



# Michael Page Employment Index Quarter 3, 2011

## Hong Kong

# Executive Overview

## Key Findings

The strong jobs growth seen across professional markets in Hong Kong is set to continue in the third quarter, with some 36% of employers surveyed planning to increase staff numbers. In an effort to capitalise on positive domestic business conditions, most hiring activity (63%) is taking place in front line roles in areas like sales and account management. A further 24% of companies will be focusing recruitment on support roles in areas like human resources and information technology in order to manage increasing levels of business activity.

Continued growth in the Hong Kong employment market is intensifying competition for the best talent and increasing the pressure on employers to retain their key staff. Some 44% of companies are investing heavily in staff retention in the third quarter, which is higher than our comparative surveys of Singapore (41%), China (40%) and Australia (31%). To remain competitive, most employers will be offering training and development opportunities (36%) or performance-based rewards (34%).

As the job market continues to strengthen in Hong Kong, the opportunity exists for employers to secure top new international talent. Some 63% of respondents are seeing professionals return from overseas because of the strength of jobs growth in Hong Kong. Despite this positivity, companies will continue to carefully manage their investment in new staff, with the rising cost of salaries rated as the key business concern for most employers (48%) in the third quarter.

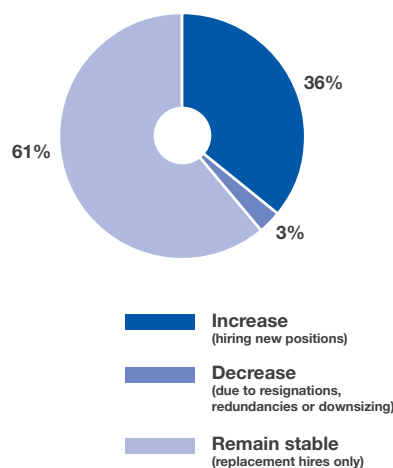
The majority of companies surveyed in Hong Kong are positive about the strength of the global economic recovery. Whilst some 64% of respondents expect the recovery will continue at the current pace or strengthen over the next 12 months, an element of uncertainty remains as 19% are unsure about the global outlook.

Employers are also confident about the domestic business environment, with some 69% of respondents predicting that business conditions in Hong Kong will improve through the third 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 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 Q3



“ Strong business conditions fuel steady jobs growth ”

# Companies increasing headcount in Q3

Steady jobs growth is expected to continue across professional markets in the third quarter of 2011. Some 61% of the employers surveyed in Hong Kong expect staff numbers to remain stable during this period, with a further 36% planning to increase headcount.

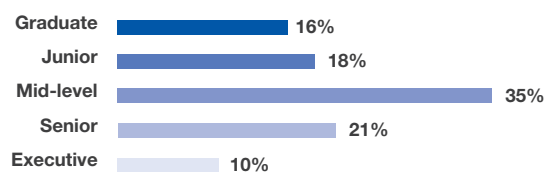
The vast majority of companies (63%) continue to focus their investment on front line, revenue generating roles in areas like sales and account management. In an effort to support increasing levels of business activity, employers are also looking to boost their back office capability. For 24% of companies, hiring in the third quarter will be focused on operational roles in areas like finance and marketing.

Most companies are planning a moderate increase to staff numbers, with 38% of respondents intending to boost headcount by 0-5%. A further 34% of companies are looking toward more substantial increases in the range of 5-10%. The majority of recruitment is occurring at mid-levels (35%), with a further 21% of respondents hiring for more senior level positions.

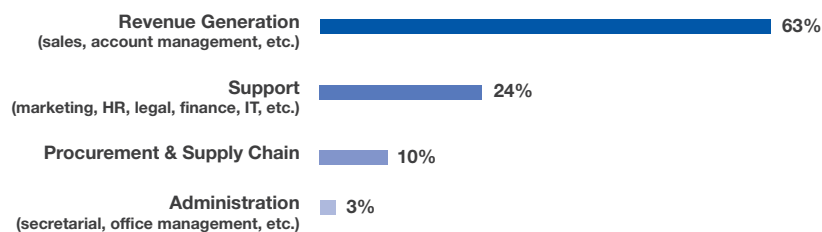
## Anticipated headcount increase



## Hiring focus by level of experience



## Hiring focus by business function



# 63%

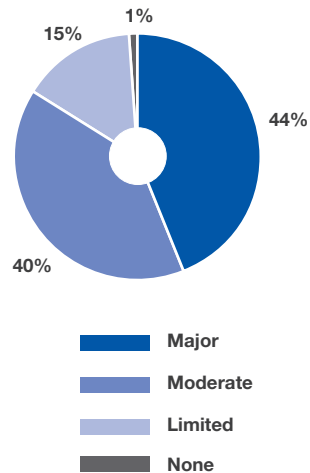
of companies are focusing hiring on front line roles in Q3.

