

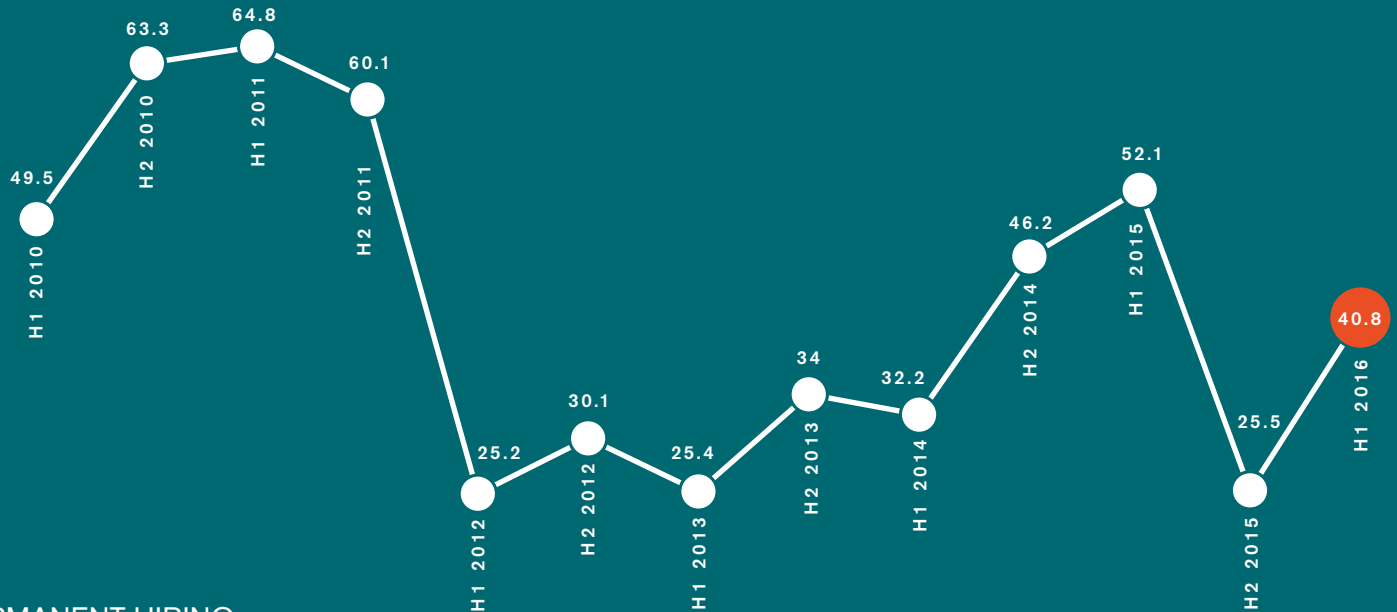
THE HUDSON REPORT: FORWARD FOCUS 2016

NAVIGATE
HONG KONG'S
TALENT
LANDSCAPE

A black and white photograph of a woman with dark hair, wearing a light-colored, textured top, looking down at a tablet device she is holding. The background is softly blurred, showing what appears to be an office environment with a laptop and other equipment. The lighting is natural, coming from a window on the right side of the frame.

Hudson

NET HIRING INTENTIONS JUMP 15%



PERMANENT HIRING EXPECTATIONS: NET EFFECT (%)

Hong Kong's net effect intention to hire stands at 40.8% for the first half of 2016. Measured by Hudson for over a decade, the net effect is calculated by taking the percentage of employers surveyed who in the next six months expect to increase permanent staff levels and subtracting the percentage of employers who expect to decrease staff levels.

HONG KONG: HIRING OUTLOOK RECOVERS FOR 2016

For over 10 years, the Hudson Report has tracked 'intentions to hire' as a status check on the employment market.

However, while surveying demand for talent is useful, businesses also need to know about the people being hired – understanding the talent market helps organisations attract and retain their best employees in an increasingly fluid market. As a result, the Hudson Report now includes data on employees and their career plans.

Our objective: to provide employers with insights that help them attract and retain the best people in an increasingly liquid and competitive talent market.

This idea of liquidity characterises the employment market of 2016 across all aspects of job seeking and talent sourcing. The new Hudson Report reveals that a significant proportion of the Hong Kong workforce is prepared to move this year: move jobs, move sectors and even move countries.

The data reveals hiring intentions have come down from the optimistic highs of a year ago but are still buoyant. Reassuringly, it corrects a steep drop in confidence experienced at the halfway point of 2015.

As we begin 2016, there is a sense of optimism among businesses, with 45% of employers planning to increase headcount. That confidence also flows through to employees, with 3 in 4 considering moving to a new job in 2016.

So how should employers prepare? Who wants to move, to where and on what terms? What promotions and pay rises are organisations offering? The answers all lie ahead.



Siddharth Suhas
Director
Hudson Hong Kong

THE COMPLEX EMPLOYMENT MARKET TODAY

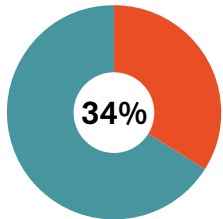
1

Volatility, uncertainty, complexity and ambiguity. This is how we work and live now. Driven by technological change and disruption, the implications of these characteristics on the talent landscape are significant.

