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15pc pay rise forecast for office workers

By Jessie Yim

PRIVATE-sector middle management and junior white-collar staff can expect a 15 percent salary increase next year although inflation may drop back to a single digit.

This is one consultancy firm's estimate based on surveys of major Hongkong companies.

Hay Management Consultants says employers plan a relatively high increase despite the slowdown in Hongkong's economy and a reduction in inflation.

Mrs Mary Fong, Hay's principal consultant, said employers were willing to

pay more to stay competitive in a tight job market.

Unemployment in Hongkong stood at 1.3 percent in the September quarter, an extremely low rate by world standards.

Hay had predicted this year's average salary increase would be about 15 percent. It turned out to be 16.5 percent for clerical workers and 16.2 percent for middle-management staff.

Mrs Fong said another survey would be carried out later to get a better estimation of next year's pay rise.

But she warned that

private companies would have to maintain productivity levels to justify a 15 percent rise.

She said employers should budget for aggressive training so employees could take up key positions in shorter time.

Mr Patrick Maule, chairman of the Hongkong Institute of Personnel Management's remuneration committee, said a 15 percent increase would be "unhealthily high for Hongkong".

The territory would lose its competitive edge if staff costs were heavier, he said.

The institute advocates better staff management, both in the private sector and in the Government.

The institute is conducting its own survey on next year's salary increases but Mr Maule would not release the findings until the survey has been completed.

Mrs Fong said a 15 percent salary increase next year would be too high considering that inflation might drop by two points to eight percent next year.

She said there was a six percent difference between this year's average

salary increases and the inflation rate.

If employees raised wages by 15 percent next year and inflation went down to eight, the difference would be seven percentage points which was too high, she said.

But employers were willing to pay more because staff turnover rates were expected to remain high next year.

A middle-management survey earlier this year revealed that turnover rates in the private sector ranged from 12.6 percent in utilities to 38.4 percent in multi-business companies.

The turnover rates for clerical staff ranged from 25.4 percent to 37.3 percent.

Mrs Fong said resignations increased because of more job opportunities, as well as the obvious trend of emigration.

She called for global recruitment drives especially focused on Chinese from Canada, Australia or the US.

She said companies should reward performance instead of simply increasing salaries. And she suggested large companies should help key employees to get their second passports.