

How to Attract and Retain Blue Collar Workers in Guangdong Province

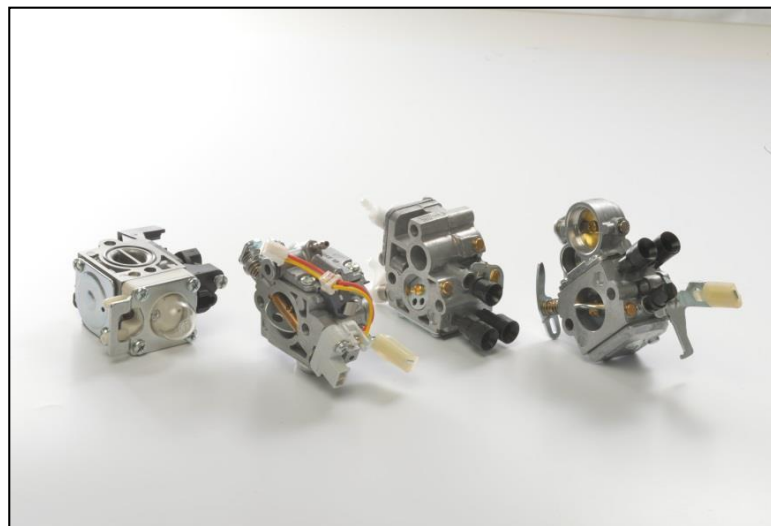


- Who is ZAMA?
- ZAMA history
- Challenges from
 - ZAMA history
 - Labour market Guangdong
- How to “tackle” the challenges
 - Facts
 - Means of recruiting
 - Company culture changes

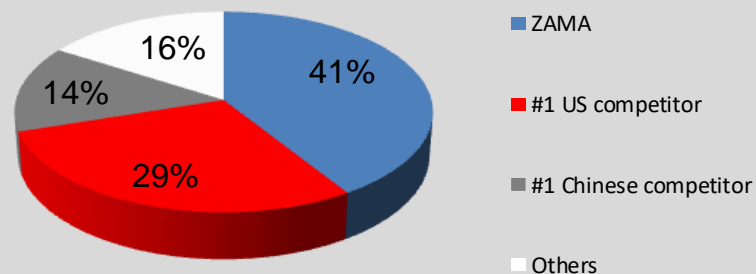
Market leader in diaphragm carburetors



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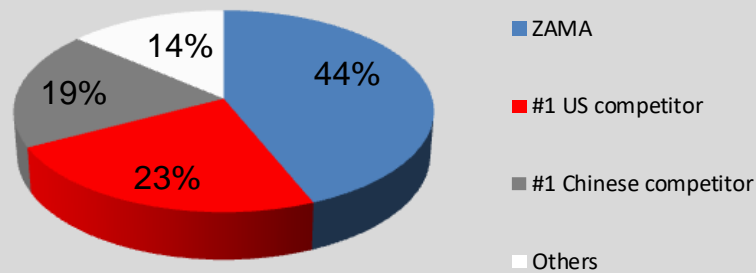