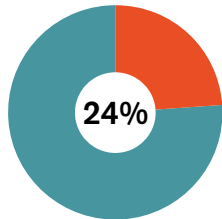
TEAMS TODAY: DO THEY LACK THE SKILLS TO THRIVE IN OUR ENVIRONMENT OF CHANGE?

The No 1 competency lacking in the workplace:
Driving & Managing Change

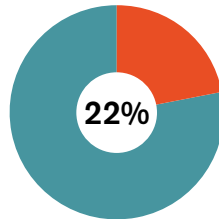
SOFT SKILLS MOST LACKING IN THE WORKPLACE



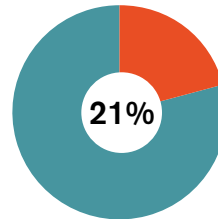
1. DRIVING & MANAGING CHANGE



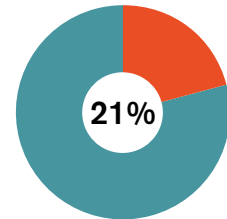
2. DATA LITERACY



3. COACHING & DEVELOPING OTHERS



4. STAKEHOLDER ENGAGEMENT



5. RESILIENCE

INSIGHTS:

> **Today's organisations operate in a period of historic change.** Organisational demands expand and contract, while job seekers' behaviour and expectations are changing rapidly – and the nature of work itself is being transformed. The stakes are high and employers need people with the requisite skills to be able to thrive in this environment. The question is, are organisations ready? While they must find and secure the best talent, they must also arm that talent with the skills to help them succeed in the ever-changing business environment.

A LIQUID EMPLOYMENT MARKET

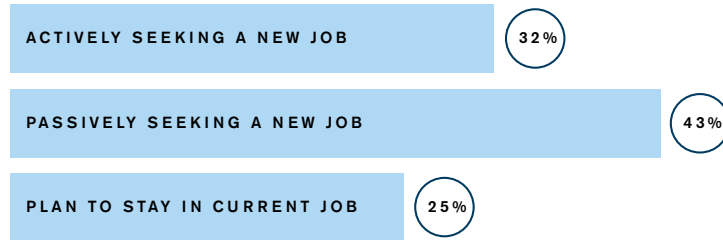
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The market is liquid:
75% of the Hong Kong workforce are open to new opportunities in 2016.

PROFESSIONALS: WHO IS LOOKING FOR A NEW JOB?



STATE OF JOB SEEKING IN HONG KONG 2016



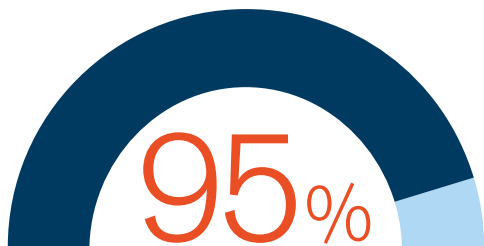
Additionally, almost **1 in 2**
Hong Kong professionals plan
to move jobs **within a year**

INSIGHTS:

> **Don't be resigned to resignations.** The fact is, most employees are open to hearing about new opportunities, but not all will be tempted to move. The key is to be proactive in order to retain talent, through measures such as empowering managers to have open career conversations and getting salaries and incentives right.

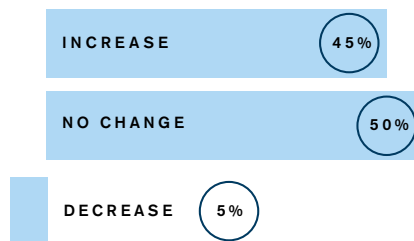
> **Hong Kong's employees are reading the market.** Employees are seeing a renewed sense of business confidence and hiring optimism. Those who have been holding out for better opportunities may find them this year.

EMPLOYERS: WHO IS ADDING HEADCOUNT?



of Hong Kong employers intend to either increase or maintain their permanent headcount in the first half of 2016

Almost **1 in 2** employers intend to **add** permanent headcount in H1 2016



INSIGHTS:

