



Michael Page Employment Index Quarter 1, 2012

Hong Kong

Executive Overview

Key Findings

Employers in Hong Kong are sustaining their hiring activity over coming months to complete another quarter of positive jobs growth. Some 37% of the companies surveyed are set to increase staff numbers in the first quarter of 2012, with the majority of recruitment (65%) occurring in front-line areas like sales and account management. The targeted investment in revenue-generating roles suggests that employers are positioning themselves for further business growth in 2012. It is anticipated that the majority of demand will be within the commercial sector as there is a sense of caution within the banking and financial services markets.

Some 38% of the employers surveyed are also set to increase their contract and temporary staff numbers in early 2012. The requirement for a more flexible workforce will continue to grow as employers pursue their company objectives amidst a constantly changing global business environment. While most of this recruitment (31%) will occur in the procurement and supply chain area, a further 25% of employers will be looking to increase their business support capacity with contract staff in areas like marketing and finance.

The attraction and retention of top talent continues to be a key business concern for many employers in Hong Kong. Some 31% of the employers surveyed expect that staff turnover levels will rise over coming months, as more professionals begin to re-evaluate their career options for the new year.

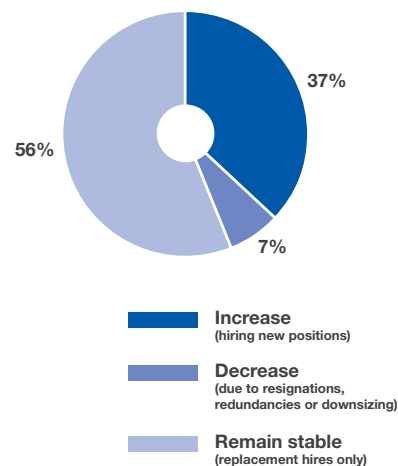
To retain their best people, more than half of the companies surveyed (57%) will be offering performance-based rewards over coming months. Other common strategies to retain top talent will include an increase in base salary and training and development opportunities. Unsurprisingly, most respondents (37%) reported that talent management will be the primary challenge facing their business in the first quarter of 2012.

Although the survey findings reveal a moderate level of uncertainty around global economic conditions, employers in Hong Kong remain positive about the domestic business environment. Half of all the employers surveyed predict that business conditions will remain stable in Hong Kong over coming months, which represents an increase of 27% on results from the fourth quarter of 2011.

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 Q1



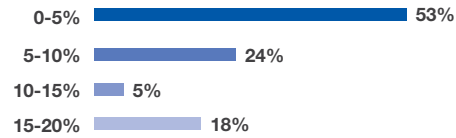
“ Consistent hiring activity set to continue ”

Companies increasing headcount in Q1

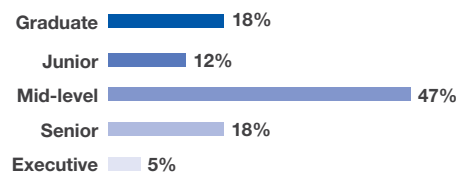
The consistent hiring activity seen across professional markets in Hong Kong will continue in the first quarter of 2012, with 37% of the companies surveyed set to increase staff numbers during this period. Most employers (65%) will be looking to increase the revenue-generating capacity of their business by recruiting front-line professionals in areas like sales and business development. A further 21% of hiring activity will occur in support areas like human resources and finance, in an effort to help manage increasing levels of business activity.

Most of the employers surveyed are planning a moderate increase to staff numbers in the first quarter, with 53% of respondents intending to boost headcount by 0-5%. A further 24% of companies are looking toward more substantial increases in the range of 5-10%. Employees at the mid-level are likely to be in highest demand (47%); followed by graduate and senior level professionals.

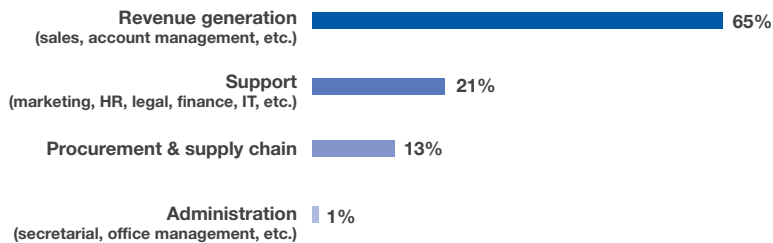
Anticipated headcount increase



Hiring focus by level of experience



Hiring focus by business function



65%

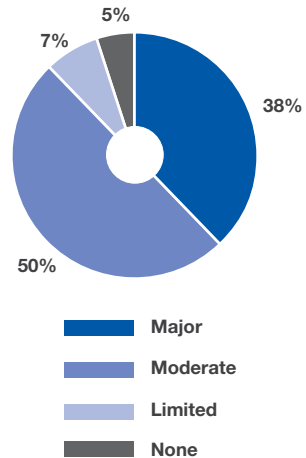
of employers will be focusing on hiring revenue-generating roles in Q1.

