

Pay rises

set to continue in 2012

CTHR Pay Trends Survey Report – December 2011



Introduction

Most Hong Kong employers granted salary increases in 2011, ranging from modest increments of between one and three per cent to more than 10 percent, and nearly half are planning to recruit more staff in the coming year, according to the latest *CTHR Pay Trends Survey*. Employees across many sectors can expect a slightly higher rate of wage increases in 2012.

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Objectives

- To examine pay and company-bonus trends across a range of industries in Hong Kong during 2011, as well as expectations for the year ahead
- To give managers and HR practitioners a better picture of employers' hiring intentions and recruitment sentiments for the period under scrutiny

Audience

- Human resources practitioners, hiring managers and talent-management professionals
- Jobseekers at various career levels

Key findings

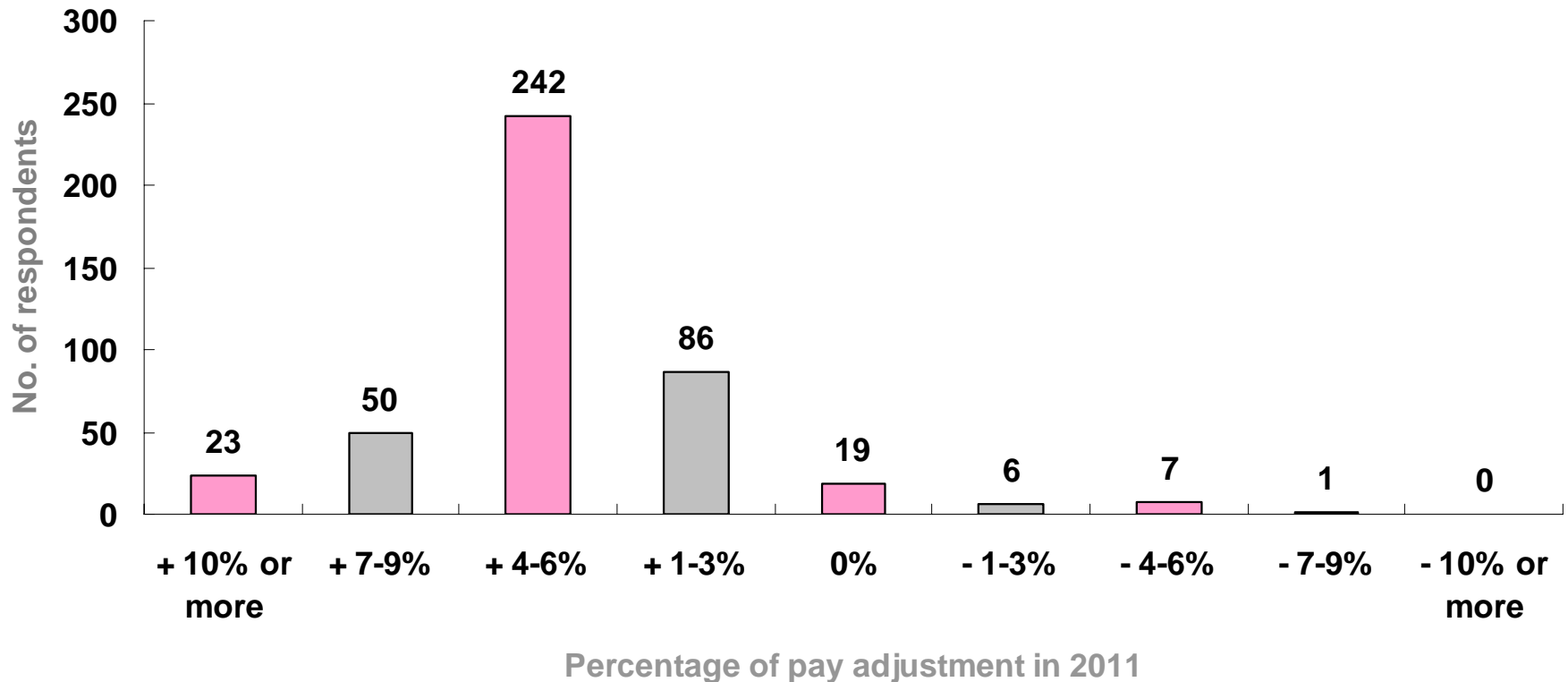
- Hong Kong salaries are slowly creeping up
- Company and individual performances are the key factors driving pay increases and bonus pay-outs
- Recruitment sentiment and staff-turnover rates remain relatively high

Methodology and design

- Survey period: November and December 2011
- Sample size: 434 CareerTimes.com.hk customers
- Data collection: An online survey was delivered to CareerTimes.com.hk customers during the survey period. Responses were collected and findings analysed and compiled into this report by *Career Times*' in-house research team.

Wages increased in 2011

Most Hong Kong employers polled offered pay increases in 2011. The survey showed that 55.8 per cent of 434 survey respondents pushed up salaries by four to six per cent and 19.8 per cent by one to three per cent.



