

# DISTILLED

A WEEKLY PREMIUM NEWSLETTER ON CHINA'S TECH

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## CHAPTER 117

# INSIGHTS | 996 in retreat?

*Capucine Cogné*

July 17, 2021

First it was one Tencent gaming studio. Then it was Kuaishou. Then ByteDance and Meituan's groceries division in one week. In the last month, we've seen three major Chinese tech firms abolish weekend work after years of popular criticism of "996 culture." (None of these companies had been on the actual 996 schedule of 9 a.m.-9 p.m., six days a week).

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The change comes amid a fad for a dropout style known as tangping—“lying down.” At least some young people are looking for alternatives to the corporate rat race.

The last time this column wrote about overwork, our [headline](#) was “Why 996 just won’t go away.” Are things turning around? Is it time to imagine that you can work at a Chinese tech major and—just maybe—have a life?

**Bottom line:** Could be. More Chinese people are dissatisfied with overtime schedules and voting against “996” with their feet. Bytedance and Kuaishou could start a wave of reforms.

However, many are still willing to work these intense schedules. Tech workers may want to put off that down payment on a timeshare in Sanya—there’s going to be pressure for hard work even if you don’t have to clock in on Sundays.

**Some tech majors are moving to make jobs better:** In the last month, three tech giants have abolished weekend work. All three previously used the big week/small week schedule, which requires working on alternate Sundays.

- A gaming studio at Tencent appears to have moved first, with a policy ending weekend work and requiring employees to leave the office at 6 p.m. on Wednesday, announced in early June.
  - Short video company Kuaishou first [eliminated weekend work](#) across the company on July 1. Kuaishou was relatively late to adopt weekend work, adding working Sundays in January during the runup to the company’s IPO.
  - ByteDance will follow suit Aug. 1.
  - Local services giant Meituan currently requires weekend work only in one division, grocery delivery. It announced [plans](#) to end working Sunday this week.
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- JD.com promised this week to [double bonuses](#) for office staff by 2024, an effective 14% boost to take-home pay. The company also promised to improve pay for some delivery workers.

Plus a signal of state action? Jiemian reported this week that Siemens was given a symbolic fine of about \$2,000 for [excessive overtime](#) in Shanghai. With a fast-moving crackdown on unpopular parts of big tech, it could be a harbinger of labor law enforcement.

Check out TechNode's [Techlash Tracker](#) for an overview of the crackdown.

## How overwork works

**Not every extreme schedule is “996”:** Overtime work takes different forms in different companies.

- The “996” schedule is the most famous: 9 a.m. to 9 p.m., six days a week.
- Also popular with Chinese internet companies is the “big and small week” schedule, working alternate Sundays.

**Butts in seats:** 996 means more than a 72-hour work week. Some employers go to Foucaultian extremes to control workers' time.

- Companies on the schedule often require employees to check in with a GPS-enabled app from the office by 9 a.m., and schedule meetings late into the evening to make sure staff are still on site.
  - Chinese magazine Renwu alleged in November that tech majors limit bathrooms and time trips to them to keep workers at their desks.
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- Nikkei Asia reported last month that major firms are using software called “Third Eye” to keep employees from visiting non-work sites during long workdays.

**Case study—ByteDance:** ByteDance employees describe long hours on the big week/small week system, but relative flexibility and substantial overtime pay. ByteDance will end working Sundays at the start of August, according to a July 7 [internal memo](#).

- Unlike other Chinese companies though, Bytedance does not monitor employees with a “check-in, check-out” system, and allows flexible start and stop times.
- Peter, a former employee, told TechNode that employees were allowed to ask for time off on a working Sunday without spending vacation days, but it was rare in practice.
- ByteDance paid double time for Sunday—making two Sundays of work a month an approximate 20% boost to base pay.
- So far, the company has not announced plans to raise salaries to compensate employees for lost overtime.
- Former employees say that there are not enough toilets, but no timers.

**It’s not just big tech:** Overtime is common across the Chinese economy. Official data suggests that the average “information technology and software” worker actually works fewer hours than the average overworked Chinese employee.

- Overtime culture is rooted in the extreme competition [faced by skilled labour](#): if employees are not willing to work overtime, someone else will be. As conservatives say online: “Better 996 than 007.”
  - Most Chinese companies do not compensate for overtime.
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- Average Chinese working hours are high on a global scale, at 46.8 hours per week, compared to 38.7 in the US.
- According to the [China Labour Statistical Yearbook](#), workers in “information technology and software” do an average of 44.2 hours per week.
- About 15% of workers in the sector report doing more than 48 hours per week.

