MEDIA RELEASE

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CPA Australia survey: Employees prefer salary over work-life balance

Hong Kong businesses looking to take on new staff but may face rising labour costs

One of the world's largest professional accounting bodies, CPA Australia, warns an increasing demand for pecuniary rewards from existing and potential employees may lead to rising labour cost for Hong Kong companies.

The warning follows the release of the results of CPA Australia's 2015 Hong Kong Human Capital Survey which was conducted from 29 May to 15 June.

Over one-third of respondents (36.3 per cent) stated that salary is the most important consideration when looking for a new role, up from 27.2 per cent last year; followed by work-life balance (27 per cent) which was ranked first in the 2014 survey results.

When asked the most important factor contributing to employee retention, respondents ranked attractive salary and compensation (41.3 per cent) as the most important factor, well ahead of the second most selected factor, work-life balance (17.4 per cent).

Commenting on the results, Mr. Kenneth Chen, Divisional President – Greater China, CPA Australia said: "Not surprisingly, salary is more important than work-life balance in attracting and retaining the right staff in Hong Kong companies. I however, caution against employers focusing purely on higher salaries. It is good practice for employers to link increased salaries with improvements in productivity and to consider other financial and non-financial benefits for employees."

Hong Kong's jobs outlook over the next six months is promising with 43.6 per cent of respondents indicating that they believe their companies will increase their headcount in Hong Kong. This is the best employment outlook since this survey began in 2012 and is up 12.7 percentage points since 2014. The key drivers of that expected headcount increase are expected robust growth of the existing business (23.8 per cent) and supporting business growth in Mainland China (16.9 per cent).

Compared to the 2014 survey findings, the average staff turnover rate appears to have fallen, with 44.8 per cent of respondents forecasting their company's average staff turnover rate over the past 12 months was between 1 to 9.9 per cent, an increase of 17.4 percentage points from the previous year. Reflecting this decline in staff turnover, significantly more respondents indicated that they would not be looking to change jobs in the next six months than was the case in the 2014 survey (63.4 per cent stating that they are not looking to change jobs in the next six months compared with 39.4 per cent in 2014).

In terms of working hours per week, 59.9 per cent of respondents currently work between 41 to 50 hours each week. This is up 9.3 percentage points from the 2014 survey. While the number of respondents working over 50 hours a week fell from 40 per cent last year to 31.4 per cent this year.

Reflecting a more positive employment outlook, 64 per cent of respondents indicated that they would not consider relocating from Hong Kong to another market in the coming 12 months, up from 52.6 per cent in 2014.

"China's increasingly open capital market, growing outbound foreign direct investment from China and a more positive local economic outlook are contributing towards a more optimistic employment outlook for Hong Kong. The survey findings also show that staff turnover rates, average weekly working hours and the number of respondents planning to change jobs in the next six months have all declined. The workforce of many local companies is therefore more stable, which should add to the growth potential of those companies in the medium term," added Mr Chen.

While there is strong growth in employment expectations in this survey, this does not mean that recruiting the right staff is easy with only 11.1 per cent of respondents indicating that their employer does not experience any difficulty filling jobs. The main recruitment challenges faced by employers are a lack of applicants with relevant experience (28.5 per cent), the remuneration expectations of applicants being too high (25 per cent) and a poor level of workplace competencies such as communication skills (18 per cent).

In the next five years, respondents expect the most in demand job / role in finance and accounting is compliance and risk management (49.4 per cent). The most in demand skill sets are expected to be risk management (30.2 per cent), strategic thinking (21.5 per cent) and e-commerce knowledge (18.6 per cent).

"One of the most significant findings of this survey is the level of challenge companies face finding suitable staff, and the future demand in the finance and accounting sectors. Companies may need to offer more attractive salaries and benefits to compete in the market for the same top candidates. To fill the skills gap, we believe accounting professionals will need to enhance their risk management and compliance skills in response to greater regulation of the financial services industry and increased demand for transparency from stakeholders." commented Mr Chen.

When looking for employment, 35.5 per cent of respondents use social media to seek a job, with LinkedIn (88.5 per cent) being the most popular platform. Among those using social media for job seeking, 33.3 per cent believe social media gives them easier access to potential employers and also identifies more suitable jobs that match their experience and skill set (23.3 per cent).

Other data from the survey results revealed:

- Respondents believe that employees working in the financial services (29.1 per cent), e-commerce (16.6 per cent), Technology (8.9 per cent) and Healthcare (8.9%) sectors will receive the highest pay increase in 2015.
- In the past 12 months, 66 per cent of respondents stated that they received a pay increase of 2.5 per cent or greater.
- Over half of respondents (52.3 per cent) believe that Hong Kong companies need to diversify their workforce by recruiting more staff from outside Greater China.
- 57 per cent stated that they support the newly introduced Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents (ASSG), of which 24.4 per cent of respondents support the Scheme but believe it should also include the second generation of other Hong Kong Permanent Residents.
- Four in ten of the respondents see the ASSG as potentially increasing competition with local talent.
- Just over one in five respondents stated that their employer reviews the social media profiles of potential employees (20.4 per cent).

Based on the survey findings, CPA Australia recommends the following:

1. **Retention strategy**
    - Employers to link increased salaries with improvements in productivity and to consider other financial and non-financial benefits for employees.
    - Cultivate a work smart culture to improve productivity and assist employees to seek and maintain their own work balance.

2. **Recruitment strategy**
    - Use social media channels to engage and attract talent. This will not only reduce recruitment costs but more importantly, it potentially gives the company access to a broader talent pool to recruit from.

3. Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents (ASSG)

- The HKSAR Government should liberalize the Scheme by including the second generation of other Hong Kong Permanent Residents and eliminate the language requirements.
- The Government should promote the benefits of ASSG in supporting Hong Kong's economic development, in order to reduce anxiety that such a scheme may allow more non-residents to compete with locals for jobs.

CPA Australia conducted the survey last month with 172 of its senior members including accounting professionals working in multinational corporations (MNCs), accounting firms, listed companies, private companies and not-for-profit organizations.

CPA Australia is one of the world's largest accounting bodies with 150,000 members globally. It has established a strong membership base of more than 16,000 in the Greater China region.

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