

SUMMARY OF THE 1987/88 PAY TREND SURVEY

Purpose of the Survey

The Pay Trend Survey 1987/88 was the fifteenth in a series of such surveys undertaken by the Pay Survey and Research Unit. These 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 1987/88 survey covered the period 1 February 1987 to 31 January 1988.

Participating Companies

3. 68 companies were invited to participate in the survey and all of them accepted the invitation. A schedule of companies participating in the survey is at Annex A.

Approach to the Survey

4. Each participating 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 \$5,000, \$5,000 - \$15,999 and \$16,000 - \$29,910. These bands relate broadly to Master Pay Scale Point 13 and below, Points 14 - 37 and Points 38 - 51 respectively in the civil service.

5. Details were also obtained of payments additional to salary and a comparison made with similar additional payments effected in the 1986/87 survey year.

6. 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

7. Information provided during the interviews was recorded on the individual company statements, a sample of which is at Annex B. 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.

8. 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.

9. Details were obtained of pay structures adopted by the participating companies, including arrangements for daily rated staff, and as a result the company employee category was 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, hourly or piece rate basis

10. The survey recorded the range of salary adjustments and the components of the adjustment attributable to cost of living, general prosperity and company performance, general changes in market rates, merit, inscale increment, 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 1987 to 31 January 1988 and the previous survey year. Differences were converted into percentage terms by relating them to the appropriate rates of pay.

11. Company data was analysed by the Pay Survey and Research Unit in accordance with the criteria shown in Annex C before they were presented to the Pay Trend Survey Committee.

12. The Pay Trend Survey Committee noted that the 1987/88 Pay Trend Survey had been carried out according to the agreed methodology. However, the Committee was unable to reach a consensus on the findings of the 1987/88 Pay Trend Survey because there was disagreement within the Committee over the interpretation of the information provided by some of the surveyed companies regarding merit payments and pay adjustments due to promotion and changes in external and internal relativities. In consequence, no pay trend indicators for the 1987/88 survey were released publicly by the Committee.

Annex A

1987-88 Pay Trend Survey

Alphabetical list of companies which participated in the survey

	<u>Industrial Classification**</u>
A.S. Watson & Co., Ltd.	W
British-American Tobacco Co. (H.K.) Ltd.	M
Caltex Oil Hong Kong Ltd.	W
Carlsberg Brewery Hong Kong Limited	M
Caterpillar Far East Limited	W
Cathay Pacific Airways Ltd.	T
Chiaphua Industries Ltd.	M
China Motor Bus Co., Ltd.	T
Crocodile Garments Ltd.	M
Dairy Farm Company Ltd., The	W
Esso Hong Kong Ltd.	W
Fook Lee Construction Co., Ltd.	C
Gammon Construction Ltd. (previously Gammon (Hong Kong) Ltd.)	C
Hewlett-Packard Hong Kong Limited	W
Hong Kong Aircraft Engineering Co. Ltd.	M
Hongkong and Shanghai Banking Corporation Ltd., The	F
Hongkong and Shanghai Hotels Ltd., The	W
Hong Kong Teakwood Works Ltd.	M
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

	<u>Industrial Classification**</u>
Hongkong United Dockyards Ltd.	M
Hsin Chong Construction Co. Ltd.	C
IBM World Trade Corporation	W
ICI (China) Ltd.	W
*Inchcape Pacific Limited	W
Jardine, Matheson & Co., Ltd.	W
Jebsen & Co. Ltd.	W
John Swire & Sons (H.K.) Ltd.	F
Kodak (Far East) Ltd.	W
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
Mattel Toys (H.K.) 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

	<u>Industrial Classifications**</u>
Philips Hong Kong Ltd. Consumer Electronics Factory	M
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
Shun Hing Electronic Trading Co. Ltd.	W
Sing Tao Limited	M
Sonca Products 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
Tyco (Hong Kong) Limited	M
Vincent Wong & Co. Ltd.	W
Wearbest Garment Manufacturing Co. Ltd.	M
Wing On Co., Ltd., The	W
Winner Company (H.K.) Ltd.	M

* Additional company for the survey

** 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 general salary adjustments during the inclusive period 1 February 1987 to 31 January 1988 attributable to factors other than those of an individual nature recorded in item 6

2. Analysis of full-time employees (i.e. employees who have worked at least 75% of the normal weekly working hours in the company) by category, monthly salary, salary adjustments as recorded in item 1 and salary structure as at January 1988

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 \$29,910 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 \$5,000		\$5,000 - \$15,999		\$16,000 - \$29,910	
	No. of employees	% salary adjustment	No. of employees	% salary adjustment	No. of employees	% salary adjustment

Company No. (cont'd)

4. Details of any additional payments during the inclusive period 1 February 1987 to 31 January 1988 (including payments due for the Lunar New Year 1988 but excluding those for 1987)

5. Comparison of additional payments detailed in item 4 with those for the inclusive period 1 February 1986 to 31 January 1987

6. Statement of salary adjustments during the inclusive period 1 February 1987 to 31 January 1988 attributable to individual merit, external and internal relativities, promotion and transfer

7. Details of significant changes in conditions of service during the inclusive period 1 February 1987 to 31 January 1988

CRITERIA USED FOR THE CALCULATION
OF THE 1987/88 PAY TREND INDICATORS

1. All companies participating in the survey were included in the calculations provided that : -
 - (a) they could furnish and confirm data on adjustments of salary and additional payments for not less than 75% of their total employees by 23 February 1988;
 - (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;
 - (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 1987 to 31 January 1988; and
 - (d) their economic activities, company size and salary structure had not changed to such an extent that it was no longer appropriate for the data provided by them to be compared with the data provided in the previous year.

2. The total number of employees in each company included in the calculation of the pay trend indicators was 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 third quarter of 1987.

3. Only data on salary and additional payments relating to the survey period 1 February 1987 to 31 January 1988 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 the following employees were excluded from the calculation of the pay trend indicators : -

- (a) employees earning more than \$29,910 per month (above MPS 51 or equivalent);
 - (b) craft and technician apprentices; and
 - (c) employees who worked less than 75% of the normal weekly working hours in the companies concerned in January.
5. Three salary bands, less than \$5,000 per month, \$5,000 - \$15,999 per month and \$16,000 - \$29,910 per month broadly relating to MPS 13 and below, MPS 14 - 37 and MPS 38 - 51, or equivalent, 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 23 February 1988 the company had announced adjustment 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 1988 but excluding those for the Lunar New Year 1987) 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.