



## Workers enjoy 5.7% higher salaries in 2018, but also suffer longer work hours

The banking and finance sector continues to enjoy the highest average salary increment of 8%, with salaries in the risk analysis and management positions boosted by as much as 19.1% and 11.1% respectively.

**T**he salaries of Hong Kong employees rose to an average of 5.7% in 2018 from the previous year's 3.9%, according to an annual survey by jobsDB. Average bonuses also clocked in at 1.6 times the basic monthly wage which represents a better showing than the past two years. The banking and finance sector continues to enjoy the highest average salary increment of 8%, with salaries for those in the risk analyst and risk management positions boosted by as much as 19.1% and 11.1% respectively.

"At the same time, regulators in Hong Kong and other parts of the world are increasingly tightening regulations, resulting in an increased demand for risk management professionals," said Isaac Shao, country manager of jobsDB Hong Kong Limited. Hot demand for top IT talent across all industries also buoyed average salary increments in the sector by 7% with network engineers and programmers receiving double-digit salary growth of 13.3% and 10.2% respectively.

"The IT industry has a growing thirst for talent. If a company promotes a positive work-life balance, a friendly working environment, or offers some special employee benefits, it could provide details in its recruitment advertisement to help attract talents and enhance

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company image," Shao added.

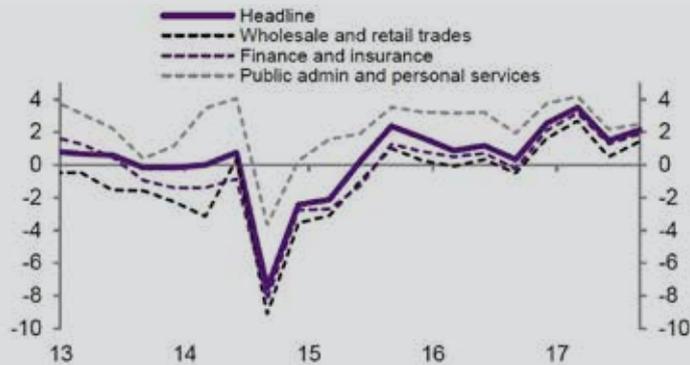
Although salary increase and bonus packages have improved across the board, many local employees are also suffering from longer working hours as 15% of respondents admitted to working more than 50 hours per week. The hospitality and F&B sector emerged as the hardest hit industry in terms of long working hours as up to 70% work more than 50 hours per week followed by those in the building and construction sector and management sectors.

### Hiring expectations

Unemployment in Hong Kong has fallen to its lowest level since the 2008 financial crisis as headcount freezes are loosened in key sectors and more vacancies are opened—and this trend is expected to maintain momentum this year, with the technology and innovation sector expected to lead the way. "Hiring expectations for Hong Kong in 2018 are optimistic as companies are continuing to invest in digitalisation, increasing the demand for talented professionals with the right knowledge and skills to contribute towards business expansion," said **Adam Johnston**, managing director of Robert Half Hong Kong.

These efforts towards digital transformation and

## Real wage (%YoY)



Source: CEIC, Natixis

technological integration in every facet of business operations is nothing new in the region, particularly in Hong Kong, as it has been happening over the last few years. For instance, more than half of banks and other financial institutions in the Asia-Pacific region are expected to prioritise the integration of technology and innovation in their strategies and operations, according to a report by EY, to achieve digital maturity and leadership in the next two years. These steps and corporate endeavours mean that more people will have to be hired to perform these tasks and maintain the new status quo in business operations.

“Technology and innovation will continue to be engines for growth across multiple industries,” said **Matthew Bennett**, managing director of Robert Walters Greater China. “Digital transformation projects are high on the agenda for many companies looking to maintain their competitiveness and cost efficiency.”

This continued growth in technology and digitalisation efforts, according to Bennett, is expected to encourage the increased hiring of technology talent across multiple industries, particularly professional with niche and emerging skill sets, including development operations, big data, cybersecurity, and cloud services, will be highly sought after. “Also, the ongoing digitalisation and automation of financial processes will generate strong demand for specialists that could show a willingness to up-skill in order to drive digital transformation projects,” he noted.