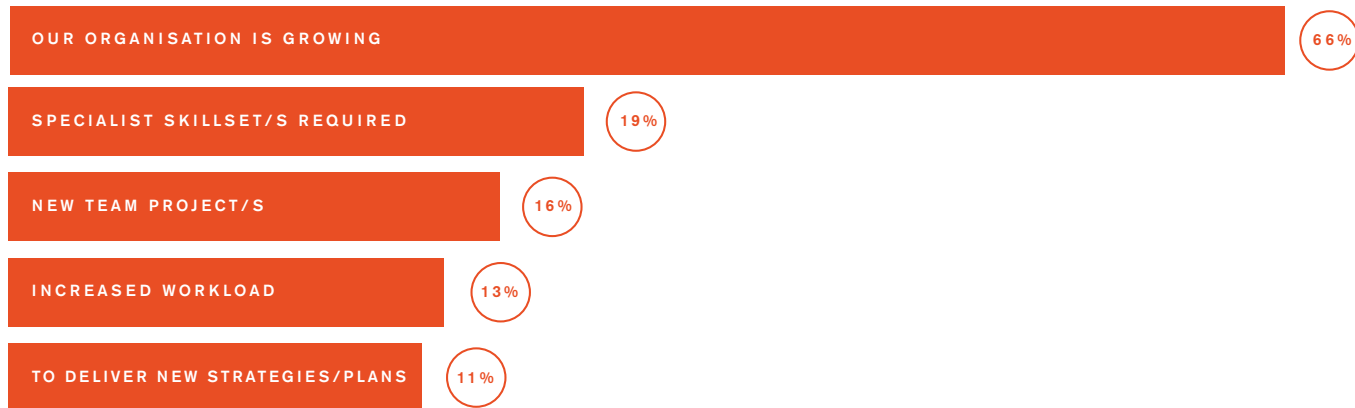
> **Organisations have recovered their confidence.** Mid-2015 saw hiring plans decline significantly as the Chinese economy faltered and global financial markets swayed. In the end, there was a dip in growth¹ but no major shock to the local or regional economy. As a result, confidence has stabilised and employers are now making plans with a more optimistic mindset.

¹ Hong Kong Economy, Economic Situation and Updated GDP and Price Forecasts, 13 Nov 2015

EMPLOYERS: WHY THE HEADCOUNT GROWTH?

Organisational growth the No 1 reason for increasing headcount

TOP REASONS FOR INCREASING HEADCOUNT



INSIGHTS:

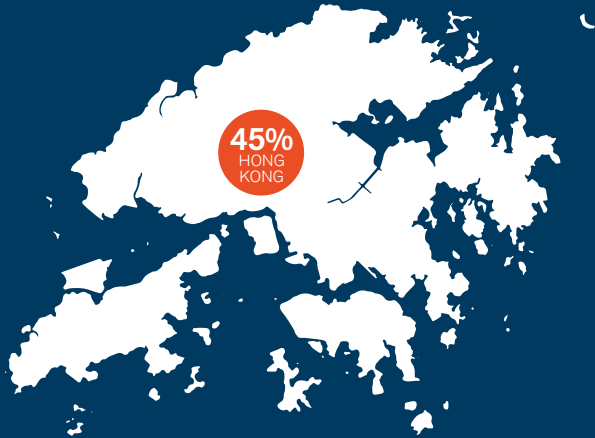
> **Growth on the agenda for Hong Kong.** Positive hiring intentions and organisational growth are good signs for the economy, as they indicate optimism in the business landscape. While the global economy has been described as 'lacklustre' by the Hong Kong government¹, local and regional economies are still experiencing expansion. China's central bank has predicted 6.8% growth in 2016² and this growth will make talent attraction more competitive. Organisations can win in this market by creating strong talent pipelines for critical roles.

¹ Hong Kong Economy, Economic Situation and Updated GDP and Price Forecasts, 13 Nov 2015

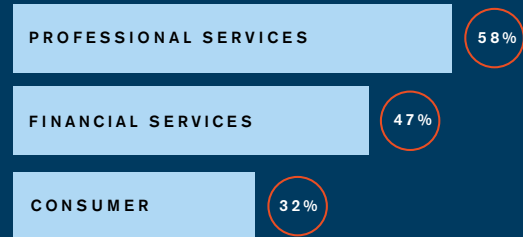
² Reuters, China Central Bank Sees Economic Growth Slowing to 6.8 percent in 2016, 16 Dec 2015

A STATE OF FLUX: EMPLOYERS HIRING IN HONG KONG

EMPLOYERS ADDING
PERMANENT HEADCOUNT



TOP 3 INDUSTRIES WHERE
EMPLOYERS ARE ADDING
PERMANENT HEADCOUNT

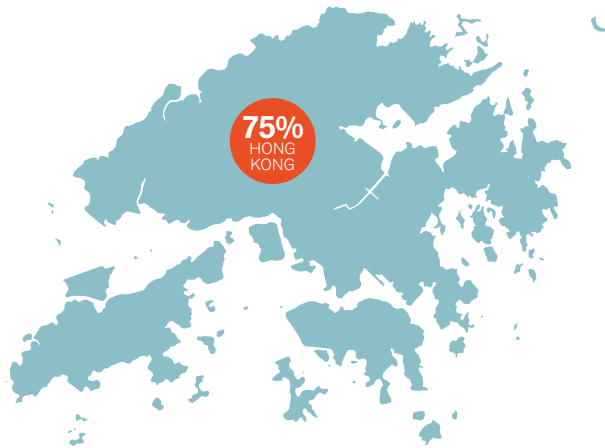


INSIGHTS:

