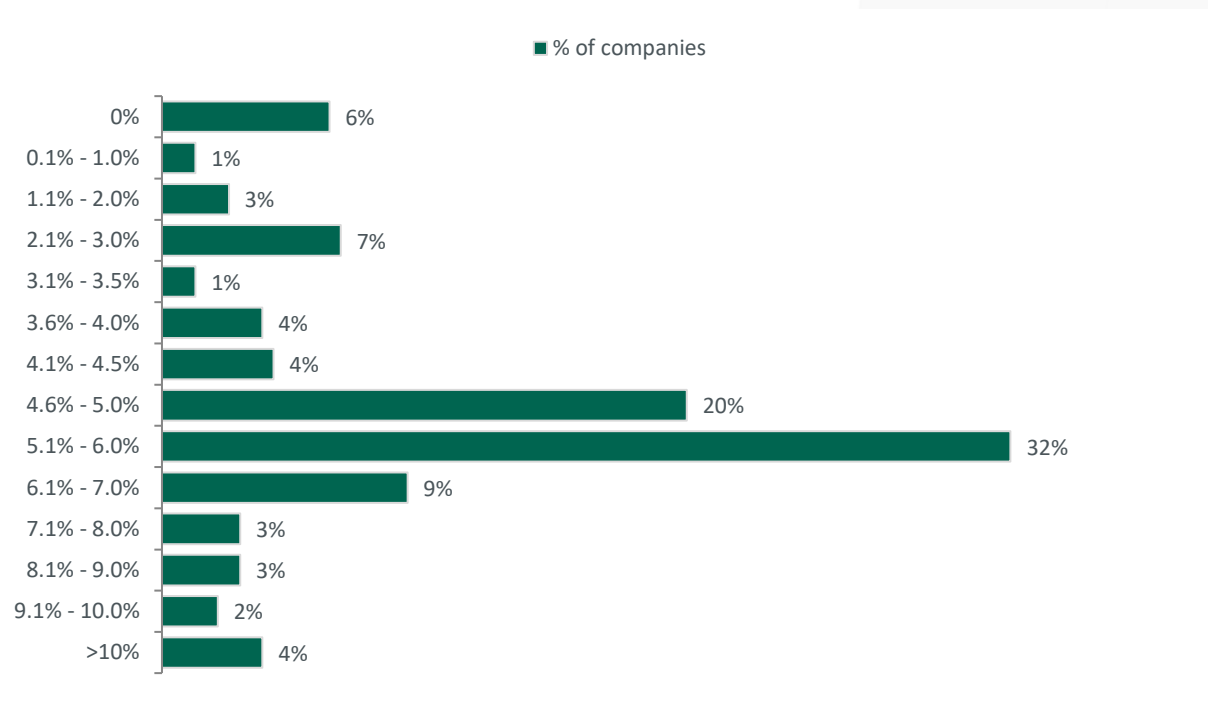
What is your organization's average **planned salary increase** for each of the following employee groups in 2023?

Forecast salary increase %	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
75th percentile	6.0%	6.0%	6.0%	6.2%
50th percentile	5.0%	5.1%	5.5%	6.0%
25th percentile	3.0%	4.8%	5.0%	5.0%
Average	5.1%	5.6%	5.4%	5.7%

Reported figures exclude salary freezes.



The salary incremental ranges (% increase) distribution for the next annual cycle

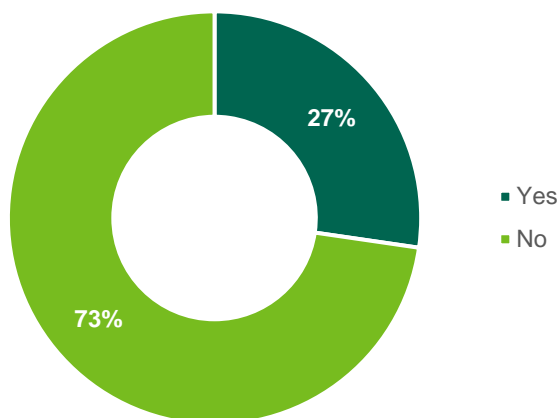


Salary forecasts per sector

Forecast salary increase %	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
Automotive	5.0%	5.0%	5.3%	5.0%
Chemicals	5.8%	6.0%	6.0%	6.0%
Construction & Building Materials	-	2.5%	5.0%	5.5%
FMCG	5.7%	6.0%	5.5%	6.0%
High Technology	5.0%	6.0%	6.0%	6.0%
Industrial Goods	5.0%	5.0%	5.0%	5.1%
Pharmaceutical & Healthcare	6.0%	6.0%	6.0%	6.1%
Retail	5.0%	5.0%	5.0%	6.0%

Reported figures represent median values and exclude salary freezes.

Is your organization budgeting for higher inflation as part of its next planned salary increases in 2023?



What % of your 2023 planned salary increases is due to inflation?

Inflation related increase %	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
75th percentile	3.0%	3.0%	3.0%	3.0%
50th percentile	2.0%	2.0%	2.0%	2.0%
25th percentile	0.2%	0.9%	1.0%	1.0%
Average	2.1%	2.0%	2.1%	2.1%

Did your organization pay out variable bonus in the last annual cycle?

Statistics	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
Yes, with increased budget	16%	14%	13%	13%
Yes, according to the budget	44%	52%	50%	51%
Yes, with decreased budget	24%	21%	21%	21%
No	14%	13%	15%	14%
Other	2%	1%	1%	1%

The average variable bonus expressed as a % of annual base salary paid over the past 12 months.

Bonus (% of Base Salary)	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
75th percentile	35%	25%	21%	17%
50th percentile	25%	20%	17%	12%
25th percentile	18%	15%	10%	8%
Average	29%	22%	18%	16%

Variable bonus actual payouts per sector

Bonus (% of Base Salary)	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
Automotive	25%	19%	16%	12%
Chemicals	25%	20%	18%	17%
Construction & Building Materials	33%	32%	17%	9%
FMCG	25%	22%	17%	10%
High Technology	28%	17%	15%	11%
Industrial Goods	25%	17%	15%	10%
Pharmaceutical & Healthcare	30%	21%	17%	15%
Retail	25%	23%	17%	9%

Reported figures represent median values.

Does your organization plan to pay out variable bonus in the next 12 months?

Statistics	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
Yes, with increased budget	7%	5%	5%	4%
Yes, according to the budget	58%	61%	60%	59%
Yes, but with reduced budget	18%	17%	17%	16%
No	11%	11%	12%	14%
Other	5%	6%	7%	6%



The average variable bonus expressed as a % of annual base salary which companies plan to pay in the next 12 months.

