



香港人力資源管理學會

Hong Kong Institute of Human Resource Management

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PRESS RELEASE

[For immediate release]

Employees' Pay Rise for 2018 Averages at 3.5%

against the backdrop of low unemployment rate and improving business sentiment

[3 November 2017 - Hong Kong] On the backdrop of a low unemployment rate, labour shortages and an improving business environment, Hong Kong employees may expect an average pay rise of **3.5% in 2018**, according to the **2017 Pay Trend Survey** findings revealed by the **Hong Kong Institute of Human Resource Management (HKIHRM)** today.

The Institute conducted the **2017 Pay Trend Survey** in August and September 2017 to track the trends for pay adjustment, bonus incentives and benefits offered to employees during the period between January and September 2017. The survey covered 95 companies from 16 business sectors involving about 156,000 full-time employees. Key findings of the survey are as follows:

Base Pay Adjustment in 2017

88 out of the 95 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 2017 was 3.3% (weighted average). (*Chart 1*)
- Of the 88 surveyed companies, 98.9% offered a pay rise in 2017, 1.1% reported having pay freeze, but no companies implemented a pay cut. (*Chart 2*)
- The proportion of employees who were offered a pay rise in 2017 stood at 83.7% while 16.3% experienced a pay freeze. No employees were given a pay cut. (*Chart 3*)
- The business sectors that offered pay adjustment in 2017 above the overall average included financial services (6.2%), NGO (4.0%), public utilities (3.8%), construction (3.8%), retail (3.5%) and banking (3.5%). (*Chart 4*)
- In 2017, small companies (under 500 staff) offered the highest pay rise of 3.9%, higher than that of 3.7% and 3.2% recorded for medium-sized companies (between 500 and 1,000 staff)

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and large companies (more than 1,000 staff) respectively. (Chart 5)

- For pay adjustment according to employee level, general level employees enjoyed the highest pay adjustment of 3.3% while that for top level employees saw the lowest increase at 1.9%. (Chart 6)

According to the surveyed companies, top five factors that affected employers' decisions on pay adjustment in 2017 included company performance, individual performance, business unit performance, market pay adjustments, and inflation, in order of importance. (Chart 7)

Bonus Payments in 2017

Guaranteed Bonus

- 95 companies provided data on bonus payments in 2017. Among them, 40% reported that they had a guaranteed bonus policy during the survey period. Data reveals that the proportion of companies implementing a guaranteed bonus policy has been on a declining trend over the past few years. (Chart 8)
- The average size of a guaranteed bonus was 1.01 months of base pay, which indicated the size of bonus has remained at a stable level over the past several years. (Chart 9)

Non-Guaranteed Bonus

- 95 companies provided data on non-guaranteed bonus payments. Among them, 91.6% reported that they had a non-guaranteed bonus policy during the survey period. (Chart 10) Among all the surveyed employees, 81.3% were covered by a non-guaranteed bonus plan. (Chart 11) For eligible employees who were awarded this incentive, the average size of a non-guaranteed bonus was 1.65 months of base pay. (Chart 12)
- Top three business sectors which offered the highest non-guaranteed bonus amounts included financial services (5.65 months of base pay), banking (2.66 months of base pay) and trading (2.27 months of base pay). (Chart 13)
- In terms of the size of non-guaranteed bonus by employee level, top level staff received the highest amount (5.93 months of base pay), followed by senior level staff (2.55 months of base pay), middle level staff (1.9 months of base pay) and general level staff (1.35 months of base pay). (Chart 14)

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Projected Base Pay Adjustment in 2018

48.9% of the responding companies indicated that they would raise employees' base pay while 3.4% would implement a pay freeze. The remaining 47.7% did not provide a pay adjustment forecast for 2018. (Chart 15) Among those companies that provided data on base pay adjustment projection for the period from January to April 2018, the average pay rise for 2018 would be 3.5% (weighted average).

Conclusions

Alice Wong, Co-chairperson of HKIHRM's Remuneration Committee, says: "A majority of Hong Kong's economic activity has maintained an upward momentum in 2017 and the business sentiment has seen improvement in various sectors. That was generally reflected in the pay adjustment made by employers in 2017. Almost all companies (98.9%) surveyed indicated that they had made positive pay adjustment for employees in 2017.

On guaranteed bonus, the proportion of employers implementing a guaranteed bonus policy has seen a downward trend over the past few years, indicating that employers are adopting other incentives to reward employees such as non-guaranteed bonuses, medical benefits, allowances, and special leave entitlements among others to motivate and retain employees.

On the projected base pay adjustment for 2018, the 3.5% indicated Hong Kong employers' cautiously optimistic approach to pay adjustments and reflected Hong Kong's realistic labour market situation.

Hong Kong's unemployment rate has remained at a low level, ranging from 3.1% to 3.3%, since the beginning of 2017, and some business sectors such as construction, healthcare services, and retail face severe manpower shortages. In view of their individual situations, employers in certain sectors may need to enhance pay and benefits to attract and retain staff. In the mid to longer term, Hong Kong employers, aside from strengthening staff training and development, will be more inclined to increasing investment in automation and innovative technology to relieve manpower shortages and optimize manpower planning while enhancing the quality and efficiency of service delivery.

Looking ahead, external economic and trade factors, as well as the development of the government's imminent employment and labour policies will pose potential operational and business challenges to Hong Kong employers, the city's manpower demand and pay rise levels in 2018."

Please click [here](#) for viewing or downloading relevant information.

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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 5,300 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 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>.

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