Market shares for handheld engines worldwide



Total market size **2015**: ~30.0m pcs

Market shares for handheld engines worldwide



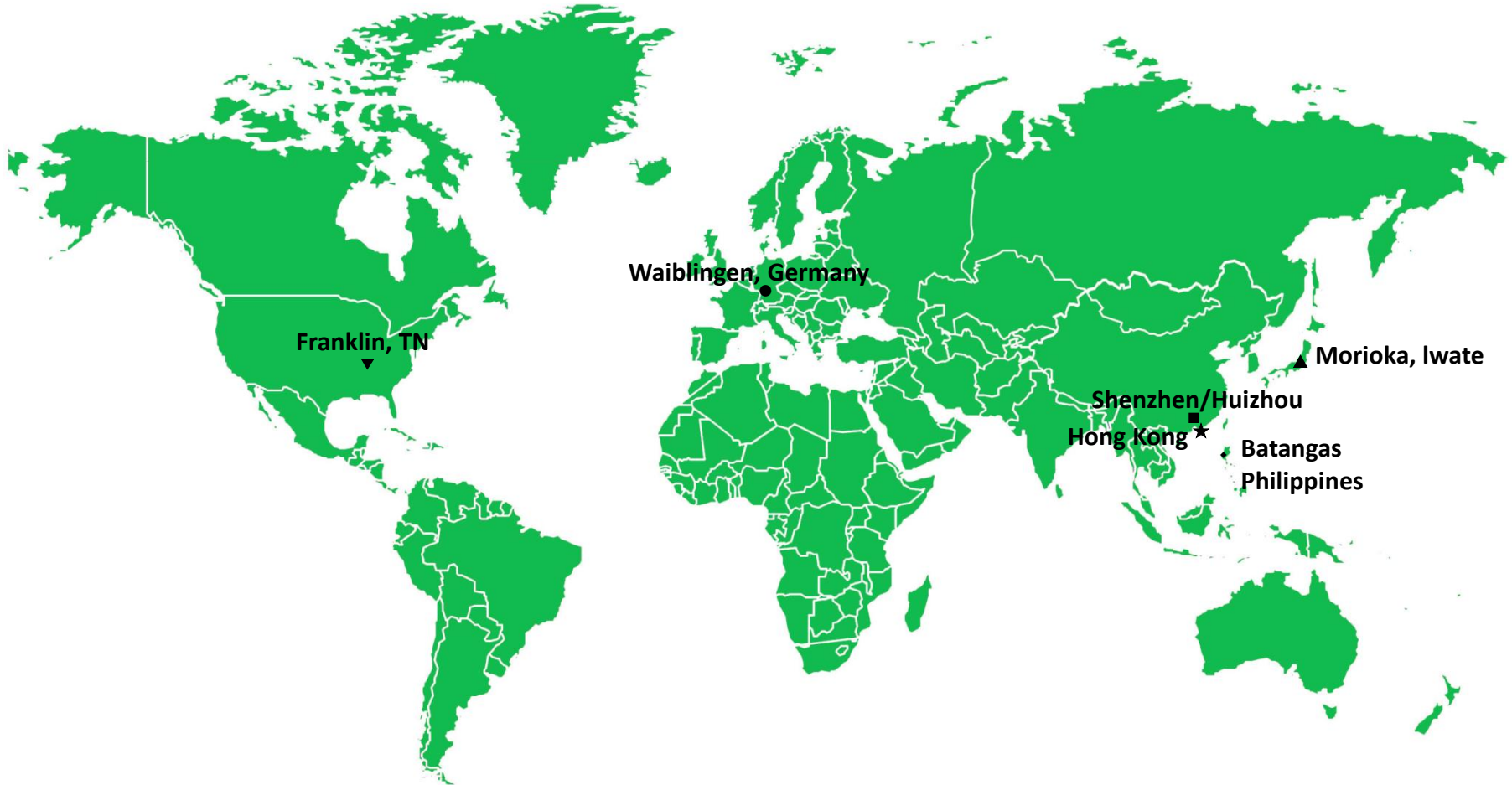
Total market size **2016**: ~30.6m pcs

Key Business figures (2016)

Turnover	113 million US\$
Growth (5y)	4 % p.a.
Employees	2609
Balance	175 m US\$
Equity	82 %
Capacities	15 m carburetors
	6 m oil-pumps
	500 k solenoid valves

