



## PRESS RELEASE

For Immediate Release

### **Heightened Technology Upskilling Overshadowed by Moderated Company Investment in Employee Training**

[24 June 2019 - Hong Kong] Hong Kong companies are keen to upskill their staff in new technologies, according to a recent survey by the Hong Kong Institute of Human Resource Management (HKIHRM), which showed 46% of the responding organisations had conducted related training during the two years preceding the poll. While depicting stable patterns of employee learning and development in Hong Kong, the survey found a slight drop in the average annual training budget earmarked by employers last year as a percentage of overall staff base salaries.

HKIHRM conducted the 2018 Training and Development Needs Survey between February and April 2019 to collect relevant data to track Hong Kong's staff training trends. The survey covered 111 companies across 18 business and industry sectors, involving over 54,000 full-time employees. The key findings are as follows:

#### **Training and Development Budget**

Two-thirds of the survey companies provided information on their budget allocated to employee training and development. In 2018, the average training and development budget as a percentage of employees' annual base salaries was 3.3%, which was slightly lower than the corresponding ratio of 3.4% a year earlier.

In 2018, five sectors had a training and development budget ratio above the average (3.3%). They were (in descending order):

- (1) Banking/financial services/insurance (8.6%)
- (2) Education (6.4%)
- (3) NGOs/community services/social services (6.1%)
- (4) Business services/professional services (4.0%)
- (5) Transport/transport services/logistics (3.6%)

## Training Hours

Among the 69 companies which provided data on training hours, the average training time per employee in 2018 was 16.9 hours, representing a drop of 1.2 hours (or 6.6%) from the preceding year.

The top three sectors with the highest training time per employee in 2018 were:

- (1) Transport/transport services/logistics (26.0 hours)
- (2) Banking/financial services/insurance (19.8 hours)
- (3) Healthcare/pharmaceuticals (15.2 hours)

## Budget Allocation

In 2018, a significantly higher proportion of training budget was allocated to non-management staff vis-à-vis management staff. The difference was 12 percentage points, with 56% of total training budget being given to non-management staff and 44% to management staff.

The business sector which registered a higher portion of training budget assigned to non-management staff in 2018 are shown below:

Business Sectors	Proportion of Training Budget Assigned to	
	Non-management Staff	Management Staff
Education	71%	29%
Retail	69%	31%
Transport/transport services/logistics	68%	32%
Construction/real estate property development	66%	34%

## Major Training Areas for Employees

The table below shows the respective top three training areas for employees at different staff levels in 2018:

Staff Levels	2018 Top Three Training Areas
Senior management	1. Ethics/conduct/corporate governance/compliance 2. Strategic management - strategic thinking 3. People management - coaching/mentoring/managing performance

Middle management/professionals	<ol style="list-style-type: none"> <li>1. Ethics/conduct/corporate governance/compliance</li> <li>2. Working with others – building effective teams</li> <li>3. (a) New employee orientation (b) People management - coaching/mentoring/managing performance</li> </ol>
Supervisory/ Officer/ General/ Frontline Staff	<ol style="list-style-type: none"> <li>1. New employee orientation</li> <li>2. Product /service knowledge</li> <li>3. Ethics/conduct/corporate governance/compliance</li> </ol>

## Talent Development Programmes

In 2018, over half of the surveyed companies in the following business sectors had a talent development programme in place.

Business Sectors	Percentage of Companies with a Talent Development Programme
Transport/transport services/logistics	83%
Healthcare/pharmaceuticals	75%
Construction/real estate property development	73%
Retail	63%
IT/hi-tech/ICT/telecom	54%

## Training Practices and Online Training

The survey found that in 2018, most companies continued to opt to use their internal resources in the provision of employee training, which was predominantly conducted through “on-the-job training” (91%), “in-house training and development programmes” (80%), “coaching/mentoring by internal practitioners” (65%), and “internal knowledge-sharing events” (61%).

In 2018, 62% of the 111 surveyed companies used at least one online learning platform for employee training. The top five business sectors with the highest application rates were:

- (1) Transport/transport services/logistics (83%)
- (2) Business services/professional services (78%)
- (3) IT/hi-tech/ICT/telecom (77%)
- (4) Banking/financial services/insurance (75%)
- (5) Oil/chemicals (75%)

Online training videos remained the most commonly used online learning tool, followed by mobile learning, webinars/virtual classrooms and social media. The table below shows the details.

