

## **PRESS RELEASE**

**[For immediate release]**

# **Hong Kong Workforce's Pay Rise for 2021 Dips to Decade Low**

*Organisations are reticent in salary adjustment as economy reopens gradually*

[18 October 2021 – Hong Kong] As the economy picks up at a slow pace amid the headwinds from the COVID-19 pandemic, Hong Kong employees have received an average salary increase of a modest 1.0% in 2021, a noticeable drop from last year's 1.4%, according to the 2021 Pay Trend Survey findings released by the Hong Kong Institute of Human Resource Management (HKIHRM) today.

The HKIHRM conducted the 2021 Pay Trend Survey to document the trends for pay adjustment, bonus incentives and benefits provided to employees in the period from January to September 2021. Covering 16 different major business sectors, the survey included a total of 115 companies and 162,800 full-time salaried employees. Below are the survey's key findings:

### **Base Pay Adjustment in 2021**

According to the pay adjustment data provided by 105 companies, the base pay adjustment for 2021 was 1.0% (weighted average). After deducting the Consumer Price Index of 1.4% from January to August 2021, the real base pay adjustment hit -0.4%, the first time it dipped below 0% in 10 years.

- Among the responding companies, 30.5% implemented a pay freeze, 68.6% offered a pay increase, while 1% administered a pay decrease this year.
- Of the employees covered, 65.7% experienced a pay freeze while 34.3% was provided with a pay increase in 2021.
- For this year, medium-sized companies (500-1000 employees) provided the biggest pay rise at 2.8%, while large-sized companies (more than 1000 employees) offered the smallest pay rise at just 0.7%. Small-sized companies (fewer than 500 employees) provided a pay rise at 1.4%.

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- In terms of employee level, senior level staff received the biggest pay adjustment at 1.5% with general level staff trailing behind at only 0.9% in 2021.

For pay adjustment factors, company performance ranked No. 1 for two years in a row. Hong Kong's economic conditions rose one rank to take the No. 2 spot, in reflection of employers' ongoing concerns about COVID-19's impact on the business environment. Individual performance descended a rank, nabbing the No. 3 spot.

### **Bonus Payments in 2021**

#### *Guaranteed Bonus*

- Among the companies which provided data on bonus payments this year, 37.4% stated that they offered guaranteed bonus to their workforce.
- The average size of guaranteed bonus was 1.01 months of base pay – the same level recorded for four years in a row.

#### *Non-Guaranteed Bonus*

- Among the companies which offered data on non-guaranteed bonus payments this year, 91.3% reported that they provided non-guaranteed bonus to their employees.
- Among all the surveyed employees, 75.0% were eligible for a non-guaranteed bonus plan. For eligible staff awarded this incentive, the average size of a non-guaranteed bonus was 1.59 months of base pay.
- For the non-guaranteed bonus amount by employee level, top level staff received the biggest slice at 6.40 months of base pay. Senior level, middle level, and general staff were given 2.64, 1.77, and 1.21 months of base pay respectively.

### **Pay Adjustment Projection for 2022**

Among the 105 responding companies, more than a half (57%) have not conducted pay adjustment projection for next year. A pay increase is in store for 37% of the organisations while 6% will implement a pay freeze. Of the companies which provided data on base pay adjustment projection from January to April 2022, the projected pay adjustment for 2022 is 3.0%.

## **Conclusions**

Lawrence Hung, Vice President of the HKIHRM, said, “The average salary increment, at only 1.0%, mirrors organisations’ cautious attitude towards pay adjustment as the Delta variant brings economic uncertainty. As the COVID-19 pandemic is not going away, Hong Kong’s economic conditions are a key reason why organisations are guarding their purse strings when it comes to pay increment. However, 2022’s pay adjustment forecast is 3.0%, which is noticeably higher than 2021’s 1.7% (a projected adjustment from 2020). This reflects that the local economy is reawakening as COVID-19 is increasingly under control.”

Hung added, “When COVID-19 struck hard, HR professionals who trained their sights on and performed an excellent job in employee wellness, especially through the provision of mental wellbeing and emotional support initiatives and hybrid work, and the embrace of technology to accelerate learning for knowledge transfer and retention, proved to be most effective in helping their organisation navigate these challenging times.”

“Against a backdrop of more respondents indicating a better economic outlook, HR practitioners equipped with the ability to curate a better workplace culture via enhanced communication, fair treatment, and transparency in company strategy, etc., will emerge as frontrunners in engaging their workforce and boosting their productivity. Further to retaining staff and enhancing their employee experience, these measures pose an opportunity for companies to polish their employer brand and fuel growth in the next normal.” Hung concluded.

Please click [here](#) for the photos of Mr. Lawrence Hung, Vice President of HKIHRM.

## **Media Enquiry**

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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 of around 5,300, of whom over 500 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 value and influence of the HR profession. HKIHRM organises a wide range of professional programmes, including multi-level training, conferences and exhibitions and an awards programme. It also provides various membership services, conducts surveys, and publishes an official journal. The 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>

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