ZAMA group locations

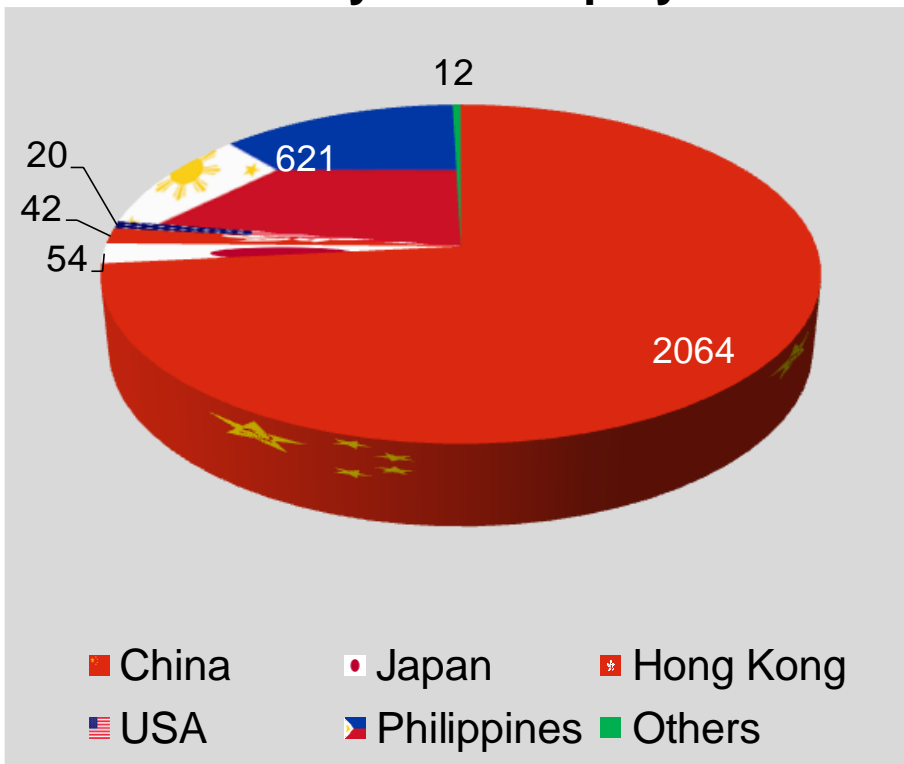
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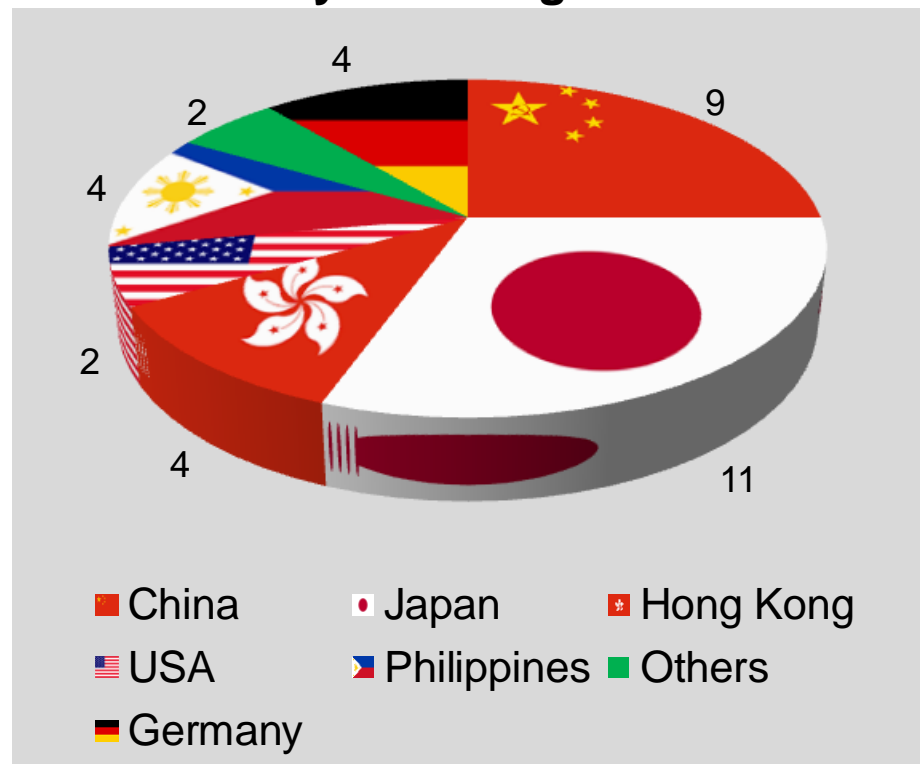
- ▲ Central R&D, Sales
- ▼ Development, Sales
- Holding company
- ◆ Production
- ★ Headquarters, Finance, Sales, Logistics, Production
- Central functions, Development, Production

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Nationality of all employees

