



# Michael Page Employment Index Quarter 4, 2011

## Hong Kong

# Executive Overview

## Key Findings

The professional employment market in Hong Kong will continue to perform strongly over coming months, with 35% of employers surveyed set to continue hiring for newly created positions. As a regional comparison, 58% of employers in mainland China will be increasing staff numbers in the fourth quarter, followed by 33% in Singapore and 23% in Australia.

Some 54% of the companies surveyed will focus on recruiting professionals at the mid level, which represents an increase of 19% on third quarter hiring intentions. Most employers (44%) are looking to increase their capacity in revenue generating areas like sales and business development, with a further 28% of hiring taking place in support areas like marketing and information technology.

Although there is a level of concern about the ongoing weakness of the US and European economies, it is not translating through to headcount reductions to any great extent in Hong Kong at this stage.

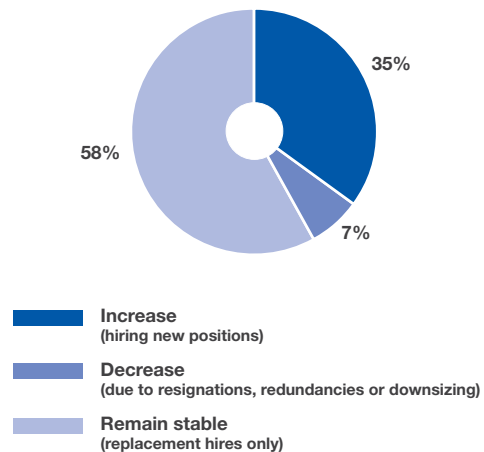
Wage inflation continues to be a key concern for employers in Hong Kong as the pressure increases to financially reward their most valuable staff. For most of the employers surveyed, performance-based rewards or an increase in base pay will be offered as the primary incentives to retain top performers. For the third consecutive quarter, the issue of rising payroll costs rates as the primary business challenge facing employers in Hong Kong.

The vast majority of companies are willing to pay higher salaries in order to acquire employees with international experience or bilingual skills. Of the employers surveyed for this report, some 67% reported a high demand for bilingual professionals. A further 80% of companies consider international experience to be a highly valuable attribute in prospective employees. Experience in the Asia market is particularly sought after, as more businesses look to expand their operations throughout the region.

## Methodology

The Michael Page Employment Index provides a snapshot of hiring and business confidence trends for the white-collar employment market in Hong Kong. The online survey is distributed quarterly to a group of more than 2,000 senior human resources professionals and hiring managers who have agreed to participate in the research. The report is predictive and focuses on anticipated trends for the quarter ahead, rather than an analysis of historical employment data such as job advertisement numbers. Respondents work across a broad range of professional sectors and are surveyed on a standard set of employment indicators, as well as a selection of topical questions to reflect current market developments.

### Predicted staff numbers for Q4



“ Highest demand for Asia market experience ”

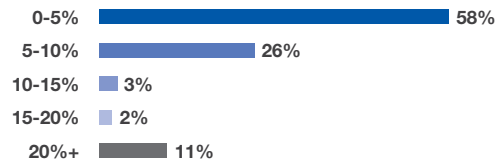
# Companies increasing headcount in Q4

The professional employment market in Hong Kong is expected to grow steadily in the fourth quarter, with 35% of the companies surveyed planning to increase staff numbers during this period. This result is consistent with third quarter hiring intentions, which demonstrates the stability of the employment market despite a level of caution with respect to the global economy.

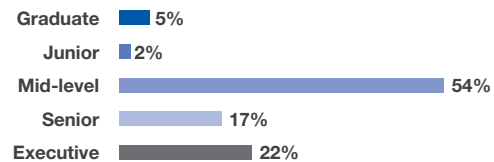
Most employers (44%) are looking to capitalise on positive domestic business conditions by recruiting for revenue generating roles in areas like sales and account management. A further 28% of hiring is in support areas, which suggests that employers are recruiting more broadly across their company to support increased levels of business activity.

Over coming months, the vast majority of companies that are increasing staff numbers are looking to do so by up to 10%. Interestingly, some 11% of the companies surveyed are planning more significant additions to headcount, with intentions of boosting staff numbers by over 20%. Most new hires will be at the mid level (54%), with a further 39% of companies planning to expand their senior and executive level teams.

