

Salary

SALARY & EMPLOYMENT FORECAST

Michael Page

ENGINEERING & SUPPLY CHAIN

WELCOME

Welcome to the 2008/2009 Michael Page Engineering & Supply Chain Salary & Employment Forecast for Greater China.

Michael Page International is a world-leading specialist recruitment consultancy. Growing entirely organically, rather than by mergers or acquisitions, we now have over 5,500 people in 166 offices in 28 countries worldwide. Coming from all industry sectors, our clients range from market-leading multinationals to small and medium sized firms.

Our consistent organic growth strategy and continued investment through business cycles is driving our growth in the specialist recruitment market in Greater China. Since opening our first office in Hong Kong in 1994, we have expanded significantly with offices currently in all of the main business centres including Hong Kong, Sha Tin, Shanghai, Shenzhen and Beijing.

This year, the format of our Salary Survey has changed to reflect our business growth and make it easier for employers and employees to stay abreast of current employment market and salary trends across key industries.

While most industry surveys provide qualitative insight on hiring intentions and salary levels, the Michael Page Engineering & Supply Chain Salary & Employment Forecast combines both quantitative and qualitative research, derived from our survey of employers and job seekers and our extensive involvement in the professional labour market in Hong Kong and Mainland China.

The survey, completed by approximately 450 employers and 1600 employees, covers a range of issues and trends relevant to today's corporate sector and establishes the Salary & Employment Forecast as a highly reputable report, based on in-depth industry research.

The Engineering & Supply Chain Salary & Employment Forecast provides employers and employees with useful insights into the hiring expectations, recruitment challenges and salary forecasts of key hiring managers over the coming year and covers eight key industries as detailed below:

- Finance
- Financial Services
- Legal
- Retail & Sourcing
- Human Resources
- Property & Construction
- Sales & Marketing

I wish to thank everyone who contributed to this year's Salary & Employment Forecast and trust you find the new report helpful and informative. We welcome your feedback and encourage you to contact us for further information or market specific advice.



Dan Chavasse
Managing Director, Greater China
& Southeast Asia

MARKET OVERVIEW

The continued expansion and relocation of engineering and manufacturing operations to southern and mainland China is impacting the employment market for engineering and supply chain professionals in Hong Kong. While there is continued demand for senior engineering and supply chain professionals, hiring activity has increased at the junior and middle levels in the southern China market.

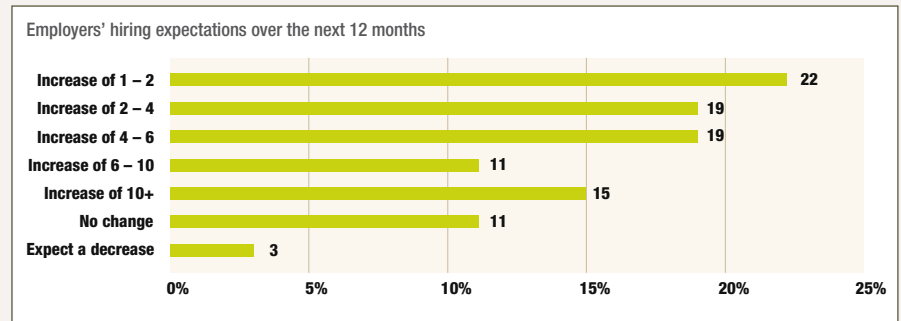
There is a growing trend in companies setting up or expanding operations in Shenzhen, Dongguan, Guangzhou and surrounding cities, to more effectively service the growing market in China for manufactured goods. As a result, the majority of engineering and manufacturing vacancies in Hong Kong are at the middle and senior levels with extensive regional travel often required. These positions are highly contested due to the higher living standards and lower personal income tax in Hong Kong.

In procurement and supply chain, recruitment activity across sectors such as automotive,

FMCG, electronics and telecommunications remains strong due to ongoing international and domestic demand. Although many of the products produced in these sectors are manufactured in southern or mainland China, Hong Kong remains a key distribution hub with a continued requirement for supply chain management and planning professionals.

With the rapid growth in China creating intense competition for talent, Hong Kong employers will need to be more creative in attracting and retaining talent.

