

SUMMARY OF THE RESULTS OF THE 1982/83 PAY TREND SURVEY

Purpose of the Survey

The Pay Trend Survey 1982-83 was the tenth survey of private sector pay trends conducted by the Pay Survey and Research Unit or its forerunner the Pay Investigation Unit. Pay trend surveys provide information on the general movement of private sector pay over a given period and they are not concerned with comparisons of pay rates for specific occupational groups.

2. The 1982-83 survey covered the period 1 February 1982 to 31 January 1983 inclusive and the information collected provided a factual basis for the review of pay rates in the civil service below the Directorate level.

Role of the Pay Survey and Research Unit

3. The Pay Survey and Research Unit is a fact-finding organisation which was set up to assist in implementing Government's policy of fixing civil service pay rates on the basis of broad comparisons with the private sector. To enhance its independence and impartiality, administrative control of the Unit was transferred from the Civil Service Branch of the Government Secretariat to the Standing Commission on Civil Service Salaries and Conditions of Service on 1 December 1982. The Pay Survey and Research Unit operates independently within the Standing Commission Secretariat to the extent that none of the information obtained from companies participating in the Unit's surveys is released outside the Unit except in an anonymous form. Anonymity is preserved in survey reports by the allocation of code numbers to the companies participating in the survey.

4. Subject to the need to protect confidential sources of information, the Pay Survey and Research Unit is ready to assist private organisations by providing information on salaries and conditions of service.

Approach to the Survey

5. The survey field for 1982-83 comprised 49 companies. Each company was visited by a staff member of the Pay Survey and Research Unit and the personnel manager, personnel officer or other member of management responsible for pay was interviewed. The methodology used was the same as for the 1981/82 survey. Where companies were able to identify the various percentages within the overall adjustment which were attributable to specific elements, this was recorded. Details were also obtained of payments additional to salary and a comparison made with similar additional payments recorded in the 1981/82 Pay Trend Survey. In order to identify any variation in salary adjustments made to

staff at different levels within a company, the companies were asked to provide details of adjustments in three monthly pay bands : less than \$4,000, \$4,000 - \$10,999, and \$11,000 - \$20,685. These bands broadly related to Points 16 and below, Points 17 - 37 and Points 38 - 51 respectively in the civil service Master Pay Scale.

### Presentation of Data

6. An alphabetical list of the 49 companies which participated in the survey is at Annex A. Information provided during the interview was recorded on individual company statements, a sample of which is at Annex B. Items 1 - 5 of each statement give details relating to monthly salary, items 6 and 7 cover payments additional to monthly salary and item 8 records conditions of service other than monthly salary and additional payments. Item 9 records any pay movements in the previous year which were not reported in time for the 1981/82 Pay Trend Survey. All the companies were asked to confirm that the statements were factually correct.

7. Where a company used pay scales or pay ranges the survey recorded the movement of the range or scale as a whole. Where more flexible arrangements were found and employees were, in effect, on personal rates of pay, the survey recorded the general trend and disregarded any atypical movements.

8. Details were obtained of the pay structures used by the participating companies, including arrangements for daily rated staff, and as a result the company employee category was linked separately to the appropriate pay structure. The terms used are defined as follows :

<u>Pay Scale</u>	- where there is a defined minimum and maximum rate for each job with a fixed or variable number of steps in between
<u>Pay Range</u>	- where there is a defined minimum and maximum rate for each job but with no predetermined steps in between
<u>Individual Rate</u>	- where there is no defined minimum and maximum rate and each employee is on an individually assessed personal rate
<u>Daily Rated or Piece Rated</u>	- where monthly salary is calculated on a daily rate or piece rate basis

9. During the survey period 49 companies reviewed the pay of all or some categories of their staff and 48 were able to report salary adjustments in time for the calculation. The

range of salary adjustments and the components of the adjustment attributable to cost of living, general prosperity and company performance, merit, internal relativities, external relativities i.e. adjustments due to changes in the market rates for specific jobs, promotion, transfer and other factors were recorded. A comparison was also made between any payments additional to salary made by each company during the year 1 February 1982 to 31 January 1983 and the previous survey period 2 April 1981 to 31 January 1982. Differences were converted into percentage terms by relating them to the appropriate pay rates.