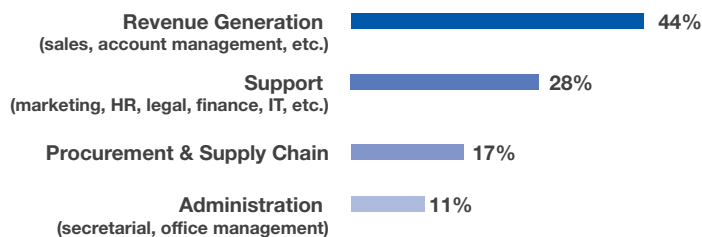
## Anticipated headcount increase



## Hiring focus by level of experience



## Hiring focus by business function



44%

of employers will be focusing on revenue generating roles in Q4.

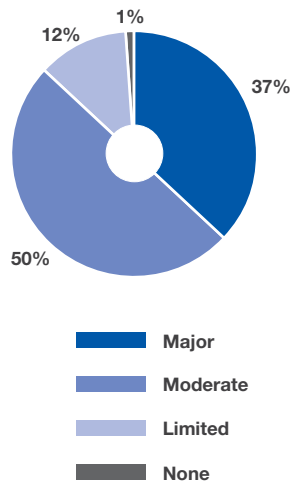
# Talent Management

For most employers in Hong Kong, retaining proven performers continues to be a key business challenge. As the year draws to a close, the most sought after professionals are considering their next career move and are actively seeking opportunities for career growth and development. As a consequence it is not surprising that for 37% of the companies surveyed, staff retention will be a major business focus in the fourth quarter.

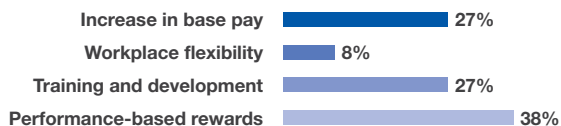
Although there is variation in predicted turnover between sectors, the majority of employers surveyed (40%) expect staff turnover levels to remain stable over coming months.

For a significant number of employers surveyed (38%), performance-based rewards will be offered as a key incentive for top performers to remain with their business. Other common strategies to retain valuable staff will include increasing base pay levels and offering training and development opportunities.

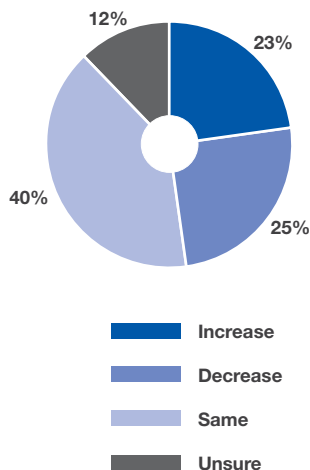
## Level of focus on staff retention



## Key retention strategies for Q4



## Predicted staff turnover for Q4



# 38%

of employers will focus on performance-based rewards as a key retention strategy in Q4.

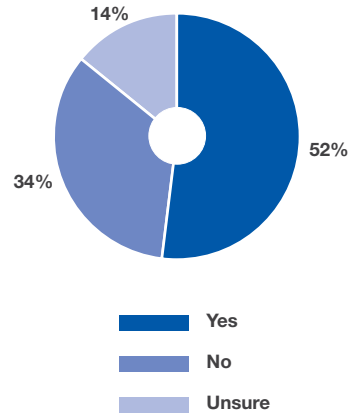
# Professionals in demand

Some 67% of the companies surveyed for this report indicated a high demand for bilingual professionals. Over half of all employers are willing to award higher salaries in order to acquire such skills, which are required across all business functions.

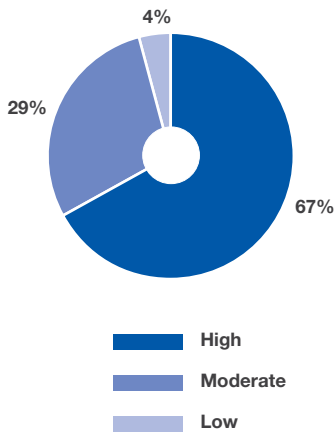
The vast majority of companies (80%) also consider international experience to be a highly valuable attribute in prospective employees. Some 73% of respondents are required to offer higher salaries in order to secure these professionals as they are in such high demand.

As more employers look to expand their presence throughout the region, professionals with a strong understanding of business operations in Asia are particularly valuable. Whilst experience in Asia is most highly sought after (54%), familiarity with European (22%) and US (10%) markets is also valued.

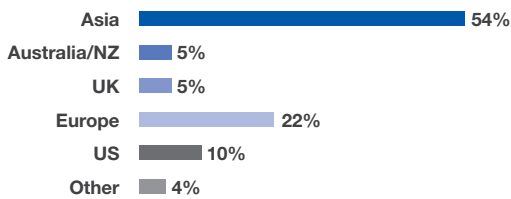
## Higher salaries commanded for bilingual skills



## Level of demand for bilingual professionals



## Region most valued for international experience



54%

of employers consider Asia to be the region most valued for international experience.