# Talent Management

The retention of top performers continues to be a key business concern for many employers in Hong Kong. Some 44% of the companies surveyed are placing a significant focus on staff retention in the third quarter. This is higher than our comparative surveys of Singapore (41%), China (40%) and Australia (31%).

Most (38%) of the companies surveyed expect staff turnover to remain stable over coming months. There was a balance between companies predicting turnover to increase or decrease in the third quarter, reflecting variances between companies and industry sectors. To help retain their key staff in an increasingly competitive market, most employers will be offering training and development opportunities (36%) or performance-based rewards (34%).

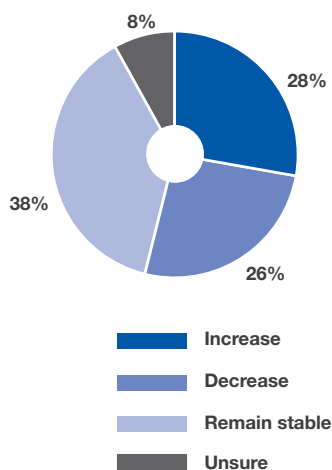
## Level of focus on staff retention



## Key retention strategies for Q3



## Predicted staff turnover Q3



**44%**  
of employers are placing a major focus on staff retention in Q3.

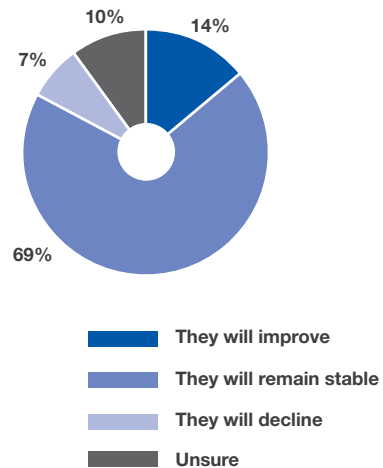
# Market Outlook

Employers in Hong Kong remain positive about the domestic business environment, due in part to strong economic growth in neighbouring mainland China. Some 69% of the employers surveyed expect business conditions to remain stable in the third quarter of 2011.

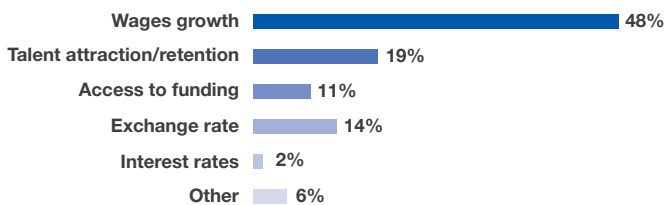
The rising cost of salaries continues to be a key business concern for many employers in Hong Kong, as the pressure to attract new talent and reward existing performers intensifies. For 48% of the employers surveyed, wages growth was identified as the primary business challenge for the third quarter. This level of concern is higher than our comparative surveys of China (41%), Singapore (30%) and Australia (17%).

Some 40% of the employers surveyed are unsure if demand for their products/services will improve in the third quarter. This suggests that a level of uncertainty still exists around the strength of the global economic recovery. A further 39% of respondents reported a more optimistic outlook, with the expectation that international demand will rise over coming months.

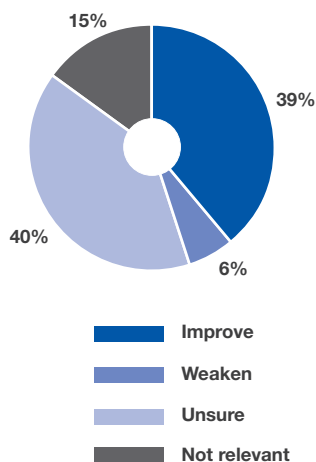
## Predicted business conditions for Q3



## Key business concerns for Q3



## Global demand for your products/services in Q3



**69%**  
of employers expect business conditions to remain stable in Q3.

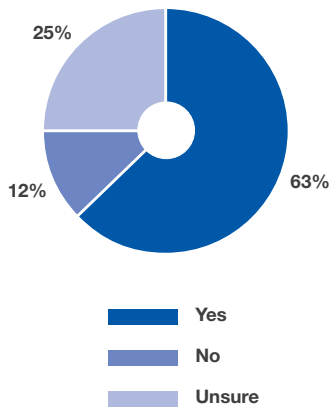
# Market Outlook

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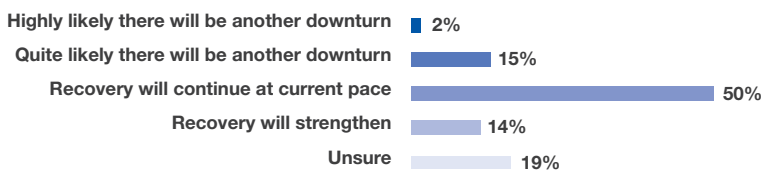
Ongoing weakness in overseas markets is resulting in an influx of new international talent into Hong Kong. Some 63% of respondents reported seeing professionals return from overseas because of the strength of the domestic job market.

