KPMG

Hong Kong Executive Salary Outlook 2021

Employment Trends Survey

Fifth Edition

KPMG Executive Search and Recruitment Services

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About KPMG executive search and recruitment services

We are a business unit of KPMG People Services with over 20 years of experience serving clients across a wide range of functions and industries. This sets us apart from the competition, as we are able to draw on the firm's professional expertise and deep knowledge base.

Working alongside a professional group of advisors, we provide recruitment services as well as insights on the latest human resources and market developments across a variety of businesses and professions.

We offer our clients:

A personal, long-term relationship

Our success is measured by the amount of repeat business we receive and the career success of our candidates.

A wide range of customised services

This includes all aspects of the recruitment process, from advertising, executive database search to headhunting, tailored to meet our clients' requirements.

A prestigious brand

Our brand instils trust and confidence to facilitate an engaging and smooth recruitment process.

For a list of recent opportunities with our clients and Personal Information Collection Statement, please scan the QR code or visit our web page: www.kpmg.com.cn/KER-opportunities

Executive summary

Murray Sarelius

Head of People Services, KPMG China

After a year deeply impacted by COVID-19 and the significant economic downturn caused by the resultant lockdowns, business stoppages and border closures, the outlook for headcount, salaries and bonuses among employers has changed. Factors such as job security and flexible work arrangements have become more significant for talent, with salary levels becoming less so. However, at the beginning of 2021, a new sense of optimism was returning to most industry sectors in Hong Kong.

This year's Executive Salary Outlook collected views from 702 business executives to take a measure of the employment market and trends following almost 12 months of meeting the challenges created by the COVID-19 pandemic. A majority of respondents (549) work or live in Hong Kong and the rest (153) elsewhere in Mainland China. The respondents were business leaders, with 400 holding C-suite or department head positions. (See *page 5*)

The outlook for headcount among businesses in Hong Kong has changed significantly from last year and varies among different sectors. The differences are significant at times. The innovation and technology sector, for instance, was the most optimistic in 2020 but that optimism flattened this year. By comparison, real estate marked a sharp turnaround this year with respondents in the sector showing the most optimism in 2021 after emerging as the most pessimistic in 2020. At the same time, a positive outlook among respondents in the financial services sector reflects the strong levels of activity over the last year, particularly in the IPO market. (See *page 6*)

One area of agreement for senior management in all sectors is that talent risk remains a significant concern. Organizations may enhance recruitment and retention by embracing flexible work arrangements, as these arrangements are quickly becoming a common expectation and even a preference. The type of flexibility that these options provide can make potential roles more attractive when recruiting. A challenge for human resource (HR) and operations teams is how to most effectively bridge the gap between the desire to work remotely and the perception among senior management of a possible negative impact on productivity. (See *page 8*)

Indicating a continuation of a growing trend, more respondents are willing to relocate to other Greater Bay Area (GBA) cities for work, with two thirds of Hong Kong respondents willing to make the shift. The top reasons to relocate within the GBA are the same as in 2020: better prospects, travel convenience and broader work exposures. For the second year in a row, non-monetary factors were the top three reasons to relocate. (See *page 12*)

Predictably, fewer people changed jobs over the past year. At the same time, salaries flattened out, perhaps in response to the economic downturn. Pay rises were both fewer and, on the average, significantly lower than the expectations indicated in last year's survey. Another change this year is in the more significant drivers for seeking new roles. Talent looking to make a shift put less emphasis on salary and career progression and more on work pressure and job security. Given the economic climate, it is perhaps not surprising that fewer bonuses were paid out and those bonuses tended to be more modest than the previous year. One notable exception was the financial services sector, in which fewer respondents received bonuses but their level was maintained with overall bonus paid higher than last year. Respondents expect the current level of bonuses to carry into next year, with the outlook for the year ahead more conservative than this time last year. Most respondents expect similar modest levels of bonus in 2021 as in 2020. (See *page 17*)

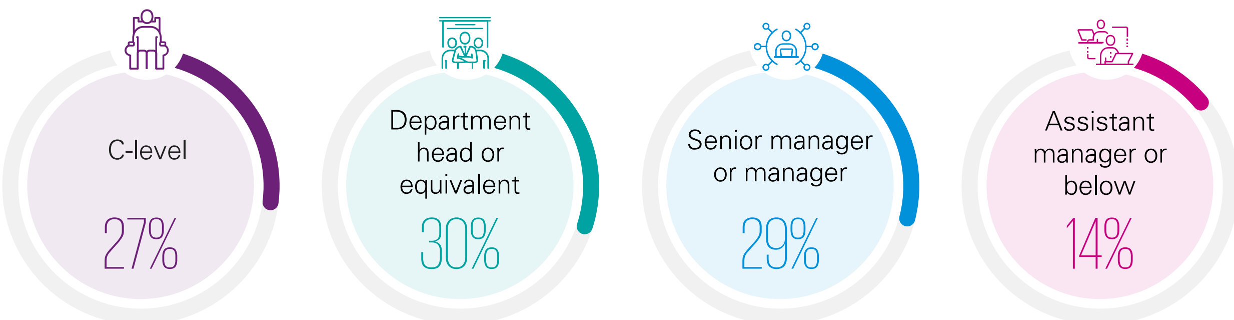
About the survey

KPMG commissioned YouGov to conduct an online survey in which 702 business executives participated. Conducted between 4 and 18 January 2021, the survey includes 549 respondents working in Hong Kong or with a home base there and 153 working or with a home base in Mainland China.

The survey sought professional perspectives and views on the market and career opportunities in Hong Kong and the rest of the Greater Bay Area, the impacts of COVID-19, and how markets responded.

Respondents were drawn from a variety of sectors, including consumer markets, financial services, innovation and technology, professional services, public services and real estate. Among the respondents, 57% held leadership positions (27% C-level and 30% department head or equivalent). (Figure 1.1)

Figure 1.1 Total surveyed respondents



Base: All respondents in Hong Kong and Mainland China
Source: KPMG survey analysis

Outlook for headcount

Talent market overview

This year's survey and headcount outlook need to be considered against the backdrop of the COVID-19 pandemic, reduced economic activity as a result of lockdowns and prohibitions on group gatherings, mandatory business interruptions, border closures and quarantines. Through the year, Hong Kong's GDP contracted by 6.1%[1]. However, through Q1 2021, there were signs of returning optimism in some sectors.

The real estate sector led the recovery in optimism with a 31% improvement (net 24% increase in 2021 as compared with a net 7% decrease in 2020) in headcount expectations (Figure 2.1). This is consistent with the generally stable residential property market and improvements in non-residential property following the abolition of the doubled ad valorem stamp duty, and relaxation of mortgage prudential measures[2] by the Hong Kong Monetary Authority (HKMA).

In contrast, the innovation and technology sector, the most positive in 2020, flattened. The overall outlook for the sector in 2020 was a positive 35% (52% of respondents forecasted an increase in headcount and 17% a decrease) but in 2021 the outlook was flat with 28% of respondents in each category (Figure 2.1). A number of factors likely influenced this worsening outlook over the last year, including a tightening of investment in start-up ventures and the increasing focus on this sector in other cities in the Greater Bay Area (GBA). Still, the sector may prove to be more positive than the survey indicates following announcements in the Hong Kong budget in February of supportive measures, including an injection of HKD9.5 billion into the Innovation and Technology Fund over two years[3].

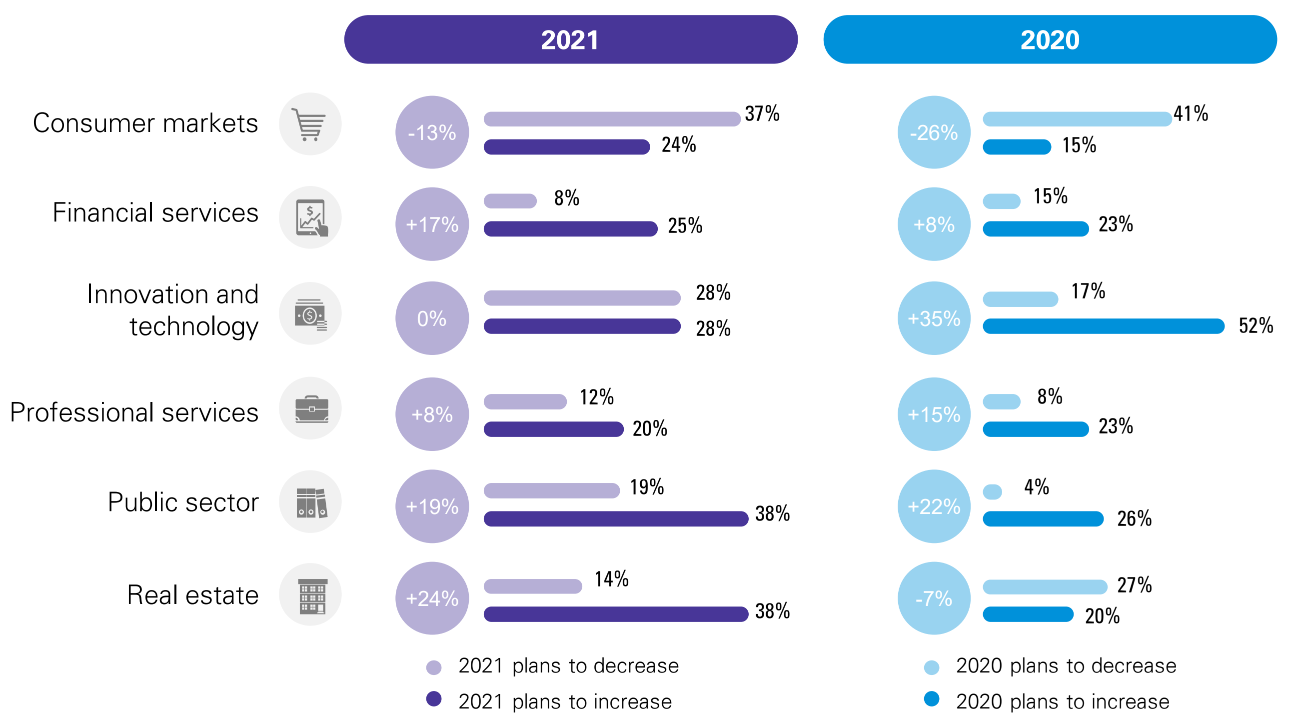
The public sector remained fairly constant, but responses were more polarised with a growing percentage of respondents signalling expectations of an increase in headcount (38%, up from 26%) or a decrease (19% up from 4%). (Figure 2.1)

1 Hong Kong 2021-22 Budget Speech, para 10. https://www.budget.gov.hk/2021/eng/speech.html
2 Hong Kong 2021-22 Budget Speech, para 13.
3 KPMG Hong Kong Budget Summary 2021-2022 P.9

Hong Kong's consumer markets sector endured a 10.1% drop in consumption spending[4] and an increase in unemployment[5] through 2020 but showed signs of recovery in the first quarter of 2021 – albeit from a reduced base in last year's survey that was impacted by the unrest of 2019. The headcount outlook in this sector improved by 13% overall in the 2021 survey but the results suggest continuing challenges. Only 24% of respondents expect an increase in headcount and 37% anticipate further decreases. (Figure 2.1) This is consistent with government employment and vacancy figures[6] published in February 2021, which show a slight upturn in vacancies in some sectors (including accommodation and food) in September 2020 from a low in June 2020.