Talent Management

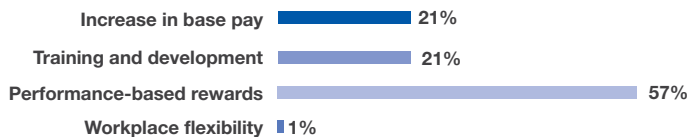
Continued growth in the domestic labour market is making it harder for employers in Hong Kong to retain the skilled and experienced professionals they need to drive their business forward. Some 31% of the employers surveyed for this report expect that staff turnover levels will increase over coming months, as more professionals start re-considering their career options in the new year.

In an effort to keep talented professionals within their business, some 38% of the companies surveyed will be placing a major focus on staff retention strategies in early 2012. For the second consecutive quarter, most employers (57%) will be investing in performance-based rewards as a primary incentive for top talent to stay with their company. An increase in base salary and training and development opportunities are other common strategies that will be used to retain valuable employees over coming months.

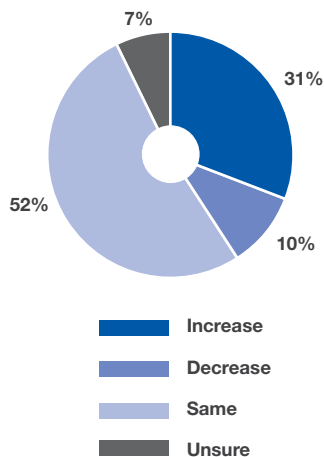
Level of focus on staff retention



Key retention strategies for Q1



Predicted staff turnover for Q1



57%
of employers will focus on performance-based rewards as a key retention strategy in Q1.

Market Outlook

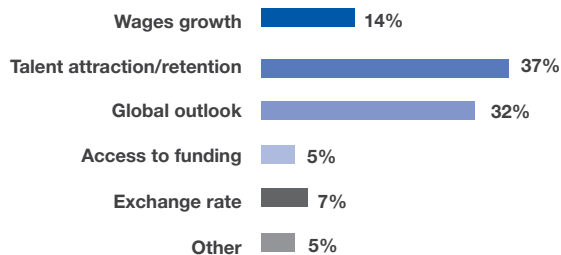
According to the survey findings, employers in Hong Kong remain largely positive about the domestic business environment. Some 50% of respondents predict that business conditions will remain stable in Hong Kong during the first quarter of 2012. This represents an increase of 27% on results from last quarter, suggesting that an increasing number of businesses are becoming more confident about the stability of the domestic economy.

The issue of talent management continues to be a pressing concern for many employers in Hong Kong. For some 37% of the companies surveyed, the attraction and retention of top talent was identified as the primary challenge facing their business in the first quarter of 2012. This was followed by concerns around the global

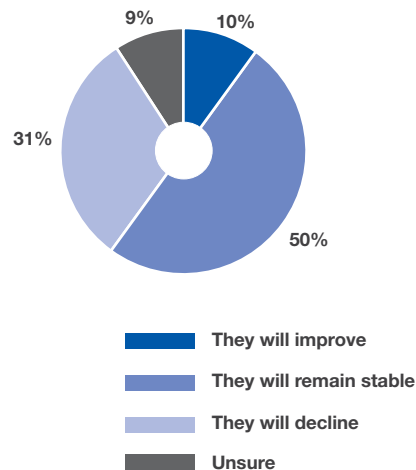
market outlook (32%).

Some 33% of the companies surveyed are unsure if global demand for their products/services will increase over coming months, which reflects the apprehension of some employers around the strength of international business conditions. Interestingly, the same number of respondents (33%) reported a more positive outlook, with the expectation that global demand will increase during the first quarter of 2012.