Heads up for hiring

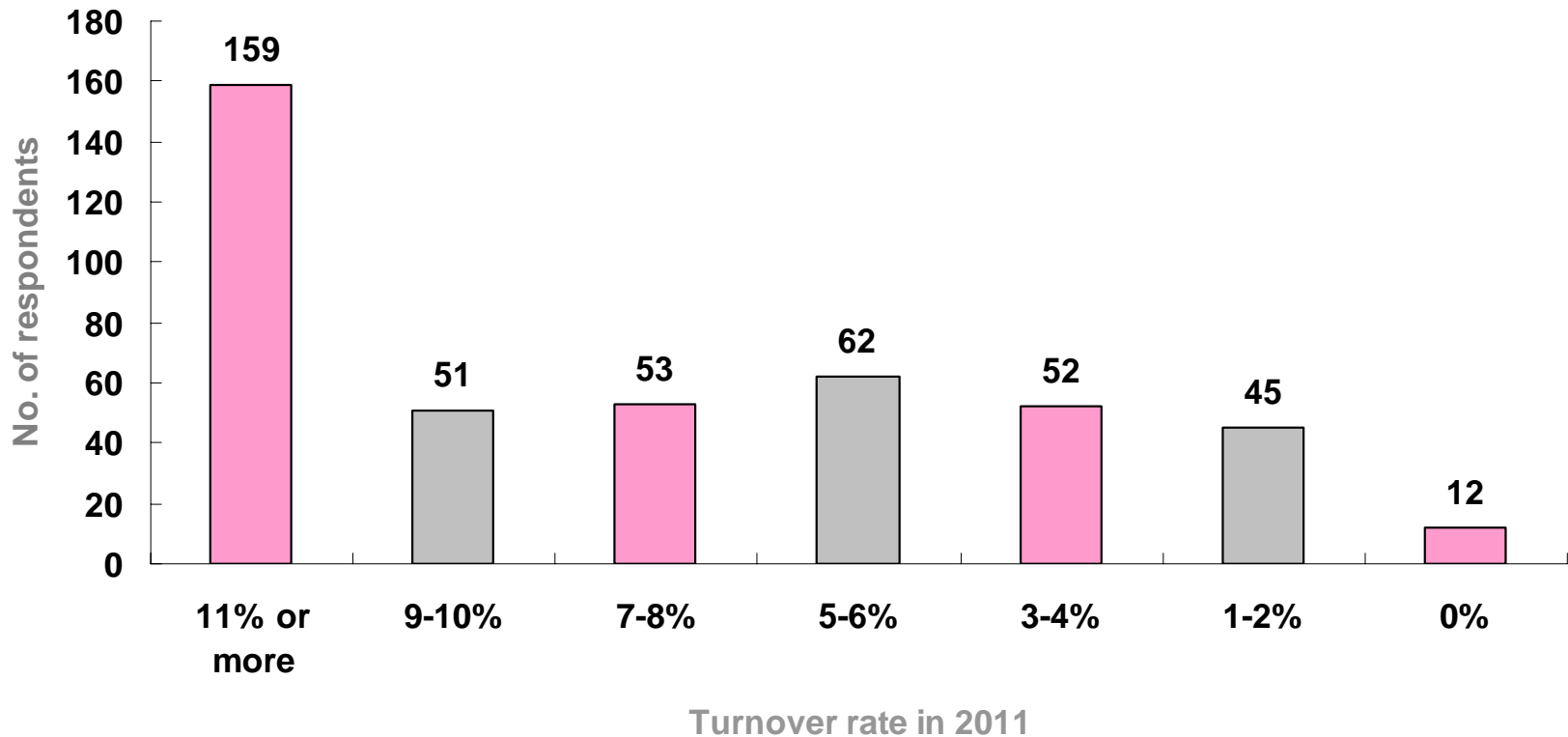
Out of 33 banking and finance respondents, 14 (about 42 per cent) said recruitment had increased in their sector in 2011, while a substantial 78 per cent (18 out of 23) of those polled in the hotel and catering industry were of similar sentiment. In information technology and manufacturing and trading, the percentages were 45 per cent and 33 per cent respectively, while an encouraging 65 per cent of retailers believed hiring had increased in their industry. A sizeable 41 per cent in manufacturing and trading, however, felt that there has been little recruitment in their sector during the past year.

Overall recruitment sentiment of 14 industries in 2011

Industry / No. of respondents	Increased recruitment	Little recruitment	No change	Not sure
Banking & finance (33)	14	11	5	3
Building & construction (19)	12	5	2	0
Education (16)	5	4	6	1
Healthcare & pharmaceutical (10)	5	4	1	0
Hotel & catering (23)	18	3	2	0
Information technology (20)	9	3	3	5
Insurance (8)	2	3	1	2
Manufacturing & trading (100)	33	41	17	9
Media & communications (13)	8	4	1	0
Non-profit organisation (16)	8	1	4	3
Property developer & agency (11)	7	2	1	1
Retail (35)	23	4	6	2
Telecommunications (7)	5	0	2	0
Travel & transportations (13)	7	2	4	0