The financial services industry benefited from very active capital markets. The Hong Kong Stock Exchange (HKEx) reached trading highs and the largest level of initial public offering (IPO) fundraisings since 2010[7]. At the same time, the Asia Pacific private equity (PE) market remains poised to continue enjoying the success it has had over the last decade, with the amount of capital allocated to the region at record highs[8]. The outlook for headcount is encouraging with a continuing net growth of 17% expected in 2021 compared to 8% in 2020. (Figure 2.1)

Figure 2.1 Headcount expectations



Base: All respondents in Hong Kong
Source: KPMG survey analysis

4 Hong Kong 2021-22 Budget Speech, para 9.
5 Hong Kong 2021-22 Budget Speech, para 11. "The unemployment rate of the retail, accommodation and food sectors combined rose to 11.3 per cent."
6 https://www.statistics.gov.hk/pub/B10100022021MM02B0100.pdf
7 https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2021/210224news/210224news_e.pdf
8 https://home.kpmg/cn/en/home/insights/2021/01/looking-ahead-private-equity-trends-for-2021.html

Responding to COVID-19

Talent seen as key factor for recovery

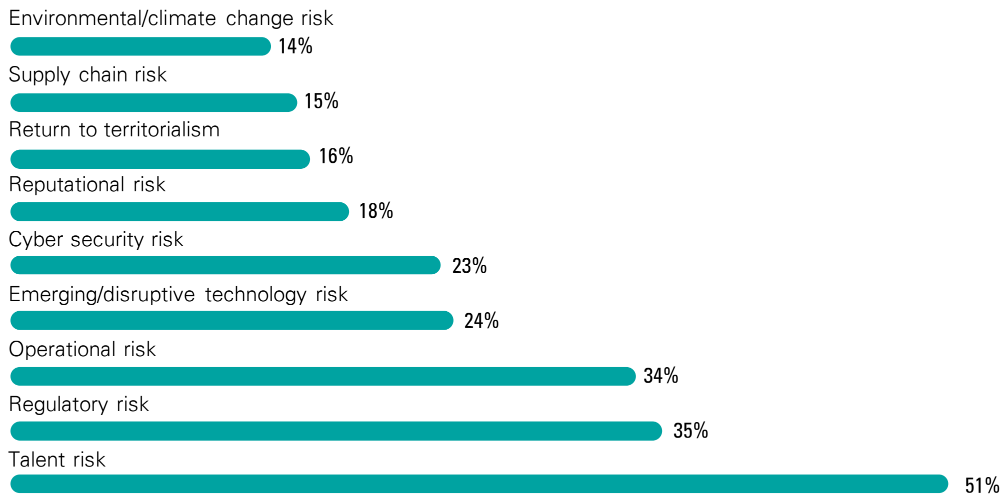
Talent risk is generally seen as the leading issue for future growth. In this survey, talent risk remains at the top of the list for C-suite and HR professionals, highlighting a trend identified in a KPMG survey of CEOs in the first half of 2020.

The *"KPMG 2020 CEO Outlook COVID-19 Special Edition"*[9] found that, over the first half of 2020, talent risk rose from twelfth place to become the most significant perceived threat to the long-term growth of the businesses of the CEOs surveyed.

In the current report, more than half (51%) of C-suite and HR professionals surveyed ranked talent risk as the top risk to future growth, followed by regulatory risk (35%) and operational risk (34%). (Figure 3.1) Talent risk is generally seen as the most significant risk in all sectors (51%) except financial services (43%) and real estate (44%), where regulatory (54%) and operational risks (56%) take the number one spot respectively for financial services and real estate, and talent risk comes second.

The heightened focus on talent risk reinforces the importance of recruitment, retention and effective deployment of talent as businesses seek to adapt to the challenges of the COVID-19 and post-COVID-19 periods. With the changing dynamics of business and work arrangements, HR functions have seen their resilience tested as they worked to attract and retain the right talent to meet the demands placed on businesses by an environment influenced by the pandemic.

Figure 3.1 Greatest risk to company's development



Base: C-level and HR respondents in Hong Kong and Mainland China
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

9 https://home.kpmg/xx/en/home/insights/2020/09/kpmg-2020-ceo-outlook-covid-19-special-edition.html

Talent risk is seen as a key factor in securing future growth. There has been an increase in remote working and greater demand for new skills. These factors all point to HR functions needing to reconsider their roles and how they to support their organisations to become more productive and connected, with a clear employee value proposition. Importantly, HR functions need to be at the forefront of strategic discussions about more flexible work arrangements and remote working. Taking this lead will help HR teams facilitate both the adaptation of the work force to meet the new needs of day-to-day operations and broaden the pool from which employers can draw talent.

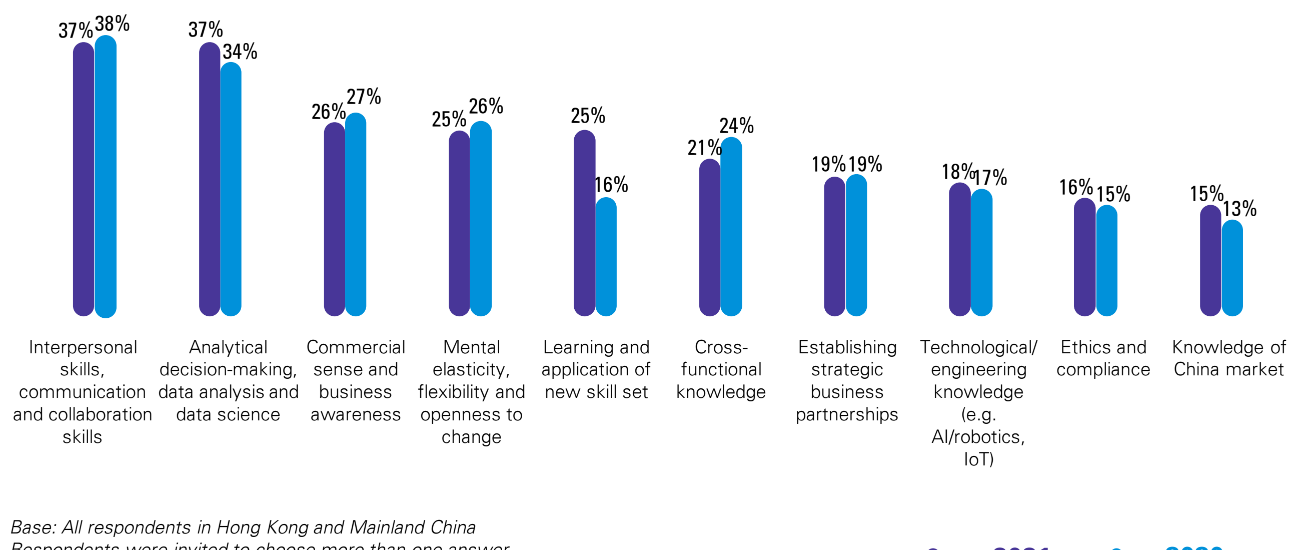
Skills required

As businesses adapt to new ways of working and look for new sources of growth, they will necessarily reconsider the skills they need and seek to train or recruit people with those skills. Consistent with last year's survey, respondents continued to place analytical decision-making and interpersonal skills at the top of the list of the skills and knowledge crucial to their future, each chosen by 37% of respondents. (Figure 3.2)

Due to various factors such as physical distancing requirements, commerce has increasingly been taking place online where more advanced digital collaboration and tools are now available to support businesses. The ability to learn and apply new skills has taken on greater importance with the proportion of respondents citing this a critical skill rising to 25% in 2021 from 16% in 2020. (Figure 3.2)

The recent KPMG report *"Future of HR in the New Reality"* highlighted the need to retrain workers in essential new skills. Of 1,288 HR executives surveyed, 77% said they were planning to upskill their workforce in digital capabilities over the next two to three years[10] .

Figure 3.2 Core elements in workplace



Base: All respondents in Hong Kong and Mainland China
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

10 https://home.kpmg/xx/en/home/insights/2020/10/the-future-of-hr-in-the-new-reality.html

Work from home arrangements

While the COVID-19 pandemic took everybody by surprise, remarkable agility and resilience were displayed throughout the year – especially with the increase in work from home arrangements in response to health and safety concerns. For many organisations, this was a first significant experience of remote working – whether it was simply working from home in response to social distancing rules or the more expansive scenario of having people working from overseas as a consequence of travel restrictions.

Because of the significance of this enforced period of remote working and the influence it is having on the workforce, this year's survey includes additional questions about the impact of COVID-19 on work habits and future recruitment.

Three factors have come together to suggest that remote working will offer significant opportunities to the future success of businesses. First, C-level executives see talent risk as a leading threat to future growth. Recruitment and retention will become strategic imperatives. Second, our survey indicates strong support at all levels of organisations for continued WFH (work from home) arrangements. Two-thirds (67%) of respondents expect their organizations to be more accepting of WFH arrangements after the pandemic. Finally, flexible and remote work arrangements have the potential to both broaden the accessible talent pool and improve the success rate of recruitment processes by making roles more attractive to candidates (61%) and offering employees better work-life balance (59%). (Figure 3.3.)

Despite the popularity of remote working arrangements, some barriers have yet to be addressed, including issues with compliance and productivity. Less than half (45%) of respondents say efficiency and productivity have been maintained under WFH arrangements with more senior respondents showing more concern (only 39% and 40% positive responses from C-level and department head respondents, compared to 55% at the assistant manager level and below). (Figure 3.3.)

