

Methodology of Pay Trend Survey

Objective

The objective of the pay trend survey is to measure the movement of pay in the private sector. Fringe benefits, whether made in cash or in kind, do not fall within the ambit of the survey.

Survey Period

2. The pay trend survey covers the period from 2nd April of the previous year to 1st April of the current year.

Survey Field

3. The criteria used in the selection of companies for inclusion in the survey are as follows :

- (a) The distribution of companies by major economic sectors in the survey field should reflect closely the overall distribution of Hong Kong's economically active population;
- (b) Individual companies in the survey field should:
 - (i) be regarded as typical employers in their respective fields normally employing 100 employees or more;
 - (ii) be generally known as steady and good employers conducting wage and salary administration on a rational and systematic basis;
 - (iii) determine pay on the basis of factors and considerations applying to Hong Kong, rather than factors applying outside Hong Kong;
 - (iv) if they form part of a group or consortium in Hong Kong, only be treated as separate companies where

they have complete autonomy in setting and adjusting pay rates; and

- (v) not use the government pay adjustment as the main factor in determining pay adjustments.

Salary Bands

4. Three salary bands are used for the collection of survey information. These are :

- Lower band : Below Master Pay Scale (MPS) Point 10 or equivalent
- Middle band : MPS Points 10-33 or equivalent
- Upper band : Above MPS Point 33 to General Disciplined Services (Officer) Pay Scale (GDS(O)) Point 38 or equivalent.

Employees Covered

5. The survey should cover all employees in the participating companies with the exception of :

- (a) employees whose basic salaries are above the dollar term of GDS(O) Point 38 or equivalent;
- (b) craft and technician apprentices;
- (c) part-time employees who are certified by the company concerned to work less than 75% of the normal weekly working hours in that company;
- (d) employees remunerated at piece-rates; and
- (e) all imported labour.

Components of Pay Adjustment

6. Salary adjustments awarded to employees on account of the following factors are included in the calculation of the pay trend indicators :

- (a) Cost of living;
- (b) General prosperity and company performance;
- (c) General changes in market rates; and
- (d) Inscale increment and merit.

7. Changes in payments additional to basic salary such as year-end bonuses are also included.

8. Salary adjustments attributed to external and internal relativities are identified and reported for reference. They are excluded from the calculation of the pay trend indicators. (Note : Adjustments due to external relativities refer to those given to a specific group of employees in a company as a result of salaries paid by other companies for a similar job.)

Calculation Criteria

9. The following criteria will be used for the calculation of the pay trend indicators :

- (1) All companies participating in the survey will be included in the calculations provided that:
 - (a) they can furnish and confirm data on adjustments of salary and additional payments for not less than 75% of their total employees by a specified date;
 - (b) where appropriate, they can furnish, either separately or in an aggregate form, data on adjustments relevant to the calculation of the pay trend indicators, i.e. adjustments attributed to cost-of-living changes, general prosperity and company performance, general changes in market rates, inscale increment and merit;

- (c) their economic activities, company size or salary structure has not changed to such an extent that it is no longer appropriate for the data provided by them to be compared with the data provided in the previous year.
- (2) Only data on salary adjustments and additional payments relating to the survey period and additional payments for the 12 months before the survey period reported belatedly are included in the calculation of the pay trend indicators.
- (3) Data on salary and additional payments relating to the following employees are excluded from the calculation of the pay trend indicators:
 - (a) employees whose basic salaries are above the dollar term of GDS(O) Point 38 or equivalent;
 - (b) craft and technician apprentices;
 - (c) part-time employees who are certified by the company concerned to work less than 75% of the normal weekly working hours in that company;
 - (d) employees remunerated at piece-rate;
 - (e) all imported labour; and
 - (f) employees whose pay is determined on the basis of factors and considerations other than those applying to Hong Kong.
- (4) Three salary bands, equivalent to the dollar terms of below MPS Point 10 (lower band), MPS Points 10-33 (middle band), and above MPS Point 33 - GDS(O) Point 38 (upper band), are used.
- (5) Data on salary and additional payments for company employees in a particular band are included in the calculation of the pay trend indicators only if by a specified date the company has announced adjustments for not less than 75% of the employees in that band relevant to the

survey period.

- (6) Adjustments attributable to external and internal relativities are excluded from the calculation of the pay trend indicators.
- (7) Changes in bonus are taken into account and one month's bonus is taken as equal to 8.33% of the annual basic salary.
- (8) Changes in payments and monthly allowance reported in dollar terms are converted into annual percentage terms by relating them to the appropriate salary rates.
- (9) Where a range of percentage adjustments to a particular salary band is reported, the average figure is used.