

PRESS RELEASE

For immediate release

Disruptive Technologies Shape Current and Future Development for Training and Learning

Corporate budget for staff training & development remains stable in 2017

[2 August 2018 - Hong Kong] Hong Kong companies have continued to invest in employee training and development to respond to a fast-changing business environment increasingly disrupted and transformed by artificial intelligence, automation and digitised technology and upskill their staff to meet challenges in the future workplace.

The Hong Kong Institute of Human Resource Management (HKIHRM) released today findings of the **2017 Training and Development Needs Survey** that reveals changes in the annual employee training and development budget earmarked by Hong Kong employers. The survey found that Hong Kong employers allocated **an average 3.4% of employees' annual base salaries in 2017 as the training and development budget**. The 2017 survey was conducted in February and March 2018, polling 100 companies from 19 industry and business sectors covering over 55,000 full-time employees. Key findings of the survey are as follows:

Training and Development Budget and Training Hours Remain Stable

71% of the 100 responding companies indicated that a training and development budget had been allocated for that purpose in 2017. Such a **budget was equivalent to an average 3.4% of employees' annual base salaries in 2017**. The figure has remained stable over the past several years. Of all business sectors covered in the survey, healthcare/pharmaceuticals (8.6%), retail (7.4%) and transport/transport services/logistics (6.5%) were the top three industries with a training and development budget percentage higher than the average figure.

Training Hours

70 companies provided data on training hours. The average number of **training hours per employee per annum in 2017 was 18.1 hours**. This figure has remained stable over the past few years. Besides, 74% of the surveyed companies provided up to 20 hours of training to their employees in 2017.

In terms of business sectors, employees in healthcare/pharmaceuticals (53.3 hours per annum), public utilities (40.2 hours per annum), transport/transport services/logistics (24.3 hours per annum), and banking/financial services/insurance (22.2 hours per annum) received more training hours than the average figure in 2017.

Budget Allocation

According to the survey findings, an equal proportion of the training and development budget was allocated to non-management employees (50%) and management employees (50%) in 2017.

By business sector, a larger proportion of training and development budget was allocated to management employees in business services/professional services (70%), manufacturing (56%) and public utilities (55%), whereas a larger proportion of training budget was allocated to non-management employees in retail (60%), healthcare/pharmaceuticals (56%), transport/transport services/logistics (56%), as well as construction/real estate property development (53%).

Key Training Areas - by staff level

For employees at senior management level, key training areas in 2017 included ethics/conduct/corporate governance/compliance; change management; as well as strategic thinking.

For employees at middle management/professional level, key training areas in 2017 included ethics/conduct/corporate governance/compliance; coaching/mentoring & managing performance; as well as building effective teams.

For employees at supervisory/officer/general/frontline level, key training areas in 2017 included product/service knowledge; new employee orientation; as well as customer service.

Talent Development Programmes

57% of the 100 responding companies reported that they had talent development programmes. Among all the talent development programmes, "succession planning" and "development plan of high potential staff" were the most widely adopted talent development programmes in 2017. In general, large companies (with 1,000 employees or more) were reported to have the highest percentage of talent development programmes (79%) in place in 2017.

Training Practices Leverage Internal Corporate Resources

Training practices that leveraged internal resources were prevalent among the responding companies in 2017. Training practices such as on-the-job training (97%) and in-house training and development programmes (86%), coaching/mentoring by internal practitioners (65%) and internal knowledge-sharing events (64%) were among the most commonly used training initiatives for companies in 2017. Online training and virtual reality (VR) and augmented reality (AR) have gained increasing popularity with employers, other than the more traditional training practices.

Meanwhile, the provision of training via online platforms has continued to be on a steady upward trend, with 65% of responding companies already implementing online learning programmes for their staff in 2017, an increase of 5 percentage points compared to 2016.

Among the different types of online learning platforms, online training videos were the most commonly used, with 71% of employers using this medium to deliver training to their employees in 2017. Mobile learning and social media registered the highest growth in adoption rate by employers in 2017, an increase of 16 percentage points and 7 percentage points from

2016. (chart 10)

By business sector, online learning programmes were more prevalent among companies in sectors including transport/transport services/logistics (100%), public utilities (100%), banking/financial services/insurance (86%), healthcare/pharmaceuticals (75%), and education (67%) in 2017 on the top five list.

In terms of change in online learning budget, 49% of all responding companies with online learning programmes in place increased their budget earmarked for such programmes in 2017, and the average increase amounted to 31.9%. This further attests to the growing prevalence of delivering training via online platforms.

Key Business Drivers in Formulating Training Plans in 2018

Enhancing leadership and people management competencies (58%), reinforcing corporate culture to achieve strategic business goals (44%), and building leadership bench strength and pipeline through talent management (40%) remained the top three business drivers for companies to formulate their training plans in 2018.

Of all the business drivers considered by the surveyed companies in formulating their training plan in 2018, 30% of the responding companies viewed digital transformation/disruption as a key business driver, an appreciable surge of 16 percentage points from 2017. This indicates that more Hong Kong companies are foreseeing the tremendous impact of digital transformation and technological disruption on their business and start to align their learning and development strategy with their business needs.

The HKIHRM will organise the **2018 Annual Training Needs Seminar** on 17 August 2018 allowing HR practitioners and business executives to gain further insights into the survey findings and understand the implications of learning technologies transformation.

Conclusions

“The survey results show that both training budget (3.4%) and annual training hours (18.1) Hong Kong companies invested in employee training and development in 2017 remained at a stable level. The percentage that companies invested in training budget was higher than Hong Kong’s economic growth for the last several years. By business sector, a higher percentage of training budget was recorded for sectors including healthcare/pharmaceutical, retail, as well as transport/transport services/logistics than the average figure in 2017.

In terms of business sectors, employees in healthcare/pharmaceuticals, public utilities, transport/transport services/logistics, and banking/financial services/insurance received more training hours than the average figure in 2017.

Internal activities that leveraged corporate internal resources remained highly prevalent among Hong Kong companies in 2017, where on-the-job training, in-house development

programmes, coaching/mentoring by internal practitioners, internal knowledge-sharing events were among the most common training practices,” said **Mr Barry Ip, HKIHRM’s Vice President and Co-chairperson of Learning and Development Committee.**

“Other than more traditional training practices, online training, VR and AR have gained increasing popularity with employers. The application of learning technology in online training videos, mobile learning, webinars/virtual classrooms, and social media was prevalent as learning tools in 2017. The provision of training via online platforms has continued to be on a steady upward trend.

When asked to identify the business drivers that would drive Hong Kong companies in formulating their training plans 2018, companies considered enhancing leadership and people management competencies; reinforcing corporate culture to achieve strategic business goals; and building leadership bench strength and pipeline through talent management as the top considerations. Significant growth was reported for digital transformation/disruption as a key business driver for organisations in formulating their training plans in 2018, a rise of 16 percentage points from 2017.

This indicates that an increasing number of Hong Kong companies are seeing the tremendous impact of digital transformation and technological disruption on their business and start to align their employee learning and development strategies to meet their operation and business needs,” remarked **Mr Chester Tsang, HKIHRM’s Executive Council member and Co-chairperson of Learning and Development Committee.**

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Media Enquiry

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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 around 5,300 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 the 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>.