

CHAPTER 4

THE PRIVATE SECTOR

4.1. The Charts

4.1.1. The Charts 1 and 2 following show the private sector market lines for Base Salary and Total Compensation (Base Salary + Variable Cash + Total Fringe Benefits Package) available for local staff for the total population of jobs in the 52 companies included in the Survey.

4.1.2. In each case three lines are shown:

- * the average, weighted for the numbers of jobs at each salary point for each evaluation value;
- * Q3 - the Upper Quartile, drawn such that 25% of the total companies' pay or compensation practices are above the line and 75% are below; and
- * Q1 - the Lower Quartile, drawn such that 75% of the total companies' pay or compensation practices are above the line and 25% are below.

4.1.3. To take an example to illustrate how to interpret these charts, let us consider jobs at 500 Hay points:

- * Chart 1 shows that the average Base Salary practice is approximately HK\$185,000, that 25% of the companies in the Survey pay more than HK\$240,000 and that 25% of the companies in the Survey pay less than HK\$135,000; and
- * Chart 2 shows that the average Total Compensation practice is approximately HK\$245,000, that 25% of the companies in the Survey pay more than HK\$310,000 and that 25% of the companies in the Survey pay less than HK\$180,000.



THIS CHART CONSOLIDATES
DATA FROM
52 COMPANIES

AUGUST 1986 PAY LEVEL SURVEY
COMBINED EXPATRIATE & LOCAL
BASE SALARY
CHART 1
HONG KONG

HK\$000S

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UNITS OF
JOB CONTENT (%)

C3	29.11	44.53	62.36	81.32	130.38	182.06	239.67	297.27	364.89
O1	17.11	30.46	41.67	53.42	77.83	100.09	131.13	162.14	193.16
AV	24.28	37.88	53.67	69.34	106.89	144.03	186.71	227.38	268.06



THIS CHART CONSOLIDATES
DATA FROM
52 COMPANIES

AUGUST 1986 PAY LEVEL SURVEY
LOCAL STAFF
TOTAL COMPENSATION
CHART 2
HONG KONG

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700

600

500

400

300

200

100

UNITS OF
JOB CONTENT (K)