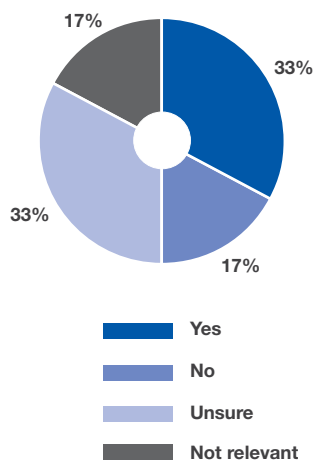
Key business concerns for Q1



Predicted business conditions for Q1



Global demand for your products/services in Q1



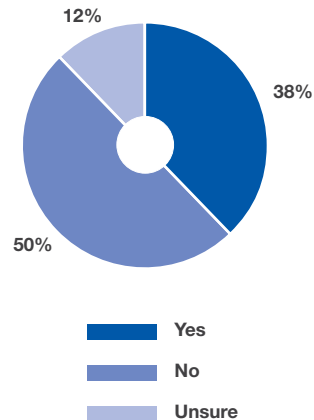
50%
of employers expect business conditions will remain stable in Q1.

Market Outlook

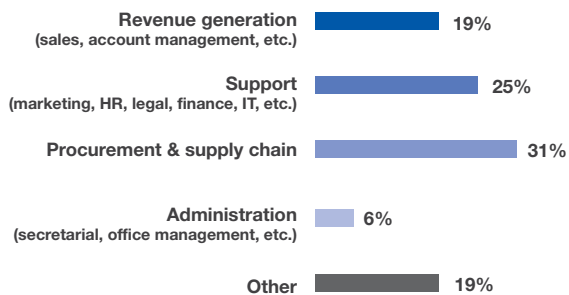
As employers in Hong Kong keep a close eye on global market developments, the requirement to build a more flexible domestic workforce is growing. Some 38% of the companies surveyed for this report intend to expand their contract and temporary headcount in the first quarter. While a share of this recruitment (31%) will occur in the procurement and supply chain area, a further 25% of employers will be looking to boost staff numbers in support areas like marketing and finance.

Another impact on recruitment activity in the first quarter of 2012 will be the awarding of financial incentives to top performers. While some 60% of the employers surveyed believe that staff turnover levels will remain unchanged following the awarding of performance bonuses, a further 24% predict that staff movement will increase. Companies in the position to offer both financial rewards and career development opportunities will be in the strongest position to attract and retain top talent during this period.

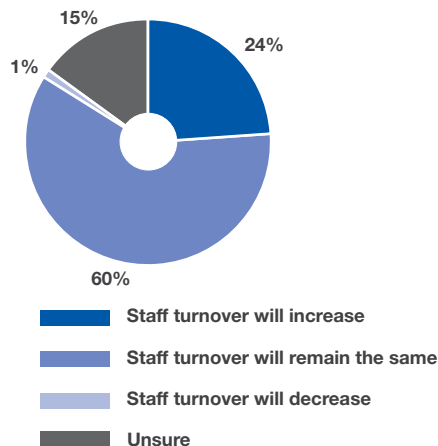
Increased hiring of contract/temporary staff in Q1



Hiring focus of contract/temporary staff by business function



Staff turnover changes with financial incentives awarded in Q1



38%

of businesses will be increasing their contract/temporary headcount in Q1.

Regional Trends

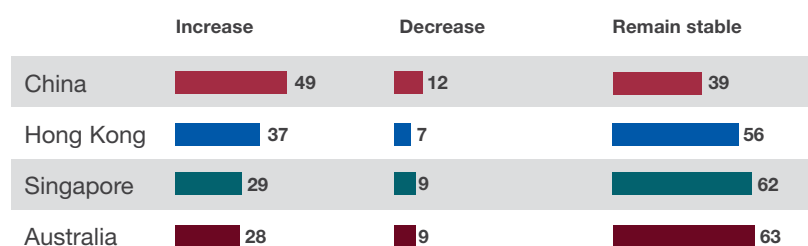
Steady jobs growth in the white-collar professional market is set to continue across the Asia Pacific region throughout the first quarter of 2012. China leads the way with respect to headcount growth, with some 49% of the employers surveyed planning to increase staff numbers over coming months. This compares to 37% in Hong Kong, 29% in Singapore and 28% in Australia.

The vast majority of hiring activity in the first quarter will be focused on revenue-generating roles in areas like sales and business development. This is a clear indicator that companies are positioning themselves for further business growth in early 2012. As a regional comparison,

69% of companies in China are focusing recruitment on front-line roles, followed by 65% in Hong Kong, 59% in Singapore and 58% in Australia.

The retention of key staff remains a major challenge for companies across the region. Employers will be looking for skilled and experienced professionals to help drive their business forward over coming months, which will increase competition for the best talent. Some 43% of the employers in Singapore will be placing a major focus on staff retention in the first quarter, followed by 38% in Hong Kong, 38% in Australia and 35% in China.