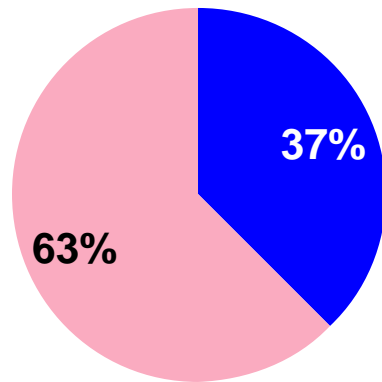


Nationality of managers level 1-3

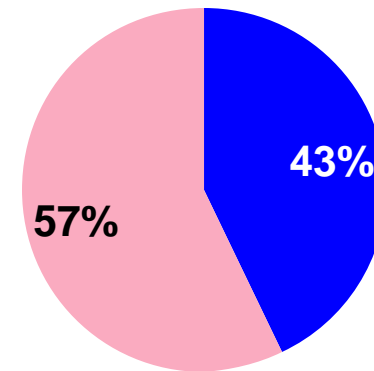


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ZAMA Group



ZAMA China

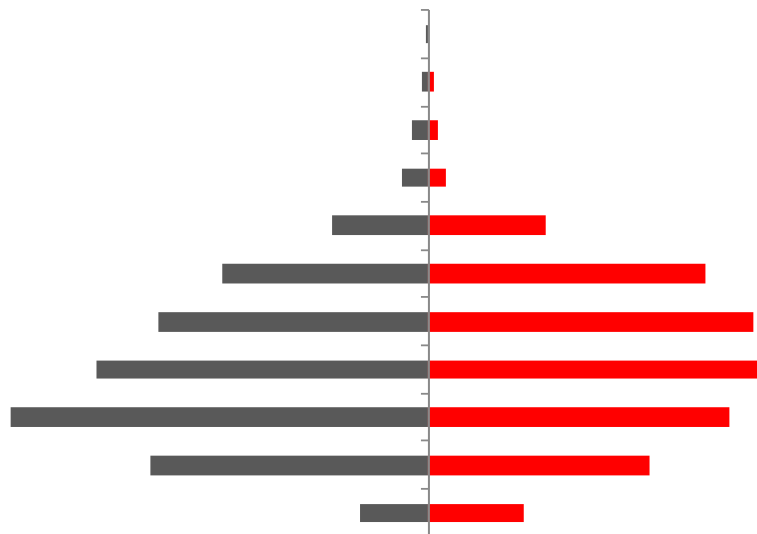


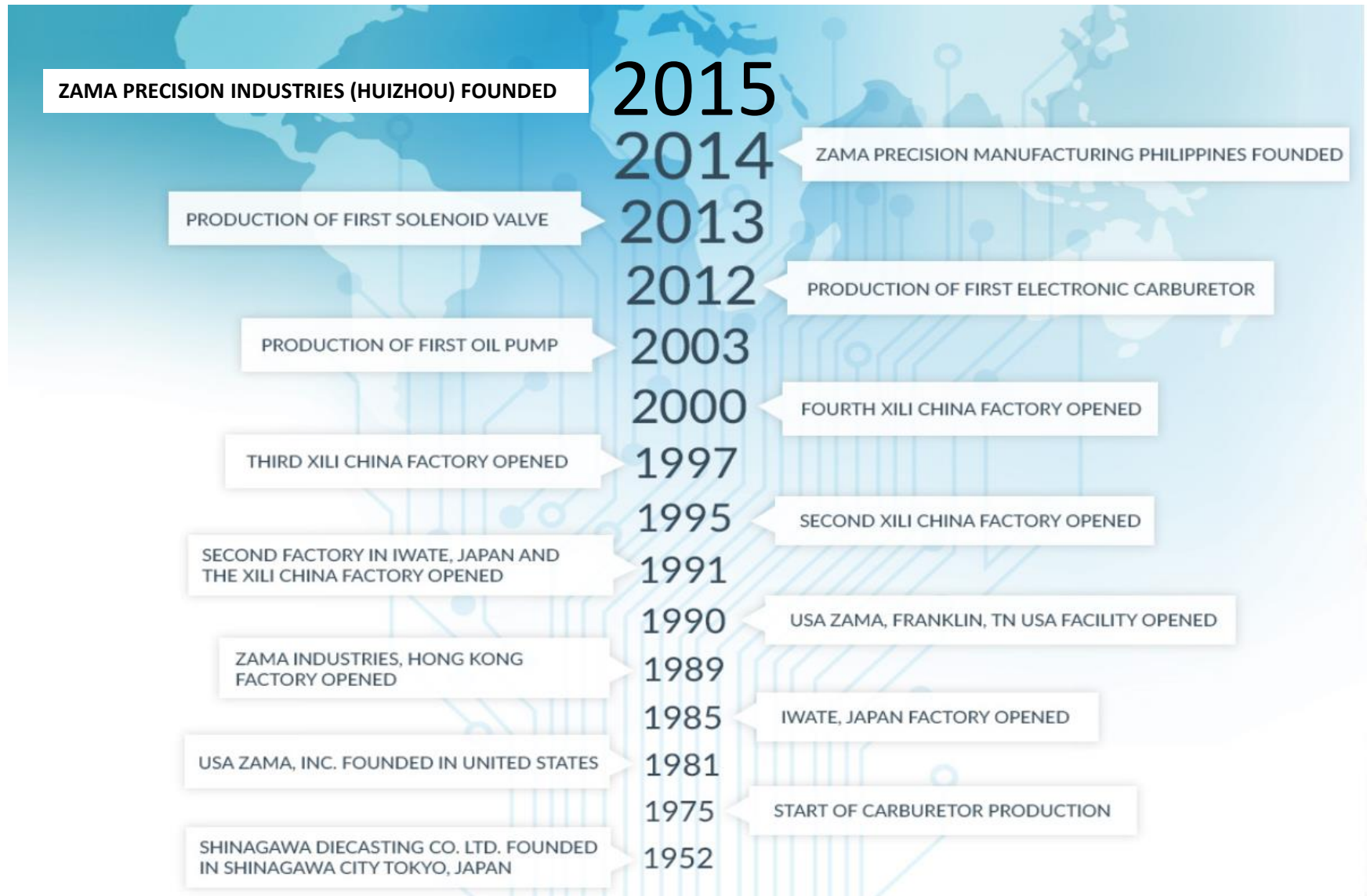
Male
Female

Age

Group / China

> 65
60-65
55-59
50-54
45-49
40-44
35-39
30-34
25-29
20-24
< 20





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Year	Duration	Trigger	Demand	Result
2010	5 days	Leasing workers	equal pay for equal work	Settled by leasing company
2013	10 days	Upcoming moving within Shenzhen	Compensation payment for each service year	Settlement with an extra bonus payment
2015	2 days	Introduction of performance related remuneration	Fixed salary	Skip performance related remuneration
2017	14 days	Moving to Huizhou	See next page	See next page