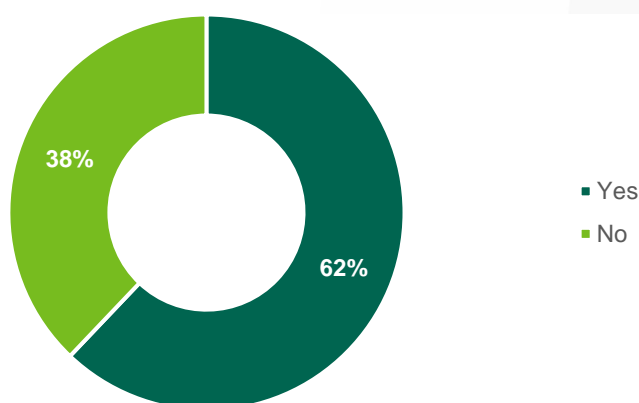
Bonus (% of Base Salary)	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
75th percentile	35%	25%	21%	19%
50th percentile	25%	20%	17%	13%
25th percentile	17%	15%	10%	8%
Average	29%	22%	18%	16%

Variable bonus planned payouts per sector

Bonus (% of Base Salary)	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
Automotive	24%	17%	16%	12%
Chemicals	25%	20%	17%	17%
Construction & Building Materials	44%	30%	20%	9%
FMCG	25%	20%	17%	10%
High Technology	25%	17%	15%	12%
Industrial Goods	25%	20%	15%	10%
Pharmaceutical & Healthcare	30%	20%	17%	15%
Retail	25%	17%	15%	13%

Reported figures represent median values.

Does your organization vary its variable bonus payout based on individual performance?



Short Term Incentive payout by performance level in the previous annual cycle.

High Performer (% of Base Salary)	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
75th percentile	42%	33%	30%	25%
50th percentile	30%	23%	20%	19%
25th percentile	19%	16%	13%	10%
Average	36%	29%	25%	22%

Average Performer (% of Base Salary)	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
75th percentile	30%	25%	20%	17%
50th percentile	23%	17%	15%	12%
25th percentile	12%	10%	10%	8%
Average	26%	20%	17%	15%

Low Performer (% of Base Salary)	Senior management / Executive	Middle management / Seasoned professional	Supervisory / Junior professional	Clerical / Operations
75th percentile	20%	15%	11%	10%
50th percentile	6%	8%	5%	5%
25th percentile	0%	0%	0%	0%
Average	11%	9%	8%	6%



Employee Turnover



Employee Turnover

What was the total and voluntary turnover (in %) in your organization in the last annual cycle?

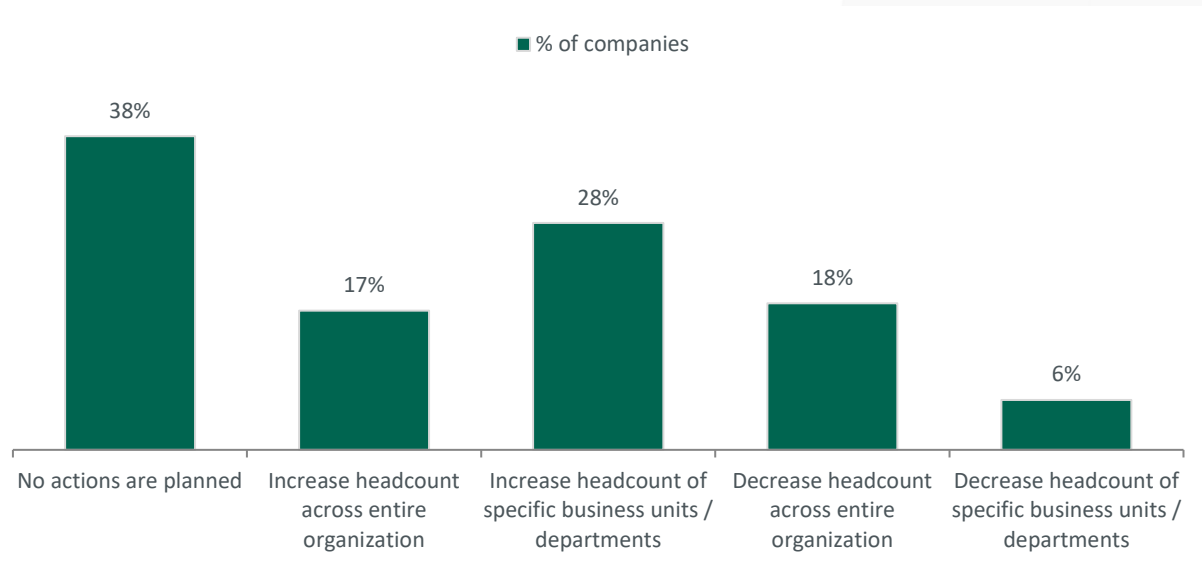
Statistics	Total turnover (%)	Voluntary turnover (%)
75th Percentile	19.2%	13.1%
50th Percentile	10.1%	8.0%
25th Percentile	6.0%	4.9%
Average	13.8%	10.6%

Total and voluntary turnover per sector

Sector	Total turnover (%)	Voluntary turnover (%)
Automotive	11.5%	9.6%
Chemicals	8.6%	7.1%
Construction & Building Materials	23.9%	15.0%
FMCG	18.6%	15.8%
High Technology	15.8%	11.9%
Industrial Goods	10.6%	8.7%
Pharmaceutical & Healthcare	19.0%	10.9%
Retail	15.0%	12.0%

Reported figures represent average values.

What actions is your organization planning to implement on employee headcount in 2023?