### Observations

10. The survey year 1 February 1982 to 31 January 1983 was one which saw substantial changes in the economic outlook and profitability of many of the companies included in the survey. This manifested itself in wide differences in the levels of pay adjustments and the trend was for those companies which made their adjustments in the first half of the survey period to grant higher awards than those companies which made their adjustments in the second half of the survey field. This trend was also noted in some of the companies which carry out salary adjustments throughout the year.
11. When comparisons are made with the 1981/82 Pay Trend Survey report it should be remembered that the 1981/82 Survey covered only a ten-month period whereas the 1982/83 Survey covered a full year, hence the greater number of companies reporting increases in the current year.
12. An additional factor relevant to the greater number of companies reporting merit and promotion adjustments either as separate figures or as a combined figure is the fact that these details were not always recorded in the past on the understanding that any such figures would be deducted from the calculation of the pay trend indicators. This was particularly the case with companies which made their merit and promotion awards and their general pay adjustments at different times.

### Validation of Results

13. Company data was analysed in accordance with the criteria shown in Annex C and presented to the Pay Trend Survey Committee. The data was presented in tabular form showing the net percentage change in salaries after deduction of the factors listed in paragraph 7 of Annex C. The percentage figures for various categories of staff in each company by salary band were then multiplied by the appropriate number of employees and by the industrial weight. The industrial weight to be applied to each major economic sector was determined by dividing the percentage of employees in each economic sector for the working population of Hong Kong as a whole by the percentage of employees in each economic sector in the survey field. The Tables produced for

the Pay Trend Survey Committee therefore ran into many hundreds of calculations. Annex D illustrates the range of pay adjustments made by the companies in the survey and the differences between the average adjustments for each major economic sector. It shows the average percentage pay adjustment made by each company in each pay band and the average percentage pay adjustment for each major economic sector in each pay band together with the number of employees involved. The entries for individual companies are shown in random order for each major economic sector.

14. The Pay Trend Survey Committee agreed with the findings of the Pay Survey and Research Unit and concluded that there was evidence that the following pay increases had been awarded in the private sector during the year 1 February 1982 to 31 January 1983 :

<u>Lower Salary Band</u>	<u>Middle Salary Band</u>	<u>Upper Salary Band</u>
(less than \$4,000 p.m.)	(\$4,000 - \$10,999 p.m.)	(\$11,000 - \$20,685 p.m.)
8.80%	7.88%	7.24%

1982-83 Pay Trend SurveyAlphabetical list of 49 companies which participated in the survey

	<u>Industrial Classification*</u>
Amoy Canning Corporation (H.K.) Ltd., The	M
British-American Tobacco Co. (H.K.) Ltd.	M
Caltex Oil Hong Kong Ltd.	W
Cathay Pacific Airways Ltd.	T
Chartered Bank, The	F
Chiaphua Industries Ltd.	M
China Motor Bus Co., Ltd.	T
C.Y. Tung Group of Companies (H.K.)	T
Esso Hong Kong Ltd.	W
Fook Lee Construction Co., Ltd.	C
Gammon (Hong Kong) Ltd.	C
Hong Kong Aircraft Engineering Co. Ltd.	M
Hongkong & Kowloon Wharf & Godown Co. Ltd., The	T
Hongkong and Shanghai Banking Corporation Ltd., The	F
Hongkong & Yaumati Ferry Co., Ltd., The	T
Hongkong Land Company Ltd., The	F
Hong Kong Oxygen & Acetylene Co., Ltd.	M
Hong Kong Soya Bean Products Co., Ltd., The	M
Hongkong Tramways Ltd.	T
Hongkong United Dockyards Ltd.	M
Hsin Chong Construction Co. Ltd.	C
Hutchison-Boag Ltd.	W
IBM World Trade Corporation	W
Jardine, Matheson & Co., Ltd.	W
Jebsen & Co. Ltd.	W
John Swire & Sons (H.K.) Ltd.	F
Kowloon Motor Bus Co., (1933) Ltd., The	T
Lap Heng Co., Ltd.	M
Li & Fung Ltd.	W
Lo and Lo Solicitors & Notaries Public	F