This is echoed by **Richard Eardley**, managing director for Asia at Hays, when he noted that organisations in Hong Kong are leading a charge for candidates with cybersecurity, digital technology, and data science expertise.

### Overall view

With Hong Kong’s economy continues to gain momentum as international trade picks up and employment maintains its growing pace, professionals beyond the IT sector living in or are planning to settle in the territory for work and career growth and development will find a more welcoming year. In terms of hiring trends, according to data from Hays, 43% of employers in Hong Kong are expected to increase staff numbers in the next 12 months, which is a 3% rise on the actual increase number reported



Adam Johnston



Matthew Bennett



Richard Eardley

in 2017. “2018 is shaping up to be a good year for professionals looking to change jobs as hiring sentiment is positive, buoyed by team expansion and multinational companies settling their regional headquarter in Hong Kong,” Johnston said.

Expected pay rises are expected to reach 20% particularly for in-demand information technology professionals job movers within the financial services sector, according to Robert Walters Salary Survey 2018. “Although hiring levels in the financial services sector were conservative against the background of a complex and volatile global business environment, banks that had headcount freeze in previous years increased staffing levels, in particularly front office investment banking and IT,” Bennett said.

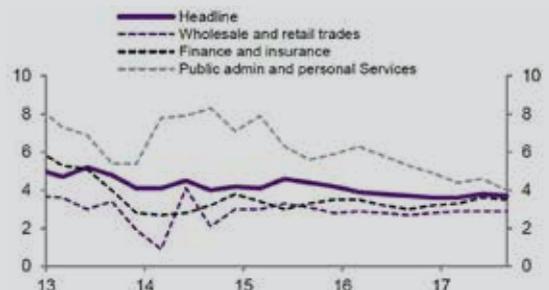
Eardley noted that there will likely be a continued and steady increase in demand for bancassurance in Hong Kong. “Banks and insurers are intent this year on harnessing data and analytical capabilities to develop sophisticated pictures of their customers in an attempt to better address their needs and rising expectations,” he said.

For the human resources sector, the hiring market last year was fairly slow, with replacement hiring accounting for the majority of vacancies, particularly in the financial service industry. For 2018, the human resources hiring market will most likely to remain slow, as the hiring and onboarding processes will likely lengthen procedures. Robert Walters noted in its report that many companies will likely only recruit to replace critical HR roles in 2018, choosing instead to invest more in strategies to retain their best talent.

The accounting and finance sector in Hong Kong, meanwhile, experienced a decline in mergers and acquisitions (M&A) activities compared to the last couple of years, partly due to the government tightening its rules regarding foreign exchange trading and capital outflows. For this sector, professionals are encouraged to learn and possess both technical and soft skills to be deemed as ideal hires in 2018. Companies are increasingly relying on data in their decision making, hence, many finance leaders will seek to strengthen their teams with talent that can improve problem-solving.

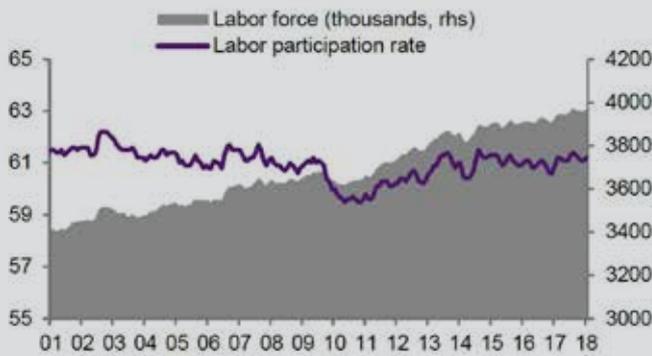
The legal sector will also have some of the brightest

## Nominal wage (%YoY)



Source: Bloomberg, Natixis

## Labor force and participation rate



Source: Bloomberg, Natixis

prospects this year, continuing the stellar performance last year which saw Hong Kong's legal community growing. Main driver is increasing regulatory developments as well as the rapid development of digital and fintech legal issues, which has pushed the sector's hiring activity.