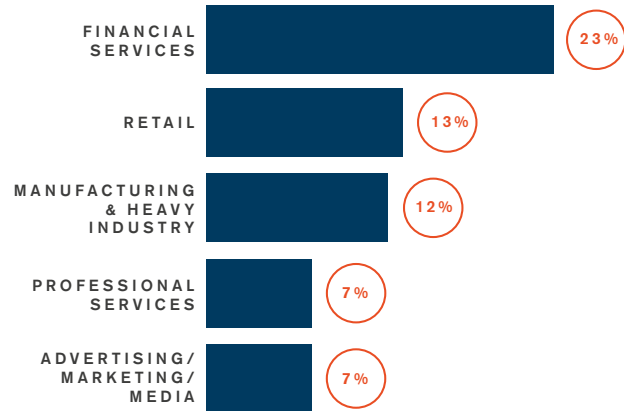
- > **Finance the backbone of the economy.** While the Professional Services sector is planning to grow, much of the hiring will be for consultants who specialise in consulting to banks and financial services companies.
- > **Regulation drives demand.** Compliance, audit and risk are particularly in demand in the Financial Services sector, driven by increased regulation in many markets throughout the region.

A STATE OF FLUX: PROFESSIONALS OPEN TO NEW OPPORTUNITIES IN HONG KONG

PERCENTAGE OF RESPONDENTS
ACTIVELY OR PASSIVELY SEEKING JOBS



BY INDUSTRY: PERCENTAGE OF
RESPONDENTS ACTIVELY OR
PASSIVELY SEEKING JOBS

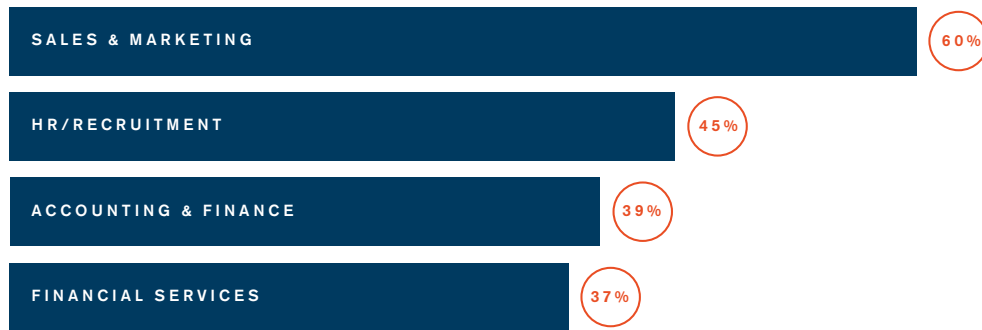


INSIGHTS:

> **Industries are expanding and contracting.** Some of the global financial institutions are now moving significant roles into Hong Kong due to the availability of talent and the advantages of Hong Kong's unique geography, with its proximity to Greater China and Japan plus its appealing time zone. This influx of roles is incentivising job seekers to start looking for new positions. Meanwhile, roles in some industries, such as manufacturing, are increasingly being transferred to China, creating significant movement in that sector.

FOCUS ON PROFESSIONS: SALES & MARKETING PROFESSIONALS IN HIGH DEMAND

THE PROFESSIONS ADDING HEADCOUNT



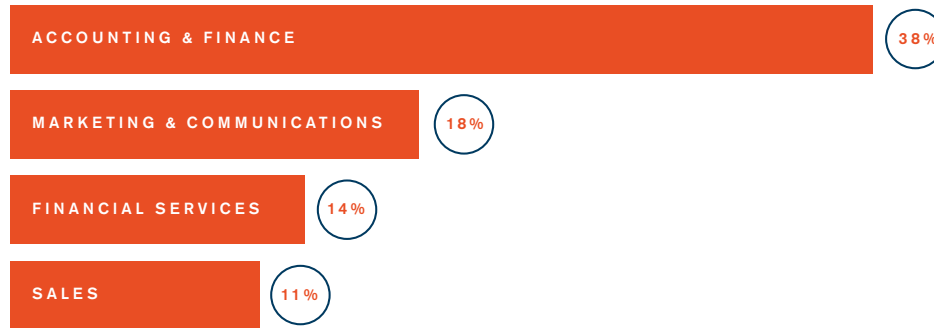
INSIGHTS:

> **A focus on revenue drivers.** 60% of hiring managers in Sales & Marketing are adding headcount in H1 2016. Top sales people, with the right combination of experience, attitude and aptitude, play a crucial role in driving revenue and companies focused on growing their bottom line are planning to invest in this area.

> **Investment in people.** The fact that HR professionals are in high demand suggests organisations are taking their talent strategies seriously by hiring the professionals who can drive and execute their people plans.

FOCUS ON PROFESSIONS: ACCOUNTING & FINANCE ON THE MOVE

THE PROFESSIONALS ACTIVELY AND PASSIVELY SEEKING NEW JOBS



INSIGHTS:

> **Aspiration vs achievement.** Accounting & Finance professionals will seek new opportunities as they recognise the market for their skills is strong – especially in the first quarter when businesses are focused on planning, analysis and budgets. Additionally, in many cases job seekers can make more money by changing jobs. As a result of this fluidity, the market will be very competitive.