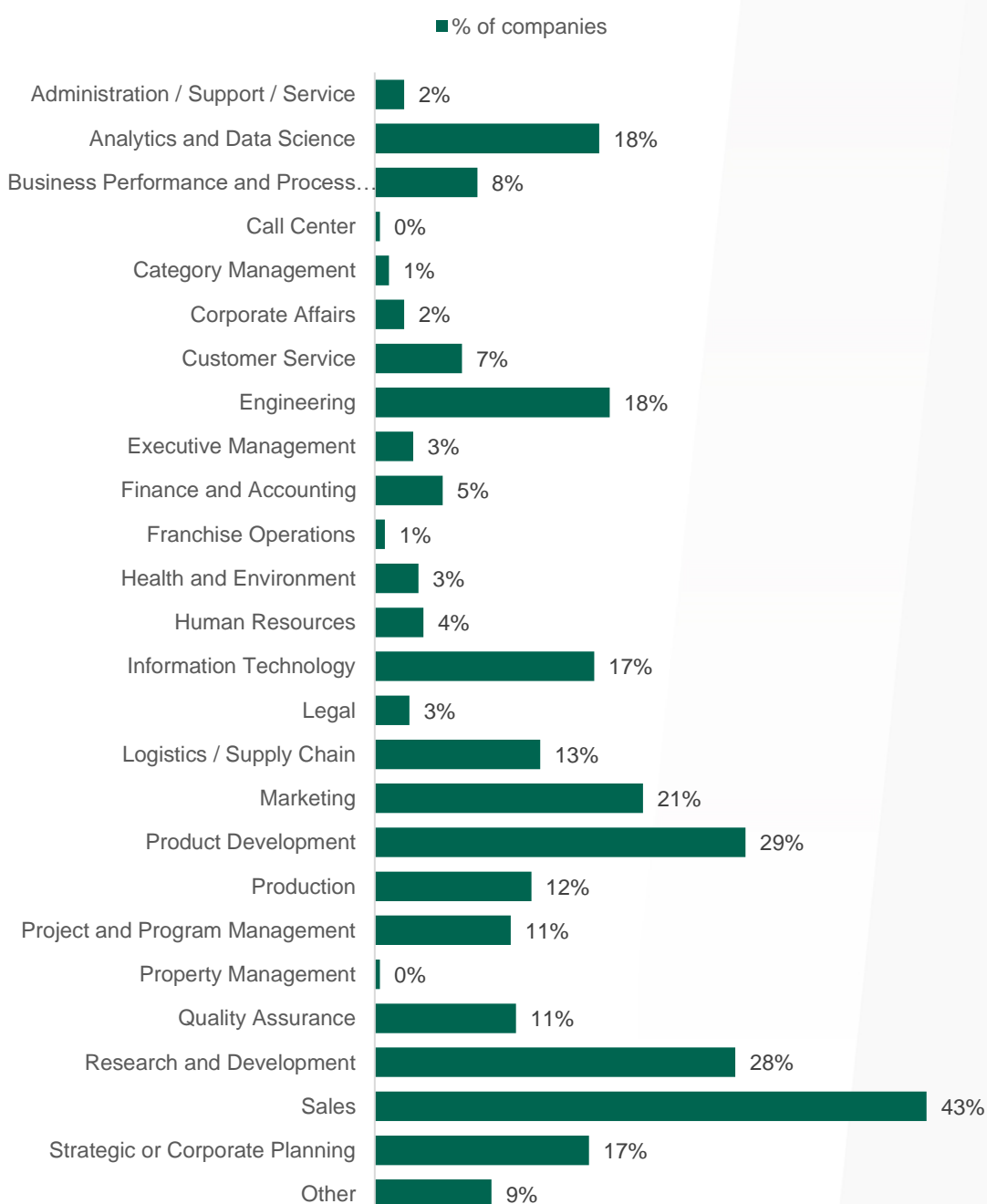


Talent Attraction & Retention

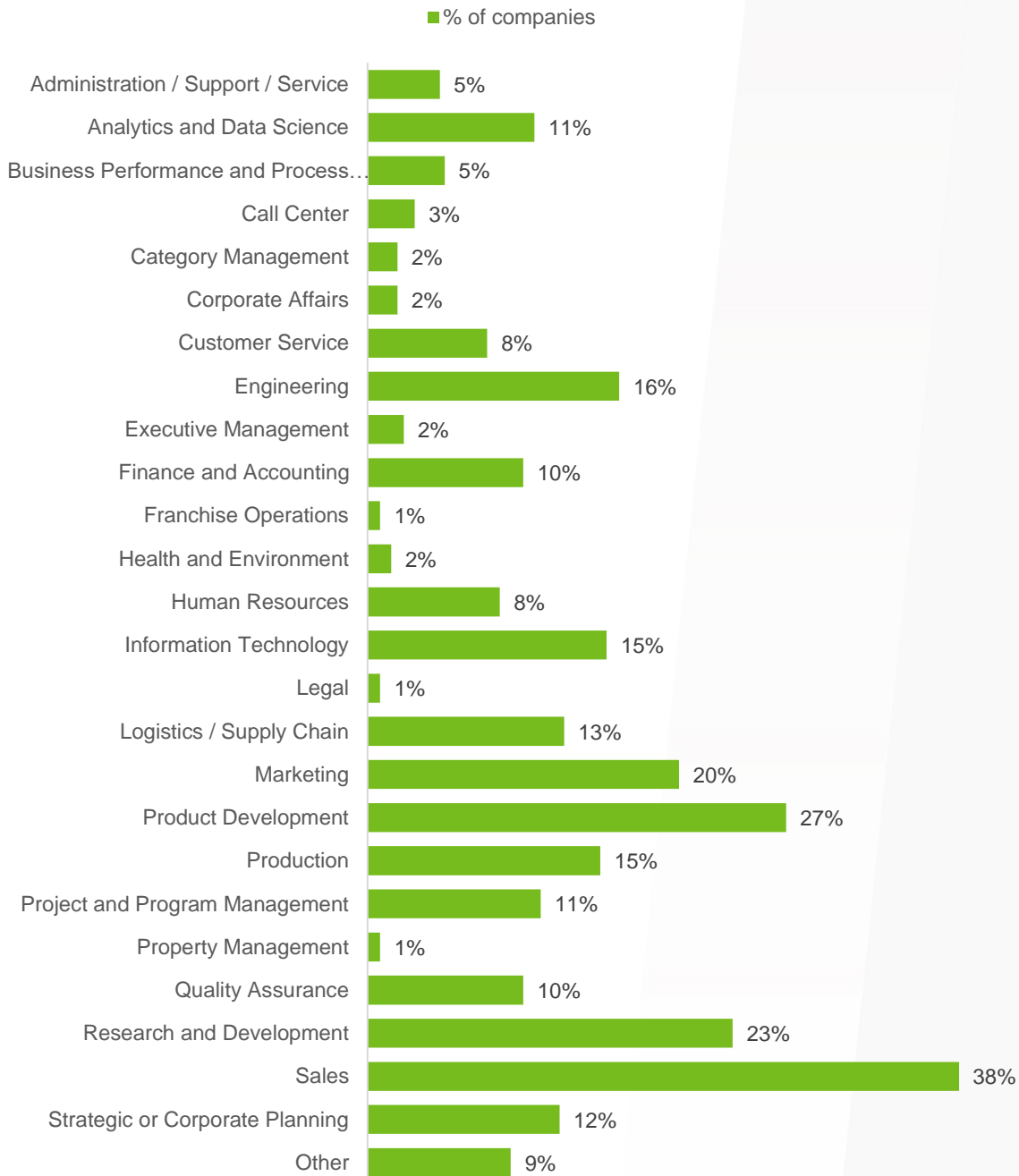


Talent Attraction and Retention

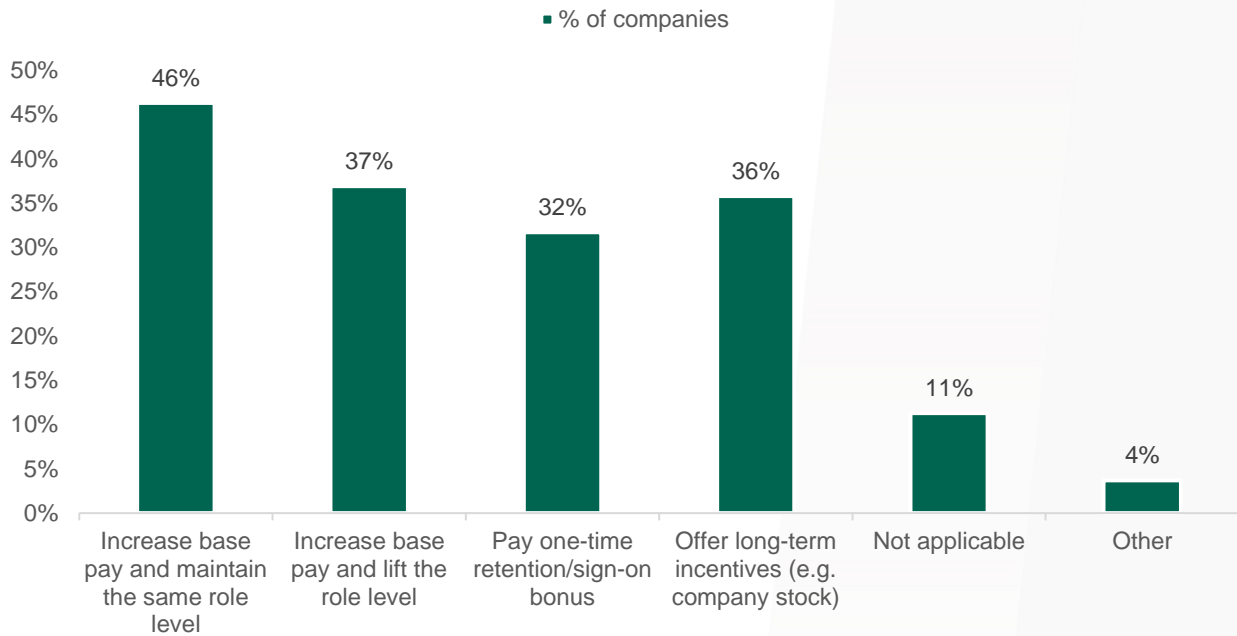
Please identify the top 3 job functions that present the greatest hiring challenges for your organization.



Please identify the top 3 job functions that present the greatest retention challenges for your organization.



When you're faced with needing to pay a premium to retain talent which of the following applies in practice.

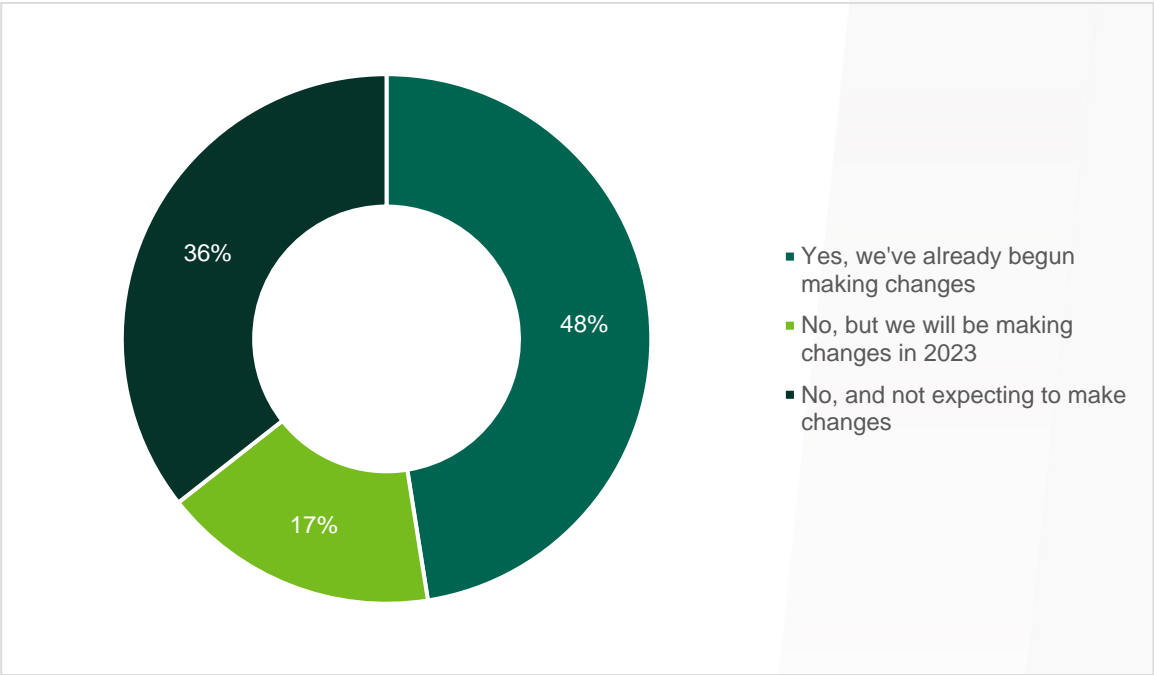


Please specify average retention payment by employee group.

% of the Base Salary / Fixed Payment	Executives / Senior Management	Middle Management / Seasoned Professionals	Supervisory / Junior Professionals	Clerical / Operations
75th Percentile	45%	35%	29%	43%
50th Percentile	25%	20%	17%	15%
25th Percentile	15%	15%	13%	10%
Average	31%	32%	27%	34%

Fixed payment \$	Executives / Senior Management	Middle Management / Seasoned Professionals	Supervisory / Junior Professionals	Clerical / Operations
75th Percentile	52059	26853	21177	-
50th Percentile	31677	10000	6500	8000
25th Percentile	10000	5000	2125	-
Average	61559	18135	12541	9987

Is your organization making hiring shifts or changes due to the economic environment?



What changes to your organization's hiring plans or models have been made or are expected to be made?

