

## **Santiago, Chile**

### **October 2014**

#### **1. Current economic and political situations in the country**

##### **Economy and labour market situations**

###### **Gross Domestic Product**

In the second quarter of 2014, Hong Kong's Gross Domestic Product (GDP) increased by 1.8% in real terms over a year earlier, compared with a 2.6% increase in the first quarter of 2014.

###### **Consumer Price Index**

Inflation followed an easing trend with Composite Consumer Price Index slowed to 3.6% in the second quarter of 2014 over a year earlier, further down from the 4.2% increase in the preceding quarter.

###### **Unemployment Rate**

The labour market was stable in general. The seasonally adjusted unemployment rate edged up to 3.3% for the May to Jul period.

###### **Economic Forecast**

The Hong Kong economy is only poised to attain modest growth for this year as a whole. The GDP growth forecast for 2014 as a whole is revised downward from 3% - 4% in the May round of review to 2% - 3% in the recent round.

###### **Manpower Trends – Employee Turnover, Job Vacancies and Job Growth**

An overall average staff turnover rate of 20.1% was recorded for 2013 in the Survey on Manpower Statistics – Third and Fourth Quarters 2013 and Year 2013 conducted by the Hong Kong Institute of Human Resource Management (HKIHRM), the highest since the survey was in place in 2002. Unemployment rate in Hong Kong remained low in 2013, ranging from 3.2% to 3.5%. With sufficient job opportunities, employees had more choices, thus resulting in higher turnover.

The weighted average vacancy rate in 2013 was 4.9%, 0.5 percentage point higher than that in 2012 (4.4%).

The net growth in new positions during the second half of 2013 was 1.1% (weighted average).

## **Pay Trend**

According to HKIHRM's January 2014 Pay Trend Survey which covered 80 companies from 17 sectors with a total of some 121,000 full-time salaried employees, employers were more prudent when making pay adjustment. However, decisions on pay adjustment still varied from sector to sector. Higher pay rise could still be seen in some sectors which encountered labour shortage.

### Base Pay Adjustment - January 2014

The overall average base pay adjustment recorded for 32 companies which had provided relevant data was 3% (weighted average), 1.4 percentage points lower than the forecast adjustment of 4.4% announced by the HKIHRM in October 2013.

96.9% of the 32 companies offered an overall base pay increase. One surveyed company recorded an overall zero base pay adjustment. No overall negative base pay adjustment was recorded.

### Bonus Payment - January 2014

Among the 80 surveyed companies, 39 companies indicated that they had a guaranteed-bonus policy. The average bonus size they offered was 1.01 months of base pay, which is slightly higher than the 0.99 month of base pay recorded for the period January to April 2013.

A total of 41 companies with a non-guaranteed bonus scheme confirmed their bonus payment during the survey period. Of their eligible employees, 96.7% (33,674 employees) were awarded a non-guaranteed bonus, with the average bonus size being 1.77 months of base pay. This compared with 1.39 months of base pay recorded in the same period in 2013.

## **Updates on Mainland Minimum Wages**

As of July 2014, 15 Mainland provinces and municipalities had adjusted their minimum wages this year. The monthly minimum wages in Beijing, Shanghai and Tianjin were adjusted upward by 11.4% to 12.3% starting from April 2014.

In Shanghai, the monthly minimum wage was up by 12.3% from 1,620 yuan to 1,820 yuan, and the hourly minimum wage rose 21.4% from 14 yuan to 17 yuan.

## **2. HR challenges**

HR profession in Hong Kong is facing the following challenges:

### **Standard Working Hours**

A series of public consultation sessions on working hours was organised from January to July 2014 by the government's Standard Working Hours Committee. HKIHRM attended a consultation session in March to express views and concerns from an HR perspective.

### **Updates on Minimum Wage**

In a government consultation held in June, the Institute expressed its views on minimum wage review in Hong Kong, which were based on the results of a poll to collect its members' views. The current minimum wage rate is \$30 an hour. A new wage level, if any, will be effective in May 2015.

## **Discrimination Law Review**

Consultations are being held by the Equal Opportunities Commission on a discrimination law review which covers some HR-related areas such as discrimination relating to maternity period, potential pregnancy, marital status and family status, as well as an employer's benefits to cover the de facto partner of an employee. The Institute has organised a briefing session which provided a platform for members to express their views from an HR perspective and to exchange with the Commission.

## **3. HKIHRM projects and initiatives**

### **HR Excellence Awards**

The HKIHRM presents the HR Excellence Awards to recognise organisations and individuals who achieve business success through outstanding people management strategies and practices. The HR Excellence Awards 2014 presentation ceremony will be held on 28 November 2014.

### **Hong Kong Pay Trend Seminar**

The Pay Trend Seminar, a follow-up event of the Pay Trend Survey, provides participants with an overview of economic trends, the latest market data as well as strategies and practices on compensation and benefits. The Pay Trend Seminar 2014 will be held on 30 October 2014.

### **HKIHRM Annual Conference and Exhibition**

The HKIHRM will hold its 34th Annual Conference and Exhibition on 7 and 8 October 2014. This year, the event will bring together an impressive line-up of over 40 business leaders, HR professionals from the business community, academia and consultancies, as well as government units from China, the United States, Canada, Australia, Malaysia, Singapore and Hong Kong. A wide range of pressing issues on imperative people management, HR strategies and business-related topics will be covered and discussed in the plenary and concurrent sessions. An exhibition which features over 30 reputable service providers who demonstrate the latest and most innovative HR products and services will concurrently take place.

### **International and Mainland Collaborations**

Ms Margaret Cheng, Vice-President, represented the HKIHRM to speak at the Singapore HR Congress and Business-Connect Exposition 2014 organised by the Singapore Human Resources Institute on 9 September and gave insightful views on the challenges and opportunities at a multi-generational workplace.

## **4. HKIHRM membership**

As of September 2014, the HKIHRM had more than 5,000 members, with about 600 of whom being corporate members.

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