

Employee Intentions Report

Michael Page International
Hong Kong, 2011/12



Executive Overview

Key findings

The professional labour market in Hong Kong is buoyant and employees are increasingly confident about making their next career move. There is an extensive range of job opportunities available for top performers and this is placing significant pressure on employers to implement effective retention strategies.

Most of the employees surveyed are extremely optimistic about the strength of the job market in 2011, with 93% expecting employment conditions to improve in comparison to 2010. This high level of confidence will translate into increased staff movement, with some 38% of respondents saying it is highly likely they will take a new role in the next six months.

Employers that can offer competitive remuneration and structured career development opportunities will be in the best position to retain their top talent. With concerns rising in relation to the escalating costs of living, being financially rewarded for achievement is the main reason why employees will remain with their current employer. The opportunity for career progression was the second most influential reason to stay in their job, particularly for more junior level respondents.

Some 29% of the employees surveyed will be requesting a pay rise from their current employer in the next six months. Most will have an expectation of a 10-12% increase on base salary.

To make the move to a new company, most employees are looking for an increase of more than 15% on their base salary. To accommodate these expectations, employers will need to carefully balance the cost of acquiring new talent with the financial incentives needed to retain their existing employees.

Methodology

The Michael Page Employee Intentions Report is based on the online survey responses of 1300 professional workers in Hong Kong. Participants represent a broad range of professional occupation groups and hold positions that range from entry level through to senior management. The scope of the report includes key indicators such as the likelihood of staff attrition, salary expectations, preferences for attraction and retention strategies.

“Professionals on the move in booming jobs market”

Attracting New Talent

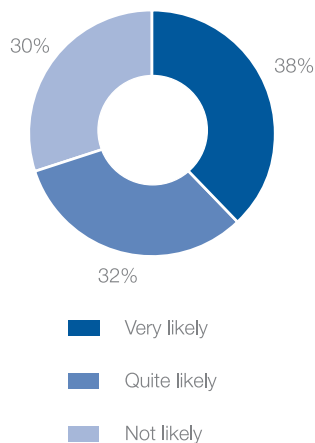
Job Seeker Activity

The professional labour market in Hong Kong has recovered strongly over the last 12 months. Rising levels of business confidence and a steady increase in job opportunities are prompting many white-collar professionals to consider their next career move. Of the employees surveyed for this report, some 38% say it is very likely they will change jobs in the next six months.

Professionals in marketing and banking and financial services are the most likely to move roles over coming months. Staffing numbers in these areas were significantly reduced during the global financial crisis and employers have been rebuilding teams off a low base. This is leading to high volumes of job opportunities and job seekers are looking to take advantage of the situation.

Accounting professionals are the least likely to move roles in the next six months. Most of these respondents are choosing to stay with their current employer because of the competitive salaries they are already receiving for their achievements.

Employee turnover next six months



Top 5 areas for predicted turnover



Attracting New Talent

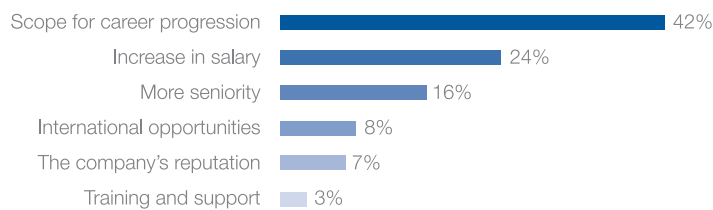
Preferred Attraction Strategies

Almost half of the employees surveyed for this report rated the opportunity for career progression as the most important factor when choosing a new role. This was of particular importance to professionals in the technology, legal, property and construction areas. From an experience perspective, most mid-level employees identified the ability to progress their career as a key motivator to change roles.

An increase in salary was the second most influential factor for respondents when deciding to change jobs. Securing a pay rise was of particular importance to accounting and finance professionals. If business conditions continue to improve, the pressure on employers to offer competitive salaries will increase.

Another leading factor in the decision to change jobs is the opportunity to gain more seniority. The prospect of gaining a more senior title was particularly attractive to professionals in the procurement and supply chain industry.

What job seekers are looking for in their next role



Sectors in which career progression is most important



Attracting New Talent

Jobseeker Salary Expectations

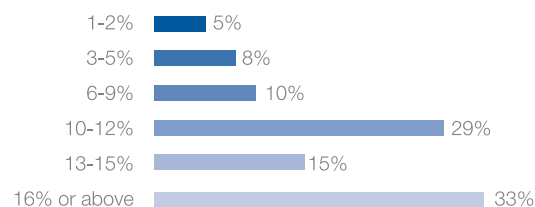
The positive jobs growth occurring in professional markets in Hong Kong is leading to a skills shortage in which the demand for talent is outweighing supply. This is placing employees with sought after skills in a strong negotiating position when it comes to salary.

The majority of respondents (33%) would be looking for an increase on base salary in excess of 15% in order to take a new role. A further 29% of the professionals surveyed would move roles for a pay rise of 10-12%. This level of salary expectation is a reflection of a robust jobs market in which the challenges of attraction and

retention have already become a core business concern.

