PRESS RELEASE

For Immediate Release

Lower Staff Turnover and Stable Hiring Intention amid Economic Slowdown

[20 May 2019 – Hong Kong] The Hong Kong Institute of Human Resource Management (HKIHRM) announced the results of the Second 2018 Half Yearly Survey on Manpower Statistics. It was found that the whole-year staff turnover rate (in weighted average) in 2018 dropped to 18.6%, compared with 23.5% a year earlier. This moderated manpower mobility tallies with the slower growth pace seen in the local economy since the second quarter of 2018.

At 9.8%, the job vacancy rate for 2018 was higher than the corresponding figure in the preceding year by 2.6 percentage points.

Regarding companies’ hiring intention for the first six months of 2019, 64.7% of the respondents indicated that the hiring level would be the same as that for the latter half of 2018, whereas 11.8% intended to freeze hiring.

The HKIHRM Survey on Manpower Statistics first started in 2002 and has since collected data on a regular basis to track manpower movements in Hong Kong’s labour market. The latest survey of this series was conducted between February and March 2019. It covered 51 companies involving 53,777 full-time employees in aggregate. Key findings of the survey are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018 Whole-year</th>
<th>2018 H2</th>
<th>2018 H1</th>
<th>2017 Whole-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff turnover rate (%)*</td>
<td>18.6</td>
<td>7.7</td>
<td>10.9</td>
<td>23.5</td>
</tr>
<tr>
<td>Job vacancy rate (%)*</td>
<td>9.8</td>
<td>9.4</td>
<td>10.3</td>
<td>7.2</td>
</tr>
</tbody>
</table>

* All figures are in weighted average

Staff Turnover Rate in Second Half of 2018

Staff turnover in the second half of 2018 ameliorated markedly from the preceding six-month period. Sectors with a staff turnover rate above the overall average (7.7%) are:

- Retail (13.4%)
- Manufacturing (10.8%)
- Community/social/personal services (9.6%)
- Financial services/banking/insurance (9.5%)
Sectors with a staff turnover rate below the overall average (7.7%) are:

- Construction/property development/real estate (5.0%)
- Wholesale, import/export, trading, distribution (7.0%)

In terms of employee level, clerical/frontline staff registered a significantly higher turnover rate at 10.3% in the second half of 2018. The respective rates for other staff levels, namely “top/senior management”, “middle management/non-managerial professional” and “supervisory/officers” ranged between 4.4% and 4.8%.

**Job Vacancy Rate in Second Half of 2018**

In tandem with diminished staff turnover, the job vacancy rate in second half of 2018 saw a decrease from the previous six-month period.

Sectors with a job vacancy rate above the overall average (9.4%) are:

- Retail (19.1%)
- Community/social/personal services (9.6%)

Sectors with a job vacancy rate below the overall average (9.4%) are:

- Manufacturing (2.8%)
- Construction/property development/real estate (3.4%)
- Wholesale, import/export, trading, distribution (3.9%)
- Financial services/banking/insurance (4.1%)

There was a large disparity between clerical/frontline staff and employees at higher levels, when it comes to vacancies. Standing at a staggering 14.0%, the vacancy rate for clerical/frontline staff was far higher than that for more senior employees, whose vacancy rates were from 2.7% to 2.9%.

**Manpower Need in Second Half of 2018**

The survey revealed an overall net growth of 4.1% in new positions across all business sectors in the second half of 2018, compared with 2.3% in the first six months.

Sectors with higher net growth in positions are:

- Financial services/banking/insurance (7.9%)
- Retail (6.6%)

The magnitude of position growth varied across different staff levels. Their respective rates are:

- clerical/frontline: 4.7%
- supervisory/officer: 2.9%
- middle management/non-managerial professional: 2.6%
- top/senior management: 2.7%

**Staff Absence Rate in Second Half of 2018**

Of the 51 respondents, 35 provided information on staff absence, which was defined in the survey as unscheduled absence of one day or longer, including sick leave (with or without pay), emergency leave, and casual leave.

The weighted average absence rate across all business sectors in the second half of 2018 was 2.4%, same as the figure in the corresponding period a year earlier, but higher than that in the first half of 2018 by 0.2 percentage points.

It is noteworthy that with a rate at 2.8%, staff absence was more prevalent in small companies with 100 to 499 employees in the second half of 2018.

In terms of employee level, clerical/frontline staff recorded the highest absence rate at 3.4%, compared with supervisory/officer level at 2.0%, middle management/non-managerial professional level at 1.4%, and top/senior management at 1.5%.

**Projected Hiring Intention for First Half of 2019**

All of the 55 respondents provided information on their hiring intention for the first half of 2019. The results are as follows:

<table>
<thead>
<tr>
<th>Overall Hiring Intention (%)*</th>
<th>1st Half 2019</th>
<th>2nd Half 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiring would be above the level in the preceding 6-month period</td>
<td>17.6</td>
<td>14.5</td>
</tr>
<tr>
<td>Hiring would be at the same level in the preceding 6-month period</td>
<td>64.7</td>
<td>65.5</td>
</tr>
<tr>
<td>Hiring would be below the level in the preceding 6-month period</td>
<td>5.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Hiring would be frozen</td>
<td>11.8</td>
<td>14.5</td>
</tr>
</tbody>
</table>

* Projected figures

The hiring intention of companies for the first half of 2019, as indicated by the respondents, reflects no significant change in recruitment sentiment in the labour market over the preceding six-month period.

When analysed by business sectors, retail companies had a stronger intention to increase hiring (40.0%), whereas about 42.9% of firms in the construction/property development/real estate sector would reduce hiring or freeze headcount.
In terms of company size, small companies with less than 100 employees held diverse views as to hiring, with 30.0% claiming to hire more, and 35.0% hire less or freeze hiring altogether.

**Conclusion**

Commenting on the survey results, Mr Lawrence Hung, HKIHRM Vice President, noted that the latest figures reveal steady trends in Hong Kong’s manpower market, with movements in both the staff turnover and job vacancy rates reflecting the prevailing economic and employment situations.

While Hong Kong’s manpower market has remained tight with unemployment staying at a low level for many quarters, the present economic slowdown, if unabated, may lead to a change in business sentiment and exert pressure on the local manpower market.

“As seen from our survey findings, the hiring momentum among local companies for the first two quarters of 2019 is likely to be stable as a vast majority keep hiring at the same level as in the preceding six months. However, with the recent completion and suspension of a number of major infrastructure and transportation projects, we have seen more companies in the construction and related sectors intend to reduce or freeze hiring,” remarked Mr Hung.

“No matter what changes will emerge in the manpower market, companies still need to step up efforts to attract and retain talent and to up-skill and re-skill their employees, in order to stay competitive,” concluded Mr Hung.

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**About HKIHRM**
As the most representative professional human resource institute in Hong Kong, the Hong Kong Institute of Human Resource Management (HKIHRM) has a membership close to 5,300, of whom about 600 are corporate members. Founded in February 1977 as a non-profit organisation, HKIHRM aims at developing, maintaining and enhancing professional standards in HR management, as well as increasing the perceived value and influence of the HR profession. HKIHRM organises a wide range of professional activities, including multi-level training programmes, conferences & exhibitions and an awards programme. It also provides various membership services, conducts professional surveys, and publishes an official journal. HKIHRM is a member of the Asia Pacific Federation of Human Resource Management, which is one of the continental federations under the World Federation of People Management Associations. For more information, please visit our website at http://www.hkihrm.org.