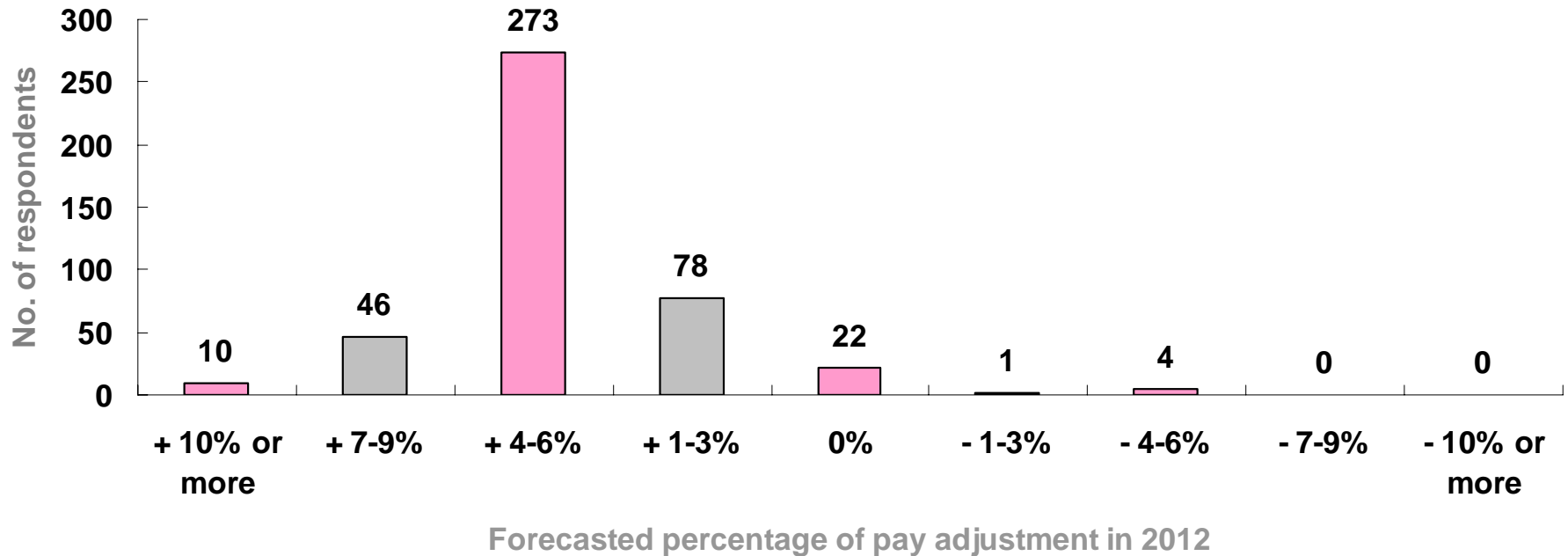
Movers and shakers

Well over a third (36.6% or 159 respondents) of the employers polled said their 2011 turnover rates were 11 per cent or more, while 51 respondents reported nine to 10 per cent and 53 seven to eight per cent.



A positive outlook

Nearly 63 per cent of employers (273 out of the 434 polled) envisaged pay adjustments of four to six per cent for staff in 2012. Only five respondents said they would cut pay.



Good news for most sectors

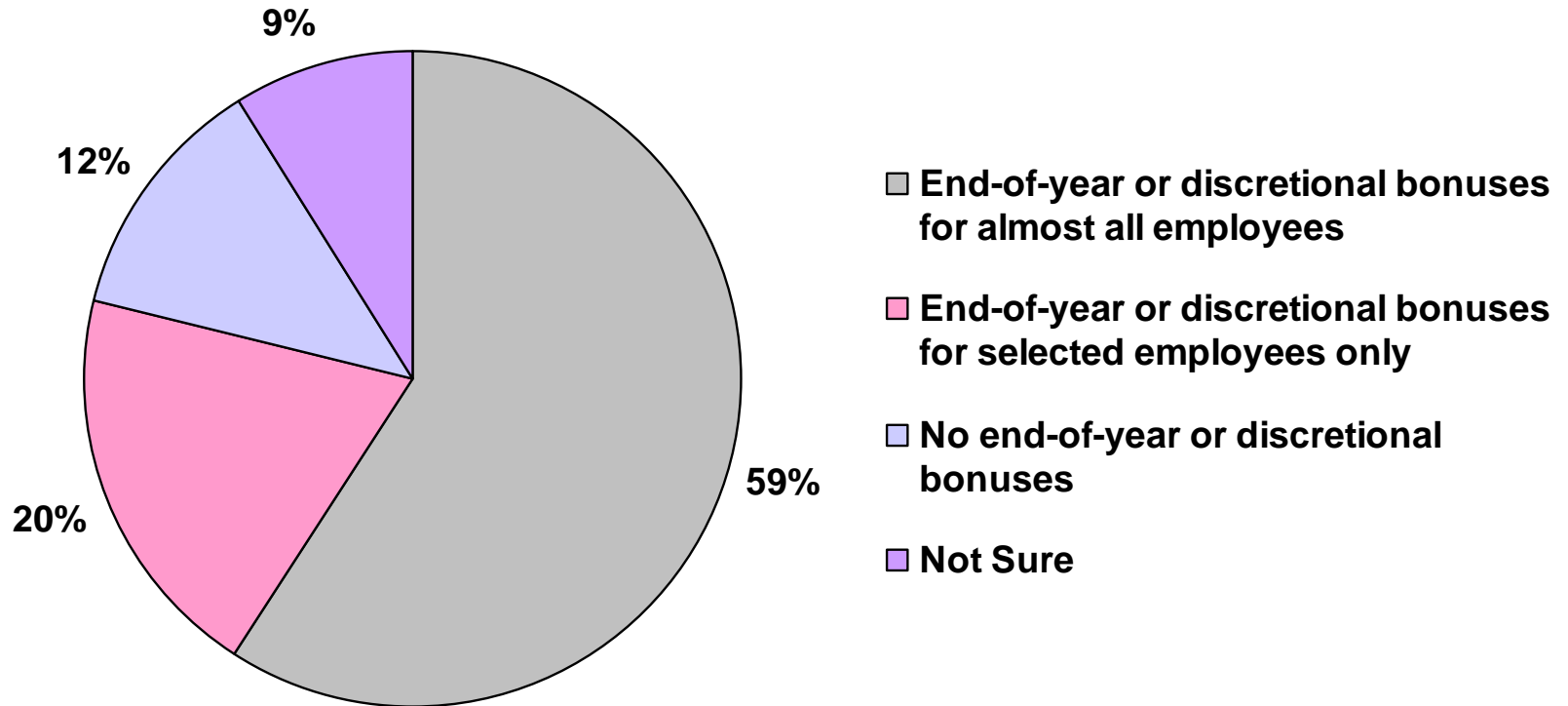
About 60 per cent of the respondents in the banking and finance sector, and a similar percentage in retail, expected increases of four to six per cent in their fields in 2012. Also in banking and finance, 10 out of 33 of the employers surveyed (30 per cent) said they foresaw increases of seven to nine per cent. In the manufacturing and trading sector, 65 per cent of those polled expected wage increases in the four-to-six per cent range (while about a quarter anticipated increments of between one and three per cent). In the hotel and catering area, 16 out of 23 respondents (just under 70 per cent) indicated that they anticipated salaries to rise by four to six per cent in the coming year. In contrast, fewer than half (nine out of 20) respondents in IT expected increases in that range.