Staff retention is seen as an important focus by 85% of employers for the year ahead. Employers in southern China will continue to target candidates from Hong Kong, in addition to talented PRC nationals, to meet their ambitious growth plans and candidates willing to move or commute will have a greater number of employment opportunities. We encourage Hong Kong employers to consider long-term retention strategies such as providing clearly defined career paths, performance related incentive plans and increased responsibility.



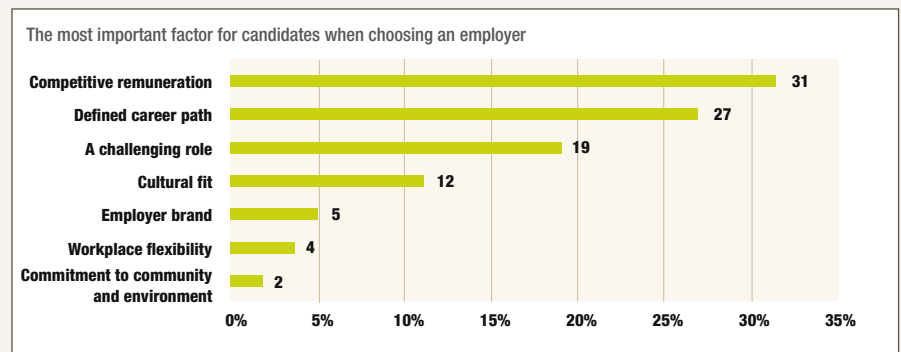
SKILLS IN DEMAND

Demand for engineering and supply chain professionals in Hong Kong is strongest in the industrial, manufacturing, IT&T, automotive and consumer goods sectors. As the market matures with higher costs and increasing competition, employers will need to be more innovative if they are to attract and retain professionals with the desired combination of technical skills, strategic thinking and commercial acumen.

Employers are increasingly aware of the strategic value of the procurement and supply chain function in maximising profit margins in a highly competitive business environment. As a result, many organisations are accelerating their investment in the area, which is driving demand for senior professionals who can streamline operations and implement strategic business improvements.

There is a growing preference from employers to recruit Hong Kong Chinese nationals and returnees rather than expatriates, particularly those with regional or international work experience. However,

most progressive companies are focusing on sourcing the best candidate for the position rather than concentrating on their country of origin. In virtually all cases, considerable Asian experience is a must.



RECRUITMENT CHALLENGES

With growing levels of business confidence and positive economic growth in China fuelling demand for engineering and supply chain professionals, the biggest recruitment challenge for employers in Hong Kong is retaining talent in the face of more extensive employment opportunities in China.

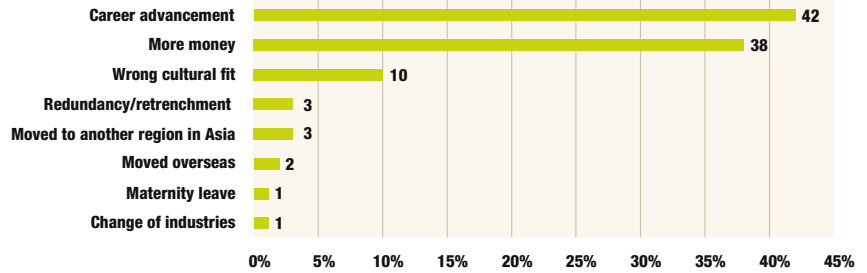
There are a growing number of professionals willing to commute to southern China due to the broad range of career opportunities, and this is having a marked impact on the talent supply in Hong Kong. Employers need to respond by investing more heavily in career development and training and providing opportunities for regional responsibility and China exposure. Our survey results show that career advancement was the primary motivator for 54% of employees in their last job change, with more money less significant at just 16%.

It is also vital for companies to be proactive and have a professional and efficient recruitment process in place. High quality candidates have multiple job opportunities to choose from so they are not on the market for long. We also encourage employers to consider avenues such as advertising, in addition to database searches, for hard to fill roles.