Started June 26th
Settled on July 11th



Demand

- Compensation now!
- 2 Month salary for each year of service
- Leave immediately



Legal regulation

- 1 Month salary for each service year = N



Offer

- 1 Month plus "every day counts" = 1.1N
- Work until June 30th, 2018



Settlement

- 1.2N for those who leave upon moving or on June 30th, 2018
- 1.1N when leaving immediately



Payment

- CNY 107.6m ~ EUR 13.8m



- Different packages for different level considering
 - Key users
 - Reduction in volumes

- Introducing
 - Trusted working time for level 3 managers
 - Flexible working times for non production related employees
 - Reduced working hours with basically same remuneration for direct workers to comply with legal overtime requirements

- In addition
 - Shenzhen office facilities for level 3 and 4 to offer social security coverage in Shenzhen

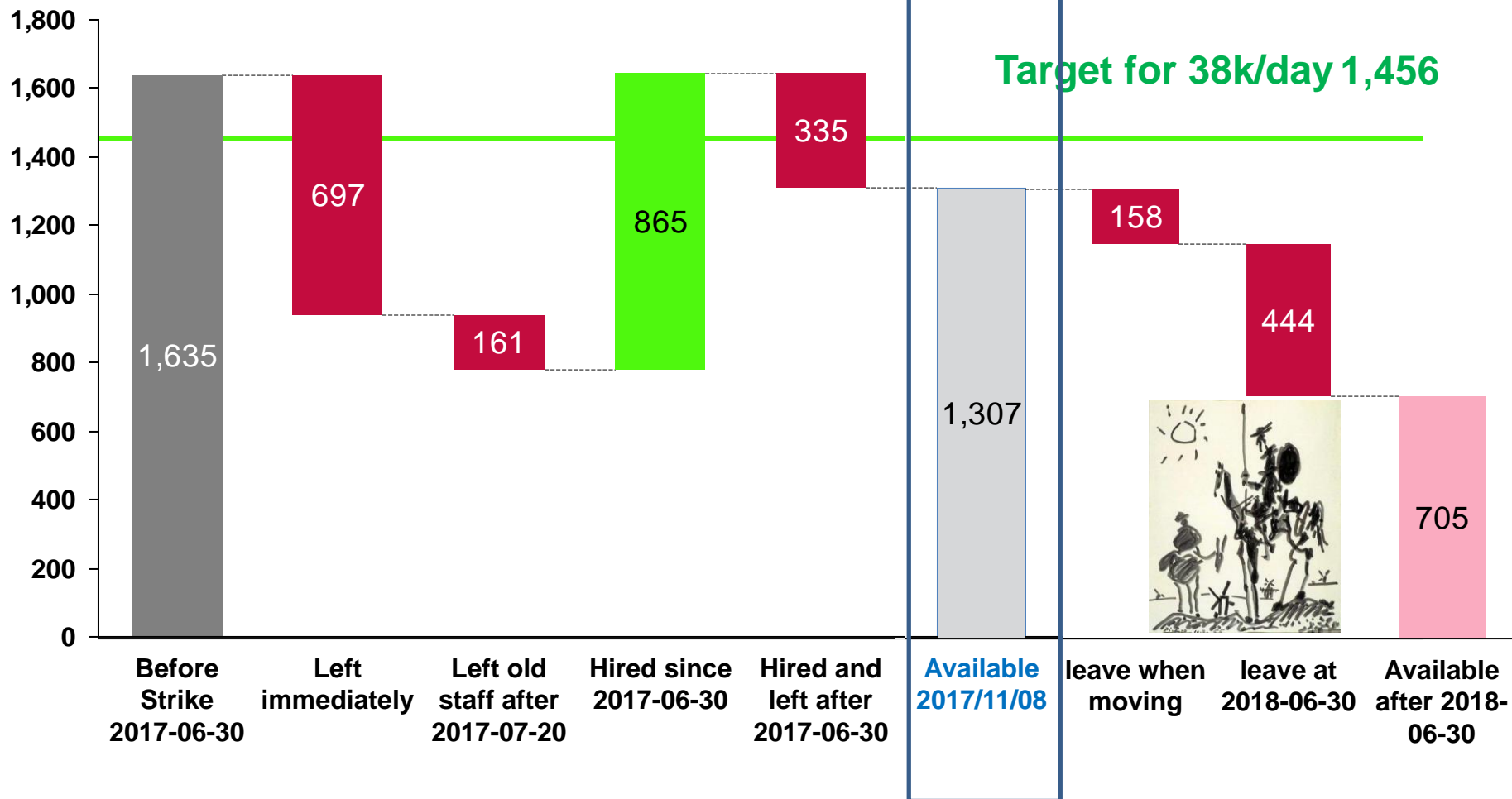
- Total value of packages
 - CNY 10 Mio.

