



PRESS RELEASE

For Immediate Release

Survey Reveals 3.7% Pay Rise and Uncertain Employment Outlook

[11 June 2019 - Hong Kong] An average base-pay adjustment of 3.7% was registered for Hong Kong employees in the January 2019 Pay Trend Survey by the Hong Kong Institute of Human Resource Management (HKIHRM). Conducted between March and April this year, the survey polled 52 companies across 11 different business sectors. With diverse staff headcounts individually, these companies together hired a total of 102,023 full-time employees. Key findings of the survey are as follows:

Base-pay Adjustment in January 2019

Among the 52 companies surveyed, 22 confirmed base-pay adjustment in January 2019, involving 49,363 employees in aggregate. The table below shows the details:

Base-pay adjustment	Percentage of companies (N=22)
Offered a pay rise	95.5%
Made zero adjustment	4.5%
Implemented a pay cut	0.0%

The overall average base-pay increase in this round of adjustment (January 2019) was 3.7% (weighted average), up from 3.2% a year earlier.

In terms of employee number, 85.8% of the employees were given a pay increase, whereas 14.2% saw their salaries frozen.

Bonus Policy

At the time of the survey, the overwhelming majority (98.1%) of the 52 surveyed companies had put in place at least one bonus scheme. While most companies offered non-guaranteed bonuses only, there were a substantial proportion of companies having both guaranteed and non-guaranteed bonus plans for their employees. The table below shows the breakdown:

Bonus policy	Percentage of companies (N=52)
With guaranteed bonus scheme only	1.9%
With non-guaranteed bonus scheme only	55.8%
With both guaranteed and non-guaranteed bonus schemes	40.4%
Without any bonus scheme	1.9%

Among those companies with a non-guaranteed bonus scheme, 27 indicated that discretionary bonuses due to their employees had been paid off during the first two months of 2019.

The survey found that 91.8% of the employees who were covered by a non-guaranteed bonus scheme were awarded a discretionary bonus, with the average bonus size at 1.54 months of base-pay, slightly lower than the preceding year's 1.69 months.

Employment Outlook

Regarding Hong Kong's labour market outlook for 2019, 38.8% of the respondents predicted an expansion. The corresponding figure in 2018 was 56.3%. The table below gives the percentage breakdown of companies according to how they foresaw this year's manpower market.

Employment outlook for 2019	Percentage of companies (N=49)
Substantial growth	10.2%
Moderate growth	28.6%
Moderate reduction	12.2%
Substantial reduction	10.2%
No opinion	38.8%

Commentary

Commenting on the results of the January 2019 Pay Trend Survey, HKIHRM Vice President Lawrence Hung noted that the higher pay rise registered in January 2019, compared with a year earlier, can be attributed to several factors. "Firstly, Hong Kong's tight manpower market, with the unemployment rate staying at a two-decade record low, was driving many employers to offer more attractive compensation packages as they tried to maintain competitiveness in hiring and retaining talents. Secondly, shortly before commencement of the survey, the SAR Government had announced its adoption of the Minimum Wage Commission's recommendation to adjust the minimum wage rate from \$34.5 per hour to \$37.5. In percentage terms, it was an increase of 8.7%. It is plausible that organisations took the 8.7% increase as a benchmark whilst considering pay adjustment for their frontline and junior staff," said Mr Hung.

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The survey reaffirmed non-guaranteed bonus plans remain a common tool used by organisations to keep their staff motivated and engaged. “Equivalent to 1.54 months of base-pay, the average size of non-guaranteed bonuses awarded to employees this year was within a stable range against recent years,” remarked Mr Hung.

Striking a note of caution, Mr Hung pointed to the economic slowdown and the resultant uncertain employment outlook. “Recent statistics on Hong Kong’s major economic indicators including retail sales, external trade and GDP have shown steeper deceleration over the past months. As the external uncertainties that are impacting on Hong Kong are likely to linger on, the economy and the manpower market are expected to come under increasing pressure,” stressed Mr Hung.

“Looking ahead, it is far from clear whether the economic headwinds will cause an abrupt change in overall business sentiment and hiring intentions,” said Mr Hung. “In any case, it is apparent that employers will tend to take a more cautious approach to salary adjustment, perhaps until they see clear signs of the economic downtrend being reversed.”

In light of the uncertain economic environment, the HKIHRM recommends companies adopt a more flexible pay strategy, thereby ensuring their cost structure can be responsive to any change in economic conditions. Mr Hung cited variable pay and performance-based pay policies as viable options that companies may use to motivate staff and increase employee engagement. He further remarked that maintaining effective internal communication across staff levels is essential for keeping the workforce engaged. “This is also important in enabling them to fully understand the direction, operation and goals of the organisation. In this respect, HR teams can definitely have a pivotal role to play,” concluded Mr Hung.

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Media Enquiry

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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) has a membership close to 5,300, of whom about 600 are corporate members. Founded in 1977 as a non-profit organisation, HKIHRM aims at developing, maintaining and enhancing professional standards in HR management, as well as increasing the value and influence of the HR profession. HKIHRM organises a wide range of professional activities, including multi-level training programmes, conferences & exhibitions and an awards programme. It also provides various membership services, conducts professional surveys, and publishes an official journal. 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>.

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