

HUMAN RESOURCES
HONG KONG AND CHINA

SALARY SURVEY 07/08

Michael Page
INTERNATIONAL

WELCOME

Welcome to the Michael Page Human Resources Salary Survey for 2007/2008.

The survey provides employers and candidates with useful insights into employment conditions, business confidence levels and recruitment trends.

Our commentary is based on both quantitative and qualitative research and covers the Hong Kong and China markets across our key industry groups:

- Banking
- Commercial

We wish to thank everyone who contributed to this year's survey and trust you find it helpful and informative. We welcome your feedback and encourage you to contact us for further information or specific market advice.

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INTRODUCTION

Asia's buoyant economy and high levels of business confidence are driving demand for human resources professionals across all levels and we expect this to continue over the next 12 months. With many industry sectors experiencing rapid growth, companies in Hong Kong and China are expanding operations and increasing headcount to capitalise on the positive market conditions. This is leading directly to increased demand for human resources professionals.

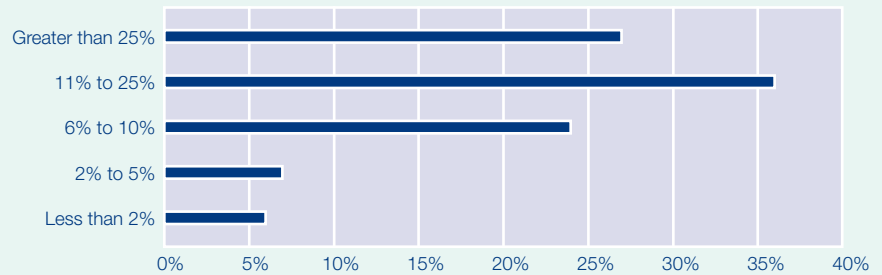
Staff attraction and retention are strategic considerations at the top of most employers' priority lists. Our survey results indicate that 98% of employers predict that their staff numbers will remain constant or increase in the next 12 months. Furthermore, 65% of companies experienced difficulty retaining staff over the past 12 months. As a result, companies are employing human resources professionals to help them attract and retain talent to support business growth.

Competition amongst employers for candidates is intense, particularly in the banking and finance sector where new roles continue to be created to meet ambitious growth plans. Due to the shortage of candidates locally, companies are increasingly looking overseas to recruit senior human resources professionals from countries such as the UK, Australia and North America.

It is a job seeker's market and human resources professionals can enjoy a myriad of career opportunities. It is not uncommon for candidates to receive multiple job offers and this is putting upwards pressure on salaries. With market confidence remaining high, the employment prospects for human resources professionals are strong and we expect demand to increase for candidates with skills in compensation & benefits, training and staff retention.

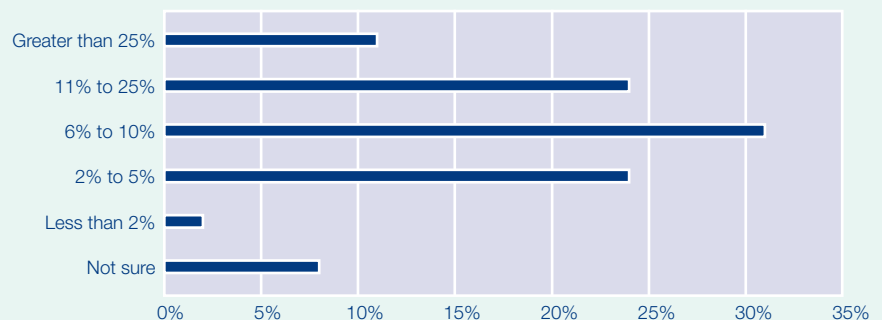
PERCENTAGE OF SALARY GIVEN FOR MOST RECENT BONUS

Three-quarters of respondents had a bonus component as part of their salary package. When asked about their last bonus payment, 27% reported a payment greater than 25% of their base salary.