	Industrial <u>Classification*</u>
Manhattan Garments Ltd.	M
Mei Foo Investments Ltd.	F
Mobil Oil Hong Kong Ltd.	W
National Lacquer & Paint Products Co., Ltd., The	M
Nedlloyd Lines	T
Otis Elevator Co., (H.K.) Ltd.	C
Paul Y. Construction Co., Ltd.	C
Ryoden Electric Engineering Co., Ltd.	C
San Miguel Brewery Ltd.	M
Shell Company of Hong Kong Ltd., The	W
Sing Tao Newspapers Ltd.	M
Sonca Industries Ltd.	M
South China Morning Post Ltd.	M
South Sea Textile Manufacturing Co., Ltd.	M
Swire Bottlers Ltd.	M
Toppan Printing Co., (H.K.) Ltd.	M
Wing On Co., Ltd., The	W
Winner Company (H.K.) Ltd.	M
W. Haking Enterprises Ltd.	M

\* Industrial Classification in accordance with International Standard Industrial Classification

M = Manufacturing

C = Construction

W = Wholesale, retail and import/export trades, restaurants and hotels

T = Transport, storage and communication

F = Financing, insurance, real estate and business services

Company No.

1. Statement of pay adjustments during the inclusive period 1 February 1982 to 31 January 1983

2. Analysis of employees by company category, pay band, pay structure and pay movement as at January 1983

Company employee category	Number employed*	Minimum and maximum of basic monthly pay	% pay movement	Basis of pay structure**

Note

\* Number of employees earning over \$20,685 per month shown in parenthesis

\*\*PS = Pay Scale  
PR = Pay Range  
IR = Individual Rate  
O = Others e.g. Daily rated staff

3. Analysis of employees in accordance with the following three pay bands

Company employee category	Less than \$4,000		\$4,000 - \$10,999		\$11,000 - \$20,685	
	No. of employees	% pay movement	No. of employees	% pay movement	No. of employees	% pay movement

Company No. (cont'd)

4. (a) Application of pay movements to those employees on the maximum and minimum points of a scale, range or on the highest and lowest individual rates
  
- (b) Application of pay movements to those in receipt of annual increments, where there are incremental scales
  
5. Components reflected in the pay adjustment and the percentage attributable to each, if possible
  
  
6. Details of any additional payments during the inclusive period 1 February 1982 to 31 January 1983 (including payments due for the Lunar New Year 1983)
  
  
7. Comparison of additional payments detailed in Item 6 with those for the inclusive period 2 April 1981 to 31 January 1982
  
  
8. Details of significant changes in conditions of service during the inclusive period 1 February 1982 to 31 January 1983
  
  
9. Details of any pay movements (2.4.81 - 31.1.82) not covered by the Pay Trend Survey Report 1981-82

PAY TREND SURVEY 1982 - 83

CRITERIA USED IN THE ANALYSIS OF  
BASIC DATA FOR EACH COMPANY

1. Only data relating to staff earning \$20,685 or less per month was considered.
2. Three pay bands, less than \$4,000, \$4,000 - \$10,999 and \$11,000 - \$20,685 relating broadly to MPS 16 and below, MPS 17 - 37 and MPS 38 - 51 were used.
3. Changes in bonus (including those relating to the 1982/83 Lunar Year) were taken into account, one month's bonus was taken as being equal to 8.33% of pay.
4. Where a lump sum increase was reported it was converted into percentage terms by relating it to the appropriate pay rates.
5. Where a monthly allowance, which represented an actual addition to basic pay, was reported it was converted into annual percentage terms by relating it to the appropriate pay rates.
6. Where a company reported giving varying percentage increases to a particular salary level, the average figure was used.
7. Increases equating to the inscale increments of a civil servant, or attributable to the following factors :-
  - (a) merit of a particular employee;
  - (b) internal relativities;
  - (c) external relativities or adjustment due to changes in the market rate of a specific job;
  - (d) promotion; and
  - (e) transferwere excluded.
8. Where companies had not announced a pay adjustment which would be effective within the survey period 1 February 1982 to 31 January 1983 but were expected to make an announcement after 31 January 1983 they were excluded from the weighting of survey results.
9. The survey findings were additionally weighted by industrial classification to reflect the distribution of the work force in the major economic sectors as reported by the Census and Statistics Department for the 3rd quarter of 1982.