The highest salary expectations are from employees in the banking and financial services industry. This is followed by employees in the property and construction industry.

Salary expectations for job change



Top 5 areas with the highest salary expectations

Discipline	Rank
Banking & Financial Services	1
Property & Construction	2
Retail & Sourcing	3
Engineering & Supply Chain	4
Accounting & Finance	5

Retaining Top Performers

Preferred Retention Strategies

Staff retention is a growing concern for employers in Hong Kong. As business confidence rises, more employers are expanding their headcount to position themselves for further growth. The resulting increase in job opportunities is creating a significant challenge with respect to the retention of proven performers.

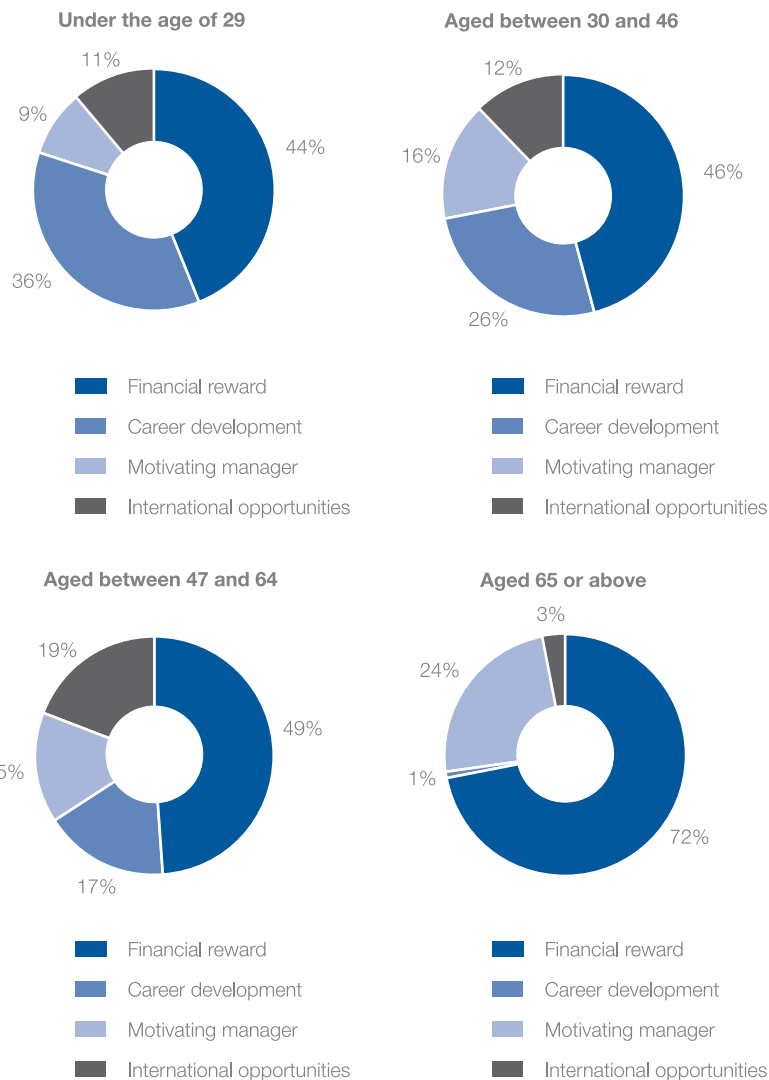
For the majority of employees surveyed (46%), being financially rewarded for their

achievements was the main reason they would be happy to stay in their current role. In the current professional labour market, employers need to review salary levels to ensure they are competitive and in line with external market rates.

Survey respondents rated career development opportunities as the second most influential factor in deciding to stay with their current employer. The

opportunity to progress their career was considered particularly important for junior level respondents. Companies that can offer structured career development plans supported by training will be in the best position to retain their key talent in a competitive market.

What will keep employees in their current role



Retaining Top Performers

Employee Salary Expectations

In order to retain people with the skills and experience to support business growth, employers will need to pay careful attention to the salary expectations of their staff. Whilst many respondents are generally satisfied with the level of income they are receiving at present, being appropriately remunerated remains a leading factor in an employee's decision to remain with their employer.

Some 29% of the employees surveyed for

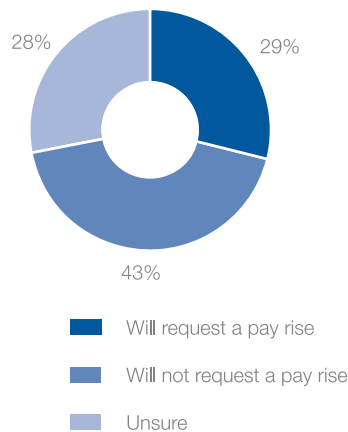
this report will be requesting a pay rise from their current employer in the next six months. Most of these employees will be looking for a 10-12% increase to their base salary.

