

Summary of the results of the 1985/86 Pay Trend Survey

Purpose of the Survey

The Pay Trend Survey 1985-86 was the thirteenth in a series of pay trend surveys undertaken by the Pay Survey and Research Unit. These surveys provide information on the general movement of private sector pay over a given period. They are not concerned with comparisons of pay rates for specific occupation groups.

2. The 1985-86 survey covered the period 1 February 1985 to 31 January 1986 inclusive and the information collected provided a factual basis for the 1986 review of pay scales below the Directorate level in the Civil Service.

Approach to the Survey

3. 58 companies were invited to participate in the survey. 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 the management responsible for pay was interviewed. Companies were asked to provide details of any general salary adjustments awarded to whole categories of employees. In order to identify any variation in salary adjustments made to staff at different levels within a company, they were asked to break down details of adjustments into three monthly salary bands, namely : less than \$4,300, \$4,300 - \$13,999 and \$14,000 -

\$25,605. These bands relate broadly to Master Pay Scale Point 13 and below, Points 14 - 37 and Points 38 - 51 respectively in the Civil Service.

4. Details were also obtained of payments additional to salary and a comparison made with similar additional payment recorded in the 1984-85 Pay Trend Survey.

5. Companies were also asked to provide details of pay adjustments of an individual nature such as merit awards and promotion increase. Information was sought on both the number of employees involved and the level of adjustments. Where these were identified they were recorded. Finally companies were asked to provide details of significant changes in conditions of service and where reported these were also recorded.

#### Presentation of Data

6. A schedule of companies participating in the survey is at Annex A. Information provided during the interviews was recorded on the individual company statements, a sample of which is at Annex B. Only one company did not supply data before the cut-off date for the survey. Items 1 - 3 of each statement give details relating to monthly salary, items 4 and 5 give details of payments additional to monthly salary, item 6 gives details of payments of an individual nature and item 7 records significant changes in conditions of service

other than monthly salary and additional payments. Companies were asked to confirm that this statement for the company was 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 pay structures operated by the participating companies, including arrangements for daily rated staff, and as a result the company employee category has been linked separately to the appropriate salary structure. The terms used are defined as follows : -

- |           |   |   |
|-----------|---|---|
| Pay Scale | - | where there is a defined minimum and maximum rate for each job with a fixed or variable number of salary rates in between |
| Pay Range | - | where there is a defined minimum and maximum rate for each job but with no predetermined salary rates in between          |

Individual Rate - where there is no defined minimum and maximum rate and each employee is on an individually assessed personal rate

Daily, Hourly or Piece Rated - where monthly salary is calculated on a daily rate or a piece rate basis.

9. The survey recorded 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 rate for a specific job), promotion, transfer and other factors. A few companies were unable to identify the percentage of adjustment attributable to individual components. A comparison was also made between any payments additional to salary made by each company during the year 1 February 1985 to 31 January 1986 and the previous survey year. Differences were converted into percentage terms by relating them to the appropriate rates of pay.

#### Validation of Results

10. Company data was analysed in accordance with the criteria shown in Annex C and presented to the Pay Trend Survey Committee in tabular form. 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 the relevant sector in the survey field. The Tables produced for the Pay Trend Survey Committee therefore run 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 economic sector.

11. 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 has been awarded in the private sector during the year 1 February 1985 to 31 January 1986.

<u>Lower Salary Band</u>	<u>Middle Salary Band</u>	<u>Upper Salary Band</u>
(less than \$4,300 p.m.)	(\$4,300-\$13,999 p.m.)	(\$14,000-\$25,605 p.m.)
6.73%	6.33%	6.96%

