

PRESS RELEASE

For Immediate Release

Employees Receive Average Pay Rise of 3.2% in 2018

Close to 60% of employers anticipate growth in demand in labour market this year

[7 June 2018 - Hong Kong] The January 2018 Pay Trend Survey conducted by Hong Kong Institute of Human Resource Management (HKIHRM) reveals that **Hong Kong employees received an overall base pay adjustment of 3.2% on average in 2018.** The January 2018 Pay Trend Survey polled 48 companies involving a total of 86,717 full-time salaried employees. Key findings of the survey are as follows:

Base Pay Adjustment - January 2018

Among all companies participating in the survey, 25 responding companies confirmed a base pay adjustment in January 2018, covering a total of 48,559 employees.

- **The overall average base pay adjustment for employees in January 2018 was 3.2%** (weighted average), based on the data provided by the 25 responding companies. This is 0.3 percentage point higher than the figure of 2.9% registered for the same period in 2017. (Chart 1)
- Of the 25 responding companies that made pay adjustments for employees in January 2018, **96.0% reported a pay increase while 4.0% of the responding companies imposed a pay freeze. No company reported a pay cut during the survey period.** (Chart 2)
- In terms of employee number, **85.2% of the employees from the responding companies received a pay increase and 14.8% had pay freeze while no employees received a pay cut.** (Chart 3)
- By staff level, employees at top level received the lowest pay increase of 2.1%, followed by employees at general and middle levels (3.2%) and those at senior level (3.3%). (Chart 4)
- In terms of company size, **small-sized companies (fewer than 500 employees) and medium-sized companies (between 500 and 1,000 employees) offered an average base pay increase of 3.7%**, a percentage higher than that offered by large corporations (more than 1,000 employees) at 3.2%. (Chart 5)
- The findings also indicated that there was no difference in pay rise level

between multinationals (3.2%) and local companies (3.2%).

Bonus Payment – January 2018

Among the 48 companies that participated in the survey, 95.9% reported that they had at least one bonus scheme in place at the time the survey was conducted.

Guaranteed Bonus

Among the 48 surveyed companies, only 29.2% indicated that they had a guaranteed bonus policy and the average guaranteed bonus size offered was 1.03 months of base pay.

Non-Guaranteed Bonus

- 27 companies with a non-guaranteed bonus scheme confirmed that they had made bonus payment to employees during the period between January and February 2018.
- Of all employees eligible for a non-guaranteed bonus scheme, **94.2% were awarded a non-guaranteed bonus in 2018**, with the **average bonus size amounting to 1.69 months of base pay**. This is higher than the 1.35 months of base pay recorded in 2017.
- In terms of bonus size distribution by staff level, top-level employees received the largest non-guaranteed bonus size of 6.79 months of pay base on average while general-level employees received the smallest bonus size of 1.53 months on average. (Chart 6)

Hong Kong's Labour Market Outlook in 2018

Of all the 48 companies in the survey that were invited to comment on Hong Kong's labour market outlook in 2018, **56.3% anticipated growth in demand in the labour market while 10.4% expected a moderate reduction** (Chart 7).

Anticipation of growth in demand in labour market was more prevalent in the financial services, telecommunications, IT, and non-governmental organisation sectors.

Conclusion

“On the back of Hong Kong's robust economic conditions, the overall pay adjustment offered by employers in the beginning of 2018 remained at a stable level of 3.2%, up 0.3 percentage point compared with the same period in 2017,” says David Li, President of the Hong Kong Institute of Human Resource Management.

With improved business performance, the size of non-guaranteed bonus companies offered to eligible staff in 2018 increased to 1.69 months of pay base from 1.35 months in 2017.

Findings also revealed that employees at small-sized organisations (less than 500 employees) received a higher average pay rise percentage than those at medium-sized and large-sized companies.

Hong Kong's unemployment rate has maintained a downward trend since the beginning of 2017, with the unemployment rate in April this year at 2.8%, hitting a 20-year low. Hong Kong's labour market is expected to remain tight for the second half of the year. Labour demand is forecasted to be strong in the financial services, telecommunications, IT, and non-governmental organisation sectors for the rest of 2018.

“Although salary is considered by employees as one of the key factors to motivate and retain staff, employers should also pay attention to non-financial rewards and incentives such as career development opportunities, training opportunities, tailored leave entitlements, and well-being programmes, as well as adopt family-friendly measures and best practices to help staff achieve work-life balance to attract and retain talent,” says Mr David Li.

Please click [here](#) to download relevant charts.

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About HKIHRM

As the most representative professional human resource institute in Hong Kong, the Hong Kong Institute of Human Resource Management (HKIHRM), a non-profit making organisation, has more than 5,200 members, with about 600 of whom are corporate members. Founded in February 1977, the Institute aims at developing, maintaining and enhancing professional standards in HR management, and increasing the perceived value and influence of the HR profession. The Institute organises a wide range of professional activities such as multi-level training programmes, conferences and an award programme, and provides services such as conducting surveys and publishing a professional journal. The Institute is commissioned by the Government of the HKSAR as the professional writer to develop and produce the Specification of Competency Standards (SCS) for the Human Resource Management sector under Hong Kong Qualifications Framework. The HKIHRM is a member of the Asia Pacific Federation of Human Resource Management which is one of the continental federations under the World Federation of People Management Associations. For more information, please visit our website at <http://www.hkihrm.org>.