WHAT PERCENTAGE INCREASE WOULD YOU EXPECT WITH YOUR NEXT SALARY REVIEW?

The majority of respondents were optimistic in terms of salary expectations, with almost one-quarter expecting a rise of between 11% and 25%.



Disclaimer: While every care is taken in the collection and analysis of data, the survey is interpretive and should only be used as a guide. We encourage you to contact us directly for further information or personalised advice.

NATIONAL EMPLOYMENT SURVEY

The National Employment Survey is conducted on an annual basis and measures employment conditions, business confidence levels and recruitment trends. The survey for 2007 was completed by 1454 employees and 503 employers from a variety of professional sectors in Hong Kong and China.

A selection of key findings is listed throughout this publication. The survey results, which form the quantitative component of the broader research project, are supplemented with qualitative insight derived from our extensive involvement with white collar employers and job seekers across Hong Kong and China.

KEY FINDINGS FROM THIS STUDY:

Employer Trends

- 98% of employers surveyed predicted their staff numbers would remain constant or increase in the next 12 months, an increase of 40% from our last survey.
- At 32% and 25% respectively, organic growth and new projects were listed as the main areas of focus for employers in the year ahead.
- Over the past 12 months, 65% of companies experienced difficulty in retaining staff.
- 84% of companies see staff retention as another important focus for the next 12 months.
- When asked which retention strategies employers would consider over the next year, career promotion, training and development and bonus schemes were the three most common responses.

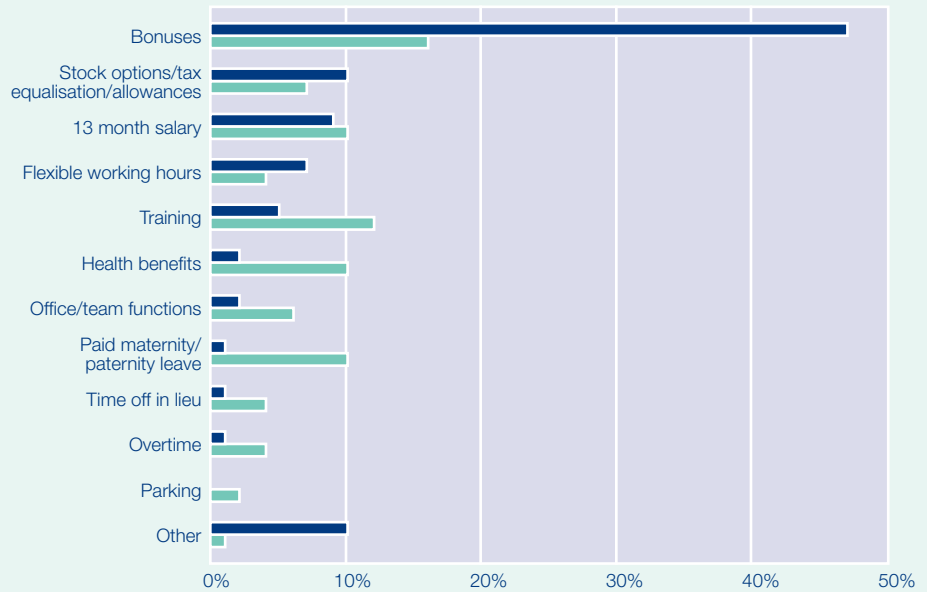
Employee Trends

- 47% of respondents cited career advancement as the primary motivator for their last job change. Only 7% nominated more money as the main reason.
- 76% of respondents rated their company's training and career development opportunities as average or below average.
- Half of the respondents surveyed have worked overseas; and of those 76% would consider doing it again.
- When asked what their salary expectations were for the year ahead, one third of the respondents expected a salary increase greater than 11%.
- Close to half of the respondents surveyed expect a bonus of 11% to 25% of their salary, with one third of respondents seeking a minimum of 25%.