Overall expected pay-adjustment of 14 industries in 2012

Industry / No. of respondents	+ 10% or above	+ 7-9%	+ 4-6%	+ 1-3%	0%	- 1-3%	- 4-6%	- 7-9%	- 10% or more
Banking & finance (33)	0	10	20	2	0	0	1	0	0
Building & construction (19)	4	7	8	0	0	0	0	0	0
Education (16)	1	3	7	2	3	0	0	0	0
Healthcare & pharmaceutical (10)	1	1	8	0	0	0	0	0	0
Hotel & catering (23)	0	2	16	3	2	0	0	0	0
Information technology (20)	1	4	9	4	2	0	0	0	0
Insurance (8)	0	0	6	2	0	0	0	0	0
Manufacturing & trading (100)	1	8	65	24	1	0	1	0	0
Media & communications (13)	0	2	6	5	0	0	0	0	0
Non-profit organisation (16)	0	0	14	2	0	0	0	0	0
Property developer & agency (11)	1	1	8	0	0	0	1	0	0
Retail (35)	1	6	21	6	0	0	0	1	0
Telecommunications (7)	0	1	5	1	0	0	0	0	0
Travel & transportations (13)	0	0	9	2	2	0	0	0	0

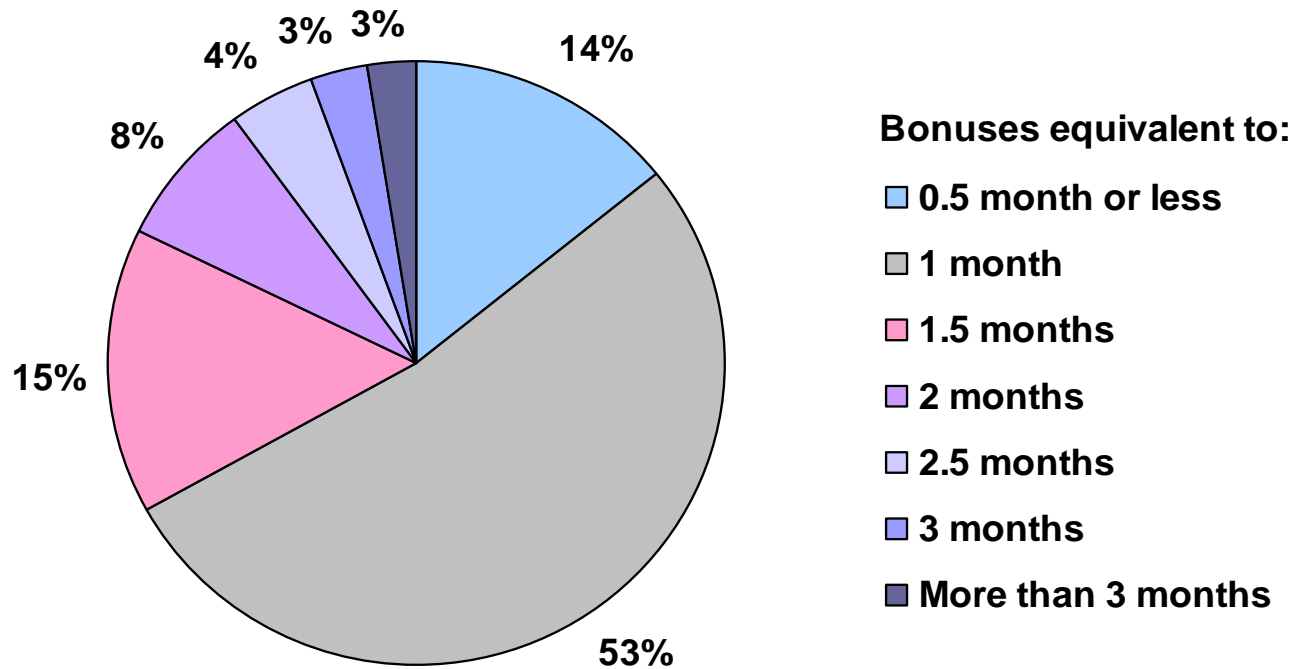
Bonuses on offer

The survey found that about 59 per cent of the respondents planned 2011 year-end or discretionary bonuses for almost all employees, while 19.6 per cent would offer bonuses for selected workers only.



