



Michael Page Employment Index Quarter 2, 2011

Hong Kong

Executive Overview

Key Findings

As more global businesses look to capitalise on emerging opportunities in China, we are seeing a growing number of multinationals entering the Hong Kong market or expanding their existing operations. This investment is driving strong jobs growth in Hong Kong, with employers hiring aggressively across all professional occupation groups.

Almost half of the employers surveyed for this report are planning to expand their headcount in the second quarter of 2011. Most hiring activity (65%) is taking place in front line revenue generating roles in areas like sales and account management, although companies are increasingly looking to boost their back office capacity to support growing levels of business activity.

As the volume of professional job opportunities escalates, the issue of talent management is rapidly becoming a core challenge for many employers. Some 39% of the companies surveyed expect staff turnover to increase in the second quarter. This is higher than the comparative surveys of China (37%), Australia (29%) and Singapore (25%). To help retain their top staff, most employers will be offering some form of financial incentive.

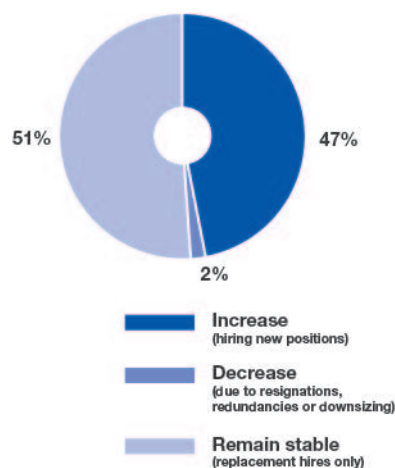
As the labour market tightens, employers will need to carefully balance their investment in acquiring new talent with that of retaining top performers. For 46% of the companies surveyed in this report, wages growth is the primary business concern for the second quarter.

Employers in Hong Kong are increasingly confident about domestic business conditions. The demand for professional employees is expected to rise significantly throughout 2011 as more multinationals invest in growing their Asian operations. Some 38% of the employers surveyed expect business conditions to strengthen even further in the second quarter.

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 550 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 Q2



“Multinational investment drives strong jobs growth”

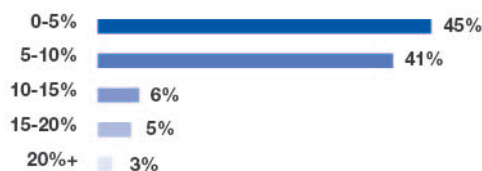
Companies increasing headcount in Q2

Employers in Hong Kong are continuing their strong investment in new talent, with 47% of the companies surveyed planning to increase staff numbers in the second quarter of 2011.

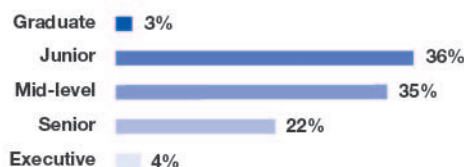
Most companies (65%) will be focusing recruitment on front line, revenue generating roles in areas like sales and business development, with the aim of further building revenue lines and increasing market share. A further 18% of hiring will be focused on boosting the back office capacity of the business in support areas like finance and information technology.

Some 45% of the companies surveyed are planning to expand their headcount by 0-5%. A further 41% of employers are looking to make a more substantial investment in new staff by increasing their headcount in the range of 5-10%. The majority of recruitment will be split between junior (36%) and mid-level roles (35%), with a further 22% of employers looking to focus on senior experience to manage growing teams and aggressive business targets.

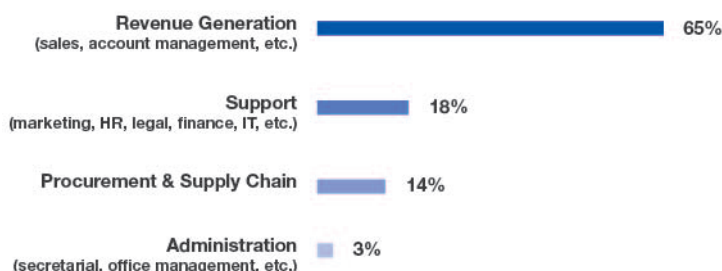
Anticipated headcount increase



Hiring focus by level of experience



Hiring focus by business function



65%

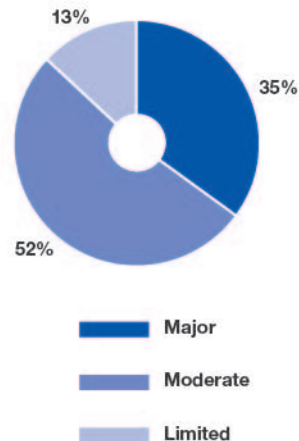
of companies are focusing hiring on front line roles in Q2.