ACTUAL INCENTIVES VS PREFERRED INCENTIVES

The survey showed there was disparity between the incentives employees wanted and those their employers were providing. Bonuses and stock options/tax allowances were the most preferred incentives by employees.

■ Preferred incentive
■ Actual incentive



BANKING

HONG KONG MARKET REVIEW

The banking sector is performing strongly due to continued economic growth and high levels of business confidence. Companies are increasing staff levels to support expansion and this is creating a robust market for human resources professionals, particularly those with experience in remuneration, staff incentives and talent management.

Competition for human resources professionals amongst employers in the banking sector is intense. A major challenge for banks is identifying high calibre candidates with relevant banking industry experience. Some banks are relocating human resources professionals from overseas markets to Hong Kong to meet demand while others are relaxing their recruitment criteria in terms of industry background in order to increase their talent pool. In terms of retention, employers need to provide creative benefits such as job rotation, talent management and leadership development programs to retain top performers.

It is a candidate driven market and human resources professionals are in the enviable position of receiving multiple job offers. The most sought after candidates are those with regional exposure and a strategic focus who can deliver on business expectations in terms of recruitment levels and retention rates. There is strong demand for human resources specialists in the areas of compensation and benefits and training and development. Fluency in Mandarin is also increasingly important as banks continue to expand into the China market.

EMPLOYMENT FORECAST

We expect the employment market for human resources professionals to remain strong over the next 12 months as banks increase recruitment activity to capitalise on positive market conditions. Employers will need to have a streamlined recruitment process in order to capture talent ahead of their competitors and creative benefits and incentives will be integral in retaining human resources staff.

Given the tight labour market, our prediction is for a 10% to 15% salary increase over the next 12 months, with a potential increase of 20% to 30% for candidates with highly sought after skills.

TOP FIVE ROLES IN DEMAND

- Campus Recruitment Specialist
- Lateral Recruitment Specialist
- Learning & Development/OD Consultant
- Compensation & Benefits Specialist
- Expatriate Management Consultant

HONG KONG BANKING SALARY TABLE

ROLE	Company Size	Salary HK\$'000
Human Resources Director	Large	1.4 million+
	Medium	1.2–1.5 million
Human Resources Manager	Large	800–1.2 million
	Medium	600–1 million
Human Resources Advisor/Assistant HR Manager	All	350–600
Human Resources Officer/Coordinator	All	250–400
Compensation & Benefits Manager	All	900–1.2 million
Compensation & Benefits Specialist	All	500–800
Head of Resourcing	All	1.2 million+
In-house Recruitment Manager	All	700–1 million
In-house Recruitment Specialist	All	350–700
VP/Director Learning & Development/OD	All	1–1.5 million
Learning & Development Manager	All	700–1 million
Learning & Development Advisor	All	400–700
Training & Development Officer	All	250–400

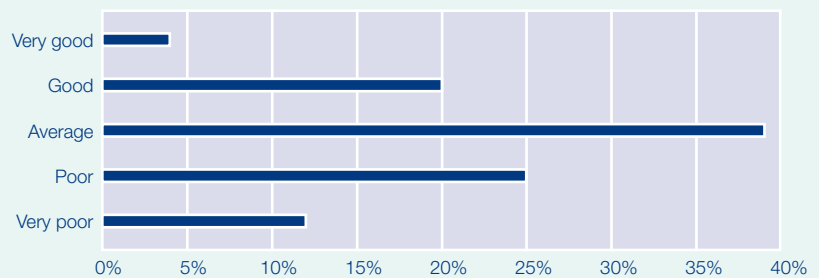
Notes:

1. The above table is based on basic salary, excluding bonus/incentive schemes.

2. 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.

HOW WOULD YOU RATE YOUR COMPANY'S TRAINING AND CAREER DEVELOPMENT OPPORTUNITIES?

76% of respondents rated their company's training and career development opportunities as average or below average.