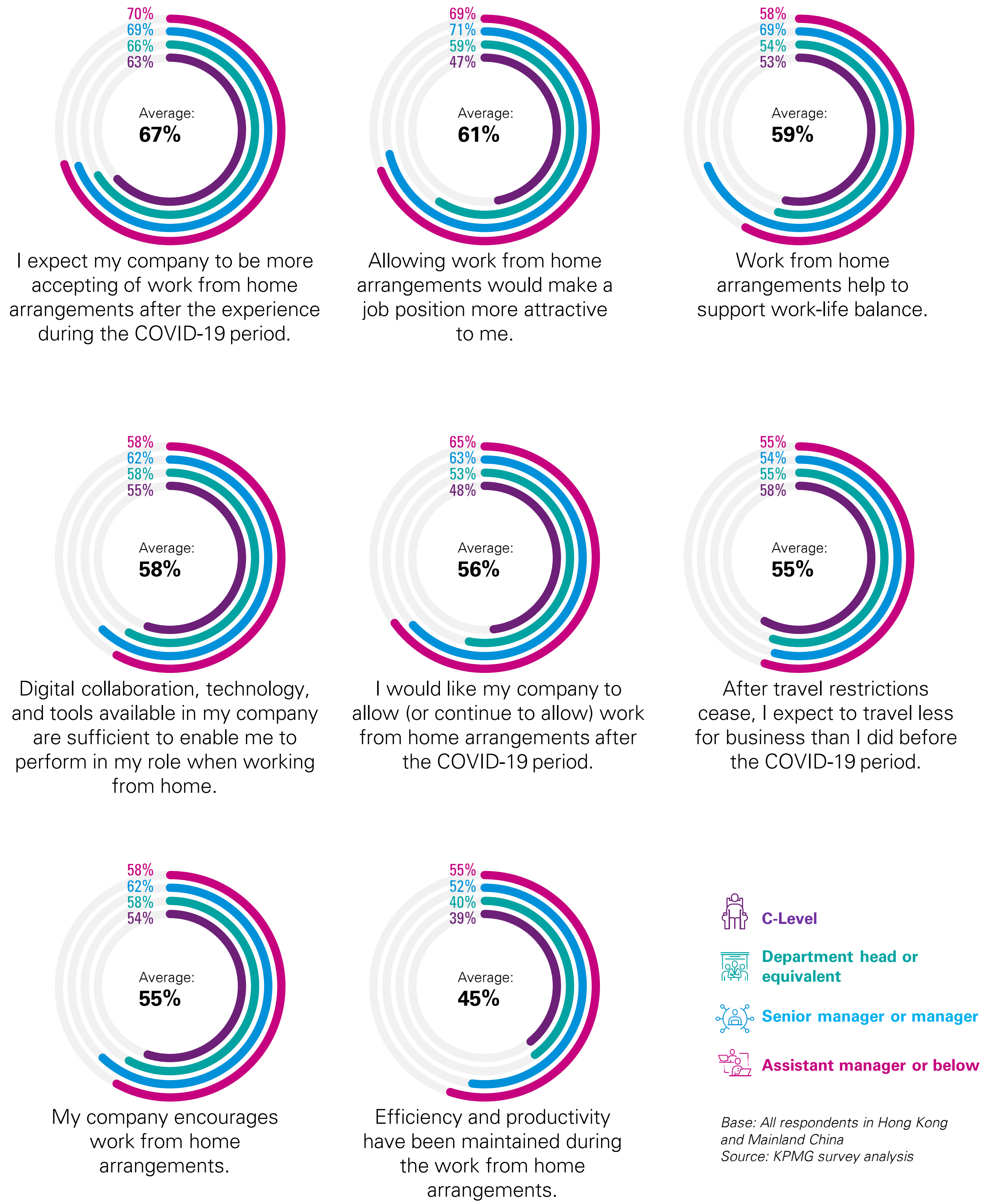
A significant gap is visible between the desire for and benefits of remote working, and the perception of productivity – and therefore the feasibility – of these arrangements. So, while the percentage of respondents who see the benefits and expect remote working to continue peaks at 70% in some groups, the percentage who say productivity has been maintained falls as low as 39%, particularly among leadership levels. (Figure 3.3.) This represents a critical gap and an area in which HR functions should take the lead[11].

Peter Outridge
Head of People and Change, KPMG China

Remote working can bring many benefits to a company – such as broadening the possible sources of talent, and improving an employer's edge to attract scarce talent. However there is a gap between the appetite for remote working and the perceptions of productivity. HR leaders have a key role to play in bridging this gap as they rethink traditional work models and ensure employees stay connected, engaged and productive. A key part of this is working with the rest of the C-suite to re-evaluate measures of productivity in the new reality and collectively architect the workforce of the future.

11 https://home.kpmg/cn/en/home/news-media/press-releases/2020/09/majority-hk-hr-executives-indicate-in-post-recovery-phase-of-covid-19-digital-technologies-key-for-future.html

Figure 3.3 Expectations on work from home (WFH) arrangements

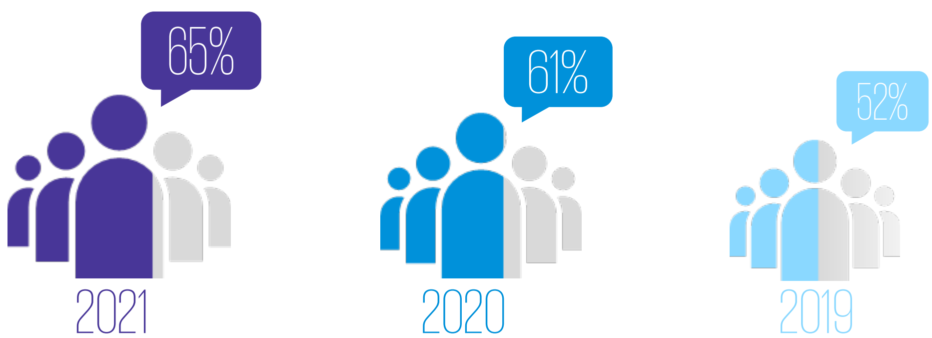


Base: All respondents in Hong Kong and Mainland China
Source: KPMG survey analysis

Greater Bay Area opportunities

This is the third year of our investigation into opportunities in the GBA. Continuing the movement observed last year, we recorded an increase in the willingness of Hong Kong respondents to relocate to other GBA cities for work – 65% this year, up from 61% in 2020 and 52% in 2019 (Figure 4.1). With a development plan in place for cities across the GBA, talent is more willing to be mobile within GBA cities in search of job opportunities and potential business growth. This section looks at what attracts talent to work across the GBA and how respondents see job opportunities in the GBA.

Figure 4.1 Willingness to relocate from Hong Kong to other GBA cities



Base: All respondents in Hong Kong
Source: KPMG survey analysis

> ***Tax incentives to align individual income tax rates between Hong Kong and other cities in the GBA alleviate the financial barriers to mobility. As individuals and businesses gain confidence in the implementation of the incentives and their requirements, we expect non-monetary factors to become even more prevalent.***

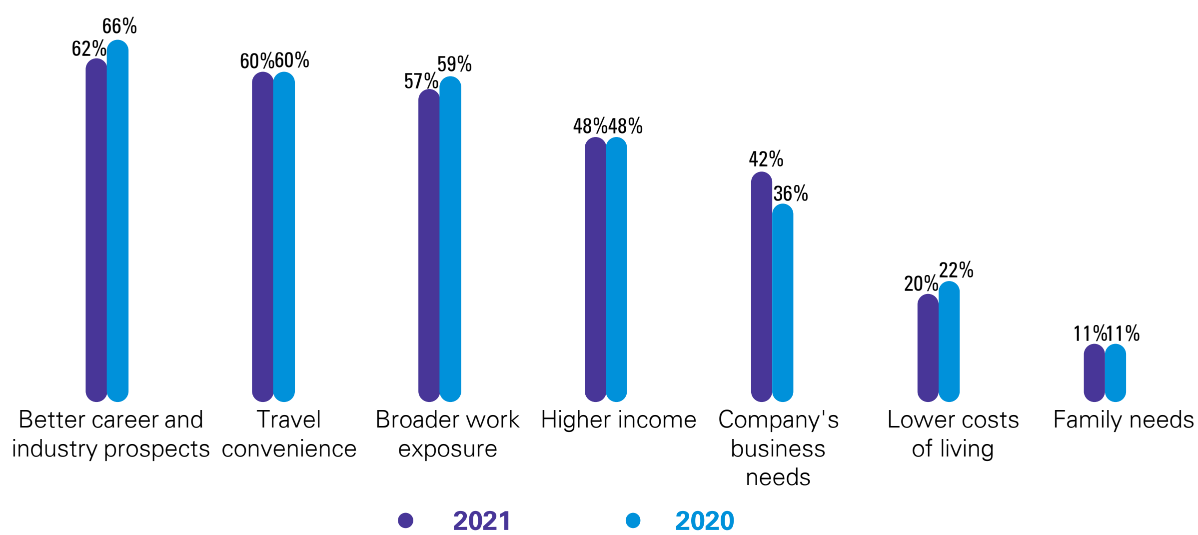
David Siew
Partner, People Services,
KPMG China

We see a similar trend in relation to the factors attracting Hong Kong respondents to relocate to other GBA cities for work. The top three attractors in 2021 are the same as in 2020, with better career and industry prospects (62%) at the top of the list, followed by travel convenience (60%) and broader work exposures (57%). (Figure 4.2) It was also the second consecutive year in which non-monetary factors were among the top reasons for relocation.

The main area that showed an increase in responses this year was business-led moves. Those citing the need to meet the requirements of business demands as a motivation to move increased from 36% to 42%, while most categories remained steady, and moves motivated by the search for better career prospects or broader work exposure declined slightly. (Figure 4.2)

It is worth pointing out that 42% of respondents (including 56% of C-level executives) highlighted company's business needs as a reason to relocate (Figure 4.2). Border closures and quarantines have led more businesses to relocate senior executives or recruit locally based executives within the GBA to facilitate business activities. This suggests that company leaders see the potential for business growth brought by development plans and the need to be located close to the source of opportunities. Upon the completion of the Hong Kong-Zhuhai-Macao Bridge and the high-speed rail link, the one-hour living circle aided the travel convenience, making the relocation of roles possible with less impact on families and lifestyles and making one-day trips more feasible.

Figure 4.2 Top motivation for relocating from Hong Kong to other GBA cities

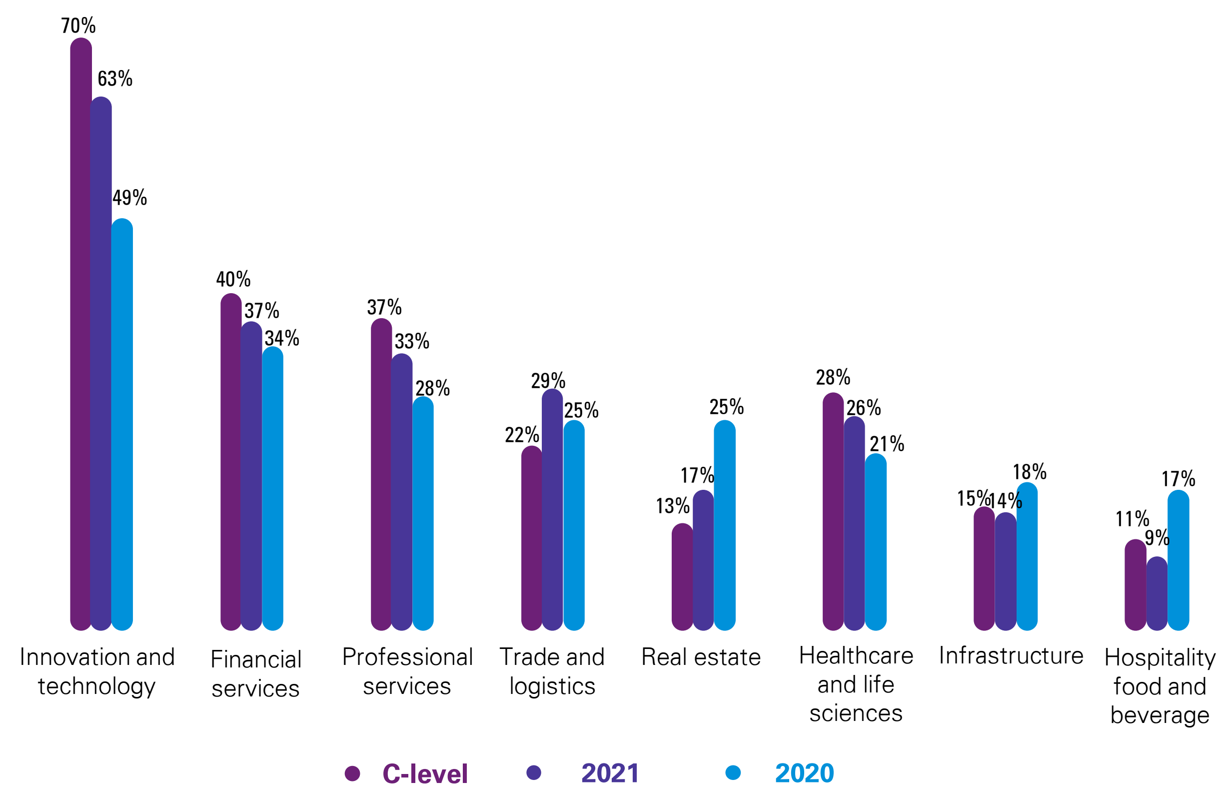


Base: All respondents in Hong Kong
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