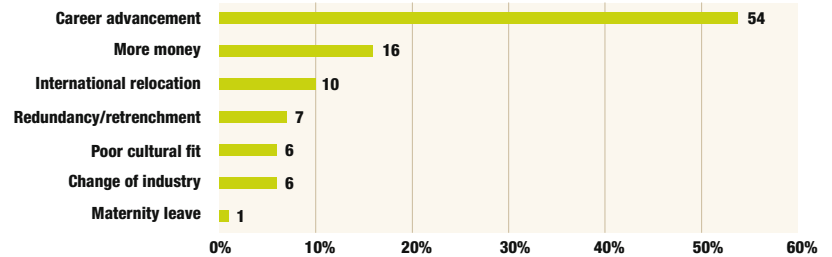
Employers are recognising the importance of competitive benefits and incentives to retain staff in the current competitive employment market. Some companies are

offering performance based and sign-on bonuses, with others offering equity in the business to senior executives.

Employers' perceptions of the major contributing factors in people leaving



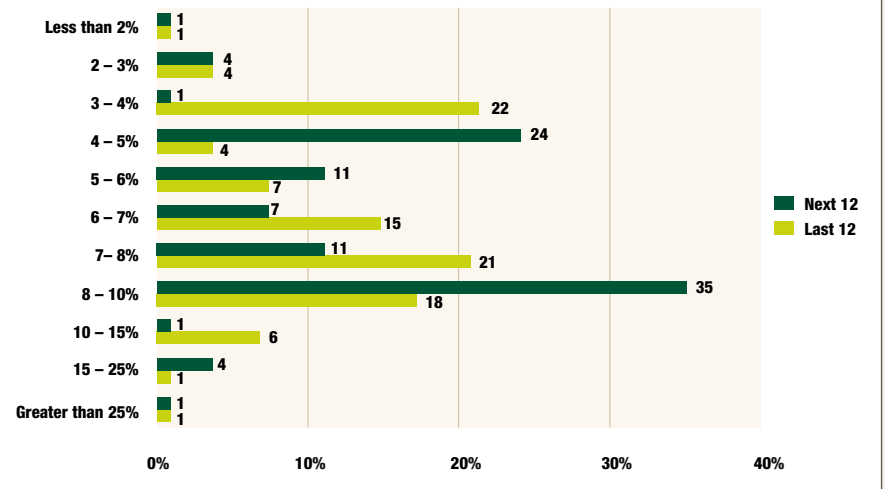
Employees' main reason for changing jobs



SALARY INFLATION

We expect the employment market for engineering and supply chain professionals in Hong Kong to remain stable over the next 12 months. Our prediction is for average salary increases of 10% across the board in the coming year. However, employers are often willing to pay more for specialist skill sets and senior professionals and we are seeing substantially higher increases offered to attract the best available talent.

Employers' salary predictions next 12 months vs. last 12 months



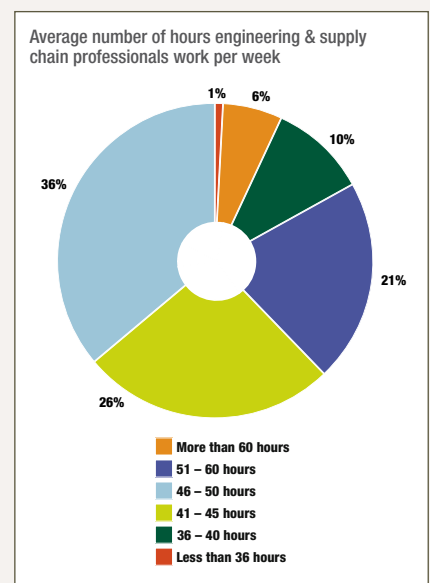
MARKET OVERVIEW

The engineering and supply chain sector in China is thriving and employer confidence is strong. An increasing number of manufacturing companies are setting up operations outside the traditional tier one cities due to attractive government incentives and a strong focus on cost management and operational efficiency. This translates to a positive employment market for engineering and supply chain professionals and continues to create a challenging environment for employers in terms of talent retention and attraction.

We are seeing a significant level of recruitment activity in the manufacturing sector as many organisations are under pressure to streamline their processes to compete on the world stage. As a result, employers are looking for people who can make process improvements and identify opportunities for competitive advantage.

There is a shortage of quality local candidates at the senior end of the market, made worse by the rising demand for managerial talent to support business growth. Chinese returnees who have been educated overseas are most highly sought after because of their international exposure, cultural awareness and bilingual abilities.

