

Singapore October 2015

1. Current Economic and Political Situations in the Country

Economy and labour market situations

Gross Domestic Product

Hong Kong's Gross Domestic Product (GDP) increased by 2.8% in real terms in the second quarter of 2015, over a year earlier, compared with a 2.1% increase in the first quarter of 2015.

Consumer Price Index

The Composite CPI in July 2015 increased by 2.5% year-on-year. The Composite CPI for the period from May to July 2015 rose by 2.9% year-on-year. Inflationary pressure and upside risks to inflation should remain limited in the near term, given the muted global inflation, soft international commodity prices and moderate local cost pressure.

Unemployment Rate

The labour market remained stable. The seasonally adjusted unemployment rate in the second quarter of 2015 was 3.3%, edging up 0.1% from the first quarter. Underemployment rate remained at 1.4%.

Economic Forecast

Hong Kong's economy is poised to attain modest growth for this year as a whole despite economic uncertainties including a significant decrease in visitor numbers from Mainland China, strong Hong Kong currency value pegged to the US dollar and weak export trade performance. The government's forecast of Hong Kong's GDP growth for 2015 as a whole is between 2% and 3%.

Manpower Trends - Employee Turnover, Job Vacancies and Job Growth

The overall average staff turnover rate of 10% (weighted average) was recorded for the second half of 2014, according to the Survey on Manpower Statistics conducted by the HKIHRM. Hong Kong's unemployment rate has remained within the range of 3.2% to 3.3% between May 2014 and July 2015. Industries which have a higher unemployment rate include construction, retail, hotel, and catering services while industries which suffer serious manpower shortage include IT and communications, financial services and insurance services.

With sufficient job opportunities, employees had more choices, thus resulting in higher turnover. The vacancy rate for the whole year of 2014 (weighted average) was 5.1%, 0.3 percentage point higher than that in 2013 (4.9%). The net growth in new positions during the second half of 2014 was 2.5 % (weighted average), 1.4 percentage point higher than that in 2013 (1.1%).

Pay Trend

According to HKIHRM's January 2015 Pay Trend Survey which covered 64 companies involving a total of some 91,800 full-time salaried employees, employers were more prudent when making pay adjustment. This might have been due to a slowdown in local economic activities, especially in certain business sectors such as retail which were experiencing some structural changes in the market. 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

Hong Kong employees received an overall base pay rise of 4.2% on average in January 2015, down by 0.3 percentage point when compared with the average base pay adjustment of 4.5% forecast in October last year.

The overall average base pay adjustment recorded for the 28 companies was 4.2% (weighted average), 0.3 percentage point lower than the forecasted adjustment of 4.5% announced by the HKIHRM in October 2014.

Of the 29,127 employees concerned, 83% received a positive base adjustment, 17% received a zero base pay adjustment while no employee received a negative adjustment.

Bonus Payment - January 2015

Close to 47% of the 64 polled companies indicated that they had a guaranteed bonus policy. The average amount of bonus offered was 1.01 months of the base pay.

Among the 64 surveyed companies, 32 companies with a non-guaranteed bonus scheme confirmed their bonus payment during the January/February 2015. Of their eligible employees, 94.8% (30,423 employees) were awarded a non-guaranteed bonus, with the average amount of bonus being 1.57 months of the base pay. This is lower than last year's 1.77 months of base pay (data provided by 41 participating companies).

Hong Kong Civil Servant Pay Adjustment

Effective from April 1, 2015, pay of Hong Kong civil servants was adjusted as follows: a pay increase of 3.96% for those in the upper salary band and the directorate; 4.62% for those in the middle salary band; and 4.62% for those in the lower salary band.

Updates on Mainland Minimum Wages

In 2014, 20 mainland provinces and municipalities adjusted their minimum wages by an estimated average of 13.1%. As of 1 July 2015, Shenzhen topped the list with the monthly minimum wage of 2,030 yuan, followed by Shanghai with 2,020 yuan and Beijing with 1,720 yuan. The monthly minimum wage in the Pearl River Delta manufacturing centres of Dongguan, Foshan and Zhongshan was 1,510 yuan.