Changes since June 30th, 2017

Blue Collar Workers



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- China is moving from an era of labor surplus into an era of labor shortage, especially in the Pearl River Delta region, a hub for labor-intensive industries
- The number of redundant workers below the age of 40 in rural areas is only about 52 million in absolute terms, far less than the estimated 100-150 million



- The transformation of the population under the family planning policy and economic and social development is complete, the country has now entered a period of low birth and death rates, with a very gradual increase in population.



Policy changed



in 2017



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- The government data proved the slowdown of migrant worker number.
- Many workers are turning to employment in or close to their hometown rather than working in distant provinces.
- Young fashion people especially post-90s prefer to work in the service/logistics field but not manufacturing.

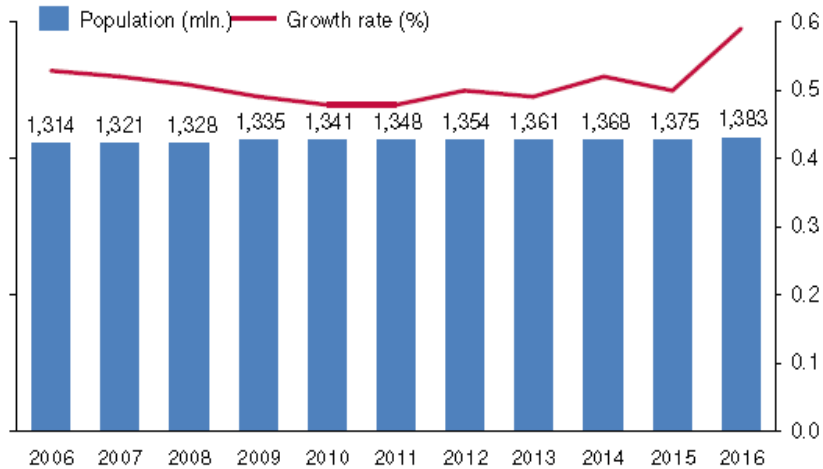