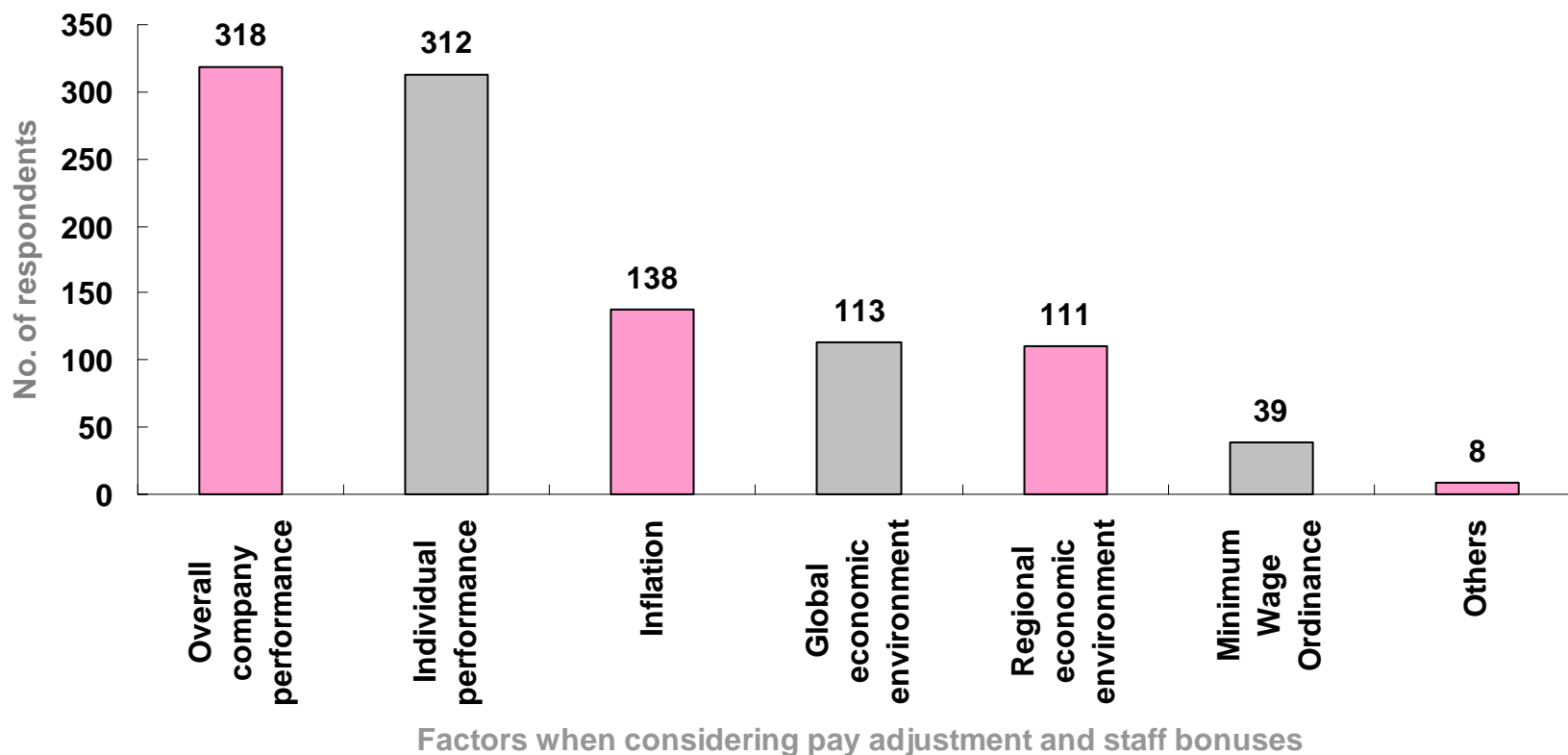
Thirteenth cheques

More than half of companies said their staff bonuses would be equivalent to a month's salary.



Performance is paramount

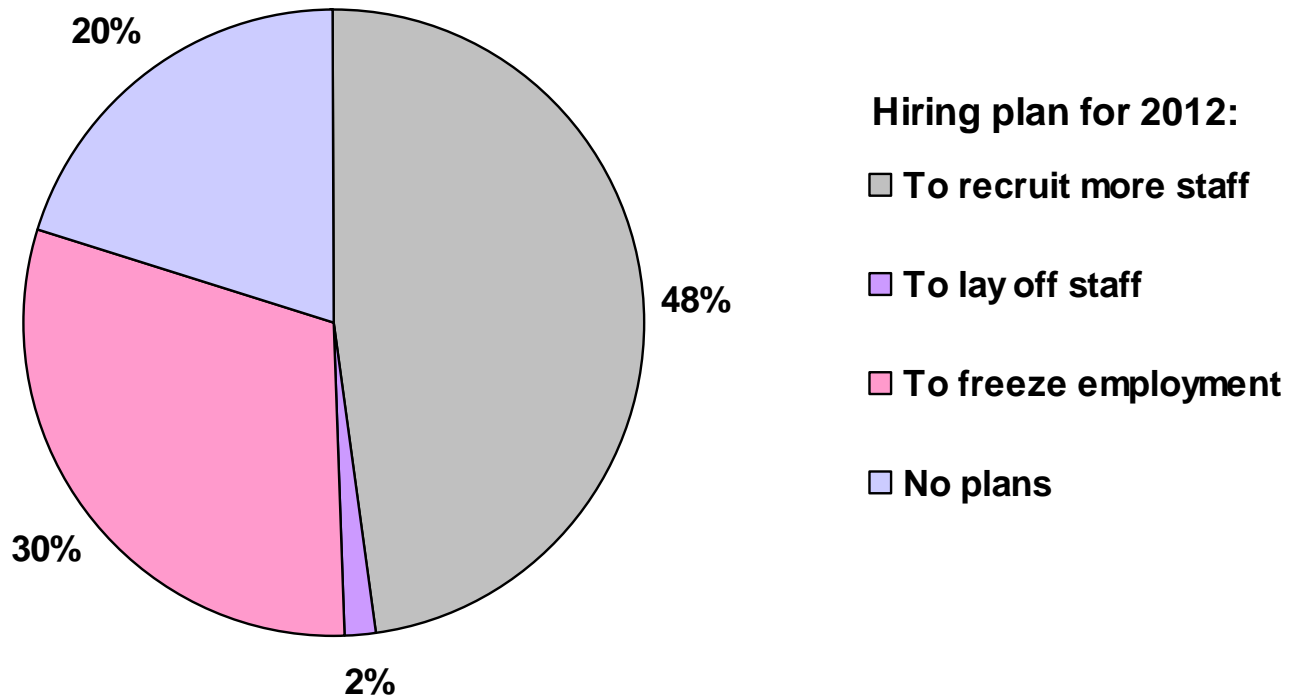
The survey showed that overall company performance and individual performances were the key factors for companies considering staff bonuses and pay adjustments.