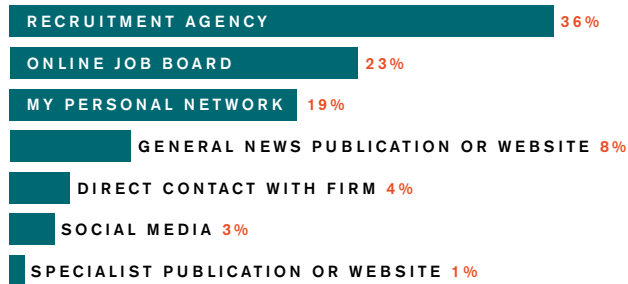
MOBILITY: WHERE JOB SEEKERS WANT TO GO IN 2016

3

Hong Kong professionals are willing to move industry and even country for the right role, with 74% saying they would move industry and 50% saying they would move country.

THE JOB SEARCH: HOW JOB SEEKERS ARE LOOKING FOR NEW ROLES

WHERE PROFESSIONALS FOUND THEIR LAST/CURRENT JOB



WHERE THEY WILL LOOK FOR THEIR NEXT JOB

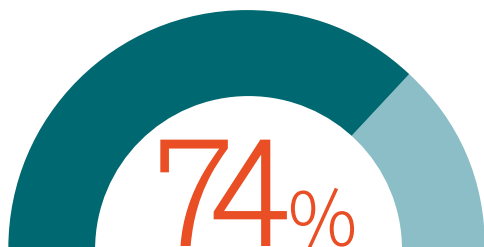


INSIGHTS:

> **Hong Kong professionals favour recruitment agencies.** The desire among Hong Kong's professionals to work with a recruiter suggests candidates appreciate the networks and the advice they provide in a competitive job market.

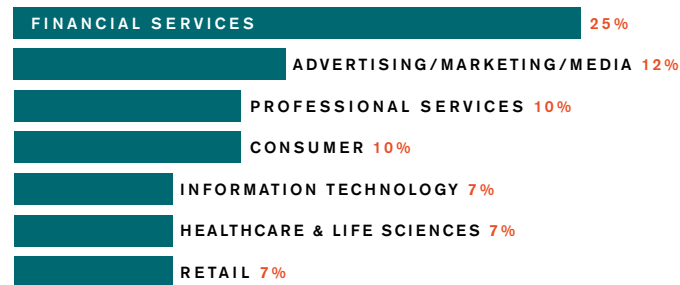
> **Fish where the fish are swimming.** People are keen to use their networks, so implementing an incentive scheme and leveraging social media will help you reach potential talent. Create a compelling online careers proposition to appeal to direct approaches, and work with recruiters – the first place the majority of job seekers will look for new roles.

ON THE MOVE: INDUSTRIES



of professionals would change industries for the right job. The No 1 choice? **Financial Services.**

THE TOP INDUSTRIES HONG KONG PROFESSIONALS WOULD JOIN FOR THE RIGHT JOB



INSIGHTS:

> **Financial Services retains its edge.** Hong Kong employees, especially aspirational younger professionals, continue to see Financial Services as a highly desirable sector with the greatest earning potential and job opportunities. Employers in other sectors need to be clear about the benefits and value they deliver, in order to effectively compete.

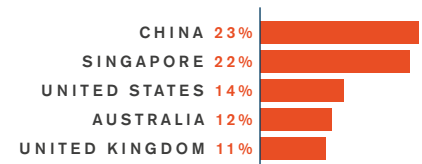
> **Talent willing to move.** With 3 in 4 willing to change industries for the right job, there is an opportunity for employers to look to other industries to find their best hires.

ON THE MOVE: COUNTRIES

50%

of professionals
would move
countries for
the right job

TOP 5 COUNTRIES HONG KONG-BASED PROFESSIONALS WOULD RELOCATE TO FOR THE RIGHT JOB

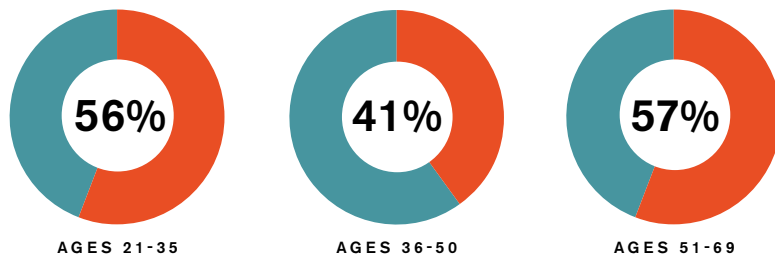


INSIGHTS:

> **Career advancement the key driver.** For the 1 in 2 professionals who would move country, the top choices represent markets with maximum career prospects. China is the epicentre of growth, with a flourishing Financial Services sector, while Singapore combines lifestyle factors, proximity to South East Asia and roles in big-brand, global firms. As a highly commercial workforce, Hong Kong professionals will follow the opportunities.