Statistics	% of Companies
Slowing or freezing hiring	36%
Prioritizing hiring only for key roles/functions	58%
Shifting to hire short-term contract staff in place of full-time employees	4%
Adjusting location of hiring to lower cost locations	1%
Other	1%



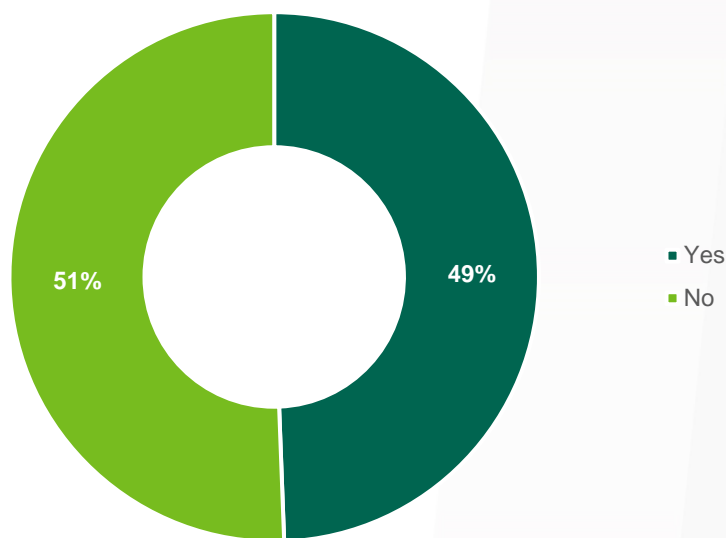
Gig Workers



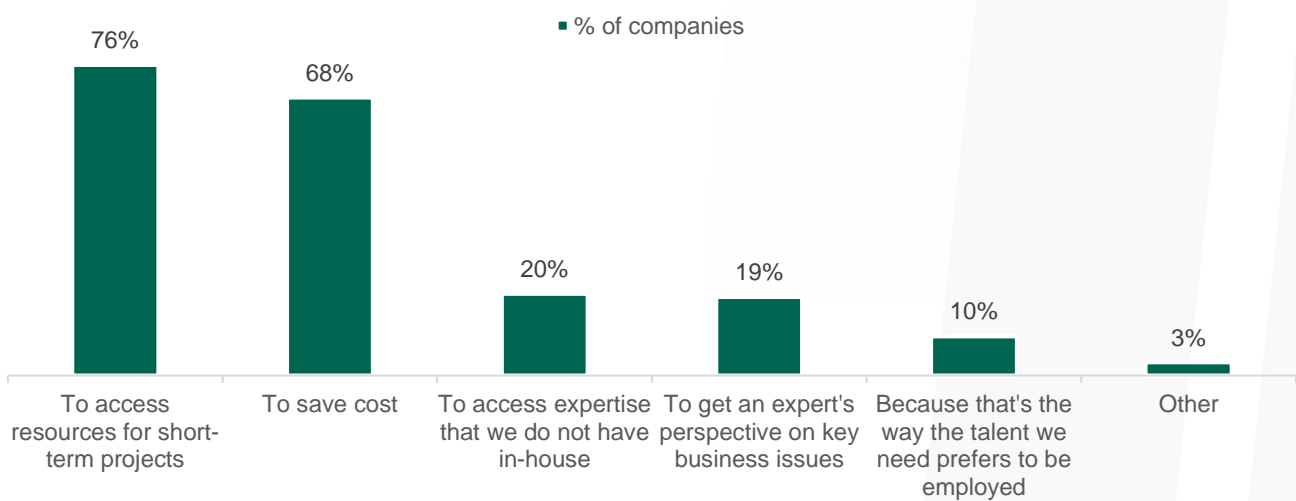
Gig Workers

Gig workers / Freelancers / Contractors (contingent workforce) are workers who rely on contracts or short-term jobs for all or some of their income.

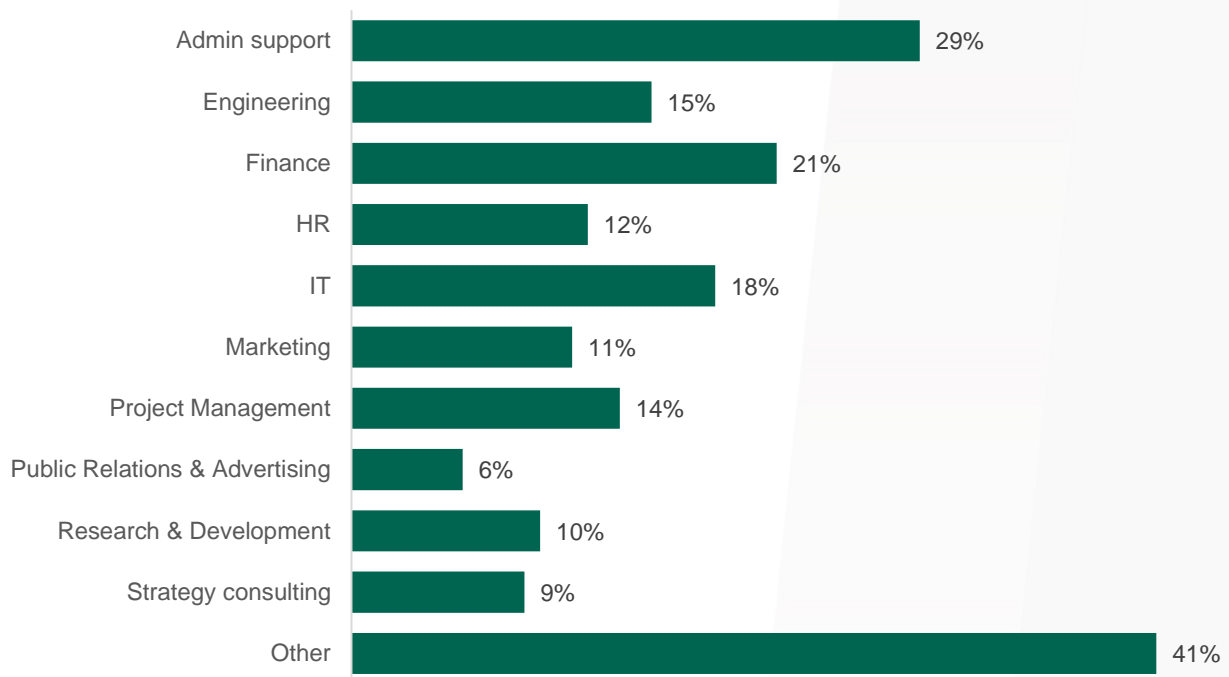
Do you use gig workers in your organization?



What is your primary reason for hiring gig workers?



For what types of work do you hire gig workers?



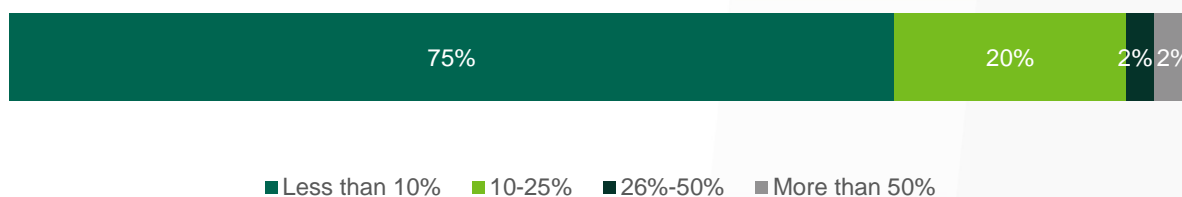
What is the typical duration of the gig worker's contract?

