

[For immediate release]

Average Pay Rise for 2017 Projected at 3.5%

Employers take prudent approach to pay adjustment amid slowing economy and challenging business environment

[2 November 2016 - Hong Kong] In a slowing economy and a challenging business environment, it is projected that Hong Kong employees may expect to receive a **base pay adjustment of 3.5% on average in 2017**, according to the **2016 Pay Trend Survey** findings revealed by the **Hong Kong Institute of Human Resource Management (HKIHRM)** today.

The Institute conducted the **2016 Pay Trend Survey** in September 2016 to track the trends for pay adjustment, bonus incentives and benefits offered to employees during the period between January and September 2016. The survey covered 89 companies from 16 business sectors involving about 133,000 full-time salaried employees. Key findings of the survey are as follows:

Base Pay Adjustment in 2016

88 out of the 89 participating companies confirmed their pay adjustment during the survey period and provided data for analysis.

- Based on the data provided by the 88 responding companies, the overall base pay adjustment in 2016 was 3.5% (weighted average), close to the overall average base pay adjustment projected in November 2015 at 3.8%. (*chart 1*)
- Of the 88 surveyed companies, 98.9% offered a pay rise in 2016, 1.1% reported to have pay freeze, but no companies implemented a pay cut. (*chart 2*)
- The top three business sectors that offered the highest pay adjustment included construction (4.7%), NGO (4.7%) and public utilities (4.1%). (*chart 3*)
- In terms of pay adjustment according to company size, there was an overall downward trend of pay rise for all sizes of companies in 2016 from a year earlier. In 2016, small companies (under 500 staff) offered the highest pay base increase of 4.2%, higher than that of 3.7% and 3.5% recorded for medium-sized companies (between 500 and 1,000 staff) and large companies (more than 1,000 staff) respectively. (*chart 4*)

Bonus Payment for 2016

Guaranteed Bonus

- 89 companies provided data on bonus payment in 2016. Among them, 38 companies (42.7%) reported that they had a guaranteed bonus policy. Data reveals that the proportion of employers implementing a guaranteed bonus policy has been on a decline over the past few years. Among all the surveyed employees, 37.4% of them were eligible for a guaranteed bonus, a slip of 3.4 percentage points from last year. (*chart 5*)
- Among those employees being awarded a bonus, the average size of guaranteed bonus was 1.02 months of base pay, which indicated the size of bonus has remained at a stable level over the past several years. (*chart 6*)

Non Guaranteed Bonus

- 82 companies (92.1%) out of the 89 responding companies confirmed they had a non-guaranteed bonus plan during the survey period. Among all the surveyed employees, 79.5% were covered by a non-guaranteed bonus plan. (*chart 7*) For employees who were awarded this incentive, the average size of a non-guaranteed bonus was 1.41 months of base pay. (*chart 8*)
- Top three business sectors which offered the highest non-guaranteed bonus amounts included financial services (5.77 months of base pay), shipping/terminals (1.85 months of base pay) and hotels (1.63 months of base pay). (*chart 9*)

Projected Base Pay Adjustment in 2017

63.6% of the responding companies indicated that would raise employees' base pay while 2.3% would implement pay freeze. The remaining 34.1% did not provide pay adjustment forecast for 2017. Among those companies that provided data on 2017 base pay adjustment projection for the period from Jan to Apr 2017, the average pay rise for 2017 would be 3.5% (weighted average). (*chart 10*)

According to the survey findings, top five factors that will affect employers' decisions on pay adjustment include company performance, individual performance, market pay adjustments, business unit performance and inflation.

Conclusions

Mr Lawrence Hung, Vice President of the HKIHRM, says: "In view of Hong Kong's slowing economy and challenging business environment, Hong Kong employers reduced the pay rise level and the amount of non-guaranteed bonus in 2016. According to the survey findings, the proportion of employers implementing a guaranteed bonus policy has been on a decline over the past few years. The average pay rise of 3.5% projected for 2017 reveals Hong Kong employers' prudent approach to pay adjustment amid economic uncertainties and reflects Hong Kong's realistic market situation.

Hong Kong's unemployment rate has remained at a low level of 3.4% since the beginning of 2016, and some business sectors such as construction, IT and retail still face manpower shortage and will be expected to adjust pay and benefits to attract and retain employees.

Looking ahead, factors such as China's economic growth pace, local and overseas consumer confidence, tourist arrival numbers, strong Hong Kong currency value, and the schedule of US interest rate hike will pose potential challenges to our business environment, manpower demand and pay rise levels in the first half of 2017.

Despite the economic and business challenges ahead, employers can focus on non-monetary incentives such as special leave, family-friendly measures, tailored health and well-being programmes to engage and retain employees. In the medium and longer terms, employers should continue to invest in training and learning platforms to empower employees and review workflow and operational procedures to enhance service quality and efficiency of the organisation."

Media Enquiry

Mr Bernard Wan / Mr Daniel Pang - Public Relations and Communications Department, HKIHRM
Tel: (852) 2837 3820 / 2837 3826 Fax: (852) 2881 6062 Email: pr@hkihrm.org

End

Please click [here](#) to download photos of the media briefing:

Please click [here](#) to download the charts:

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 5,500 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>.