ON THE MOVE: COUNTRY BY GENDER AND GENERATION

Those aged 36-50 least likely to relocate



Men more likely than women to relocate



INSIGHTS:

> **Family commitments a factor.** For the 36-50 age group, many have children to raise as well as ageing parents to care for, so it's unsurprising that this 'generation in the middle' is the group with the least desire to move countries. Interestingly, older workers are keen to move, possibly because their family commitments are now reducing, while younger workers feel they can travel before having children and while their parents remain healthy.

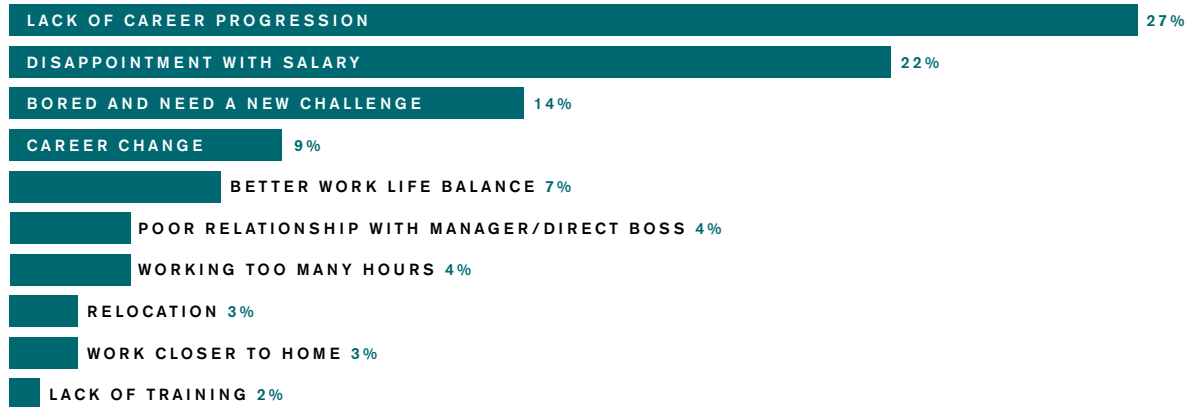
**ATTRACT, RETAIN & ENGAGE:
KEEPING TALENT IN
THE YEAR AHEAD**

4

The market is moving, and the majority of employers are prepared to pay for talent. 63% of employers expect to pay more for people they hire today than they did a year ago.

FORCES AT WORK: THE “PUSH” FACTOR

WHY PROFESSIONALS WOULD LEAVE THEIR CURRENT ROLE

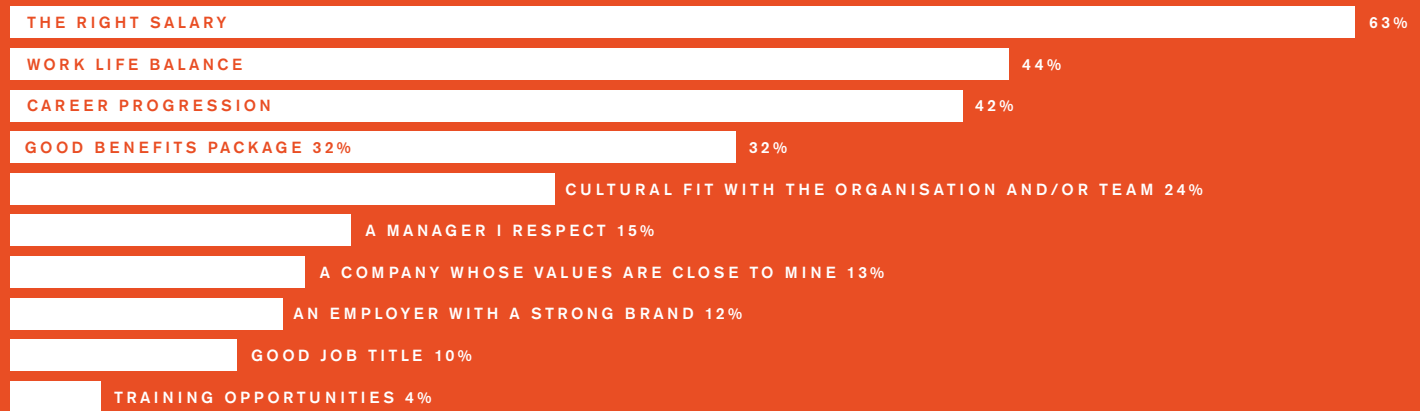


INSIGHTS:

> **Career progression is key.** While 1 in 5 (22%) cite salary as a factor, many non-financial issues also lead to disengagement. Ensure your organisation equips its people leaders with the skills and know-how to make their team members feel valued, engaged and challenged, and provide employees with a career plan that allows them to work towards promotion and increased salary.

FORCES AT WORK: THE “PULL” FACTOR

WHAT PROFESSIONALS MOST WANT IN A NEW ROLE

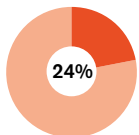


INSIGHTS:

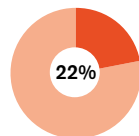
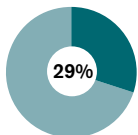
> **Salary is crucial.** When hiring, you'll need reliable pay data to ensure you're competitive – salary is the key reason people accept jobs, so offering the right salary allows you to attract the best talent. Additionally, the right benefits and annual leave packages rate highly for many job seekers. There are other attraction tools at your disposal too, such as flexible working conditions and a sound approach to career planning; people want a well-rounded job offer.