Population statistics

- China government authority

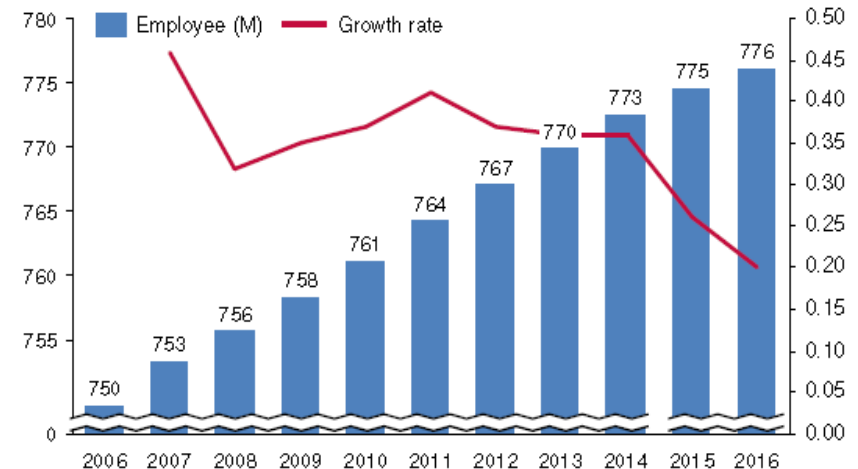


INCREASING RATIO

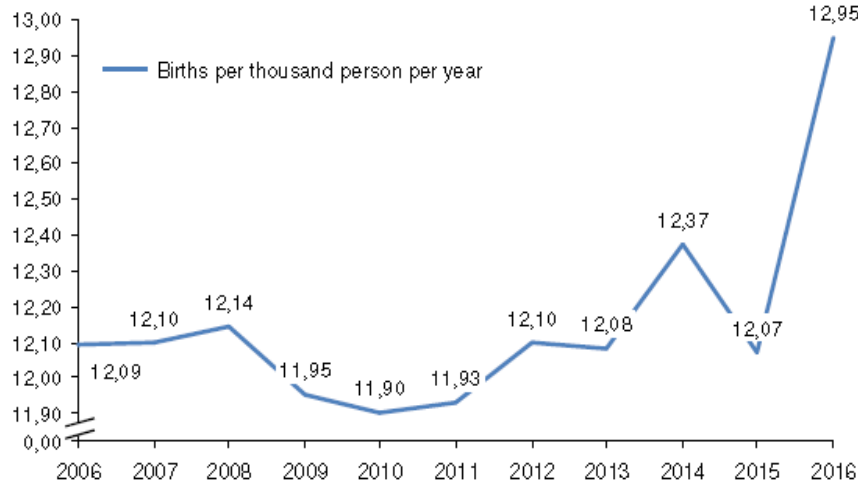


EMPLOYMENT

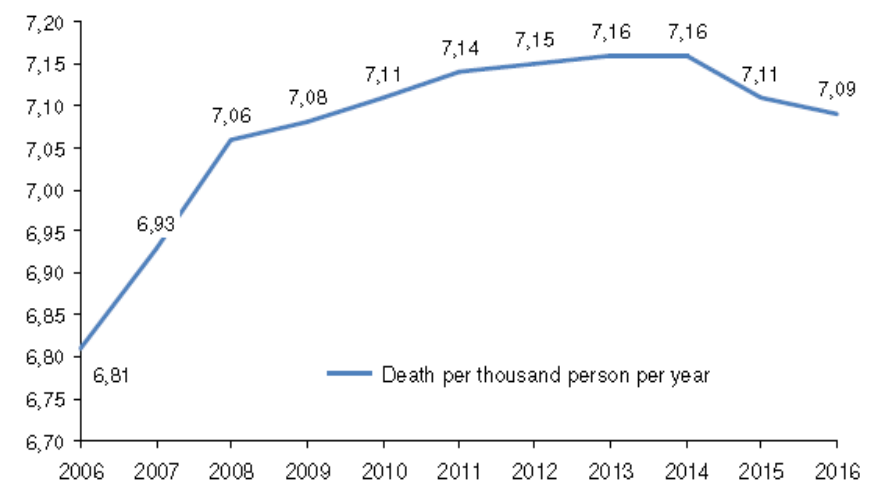
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BIRTH RATE



DEATH RATE



- TV advertisement
- Bus line advertisement
- Spread the flyer in the busy street
- Hiring local people
- Internal referral
- Ask help from the labour agency
- Vocational training programme
- Campus recruitment

Hiring approaches of ZAMA



Bus advertisement



TV advertisement

给梦想
一个机会



骏马精密工业（惠州）有限公司

生产普工（长期大量招聘）：

待遇：综合底薪：试用期2360元/月，试用期后2760元/月
（高于深圳同行业薪酬）
平时加班：20.34元/小时，试用期后调至23.79元/小时
周末加班：27.13元/小时，试用期后调至31.72元/小时
全勤奖：30元/月；夜班津贴：10元/晚；入职购买五险一金

要求：1、男女不限 年龄18~43岁
2、初中及以上学历
3、身体健康, 态度端正, 能吃苦耐劳

技工（多名）：

待遇：综合底薪：试用期2760元/月，试用期后3260元/月
全勤奖：30元/月；夜班津贴：10元/晚；入职购买五险一金

要求：1、高中及以上学历
2、熟悉电脑操作,各种文档的建立
3、车床技术,最好是有资格证书
4、学习能力要强,头脑灵活
5、有一定的管理能力
6、了解机器的维护保养常识

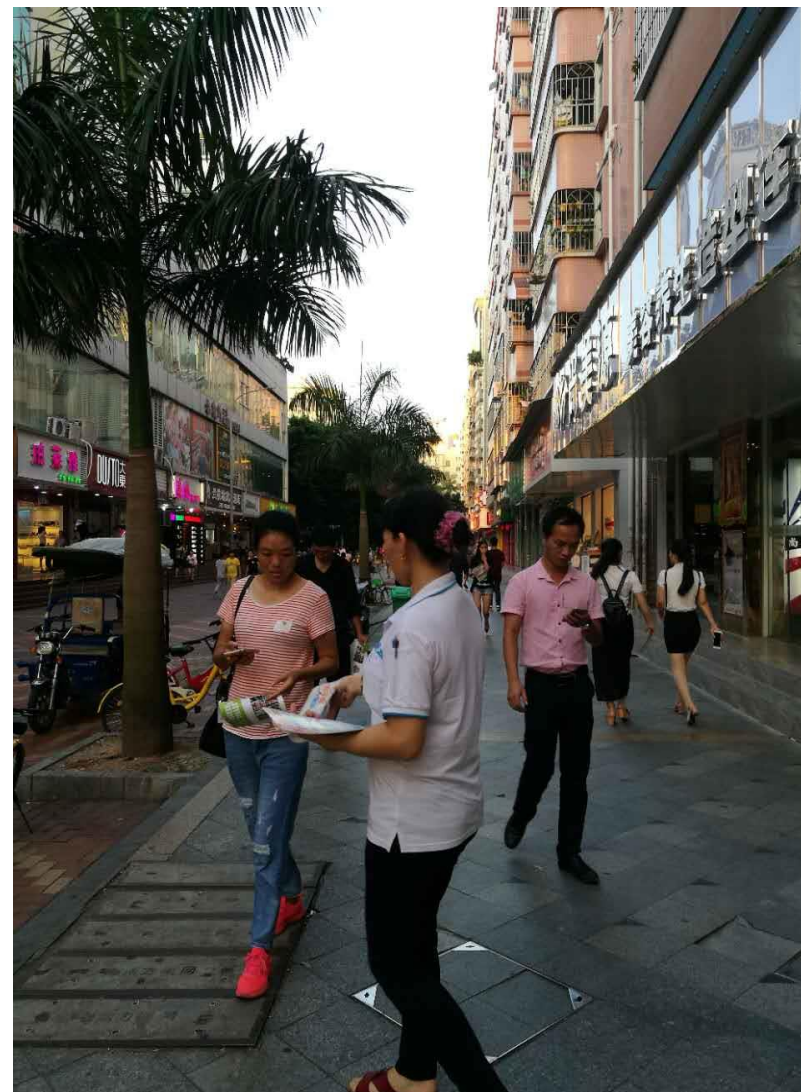
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Flyer