Talent Management

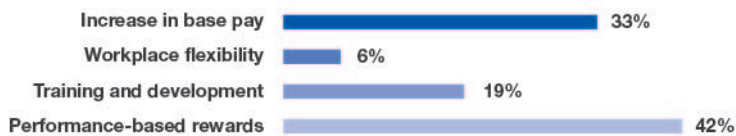
Talent management is becoming a key business challenge for many companies in Hong Kong. Some 39% of the companies surveyed expect staff turnover to increase in the second quarter. This is higher than the comparative surveys of China (37%), Australia (29%) and Singapore (25%).

Of the companies surveyed for this report, 35% are placing a major focus on staff retention strategies in the second quarter. For most employers, this involves offering some form of financial incentive. Some 42% of companies will be providing performance-based rewards to help retain their top talent. A further 33% of employers will be offering their staff an increase in base pay in order to remain with the company.

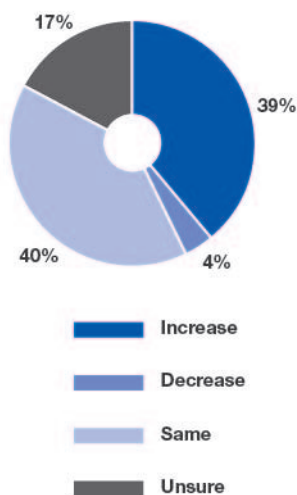
Level of focus on staff retention



Key retention strategies for Q2



Predicted staff turnover in Q2



39%
of employers expect turnover to increase in Q2.

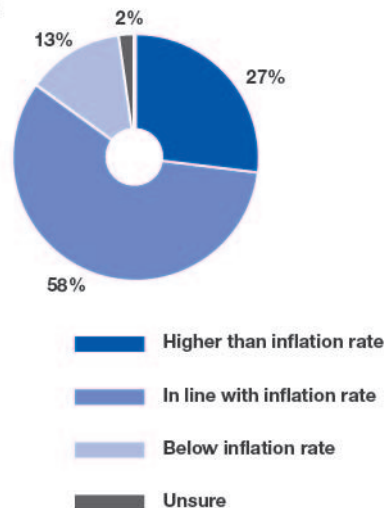
Wages Inflation

Rising payroll costs are becoming a concern for many companies in Hong Kong as economic conditions improve and the labour market continues to tighten. Although some 27% of employers believe that wages growth is higher than the inflation rate, the vast majority (58%) of companies surveyed believe the two are in line.

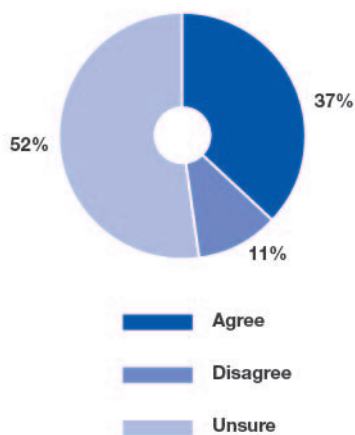
Over half of the employers surveyed are unsure whether the current level of wages growth is sustainable over the long term. This suggests that a level of uncertainty still exists around the strength of the global economic recovery and its impact on business conditions in Hong Kong.

For most companies (65%), revenue generating roles in areas like account management will be the focus of rising salary costs in the second quarter. Front line roles will continue to dominate wage costs as more employers look to expand the revenue generating capabilities of their business.