ANNEX A

1985-86 Pay Trend Survey

Alphabetical list of companies which participated in the survey

	<u>Industrial Classification*</u>
A.S. Watson & Co., Ltd.	W
Amoy Industries (International) Ltd.	M
British-American Tobacco Co. (H.K.) Ltd.	M
Caltex Oil Hong Kong Ltd.	W
Cathay Pacific Airways Ltd.	T
Chiaphua Industries Ltd.	M
China Motor Bus Co., Ltd.	T
Crocodile Garments Ltd.	M
Dodwell Hong Kong Ltd.	W
Esso Hong Kong Ltd.	W
Fook Lee Construction Co., Ltd.	C
Gilman & Co., Ltd.	W
Hong Kong Aircraft Engineering Co. Ltd.	M
Hongkong & Kowloon Wharf & Godown Co. Ltd., The	F
Hongkong and Shanghai Banking Corporation Ltd., The	F
Hongkong and Shanghai Hotels Ltd., The	W
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
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
Lam Soon (H.K.) Ltd.	M
Lap Heng Co., Ltd.	M
Leighton Textile Company Ltd.	M
Li & Fung Ltd.	W

Lo and Lo Solicitors & Notaries Public	F
Manhattan Garments Ltd.	M
Mei Foo Investments Ltd.	F
Mobil Oil Hong Kong Ltd.	W
Motorola Semi-conductors (H.K.) Ltd.	M
National Lacquer & Paint Products Co., Ltd., The	M
Nedlloyd Lines	T
Orient Overseas (Holdings) Ltd.	T
Otis Elevator Co., (H.K.) Ltd.	C
Paul Y. Construction Co., Ltd.	C
Perfekta Enterprises Ltd.	M
Philips Hong Kong Ltd.	W
Ryoden Electric Engineering Co., Ltd.	C
San Miguel Brewery Ltd.	M
Shell Company of Hong Kong Ltd., The	W
Shui Hing Co., 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
Standard Chartered Bank	F
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

Annex B

Company No. \_\_\_\_\_

1. Statement of general salary adjustments during the inclusive period 1 February 1985 to 31 January 1986 attributable to factors other than those of an individual nature recorded in item 6

2. Analysis of employees by category, monthly salary, salary adjustments as recorded in item 1 and salary structure as at January 1986

Company employee category	*Number of employees	Minimum and maximum of basic monthly salary	% salary adjustment	Basis of salary structure
Total		*Number of employees with monthly salary over \$25,605 shown in parenthesis		

3. Analysis of salary adjustments as recorded in item 1 in accordance with the following three salary bands

Company employee category	Less than \$4,300		\$4,300 - \$13,999		\$14,000 - \$25,605	
	No. of employees	% salary adjustment	No. of employees	% salary adjustment	No. of employees	% salary adjustment





ANNEX C

CRITERIA USED FOR THE CALCULATION  
OF THE 1985-86 PAY TREND INDICATORS

1. All 58 companies participating in the survey were included in the calculations provided that :
  - (a) they could provide and confirm data on adjustments of salary and additional payments for not less than 75% of their total employees by 13 February 1986;
  - (b) where appropriate, they could separate adjustments relevant to the calculation of the pay trend indicators from the inscale increment and merit of an individual employee, external and internal relativities, promotion and transfer; and
  - (c) they had not changed the basis of their salary structure to a pay scale or pay scales for some or all categories of their employees during the survey period 1 February 1985 to 31 January 1986.
2. The total number of employees in each company included in the calculations of the pay trend indicators were used to determine the industrial weighting factor to bring the survey results into line with the distribution of the working population in major economic sectors as reported by the Census and Statistics Department for the 3rd quarter of 1985.
3. Only data on salary and additional payments relating to the survey period 1 February 1985 to 31 January 1986 and additional payments for the previous year reported belatedly were included in the calculation of the pay trend indicators.
4. Data on salary and additional payments relating to apprentices, trainees and employees earning more than \$25,605 per month were excluded from the calculation of the pay trend indicators.
5. Three salary bands, less than \$4,300 per month, \$4,300 - \$13,999 per month and \$14,000 - \$25,605 per month broadly relating to MPS 13 and below, MPS 14 - 37 and MPS 38 - 51 were used.
6. Data on salary and additional payments for company employees in a particular band were included in the calculation of the pay trend indicators only if by 13 February 1986 the company had announced adjustments for not less than 75% of the employees in that band during the survey period.
7. Adjustments attributable to the following factors were excluded from the calculation of the pay trend indicators :-
  - (a) inscale increment and merit of an individual employee;
  - (b) external and internal relativities; and
  - (c) promotion and transfer.
8. Changes in bonus (including those for the Lunar New Year 1986 but excluding those for the Lunar New Year 1985) were taken into account and one month's bonus was taken as equal to 8.33% of the monthly salary.
9. Changes in payments and monthly allowance reported in dollar terms were converted into annual percentage terms by relating them to the appropriate salary rates.
10. Where a range of percentage adjustments to a particular salary level was reported, the average figure was used.