Pay Trend Survey 1982 - 83

Table showing the range of average percentage changes in salary and additional payments for each salary band in each of the 48 survey companies and of the major industrial sectors weighted by the number of employees in each band

Industrial Sector	Lower Band (less than \$4,000 p.m.) %	Middle Band (\$4,000-\$10,999 p.m.) %	Upper Band* (\$11,000-\$20,685 p.m.) %
Wholesale, retail, I/E, res- taurants and hotels	9.00	9.00	9.00
	14.57	15.44	16.33
	7.50	7.50	7.50
	5.80	5.80	5.80
	5.93	5.93	5.93
	13.68	10.88	7.49
	7.00	7.00	7.00
	13.00	13.00	13.00
	6.90	6.90	6.90
	5.00	4.60	3.81
Sector average %	7.30	6.94	6.37
Number of employees	6,842	1,902	435
Transport, storage and com- munication	7.00	7.00	7.00
	17.38	16.78	14.00
	8.00	8.00	8.00
	7.50	7.50	9.52
	19.09	10.69	6.84
	26.40	29.90	38.23
	12.02	8.31	6.80
	8.00	8.00	-
Sector average %	16.35	12.27	8.31
Number of employees	15,907	2,037	199

\* A hyphen in the Upper Band Column indicates that a company had no employees in that salary range.

Industrial Sector	Lower Band (less than \$4,000 p.m.) %	Middle Band (\$4,000-\$10,999 p.m.) %	Upper Band* (\$11,000-\$20,685 p.m.) %
Financing, insurance, real estate and business services	15.00	14.86	14.46
	15.00	15.00	15.00
	15.91	10.00	10.00
	-1.33	-1.33	-1.33
	5.00	5.00	8.33
	10.30	11.29	12.45
Sector average %	13.95	13.28	12.30
Number of employees	13,837	2,780	505
Manufac- turing	3.62	-1.25	5.41
	7.23	4.97	0.52
	14.06	5.00	5.00
	16.00	16.00	16.00
	9.00	9.00	9.00
	11.00	11.00	11.00
	7.78	5.56	5.67
	6.70	6.30	5.80
	12.84	14.10	14.10
	17.28	15.56	-
	-2.39	-8.20	-
	9.50	9.50	-
	17.50	11.09	-
	0.25	5.12	4.50
	6.39	8.67	8.67
	10.00	10.00	10.00
19.00	15.00	-	
17.80	17.42	17.38	
Sector average %	8.19	7.12	7.60
Number of employees	25,540	1,843	294

\* A hyphen in the Upper Band Column indicates that a company had no employees in that salary range.

Industrial Sector	Lower Band (less than \$4,000 p.m.) %	Middle Band (\$4,000-\$10,999 p.m.) %	Upper Band* (\$11,000-\$20,685 p.m.) %
Construction	10.89	7.97	2.50
	6.00	5.93	-2.33
	-4.03	-3.68	-
	5.79	4.41	2.50
	13.20	11.19	11.03
	2.38	-2.73	-22.00
Sector average %	5.59	2.98	0.07
Number of employees	7,494	1,056	130
Pay Trend Survey indicators	8.80%	7.88%	7.24%
Total number of employees	69,620	9,618	1,563

\* A hyphen in the Upper Band Column indicates that a company had no employees in that salary range.