In 2021, most respondents continue to predict that the sectors that will create the most job opportunities in the GBA will be innovation and technology (63%), financial services (37%), and professional and consulting services (33%). (Figure 4.3)

Among all industries, innovation and technology saw the biggest leap from last year for expected job growth in the GBA area. The sector further extended its dominance in headcount expectations, with C-level showing significantly more optimism (70%) about industry opportunities than in 2020. Healthcare and life sciences (26%) overtook real estate and property (17%) as the fifth industry most likely to create job opportunities in GBA cities, reflecting the booming concerns around public health and the influence of the pandemic. (Figure 4.3)

Figure 4.3 Industries in which the GBA will create more job opportunities



Base: All respondents in Hong Kong and Mainland China
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

The GBA is seeking to position itself as a first-tier global innovation and technology hub as set out in its Outline Development Plan. The plan looks to tap the different advantages of each of the GBA's 11 cities, including in areas such as culture and location, to boost economic strength and regional competitiveness.

The GBA is expanding as a force in the technology sector. KPMG has noted that Shenzhen should be a top four tech hub at the global level over the next four years[12]. Guangzhou, which saw the most significant increase as a relocation destination, has proposed establishing an Artificial Intelligence and Digital Economy Experimental Zone, which will introduce headquarters for technology powerhouses such as Alibaba and Xiaomi and promote the city as the country's forerunner in blockchain technology[13].

It is interesting to note the difference in sentiment between Hong Kong and the rest of the GBA in the innovation and technology sector. As noted earlier, there is an expectation within the sector in Hong Kong of a decline in headcount, with the optimism at the start of 2020 flattening by January 2021 and the percentage of respondents expecting an increase in headcount falling from 52% to 28% (Figure 2.1). By comparison, the expectation that this sector will be a source of job opportunities in the GBA increased from 49% to 63% (Figure 4.3) over that time. While participants in the sector in Hong Kong may have a more pessimistic outlook than a year ago (before the impact of COVID-19 was felt), the Hong Kong Government 2021-22 Budget reinforced the focus on and support of the Special Administrative Region (SAR) for the sector by allocating HKD9.5 billion to the Innovation and Technology Fund and other support measures[14].

12 KPMG Technology Industry Innovation Survey 2020 https://home.kpmg/cn/en/home/news-media/press-releases/2020/03/four-major-cities-in-china-named-among-top-20-technology-innovation-hubs.html

13 https://www.scmp.com/business/china-business/article/3117213/how-guangzhous-tech-innovation-mega-projects-aim-bolster

14 KPMG Hong Kong Budget Summary 2021-2022 P.9

Salary outlook

Understanding the workforce

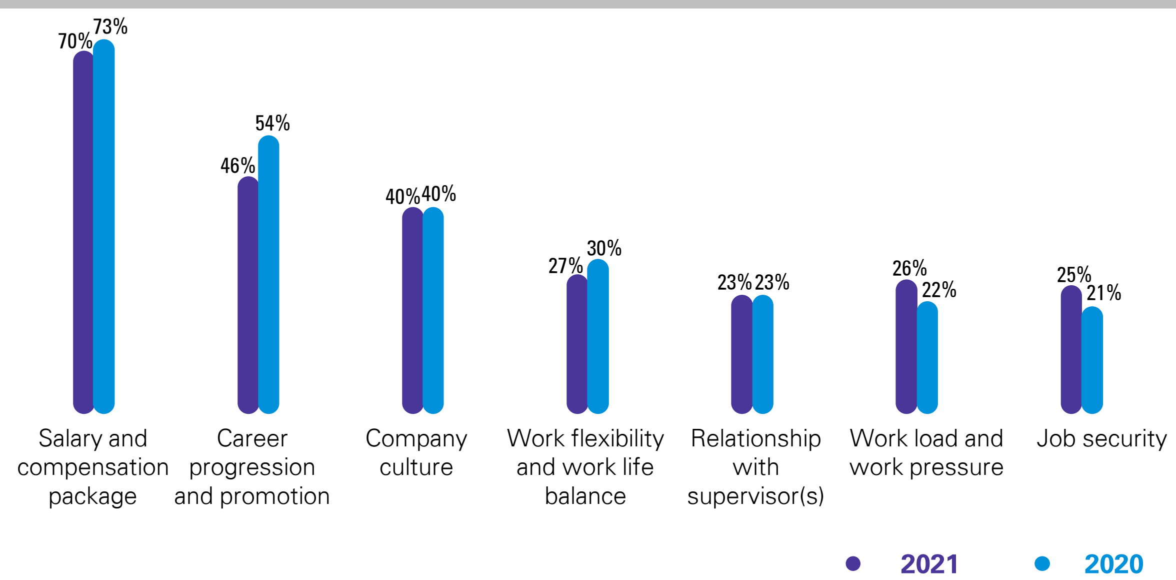
This section discusses the survey results and the reasons people look for new job opportunities, non-monetary benefits that attract talent and salary-and-bonus changes. The motivations of employees can provide employers with insights to offer competitive packages that help them attract and retain talent. A key observation is that there has been a change of attitude among talent through the instability in the economy.

Talent retention

Similar to the previous year's survey, salary and compensation package, career progression and promotion, and company culture are the top factors cited by respondents in seeking a new role. However, across the levels of seniority, there have been different changes in attitudes to various factors.

Career progression and promotion were still ranked as the second-most important factor in job changes but their weight has fallen. Less emphasis was placed on career progression at all levels except senior manager and manager levels. (Figure 5.1 & 5.3)

Figure 5.1 Drivers for seeking new job opportunities



Base: All respondents in Hong Kong
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

Among C-level executives, only 41% said career progression and promotion were key motivators compared to 56% in 2020. The measure among department heads or equivalent fell from 55% in 2020 to 42% in 2021 and also fell from 51% to 40% among assistant managers or below. Another factor was that company culture was less sought by managers and senior managers (23% in 2021, 40% in 2020). (Figure 5.2 and 5.3)

Given the current economic uncertainties, employees have focused more on stability and work pressures than career progression. There has been a rise in interest in job security among senior manager and manager level talents, with 26% of respondents in 2021 naming this as a key factor in initiating job searches compared to 19% in 2020. (Figure 5.3)

There was an increase in the emphasis placed on workload and work pressure by department heads or equivalent (24% in 2021 compared to 12% in 2020). In contrast, and perhaps influenced by the prevalence of WFH arrangements over the last year, fewer respondents at that level pointed to work-life balance and work flexibility as a reason for changing roles, down from 31% in 2020 to 24% in 2021. (Figure 5.2)

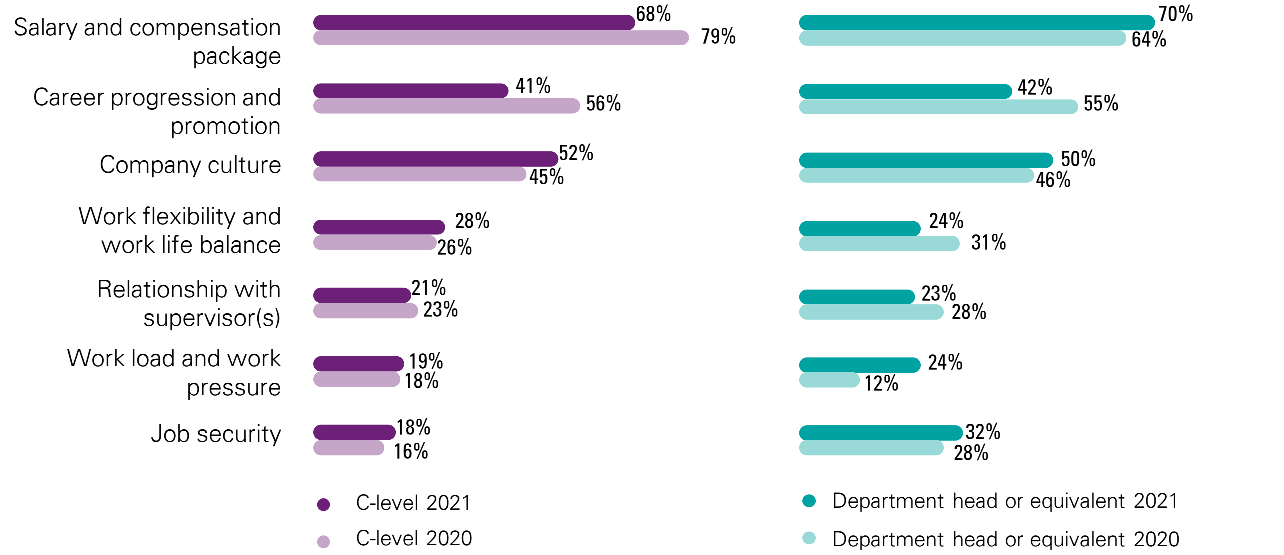
Fewer assistant manager or below talents indicated that career progression and promotion are a push factor (40% in 2021, 51% in 2020), while they are less eager to stay with an employer where they have a high workload and work pressure (39% in 2021 and 31% in 2020). (Figure 5.3)

Combining these results suggests that, while WFH arrangements might offer greater flexibility, they do not necessarily relieve the pressure from work as employees cope with adapting to remote working and the lack of physical distancing of their home and work lives.