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Table showing the range of average percentage changes in salary and additional payments for each salary band in each of the 55 survey companies and of the major industrial sectors weighted by the number of employees in each band and industrial weights

Industrial Sector	Lower Band (less than \$4,300 p.m.) %	Middle Band (\$4,300 - \$13,999 p.m.) %	Upper Band* (\$14,000 - \$25,605 p.m.) %
Manufacturing	8.81	7.00	7.00
	12.30	12.23	11.20
	5.88	12.09	2.35
	1.19	3.00	0.00
	5.50	5.50	5.50
	8.83	11.74	14.20
	18.65	16.64	16.64
	7.36	4.11	-
	9.71	9.07	6.00
	4.00	4.00	4.00
	5.84	6.97	9.67
	3.18	4.78	4.78
	8.00	8.00	-
	11.14	11.59	27.50
	0.00	0.00	0.00
	11.68	12.10	10.03
	7.00	7.00	7.00
	4.71	-45.50	-
	11.50	10.92	10.00
	6.97	6.74	5.46
10.80	10.80	10.80	
11.00	11.00	-	
8.00	7.60	6.00	
Sector average %	7.71	6.86	6.86
Number of employees	26,290	3,534	358

Industrial Sector	Lower Band (less than \$4,300 p.m.) %	Middle Band (\$4,300 - \$13,999 p.m.) %	Upper Band* (\$14,000 - \$25,605 p.m.) %
Wholesale, retail, I/E, restaurants and hotels	5.00	5.00	5.00
	4.50	4.50	4.50
	6.40	8.91	10.00
	4.00	4.00	4.00
	6.07	6.16	6.14
	6.62	14.53	12.50
	4.00	4.00	4.00
	9.38	9.89	10.12
	4.57	9.00	9.00
	5.00	5.00	5.00
	5.00	5.00	5.00
	4.00 4.54 1.46	4.00 2.01 0.97	4.00 - 3.57
Sector average %	4.79	5.91	7.32
Number of employees	12,459	3,710	642
Financing, insurance, real estate and business services	7.00	7.26	7.04
	6.50	6.50	6.50
	4.00	4.00	4.00
	4.00	4.00	4.00
	9.71	4.00	8.00
	10.06	10.08	13.33
Sector average %	6.41	6.27	6.09
Number of employees	11,932	5,157	659

Industrial Sector	Lower Band (less than \$4,300 p.m.) %	Middle Band (\$4,300 - \$13,999 p.m.) %	Upper Band* (\$14,000 - \$25,605 p.m.) %
Transport, storage and communication	9.81	10.67	8.75
	6.93	5.42	4.81
	4.00	4.00	4.00
	8.89	8.80	-
	9.88	9.63	9.70
	3.50	3.50	3.50
	8.00	8.15	-
Sector average %	9.31	7.39	5.72
Number of employees	15,846	2,954	152
Construction	16.47	15.73	-
	7.07	6.09	10.00
	5.94	6.08	-
	6.78	5.00	6.20
	2.65	2.91	4.46
Sector average %	5.81	5.59	6.39
Number of employees	1,953	610	16
Pay Trend Survey indicators	6.73%	6.33%	6.96%
Total number of employees	68,480	15,965	1,827

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