COMMERCIAL

HONG KONG MARKET REVIEW

The commercial sector is performing strongly and many companies are growing rapidly. More employers are investing in human resources staff at the middle and senior levels to support this rapid growth and drive strategic recruitment and retention initiatives. This translates into a strong market for human resources professionals, particularly in specialist roles involving the attraction and retention of staff.

There is a significant trend in which small and medium sized companies are hiring human resources professionals to develop systems and processes to support ambitious growth plans. Where many smaller companies previously relied on their finance teams to handle personnel and payroll issues, business leaders are now looking to the human resources function to perform these tasks and implement strategic initiatives.

In terms of candidate attraction, employers need to consider providing career advancement, learning and development opportunities and financial incentives to secure candidates ahead of competitors. Our quantitative market research reinforces this viewpoint with 47% of respondents citing career advancement as the primary motivator for their last job change and only 7% nominating more money as the main reason.

Many multinational and larger local companies are allocating resources for training and development of their existing workforce to build effective succession plans and this is driving demand for learning and development specialists. According to a recent study conducted by the Hong Kong Institute of Human Resource Management, employers have realised that training is an effective talent retention tool. The survey also found that training budgets have increased since last year, the first rise after a three year slide.

Candidates with business partnership or account management experience are in high demand as they play an important role in supporting departments within companies during business expansion. Candidates with experience in organisational development, compensation and benefits and the human resources information system (HRIS) are also highly sought after. There has also been an increase in high level strategic positions in regional offices to support expanding Asian operations.

EMPLOYMENT FORECAST

With favourable economic conditions and increased business investment in human resources staff, we are optimistic about the coming year. We expect strong demand from small and medium sized companies as they continue to grow and require assistance with recruitment and retention. There is also continued demand from multinationals and leading Hong Kong organisations for senior human resources professionals in specialist areas. In terms of salary trends, 15% increases over the next 12 months, will be common with even more for hard-to-find skill sets.

TOP FIVE ROLES IN DEMAND

- HR Business Partner/Account Manager
- HR & Administration Manager
- Training Manager
- Compensation & Benefits Manager
- Regional HR Director

HONG KONG COMMERCIAL SALARY TABLE

	Company Size	Salary HK\$'000
ROLE		
Human Resources Director	Large	1.3 million +
	Medium	1.1–1.5 million
Human Resources Manager	Large	700–1 million
	Medium	400–800
Human Resources Advisor/Assistant HR Manager	All	400–600
Human Resources Officer/Coordinator	All	200–350
Compensation & Benefits Manager	All	700–1.1 million
Compensation & Benefits Specialist	All	300–600
Head of Resourcing	All	1 million +
In-house Recruitment Manager	All	600–900
In-house Recruitment Specialist	All	350–600
VP/Director Learning & Development/OD	All	900–1.2 million +
Learning & Development Manager	All	600–800
Learning & Development Advisor	All	400–600
Training & Development Officer	All	200–350

Notes:

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HUMAN RESOURCES

CHINA MARKET REVIEW

The continued growth of medium to large manufacturing operations in China is driving demand for senior human resources professionals with strategic and managerial experience. As companies expand their facilities, many are upgrading their human resources systems and processes to accommodate business growth.

The major challenges for companies in China are identifying and attracting high calibre candidates. Competition for human resources professionals in Asia is intense and many candidates would prefer to work in Hong Kong where there are higher living standards and better facilities. There is a shortage of candidates in China and many human resources professionals who are based there are required to commute. Some of the large

manufacturing plants in China are also in remote locations with limited road access and facilities, making these job opportunities less attractive to candidates.

Human resources professionals with experience working in manufacturing operations in China are highly sought after as employers are looking for candidates with knowledge of Chinese labour, OH&S and payroll laws. In addition, many of the companies based in China are national or have plans to expand in the future, giving candidates with experience a competitive advantage.