Murray Sarelius
Head of People Services, KPMG China

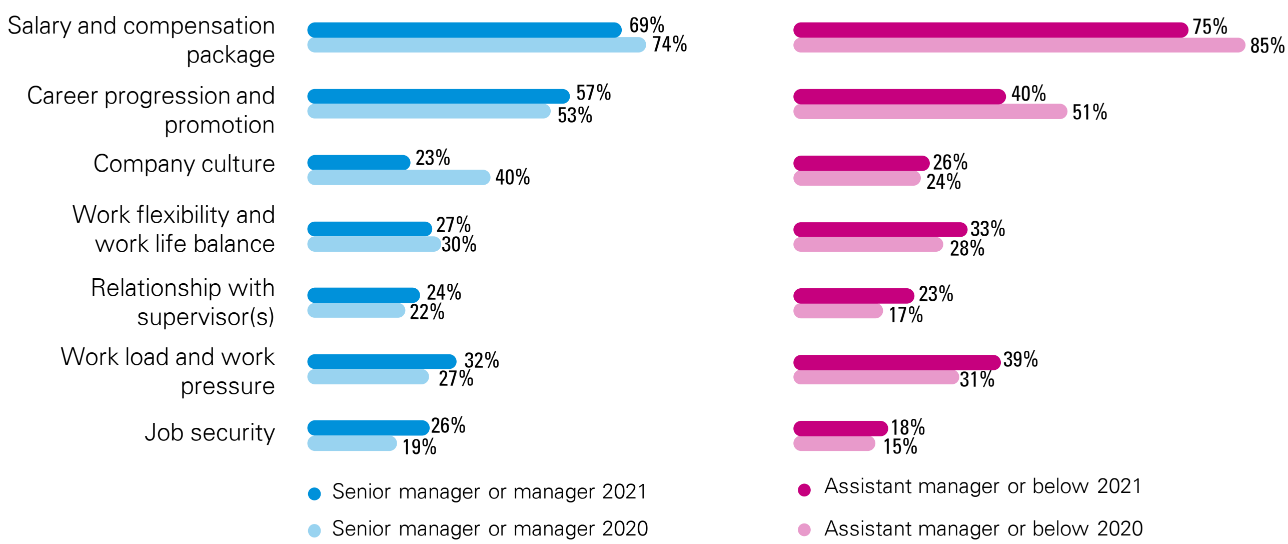
"Working from home and remote working from overseas have become facts of life. Indications are that this will continue and may be favoured by many employees and job candidates. Cross-border remote working raises a number of additional tax and legal compliance issues, but these need not be insurmountable. Employers who can embrace the challenges of remote working might find themselves taking the initiative in the war for scarce talent. This is particularly relevant when attracting or retaining people in digital and technology – skills that are coming into increased demand and already have a history of very flexible working arrangements."

Figure 5.2 Drivers for seeking new job opportunities (C-level and department heads)



Base: Hong Kong respondents
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

Figure 5.3 Drivers for seeking new job opportunities (Senior management and below)

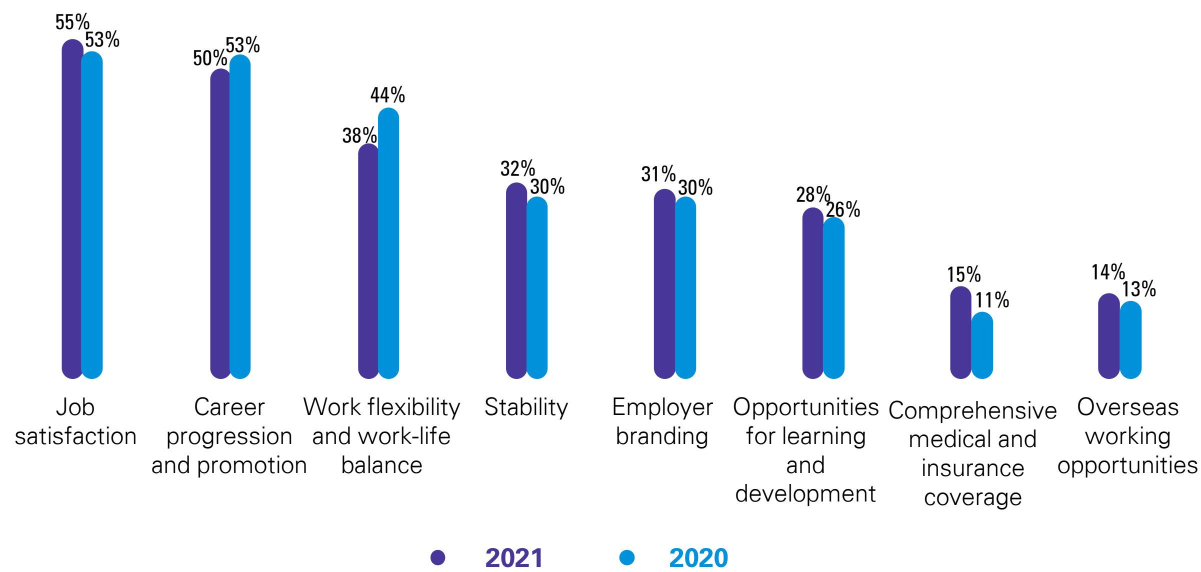


Base: Hong Kong respondents
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

Talent attraction

Looking at non-monetary factors on talent attraction, the top factors are still job satisfaction (55%), career progression and promotion (50%), work flexibility and work-life balance (38%). (Figure 5.4)

Figure 5.4 Non-monetary benefits for employees



Base: All respondents in Hong Kong
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

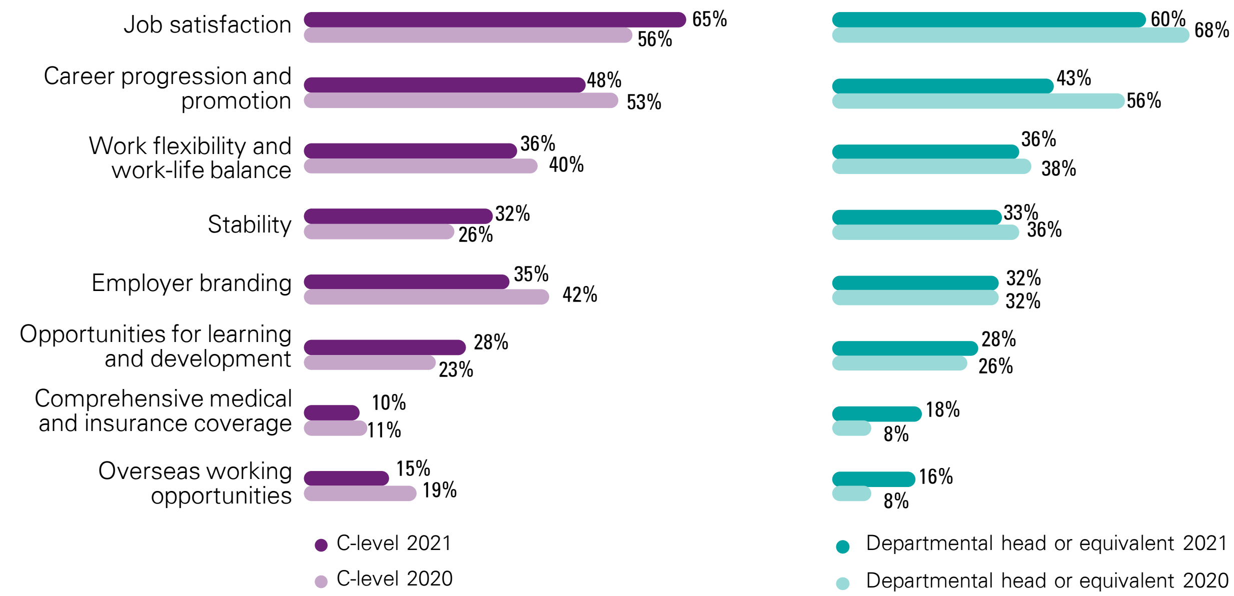
Job satisfaction has strong and increasing drawing power for C-level respondents (65% in 2021 and 56% in 2020). (Figure 5.5)

For department heads or equivalent, there was a decline in the number of respondents citing career progression and promotion (43% in 2021 compared to 56% in 2020) as a factor for considering a new role. (Figure 5.5) This may be due to the uncertainty of the current economy and labour market resulting in additional risks in seeking new roles, or to the relatively weaker market making fewer such roles available.

Increased awareness of the value of comprehensive medical and insurance coverage was also found among assistant managers or below (21% in 2021 up from 7% in 2020). This group is also reportedly eager for opportunities for learning and development (37% in 2021 and 28% in 2020), while the demand for career progression and promotion was less sought after (46% in 2021 and 52% in 2020). The demand for stability also fell to 23% in 2021 from 34% in 2020. (Figure 5.6) More job seekers at this level appear open to lateral moves and contract roles in exchange for opportunities to acquire new skills and knowledge.

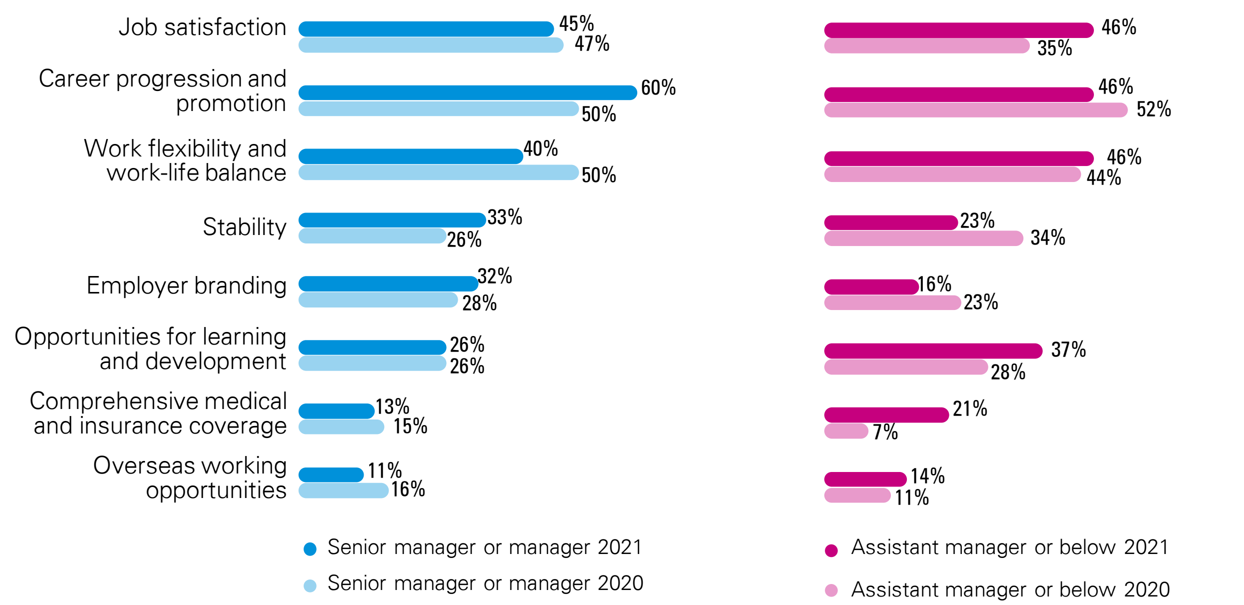
While the survey results on talent retention and talent attraction may help manage and recruit talent, employers should still pay heed to the needs and priorities of potential candidates for the sake of more efficient recruitment.

Figure 5.5 Non-monetary benefits for employees (C-level and department heads)



Base: Hong Kong respondents
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

Figure 5.6 Non-monetary benefits for employees (Senior management and below)



Base: Hong Kong respondents
Respondents were invited to choose more than one answer
Source: KPMG survey analysis

Salary changes and expectations

Salary increments reality check

Surveys were conducted in January 2020 and in January 2021. During the time between the two, COVID-19 impacted the economy and job market and influenced the responses. Compared to previous crises, like the one brought about by Severe Acute Respiratory Syndrome (SARS) in 2003 and the social unrest in Hong Kong in 2019, the duration and continuation of COVID-19 has created unprecedented challenges for the Hong Kong job market and its recovery.