We expect the employment market to remain buoyant despite current uncertainty in global markets. Our survey results show that 85% of employers expect to hire more staff over the next 12 months. The biggest challenge for engineering and supply chain companies is not a slowing of demand but rather how to build the capacity and find the skilled professionals to meet the growth potential.



SKILLS IN DEMAND

China's unprecedented economic growth is driving demand for engineering and supply chain professionals, particularly in the automotive, pharmaceutical and electronics industries which are booming due to increased demand for their products. We expect employment activity to remain strong over the next 12 months due to increased consumer spending and a growing corporate emphasis on improving quality and minimising costs.

The continuing trend for companies to either expand or establish new manufacturing operations in mainland China and grow their export markets in other developing countries, is driving demand for engineering and manufacturing professionals. Senior quality engineers, production managers and operations directors are all highly sought after due to an increasing focus on improving quality and efficiency to maintain a competitive advantage.

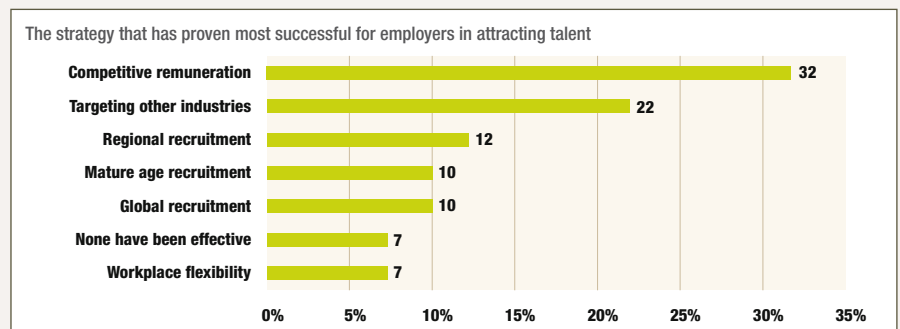
In a similar way to engineering and manufacturing, the level of demand for talent within the procurement and supply chain market has increased substantially

as companies look to improve operational efficiency and implement strategic business improvements. A recent trend has been for companies to recruit business development roles to grow revenue and engage new clients. The number of planning and forecasting positions is also increasing.

Despite a strong move towards localisation by employers in the logistics/3PL sector, local logistics professionals at the middle to senior levels remain in short supply as Chinese universities continue to lag behind other countries in logistics graduates. According to a recent study by consulting

firm McKinsey & Company, while the industry requires 75,000 new employees each year, only 5,000 students are graduating. Business development and key account managers are amongst the positions most highly sought after by multinational companies.

Chinese nationals are still preferred by most employers, except for some senior roles where expatriates are brought in to bridge the talent gap. However, greater investment in education, training and development is continuing to increase the calibre of local talent and, as a result, employers are less willing to pay expensive expatriate packages.



RECRUITMENT CHALLENGES

Despite the growing volume of local talent, there is still a shortage of quality candidates with the appropriate skill sets to support the region's ambitious growth plans. Employers that invest in long-term talent management strategies and address their employees' career goals will achieve a competitive advantage in the current market.

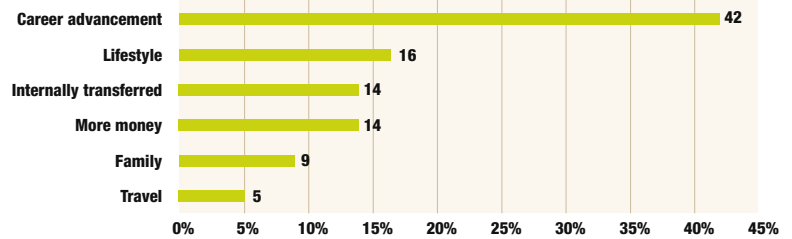
Retention is a critical issue for employers as the shortage of quality candidates makes it expensive and difficult to replace valued staff. Most companies invest a lot of time and effort in finding the right candidate for the job but need to do more to keep them. We encourage employers to conduct employee appraisals or reviews more than once a year to ensure they are in tune with the career goals of their staff. Of the employees surveyed, 75% rate their company's training and development opportunities as average or below average.

The efficiency of the recruitment process is also an important consideration for employers. Those who respond quickly during the recruitment process create a favourable impression and have a competitive advantage.