<b>Online Learning Tools</b>	<b>Percentage of Companies Adopting This Tool in 2018</b>
Online training videos	67%
Mobile learning (smartphone/tablet)	35%
Webinars/virtual classrooms	29%
Social media	23%
Online training games	14%
Massive open online courses	12%
Virtual reality/augmented reality learning	3%

### **Training in New Technologies**

It was found that 46% of the 111 surveyed companies had provided training related to new technologies for employees in the two years preceding the poll. The training mainly covered the following digital technology areas:

<b>New Technologies</b>	<b>Percentage of Companies with Training Programmes in this Technology Area</b>
Big data/data science	45%
Cloud	45%
Internet of things	29%
Artificial intelligence	25%
Blockchain	14%

### **Key Business Drivers in Formulating Training Plans**

Regarding the business drivers important to formulation of their 2019 training plans, the top five push factors cited by the surveyed companies were:

- (1) Enhancing leadership and people management competencies (58%)
- (2) Reinforcing corporate culture to achieve strategic business goals (50%)
- (3) Building leadership bench strength and pipeline through talent management (40%)
- (4) Changing customer demands or expectations forcing companies to enhance staff competence and quality (34%)
- (5) Complying with regulatory requirements through staff training (32%)

The key business drivers revealed in the present survey followed closely the patterns seen in previous years.

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## Commentary

At a press briefing hosted by HKIHRM today to announce the survey results, Mr Barry Ip, HKIHRM Vice President and Co-chairperson of its Learning and Development Committee expressed the view that although the average annual budget committed by Hong Kong companies to employee learning and development had moderated somewhat, staff training remains strategically critical to employee engagement and sustainable business development.

Mr Ip noted that companies in certain business sectors tended to assign a much larger portion of their training budget to learning and development programmes (L&D) for non-management staff. “With Hong Kong’s economic growth decelerating, we believe more employers, in particular those in service-oriented industries, have felt the pressure to expand investment in upskilling their frontline staff, as they try to enhance productivity, service standards and competitiveness. In addition, more companies are seeing the need to support the career development of their employees, thus driving internal staff succession. For this purpose, they are likely to give larger resources to the L&D programmes for their supervisory and frontline staff,” remarked Mr Ip.

Commenting on the drop in the average training hours of employees in 2018, Mr Ip noted that the survey did not count “on-the-job training” and “internal staff coaching or mentoring” in the calculation of employee training hours. “With the modes of staff training becoming more diversified over the years and employers focusing more on developing the soft skills of their employees, the trend is towards conducting employee training outside the classroom. Today, companies may embed training in work processes, company activities, or even games. So, the slight drop in average training hours does not necessarily mean employees have actually received less training,” stressed Mr Ip.

Mr Chester Tsang, HKIHRM Executive Council member and Co-chairperson of its Learning and Development Committee, added that over 60% of the surveyed companies had used at least one online platform for employee training, such as online training videos, mobile learning, and webinars. “E-learning tools and bite-sized learning, which have become increasingly popular, can significantly improve the effectiveness of employee training. Companies that widely adopt e-learning tools can maintain the quality of training outcomes even with fewer employee training hours,” observed Mr Tsang.

Mr Tsang noted that close to half of the companies polled in the survey had conducted training related to new technologies in the two years preceding the poll. “As companies are grappling with digital disruptions in the workplace, we have seen employers placing greater importance on upskilling their employees in new digital technologies. According to our survey, big data, Cloud, Internet of Thing, artificial intelligence and blockchain were the main topics covered in the training. Obviously, these are the technologies that will be shaping the future world of work,” inserted Mr Tsang.

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Regarding companies' staff training plans for 2019, Mr Tsang said that most employers considered "enhancing leadership and people management competencies", "reinforcing corporate culture", and "building leadership bench strength and pipeline" as the top three drivers. "As evidenced in our survey, these factors will continue to push companies to put resources in employee training that aligns with their strategic business goals, especially at this juncture when market competition becomes increasingly stiff," concluded Mr Tsang.

**– End –**

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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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