"The current increase in regulatory standards in Hong Kong is increasing demand for compliance professionals within financial services who can effectively minimise the costs for business whilst maintaining regulatory standards," Johnston said.

Bennett echoes this statement, saying that steady growth in the legal and compliance market is anticipated in 2018, with the main drivers including surging regulatory developments, entrance of new industries, rapid development of digital and fintech legal issues, and stronger investment inflow from China.

### Flex jobs on the rise

Across the Asia-Pacific region, there is a growing trend in the hiring and employment sector where more professionals and employers are increasingly getting engaged in contracting work, allowing more flexibility and openness—and Hong Kong is no exception to this phenomenon. Data from Hays' 2018 Salary Guide revealed that 62% of employers in Hong Kong hired temporary or contract workers in 2017, with Eardley going so far as reckoning that this contracting trend will likely be the "new normal" in workplaces in the coming years.

Michael Page's Wainwright noted that there is already a growing number of professionals and specialists doing contracting work, which is gaining popularity rapidly, in Hong Kong as the benefits become more apparent.

"Companies have acknowledged contracting as a viable option to addressing any talent challenges they may have including permanent headcount freezes and acute talent shortage," she said. "This has in turn led to increased visibility of such roles and a more dynamic employment landscape in Hong Kong."

For Bennett, this phenomenon signifies a significant shift in mindset in both the employee and employer market in Hong Kong and will likely become a business mainstay in the territory in the future. "Contract hiring will be a significant trend in 2018 as more employers adopt new mindset and are more flexible," he said.

## EXPATS' PAY PACKAGES IN HONG KONG

Deploying expats to Singapore may be cheaper for some companies compared to deploying them in Hong Kong, as the average pay package in the Asian financial hub is fourth most expensive in APAC and fifth globally, according to a report from ECA International.

The value of a typical expat pay package in Hong Kong stands at US\$268,514 compared to typical annual compensation and benefits package for an expat middle manager in Singapore at US\$223,095. A typical expat package includes cash salary, tax and various benefits like accommodation, international schools, and utilities.

"Cash salaries offered to local staff increased marginally by an average rate of 4%, and the cost of benefits provided has risen significantly. Consequently, the total costs associated with employing expatriates in Hong Kong increased in 2017 versus 2016," said ECA International regional director for Asia Lee Quane.

A separate survey reveals that Hong Kong outperforms both Singapore and Shanghai in terms of perception by its foreign talent as almost a fourth (24%) of expats believe that the city offers 'fantastic job opportunities' compared to only a fifth (19%) of expats who believe that Singapore offers fantastic job opportunities whilst only 16% cite Shanghai's diverse employment offerings.

ECA's MyExpatriate Market Pay Survey looks at pay levels for expatriates around the world, including information on benefits, allowances, salary calculation methods and tax treatment.

### Cost of living

Hong Kong has plunged from second to 11th place in the global cost of living rankings for overseas workers in a mere span of 12 months, according to a report by ECA International, representing the city's lowest position in three years. "Although the price of goods has continued to rise in Hong Kong in the past 12 months, the Hong Kong dollar has weakened over the same period of time" said Lee Quane, regional director for Asia at ECA International.

This has meant that Hong Kong has fallen behind Tokyo, Seoul and Shanghai in the rankings. Tokyo emerged as the most expensive Asian country for expats and seventh in the global rankings due to the sustained strength of the Japanese yen against the dollar, a stark contrast against the Hong Kong dollar which has required the central bank to intervene several times to defend the flailing currency peg.

"Tokyo's global ranking has remained relatively static over the past few years. It is only the yen's relative strength against the US dollar that has seen the Japanese capital become the most expensive place in Asia for foreigners to live and work at Hong Kong's expense," Quane added. Seoul also outpaced Hong Kong to score the eight spot globally and second spot in Asia. The cost of living for Chinese cities also continued to climb with Shanghai managing to score the tenth spot globally, just a notch above Hong Kong whilst Beijing is just a few spots away from the Asian top ten after ranking thirteenth.