Professionals in the sales and human resources areas are the most likely to ask their current employer for a salary increase over coming months. Most employees in sales will be looking for a 10-12% increase on base salary, with the majority of human

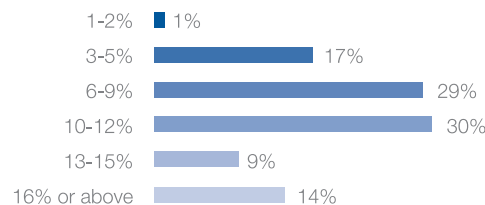
resources professionals asking for an increase of 6-9%.

Employees in the procurement and supply chain sector are the least likely to ask their current employers for a significant salary increase over the next six months. For most of these respondents, the opportunity for career progression was considered more important than financial rewards when choosing to remain in their current position.

Salary pressures over next six months



What employees will ask for



Top 5 areas for predicted pay rise requests



Job Market Confidence

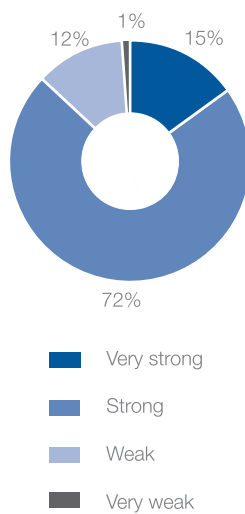
Current Job Market

Business confidence remains buoyant in Hong Kong following a sustained period of strong economic growth post the global financial crisis. As the professional employment market continues to strengthen, the confidence of employees to make their next career move will rise. Some 87% of the employees surveyed for this report consider the current market to be strong or very strong.

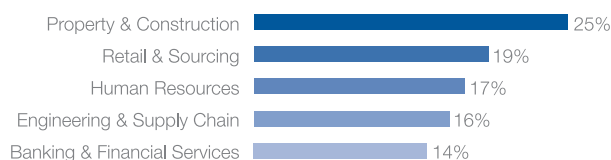
Employees in the retail and sourcing industry, as well as in the property and construction industry are the most optimistic about their job prospects. The demand for retail professionals at all levels is increasing in line with improving consumer and business confidence. In the property and construction sector, hiring activity is on the rise as companies focus on aggressive expansion to position themselves for China's long-term growth prospects.

Professionals in areas like sales benefited from strong employment conditions over the last 12 months, as employers re-established their revenue generating functions in the post-economic downturn period. As a consequence, a number of respondents from these areas were less confident about current market conditions. Having said that, 80% of respondents from these areas believe that job opportunities will improve over the next year.

Employee confidence in job market



Top 5 areas of strongest confidence



Market Outlook

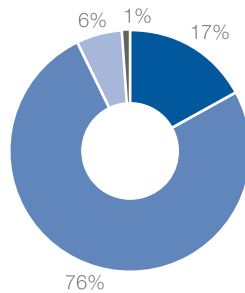
Job Market Outlook

All indicators are pointing towards sustained jobs growth across professional occupation groups in Hong Kong. This will place increasing demands on employers to retain and attract talent because the growing skills shortage will offer top performers numerous opportunities for career progression.

The majority of employees surveyed for this report are highly optimistic about the strength of the job market in 2011. Some 93% of respondents expect employment conditions for their profession to improve when compared to 2010. From an industry perspective, professionals in

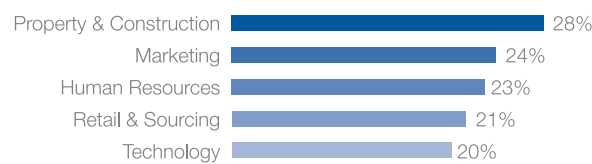
the property and construction sectors are the most optimistic about their job prospects in 2011.

Employee confidence in job market 2011 vs 2010



- It will significantly improve
- It will improve
- It will be worse
- It will be far worse

Top 5 areas of job market optimism



Market Outlook

Employee Concerns

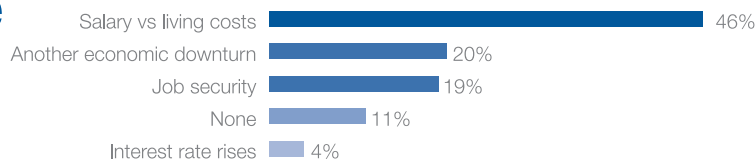
For almost half of the survey respondents, meeting the rising costs of living with their current salary is the issue of most concern over the next six months. This is of particular concern for professionals in the sales and human resources areas. With economic conditions predicted to improve further

throughout 2011, the pressure will be on employers to provide salary increases to compensate for the rising cost of living.

Survey respondents ranked the prospect of another economic downturn as their second highest concern for the next six months.

The recent natural disasters in Japan and ongoing weakness of the US and European economies are keeping this possibility in sharp focus. It was of particular concern for respondents from retail and sourcing, whose careers were severely impacted during the global financial crisis.

Employee concerns over next six months



Areas most concerned about salary vs living costs



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