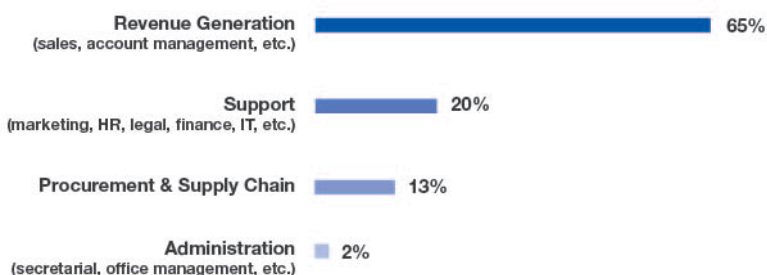
Wages growth compared to rate of inflation



The current level of wages growth is sustainable



Wages growth by business function



65%
of wages growth in Q2 is focused on revenue generating roles.

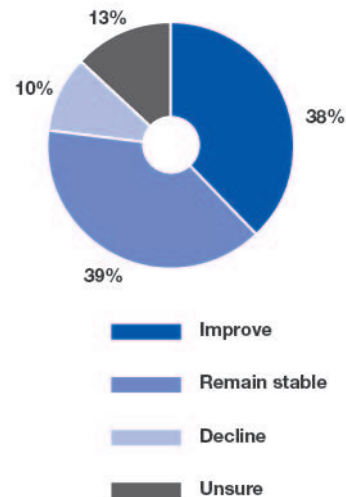
Market Outlook

Employers in Hong Kong are increasingly confident about domestic business conditions, driven largely by the strong economic growth in China. Employee turnover is expected to increase over coming months as more multinational companies establish headquarters in Hong Kong and existing companies undertake expansion plans. Some 38% of the employers surveyed expect business conditions to strengthen even further in the second quarter.

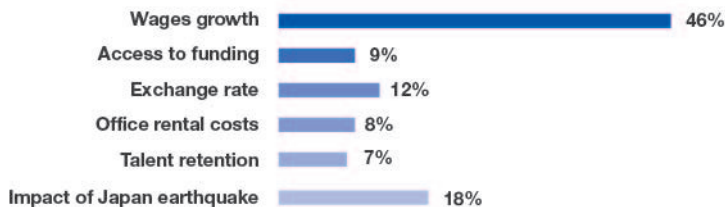
As companies continue to expand their teams, employers will need to balance their investment in acquiring new talent with that of retaining top performers. For 46% of the employers surveyed in this report, wages growth is the primary business concern for the second quarter. Interestingly, a further 18% of respondents reported the impact of the Japan earthquake on business conditions in Hong Kong as a key business concern.

For companies in Hong Kong that depend on export markets, a degree of uncertainty still exists around the strength of the global economic recovery. Whilst some 23% of these employers believe that international demand will rise for their products/services in the second quarter, a substantial 52% remain unsure.

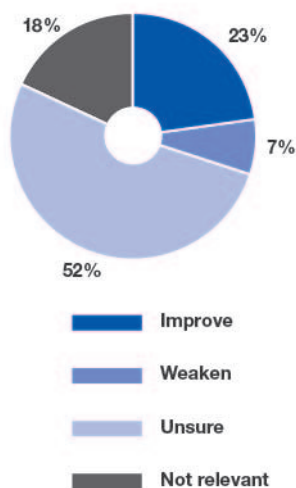
Predicted business conditions for Q2



Key business concerns for Q2



Global demand for your products/services in Q2



52%

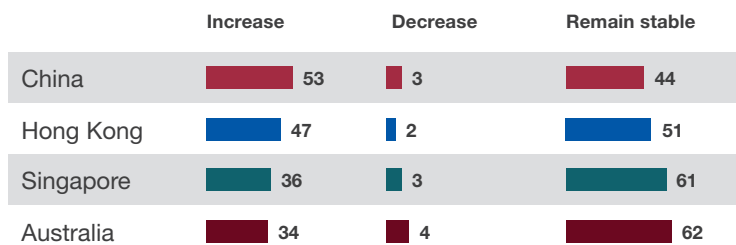
of companies are unsure if global demand for their products/services will improve in Q2.

Regional Trends

Employers across the Asia Pacific region are positioning themselves for strong business growth in the second quarter of 2011. China leads the way with respect to white-collar jobs growth, with 53% of respondents planning to increase their staff numbers. This compares to 47% of employers in Hong Kong, 36% in Singapore and 34% in Australia.

The vast majority of employers hiring new staff in the second quarter are focusing on revenue generating roles in areas like sales and business development. This reflects the intention of companies to build on the growth achieved in the first quarter. Some 69% of companies in Singapore are focusing recruitment on front line roles, as are 65% of employers in Hong Kong, 64% in Australia and 59% in China.