> **The people and the culture matter.** Beyond salary, candidates also look for rapport with their potential line manager and colleagues and seek cultural and value fit. Additionally, the brand of the employer and the perceived level of security and stability it offers is a consideration for some. The high ranking of work life balance suggests that overstretched employees are now placing better working hours on their agenda.

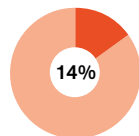
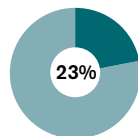
“PUSH”: BY DEMOGRAPHIC



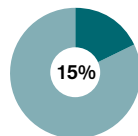
LACK OF CAREER PROGRESSION



DISAPPOINTMENT WITH SALARY



BORED AND NEED A NEW CHALLENGE



Younger age groups place higher value on career progression

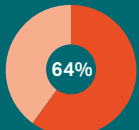
	AGES 21-35	AGES 36-51	AGES 51-69
1	Lack of career progression	Lack of career progression	Disappointment with salary
2	Disappointment with salary	Disappointment with salary	Want a better work life balance
3	Bored and need a new challenge	Bored and need a new challenge	Want a career change

INSIGHTS:

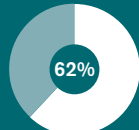
> **Be clear about career planning.** Disappointment with career advancement cuts across gender. It's crucial to engage with staff and understand what it takes to motivate them individually, then document this in an agreed plan. It's also useful to recognise that career progression can be a lateral move, not just a vertical one.

> **Older workers seek better salaries.** More senior workers – whose salaries have possibly not risen at the same pace as their younger counterparts – are seeking to close the gap as they plan for retirement.

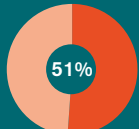
“PULL”: BY DEMOGRAPHIC



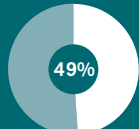
THE RIGHT SALARY



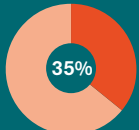
THE RIGHT SALARY



WORK LIFE BALANCE



CAREER PROGRESSION



CAREER PROGRESSION



WORK LIFE BALANCE

Salary the No 1 “pull” factor for all groups

AGES
21-35

AGES
36-51

AGES
51-69

1

The right salary

The right salary

The right salary

2

Career progression

Work life balance

Work life balance

3

Work life balance

Career progression

Cultural fit

INSIGHTS:

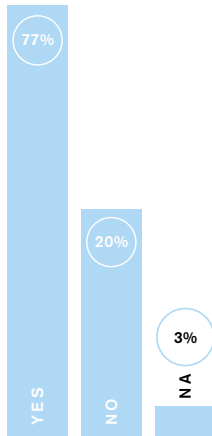
> **Everyone agrees on one thing.** A good salary is by far the most important decision point when finding a new role. To win the best talent, ensure your organisation has reliable pay data to ensure you are competitive and be aware that you may need to negotiate to secure the best hires.

SALARY INSIGHTS: ARE ORGANISATIONS OFFERING THE RIGHT SALARY?

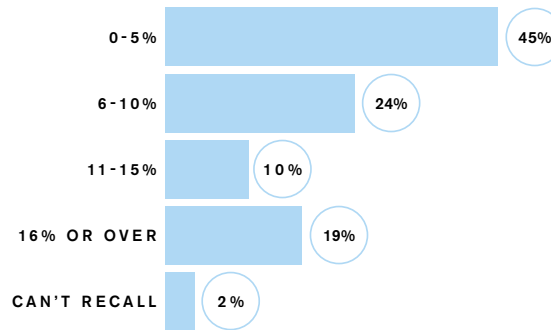
Salary is now the second highest reason an employee leaves a job and the No 1 reason they would move to a new job

20%

of professionals have not had a pay increase in the last year



PAY RISES AWARDED TO PROFESSIONALS LAST YEAR



37%

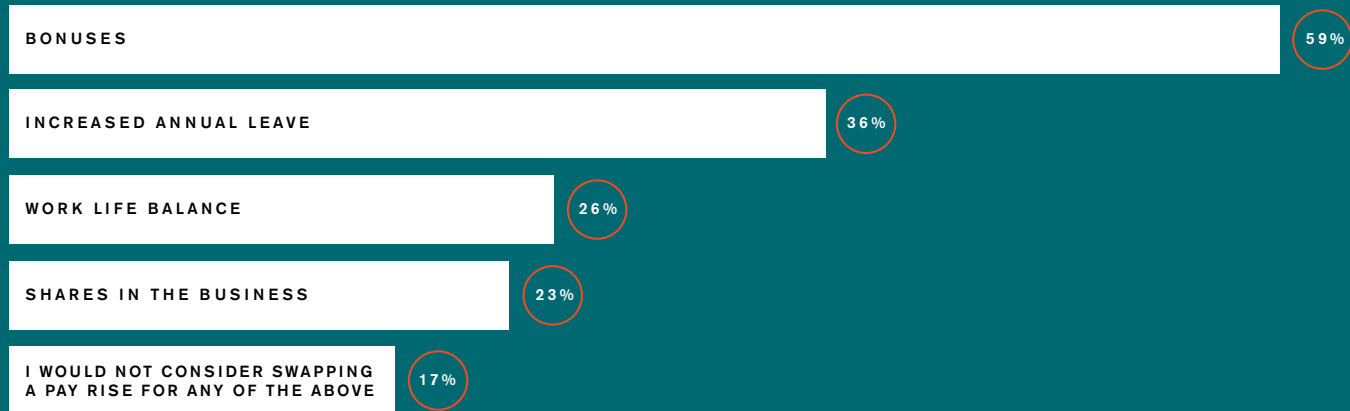
of employers do not expect to pay more for talent today than they did a year ago

