

PRESS RELEASE

For immediate release

Hong Kong Companies Turn to Inside and Online Resources To Strengthen Employee Training Amid Economic Headwinds

[10 August 2016 - Hong Kong] Hong Kong companies have continued to invest in employee training and development to enhance human capital despite low hiring sentiment and economic slowdown, with **an average budget set at 3.4% of employees' annual salaries in 2015 for staff training and development, showing the first sign of drop in the past five years.**

The Hong Kong Institute of Human Resource Management (HKIHRM) released today findings of the **2015 Training and Development Needs Survey** to reveal changes in the annual employee training and development budget earmarked by Hong Kong employers. The survey also aims to identify the overall training and development needs of employees in Hong Kong, as well as the key training areas for employees at different job levels. The 2015 survey was conducted in March and April 2016, polling 152 companies from 16 industry and business sectors covering a total of 63,200 full-time employees (*chart 1*). Key findings of the survey are as follows:

Training Budget Slips While Training Hours Rise

74% of the 152 responding companies indicated that they had a training and development budget for employees in 2015. The amount of the training and development budget was equivalent to 3.4% of employees' annual base salaries in 2015 on average, a slight slip of 0.1 percentage point from 2014 (*chart 3*). However, the budget still maintained the second highest percentage over the past decade. Of all the business and industry sectors covered in the survey, transport/logistics (5.6%), hotel/hospitality/tourism (5.6%), construction/real estate property development/property management (5.6%), NGO/community services/social services (4.6%), business services/professional services (3.5%) recorded a training budget percentage higher than the average figure.

Training Hours

112 companies provided data on training hours. While the average number of training hours per employee per annum in 2015 was 18.5 hours, it recorded an increase of 1 hour on average when compared with 2014's figure. (*chart 5*)

In terms of business sectors, companies in client/customer-oriented sectors such as hotel/hospitality/tourism-related services (25.3 hours per annum), and community service/social services (19.9 hours per annum) tended to provide employees with more training hours than the average figure. (*chart 7*)

Budget Allocation

According to the survey findings, the training budget allocated between non-management level and management level employees was almost equal, with a split of 49% for the former and 51% for the latter (*chart 8*). Sectors that saw a higher training budget apportioned for non-management level employees than management level employees concentrated on client/customer-oriented sectors such as wholesale/import/export/trading (70%) and retail (60%) while professional services sectors such as business services, IT/banking/finance registered a higher training budget for management level employees. (*chart 9*)

Key Training Areas - by topic

Talent development programmes

67 companies (44%) out of the 152 responding companies reported that they had talent development programmes in the areas of “developing high potential staff”, “succession planning” and “trainee management” (*chart 10*). Talent development programmes were more prevalent in business sectors such as hotel/hospitality/tourism-related services (90%), construction/real estate property development (57%), and IT/hi-tech/telecommunication (56%). Larger companies with 500 employees or more were reported to have a higher percentage of talent development programmes in place.

Ethics training

Nearly two thirds (57%) of the 152 responding companies reported having conducted ethics training for their employees in the past two years. The top three ethics-related training topics in 2015 were “anti-corruption/anti-money laundering” at 85%, followed by “data privacy and data security” at 70%, and “corporate governance, risk and compliance” at 59%, with ethics training topics on discrimination ordinance, competition ordinance and anti-trust covered in the survey for the first time.

Key Training Areas - by staff level

Competency-based training in areas such as strategic management, people management and ethics/conduct/corporate governance/compliance, change management and strategic management were generally more important to employees at senior management level (*chart 11*) while the focus of training for employees at middle management/professional levels was on people management, team building, and ethics/conduct/corporate governance/compliance (*chart 12*). On the other hand, functional and skill-based training in areas such as new employee orientation, product/service knowledge, and customer service were essential to employees at supervisory and frontline levels. (*chart 13*)

Leveraging Internal Resources to Meet Training Needs

Training practices that leveraged internal resources were most commonly adopted by companies in 2015 such as on-the-job training (90%), coaching by line managers (77%), in-house development programmes (76%), and internal knowledge-sharing events (64%). This trend will continue into 2016, as evidenced by the survey findings, particularly in the area of online training which sees an estimated growth of 7 percentage points in 2016, compared with 43% in 2015, the highest growth rate among the other training practices. (*chart 14*)

The results also indicate that providing online training programmes by companies has been on a steady upward trend in recent years, with 57% of the responding companies reporting to have online training programmes in place. (*chart 15*)

By business sector, online learning programmes were more prevalent among companies in the banking/financial services/insurance, and IT/hi-tech/telecommunication sectors, with 80% and 78% of the industries respectively already having implemented these programmes in 2015. On the other hand, companies in healthcare/pharmaceuticals (33%) and manufacturing (33%) sectors were relatively less likely to have such programmes available. (*chart 16*)

Regarding the types of online training platforms, online training videos were the most popular among employers, with 71% of the respondents using this, followed by the webinars/virtual classrooms (38%) and social media (24%). (*chart 17*)

Key Business Objectives in Formulating Training Plans in 2016

Enhancing staff competence and quality (60%), reinforcing corporate culture to achieve strategic business goals (47%), and building leadership bench strength and pipeline through talent management (44%) were the top three business objectives that would drive the responding companies to formulate their training plans in 2016. (*chart 19*)

Mr Barry Ip, Co-Chairperson of the HKIHRM's Learning and Development

Committee says: "The results show that the proportion of training and development budget to employees' total annual base salary in 2015 was 3.4%, the first decline in the past five years, but it was still the second highest figure over the past 10 years.

In view of a challenging economic situation, employers reduced the use of external training facilitators and resorted to internal/in-house resources such as on-the-job training, coaching by line managers, in-house development programmes, and internal knowledge-sharing events to enhance staff training and development, as evidenced by the increase of training hours for each employee to 18.5 hours in 2015 from 17.5 hours in 2014.

We are pleased to find that the respondents in the survey reckoned the importance of investing in human capital to strengthen competitiveness, and did not drastically reduce their training budget. Staff competence and quality is a competitive edge for Hong Kong companies to sustain development and growth even when bracing for strong economic headwinds."

Mr Chester Tsang, Co-Chairperson of the HKIHRM's Learning and Development

Committee says: "It is also noteworthy that a significant increase (7 percentage points) of companies reported they will subscribe to online learning for staff training in 2016, the highest level of increase compared with other training practices. An increasing number of companies across business and industry sectors will continue to invest resources in online platforms for course delivery and training purposes.

With Gen Y employees becoming a major component of Hong Kong's workforce, Hong Kong employers need to cater for their learning preferences by increasing the use of online platforms and adopting the "bite-size learning" model which helps employees, especially the younger generations, attain more effective learning outcomes with greater flexibility in learning content, location and duration.

Staff competence and quality is a competitive edge for companies' sustainable development and growth. The survey findings reflect the mature business mindset of the management of

Hong Kong companies who champion the quality of human capital through training programmes and strategies to achieve business goals amid the economic headwinds.

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<https://drive.google.com/folderview?id=0By7fYRr2310RRksxTy1BZ0M1azA&usp=sharing>

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About HKIHRM

As a leading human resource professional body in Hong Kong, the Hong Kong Institute of Human Resource Management (HKIHRM), a non-profit making organisation, boasts more than 5,500 members, 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 purpose-built 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. 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>.