("Others" include salary increments for civil servants, market benchmarking, industry trends, number of years working for the company, turnover rate for specific positions and staff retention.)

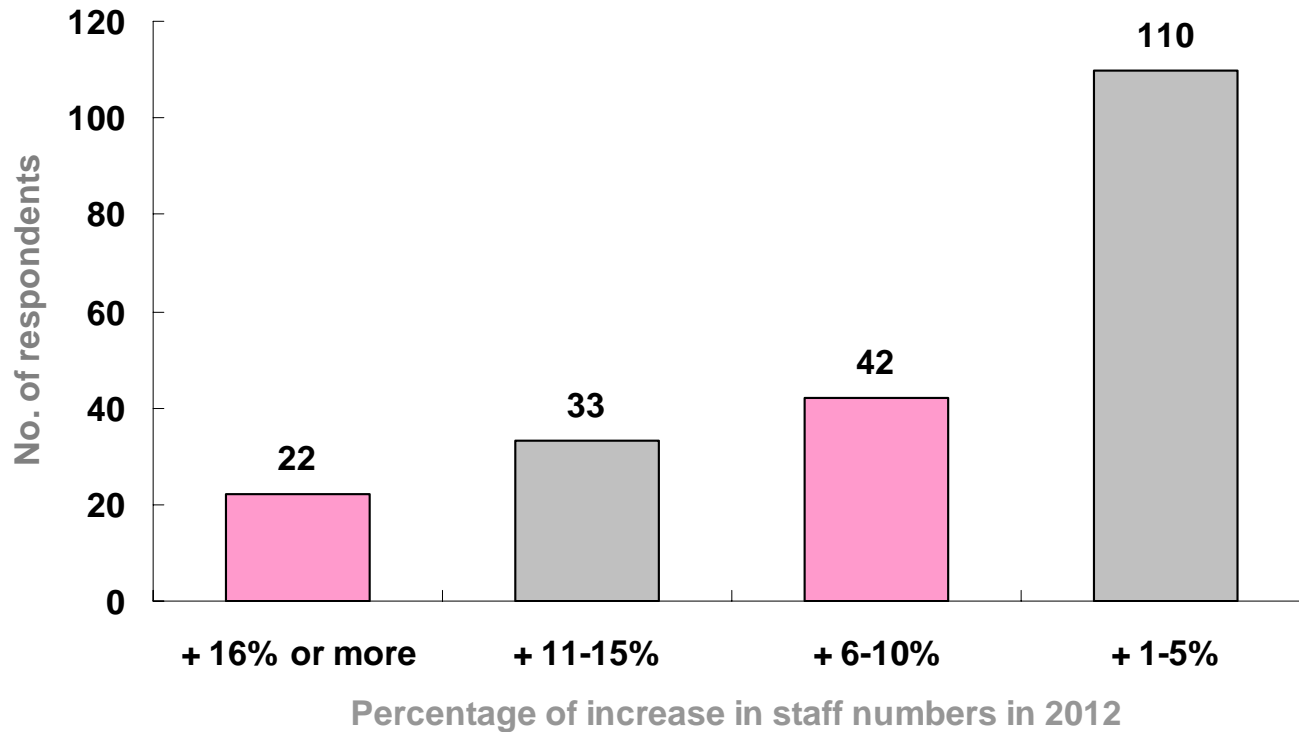
Hiring intentions

Out of 434 respondents, 207 said they intended to recruit in 2012, only seven said they would retrench staff, 132 would freeze employment and 88 had no specific hiring plans.