INSIGHTS:

> **Some employers are paying a premium.** With subdued economic growth in 2015, it's unsurprising that 1 in 5 workers (20%) have missed out on an increase. However, some employers are now offering pay rises well above average and they may be willing to pay a premium to secure top talent during the coming year.

PAY RISE ALTERNATIVE: THE BENEFIT IN BENEFITS

IF YOU WERE GIVEN A CHOICE,
WHAT WOULD YOU CONSIDER SWAPPING A PAY RISE FOR?

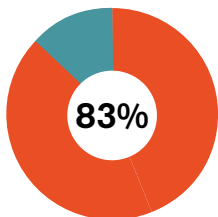


INSIGHTS:

> **Fixed salaries aren't the only option.** Given the range of alternatives that employees would consider, employers should offer a suite of benefits as part of an employment package designed to ensure a higher retention rate. However, if the base salary is not attractive, these alternatives won't be strong enough on their own: organisations must meet market rates before developing other remuneration options. Flexible working is also a key retention strategy for employers to consider – with work life balance high on the agenda, Hong Kong professionals may be willing to trade a higher salary for better working hours.

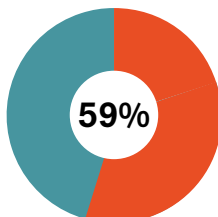
PAY RISE ALTERNATIVE: THE POWER IN PROMOTIONS

PROFESSIONALS' VIEWS ON PROMOTIONS



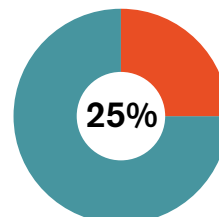
THE VIEW

83% of all professionals say a promotion is important or very important



THE IDEAL

59% expect to be promoted within 2 years



THE REALITY

25% have been promoted in their current role

Promotions a priority for those aged 21-35



say getting a promotion is important or very important



would generally expect to be promoted within 2 years in a role



only 25% have been promoted in their current role

INSIGHTS:

> **Young workers ambitious but disappointed.** Many young professionals have strong career aspirations but are not being promoted. It is important for employers to be very clear about potential career paths, from the beginning of the hiring process through to making a job offer and then after hiring.

> **Keep your promotion promises.** People who feel overlooked will go elsewhere for the recognition they need. Employers need to treat this risk seriously; not everyone is ready for promotion but individuals need to know when, why and how they can reach the next level in their career.

KEY TAKEOUTS

Don't be complacent.

If, as predicted, nearly half of employers increase hiring, employees will know there are many opportunities available. Passive job seekers will become active and your best people will be approached by your rivals. In 2016, smart employers will be proactive and work to improve their attraction, retention and engagement strategies.

Don't ask, don't get.

The Hudson Report reveals what employees are thinking, and it shows a diversity of wants, needs and expectations. Your talent strategy needs to reflect the diversity of the workforce across genders, ages and industries. But you don't need to guess – ask your people what they want. Use surveys, manager feedback and social media to measure the opinions within your organisation.

Ask for help.

Getting a talent strategy right is difficult and requires keeping the employees you have, building a pipeline of potential talent, and finding and selecting new people. In an unpredictable and highly liquid market, partnering with talent and recruitment experts will help you succeed in both strategy and execution.

METHODOLOGY

Hudson undertook quantitative research with hiring managers and employees across Hong Kong to analyse the talent landscape and provide insights on what employers might expect in 2016.

We canvassed the views of 238 employers and 586 employees in November 2015. From these findings we developed this report – a combination of the survey findings and Hudson's insights on the hiring landscape. Percentages don't always total 100% as respondents could select more than one option for certain questions.

ABOUT HUDSON

Hudson is a global talent solutions company with expertise in leadership and specialised recruitment, recruitment process outsourcing, talent management and contracting solutions. We help our clients and candidates succeed by leveraging our expertise, deep industry and market knowledge, and proprietary assessment tools and techniques. Through relationships with millions of specialised professionals globally, we bring an unparalleled ability to match talent with opportunities by assessing, recruiting, developing and engaging the best and brightest people for our clients. We combine broad geographic presence, world-class talent solutions and a tailored, consultative approach to help businesses and professionals achieve higher performance and outstanding results.