2. HR Challenges

HR profession in Hong Kong is facing the following challenges:

Standard Working Hours

The Standard Working Hours Committee has reached consensus on three major principles, which are to regulate working hours, to stipulate that working hours must be clearly stated in employment contracts and to protect employees with long working hours and low salary and will consult sectors with the highest working hours over the introduction of legislation on the issue including retail; estate management and security; restaurants and catering; land transport, homes for the elderly; and dry cleaning services. Government economists has recently completed a study and presented a framework to the Committee to discuss the weekly maximum working hours threshold for different salary ranges and the financial burden placed on employers by statutory overtime pay.

A full proposal prepared by the committee is expected to be submitted to the government in April 2016 on standard working hour legislation.

Update on Minimum Wage

Hong Kong's statutory minimum wage was raised from HK\$30 per hour to HK\$32.5 per hour effective from 1 May 2015.

Competition Law

Guidelines on competition law were released in July 2015 to help businesses understand what type of commercial practices might breach the regulatory framework such as below-cost pricing. The competition law, to be enforced by the Competition Commission, will be in full implementation on 14 December 2015.

Manpower Issues

A consultation document was published in 2014 by the government's Steering Committee on Population Policy to identify priorities to sustain Hong Kong's long-term human capital development, with the following measures and policies coming into implementation:

Family-friendly measures

The Employment (Amendment) Ordinance 2014 on statutory paternity leave commenced on 27 February 2015. Male employees with child born on or after 27 February 2015 are entitled to 3 days' paternity leave to be taken consecutively or separately.

Retirement age

The retirement age of newly recruited civil servants was extended from 60 to 65 effective from June 2015, with the aim to encourage employers in the public and private sectors to consider formulating flexible measures to prolong the working years of employees. Other statutory bodies such as Hong Kong Hospital Authority have followed in the government's footsteps.

Talent admission scheme

Admission scheme for the second generation of Chinese Hong Kong permanent residents (below the age of 40) born overseas to stay in Hong Kong for one year to find work, with the objective of rejuvenating the workforce and relieving manpower shortage.

HKIHRM's Survey on Retirement Age

In response to the government's initiative to extend retirement age, the HKIHRM conducted an online survey on retirement age in April 2015. Of all the respondents, 82% HR professionals supported the notion of prolonging the retirement age. For those in favour of this view, 78% agreed that raising retirement age would be an effective measure to alleviate pressure in manpower shortage. Among them, 71% suggested that the retirement age could be set at 65 years old and a further 24% opined that the age should be extended to above 65.

3. HKIHRM Projects and Initiatives

HKIHRM Annual Conference and Exhibition

The HKIHRM will hold its 35th Annual Conference and Exhibition on 24 and 25 November 2015 with the theme being "People First". 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 Mainland China, the United States, the United Kingdom, Australia, 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. A free exhibition that features reputable service providers showcasing the latest and innovative HR products and services will take place during the conference.

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. For the 2015-2016 edition, call for applications is from September to December 2015, and the presentation ceremony will take place in September 2016.

Two-shore Four-Place Forum

More than 15 experts and scholars in human resource management from Mainland China, Taiwan, Hong Kong and Macau will share their insights on trends, challenges and opportunities in manpower market at the 7th Two-shore Four-Place Employee Relation Forum on 23 September 2015, to address wide range of topics including strategies for global talent management and development, youth employment and training, cross-generation workforce integration and management, as well as latest updates on labour policies and regulations in the four places. The forum was first held in Hong Kong in 2009 and takes turn to be held in the four places annually.

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 2015 will be held on 3 November 2015.

Qualifications Framework for Hong Kong's HRM Sector

The HKIHRM has undertaken a 2-year project to develop a set of competency standards specific to HR professionals in Hong Kong as a core part of implementing the government's Qualifications Framework for the HRM sector. A series of focus group consultation sessions with field experts, industry leaders and policy makers, together with engagement workshops with HR professionals, were held over the past months in 2015, to solicit their views and insights.

International Collaborations

The HKIHRM and the UK-headquartered CIPD have reached an agreement as strategic partners to offer training programmes in the development of expertise in talent, employee engagement, learning and development for HR professionals.

4. HKIHRM Membership

As of 31 July 2015, the HKIHRM had 5,616 members, 567 of whom were corporate members.

David Li
President
Hong Kong Institute of Human Resource Management