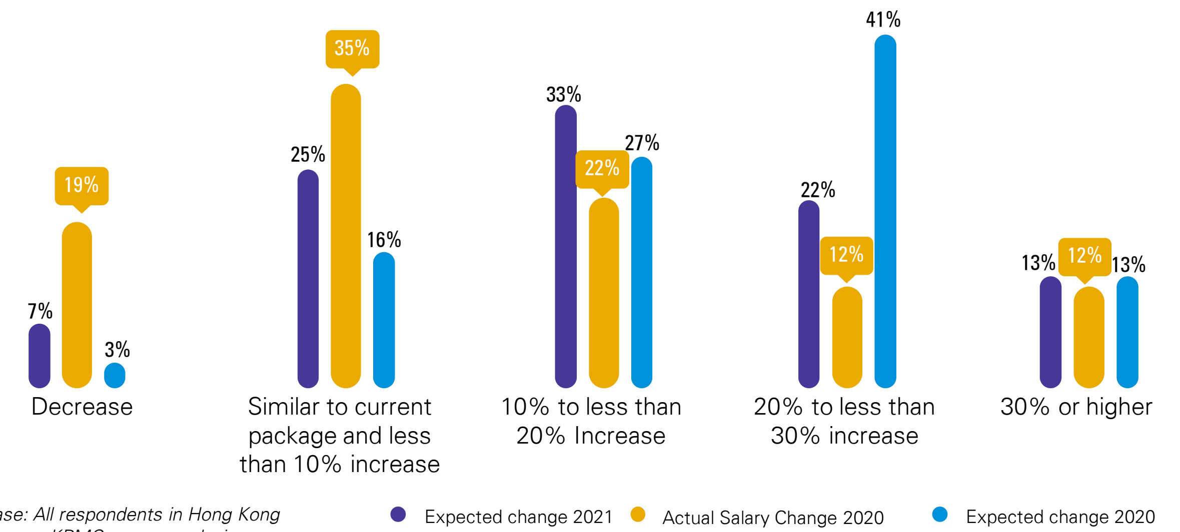
This year, only 18% of respondents said they changed their jobs in 2020, a sharp drop from 29% who said they changed jobs during 2019[15].

The actual salary changes reported were far below respondents' expectations. At the start of 2020, a majority of respondents (54%) were anticipating salary increases of 20% or higher after changing jobs. The reality was that only 24% achieved such an increase. Instead, any changes in salary were more modest with 46% reporting 10% or more increase, 35% no change or less than 10% increase and 19% a pay cut. (Figure 5.7)

At the start of last year, only 3% of respondents expected to take a pay cut when changing jobs. The reality of 2020 was that 19% of respondents who changed jobs accepted a pay reduction in an uncertain and challenging employment market as fewer job openings, a slowing economy and increasing unemployment made job changes less viable. (Figure 5.7)

With lower expectations for salary increases, there may be an opportunity for companies to source higher calibre talent with the same pay budget and attract them with such non-monetary benefits as flexible working arrangements and learning opportunities.

Figure 5.7 Salary change after a job shift



Base: All respondents in Hong Kong
Source: KPMG survey analysis

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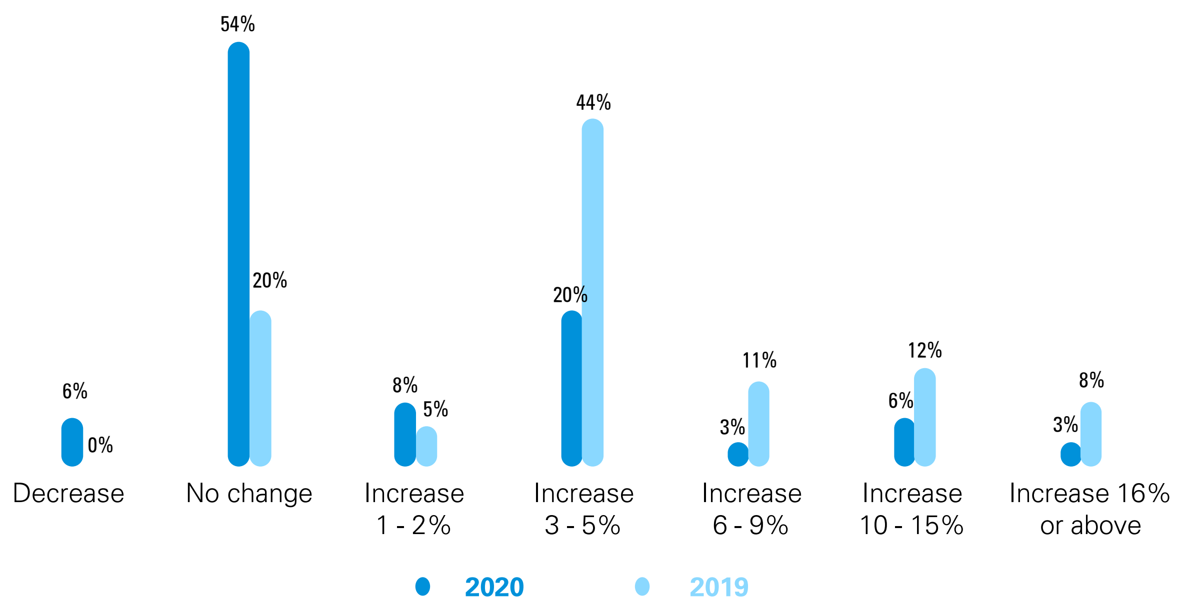
Salary review in 2020

In last year's survey, 60%[16] of respondents expected a salary increase in 2020. Of the respondents staying with their existing employers, only 40% received that anticipated pay rise. This was not unexpected given the economic conditions that emerged during 2020. No change in salary (54%) was the most common outcome across all sectors as compared to 3-5% pay rises for 44% of respondents in 2019. The number of respondents that received a 6% or higher pay rise also fell to 12% in 2020 from 31% in 2019. (Figure 5.8)

At the same time, 6% of respondents had their salaries reduced in 2020 (Figure 5.8). The reduction in pay may also be due to employees taking unpaid leave or to other responses by businesses to the pandemic. The strongest response was visible in the consumer markets sector, with 11% of respondents reporting a reduction in pay.

Figure 5.8 Salary review in 2020 and 2019 with existing employers



Base: All respondents in Hong Kong
Source: KPMG survey analysis

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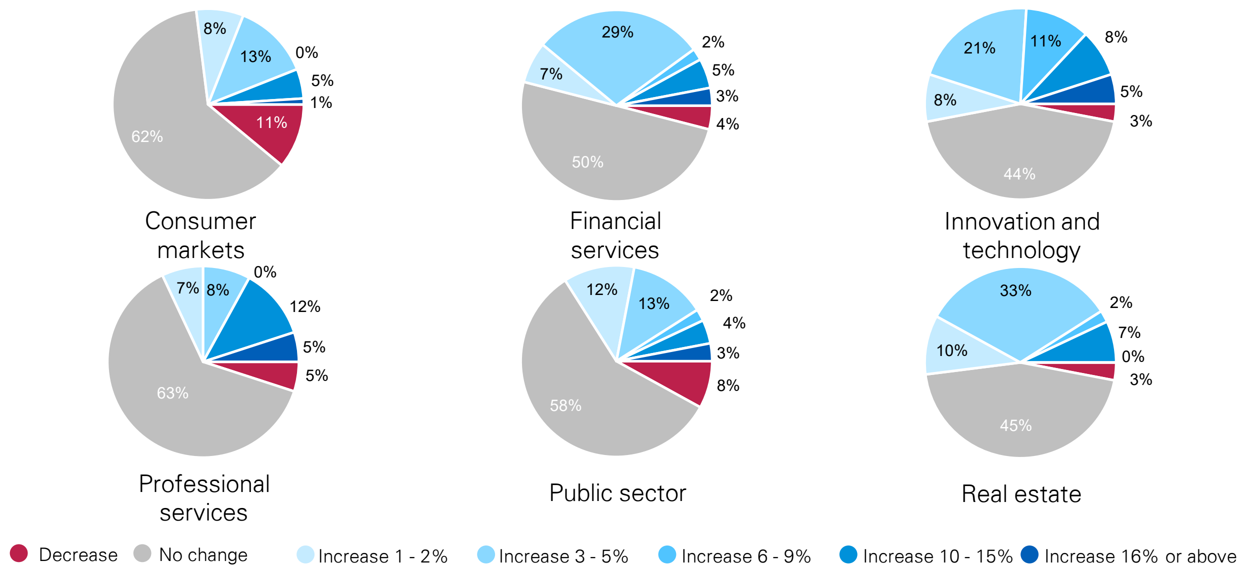
Figure 5.9 Salary review by sector in 2020



Base: All respondents in Hong Kong
Source: KPMG survey analysis

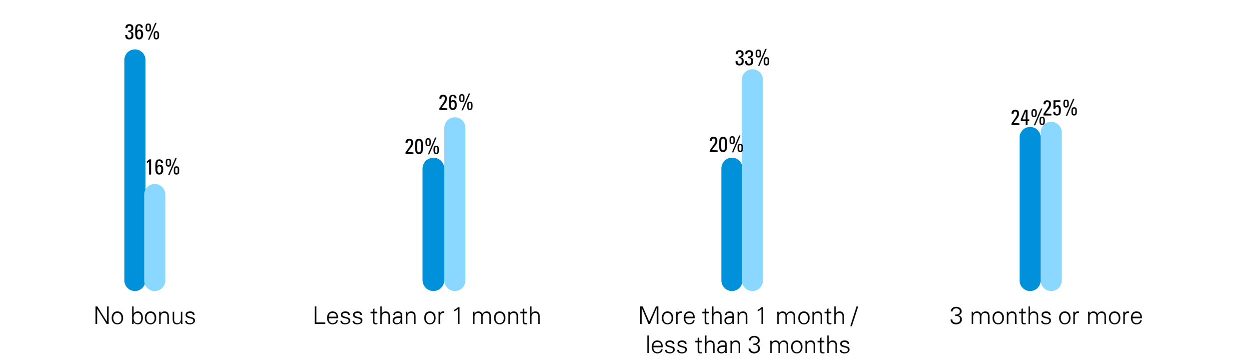
Most respondents who received a 3-5% increase were in real estate (33%) or financial services (29%), suggesting a relatively stable business outlook for these sectors. (Figure 5.9)

Annual bonus payment

When last year's survey was taken at the start of 2020, two-thirds (66%) of respondents expected a flat or decreased bonus payment during 2020 compared to the bonus received during 2019 (Figure 5.14). This was before the impacts of COVID-19 were felt but reflected the increasingly difficult economic situation in late 2019 due to weak domestic and external demand and US-China trade tensions.

This year's survey reveals that actual bonus payments during 2020 were lower than expected, despite the reduced expectations. Only 64% of respondents reported receiving a bonus, a considerable drop from the 84% result in the 2019 survey (Figure 5.10). The average bonus fell from 2.23 months in 2019 to 1.83 months in 2020 (Figure 5.11).