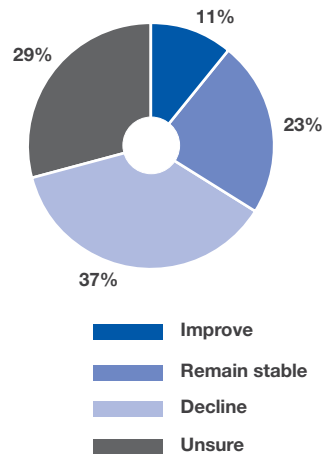
# Market Outlook

The demand for skilled employees in Hong Kong is set to continue across all professional markets in the fourth quarter. Despite having positive hiring intentions, some employers remain apprehensive about the strength of the business environment. Whilst 34% of employers expect business conditions will remain stable or improve over coming months, a further 37% remain more cautious. These results demonstrate the variation in confidence between companies and sectors.

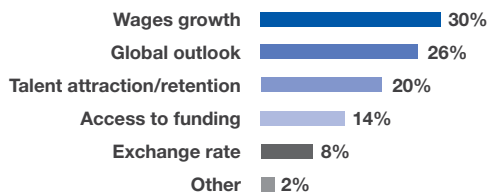
Although there are concerns about global economic conditions, the issue of wages growth continues to be the most significant challenge facing businesses in Hong Kong. Rising payroll costs will continue to be a key concern for businesses as hiring activity levels increase and the demand for top talent intensifies.

For 38% of the companies surveyed, international demand for their products/services is expected to rise over coming months. A further 40% of businesses are unsure about ongoing demand, which further reflects the uncertainty of some employers around the global outlook.

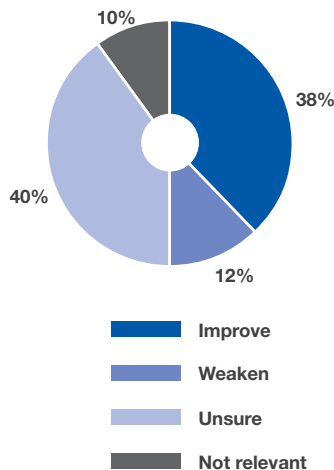
## Predicted business conditions for Q4



## Key business concerns for Q4



## Global demand for products/services in Q4



**38%**  
of companies expect demand to improve for their products/services in Q4.

# Regional Trends

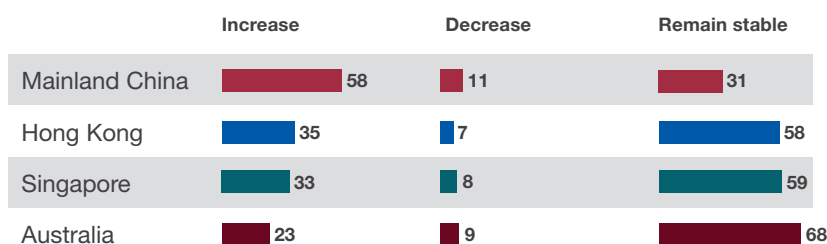
The professional employment market will continue to strengthen across the Asia Pacific region as the year draws to a close. Employers in mainland China report the strongest intentions of headcount growth, with some 58% planning to increase staff numbers over the fourth quarter. This compares to 35% of employers in Hong Kong, 33% in Singapore and 23% in Australia. These figures illustrate the strength of white-collar jobs growth in the region at a time when comparative markets in the US and UK remain weak.

For most of the employers surveyed, recruitment in the fourth quarter will be centred on front line roles in areas like sales and account management. Companies

in mainland China are making the largest investment in business growth, with some 75% of employers focusing recruitment on revenue generating roles. This compares to 44% of employers in Hong Kong, 41% in Australia and 28% in Singapore.

As employees become more confident about making their next career move, companies are looking for more effective strategies to help retain their most skilled and experienced staff. Half of the employers surveyed in Singapore are placing a major focus on staff retention strategies in the fourth quarter, followed by 37% in Hong Kong, 33% in mainland China and 32% in Australia.