Statistics	% of Companies
No contract	9%
0 to 3 months	9%
3 to 6 months	30%
6 to 12 months	44%
Other	9%

What is a common seniority level(s) of recruited gig workers?

Statistics	% of Companies
Entry level	60%
Intermediate	49%
Subject matter expert	21%
Supervisor / Manager	6%
Director	2%
C-suit (interim CFO, CHRO, etc.)	1%

What average percentage of your employees are gig workers in the last 12 months?

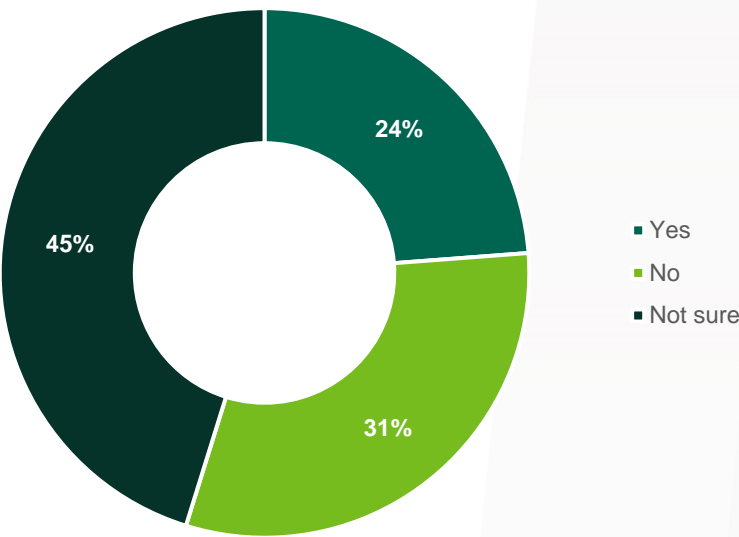


Compared to 2-3 years ago, has the percentage of professional gig workers working with your organization:

Statistics	% of Companies
Increased dramatically	8%
Increased somewhat	28%
Hasn't changed	34%
Decreased dramatically	9%
Decreased somewhat	18%
Not applicable (we started utilizing this model from last year)	4%



Are you planning to use more gig workers in future?



How the gig workers' salary is calculated?

Statistics	% of Companies
Based on hourly rate	46%
Based on monthly rate	49%
Project-based (e.g. fixed amount for an agreed scope of work)	27%
Other	6%

How the gig workers' salary is determined?

Statistics	% of Companies
Based on market data	63%
Rate is similar to a permanent employee	14%
Some premium added to permanent employee rates	0%
Based on available budget (for project-related hires)	27%
We do not have standard approach. Pay is determined on case-by-case basis	25%
Other	1%

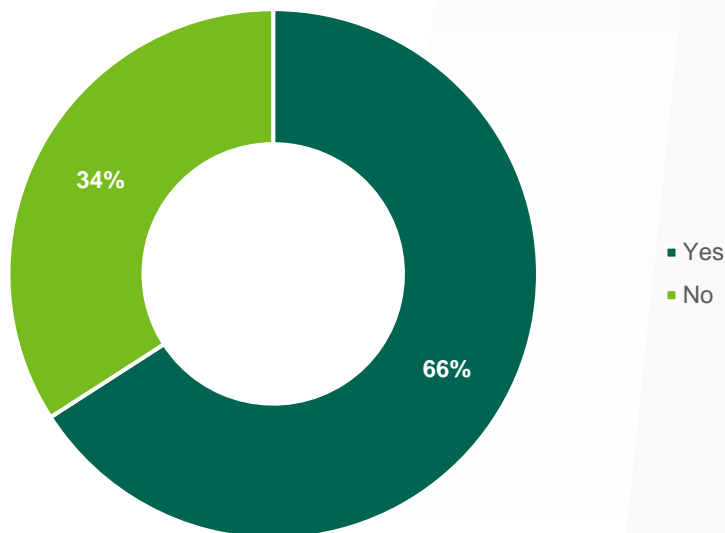
Please specify the types of incentives gig workers are eligible for:

Statistics	% of Companies
None, we do not offer any incentives to gig workers	75%
Project milestones-based incentives	11%
Incentives for performing above expectations on agreed deliverables and timelines	18%
Other	3%

Do you provide any benefits to gig workers?

Statistics	% of Companies
No, we do not provide any benefits	30%
Common company benefits are available for gig workers	40%
Retirement benefits	2%
Health insurance	12%
Only the benefits that are mandated by law	25%
Office set-up (laptop, screen, telephone, etc.)	32%
Internet and electricity allowance / reimbursement	3%
Miscellaneous expenses related to project work	16%
Other	2%

Do you involve gig workers in your company culture?



Is it easier or harder to manage gig workers workforce compared to permanent employees?

Statistics	% of Companies
Significantly easier	10%
Slightly easier	35%
About the same	30%
Slightly harder	18%
Significantly harder	2%
Do not know	4%

How would you describe the calibre of work produced by gig workers compared to full-time employees?

Statistics	% of Companies
Gig workers produce a much higher calibre of work	2%
Gig workers produce a somewhat higher calibre of work	7%
Gig workers and full-time workers produce the same calibre of work	35%
Gig workers produce a somewhat lower calibre of work	37%
Gig workers produce a much lower calibre of work	7%
Do not know	11%

Do gig projects lead to further engagements?

Statistics	% of Companies
Yes – we often ask gig workers to do another project	27%
Yes – we often ask gig workers to go on a retainer after completing a project	21%
Yes – we sometimes ask gig workers to join the company permanently after completing a project	41%
No	29%

What sources do you use to find gig workers?

Statistics	% of Companies
Recruitment websites	48%
Social networks (e.g., Facebook)	8%
Professional social networks (e.g., LinkedIn)	14%
Career events	18%
Tech events (e.g., hackathon)	3%
Recruitment agency	62%
Corporate website	10%
Employee referrals	56%
Other	5%





| Appendix

Appendix

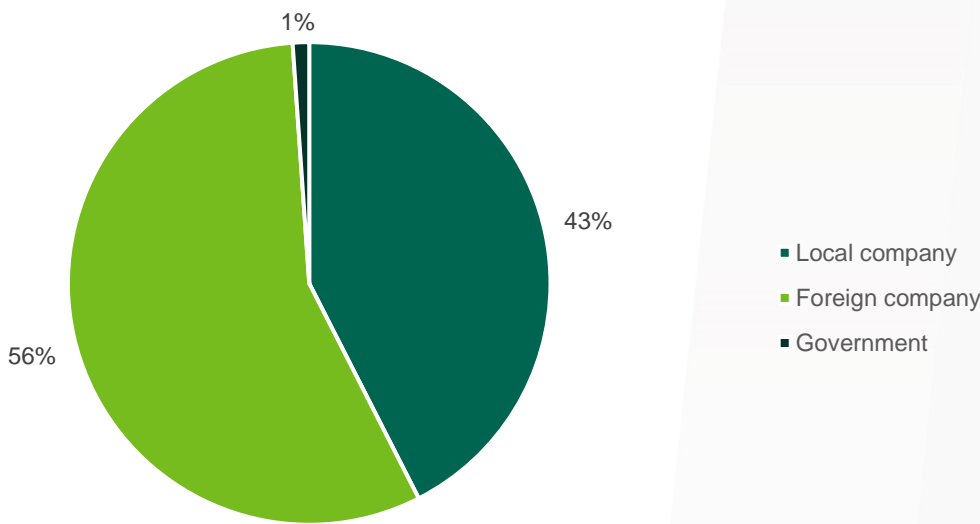
In this section we provide answers to the most important and frequently asked questions that usually occur, but if you do have other questions, please do not hesitate to contact your consultant.

