

Introduction

Most Hong Kong employers polled in the latest *CTHR Salary Trends and Employment Survey Q1* 2017 are still offering modest salary increases and bonuses, but envisage recruitment slowing down this year. Yet, the majority of employees surveyed are looking to change jobs in 2017, citing dissatisfaction with their salary or benefits, or lack of opportunity for advancement.

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Objectives

- To gain understanding of expected salary adjustments across a wide range of job sectors in Hong Kong in 2017, and of the factors considered before pay adjustments are made or bonuses handed out.
- To gauge employers' hiring intentions for 2017.
- To establish which job functions are most in demand in the current economic climate.
- To get insight into job turnover rates and the reasons for staff moving on.



Key Findings

- Slightly less than half of employers (48%) polled plan to hire more staff in 2017, with nearly 70% of those hiring targeting entry-level staff.
- Surveyed employers are primarily looking to fill positions in sales, business development and customer service, followed by accounting and auditing, information technology and administration. Bottom of the list are jobs in building and construction.
- Most polled employers believe recruitment will slow down this year compared with Q4 2016.
- The vast majority of employees surveyed are either looking for a new job, or planning to do so. The main reasons given for this are dissatisfaction with their salary or benefits and little opportunity for advancement.

Methodology

Survey period: January 2017

Sample size:

- 161 employers (41% in middle management and 30% in senior management) across at least
 23 industries.
- 1,153 employees (half having more than eight years work experience, 22% having between three and five years). Most were aged between 28 and 37.

Data collection:

An online survey was delivered to jobseekers and employers during the survey period. Responses were analysed and consolidated by CTHR' in-house research team.

Hiring Plans for Q1 2017



Those aiming to recruit anticipated a median **4%** increase in staff numbers. The small minority planning to lay off staff would cut a median of **10%** of positions.

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Sought-after Job Levels

Nearly 70% of the companies hiring in 2017 were targeting entry-level staff, followed by employees in supervisory positions.





Top Job Functions in Demand

Sales / CS / Business Development 23% Accounting / Auditing 22% Information Technology 18% Administration 17% Logistics / Transportation 14% Marketing / Public Relations 14% Merchandising / Purchasing 13% Retail 13% Banking / Finance 12% Engineering 10%



Predicted Hiring Trends for 2017



Significantly, most polled employers (42%) believed that recruitment would slow down this year compared with 2016, while just under 40% believed it would remain stable. 13% was not sure. Only 5% considered that hiring would be active in 2017.



Salary Adjustments



The rest predicted no salary change, except for a sole employer out of the 161 polled, who planned to cut wages.

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Salary Adjustments

Of the employees polled, 61% said their companies had not yet announced salary adjustments for 2017, while 26% said they would be receiving increases and 11% expected pay to remain unchanged. Just under 2% anticipated wage cuts.



What is your salary adjustment in 2017?



Percentage Increase

The survey data showed a median increase of **4%** offered by those employers intending to raise wages in 2017. Corresponding with this, those employees expecting increases anticipated a median **4.6%** raise.

By contrast, the small minority subject to wage cuts envisaged their salaries to be slashed by a median 20%.



2016 Bonuses



The vast majority of those handing out bonuses did so in January 2017 and 13% in December 2016. The remainder plan to do in the coming months.

2016 Bonuses



Of the employees, 31% said they did not received bonuses for 2016; of those that did, 30% received their 13th cheque in January 2017 and 13% in December 2016. The rest were looking forward to bonuses in the months ahead.

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Bonus Size

Nearly two-thirds of the employers surveyed were offering staff bonuses amounting to a full month's salary, while 12% were giving half a month or less. An additional 11% would hand out the equivalent of a month-and-a-half's salary, while 7% were giving two months.



Factors Considered

Overall company performance (89%) and individual performance (88%) were the two most important factors considered by the polled employers in respect of pay adjustments and staff bonuses.



Estimated Staff Turnover

The surveyed employers estimated a median staff turnover rate of **10%** in 2017, with 50% believing the turnover rate would remain unchanged from 2016, while 29% expecting it to increase.

When compared to Q4 2016, your staff turnover rate in Q1 2017 will:



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Estimated Staff Turnover

Are you planning a job change in Q1 2017?



More than two-thirds of the employees polled said they were either currently looking for a new job (36%) or planning to do so (32%), meaning slightly less than a third were planning to stay put.

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Reason for Wanting to Change Jobs



A substantial 57% of the employee respondents said they wanted to change jobs because they were dissatisfied with their salary or benefits, and 46% noted there was little opportunity for advancement in their current position. Other significant push factors were dissatisfaction with work environment (40%), wanting a better work-life balance (39%) and lack of challenge or boredom at work (30%).

Thoughts of Quitting

40% of the employees surveyed said they had in the past six months thought of resigning their jobs without having another one to rely on.



Main reason for having this idea:

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Conclusion

- Hong Kong recruitment levels are reasonably flat, with entry-level staff in biggest demand, and those in sales, accounting and auditing, and information technology leading the pack.
- Most employers are still paying modest increases and annual bonuses, but in spite of these factors, a large percentage of employees – disgruntled with salaries and prospects – are looking to change jobs in the year ahead.



Recommendations

- Amid a high expected turnover rate, employers might want to improve salary and growth prospects, particularly for their high achievers, in order to hold on to quality staff. They should also be aware that a large percentage of staff entertain thoughts of quitting with no alternative roles to go to – this should ring alarm bells.
- Employees should be realistic about looking for new prospects, with wage increases hovering around 4% and employers expecting recruitment to slow down in 2017. They should reflect on the fact that company and individual performance are still key to wage increases and bonus payouts.



About CTHR Recruitment & Salary Trends Survey Q1 2017

Our *CTHR Salary Trends and Employment Survey Q1 2017* aims to provide insight into Hong Kong employers' hiring intentions for 2017, and to look at their plans for pay adjustments and bonus distribution. The survey will also explore jobseekers' expectations for pay adjustments in 2017. A total of 161 employers across at least 23 industries and 1,153 employees spanning a wide range of sectors responded to this survey, conducted in January 2017. Of the employers, 41% were at middle management level while 30% were at senior management level.

About CTHR

CTHR was established in 2009. Its mission is to provide the latest market information for human resources (HR) professionals, including daily news, salary indexes, survey and research findings, case studies, employment laws and regulations, HR specialist blogs, and exclusive features.

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