Hiring approaches in ZAMA



Poster in CNF



Spread the flyer



Banner in the intersection

Hiring approaches in ZAMA



Internal referral



LED advertisement truck



Recruitment booth



Meeting with school



- Local labour law compliance

- Competitive salary & benefits system
 - Annual salary review
 - Supplement benefits & bonus
 - Kinds of allowance (catering/accommodation...)

- Training & promotion opportunity

- Company culture

Enterprises in the eastern coastal areas are less attractive than before

- “Although the labor shortage is becoming a serious problem, labor-intensive manufacturing enterprises are reluctant to change their traditional way of management, which is usually characterized by low wages, poor management skills, repetitive line production work, little opportunity for career promotion, poor communication, poor public image, unsafe working environment, and so on. Needless to say, such enterprises are not attractive to young migrant workers, considering the economic growth and social development of China, and the change of mindset and values of young migrant workers. Some traditional factories may succeed in employing young workers; but soon they will find they are facing problems such as high turnover rates.”

EMPLOYEE RELATIONSHIP MANAGEMENT TO IMPROVE WORKERS' SENSE OF BELONGING

- “Establishing good personal relationships with workers is an effective practice for worker retention and reducing turnover. The current labor shortage has reminded business owners that workers are not tools for making profit, but rather important resources that need to be cultivated, developed and well-utilized. A good management-employee relationship helps shorten the distance between management and workers. It can enhance workers' sense of belonging and reduce the turnover rate. Employee relationship management may include employment contracts, claims systems, labor dispute processes, worker assistance plans, awards and incentives, satisfaction surveys, and feedback.”

- Some factories achieved good results by increasing workers' wages and implementing a series of policies for attracting and retaining workers. Such practices include: incentives for returning after the Spring Festival, free travel tickets for returning, "couple rooms" for married workers, better food, lower dormitory fees, reduced costs of physical examinations, awards for long service and above-quota production, extra allowance for technical workers, opportunities for promotion, and better logistics services.

- Some factories have established effective claims systems that provide feedback and respond to workers' opinions and suggestions. By doing so, management has won the trust of workers and built a good corporate image. Some factories implemented workers' assistance plans or established consulting rooms that can provide psychological support to help with problems or difficulties employees face in their work or social lives. Such practices enhance workers' sense of belonging, improve a factory's reputation, reduce turnover rates, and build a more stable workforce.

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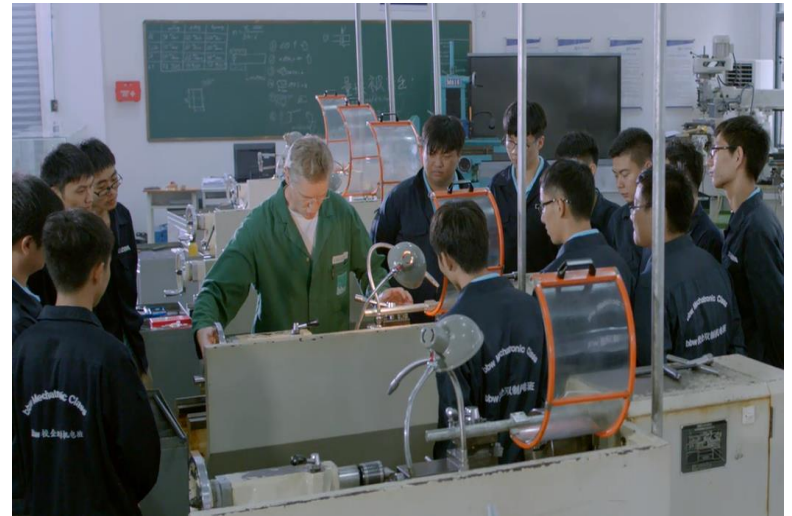
Employee Representative Meeting



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Training in ZAMA



Dragon boat race



Sports meeting



English salon



Annual party



Football club



Taekwondo



Photography club





Thank you for your attention
谢谢聆听



ZAMA, not just carburetors