The section includes:

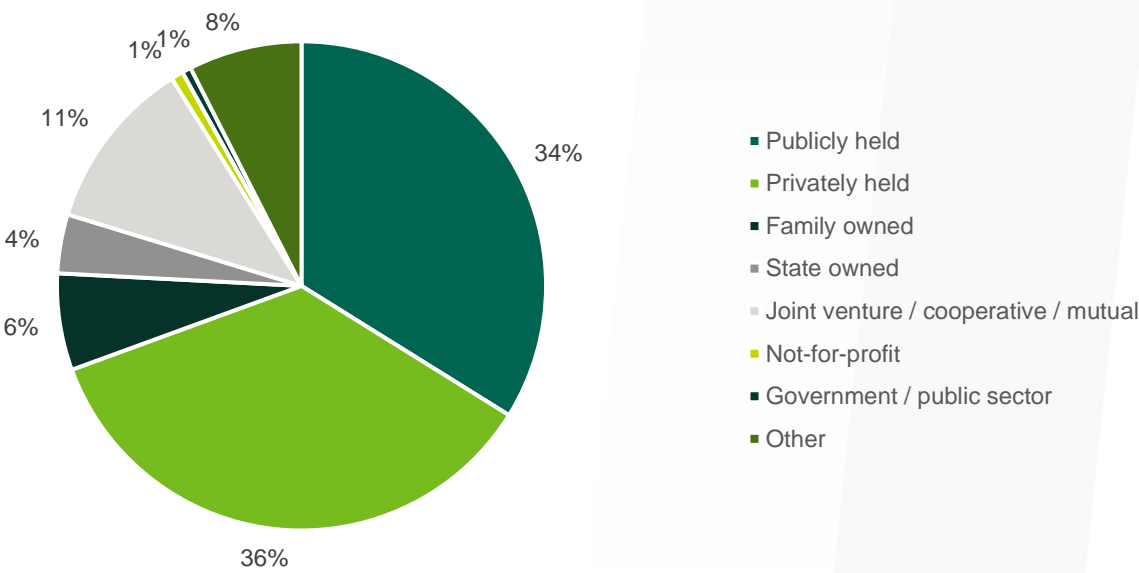
- Participants profile
- Methodology and reporting standards
- Contact us

