

PRESS RELEASE

[For immediate release]

Hong Kong Employees' Pay Rise for 2020 Drops by a Significant 2.2 percentage points to 10-year Low

Organisations tighten their belts amid the public health crisis

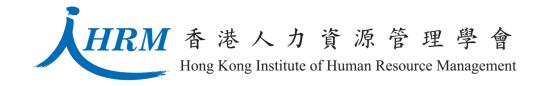
[29 October 2020 – Hong Kong] As COVID-19 continues to wreak havoc on economies worldwide, Hong Kong employees have received an average salary increment of 1.4% in 2020, a remarkable decline from last year's 3.6%, based on the 2020 Pay Trend Survey findings announced by the Hong Kong Institute of Human Resource Management (HKIHRM) today.

The HKIHRM conducted the 2020 Pay Trend Survey to record the trends for pay adjustment, bonus incentives and benefits provided to employees during the period from January to September 2020. The survey covered 92 companies from 15 different major business sectors including some 127,800 full-time salaried staff. Below are the survey's key findings:

Base Pay Adjustment in 2020

After deducting the inflation rate of 0.9% from January to August 2020, the real base pay adjustment amounted to a modest 0.5%.

- According to the data given by the participating companies, the overall base pay adjustment in 2020 was 1.4% (weighted average).
- Among the responding companies, 69.7% provided a pay increase, 30.3% documented a pay freeze, and none implemented a pay cut this year.
- Of the employees covered, 46.1% received a pay rise while 53.9% experienced a pay freeze in 2020.
- In 2020, small-sized companies (fewer than 500 staff) offered the biggest pay rise at 1.8%, followed by medium-sized companies (500-1,000 staff) at 1.5% and large companies (more than 1,000 staff) at 1.4%.
- By employee level, senior level staff received the highest pay adjustment at 2.0% while general level employees lagged behind at 1.4%.



Same as last year, company performance and individual performance took the two top spots respectively as pay adjustment factors for 2020. Unlike 2019, mirroring the city's financial downturn, Hong Kong's economic conditions rose two ranks this year to become the third most impactful pay adjustment factor.

Bonus Payments in 2020

Guaranteed Bonus

- Among the companies which provided data on bonus payments in 2020, 44.6% reported that they had a guaranteed bonus scheme in place during the survey period.
- The average size of guaranteed bonus remained at 1.01 months of base pay, with the figure recorded unchanged since 2017.

Non-Guaranteed Bonus

- Of the companies which offered data on non-guaranteed bonus payments, 94.6% reported that they had a non-guaranteed bonus scheme in place during the survey period.
- Among all the surveyed employees, 82.7% were eligible for a non-guaranteed bonus plan.
 For eligible employees who were awarded this incentive, the average size of a non-guaranteed bonus was 1.77 months of base pay.
- In terms of the non-guaranteed bonus amount by employee level, top level staff were rewarded with the lion's share at 6.04 months of base pay. Senior level, middle level, general staff received 2.67, 2.07, and 1.40 months of base pay respectively.

Projected Pay Adjustment in 2021

Of the 89 responding companies, a majority of 63% have yet to conduct the pay adjustment projection for next year. 29% predicted a salary increment while merely 8% stated that a pay freeze is in the works. Among those companies that provided data on base pay adjustment projection from January to April 2021, the projected pay adjustment for 2021 is 1.7%.

Conclusions

Lawrence Hung, Vice President of the HKIHRM, commented, "At only 1.4%, the average salary increment reflects employers' ongoing restrained approach to budgeting before COVID-19 gets under control. However, organisations can show staff they are valuable stakeholders of the company and moderate pay rise is only temporary in these unusual times, by implementing more people-centric working measures."



Hung continued, "Looking ahead, global economic uncertainty caused by COVID-19 continues to be a major concern for organisations, which affects their pay adjustment forecast in 2021. Spearheaded by HR practitioners, flexible working measures can be harnessed to boost productivity and efficiency under the new normal. Family-friendly policies can be redesigned and enhanced to help working parents strike a better work-life balance in these challenging times."

"More attention should be dedicated to low-income employees as they are particularly vulnerable in economic downturns. Transparent communication between employers and employees on the shift in business strategies in response to the public health situation not only builds trust, but also loyalty, which is necessary for staff retention and long-term growth. These strategies can drive teams to coalesce for a work environment conducive to innovative solutions." Hung added.

Please click <u>here</u> for the photos of Mr. Lawrence Hung, Vice President of HKIHRM.

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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 of around 5,300, of whom over 500 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 value and influence of the HR profession. HKIHRM organises a wide range of professional programmes, including multi-level training, conferences and exhibitions and an awards programme. It also provides various membership services, conducts surveys, and publishes an official journal. The 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