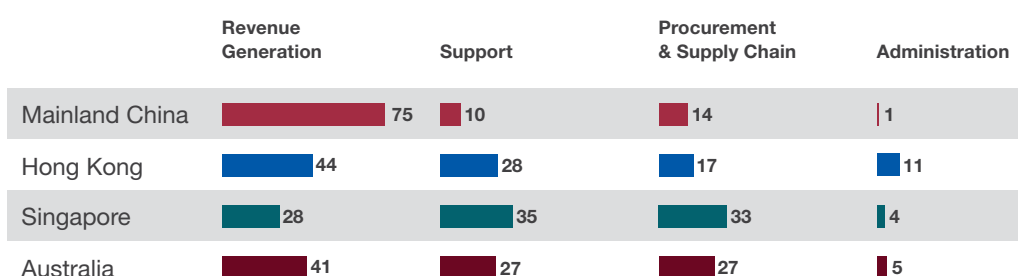
## Predicted staff numbers for Q4 (%)



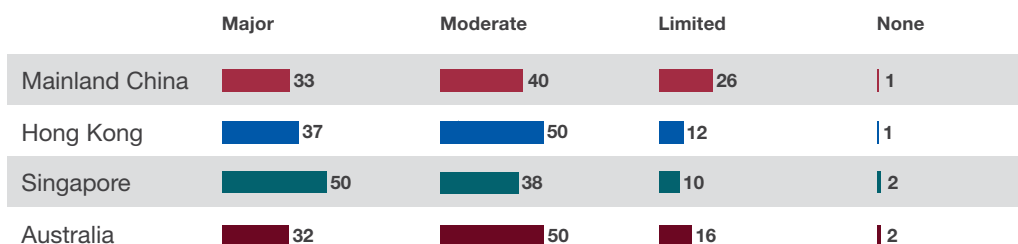
**NOTE:**

- Increase = hiring new positions
- Decrease = due to resignations, redundancies or downsizing
- Remain stable = replacement hires only

## Hiring focus by business function (%)



## Level of focus on staff retention (%)

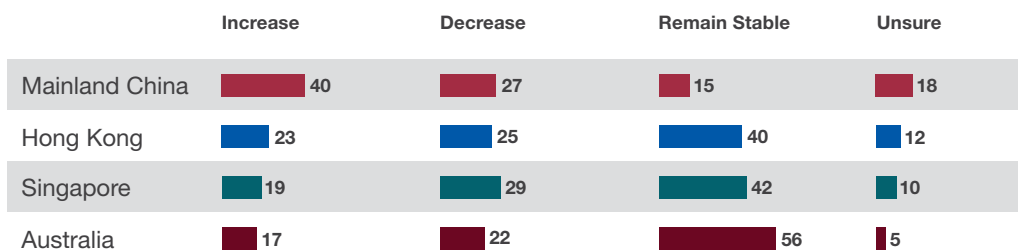


# Regional Trends

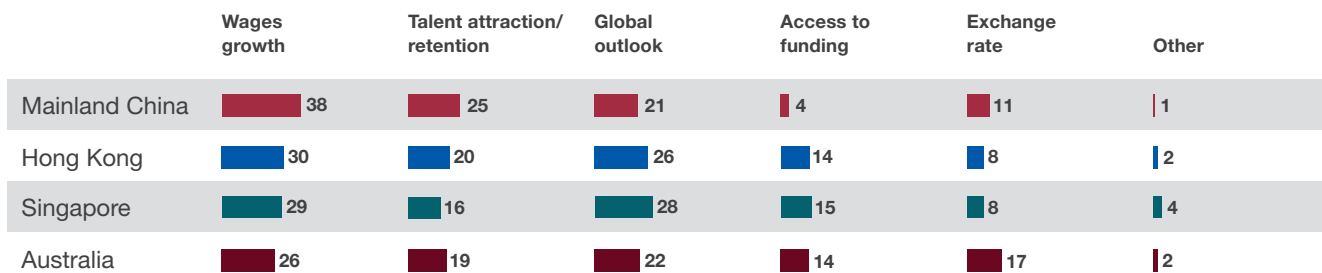
The level of staff turnover is expected to remain relatively stable across the Asia Pacific region during the fourth quarter. Some 56% of respondents in Australia predict that turnover levels will remain unchanged over coming months, along with 42% in Singapore and 40% in Hong Kong. In contrast, the majority of companies in mainland China (40%) predict that turnover will rise, suggesting that these employees are the most confident about moving roles in the current economic environment.

The growing cost of salaries continues to be a key business concern across the region. Some 38% of the employers surveyed in mainland China consider wages growth to be the most significant business challenge in the fourth quarter. This compares to 30% of employers in Hong Kong, 29% in Singapore and 26% in Australia.

## Predicted staff turnover in Q4 (%)



## Key business concerns for Q4 (%)



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