

21 March 2007

To: The Editors

The results of The Employers' Federation of Hong Kong's recent annual pay trend survey (covering 126 companies employing almost 160,000 full-time employees) show that:

- 55 companies have reviewed salaries in January and February this year: 77 will do so later in the year;
- The average pay rise in the first two months of 2007 was 3.14 percent;
- The forecast average rise is 2.9 percent for the remainder of this year.

Analysis

"These results are in line with our expectations," comments Federation Chairman James Ng. "Within the average increase of 3.14 percent are some significant variations by industry sector and by company. Indeed, in our autumn 2006 bulletin, we urged companies to be flexible and to award increases selectively. This has occurred."

"The Federation would like to see more companies introducing variable pay - a key element in our strategy for wealth sharing when companies are successful. We also consider that across-the board increases to all employees and fixed 13th month bonuses are not sustainable strategies for successful companies in the 21st century."

"They are potentially damaging to Hong Kong's competitiveness in the medium term," Mr Ng continues.

The Federation shares Hong Kong's concern over the widening wealth gap – an issue that also affects many developed and developing communities. "In our view market forces, rather than cumbersome legislation, best serve Hong Kong's need for a flexible and fast-responding economy," comments Mr Ng.

The Federation notes that from September 2002 to September 2006, for example, Hong Kong companies created almost 100,000 new jobs for Hong Kong workers. And in addition there are over 40,000 vacancies. This growing employment is a direct result of Hong Kong's adaptability and the surest way to provide secure incomes for everyone.

"We believe that anything that raises fixed employment costs must result in fewer jobs for Hong Kong people," Mr Ng says.

The future

The economic concerns the Federation foresaw in September 2006 remain equally powerful today:

- Slowing growth in the USA
- Rising interest rates globally
- Higher oil and commodity prices
- High levels of personal debt in many countries.

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Recent turbulence in world stock markets seems to echo these concerns. In 2006 some economists were suggesting US 'recession' towards the end of 2007 and this seems more likely today.

"No-one can say how long the present favourable market will last: it must end some time – and this could be quite soon," Mr Ng says.

The Federation therefore holds firmly to its advice to members:

- Review carefully the pay market for all employees and be prepared to pay the market rate – even if this may mean making substantial salary increases to certain individuals;
- Forecasts are that average increases for the remainder of 2007 will be around 2.9 percent. But not everyone will receive an increase. Of those that do some will get more and others less. 2.9 percent is not a benchmark;
- Review performance management and variable pay schemes. Introduce them if they do not already exist. Make sure they truly reflect individual and company performance;
- Take account of employees' needs for career and personal development. One percent of payroll spent on improving training and development in your company will produce significantly more benefit than the same amount given in a general pay increase;
- Examine payroll costs in total and consider restructuring to maintain or reduce fixed employment costs;
- Communicate pay policies and decisions openly and consistently. Above all be flexible in their application.

The Federation believes strongly that, while responding to market needs, companies must be careful not to prejudice their future prosperity by unnecessary permanent increases to payroll costs.

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致：港聞版編輯

香港僱主聯合會最近的薪酬檢討調查（調查涵蓋一百廿六間機構近十六萬全職僱員）顯示：

- 受訪機構中，五十五間已分別於零七年一月和二月調整薪酬；另外七十七間受訪機構將於稍後進行有關檢討工作；
- 二零零七年首兩個月的平均薪酬增幅為百分之三點一四（3.14%）
- 今年稍後時間的平均增幅預計為百分之二點九（2.9%）

分析

聯會主席吳智明表示：「調查結果與聯會預計相符。其中薪酬調整幅度會因應不同行業、不同機構而有所差異。事實上，聯會在去年秋季的會員通訊中，亦呼籲會員公司在薪酬調整上保持靈活性，適當地選擇調薪。調查結果正反映出多個機構已採納有關措施。」

「聯會亦希望有更多機構採用浮動薪酬制度，在機構表現良好時與僱員分享成果。與此同時，我們相信在廿一世紀，劃一調薪和合約性第十三個月薪酬已不合時宜，對機構長遠發展並無裨益。」

吳氏強調：「此舉長遠而言只會令香港競爭力受損。」

聯會對於香港貧富懸殊加劇的情況甚表關注，其他已發展或發展中地區亦有類近情形。吳氏稱：「我們相信市場力量遠比法例更能切合香港的需要，可以保持經濟適度的彈性和靈敏性。」

另一方面，聯會留意到在一九九九年九月至二零零六年九月期間，僱主在本港勞動市場共創造了十萬個新職位，加上期間約四萬個職位空缺，正好引証了香港市場的靈活性，同時亦說明增加就業機會才是保障每一個人收入的最佳方法。

吳氏稱：「我們相信增加固定的僱傭成本只會令到香港市民工作機會減少。」

展望未來

去年九月，聯會曾對香港及世界經濟發展能否持續表示憂慮，這些變數在今天依然存在：

- 美國經濟逐步放緩
- 整體銀行利率上升
- 油價和商品價格高企
- 多個國家的私人借貸數據不斷上升

近期環球股市的大幅波動正反映此等現象。在二零零六年曾有經濟學家預測美國經濟將在今年步入衰退期，此說法如今看來相當可信。

吳氏說：「沒有人能保證現時利好的市場環境能持續多久：總有一天我們需要面對經濟放緩，而這一天或會頗快來臨。」

故此，香港僱主聯合會強烈建議會員：

- 仔細檢討市場情況，以市場需求為依歸調整僱員薪酬，縱使這意味著對某些人士需要作出較大的調整幅度；
- 雖然調查顯示今年稍後時間的平均薪酬增幅為百分之二點九，但這樣並不代表所有人俱能獲得相等的薪酬調整。百分之二點九並不是一個標準基數；
- 檢討及訂立績效管理和浮動薪酬計劃，以確定計劃足以反映個人和機構的表現；
- 考慮僱員對事業和工作發展的需求。倘若將總薪酬成本的百分之一投放在僱員培訓方面，相信成效將遠超過將同等金額純粹用作調整薪酬；
- 檢討整體薪酬開支，並考慮作出改動以減低固定勞工成本；
- 以開放、坦誠的態度與僱員就薪酬政策及調薪決定作出溝通，以靈活為首要目標。

聯會堅決相信在回應市場的需求之餘，機構必須保持緊慎態度，避免非必要和永久性地增加薪酬成本，影響機構長遠發展。

二零零七年三月廿一日

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