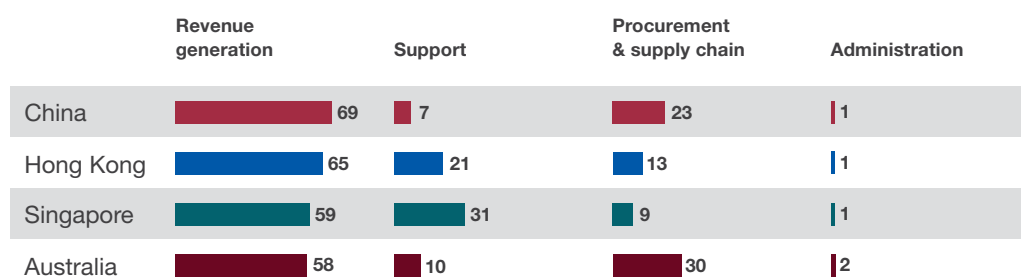
Predicted staff numbers for Q1 (%)



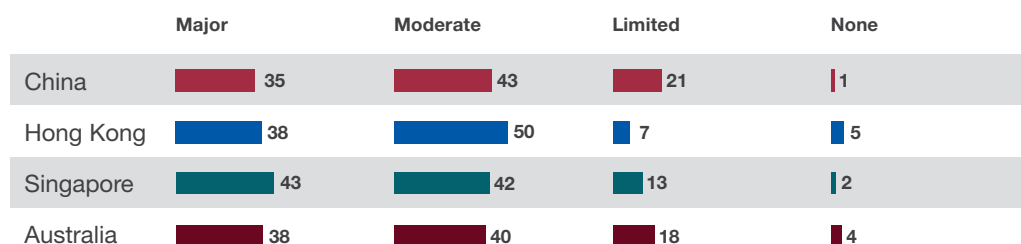
NOTE:

- 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 (%)



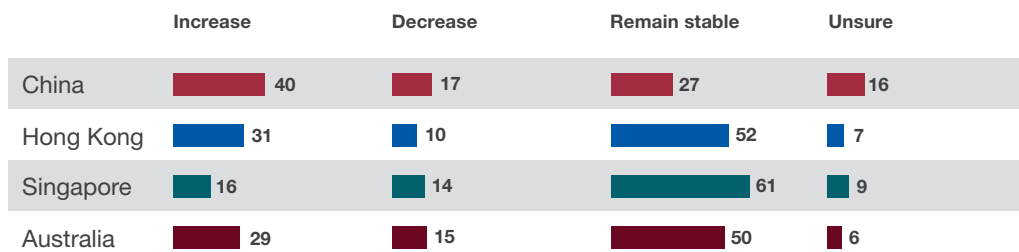
Regional Trends

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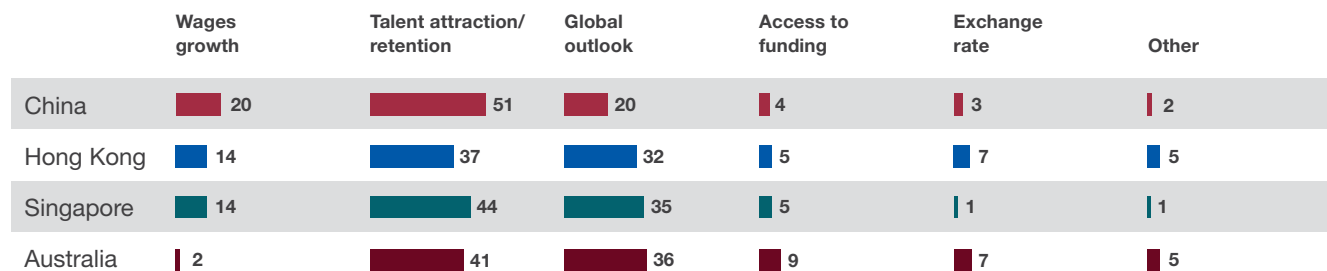
Staff turnover levels are not expected to change significantly across most of the Asia Pacific region during the first quarter of 2012. The majority of employers in Singapore (61%) expect that turnover levels will remain relatively stable over coming months, along with 52% in Hong Kong and 50% in Australia. For the third consecutive quarter, strong jobs growth in China is leading many employers (40%) to predict that staff turnover will rise.

The ability to secure new talent and retain proven performers is becoming a significant business challenge for employers across the region. Employers in China are the most concerned about attracting and retaining key staff (51%). This compares to 44% of companies in Singapore, 41% in Australia and 37% Hong Kong.

Predicted staff turnover in Q1 (%)



Key business concerns for Q1 (%)



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