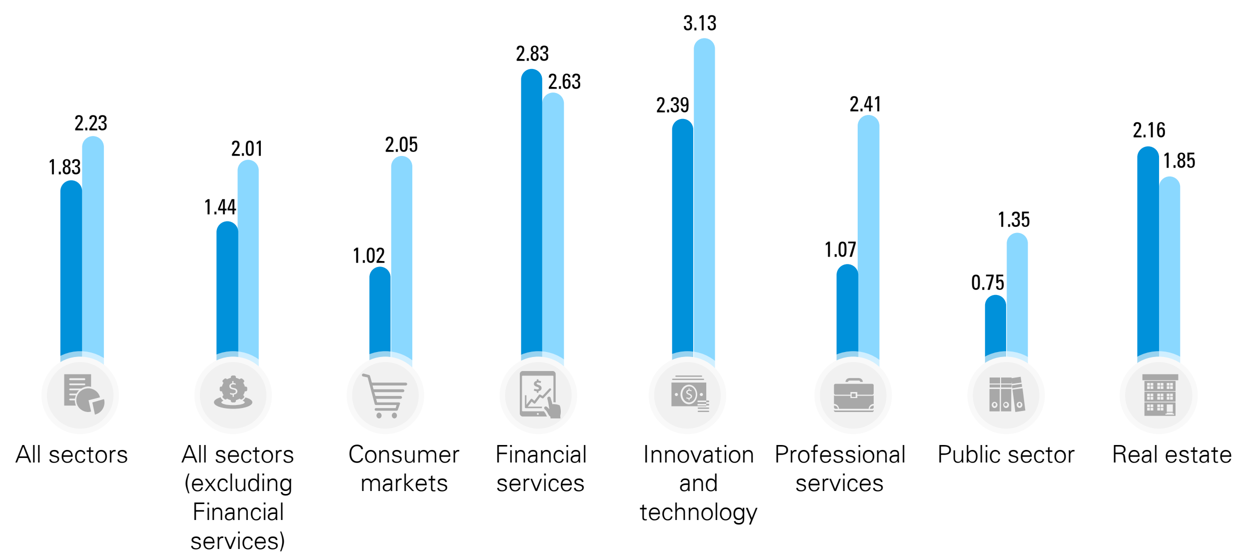
Figure 5.10 Actual bonus payment in 2020/2019



Base: All respondents in Hong Kong
Source: KPMG survey analysis

Only the real estate and financial services sectors reported an average increase in bonus payments between 2019 and 2020. The bonuses paid in the professional services sector fell substantially to 1.07 months of salary in 2020 from 2.41 months in 2019. (Figure 5.11). The reduction may be due to a competitive business market and the weakening of the economy.

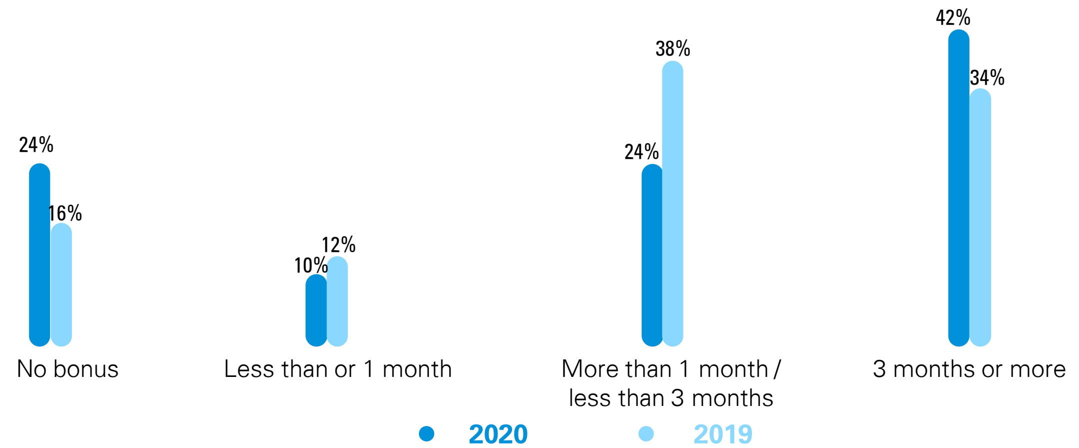
Figure 5.11 Bonus paid in 2020 / 2019 by sector (as a multiple of monthly salary)



Base: All respondents in Hong Kong
Source: KPMG survey analysis

In the financial services sector, despite the average bonus payment being slightly higher (2.83 months in 2020 compared to 2.63 months in 2019) (Figure 5.11), fewer respondents received a bonus (76% of respondents in 2020, 84% in 2019) (Figure 5.12). This suggests the industry managed the economic downturn by providing bonuses to fewer people while maintaining the overall level of bonus, or even improving the level of bonus, for that smaller group. This is shown by the higher proportion of people receiving three months or above (42% in 2020; 34% in 2019). (Figure 5.12)

Figure 5.12 Bonus received by financial services sector



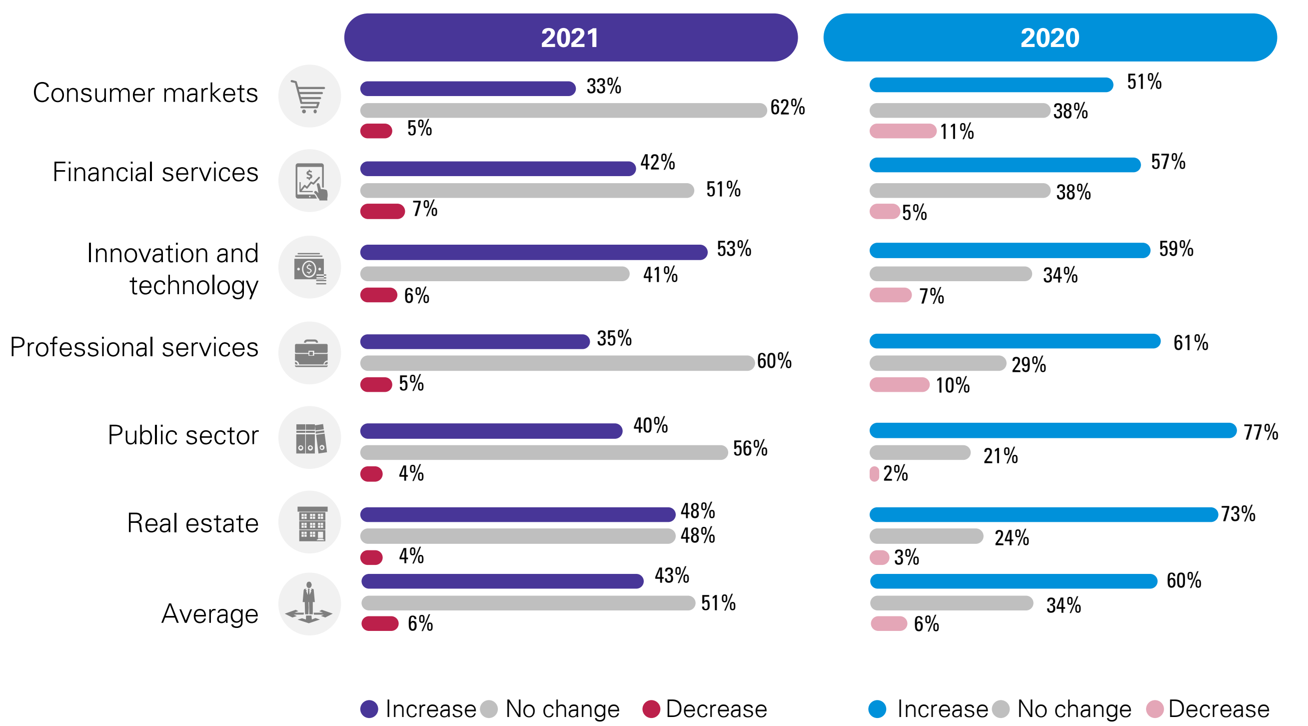
Base: Hong Kong respondents
Source: KPMG survey analysis

Salary and bonus forecast

Throughout the economic contraction in 2020, there was a drop in expectations of salary increases over the coming year. Only 43% of respondents anticipated salary increases compared with 60% (Figure 5.13) who held similar expectations at the start of 2020, but the number is slightly higher than the 40% that actually received a pay rise in 2020 (Figure 5.8).

A new trend is for salaries to remain flat. The biggest drop in expectations for a salary increase was in the public sector, with the 77% of respondents in 2020 that expected an increase falling to 40% in 2021. (Figure 5.13) The Hong Kong government announced a freeze in salary increases for 2020 to control expenses[17] and the high level of expectations for "no change" in salaries in this sector suggests this will continue to guide planning through 2021.

Figure 5.13 Expected salary change in review with existing employers



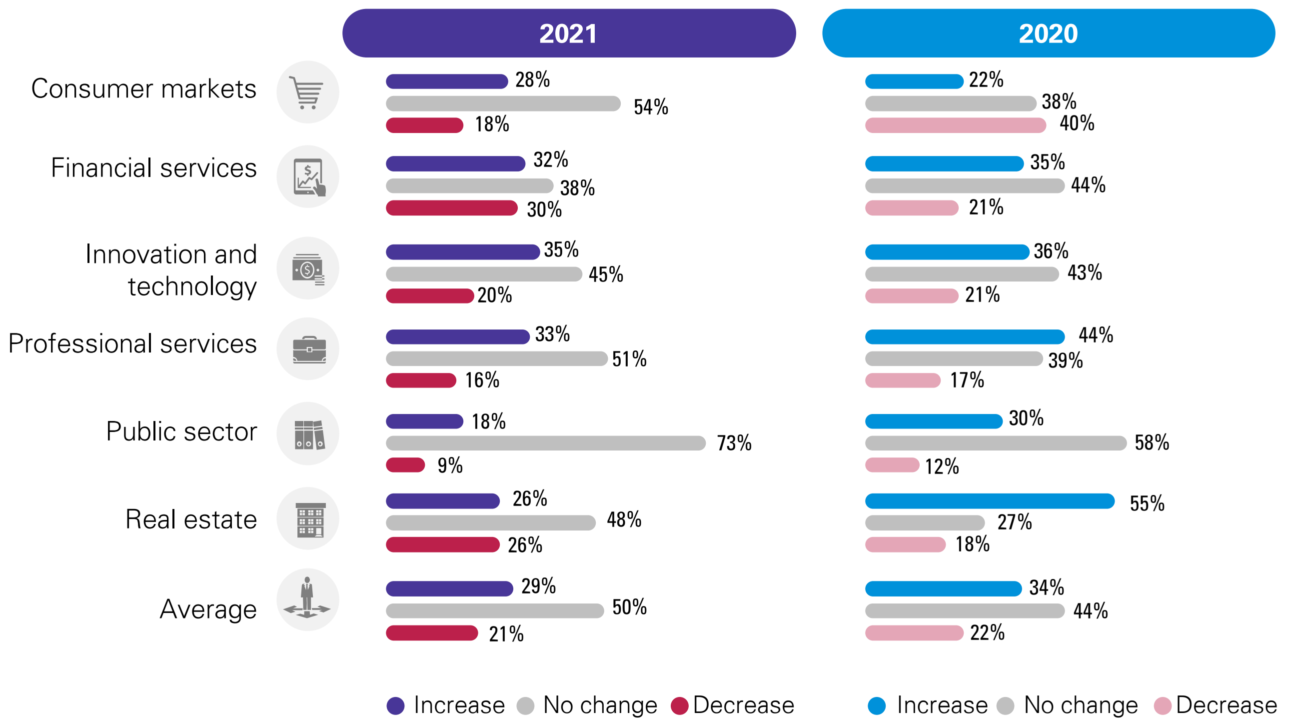
Base: All respondents in Hong Kong
Source: KPMG survey analysis

17 https://www.info.gov.hk/gia/general/202006/02/P2020060200599.htm

Only 35% of respondents in professional services expect a salary increase in 2021, compared with 61% in 2020 (Figure 5.13). The reduction may be due to salary freezes in 2020 for most respondents (63%) (Figure 5.9) and the weakening of the economy reducing staff turnover in the sector as external opportunities became less available.