The surge in demand for engineering and supply chain professionals in China has

created a competitive environment where candidates have greater negotiating power. However, we encourage employees to remain realistic about their motivation for changing jobs and not move simply for a nominal increase in pay, as any job move should be part of a long-term career development plan.

Employees' main reason for working overseas

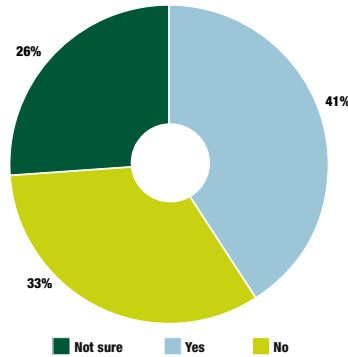


SALARY INFLATION

We anticipate continued demand for engineering and supply chain professionals in China over the next 12 months. Our prediction is for average salary increases of 10–12% across the board, with up to 25% still likely for those professionals moving companies.

At the senior end of the market, inflated salaries are more common and we are seeing some very high quality candidates receiving up to a 50% increase on their current salary. This is particularly the case for candidates based in Hong Kong being targeted by southern China employers.

Employers' perceptions of whether wages growth over the past 12 months is in line with increased employee productivity



SALARY TABLES HONG KONG

ROLE	EXPERIENCE	HK\$'000
ENGINEERING		
Mechanical/Chemical/Electrical	4–7+ years	350–600
Assistant Manager	6–8+ years	500–700
Manager	10+ years	800–1.1 million
Director/Vice President	15+ years	1–1.6 million+
MANUFACTURING/OPERATIONS		
Production/Assembly Manager	7–10+ years	1.8–2.2 million
Plant/Factory Manager	10–12+ years	800–1.4 million
Director/Vice President	15+ years	1.2–1.8 million
Chief Operations Officer	15–20+ years	1.8–2.2 million
QUALITY & LEAN MANUFACTURING		
Six Sigma Leader	6–10+ years	550–800
Quality Manager	6–10+ years	600–1 million
Continuous Improvement Director	15+ years	1–1.6 million
Quality Director/Vice President	15+ years	1.1–1.5 million
PROJECTS		
Project/Program Manager	5–8+ years	500–800
Project/Program Director	8–15+ years	900–1.3 million

- Salaries indicated are based on basic salary, excluding bonus/incentive schemes.
- Market rates are becoming much less uniform. While we have taken great care, these salary ranges can only be approximate guides, as there are often specific circumstances relating to individual companies. Please call us for additional information.

MAINLAND CHINA

ROLE	EXPERIENCE	RMB'000
PROCUREMENT/PURCHASING		
Assistant Manager	2–3+ years	195–270
Manager	5+ years	270–400
Senior Manager	8+ years	400–700
Director/Vice President	12+ years	700–1.1 million+
SUPPLY CHAIN		
Assistant Manager	2–3+ years	195–270
Manager	5+ years	270–400
Senior Manager	7+ years	400–700
Director/Vice President	10+ years	700–1.1 million+
LOGISTICS/WAREHOUSING/DISTRIBUTION		
Assistant Manager	2–3+ years	150–250
Manager	4–5+ years	250–400
Senior Manager	8+ years	400–750
Director/Vice President	12+ years	800–1.3 million
QUALITY CONTROL/ASSURANCE		
Manager	4–6+ years	350–700
Director/Vice President	10+ years	700–1 million+
SOURCING/MERCHANDISING		
Senior Merchandiser	3–4+ years	250–400
Manager	5+ years	400–600
Chief Representative	6+ years	600–900
Senior Manager	7–8+ years	600–900
Director/Vice President/ General Manager	10+ years	800+
3PL		
Key Account Manager	4+ years	250–400
Operations Manager	6–8+ years	400–700
Business Development Manager/Director	8+ years	600–1.2 million
General Manager	10+ years	800–1.2 million+
Director/Vice President	12+ years	1.3 million+
ENGINEERING/MANUFACTURING		
Material Manager	6+ years	250–450
Production Manager	8+ years	400–700
Factory/Plant Manager	10+ years	600–1 million+
CONSULTING		
Engagement/Consulting Manager	4+ years	450–750
Senior Manager	8+ years	700–1 million
Director	10+ years	1 million+

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