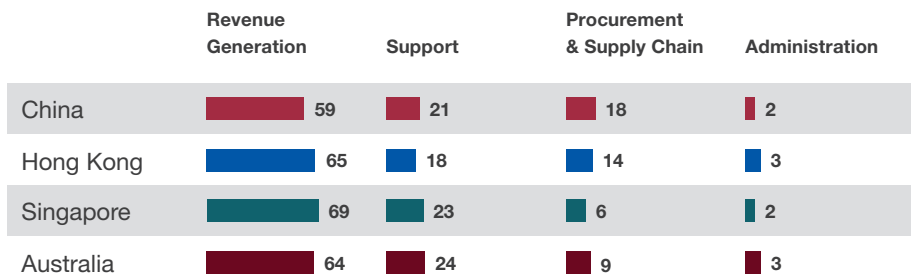
Predicted staff numbers for Q2 (%)



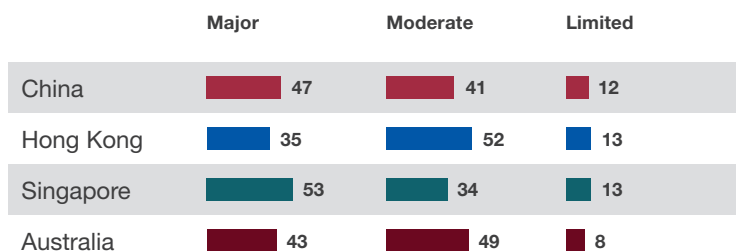
NOTE:

- 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

cont'd

As the professional employment market becomes increasingly competitive, many employers are recognising the need to retain their most skilled and experienced staff. Over half of the companies surveyed in Singapore are placing a major focus on staff retention, followed by 47% in China, 43% in Australia and 35% in Hong Kong. Most employers across Asia Pacific will be offering performance-based rewards as an incentive for top performers to remain with their company.

The rising cost of salaries continues to be a key business concern across the region. Over half of the employers surveyed in China consider wages growth to be the most significant business challenge in the second quarter. This compares to 48% of employers in Singapore, 46% in Hong Kong and 36% in Australia. For all countries, the highest rate of wages growth is expected to be around revenue generating roles.

Predicted staff turnover in Q2 (%)

	Increase	Decrease	Same	Unsure
China	37	21	33	9
Hong Kong	39	4	40	17
Singapore	25	14	41	20
Australia	29	17	43	11

Wages growth compared to rate of inflation (%)

	Higher than inflation rate	In line with inflation rate	Below inflation rate	Unsure
China	23	44	29	4
Hong Kong	27	58	13	2
Singapore	8	58	31	3
Australia	40	33	20	7

Key business concerns for Q2 (%)

	Wages growth	Access to funding	Exchange rate	Office rental costs	Talent retention	Impact of Japan earthquake
China	57	6	15	11	9	2
Hong Kong	46	9	12	8	7	18
Singapore	48	8	11	7	23	3
Australia	36	19	21	9	11	4

Office Locations

Hong Kong - Pacific Place

Suite 611, One Pacific Place
88 Queensway
Tel +852 2530 6100
Fax +852 2530 6101
enquiries@michaelpage.com.hk

Guangzhou

Level 18, Suite 1804, Teem Tower
208 Tianhe Road, Tianhe District
Guangzhou, China 510620
Tel +86 20 2338 5700
Fax +86 20 2338 5701
enquiries@michaelpage.com.cn

Hong Kong - Admiralty Centre

1401, Admiralty Centre Tower 1
18 Harcourt Road
Admiralty, Hong Kong
Tel +852 2258 3500
Fax +852 2258 3501
enquiries@michaelpage.com.hk

Kowloon

Suite 1011, Tower 1
Grand Century Place, 193 Prince Edward Road West
Mongkok, Kowloon
Tel +852 3476 6300
Fax +852 3476 6301
enquiries@michaelpage.com.hk

Shenzhen

Suite 503B, China Resources Building
5001 Shennan Dong Road
Shenzhen, China 518001
Tel +86 755 3396 0900
Fax +86 755 3396 0901
enquiries@michaelpage.com.hk

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