The economic downturn also affected expected bonus payments, with 71% of respondents expecting similar or lower levels of bonuses in 2021 as in 2020 (Figure 5.14). This may reflect an even more difficult year for the economy through 2020, for which bonuses will be paid in 2021, as well as on-going conditions that drive cashflow and decisions on discretionary bonuses.

Figure 5.14 Expected bonus



Base: All respondents in Hong Kong
Source: KPMG survey analysis

Tables of salaries for key professions

The pages that follow, provide salary outlooks for a number of key professions in general corporate, consumer markets, financial services and real estate. The outlooks are based on a combination of market insights and the knowledge of KPMG consultants.

The figures are denoted in HKD and are representative of salaries for 12 months, excluding bonuses.

Michelle Hui
Director, Executive Search and Recruitment

“*Except for positions in the consumer markets sector, most key professions expect to remain at similar pay ranges as the previous year. Generally, employers have tightened their headcount and salary budgets through a number of approaches such as sharing the workload among team members rather than hiring new people. Employers are also more open to hiring less experienced candidates to take on similar roles rather than increasing the pay range for specific positions when making new hires. There is an increasing trend on differentiating variable pay with the changing market in the financial sector, which keeps pay ranges stable.*”

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General Corporate

▶ Company Secretarial

	Small to Medium-sized Companies	Large Corporations
Company Secretarial Officer	240K-480K	460K-600K
Assistant Company Secretarial Manager	570K-720K	660K-780K
Company Secretarial Manager	630K-880K	700K-1M
Senior Company Secretarial Manager	840K-960K	960K-1.2M
Named Company Secretary	1M+	1.5M+

▶ Finance

Financial Services and Insurance

	Small to Medium-sized Companies	Large Corporations
Finance Manager	600K-700K	700K-900K
Senior Finance Manager	800K-1M	1M-1.2M
Financial Controller	1.1M-1.3M	1.2M-1.5M
Finance Director	1.2M-1.8M	1.8M-2M
Chief Financial Officer	1.6M-1.8M	2M-2.5M+

Hong Kong Listed Companies

	Small to Medium-sized Companies	Large Corporations
Assistant Manager, Finance	360K-480K	450K-600K
Finance Manager	500K-700K	660K-1M
Financial Planning and Analysis (FP&A) Manager	600K-800K	660K-1M
Senior Finance Manager	700K-1.1M	800K-1.2M
Financial Controller	900K-1.3M	1.2M-2M
Finance Director	1.2M-1.8M	1.6M-2M
Chief Financial Officer	1.5M+	3M+

Multinational Companies

	Small to Medium-sized Companies	Large Corporations
Assistant Finance Manager, Regional	400K-600K	500K-700K
Regional Finance Manager	600K-840K	700K-900K
Regional Financial Planning and Analysis (FP&A) Manager	720K-840K	800K-1M
Regional Senior Finance Manager	800K-1M	1M-1.2M
Regional Financial Controller	1M-1.3M	1.2M-1.5M
Regional Finance Director	1.2M-1.8M	1.6M-2M
Regional Chief Financial Officer	1.5M+	2.5M+

▶ Human Resources and People Development

Human Resources

	Small to Medium-sized Companies	Large Corporations
Assistant Human Resources Manager	300K-400K	300K-500K
Manager, Talent Acquisition / Recruitment	400K-700K	600K-800K
Manager, Compensation and Benefits	500K-800K	700K-1M
Human Resources Business Partner	600K-800K	700K-1.1M
Human Resources Director	900K-1.2M	1M-1.8M
Head of Human Resources, Hong Kong Headquarters	900K+	1.8M+

Training, Learning and Development (L&D), Talent Development (T&D)

	Small to Medium-sized Companies	Large Corporations
Assistant Manager Learning and Development	240K-360K	300K-540K
Talent Management Manager	600K-800K	800K-1M
Learning & Development Manager	480K-660K	600K-900K
Senior L&D / T&D Manager	600K-800K	800K-1M
L&D / T&D Director	800K+	1.2M+

▶ Information Technology (IT)

	Small to Medium-sized Companies	Large Corporations
Manager, Information Security and Cyber Risk	540K-720K	720K-840K
Manager, IT	600K-720K	720K-900K
Senior Manager, Information Security and Cyber Risk	700K-900K	1M-1.2M
Senior Manager, IT	700K-1M	900K-1.3M
Architect	600K - 800K	720K - 1.5M
Associate Director, Information Security and Cyber Risk	900K-1.2M	1.2M-1.8M
Head of Information Security and Cyber Risk	1.4M+	1.8M+
Head of IT / IT Director	960K-1.2M	1.4M-1.8M
Chief Information Officer	1.4M+	2.2M+

▶ Internal Audit

	Small to Medium-sized Companies	Large Corporations
Assistant Internal Audit Manager	480K-600K	660K-780K
Internal Audit Manager	720K-840K	800K-1M
Senior Internal Audit Manager	800K-1M	900K-1.2M
Internal Audit Director	1M-1.5M	1.2M-1.6M
Head of Internal Audit	1.3M+	1.8M+

▶ Investor Relations

	Small to Medium-sized Companies	Large Corporations
Investor Relations Manager	600K-900K	700K-1M
Head of Investor Relations	1.2M+	1.5M+

▶ Legal

	Small to Medium-sized Companies	Large Corporations
Paralegal	360K-480K	500K-720K
Legal Manager (0-3 PQE)	500K-800K	700K-1M
Legal Counsel (4+ PQE)	900K-1.3M	1M-1.8M
Senior Legal Counsel (8+ PQE)	1M-1.8M	1.3-2M
General Counsel (12+ PQE)	1.8M+	2.4M+

Consumer Markets, Retail and Marketing

Digital and Marketing

	Small to Medium-sized Companies	Large Corporations
Social Media Manager	570K-660K	800K-950K
Publication Relations Manager	600K-660K	800K-1M
Senior Manager, Marketing	600K-780K	840K-960K
Senior Manager, Digital Marketing	700K-800K	840K-1.2M
Marketing Director	900K-1.2M	1.2M-1.6M
Digital Marketing Director	840K-1M	1M-1.3M
Head of E-Commerce	600K-800K	960K-1.5M
Data and Analytics Leader	540K-780K	900K-1.2M

Retail Operations

	Small to Medium-sized Companies	Large Corporations
Senior Retail Operation Manager	600K-840K	780K-1.2M
Retail Operation Director	900K+	1.5M+

Financial Services

Asset Management

	Small to Medium-sized Companies	Large Corporations
Associate / Analyst	400K-528K	420K-680K
Vice President / Assistant Vice President	660K-1.05M	800K-1.3M
Director / Executive Director	1M-1.4M	1M-1.6M
Managing Director / Partner	1.6M-2.4M	1.8M-2.6M
Responsible Officer (Type 9)	900K-1.5M	1.1M-1.8M
Responsible Officer (Type 9) (public fund)	1.4M+	1.8M+

Compliance and Risk Management

Financial Services

	Small to Medium-sized Companies	Large Corporations
Assistant Manager / Associate	260K-400K	300K-600K
Manager / Assistant Vice President	480K-780K	600K-840K
AML Manager	480K-780K	720K-840K
AML VP	720K-960K	900K-1.3M
Vice President	720K-960K	900K-1.3M
Director / Senior Vice President	1M-1.5M	1.3M-2.4M
Head of Compliance	1.5M+	2M+

Insurance

	Small to Medium-sized Companies	Large Corporations
Compliance Manager	600K-650K	650K-710K
Compliance Senior Manager	700K-800K	850K-960K
Compliance Director	900K-1.2M+	1.2M-1.6M+
Head of Compliance	1.5M-1.8M	2M-2.5M+

Risk Management

	Small to Medium-sized Companies	Large Corporations
Vice President, Market Risk	720K-960K	900K-1.4M
Vice President, Credit Risk	720K-960K	900K-1.4M
Vice President, Operational Risk	720K-960K	900K-1.4M
Vice President, Cyber Risk	900K-1.2M	1.2M-1.8M
Head of Risk Management	1.5M+	2M+

▶ Corporate Finance

Corporate Finance (Sell Side)

	Small to Medium-sized Companies	Large Corporations
Analyst/ Associate	300K-450K	300K-600K
Assistant Vice President / Manager	480K-650K	500K-800K
Vice President / Senior Manager	800K-1M	900K-1.3M
Assistant Director / Director	900K-1.2M	1.2M-2M
Executive Director	1.2M-1.5M	1.5M-2M
Managing Director	2M+	2.4M+
RO6 IPO Principal	2M+	2.4M+

Corporate Finance (Buy Side) - Direct Investment / Corporate Development / Mergers and Acquisitions (M&A)

	Small to Medium-sized Companies	Large Corporations
Associate, Investment	400K-528K	420K-680K
Manager, Corporate Development	660K-1.05M	800K-1.3M
Senior Manager, Corporate Development	1M-1.4M	1M-1.6M
Manager, Investment	660K-1.05M	800K-1.3M
Senior Manager, Investment	660K-1.05M	800K-1.3M
Director, Corporate Development	1.4M+	1.8M+
Investment Director	1.5M-2M	1.8M-2.4M
Managing Director / Chief Investment Officer	2M+	2.4M+

Real Estate

▶ Leasing

	Small to Medium-sized Companies	Large Corporations
Leasing Manager	480K-600K	600K-800K
Senior Leasing Manager	600K-960K	800K-1.2M
General Manager	800K-1.2M	1.2M-1.6M
Leasing Director	1.2M+	1.6M+

▶ Project Development

	Small to Medium-sized Companies	Large Corporations
Project Manager	600K-800K	800K-1.2M
Senior Project Manager	800K-1.2M	1.2M-1.8M
Project Director	1.2M+	1.8M+

▶ Property Management

	Small to Medium-sized Companies	Large Corporations
Property Management Manager	480K-540K	600K-720K
Senior Property Management Manager	600K-720K	840K-1.2M
Director, Property Management	1M-1.2M	1.3M-1.8M
Head of Property Management	1.2M+	1.8M+

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