

PRESS RELEASE

[For immediate release]

Hong Kong Employees' Pay Rise for 2018 Averages at 3.2%

Employers remain cautiously optimistic about pay adjustment outlook for 2019

[1 November 2018 - Hong Kong] On the backdrop of a low unemployment rate and labour shortages in 2018, Hong Kong employees are reported to have received an average pay rise of **3.2% in 2018**, according to the **2018 Pay Trend Survey** findings revealed by the **Hong Kong Institute of Human Resource Management (HKIHRM)** today.

The Institute conducted the **2018 Pay Trend Survey** in August and September 2018 to track the trends for pay adjustment, bonus incentives and benefits offered to employees during the period between January and September 2018. The survey covered 76 companies from 14 business sectors involving about 138,000 full-time employees. Key findings of the survey are as follows:

Base Pay Adjustment in 2018

72 out of the 76 participating companies confirmed their pay adjustment during the survey period and provided data for analysis.

- Based on the data provided by the 72 responding companies, the overall base pay adjustment in 2018 was 3.2% (weighted average).
- Of the 72 responding companies, 94.4% offered a pay rise in 2018, 5.6% reported having pay freeze, and no companies implemented pay cut.
- The proportion of employees offered a pay rise in 2018 was 83.1% and 16.9% had a pay freeze.
- The business sector that offered a pay adjustment in 2018 above the overall average included financial services (5.3%), public utilities (4.0%), trading (3.9%), construction (3.7%) and retail (3.4%).
- In 2018, small companies (under 500 staff) offered the highest pay rise of 4.1%, higher than that of 3.4% for medium-sized companies (between 500 and 1,000 staff) and of 3.1% for large companies (more than 1,000 staff) respectively.

- For pay adjustment according to employee level, middle level employees enjoyed the highest pay adjustment of 3.4% while that for top level employees saw the lowest increase at 2.5%.

As the survey reveals, top five factors that affected employers' decisions on pay adjustment in 2018 in order of importance included company performance, individual performance, market pay adjustments, business unit performance, and Hong Kong's economic conditions.

Bonus Payments in 2018

Guaranteed Bonus

- 76 companies provided data on bonus payments in 2018. Among them, 38.2% reported that they had a guaranteed bonus scheme 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.
- The average size of a guaranteed bonus was 1.01 months of base pay, which indicates the size of bonus has remained at a stable level over the past several years.

Non-Guaranteed Bonus

- 76 companies provided data on non-guaranteed bonus payments. Among them, 96.1% reported that they implemented a non-guaranteed bonus scheme during the survey period, the highest figure in the past five years.

Among all the surveyed employees, 80.8% were covered by a non-guaranteed bonus plan. For eligible employees who were awarded this incentive, the average size of a non-guaranteed bonus was 1.37 months of base pay.

- The business sectors which offered a non-guaranteed bonus amount higher than the average included financial services (5.33 months of base pay), property development/management (2.16 months of base pay), and retail (2.00 months of base pay).
- In terms of the size of non-guaranteed bonus by employee level, top level staff received the highest amount (5.63 months of base pay), followed by senior level staff (1.79 months of base pay), middle level staff (1.36 months of base pay) and general level staff (1.26 months of base pay).

Projected Pay Adjustment in 2019

A majority of the responding companies (59.7%) indicated that they had not worked out the projected pay adjustment for 2019. Close to a quarter of the responding companies (24.2%)

revealed their forecasted pay adjustment in 2019 would be better than that in 2018, while 14.5% expected the adjustment to be at a similar level as 2018. Only 1.6% of the responding companies reported that the adjustment level would be worse than that in 2018.

Conclusions

Lawrence Hung yu-yun, HKIHRM's Vice-President, says: "The average pay rise of 3.2 percent in 2018 remains in a stable range in view of the past survey findings. It is a continuing trend that an increasing number of employers have adopted a total rewards approach to their employees' remuneration packages which optimise a mix of monetary and non-monetary elements such as compensation, benefits, work-life benefits, performance recognition, as well as training and career development opportunities offered to attract, motivate and retain talent.

Looking ahead, the global economic uncertainty caused by the US and China trade friction, among other external factors, has raised concerns for Hong Kong businesses and employers in near future, subsequently affecting their pay adjustment forecast in 2019. However, in general, employers still remain cautiously optimistic about Hong Kong's employment market and pay rise level outlook in 2019."

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Media Enquiry

Public Relations and Communications Department, HKIHRM

Ada Kwong Tel: (852) 2837 3816

Bernard Wan Tel: (852) 2837 3820

Fax: (852) 2881 6062 Email: pr@hkihrm.org

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>.