PRESS RELEASE

For Immediate Release

Hong Kong’s staff turnover rate rose to 12.7% for the first half of 2019

[28 Nov 2019 – Hong Kong] The Hong Kong Institute of Human Resource Management (HKIHRM) announced the results of the Half Yearly Survey on Manpower Statistics for the first half of 2019. The survey revealed that the staff turnover rate rose to 12.7%, 1.7 percentage points higher than the same period last year.

In the midst of lingering economic uncertainties, the job vacancy rate stood at 4.6% for the first half of 2019, a significant drop by 5.7 percentage points compared with the same period in the preceding year. The first half of 2019 also saw a net growth of manpower need by 0.5%, with the expectation that the hiring intention in the second half of the year will remain largely stable.

2002 marked the inception of the HKIHRM Survey on Manpower Statistics, which has since collected data to track manpower movement in Hong Kong’s labour market. The latest survey of this series was conducted between July and August 2019, which covered 34 companies involving 29,888 full-time employees.

Key findings of the survey are as follows:

**Staff Turnover Rate and Job Vacancy Rate (in weighted average)**

<table>
<thead>
<tr>
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<th>2019 H1</th>
<th>2018 H2</th>
<th>2018 H1</th>
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</thead>
<tbody>
<tr>
<td>Staff turnover</td>
<td>12.7%</td>
<td>7.7%</td>
<td>10.9%</td>
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<tr>
<td>Job vacancy</td>
<td>4.6%</td>
<td>9.4%</td>
<td>10.3%</td>
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**Staff Turnover Rate in First Half of 2019**

- Business sectors with staff turnover rate above average level:
  - Construction/Property Development/Real Estate (17.1%)
  - Financial services/Banking/Insurance (8.0%)

In terms of employee level, clerical/frontline staff registered the highest turnover rate in the first half of 2019 at 18.4% while the lowest turnover rate was recorded for top/senior management at 3.1%.

**Job Vacancy Rate in First Half of 2019**

- Business sectors with job vacancy rate below average level:
  - Construction/Property Development/Real Estate (4.0%)
  - Wholesale, Import/Export, Trading, Distribution (3.6%)
  - Financial Services/Banking/Insurance (2.6%)
In terms of employee level for the first half of 2019, the highest average vacancy rate of 4.9% was recorded among Clerical/Frontline staff while top/senior management and middle management/non-managerial professionals stood at 3.5%.

**Position Growth/Cut in First Half of 2019**
The survey revealed an overall net growth of a mere 0.5% in new positions across all business sectors in the first half of 2019.

- Business sectors with net growth in positions higher than overall net growth are:
  - Financial Services/Banking/Insurance (1.5%)
  - Construction/Property Development/Real Estate (0.6%)

- The magnitude of position growth oscillated among different staff levels. Their respective rates are:
  - Clerical/Frontline (0.2%)
  - Supervisory/Officers (3.1%)
  - Middle Management/Non-Managerial Professionals (1.2%)
  - Top/Senior Management (0.7%)

**Staff Absence Rate in First Half of 2019**
Of the 34 participating companies, 31 provided information on staff absence, defined in the survey as unscheduled absence of one day or longer, including sick leave, emergency leave, and casual leave.

The weighted average absence rate across all business sectors in the first half of 2019 stood at 3.2%.

- Sectors with absence rate higher than average level:
  - Construction/ Property Development/ Real Estate (4.8%)
  - Wholesale, Import/Export, Trading, Distribution (4.6%)

In terms of employee level, the highest average absence rate of 1.6% was noted among Supervisory Staff/Officers while Top/Senior Management staff registered the lowest average absence rate at 1.0%.

**Overall Hiring Intention for Second Half of 2019**
All of the 34 responding companies provided information on their hiring intention for the second half of 2019. The results are as follows:

<table>
<thead>
<tr>
<th>Overall Hiring Intention</th>
<th>2nd Half 2019 (projected figure)</th>
<th>1st Half 2019 (projected figure)</th>
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<tbody>
<tr>
<td>To remain hiring as in previous 6-month period</td>
<td>52.9%</td>
<td>64.7%</td>
</tr>
<tr>
<td>To increase hiring</td>
<td>14.7%</td>
<td>17.6%</td>
</tr>
<tr>
<td>To reduce hiring</td>
<td>11.8%</td>
<td>5.9%</td>
</tr>
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</table>
The hiring intention of companies for the second half of 2019 demonstrates a careful shift in recruitment sentiment in the labour market over the preceding six-month period, with the figures for companies intending to freeze or reduce hiring both nearly doubled.

**Conclusion**

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

“As seen from our survey findings, the figures for companies intending to freeze or reduce hiring both increased significantly in the projection of second half 2019, indicating an overall protective stance. Our recent Pulse Check, which indicates that about half of the interviewed organisations said their 2019 business is expected to fall behind budget, echoes this. However, lay off should be viewed as a last resort measure for companies, who can take into account the upside in minimising the cost in hiring and training replacements,” said Mr Hung.

“The unemployment rate rose to 3.1% in the past three months and the GDP fell by 2.9% in the third quarter of 2019. Despite global and local economic downturns and the continuance of social activities, employers are encouraged to be more proactive in formulating and implementing effective HR strategies, including an effective performance management system, competitive remuneration and incentive scheme. Furthermore, employers should consider strengthening their manpower instead by providing more tailored learning and development programmes, to upskill and empower their employees through these times of challenges,” 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.