Country	2019 weekly working hours
China	46.8
France	36.5
New Zealand	37.8
US	38.7
Columbia	37.6

Source: OECD. Except for China, which comes from China Labor Statistical Yearbook

## Are people turning on overtime?

**Tune in, turn on, lie down:** Former factory worker Luo Huazhong became a celebrity after quitting his job to “[chill out](#).” He wrote a viral blog post about cutting back on consumption to escape work, what he called *tangping*—“lying down.”

- The principle behind *tangping* is to get by living frugally and working a minimum amount, rejecting ambition and consumerism.
  - In 2019, the term went mainstream, alongside a Github-based [protest against “996” schedules](#) called “996.ICU.” Of course, it was rapidly commercialized by T-shirt manufacturers and other slogan-peddlers.
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- Many believe that only those who have rich parents can afford to “lay flat.” A source told TechNode: “they quit their jobs, and go lie in their parents’ Beijing apartments.”
- State broadcaster [CCTV published an article](#) attacking the trend (in Chinese). Since then, all products using the slogan have been taken down from e-commerce platforms.
- But other state media have lined up against overwork. People’s Daily-owned glossy magazine Renwu (literally, People Magazine) has been on a tech crusade for much of last year. In addition to the toilet article, other critical coverage included a viral [investigation](#) into the pressures on delivery drivers.

**More people want jobs—just better ones:** While few people have walked away from the workforce entirely, more seem to be looking for work/life balance.

- Eric Tarchoune, founder and CEO of Dragonfly Group, an HR recruiting agency for MNCs in China, says candidates are turning to multinationals because they are tired of “996.” The trend is strongest among workers in their 30s, he says.
  - Yet, MNCs competing in the tech industry with Chinese champions, such as Tencent and Alibaba, still struggle: they cannot offer the pay and bonuses, shares, or even the national pride of working for a Chinese champion. Instead, they offer more training and a work-life balance.
  - Priscilla Zi, CEO and HR Manager of Chengdu-based education gaming startup Bosijie, has been increasing her team size recently. After noticing increased efficiency when her team rested on the weekend, the startup has a strict “weekends off” policy. Most of her recent interviewees cited leaving the “996” work schedule as a reason for changing jobs.
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### **Some workers agree:**

- A young worker surnamed Huang, for example, said he chose an offer from French company Haulotte, rather than a Chinese tech firm, primarily because of the work-life balance offered by the former.
- Many of Huang's colleagues across different seniority levels also chose Haulotte for the same reason: in this company even if you frequently work overtime, you are paid for the extra hours.

**There's evidence overtime doesn't work:** A Harvard Business Review article by [Sarah Green Carmichael](#) outlines evidence that extreme overtime **is counter-productive for companies**.

- Output is not necessarily higher—a study by John Pencavel demonstrates that the productivity of work hours beyond 50 hours per week **is significantly reduced**.
- Stress-induced health problems boost insurance costs. This may be less relevant in China, where there is a social insurance package
- Pressure negatively affects interpersonal communication, making judgements, and keeping sight of the bigger picture.
- The unsustainability of the “996” model is shown by the short time employees spend at these internet companies. At Bytedance, the average tenure is one year, while at Alibaba or Tencent, it is only slightly longer at two to three years.

## **Don't count 996 out yet**

**Plenty of young people are still applying for jobs at the majors.** They still offer workers powerful incentives: prestige, advancement, and high pay.

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- Typical entry level salaries of Chinese internet companies **range from 300k to 400k a year**, with the equivalent of 3-month-salary as a bonus (in Chinese).
- This compares to an average yearly salary of just over 200k for graduates at elite Tsinghua University, the university with the highest average in China (in Chinese).
- An internal survey conducted by ByteDance showed that a third of employees preferred to keep working Sundays in return for higher pay, according to Chinese media reports.

**Abolishing big/small weeks won't reduce pressure to produce:** There are broadly two types of overtime: the first, due to large amounts of work; the second, requirements to be in the office on standby, either for show or in case your boss may need you. Eliminating Sunday attendance rules may reduce the latter type, but not the former.

- For many jobs in China—particularly at entry level, overtime work is a given. At least the internet giants admit, compensate, and recognise it.
- Some also view “996” as a necessary stepping stone in their careers: work hard for some time at a big name, before moving on to a more relaxed job.