Participants profile

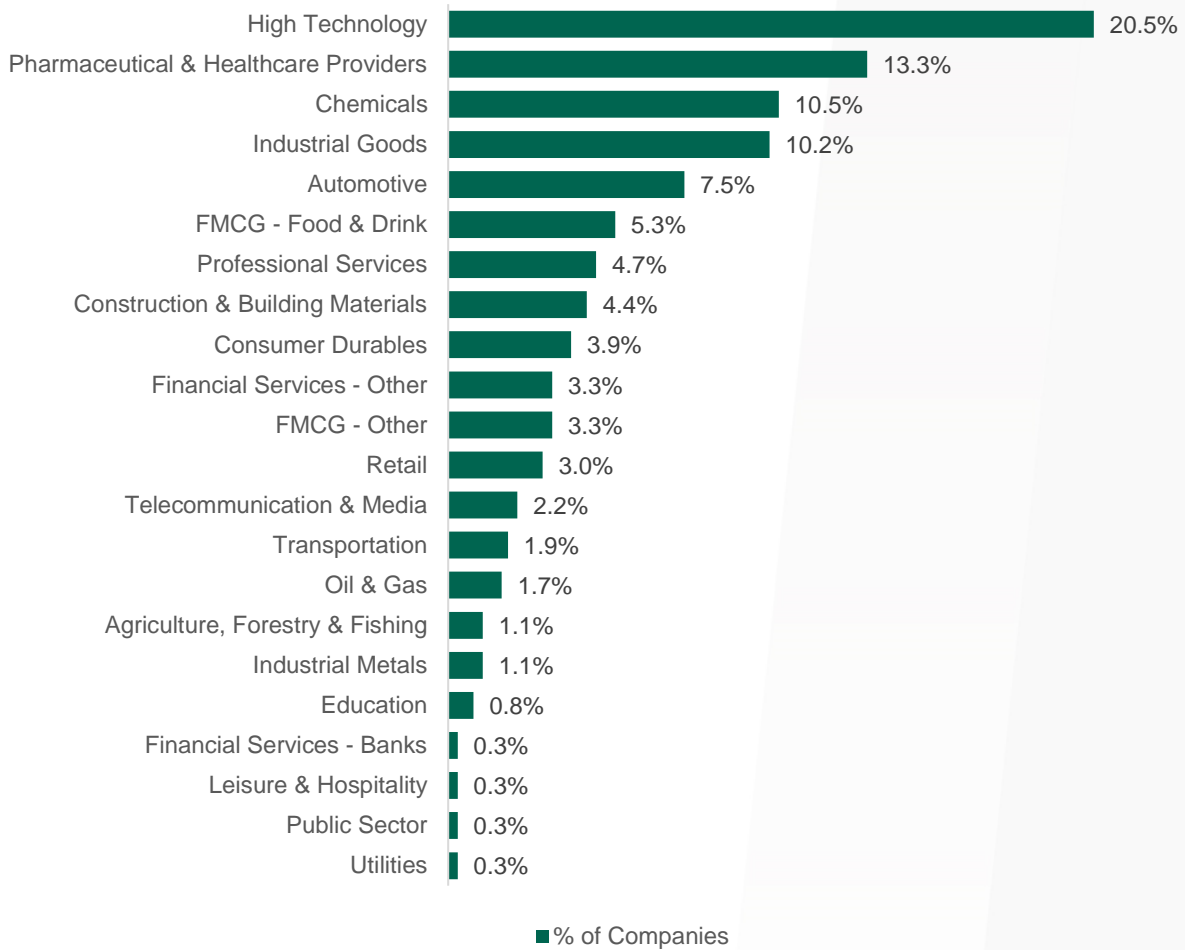
Company origin



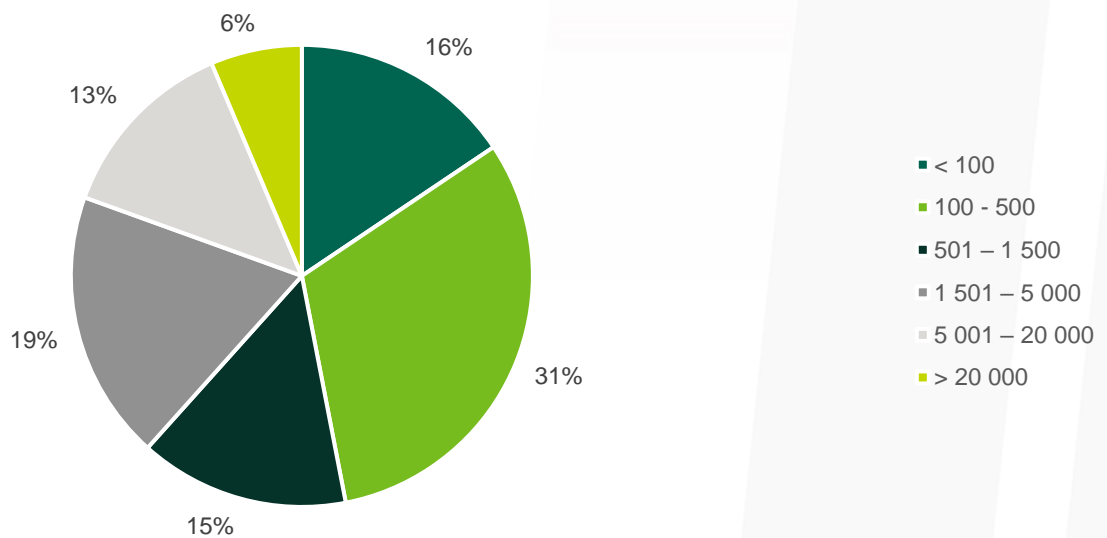
Ownership type



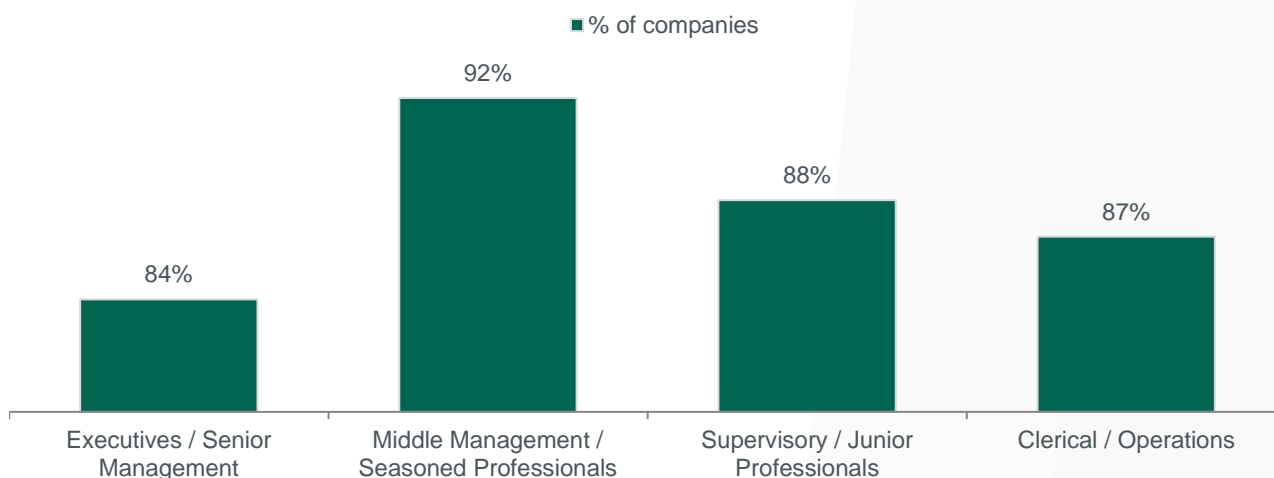
Industry



Total headcount



Employee groups presented in organization



Methodology and Reporting Standards

What are the statistics behind the values I can see in the tables of salary markets?

Our approach is to eliminate the distorting effect of extreme values and to give an accurate view of the market. We use percentiles for describing the salary markets because these values – unlike the arithmetical average – eliminate the distorting effect of extreme values and are able to give an accurate view of the market even if the salaries do not show a normal distribution. We describe the salary markets with the following percentile values:

Markets described by percentile values

90th percentile (also called P90 or upper decile) is the limit above which the top 10% of salary practices are situated. In other words, 90% of participants pay less than this level while 10% pay more.

75th percentile (also called P75 or upper quartile) is the limit above which we find 25% of salary practices and under which are the remaining 75%. In other words, 75% of participants pay less than this level while 25% pay more.

50th percentile (also called P50 or median) is the line that divides the practices into two equal 50% groups; 50% of practices paying more and 50% paying less.

25th percentile (also called P25 or lower quartile) is the limit above which we find 75% of salary practices and under which are the remaining 25%. In other words, 25% of participants pay less than this level while 75% pay more.

10th percentile (also called P10 or lower decile) is the limit under which the lowest 10% of practices are situated. In other words, 10% of participants pay less than this level while 90% pay more.

What is the definition of employee groups used throughout the report?

Employee group	Levels range	Description
Senior management / Executive	21–27	Performs practices requiring in depth specialization in a professional field or a broad understanding of relationships between different fields. Both are gained through deep and broad experience built on concepts and principles. These jobs require the ability to select, develop and assess the suitability of techniques, not just the application of those techniques. The level represents generalist and managerial skills. Final responsibility for supervision of functions. Controls a major function in a large organization or all functions in a small organization.
Middle management / Seasoned professional	17–20	Performs general practices in a specialized field with considerable freedom to achieve end results. Requires proficiency in a specialized field or broad understanding of relationships between different fields and an ability to assess the suitability of techniques. This will be an individual contributor or a manager of a team.
Supervisory / Junior professional	12–16	Performs standard work routines under general guidance. Requires authoritative knowledge of specialized methods acquired on the job or through professional qualification. May supervise a group of workers.
Clerical / Operations	4–11	Performs routine tasks, under supervision, which have specific objectives. Requires basic knowledge of work routines or simple machinery. Generally, tasks are repetitive in nature and training is acquired on the job.

Contact Us

If you have any questions regarding this report or wish to find out more about other Korn Ferry products and solutions, please contact us at APAC.Reward@KornFerry.com.



About Korn Ferry

Korn Ferry unleashes potential in people, teams, and organizations. We work with our clients to design optimal organization structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers. A global organizational consulting firm, we help businesses and the people in them to thrive.