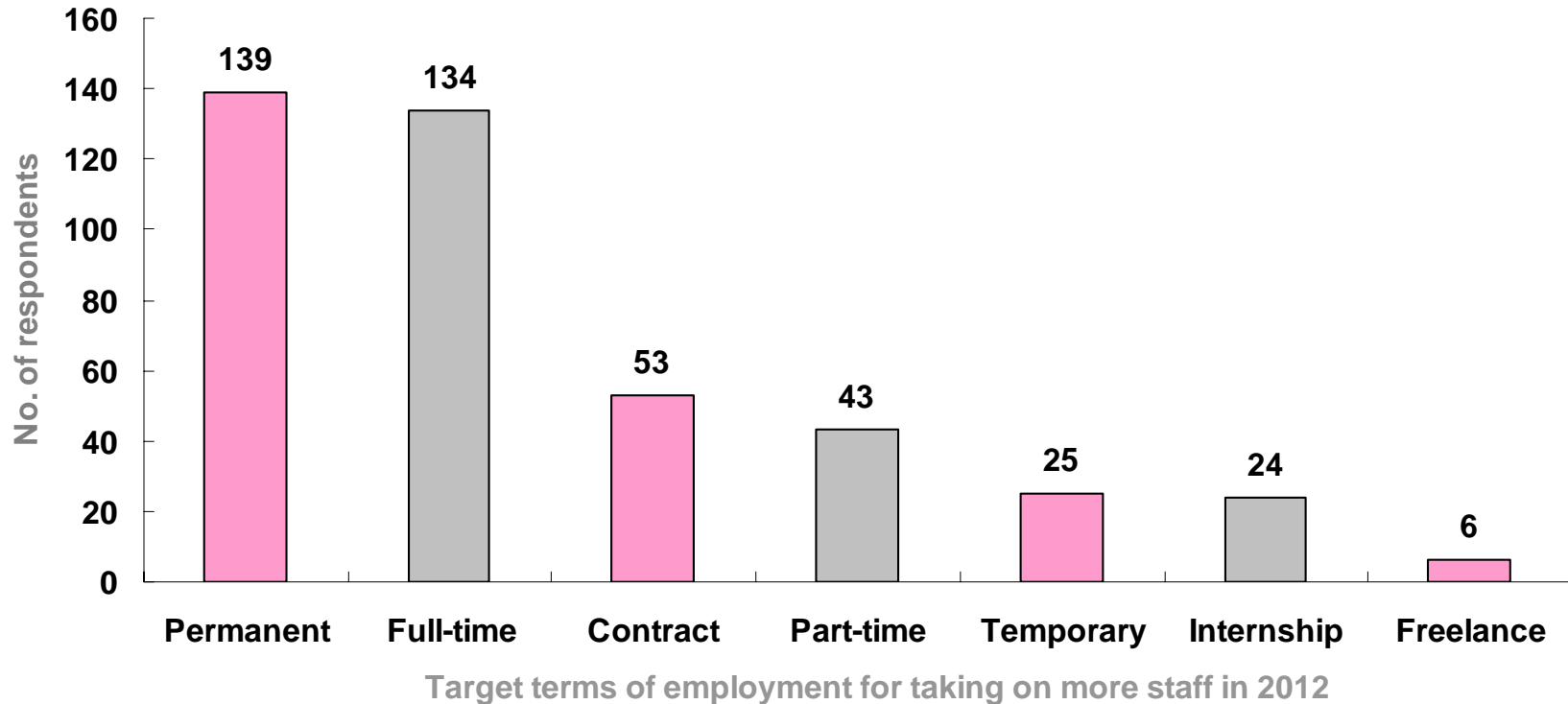
Growing workforce

More than half (53.1%) of the 207 employers planning to recruit in 2012 said they would increase staff numbers by one to five per cent. The rest would grow their workforces by anything from six to at least 16 per cent.



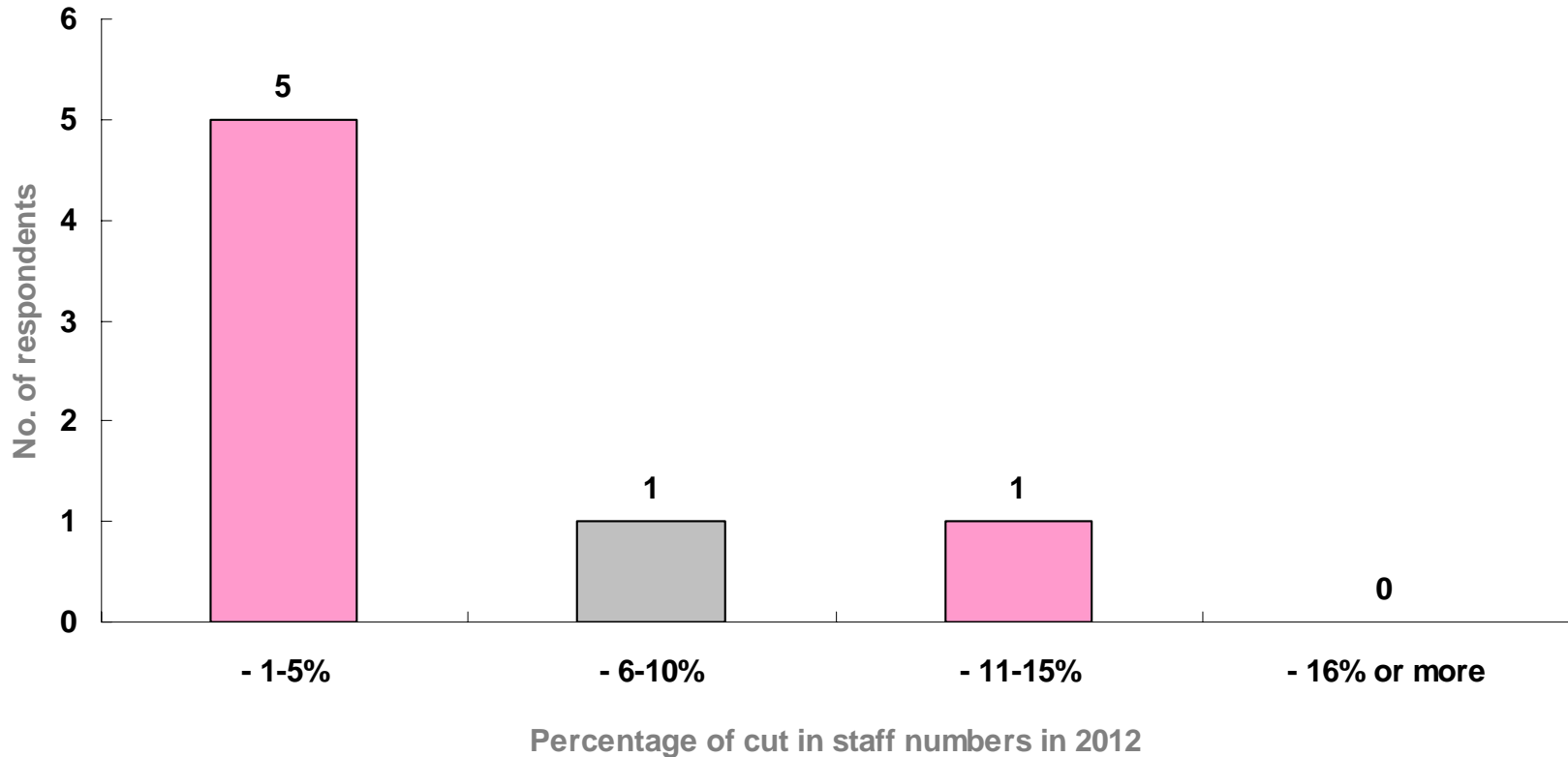
Terms of employment

Employers still overwhelmingly preferred to recruit permanent and full-time staff (67.1% and 64.7% respectively). Contract work (25.6%) was the next preferred term of employment, while freelance terms were the least popular (2.9%).