EMPLOYMENT FORECAST

The outlook for human resources professionals in China is positive and recruitment activity is expected to increase. A major challenge for employers in China will be addressing the shortage of human resources professionals. To remain competitive in a global employment

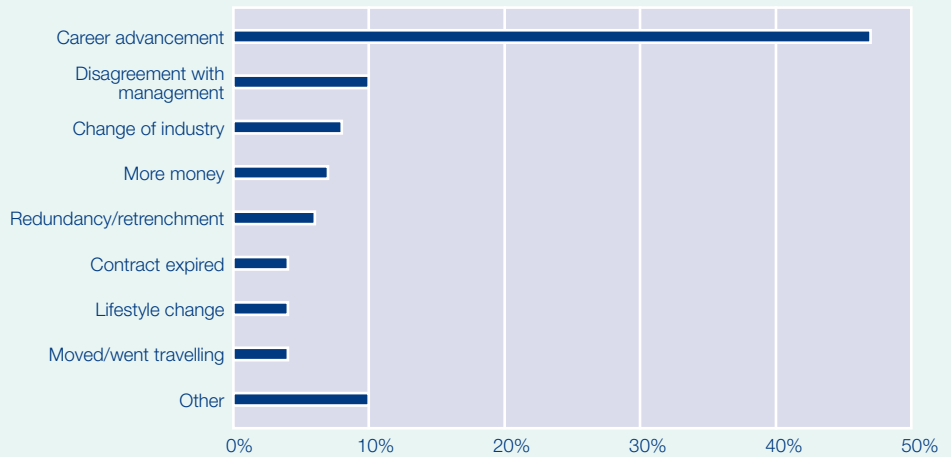
market, China companies need to sell the benefits of working in China and provide creative incentives to attract and retain human resources professionals. Given the tight labour market, we anticipate further pressure on salaries over the next 12 months. Our prediction is for a salary increase of 15% on average and higher for outstanding candidates.

TOP ROLES IN DEMAND

- Senior HR Manager
- Senior HR Director
- National Training Manager

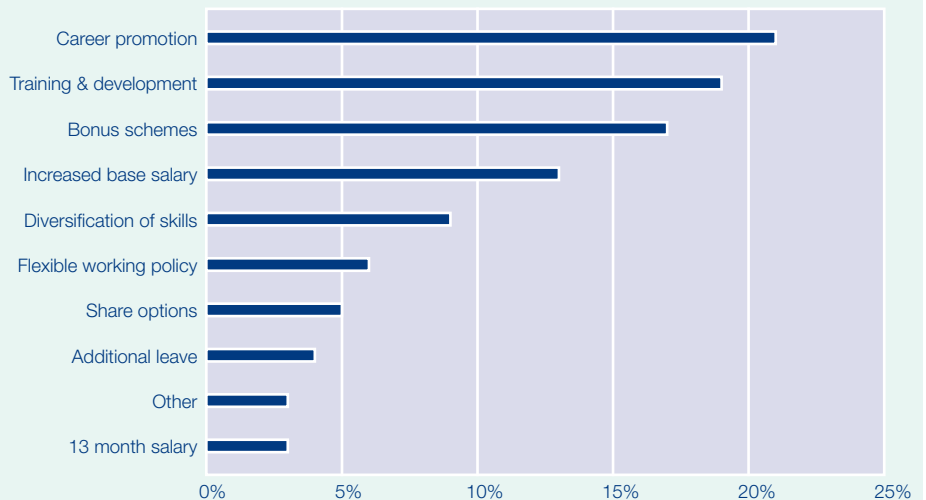
WHAT WAS THE MAIN REASON FOR YOUR LAST JOB CHANGE?

Close to 50% of respondents cited career advancement as the primary motivation for their last job change.



WHICH RETENTION STRATEGIES DO YOU THINK YOUR COMPANY WILL CONSIDER OVER THE NEXT 12 MONTHS?

84% of companies see staff retention as an important focus for the year ahead. When asked which retention strategies they would consider over the next 12 months, career promotion and training & development were the most common responses.



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