Most of the employers surveyed in Hong Kong are positive about the strength of the global economic recovery, with some 64% believing it will continue at the current pace or strengthen over the next 12 months. A further 19% of respondents are unsure as to whether an improvement in global conditions is likely.

## Professionals returning to Hong Kong because of strong jobs growth



## Global economic recovery over the next 12 months



# 63%

of employers are seeing professionals return from overseas because of strong jobs growth.

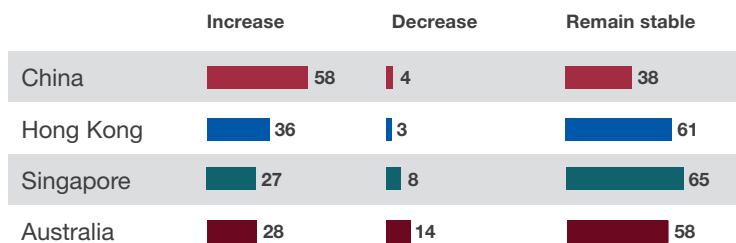
# Regional Trends

Strong jobs growth in the white-collar professional market is set to continue across the Asia Pacific region over the third quarter of 2011. China is at the forefront of business growth, with 58% of respondents intending to increase their staff numbers during this period. This compares to 36% of employers in Hong Kong, 28% in Australia and 27% in Singapore.

As the professional employment market continues to strengthen, employees are becoming less cautious about

a career move and are actively looking for their next opportunity. Employers will need to have strong retention strategies in place in order to keep their best performers at a time when their skills are crucial to supporting business growth. Some 44% of the companies surveyed in Hong Kong are placing a major focus on staff retention in the third quarter, followed by 41% in Singapore, 40% in China and 31% in Australia.

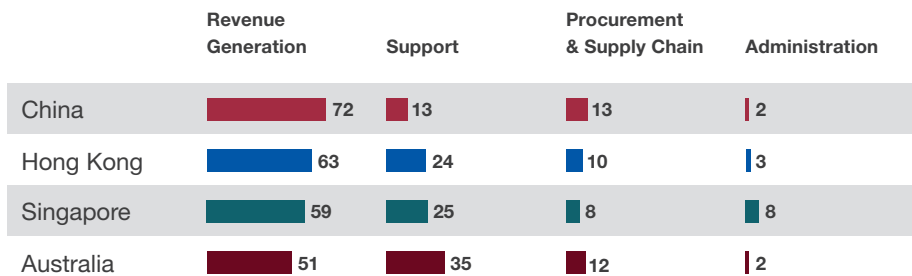
## Predicted staff numbers for Q3 (%)



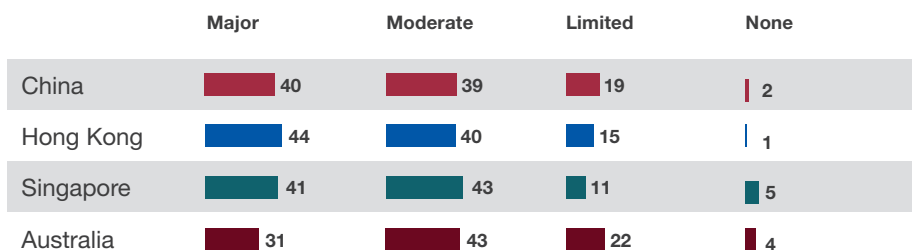
**NOTE:**

- 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

Employers across Asia Pacific are largely positive about the strength of the global economic recovery. Respondents in China are the most optimistic about economic conditions, with 53% believing the recovery will continue at the current pace over the next 12 months. This compares to 51% of employers in Australia, 50% in Hong Kong and 48% in Singapore.

Rising payroll costs continue to be a key business concern for employers across the region. Almost half of the companies surveyed in Hong Kong consider wages growth to be the primary business challenge in the third quarter. This compares to 41% of employers in China and 39% in Singapore. For most Australian respondents (32%), the strength of the Australian dollar was nominated as the primary business concern.

## Predicted staff turnover in Q3 (%)

	Increase	Decrease	Remain stable	Unsure
China	30	25	33	12
Hong Kong	28	26	38	8
Singapore	13	23	48	16
Australia	34	14	43	9

## Global economic recovery over the next 12 months (%)

	Another downturn is highly likely	Another downturn is quite likely	Recovery will continue at current pace	Recovery will strengthen	Unsure
China	2	19	53	15	11
Hong Kong	2	15	50	14	19
Singapore	4	17	48	12	19
Australia	8	21	51	6	14

## Key business concerns for Q3 (%)

	Wages growth	Talent attraction/retention	Access to funding	Exchange rate	Interest rate	Other
China	41	24	16	6	9	4
Hong Kong	48	19	11	14	2	6
Singapore	39	33	14	11	2	1
Australia	18	20	15	32	14	1

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