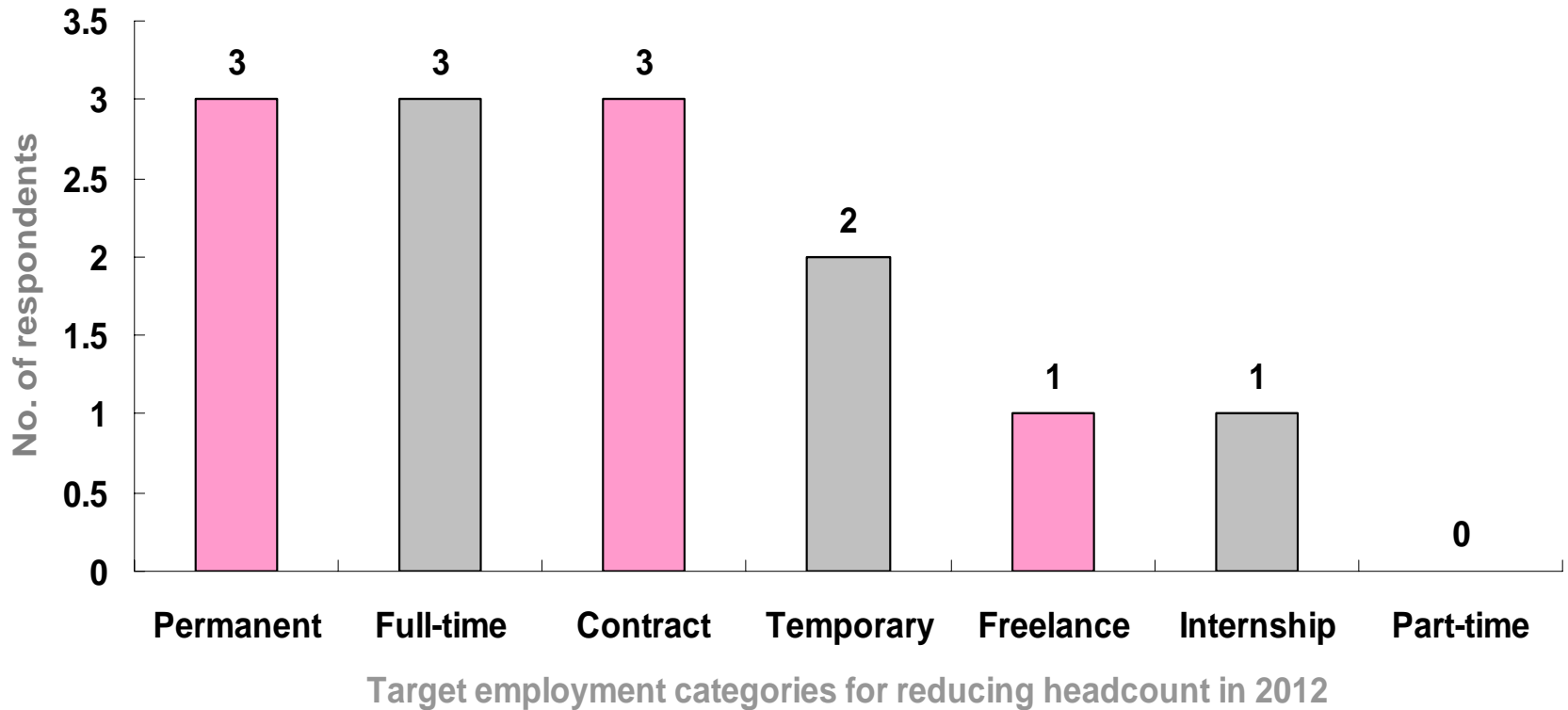
Low retrenchment rate

Of only seven respondents planning to cut staff numbers in 2012, five noted that they would reduce their workforces by between one and five per cent.



Some jobs to go

The very small number of employers planning to cut their workforces will be targeting permanent (42.9%), full-time (42.9%) and contract (42.9%) employees, followed by temporary and freelance staff and interns.



Conclusion

Hong Kong's recruitment market remains dynamic. The period following the payout of annual or discretionary bonuses at the beginning of 2012, and particularly after the Lunar New Year, is traditionally a popular time for job-hopping. This remains a challenge to employers, who need to ensure that they continue to offer market-related remuneration and benefits, and have appropriate hiring and retention strategies in place.

Recommendations

- With more companies planning to recruit, retention strategies are increasingly important
- Pay increases and year-end or discretionary bonuses are likely to boost jobseekers' confidence
- Companies should continue to ensure staff engagement and development opportunities

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About CTHR Pay Trends Survey

More than 430 CareerTimes.com.hk customers responded to the CTHR Pay Trends Survey in November and December 2011, giving managers and HR practitioners a better picture of employers' hiring intentions and recruitment sentiments for the period under scrutiny. The survey also examined pay and company-bonus trends across 14 industries, including banking and finance, building and construction, hotels and catering, information technology, manufacturing and trading and retail in Hong Kong during 2011, as well as expectations for the year ahead. The respondents were mainly HR practitioners and managers from organisations with staff complements ranging from less than 50, up to 500.

About CTHR

CTHR.com.hk is an extension of the spearheading career and recruitment portal CareerTimes.com.hk, with a keen focus on serving the information and professional-development needs of the human resources profession. CTHR was established to help companies enhance their organisational performance, corporate efficiency and competitiveness through effective human resources management. The website offers a wealth of useful information, including a daily news feed, salary indices, surveys, case studies, in-depth analyses of employment law issues and a colourful array of exclusive interviews.

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