700

446.67
280.90
361.54

374.92
228.78
303.25

306.18
178.66
244.96

240.43
128.55
184.67

176.34
91.70
146.60

108.07
63.20
90.16

85.21
57.04
66.64

69.72
38.05
49.15

39.83
27.16
32.73

C3
C1
AV

HK\$000S

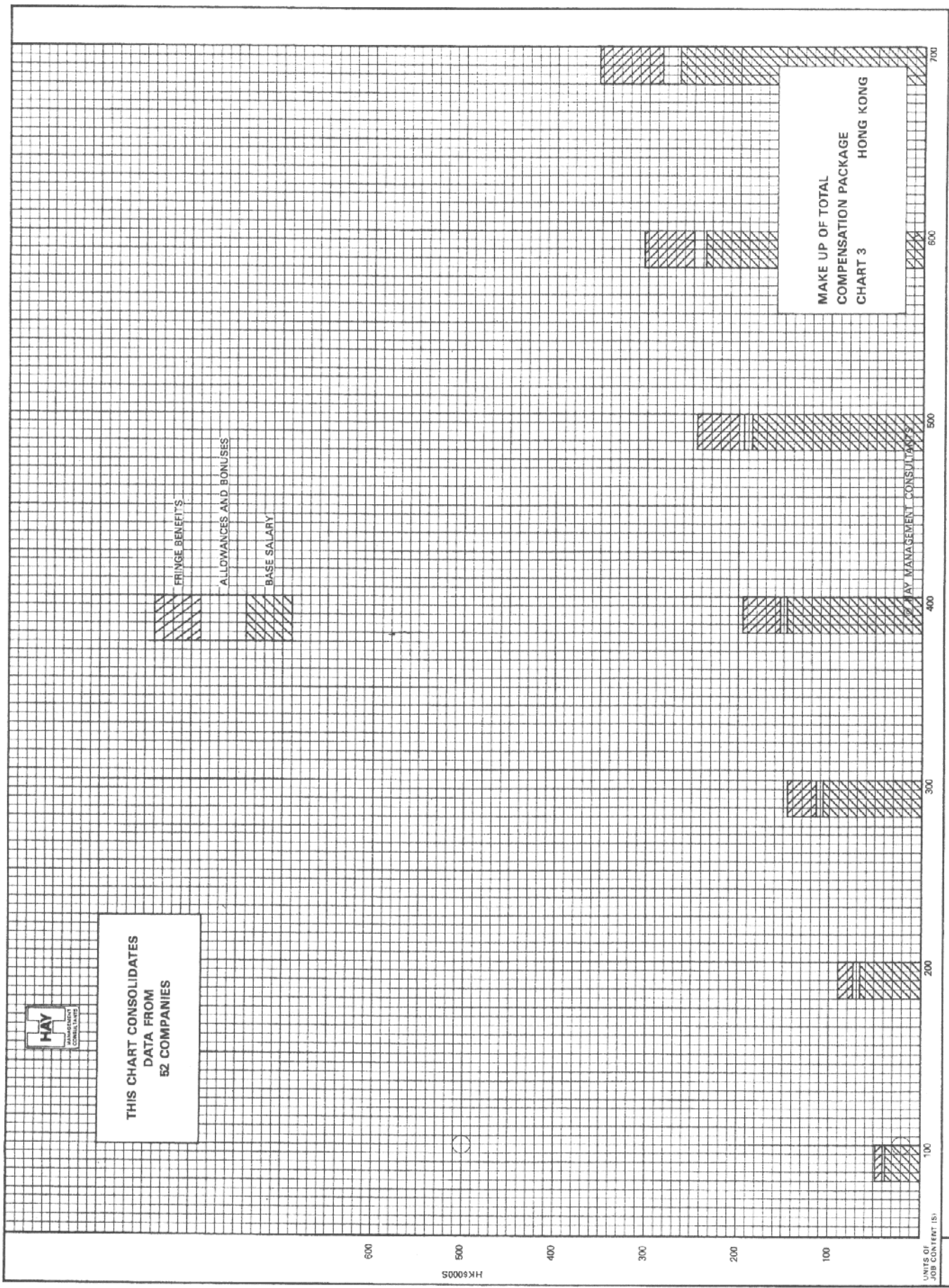


THIS CHART CONSOLIDATES
DATA FROM
52 COMPANIES

MAKE UP OF TOTAL
COMPENSATION PACKAGE
CHART 3
HONG KONG

FRINGE BENEFITS
ALLOWANCES AND BONUSES
BASE SALARY

HAY MANAGEMENT CONSULTANTS



HK0005

UNITS OF
JOB CONTENT IS

4.1.4. Chart 3 (facing) represents the data for the average practice in the form of a histogram, showing for selected job sizes, the make up of the Total Compensation Package from the Base Salary, Variable Cash and Total Fringe Benefits components.

4.2. Expatriate Base Pay

4.2.1. Expatriate employees base pay has been included in the construction of the base salary chart (Chart 1) and all other charts dealing with base salary. This is in accordance with the request made by the Acting Governor in his letter dated 14 August 1986.

4.3. Bonuses

4.3.1. Bonuses paid as a regular arrangement and regarded as a normal element in the remuneration package were included in the calculation of total package. Special bonuses paid to individuals for exceptional performance or exceptional conditions were to have been excluded, however in the event none were reported by private sector survey companies.

4.4. Graduate Starting Salaries

4.4.1. 65% of the private sector companies in the Survey reported that they had a formal scheme for administering graduate salaries. The remainder either did not have a formal scheme and made salary decisions on a case by case basis according to the perceived value of the candidate's background, or did not recruit graduates. Although not stated formally by most companies, there appears to be a bias in favour of sales and marketing recruits in that they tend to attract higher starting salaries than accounting, engineering or personnel recruits. The salaries represented below are for university graduates though some companies indicated that they recruit from polytechnics at lower starting salaries (usually around 10% lower). All the companies that reported graduate recruitment schemes provided us with the rates for a fresh college graduate. These were:

Low	Average	High
\$p.a.	\$p.a.	\$p.a.
41,600	61,400	85,800

4.4.2. Few companies make a distinction between ordinary degrees and honours degrees. However advanced qualifications, particularly MBA's, do attract a higher starting salary in many companies (usually around 25% more). The rate of starting salaries, reported for MBA's were:

Low	Average	High
\$p.a.	\$p.a.	\$p.a.
63,700	76,500	95,000

4.5. Working Hours

4.5.1. The annual hours worked in companies in the survey varied from sector to sector and over the range of job sizes. Generally companies reported that managers were contracted to work fewer hours than staff and workers. However it was clear from our interviews that the majority of managers work more hours per annum without overtime pay than they were actually contracted for. A similar situation was found in the Civil Service in the Upper and Upper/Upper Pay Bands. Finally expatriate staff generally work fewer hours per annum than local staff because of their extended home leave.

4.5.2. The table below summarise the range of contracted working hours recorded in the private sector.

Private Sector - Average Annual Contracted Hours

	Service	Retail	Manu- facturing	Transport	Oil & Chemical
Manage- ment*	1870	1910	2130	1930	1700
Staff & Clerical	1980	1950	2250	2020	1807
Super- visors & Workers	2200	2270	2320	2340	2052

* Broadly the term "management" equates to the Upper/Upper Pay Band and senior positions in the Upper Pay Band. Staff and clerical equate to junior positions in the Upper Pay Band, Middle Band and Lower Band. Supervisors and workers relate broadly to supervisors and foremen in the Master Pay Scale and the staff of the Model Scale 1.

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