**READ MORE:** [Insights | Why ‘996’ just won’t go away · TechNode](#)

**And bosses love 996:** Alibaba founder Jack Ma, JD’s Richard Liu, and Pinduoduo’s Colin Huang have all endorsed the intense work schedules, and big China tech companies show a track record of being willing to ignore public pressure.

**It may take state pressure to change:** Public pressure or not, tech bosses respect their regulators. This could be coming: the wave of working hour reforms

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has fed rumors that Chinese regulators have decided to take action on overwork, and Siemens' fine in Shanghai could be a leading indicator.

In the past year, Chinese regulators have been on a roll of populist crackdowns on big tech, over issues ranging from privacy, to e-commerce monopolies, to high-interest loans. An effort to win workers' more balanced lives would fit right in.

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## Techlash Tracker

If you haven't already, take a look at TechNode's new [Techlash Tracker](#), an open resource to keep you up to date with Beijing's moves aimed at regulating its tech sector. Feel free to contribute to the tracker [here](#).

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## The week

### [Battery maker Gotion to build factory with VW in Germany](#)

Gotion High-Tech, a Chinese battery maker, will build a battery factory with Volkswagen in Germany, the company announced on Tuesday. Gotion is the latest Chinese battery manufacturer to expand overseas, with its eyes on European automakers embracing electric vehicles.

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### **Alibaba-backed YCloset shuts down**

YCloset, a fashion rental startup, is shuttering its operations after five years. The company took its last orders on Tuesday.

### **Amazon widens crackdown on Chinese sellers**

Amazon closed 340 online stores operated by one of the largest Chinese retailers on the platform for allegedly violating Amazon's rules without specification. Shenzhen Youkeshu Technology Co. sells a variety of products, including electronic gadgets, toys, and outdoor equipment. Amazon froze \$20 million in payments due to the retailer.

### **China's GPU sell off**

Crypto miners in China are selling used graphic processing units (GPUs) on resale markets following China's bitcoin mining crackdown. The GPU can be used to mine Ethereum. Although Chinese authorities focused mainly on bitcoin miners, the crackdown was broad and affected miners of other cryptocurrencies.

### **Huya, Douyu abandon merger plans**

Chinese game streaming platforms Huya and Douyu announced on Monday that they would terminate a merger agreement after antitrust regulators blocked the deal on Saturday. The decision dealt a new blow to Tencent, leader of the merger.

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### Tubatu files for US IPO

Tubatu, a Chinese home furnishing platform, filed for an initial public offering on the Shenzhen Stock Exchange's tech-focused Growth Enterprise Market (GEM) late last month.

### China drafts new rules on overseas listings

Proposed revisions to China's cybersecurity review process would require companies that control data of more than 1 million users to seek permission from regulators before filing for IPOs overseas. China's cyberspace authority proposed a series of revisions to the cybersecurity review rules Saturday.

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## Number of the week

# \$17.3 million

The amount smartphone and app maker Meitu lost in bitcoin during a recent slump.

*Smartphone and app maker Meitu said it had lost \$17.3 million in bitcoin investment due to recent price slump. At the same times the company gained \$14.7 million in its ethereum investments. Before the price drop, the firm's cryptocurrency assets (bitcoin and ethereum) were worth a total of \$97.4 million. Meitu invested in crypto to reduce risk from holding cash and embrace technological innovation, according to the company.*

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## Smart reads

**Technology and European power:** "The EU, for all its pathbreaking work on regulation, does not appear to have fully recognized just how geopolitical technology can be—or how geopolitical the current generation of emerging, primarily digital, technologies has become. At the 2020 Munich Security Conference (the last one before the pandemic), it was painfully obvious that the EU was widely considered to be—at best—a mediator between the two real technological powers, the United States and China." ([European Council on Foreign Relations](#))

**Xi's grip on big tech:** "President Xi Jinping has tightened his grip over every aspect of society, and the only field outside his control is populated by the private tech giants who hold huge amounts of corporate data and personal information. The party is concerned that if these private companies are let loose, the matter could boomerang and deal a blow to the country's capital markets, where these tech companies wield strong influence." ([Nikkei Asia](#))

**The battle for chip supremacy:** The People's Bank of China has released a whitepaper clarifying how the country's anticipated digital currency will work. The highlights? Tiered wallets based on how much personal information a user provides, smart contracts, and wallets in hardware and software form. A total of RMB 34.5

billion has been transacted using the digital currency so far, the central bank said. ([People's Bank of China](#))

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*We're looking forward to telling you all about the latest developments next week. Till then,*

***The TechNode Team***

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